South-South Cooperation in Senegal: Real Opportunities for Development?

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1. Introduction

The debates on “South-South cooperation in Africa” have increased in recent times accordingly with the importance that it is acquiring in the international political economy of the continent. In particular, the topic “China in Africa” has produced many books, articles, reports and even the constitution of many research groups to investigate it.

The increasing importance of emerging economies in the world economy such as China, India or Brazil, has a correspondence with their presence in Africa. The impressive economic growth of these countries, along with the effects on Western economies of the 2008 global financial crisis, are actually crowding out to a significant extent the traditional African partners in trade, investment and cooperation. This trend includes Senegal, whose traditional economic partners, namely France and other European countries, are losing ground as trade partners vis-à-vis China and India.

In this chapter, we want to contribute to this debate engaging with the topic “South-South cooperation in Senegal”. Although there have already been major contributions, most notably Hazard et al. (2009), there is a lack of analysis in a developmental perspective that includes individual experiences of companies and public agencies coming from developing countries in Senegal. The usual approach to deal with this topic is to consider the poverty-reduction potential of South-South cooperation in Africa. Beyond this narrow approach, we can consider deeper dimensions beyond poverty reduction, such as the contribution to structural change of South-South exchanges.

Furthermore, we have to include in our analysis the international politi-
cal economy, which means to analyse the changes that are taking place in the world economy. In particular, we are considering the emergence of certain large developing countries such as Brazil, Russia, India, China or South African, the so-called BRICS, as new economic and geo-political powerhouses. The process of “shifting wealth” in the world economy, as the OECD put it in its 2010 report *Perspectives on Global Development*, affects the international political economy of Africa.

In this article we discuss the specific case of Senegal, putting the focus on the presence of China and India in the country, the so-called *Asian Drivers*, as *Hazard et al.* (2009) put it. In addition, we will also discuss the presence of another developing country in Senegal, in particular Brazil, although their presence is by far less important than the Indian and Chinese ones.

China is increasing its presence in many African countries not only because of higher trade exchanges. Its presence is on the rise also because of increased investment by private and public companies in natural resources exploitation, and cooperation programmes linked to these investments. Nevertheless, it is not all about natural resources. There are significant investments and cooperation programmes in countries such as South Africa and Ethiopia not linked to the exploitation of natural resources (*Bräutigam*, 2009).

Chinese investments in Senegal are scarce. The fact that in Senegal not many natural resources are available for exploitation, except for phosphates and fish, could provide an answer to this scarcity. Nevertheless, as pointed earlier Chinese investments are not always related to natural resources. Despite this scarcity of investments, as in many other African countries China is becoming a major trade partner of Senegal, especially regarding imports of low added value industrial merchandise, a niche of particular importance which is changing consumption patterns in Senegal. Considering the European Union as a single partner, in 2011 China was the 3rd import partner of Senegal in value, 280.1 million of euro, 7% of the total imports (DG Trade Statistics, European Commission).

Indian presence is more significant, since one of Senegal's main industrial company of the country, the *Industries Chimiques du Sénégal* is primarily owned by an Indian group (85% of shares). Furthermore, its main product, phosphoric acid, is exported to India to be processed by one of the companies of the Indian group. It is an example of transnational vertical integration, a process in which a company goes transnational taking over parts of the value chain, either downwards or upwards. There are more remarkable examples of Indian ventures in the country, both public and private, that are analysed in this paper. Regarding trade and again considering the European Union a single partner, in 2011 India was the 3rd destination of Senegalese exports, accumulating a value of 233.8 million of euro, a 13.1% of the total
exports of the country (DG Trade Statistics, European Commission).

Another case of South-South cooperation in Senegal is Brazil. The case of Brazil is developed later, but the Chinese and Indian ventures and their effects are more extensive and significant. These three cases were the focus of the author's fieldwork in May-June 2012, and thus the central topic of this chapter.

2. South-South cooperation frameworks in Africa

South-South cooperation frameworks are not new to the international political economy of Africa. However, they are increasingly important because of the raising importance of countries like China or India in the world economy.

In the Chinese case, the approach to cooperation with African partners has shifted from a more ideological approach, linked to the promotion of socialism, to a more clearly business-oriented approach. Anshan (2008: 22) distinguishes three periods in the China-Africa relations since the Chinese Revolution in 1949. A period of a markedly ideological approach between 1949 and 1977, with significant cooperation programmes with the Front Line States; then a less committed period in financial and political terms (1978-1994), which coincides in time with the reforms pushed by Deng Xiaoping at the domestic level towards a market economy; and finally, since 1995 a period of rapid increases in trade, Chinese investments and public cooperation programmes.

As stated above, in recent years, the terms of the Chinese commitment in Africa have changed substantially. China’s need to sustain its economic growth with strategic access to certain natural resources, and its expanding capacity resulting from extremely important foreign currency reserves, makes its current presence in Africa also explicable in terms of strategic integration in global capitalism, not only cooperation. This strategy of integration in global capitalism was reinforced in 2001 with the formal establishment of the ‘Go Out Policy’, which is a framework set up by the Chinese government to encourage and support domestic companies to invest abroad (Alden et al., 2008: 13).

The framework where all these changes are reflected institutionally is the Forum on China-Africa Cooperation, FOCAC, established in 2000 in Beijing. The second meeting took place in 2003 in Addis Ababa, but it was the third meeting that marked a real turning point in terms of financial commitment in cooperation programmes. Held in Beijing in November 2006, the FOCAC meetings profile was raised by the parallel organisation of a summit
of heads of state, which was attended by almost all heads of state from sub-Saharan Africa. In addition, Chinese authorities had declared 2006 the “Year of Africa”. That was a proof of the relevance that the economic relations between China and Africa were acquiring, and the shared prospects that these relations would be reinforced in the future.

The last ministerial meeting of the FOCAC was held in Beijing in July 2012, and it reinforced some of the frameworks for cooperation in trade, investment, aid and technical cooperation among others. Beyond the FOCAC, continuing official trips in recent years of President Hu Jintao, Prime Minister Wen Jiabao and Minister of Foreign Affairs Li Zhaoxing, also have woven a dense network of bilateral relations. In fact since 1991 it has become a tradition for the Minister of Foreign Affairs to tour several African countries every January.

Regarding India-Africa relations, new diplomatic structures have been recently established to manage different cooperation frameworks between this South Asian country and its African partners. India's new interest in Africa was institutionalised at the India-Africa Forum Summit held in New Delhi in 2008 (GOI, Ministry of External Affairs 2008). It was a genuine political effort to reinforce some strategies previously established, such as the Focus Africa Program, the IBSA Initiative, and the TEAM-9 (Techno-Economic Approach for Africa-India Movement). It also fostered new partnerships through the NEPAD (New Partnership for Africa’s Development).¹

The Indian presence in Africa has only recently begun to be discussed in academic literature (Cheru & Obi 2010; Carmody 2010; Shaw et al. 2007; Naidu 2008; Mawsdsley & McCann 2011). As in the case of China, the most visible economic appeal of Africa is the availability of raw materials that India requires to feed its current pattern of economic growth. Secondly, business opportunities in a "greenfield" region like Africa in terms of infrastructure, pharmaceutical industry, telecommunications technologies and agricultural requirements open the door for the expansion of Indian firms abroad. And last, but not least, there is a political interest of India to escalate positions in the global governance order by establishing partnerships with African countries.

This increasing partnership among developing countries is linked to shared interests regarding some sensitive global issues such as agriculture trade liberalisation or climate change negotiations. Developing countries'
cooperative strategies in international institutions like WTO generate positive spillovers in terms of shared motivations that in turn can be translated into more responsible and committed partnerships. The example of the G-20 coalition created at the 5th Ministerial WTO Conference held in Cancun in 2003 in response to USA and EU protectionist practices in agriculture, showed not only the potential of strategic coalitions in pursuing common goals but also the success of such a coalition formation rooted in mutual interest.

African governments tend to appreciate these emerging cooperation partnerships, because they are less binding in terms of governance, and they are perceived as more effective and adapted to African needs (Corking 2008: 77). President Abdoulaye Wade pointed that “China has helped African nations build infrastructure projects in record time”, and encourage Chinese firms to participate in public tenders and “transferring technology, training, and know-how to Senegal” (Wade 2008).

The Chinese cooperation challenges the approach that cooperation has to be addressed mainly to social sectors. This approach has been gaining ground in Western cooperation policies in Africa since the end of 1990s as a consequence of the emergence of the poverty-reduction agenda, which has been reinforced by the UN Millennium Development Goals. On the contrary, infrastructure is central to Chinese aid programmes (Bräutigam 2009: 77; Foster et al. 2008).

Another significant South-South cooperation framework in Africa that is also on the rise is the one lead by Brazil. The historical links with the African continent are of different nature than those of India and China. Firstly, there is the geography that links Brazil with the African countries on the Atlantic coast. Secondly, and partly as a consequence of the first point, is that Brazil has the world's largest black population after Nigeria. That shapes a particular cultural linkage that president Lula da Silva has transformed into political action. Thirdly, Portuguese is official language and widely spoken in 5 African countries (Angola, Mozambique, São Tomé and Príncipe, Guinea-Bissau and Cape Verde), thus making connections easier for business, diplomacy and cooperation. Actually, the Brazilian presence in Africa is concentrated in these countries.

Although Brazil is not a central player in African trade flows, the increase of the value exchanged is impressive. Between 2000 and 2011 it increased more than six-fold, from US$4.2 billion to US$27.6 billion. The main markets for Brazilian exports in Africa (basically processed products) are Angola, Egypt and South Africa, and the main sources for imports (most of them oil) are Nigeria, Algeria and Libya. Regarding investments, although they are not as important as Chinese or Indians are, large Brazilian
transnational companies such as Petrobras, Vale and Oderbrecht have significant interests in several African countries, especially in Angola. (Stolte 2012: 3-6, citing data from the Government of Brazil and the companies).

Beyond the increase in trade and investments, the presidency of Lula da Silva (2003-2010) has increased Brazilian presence in Africa through diplomatic action and technical cooperation. Taking advantage of the knowledge acquired with worldwide known successful social programmes implemented in Brazil like ‘Fome Zero’ or ‘Bolsa Família’, along with the existing technological knowledge in tropical agriculture and pharmaceutical industry, public agencies like ABC (Agência Brasileira de Cooperação), Embrapa (Empresa Brasileira de Pesquisa Agropecuária) and Fiocruz (Fundação Oswaldo Cruz) are increasing their presence in Africa, including Senegal as we will see later in more detail in Section 5.3. In order to channel these resources, the Brazilian government has established in recent years some formal multilateral frameworks. Just to cite a couple, there is the programme ‘Mais Alimentos África’ in partnership with FAO to promote food security through family farming (2010). At a higher political level there is the IBSA Dialogue (2003), which is a political platform regrouping India, Brazil and South Africa.

Other frameworks that must be cited and analysed when speaking of South-South cooperation in Africa are those promoted by South Korea and Russia. In the case of South Korea, in October 2012 took place in Seoul the third Korea-Africa Forum, co-organised by the government of South Korea and the Africa Union. The subsequent Seoul Declaration of the Third Korea-Africa Forum 2012 and the Action Plan for the Third Africa-Korea Forum 2013-2015 establish the commitment of both parties to increase trade and cooperation. The Korean presence in Senegal is quite limited, and focused on the imports of electronic products (cellphones, TVs, etc) and the export of fish, with few investments. Nevertheless, we will make some insights in the following sections.

Regarding Russia, it is important to remember the high number of African professionals that studied in the USSR thanks to the generous programme of scholarships that the Soviet government established for Third World countries, in the People’s Friendship University in Moscow (also named Patrice Lumumba University). Nowadays, the programme continues, but a much lesser scale. There is not an established framework for Russia-Africa relations, but significant bilateral relations, such as those existent be-

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2 The first Republic of Korea-Africa Forum was held in 2006 and has been held every three years subsequently. The official website of these fora is http://forum.mofat.go.kr/eng/main/index.jsp
between Russia and South Africa.\textsuperscript{3}

A key question is whether these emerging South-South economic relations, political partnerships and cooperation frameworks are distinct in nature from the traditional North-South ones, and could lead to more satisfactory developmental outcomes from an African perspective (ADB \textit{et al.} 2011). The current trends in trade and investments between these emerging countries and Africa indicates that natural resources are a key concern as in traditional North-South relations. However, in other fields like technology transfer through public cooperation, there are significant differences regarding the commitment of these emerging partners to effectively do it. Another relevant debate is whether South-South cooperation could widen the policy space of African governments, frequently too much conditioned by Western cooperation policies (Kragelund 2013). These debates leads us to the following section, where we will see in more detail the implications of South-South cooperation in Least Developed Countries like Senegal.

3. The potentiality of South-South cooperation \textit{vis-à-vis} the development of Least Developed Countries

The growing centrality of emerging countries in the global economy has inevitably transformed their external relations \textit{vis-à-vis} other developing countries, in particular Least Developed Countries (LDCs) like Senegal. Since the 1990s onwards, South-South relations have experienced dramatic changes, not only in terms of trade and Foreign Direct Investment (FDI) flows, but also at an institutional level. Some figures show this incipient transformation: the share of South-South FDI flows has grown from 4\% in 1998 to 14\% in 2009, and South-South merchandise exports in 2009 have increased more than four-fold since 1995 (UN & OHRLLS 2011; UNCTAD 2010).

The economic emergence of large developing countries like China or India, and the subsequent shifts in the world economy has led to an increase in new collaborative strategies in international fora, which some call the ‘axis of the South’ (Alden \& Vieira 2006). This reflects some changes in pre-90s South-South cooperation frameworks. The G-77 plus China Declaration at the Nairobi meeting in 2009 reinforced the commitment for a renewed South-South cooperation framework.

Beyond the diplomatic effects of these agreements, the point is to what extent these frameworks can help to foster structural change in African developing countries. Is there a basis for the trumpeted win-win outcomes of

\textsuperscript{3} See \url{http://www.russianembassy.org.za/economic/Coop.html}.
South-South cooperation that can ultimately contribute to development in Africa? Some considerations can be highlighted at this point.

Firstly, there is a risk of identifying South-South growing interdependence with cooperation frameworks between emerging developing countries and LDCs. The bulk of South-South trade and FDI flows are concentrated in the most dynamic developing economies. As an example, the share of FDI inflows from developing countries to LDCs is only 8.1% (UNCTAD 2012). In terms of South-South merchandise trade, it involves basically upper-middle and lower-middle income countries, leaving aside LDCs like Senegal, which account for only 1% of the global merchandise exports (UN & OHRLLS 2011).

Secondly, it is necessary to contrast what the evidence of impact is in terms of productive capacity development, derived from South-South cooperation and its potential contribution to structural change. The short time passed since this new cooperation framework emerged, makes it difficult to find studies with robust results in terms of effective linkages and impacts of trade or investment among southern partners. Furthermore, the fact that cooperation develops through overlapped channels (FDI, aid and trade) increases the complexity of the analysis. Most of the recent literature on this topic is focused on descriptive-quantitative performance of growing interdependence between emerging countries like China or India and LDCs (UNCTAD 2010; UN & OHRLLS 2011).

Rather than analysing the specific impacts derived from these cooperation frameworks, these approaches to the South-South cooperation focus on policy prescription about how LDCs can benefit from increasing investment and trade from emerging countries. Previous to policy prescription we need to evaluate on a case-by-case basis the effects in terms of structural change of such cooperation frameworks. We can find analysis on the key debates on the engagement of emerging countries in Senegal in Hazard et al. (2009) for both China and India. In this occasion we offer new data and an update of these works, as well as different insights from a structural change perspective. That leads us to the following section, in which we will present and evaluate the Chinese and the Indian presence in Senegal, as well as the presence of some other emerging actor, including Brazil.

4. South-South cooperation frameworks in Senegal

4.1. China

Cooperation relations of China with Senegal are not at all recent. In 1983, in occasion of a drought episode and subsequent hunger in the Sahel, from Ethiopia to Mauritania and Senegal, many NGOs and Western gov-
ernments acted mobilising resources to relief hungry people. So did the Chinese Red Cross, making donations to several countries of the region, Senegal among them (Bräutigam 2009: 66).

However, in 1996 Senegal broke off relations with the People's Republic of China to benefit from Taiwan's “cheque book diplomacy”. The “One-China Policy” of Beijing does not allow the Chinese government to maintain diplomatic relations with countries that recognise Taiwan. Thus, the only way that Taiwan can gather diplomatic support in developing countries is promising large-scale financial support. The promises made to Senegal, however, fell short and the Senegalese government could no longer ignore the potentiality of the much stronger muscle of Beijing. Thus in 2005, Senegal withdrew the recognition of Taiwan, and resumed diplomatic ties with the People's Republic in 2005. Abdoulaye’s Wade desire to obtain a non-permanent seat on the UN Security Council also pushed the decision (Gehrold & Tietze 2011).

4.1.1 Chinese trade and investments in Senegal

Nowadays, the economic bilateral relations between China and Senegal are somewhat unbalanced, as Senegal imports from China are much more important than its exports to the Asian country. This is despite the fact that China recently opened its market to a long list of products. Following European Commission data for 2011 and considering the European Union as a single partner, China was the 3rd import partner of Senegal (7% of the total imports, only behind the European Union and Nigeria), but the 17th in exports (0.8% of the total exported value). The underlying reason for this poor performance is that the Senegalese export capacities are too weak. Furthermore, the technological content of these flows are also unbalanced and reproduces traditional patterns, as Senegalese imports are rather machinery and manufactured goods, while it exports fish and agricultural products.

Regarding Chinese investments in Senegal, they are rather scarce. Lack of natural resources might be the main reason, but Chinese investments in Africa are not exclusively in quest of natural resources exploitation, as Ethiopian and South African experiences with Chinese investments show. The main part of these limited investments in Senegal is focused on the fishing sector. The most salient investment is the purchase by the state-owned China National Fisheries Corporation (CNFC) of two Senegalese relevant local firms in the fishing sector, Sénégal Pêche and Sénégal Armement. The latter is the most important company in the sector in Senegal, owning a dozen boats. CNFC operates in the Atlantic since the 1980s, and have invested in boats and facilities based in Morocco, Guinea, Sierra Leone, Ghana, Gabon, Nigeria, as well as those mentioned in Senegal. Sénégal Pêche operates a
factory of processing fish for export, and even enjoys since 2008 a status of "entreprise franche d'exportation", which means some tax exemptions. In Mauritania, CNFC owns another factory. In sum, the strategy of CNFC in Senegal is rather regional than specifically national (Blomeyer et al. 2012: 42; Gouvernement du Sénégal 2008).

Other minor Chinese investments in the agriculture sector are trying to take advantage of the Chinese initiatives to selectively remove import tariffs for Africa’s 31 LDCs in the framework of the Special Preferential Tariff scheme since 2005. As for Senegal, the specific bilateral agreement was signed in October 2008 covering around 400 items. Chinese entrepreneurs have started producing sesame seeds in Senegal in order to export them duty free to China and elsewhere. In this regard, China encourages the export of processed raw materials rather than simply commodities (Bräutigam 2009: 97; Minson 2008; APS 2008).

It is interesting to see how Senegal is entering the global value chains through Asian investments. While Senegalese firms complain about Chinese competition in the textile sector, important Indian firms have been investing in the country in this sector since the late 1990s. In 2003, an affiliate of the Thapar Group signed a joint venture with Nouvelles Sociétés Textiles du Sénégal (NSTS) to provide the American market with apparel products. The geographic situation of Senegal is a remarkable advantage, which is just 9 days away by boat from the main Atlantic ports in the US, constitutes an advantage over Chinese and Indian ports. Furthermore, the African Growth and Opportunity Act (AGOA) has reinforced this advantage. This scheme, established unilaterally by the US in 2000, allows duty free imports from selected African countries, including Senegal. Between the establishment of AGOA and the conclusion of the Multi Fibre Arrangement in December 2004, which limited Asian textile exports to developed countries, many Asian textile firms took advantage of AGOA establishing in Africa (mainly in Southern countries) to produce and export duty free to the US. With the conclusion of this arrangement, the advantage given by AGOA disappeared, but for Senegal remains the localisation advantage. However, the lack of competitiveness in relation with energy and transport prices, as well as limited logistic capacities in the port of Dakar represent high disincentives for potential Asian investments (Hazard et al. 2009).

Regarding the pattern of imports from China, it is closely related with the establishment of Chinese retailers in many urban centres in the country, but especially in Dakar. These retailers, usually small, make all their purchases from China, thus shaping Senegalese imports from China. The establishment of these retailers has raised a hot debate in the country because local retailers perceive their presence as unfair competition. In the late 1990s Chinese migrants started to settle in Dakar, in the area called Le Céntenaire, around Boulevard Général de Gaulle, one of the main arteries of the city.
Today, this area is known among locals as "Chinatown". Even though the number of Chinese shops is small in relation with the entire national retailer fabric, tensions have arisen over the years among local retailers because these Chinese shops sell cheaper. In August 2004 UNACOIS (Union Nationale des Commerçants et Industriels du Sénégal), the most important Senegalese industrial and retail association, organised a strike ("journée de ville morte") against Chinese products, with relative success. In this regard, another significant civil society organisation, ASCOSEN (Association des Consommateurs du Sénégal), took action against the strike, in favour of Chinese products (Dittgen 2010).

4.1.2 Bilateral cooperation China-Senegal

Many of these migrants in the retailer sector, have worked in Senegal for the construction division of China Henan International Cooperation Group, or are relatives of workers that have worked for. This company is present in the country since the 1980s, when cooperation agreements between both countries promoted the construction of sports stadiums across the country, and Henan China (as this company is commonly known) was the contractor. Today is a key player in the civil works industry of the country. The key point to understand this is that during the period of cut diplomatic ties between Senegal and the People's Republic of China in favour of Taiwan (1996-2005), Henan China stayed in the country and continued operating, even though not in cooperation programmes with the Chinese government. With the official resumption of relations, Henan China has been able to take advantage of significant contracts in the framework of cooperation programmes between both countries. The urban infrastructure's expansion and modernisation of the holy city of Touba since 2007, and the construction of the Grand Théatre National in Dakar, inaugurated in April 2011, are the most salient of them.

Not being a DAC donor, lack of hard data on Chinese aid in Senegal makes difficult to compare it with DAC donor with far from being a central partner as Western countries like France, US or Germany are. Nevertheless, since the resumption of diplomatic relations, several significant projects have been financed and executed in addition to the mentioned projects. With the same common tools that China is using in their rush to expand and consolidate bilateral cooperation frameworks across Africa, in Senegal these projects are financed by concessionary loans managed by the state-owned Exim Bank of China and grants.

A field in which China is delivering strategic cooperation is in the development of energy infrastructure in the country, a real bottleneck that trails Senegalese development prospects. A deal signed with the Chinese government in 2006 included projects of expanding and improving the electricity
generation and distribution infrastructure for 71 million $, which are still in execution. Problems in the sector are now less acute than at the end of the past decade, but this is not only because of Chinese cooperation, since the World Bank is also involved in the upgrading of these infrastructures. Also in the field of infrastructures, the Chinese world-class IT companies Huawei and ZTE are upgrading the technology of communications of the Senegalese administration with the finance of the Exim Bank of China.

Beyond construction, in the health sector, Chinese aid is also delivered. In this field, the flagship of Chinese cooperation is the construction and equipment of a children’s hospital in Diambadiou, 40 km. north of Dakar. In the food security area, technical missions with Chinese agricultural experts have been deployed since 2006. Showing commitment with strategic multilateral South-South cooperation, since 2011 China is doing the follow up of these projects under the umbrella of FAO, through the FAO-China Trust Fund. (UN 2012: 15).

4.1.3 Concluding remarks on China in Senegal

In sum, Chinese presence in Senegal is not new, but it is being certainly reinforced since 2006 through increased trade and bilateral cooperation. As shown, investments lag behind in this increased presence. Nevertheless, China is not in Senegal a key player as it is in other African countries. Regarding bilateral cooperation, there is a difference in contrast with usual Western cooperation frameworks, which is the effectiveness in delivery of infrastructure construction, and a more relaxed stance at governance issues and macroeconomic conditionality. For instance, since 2000 China has cancelled significant amounts of debt to African countries, Senegal included, not on a macroeconomic conditionality calculation basis as the World Bank and IMF do, but on a strategic basis of increasing economic and political ties with African countries (ADB et al. 2011: 122-123).

4.2. India

As early as 1975 both governments officially established diplomatic relations, which were translated into several economic cooperation agreements. Nonetheless, it is not until recent times that Indo-Senegalese relations have intensified, to the point that today India can be considered a strong strategic partner for Senegal. The Indo-Senegalese partnership is displayed in a growing number of cooperation programmes, the majority financed by con-

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4 This section draws heavily in parts of an already unpublished paper by Gemma Cairó and the author entitled “A political economy approach of India in Africa. A ‘win-win’ partnership in Senegal”. The parts used in this section are based in fieldwork conducted by the author in May-June 2012 in Senegal. I’m especially grateful to those who agreed to be interviewed and shared information.
cessional lines of credit (LOC) of Exim Bank of India, including agriculture, transport equipment, rural electrification, and information and communication technology (ICT).

### 4.2.1 Trade between Senegal and India

As shown in Figure 1, the Indo-Senegalese aggregate trade value has consistently grown in recent years. In 1996 the total merchandise trade between the two countries amounted to US$117 million and in 2010 it had increased almost three-fold, totalling US$333 million.

It is also important to highlight that 80% of Senegalese exports to India are concentrated in one product: phosphoric acid produced by the *Industries Chimiques du Sénégal* (ICS), the main Indian investment in the country. Thus, Senegalese exports to India are partly shaped by Indian investments, as long as these investments are export-oriented.

**Figure 1. Total Merchandise Trade Senegal-India (1996-2010)**

*Source: own elaboration from UNCTAD (2012)*

Regarding the content of the Indo-Senegalese trade, it replicates somehow the global common pattern of many other African countries. Senegal exports raw materials or merchandise with low added value (basically phosphoric acid), and imports mainly manufactured products (machinery and transport equipment). The exported phosphoric acid is not the outcome of a highly technological process, but there is at least a first stage of industrial processing, thus triggering some modest linkages with potential develop-
mental outcomes (Morris et al., 2011).

On the import side, a significant part is machinery and transport equipment. These imports have been increasing in relation to other imports in the last fifteen years, and include tractors, vans and buses for public transport, and water pumps. These industrial goods are not for private consumption; they are rather inputs for activities like agriculture or for urban mobility, also triggering some productive linkages. Interestingly, these imports are linked to a great extent to Indian cooperation policies. In sum, although the Indo-Senegalese trade pattern tends to reproduce the traditional North-South trade pattern, there is some scope to foresee potential productive linkages in it.

4.2.2 The West African perspective of India

A relevant feature is the regional dimension of Indian presence in Senegal. The private and public presence of India in Senegal has a remarkable regional projection, consistent with the traditional openness of Senegal to the region. For instance, in 2008 the 4th CII-EXIM BANK Regional Conclave on Africa Project Partnership, promoted by the influential Confederation of Indian Industry (CII). Other prominent examples of this regional consideration of Senegal are the regional character of the Exim Bank branch in Dakar, and the establishment of regional headquarters by Indian private firms like Ranbaxy or Arcelor-Mittal.

A particular case of the regional projection of the Indian presence in Senegal is the Pan-African e-Network, a major continental telecommunications project funded by the Indian government in the framework of its commitment with NEPAD. Not surprisingly, the central operational hub is near Dakar, as the Government of Senegal (GOS) has shown leadership commitment in the NEPAD since its inception.

The GOI signed a partnership with the African Union in February 2009 to set up the project at a cost of around 116 US$ million. The project consists of establishing a telecommunications network between India and Africa. The network connects Indian universities and hospitals with a data centre in New Delhi, which is placed in the headquarters of the Indian contractor, TCIL (Telecommunications Consultants India Ltd.). Then, the Dakar hub station receives the signal and broadcasts it to the RASCOM satellite to distribute it to the African network clients, and vice versa.

When the system is totally deployed, 12 leading super-specialty hospitals

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5 CII promotes since 2005 an annual conclave which gathers the key actors, public and private, of the Indian presence in AFRICA. With the support of the Exim Bank and the GOI, there is an annual meeting in New Delhi, called CII-EXIM BANK Conclave on Africa Project Partnership. Besides these continental meetings there are Regional Conclaves. Between 2005 and 2011 there have been 13.
and 5 universities in India will be linked in Africa to 5 regional super-specialty hospitals (one being Fann Hospital in Dakar), 5 regional university centres, 53 learning centres (one in each African country), and 53 patient-end hospitals. This will make tele-education and tele-medicine available on a large scale. TCIL is to hand over the network to the African Union in July 2014.

TCIL is an Indian publicly owned company, which supports the efforts of the powerful telecommunications sector in India. Thus, we can interpret the development of the Pan-African e-Network as a support from the GOI to the expansion of the Indian telecom industry in Africa (Naidu, 2010: 47). The tele-education side of the network also serves the expansion of the education services of Indian universities, another powerful sector. Nevertheless, the technological transfer of the project to Senegalese or African counterparts today is inexistent, although three years have passed since the start of the project.

Since the presence of Indian private companies in the country is more relevant than in the Chinese and Brazilian case, we will devote a section to this issue

4.2.3 Indian private investments and firms in Senegal

Industries Chimiques du Sénégal

The flagship industrial company of Senegal, Industries Chimiques du Sénégal (ICS), is nowadays controlled by an Indian consortium that holds 85% of its shares. At the same time, this is the largest Indian investment in the country. ICS is the leading industrial enterprise of the country in terms of jobs (around 1,900), sales, and assets (around 2% of the Senegalese GDP comes from ICS). ICS is also a significant player in the regional and global fertiliser industry.

ICS could be considered as a classical example of active industrial policy in the 1960s and the 1970s, established with the aim of creating linkages with the rest of the economy through vertical integration. Based on a remarkable site of phosphate rock of exceptional quality in Taïba (100 km

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6 For a complete list of the implementing sites, centres and institutions (more than 140), see http://www.panafricanenetwork.com/Portal/ProjectDetails.jsp?projectidhid=7&projectn mehid=Implementation%20status
7 The exploitation of a phosphate rock mine in Taïba commenced in 1948, and in 1957 the Compagnie Sénégalaise des Phosphates de Taïba (CSPT) was formally established. Later, other sites were opened in the area, and today Keur Mor Fall and Tôhène are the deposits mined. In 1976 the Société des Industries Chimiques du Sénégal (ICS) was established by the GOIS, in order to create a forward industrial linkage with the mine through the production of phosphoric acid and fertilisers. Finally, in 1996 the ICS absorbed CSPT creating the existing Groupe ICS.
north-east Dakar), the company established a factory close to the mine at the end of the 1970s to transform this rock into phosphoric acid. The factory, called Darou Khoudoss, started its activities in 1984. This acid is the basic component of many fertilisers. Finally, the third step to vertical integration is another chemical factory in Mbao, 18 km. eastwards from Dakar, which manufactures fertilisers mainly out of the phosphoric acid produced in Darou Khoudoss.

ICS has two subsidiaries. The first one is the Société d’Exploitation Ferroviaire des ICS (Sefics). Sefics owns and operates the exclusive railway that links all the production sites with the port of Dakar. In 2004 it was estimated that more than 80% of the railway traffic in the country corresponded to Sefics. The second subsidiary is Senchim, the division of ICS devoted to marketing the final output produced in Mbao in Senegal and West Africa, and also to ship the phosphoric acid produced in Darou Khoudoss to India. In 2004 the company estimated that around 50% of the port of Dakar activity had to do with Senchim.

Until the 1980s, ICS was a parastatal in which the GOS had 53% of the shares. There were also private foreign firms, being Indian Farmers Fertilisers Cooperative (IFFCO) one of them. In fact, since the beginning of ICS, IFFCO has been almost the only client. When the structural adjustment programmes started in the early 80s, a process of increasing privatisation began. In 1988 IFFCO and Spic bought some packs of shares from those international private investors, reinforcing the role of Indian capital in the company. In 2003 IFFCO and Spic increased their stake, in order to invest in doubling the capacity of the Darou Khoudoss facilities (Bermúdez-Lugo, 2003: 16.3).

In 2006, ICS had serious financial problems because of international prices and adverse exchange rates developments and faced the possibility of bankruptcy. The company temporarily had to interrupt production, which resulted in a 64% decline in phosphoric acid production, and more than a 50% decline in phosphate rock extraction (Bermúdez-Lugo, 2006: 18.3).

In July 2007 an agreement between an Indian consortium conformed by IFFCO and Archean Group, and the GOS was reached to recapitalise the company (IMF, 2007: 53). When the agreement was finally executed, in April 2008, the consortium had invested more than 100 US$ million and its stake in the company went up to 85%. This 85% is divided into 18.54% for IFFCO’s own resources, 66% for the Archean Group, and 0.46% for the Indian government.

After the 2006 crisis, production recovered and today the prospects for

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8 The GOS also had to bail-out ICS in February 2006, as a payment default would put the entire financial system of the country at risk, since the majority of the creditors were Senegalese banks (AfDB/OECD, 2006: 450).
the company are good, boosted by a solid and growing Indian demand coupled with high international prices of rock phosphate (see Figure 4). In the international markets, the price of phosphate rock, has multiplied six-fold between the end of 2007 and mid-2008, reaching almost 300 US$ per tonne. At the end of 2011 it seemed to have stabilised at around 150 US$ per tonne.  

**Figure 2. Industries Chimiques du Sénégal, total production 1996-2011 (tonnes)**

![Figure 2](image)

Source: Industries Chimiques du Sénégal

Although a modest presence in the shareholding the management of ICS depends on IFFCO, and at the same time IFFCO is the main client of ICS. IFFCO is the world’s largest fertiliser cooperative federation, whose main activity is to manufacture fertilisers in their 5 plants in India, and distribute these fertilisers among 55 million farmers in the country. It is estimated that 58% of the phosphoric acid IFFCO needs comes from Senegal, which means 30% of Indian agricultural needs (Hazard *et al.*, 2009). Senegalese phosphates are key to explaining the consolidation of the Green Revolution achievements in India.

The entrance of IFFCO in ICS, both world-class companies, constitutes a strategic drive of a TNC pursuing vertical integration in a foreign country. Apparently, this venture goes a step beyond the classical securitisation of raw materials supply, because it involves investment and securitisation of the supply of an intermediate output, as 85% of the phosphoric acid production is intended to go to India under the current agreement. This requires a

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first stage industrial manipulation, leaving some added value in the country, and contributing to the creation of some forward and backward linkages, like the railway and the port.

However, the production of fertilisers in Mbao out of the left 15% of phosphoric acid is very weak. The big investment in 2008 did not include the fertiliser factory, as the Indian consortium showed no interest in reinforcing the local production of fertilisers. In fact, between 2009 and 2011 the actual production of fertilisers covered on average only 41% of the budgeted production.\textsuperscript{10} Given the need for fertilisers in Senegal and West Africa in order to increase productivity in agriculture, and the availability of phosphate rock, another industrial policy would be advisable to promote structural change. In sum, the potentiality of the Indo-Senegalese partnership in ICS is hardly realised in terms of promotion of structural change.\textsuperscript{11}

\textit{Tata Africa Senegal}

The Indian holding Tata has established a branch in Senegal, basically devoted to selling motor vehicles manufactured in India.\textsuperscript{12} However, in the past the company tried to set up a factory to manufacture vehicles in the country and sell them in the region. The engagement of Tata in the country began in the early 90’s, when the Dakar public authorities, including the GOS, launched a public transport bus renewal scheme with public funding, in which Tata participated as a supplier. The initiative, set in the broader framework of the PAMU (\textit{Programme d’Amélioration de la Mobilité Urbaine}) was finally set up as a co-financing scheme, in which the private bus operators would pay 25% of the cost of the new bus, and the rest would be paid by the World Bank. It is claimed to have been the first ever programme of this kind in sub-Saharan Africa.

In September 2003 an international public tender for 505 urban buses to substitute a share of the 2,500-3,000 ‘\textit{car rapides}’ circulating around Dakar was launched. The contract was awarded to Tata International in January 2004, which offered vehicles for 50,000 US$ each. Remarkably, it was about half the price offered by the nearest competitor. The bid totalled around 19

\begin{itemize}
\item \textsuperscript{10} Own calculations from ICS data.
\item \textsuperscript{11} In this regard, it is worth remembering the case of cashew nut trade pattern between Senegal and India. The Casamance region of Senegal, Guinea Bissau and Gambia are significant cashew nut producers, and the main part of their production is exported to India through Banjul, the capital of Gambia. The raw nuts are processed in India, and then a share of them exported to Senegal, Guinea Bissau and Gambia. So, it is possible to buy in Dakar cashew nuts grown in the country, but processed in India and sold with the label ‘Made in India’ (Red River, 2010).
\item \textsuperscript{12} Formally established as Tata Africa (Senegal) S.A.R.L., this branch depends on Tata Africa Holdings, based in Johannesburg. At the same time Tata Africa Holdings is a branch of Tata International (see http://www.tatainternational.com).
\end{itemize}
US$ million (Kumar & Diou, 2010). In order to stimulate industrial value creation and backward linkages, another condition of the scheme was that the buses had to be assembled, at least partially, in Senegal. For this purpose the company Senbus was created ad hoc, and based in Thiès. As much as 93% of the shares of Senbus are held by the local investors group SIFI (Société d’Intervention Financière S.A.), while the GOS holds the remaining 7%.

In order to set up the assembly line of Tata buses in Senbus, the agreement included the detachment of 30 Tata specialists to train Senegalese workers. The project created some 250 direct jobs. Some supplies were contracted to the workshops of Société National de Chemins de Fer du Sénégal, and it is estimated that 30% of the value of the buses was added in Senbus.\(^{13}\)

In May 2004, Senbus delivered the first 105 buses to the private transport operators who joined the scheme. The remaining units were delivered progressively until 2008. Today, 505 Tata ‘car rapides’ are circulating around Dakar.\(^ {14}\) This entry strategy in the Senegalese and regional markets was reinforced in 2007 with another Exim Bank LOC to the GOS within the PAMU framework. That year 350 urban buses were imported thanks to a 17.87 US$ million soft credit.

In sum, the developmental impact of the Tata presence in Senegal is limited despite their potentialities. Although in Senbus there has been technological transfer, the extent of this transfer has been limited (Hazard et al, 2009: 1569). Today, Senbus is not a real integrated bus factory, but rather a limited assembly line with modest linkages with the rest of the economy. For the rest, the Tata presence reinforces the dependent trade pattern described above, in which Senegal imports machinery from India in exchange for raw materials and low added value merchandise.

**Arcelor Mittal**

In 2007, the steel giant TNC ArcelorMittal Holdings AG, purchased a 25-year concession from the GOS for iron ore mining in the river Falémé, in Saraya (Tambacounda region, south-east). The agreement also included the

\(^{13}\) The regional projection of Senbus is displayed by the fact that at the inauguration of the factory in September 2003, the president of the country Abdoulaye Wade was present, and some other high representatives of neighbouring countries, like presidents Ould Taya (Mauritania), Compaoré (Burkina Faso), Pires (Cape Verde), and even El Bechir (Sudan). Wade underlined in his speech that Senbus ‘must be a regional enterprise oriented to the entire ECOWAS’ (Afrik.com, 2003). In fact, these buses were called ‘les bus de l’intégration’ by local media (Amath, 2004).

\(^{14}\) As a follow-up of the renewal programme, another contract was awarded to the Chinese company King Long with funding from China Eximbank in September 2009. Senbus set up a separate factory in Thiès for assembling these 406 King Long buses. Finally, in 2012 another contract was awarded to Tata to supply around 200 bus kits to be assembled at Senbus, again in the framework of the renewal buses programme.
construction of a 340 km railway and the upgrading of a further 400 km from the site to the port of Dakar (in order to move the product to the group’s European factories), the construction of a specific port in Bargny (27 km. east of Dakar), and a steel factory in the Falémé facilities. The company announced at the time that implementation of the project would entail an aggregate investment of 2.2 US$ billion (IMF, 2008: 16; Bermúdez-Lugo, 2008: 18.2). The agreement also involved a royalty payment of 3% of the extracted ore to the GOS.

However, the deal and the investment are on stand-by for the moment although the deposits in Saraya are promising. Notwithstanding some legal problems, the project is suspended basically because of the evolution of iron ore and steel prices. At the time of the project inception, prices were on the rise, making the investment highly profitable, whereas by the end of 2008, prices had started declining.15 The global downturn of 2009 also contributed to the suspension of the project.16 Arcelor Mittal keeps its regional headquarters in Dakar because the company is involved in major operations in Mauritania and Liberia, and intends to set up a raw material hub in West Africa to supply its European facilities.

This potential investment in Senegal could mean a source of employment and public revenues for the country, but would reinforce the classical investment pattern oriented to secure raw materials with limited linkages. In fact, the project design included a railway and a specific port for transporting the product out of the country.

4.2.4 Indian aid programmes in Senegal

As mentioned above, ITEC offers scholarships for Senegalese students to go to India to study. In the academic year 2010-11 15 slots were available and they were all utilised. In accordance with the agreements reached in the India-Africa Forum Summit held in Addis Ababa in May 2011, the number of slots available for Senegalese students has risen to 45. Previously, following a G-15 meeting in 1997, the Indian government commissioned ITEC to

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15 Firstly the deal was contested by Kumba Iron Ore Ltd., which claimed to own the rights to the deposits. Kumba is a subsidiary of the South African mining conglomerate Anglo American plc. Kumba had been exploring the area since 2004 in the framework of an agreement between Kumba and MIFERSO (the parastatal Société des Mines de Fer du Sénégal Oriental). Finally, in 2010 Kumba reached a mutually agreed settlement with MIFERSO and the GOS, and was compensated for the losses incurred (Reuters, 2010). Today, the GOS pays around 6 US$ million to Kumba every month, a substantial quantity for the Senegalese Ministry of Finance.

16 In 2009 ArceloMittal suspended the project implementation allegedly because of the global downturn. Although the GOS sued the company in May 2011 and commenced arbitration before the Court of Arbitration of the International Chamber of commerce, claiming breach of contract and provisionally estimating damages of 750 US$ million.
set up centres for vocational training in different African countries. The outcome for Senegal was the Centre d’Entrepreneuriat et de Développement Technique (CEDT), inaugurated in 2002 in Dakar and still in use today, but with no further Indian support.

As pointed out in earlier sections, the main instrument of Indian cooperation in Senegal is the Exim Bank, since the bulk of the projects are financed through soft loans provided by this institution. As a HIPC country, Senegal is eligible for Exim Bank loans with an annual interest rate of 1.75%, refundable in 20 years with a 5-year grace period included.

From 2007 up to mid-2012, 8 projects have been funded by Exim Bank, totalling 130.5 US$ million. Interestingly, aid provided by Exim Bank is always explicitly tied. The suppliers of the projects must be companies registered in India with a 51% shareholding by Indian residents. Simply put, the Exim Bank LOCs are openly an export promotion scheme.

Through these credits, several Indian companies have made inroads in the Senegalese and regional markets. For instance in the agricultural sector, we can mention the equipment manufacturers Hindustan Machine Tools International (HMTI) and Kirloskar Bros. In the framework of the Programme de Développement Agricole Sénégal-Indien (PDASI), a LOC was opened to import HMTI machinery intended for the irrigation and mechanical cultivation of 1,000 ha a year in the so-called Rice Belt, in the river Senegal region, and to increase the yields of the cotton fields in the region of Tambacounda. In the framework of the Team-9 programme, Senegal benefited from another Exim Bank LOC worth 15 US$ million, which permitted the import in 2006 of 510 tractors, also from HMTI. The final users (rural cooperatives) paid 60% of the value of the tractors, but the rest was subsidised.

The other Indian firm involved in the agricultural sector is Kirloskar Bros., a pump manufacturer. With the help of the Indian material, the overall production and yields of the Senegalese rice culture has certainly increased. Since 2009, more than 30% of domestic consumption is covered by domestic production, satisfying partially the objectives of the trumpeted GOS’ GO-ANA plan (Grande Offensive Agricole pour la Nourriture et l’Abondance), launched in the 2008/2009 season, amidst the global food crisis, which caused food prices to skyrocket. The price of imported rice increased around 47% between 2007 and 2008 in Senegal (Ministère de l’Agriculture, 2009: 99).

Other projects have been executed thanks to Exim Bank LOCs. For instance, the investments in Le Petit Train de Banlieue (PTB), a light urban train that links Dakar and Rufisque. In 2005 PTB commissioned five locomotives and 20 coaches to RITES (Rail India Technical and Economic Ser-

17 See Kirloskar Bros (2010) to see a map showing the geographical distribution of water pumps in the framework of the project.
vices), an Indian public engineering firm. Another relevant project is the setting up of cold storage facilities to support the agro industry in the country. In October 2008, Expotec International, signed a contract with the Ministry of Maritime Economy, in which 15 Independent Cold Storage facilities for fish, fruit and vegetables would be set up all over the country. There are also projects of rural electrification, training in ICT, and medical equipment supply.

In sum, Exim Bank LOCs in Senegal are an instrument of cooperation that combines commercial objectives (promotion of Indian exports), and the Senegalese developmental needs of acquiring capital.

### 4.3 Brazil

Trade and investments between Brazil and Senegal are scarce as noted in the introductory section, but there is an active presence of the Agência Brasileira de Cooperação (ABC) in the country since 2005, with projects in the areas of health, agriculture and military training. However, in 2012 both governments agreed in a programme in which Brazil will open a credit facility of 85 million US$ for financing exports to Senegal, basically oriented to the purchase of agricultural equipment (Thiam 2012). That could open a way for increasing trade, but for the moment, the particular focus of the Brazilian partnership is to transfer knowledge based on their own experience built on government-funded domestic programmes oriented to poverty reduction and increased food security for vulnerable populations.

In the agricultural sector Brazilian expertise is appreciated by Senegalese officials because of its suitability to Senegalese social and environmental conditions. In the framework of the programme "Mais Alimentos África", commented in a previous section, the Brazilian Ministry of Agriculture is funding and executing in Senegal since 2011 a project of capacity building and technology transfer in the agricultural sector through experimental farms managed by Brazilian experts. Another significant project in Senegal in the sector is the essay of translation of the "Sistema PAIS", which is a model of integrated family farming successful in Brazil.\(^{18}\)

Still in this area, it has promising projects in the area of technological transfer in particular agricultural subsectors such as rice, manioc and mango, a field in which the state agency Embrapa (Empresa Brasileira de Pesquisa Agropecuária) has an advantage in knowledge. Interestingly, Embrapa has made inroads in Senegal in the field of promoting agriculture for biofuels, an industry extensively developed in Brazil since the 1970s. For the moment the interest of Senegal in this area is limited, but in other African countries such as Ghana, Mozambique, Angola and Nigeria, these kind of projects

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\(^{18}\) PAIS stands for Produção Agroecológica Integrada Sustentável.
with Brazilian leadership are more developed (AfDB 2011: 3-4).

In the area of health, again the focus of Brazilian cooperation consists in knowledge transfer. Since 2009 there is a project of technical assistance funded and executed by the Brazilian Ministry of Health. The objective of this project is to constitute a centre of reference in Dakar focused on the treatment of sickle-cell anaemia, an illness associated to malaria.

To sum up the section on Brazil, some concluding remarks about its presence in Senegal can done despite the recent trajectory of this bilateral framework. In comparison with Chinese and Indian cooperation, the Brazilian one is more focused on technological transfer of self-produced knowledge and technology, and has a more ideological stance in terms of South-South cooperation as an alternative in front of Western dominance. This view has a lot to do with Lula da Silva's vision, which has been taken over by incumbent president Rousseff, from the same Partido dos Trabalhadores.

5. The foundations of economic development: structural change

In the literature on ‘South-South Cooperation in Africa’, the analyses are usually driven by their potential developmental effects in Africa, and ultimately by their effects on poverty reduction. We agree that this is a relevant issue, but we also stress the necessity of taking into account broader structural issues, which are actually more difficult to tackle from the point of view of domestic policies.

Starting in 1979 for Senegal, a long period of strict structural adjustment based on macroeconomic issues progressively took place in the main part of African countries. Following a situation of external debt crisis and declining prices for African-produced commodities in global markets, the Bretton Woods institutions (namely the World Bank and the IMF), forced the adoption of a neoliberal agenda that included cuts in public spending, privatisations and further opening to the global economy. These reforms resulted in deep social and economic distress all over Africa. As for Senegal, this country was actually the very first to engage in such agenda.\(^{19}\)

In order to stem mounting criticism from emerging global civil society organisations, and long-established institutions like the UN, the World Bank changed the discourse in the mid-90s. This change implied a degree of convergence with NGOs and UN approaches among others (Craig & Porter 2002). Since the mid-90s, donor support from the main agencies has focused on poverty reduction and governance reforms.

Focusing on the incidence of absolute poverty, whichever proxy is used,
or on other social issues such as health or education could be misleading, since it means focusing on the symptoms rather than on the causes. This approach neglects production relations, the international political economy of trade and investment, and the conditions for structural change, which are the real basis for poverty reduction in Africa and elsewhere (Mkandawire 2010).

As the history of Western countries shows, as well as the recent history of East Asian countries, development means structural change, which initially involves increases in productivity in agriculture, and a labour force shift from agriculture to manufacturing activities (Chang 2002).

International trade and free market economies per se do not create development. From a heterodox point of view, economic development is caused by structural changes. Therefore, it is unhelpful to argue that policies in developing countries must pursue pro-poor growth without analysing the context of specific economic structures, levels of productivity, and crucially, how the benefits of increased productivity are distributed. (Whitfield 2012: 241).

One of the effects of the structural adjustment agenda in Africa (80s and 90s) has been reversing the progress in terms of structural change achieved in the 60s and 70s. In all African countries where structural adjustment programmes took place, including Senegal, labour had to move into activities with low productivity, such as agriculture or low-added-value services such as commerce. Thus, in order to move back to the structural change path, there is a need of encouraging industrial activities, which are the economic activities where increases in productivity are more likely to occur.

As pointed by Whitfield: ‘The pro-poor growth discussion focuses on the macro linkages between growth and income distribution and often ignores the broader picture of the structure of the economy and the diversity of types of economic activities and their consequences’. (2012: 253)

To sum up the point, we argue that any cooperation framework analysis in Africa must take into account the structural change dimension, which is a deeper dimension than poverty alleviation. Thus, to evaluate the potentiality of the new partnerships offered by developing emerging countries like China, India or Brazil, to Africa, we must evaluate their degree of contribution to structural change.

6. Conclusions: real opportunities for Senegal?

As shown in the previous sections, Africa’s foreign partners now are not only Western countries as it has been since colonial times. Emerging developing countries like China or India have been increasing their influence in the international political economy of Africa in the last decade. Raising volumes of trade and investment from these countries, together with increased
committed money for aid programmes are changing dramatically the landscape. The implications are deep and lasting, because we are only at the beginning of this shift.

In terms of development, the key point to analyse is whether these changes are involving structural change or not. As shown in previous sections, in the case of Senegal, the traditional pattern of exporting raw materials and importing manufactured goods seems to be reproduced regarding China and India.

Nevertheless, some ventures and cooperation frameworks are driven by a will of fostering productive capacity in strategic sectors like industry or agriculture, and they are not conditioned to macroeconomic or governance objectives. These underpinnings are promising, but the contribution to structural change is still somewhat limited in terms of development of industrial linkages or agricultural sufficiency.

To produce real opportunities for development in Senegal from South-South cooperation existing frameworks active policies are needed to take advantage of them. Further research is required to investigate how Senegal could sustain structural change underpinned in South-South cooperation. Actually, the objective of this article has been to open ground for this discussion.

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