



Senegal Country Study

A part of the report on Informal Remittance Systems in Africa, Caribbean and Pacific (ACP) countries (Ref: RO2CS008)

Commissioning institutions:
Department of International Development (DFID) UK
European Community's Poverty Reduction Effectiveness Programme
(EC-PREP)
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15 January 2005

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1. Introduction

This case study begins by providing a brief introduction to Senegal and its recent history, before describing the trajectories of Senegalese migrants and the changing context of their migration. Second, the report provides details about the amount of and the relationship between formal and informal remittances. This section ends with a brief examination of the changing use of remittances, and the responses of both various policy actors and the providers of remittances. The remainder of the case study will then explore several informal remittance systems spanning mainly four EU countries and Senegal. The conclusion will summarize and highlight the main findings from the case study.

2. Senegal, migration and main actors

Senegal's history is embedded in the end of the African kingdoms, and the resistance against and collaboration with the French conquest. In comparison to the experience of many other African states, Senegal is generally considered to be "a success story" in terms of both policy and democracy (Cruise O'Brien 1978: 187). The degree of press freedom and freedom of speech, and the variety of civil society institutions is far greater than in neighbouring states and, furthermore, human rights are to a large extent respected. However, southern Senegal presents an exception to this overall situation: the emergence of the Casamance conflict during the 1980s gave rise to an increase in human rights abuses, and this has affected the humanitarian and social situation of southern Senegal during the past twenty years (Beck 1996: 176). In addition to the Casamance conflict, Senegal is continuously subject to IMF and World Bank Structural Adjustment Policies, and has faced a number of social, economic and political crises, such as the devaluation of the Franc CFA in 1994. Today 54 per cent of the population lives below the poverty line and almost half of the population is unemployed, with a growing rate of youth unemployment (CIA *World Factbook* 2003).¹ In 1990 the informal sector made up 30 per cent of the country's GNP (Ebin 1992: 86). Senegal's GDP today makes up US\$ 5 billion (World Bank 2004).²

There are a number of different religions and ethnic groups in Senegal. The main ethnic groups in Senegal are Wolof (43.7 per cent), Hal pulaaren (Pular, Tukulëë, Laobe) (23.2 per cent), Sereer (14.8 per cent), Jola (5.5 per cent) Mandinka (4.6 per cent) and other ethnic groups (8.2 per cent) (Diouf 1998). More than 90 per cent are Muslims, mainly affiliated to a Sufi order (tariqa "way or path") or brotherhood. The four largest brotherhoods are the Tidjaniyya, Mouridiyya, Quadriyya and the Layenne. In general, brotherhoods are composed of people from different ethnic groups, but the majority of people who are affiliated with the second largest brotherhood (Mouride) are Wolof. Over the last 15 years, research on Senegalese migrants has mainly focused on Mouride migrants, an artefact of the importance of the young Mouride diaspora. In addition, the work of Timera (1996) and Daum (1994) in particular, provides insights into the communities coming from the Senegal River valley regions who migrated to Europe, mainly to France, even before the disciples of the Mouride brotherhood started to migrate internally and internationally. However, until recently little was known about the migration trajectories of the other brotherhoods, and neither Senegal

¹ Estimates from 2001.

² The World Bank estimates are from 2002.

nor the four EU countries considered in this paper currently compile statistics on migrants in terms of the ethnic groups or brotherhoods to which they belong.

The first wave of out-migration to Europe took place during the First World War, when many Senegalese worked in France as infantrymen (“*tirailleurs*” in French) (Guèye 2002: 284; Robinson 1991: 166). After Senegal gained independence from France in 1960, an increasing number of Senegalese left for France and settled in Paris and the main industrial centres such as Marseille. These migrants are mainly Soninké, Sereer and Tukulëë (Timera 1996) who lived primarily in the Senegal River valley regions. They were attracted by the European economic boom, and their out-migration was mainly supported by their families and facilitated by the fact that all Senegalese citizens at the time had both Senegalese and French citizenship. This structural affiliation to France continued for more than 20 years after Senegal’s independence (Garson 1992: 84–85). The out-migration of Senegalese citizens to France increased from 5,688 in 1968 to 32,350 in 1982 (INSEE 2004). Growing mass migration was also a response to the persistent drought as well as economic and political pressure on Senegal from the international community. For example, one of the major economic problems with deep social repercussions was the devaluation of the Franc CFA in 1994, which precipitated a harsh social crisis, particularly in the cities. The devaluation halved purchasing power, and resulted in price increases of 25–30 per cent for basic food stuffs such as rice. The high price of food had far-reaching effects on all social classes (Sane 1998; Vengroff and Creevey 1997). Thus, the deep economic and social crisis Senegal was facing induced more and more Senegalese from all social strata and ethnic and religious groups to migrate. Internally migrants went to the capital city Dakar; internationally, destinations included not only to France, but also new countries, such as Spain, Italy, Germany and beyond Europe to the USA, thereby shaping a new transnational space (see Guèye 2002, 2003; Robin 1997; Tall 2002).

Against this backdrop the disciples of the Mouride brotherhood became an active migrant community. The Mouride brotherhood is based in the north-western groundnut-growing basin of Senegal. Touba, which with more than 500,000 inhabitants is now the second largest city in Senegal, and the Mouride capital.³ Although Touba was not very popular until the end of the 1960s, thereafter it became an attractive hub of internal, international and transnational flows of people and investment (Guèye 2002). The attraction of Touba is its independence, more precisely its extraterritorial status, which led to the Mourides moving to and from Touba with contraband goods (Coulon 1999: 203–204). Touba’s extraterritorial status dates back to the colonial period; it was negotiated between the French colonial authority and the leaders of the brotherhood. As a result, the provisions of Senegalese national law do not apply in Touba. Touba’s extraterritorial status also keeps the police and custom officials away from illegal deals and trading. In addition, Mouride migrants feel a strong religious identification with Touba and come from all over the world to the annual pilgrimage (Magal) laden with goods and gifts to obtain the blessing of their marabouts.

Mourides mainly migrated first internally to the capital Dakar. By developing new forms of collective organization and by identifying themselves with “the nation in process” during the

³ The largest mosque in sub-Saharan Africa with the world’s sixth largest minaret (87 metres high) has been constructed by Mourides in Touba.

1970s and 1980s, the Mourides conquered the informal economic sector in Dakar (Cruise O'Brien 1988: 139). Today the informal sector, which is run by Mourides, continues to grow, and the Mourides in Dakar currently employ an estimated 640,000 workers. They provide work for approximately 45 per cent of Dakar's population, whereas employment in the public and private sector is decreasing (Guèye 2002: 428). To sum up, today both Dakar and Touba are major centres for both informal trading and recruitment. The cities are used as a springboard for commercial migration to Europe and the USA, supported by the structures established by the Mouride migrants abroad (Carter 1997).

In Europe, the Mourides' first destination has been France. Important Mouride communities can be found in Paris and Marseille. However, from the 1980s onwards members of the Mouride community started to migrate from France to Italy. Subsequently, more and more Senegalese migrants come directly from Senegal to Italy. In Italy the Mouride community settled first in the south and islands (Sicily) and later migrated to the richer northern part of Italy, the region of Emilia Romagna, including seasonal migration to the more touristy coastline, where they engaged in unlicensed street trading (Grillo and Riccio 2004). Similar patterns can be found in Spain, which has attracted an increasing number of Mourides in recent years. They often engage in unlicensed street trading in tourist-oriented locations such as the islands of Tenerife and Mallorca. In Germany, Cologne is the capital for both Senegalese migrants and the Mouride community. The attraction of Cologne is its proximity to Brussels, which constitutes a trading node for Senegalese traders, linking Cologne, Brussels, Paris and Marseille.

Today an estimated 125,000 Senegalese migrants are living in the EU (IOM/UN 2000), comprising around 22 per cent of all West African migrants in the EU (Eurostat 2000). France remains the country with the highest number of Senegalese immigrants, followed by Italy, Spain and Germany. However, we should bear in mind that the main destinations of Senegalese migrants are other African countries, particularly Ivory Coast, Gabon, Mali and Guinea (IOM/UN 2000).

Table I. Number of Senegalese migrants in selected EU countries 1999/2000⁴

Belgium	Denmark	France	Germany	Italy	Netherlands	Spain
733	81	40,848	2,660	38,982	167	6,657

3. Volume of informal and formal remittance systems

As with estimates of the number of migrants, statistics relating to both formal and informal remittances are best seen as rough estimates. According to Fall, the total formal remittance

⁴ Figures taken from: Institut National de Statistique (Belgium), Statistics Denmark (Denmark), 'Les titres de séjour des étrangers en France en 1998', Ministère de L'Intérieur, Rapport au Parlement (France), Statistisches Bundesamt (Germany), Stima Dossier Statistico Immigrazione, Elaborazioni Caritas su dati World Bank (Italy), Eurostat, Datenbanken New Cronos, Instituto Nacional de Estadística (Spain). Neither the UK nor Luxembourg publishes details of the number of Senegalese residents.

flows should be trebled in order to obtain a more realistic picture of the volume of informal remittances to Senegal. The World Bank estimates that the total remittances to Senegal in 2001 amounted to CFA 127 billion. (Fall 2002: 14). Thus, using Fall's calculation, the total amount of informal remittances made would be CFA 381 billion.⁵

In recent years, more and more Senegalese emigrants have made increasing use of formal remittance channels. This should be seen in the context of the growing number of providers offering more flexible means of sending remittances through formal channels. For example, the arrangements between banks and post offices and organizations such as the Western Union extended the formal remittances services on offer. In addition, even though the majority of informal remittances services are cheaper than formal providers, some of the informal systems are still quite expensive, for example GIE in Lyon (Blion and Verrière 1998). Furthermore, as Sander, Barro, Sall, Juhlin and Diop (2003) have shown, it can sometimes be both difficult and dangerous for the recipient actually to collect the money. For example, the agency may have moved (because of police raids), and collecting a large amount of money in a crowded market, such as the Sandaga (the largest informal market in Dakar) may be a dangerous thing to do.

Despite these drawbacks, informal methods continue to be attractive. For informal transactions it is not necessary to be able to read or write, and no official proof of identity is required. Furthermore, the informal systems do not place any restrictions on the amount of money which can be transferred (see Sander et al. 2003: 35–38).⁶ The informal agencies also provide a broader range of services, including easy access to credit. Lastly, it should be borne in mind that the Senegalese banks control only an estimated 27.2 per cent of the total amount of money in the country, and only 6 per cent of the population use the formal banking system (Ndir 2001). Thus, there is not a strong tradition of using banks and formal credit services in Senegal.

In fact, whatever the advantages and disadvantages of formal and informal remittances systems may be, it remains difficult to clearly differentiate formal and informal remittance flows. In reality the systems often combine both formal and informal elements. Tall describes it thus: "Informal remittances supplement the shortcomings of formal remittances, and formal and informal methods combine depending on the context" (Tall 2002: 15).

4. Informal remittances systems

For the purposes of this paper, the diversity of informal remittance systems operating mainly between four EU countries (France, Italy, Spain and Germany) and Senegal have been divided into four types: individual systems, trade-based systems, association-based systems and lastly, specialized and other systems.

⁵ The exchange rate: €1 = CFA 656. The CFA used to be pegged to the French franc and is now pegged to the euro.

⁶ For more details see the recent study: 'Etude sur le transfert d'argent des émigrés au Sénégal et les services de transfert en microfinance', from Sander, Barro, Sall, Juhlin and Diop (2003), which provides a detailed overview of the formal remittances transfer and its legal framework.

Individual informal remittances are most frequently carried personally by returning émigrés or importers operating at the Sandaga market (the largest informal market in Dakar (Guèye 2003: 615). This mode of remittance is used by Senegalese migrants whenever they can find someone returning to Senegal.

In contrast to this system for sending individual informal remittance payments, the range and flexibility of *trade-based systems* is broader. There are two long-established trade-based systems and four further systems that have developed with the use of new information and communication technologies (NICTs). Whilst this term covers a wide range of technologies, in the Senegalese case this only relates to the use of telephones and fax machines.

One of the remittance methods that does not use NICTs is based on a credit system. The emigrant contacts a transnational Senegalese trader to seek a credit. After the arrangement has been made, the trader pays the agreed amount of money to the emigrant's family on his return to Senegal. The migrant will repay the loan during the trader's next business trip to his or her country of residence. The advantage for the trader is that he does not have to exchange currency in Senegal and knows that he will be repaid when he arrives in Europe. The literature indicates that this system is used in all EU countries hosting Senegalese migrants: France, Italy, Spain, Belgium and Germany.

Another system involving the emigrant and a trader works by means of an advance deposit. During his business trip to France, Italy, or other countries, the trader will take receipt of a sum of money that the emigrant would like to remit within a certain period of time. Together with the money, the trader will receive specific instructions regarding the rates of exchange and details of the recipient. Thus the trader can use the money from the emigrant to purchase merchandise in Europe and elsewhere. Upon return to Senegal he can both quickly sell his new merchandise and make the payment to the designated recipient(s). In addition, this system may also be lucrative for the transnational trader, since he can make a profit when exchanging the money in the countries he travels through. This system is also used in all EU countries hosting Senegalese migrants (see Tall 2002: 16).

Such systems have expanded in recent years as a result of the growing number of NICTs. Telephone and fax communication in particular has created means of modifying the informal remittance systems between traders and emigrants. As Tall points out:

“Emigrants and traders create instruments for [money] transfer in ways that obey a logic completely beyond the constraints and administrative inertia of formal transfers. The emigrants and traders set up a complex system for advance payment, compensation and control maintained over the phone” (Tall 2002: 17).

Another system, similar to the non-NICT based credit system, involves phoning or sending a fax to one of the traders in Senegal, providing him with all the details of the remittance payment to be made. If the trader agrees, he will extend credit to the emigrant and pay the designated recipient. Loans taken out will be repaid during the trader's next business trip to Europe. Thus money can be remitted within a very short period of time, and the trader does not need local currency for his next business trip because he can collect money from the emigrant. Alternatively, the credit can be repaid in Senegal while the emigrant is on holiday (see Tall 2002: 16).

It is also common for one of the transnational traders to be approached during his business trip to arrange an immediate transfer by telephone or fax. The emigrant makes an arrangement with the trader, providing him with the money he wishes to remit and all the other necessary information. The trader in turn will directly call or fax his business partner in Senegal giving him all the details of the person to whom the money should be delivered, or the person who will collect the money. The emigrant will also call the recipient, providing him/her with the transaction reference and details of where to collect the money. Thus, compared to non-NICT based systems, the advantage for the recipient is that he/she does not have to wait for the trader's return to Senegal in order to receive the remittance, but rather will receive it immediately after the arrangement has been made between the trader and the emigrant (see Tall 2002: 16).

However, both of these systems only work when the emigrant has a kinship-based relationship with one of the transnational Senegalese traders, which is certainly not always the case. Another version of this system is for the remittance to be made through a local intermediary trader or wholesaler, who is based in the country of residence and is therefore probably more familiar to the emigrant (for example, it may be the wholesaler where the emigrant buys merchandise for unlicensed street trading). In this case, the emigrant asks the trader or wholesaler to make a transfer for him. After the wholesaler and the emigrant have agreed the terms, the wholesaler will call or fax his trading partner in Senegal with details of the money to be paid and the designated recipient, and the trader in Senegal will make the payment. On the wholesaler's next business trip, the Senegalese-based trader will then either collect the amount of money he has paid out, or will take receipt of an equivalent amount of merchandise (see Tall 2002: 17).

The longest-established system of this type is one which has been used to transfer money between West and Central African States. Today, traders wishing to transfer money around the world in a flexible and straightforward manner make use of this system. The sender wishing to make a transfer will deposit the relevant sum of money with a contact (A) in the country of residence, e.g. France. The contact (A) in turn will phone the company headquarters, which may be in yet another country.⁷ The partner in the company headquarters in turn will then pass on the information he received from the first contact (A) to a second contact (B), who is based in Dakar. The information transmitted in this way will include details of the amount of money to be paid and the currency, as well as information about the designated beneficiary and one or more identification codes for the final recipient or the different recipients or instructions to pay the money into a local account. Several of these methods of payment may be combined. For example, it might be specified that one third of the money should be paid to a designated person in FCFA and the rest be deposited in a local account. The second contact (B) will then make the payment. In addition, contact (B) will be contacted by traders who want to make a business trip to Europe or elsewhere without having to take money with them. These traders will therefore ask contact (B), who is based in Senegal, to find out what funds they can access abroad. They will then pay contact (B) in Dakar in local currency, enabling them to collect an equivalent value of merchandise in the country where contact (A) is based (Sanders et al 2003: 30).

⁷ In the case study described by Sander et al. (2003), the company headquarters was in Tel Aviv.

In general, it can be said that all *association-driven remittance systems* are based on deposit or credit systems. In view of the variety of Senegalese organizations and associations which offer deposit and credit schemes, it is difficult to establish whether a particular organization remits the money through formal, informal or mixed channels. This distinction is particularly difficult to make in relation to the vast number of small hometown and development organizations, organizations with cultural and moral objectives and credit organizations established for individual and trading purposes (known in francophone West African countries as “*tontines*”).

The variety and operation of the deposit and credit organizations in the EU, especially in France, and the use of the money or goods which have been remitted to Senegal, has been widely documented (see for example: Blion and Verrière 1998; Daum 1994; Fall, Guèye and Tall 2000; Guèye 2002, 2003; Marfaing 2003; Sanders et al. 2003; Simon 2000; Tall 2000, 2002). However, less is known about how the deposits and credits are actually remitted. Some of these schemes will be described in the section below on semi-official systems.

As an example of an organization-based informal remittance system, the Mouride brotherhood, one of the new stakeholders, will be examined. In the country of residence, money and donations are collected through the local branches of the Mourides’ “core institution” the dahira (from dār (A), “house” or “place”). The dahira can be seen as an elaboration of the *early daara, which was both a* Koranic school and a farm run by a marabout (holy man or spiritual leader) and his disciples (Cruise O’Brien 1971). Today, the dahira has progressively developed into various forms all over the world, serving as meeting points for migrants (Cruise O’Brien 1988: 136–139, Ebin 1993: 102). As discussed in a range of studies, Mouride emigrants meet regularly in the dahira of their marabout back in Senegal in order to exchange information, to pray, and also to collect and save money for the marabout. The marabout is therefore both spiritual leader and transnational trader, and visits his emigrant disciples on a regular basis, particularly for religious events. Thus the marabout will collect the savings and donations during his visits and will return to Senegal with the money. In summary, the Mouride dahira in France, Italy, Spain, Belgium, Germany and other European countries, and on other continents, are not only a meeting point for the migrants,

“but also to collect funds to organize religious events (for instance magal, ziyâra aus cheikh), or furthermore to participate in the improvement of the infrastructure of the city of Touba (hospitals, cleaning, refurbishment of the great mosque)” (Bava 2002: 585).

The Senegalese diaspora is sufficiently prominent also to have spawned *agencies* that specialize more exclusively in informal money transfers. The most prominent and also the most recent system established for sending money to Touba (Guèye 2003: 616) is Kara International, which was set up in New York in 1991 (Tall 1998, and 2002: 17). In Italy and Spain, Senegalese agencies also were set up modelled on Kara International, to arrange professional informal financial transfers (Guèye 2003: 616). This system is most appropriately labelled semi-official because the agencies are formally established in the EU. The agencies in Italy or Spain, which are modelled on Kara International, are set up as formal currency exchange agencies in accordance with local regulations, but they also provide a professional informal remittance service. Thus the currency exchange service

actually is a secondary concern, with the informal remittance service comprising the main business. Tall describes Kara International as a office where

“the migrant neither has to fill out forms nor has to sign any piece of paper. He is not required to identify himself. It suffices that he specifies the sum he wishes to send. Upon receipt of this sum the employee of Kara New York enters on his computer, which is his only tool, the information provided by the customer. On the printout given to the client are indicated the surname, given names and addresses of the sender and recipient, the sum remitted, and a summary of the information provided by the migrant” (Tall 2002: 18).

After the necessary arrangements have been made, the emigrant can leave the office and the agency will fax the request and all the necessary information to their partner office in Dakar. The emigrant, in turn, will ensure that the recipient will be able to collect the money at the local office using the identification code which has been issued by the agency in the country of residence. Unfortunately for the European countries, the scale of the transactions handled by agencies such as Kara New York is not known. However Babou calculated that Kara New York transfers around US\$ 20 million each year (Babou in Fall 2002). In general, these agencies charge a commission fee for their transactions. The partner agency in Dakar is supplied with the necessary funds either through official channels, such as bank transfer, or through other informal systems (Tall 1998, 2002). In summary, the function of this exchange office is to allow transnational traders and migrants to exchange money and to send remittances from the same place.

The Groupement d'Intérêt Economique (GIE), based in Lyon, is another semi-official agency, which shares certain similarities with Kara International. In contrast to the Kara International model, GIE is a partnership enterprise that provides a broader range of services. Several Senegalese emigrants hold capital stock and run the organization with partners in Dakar. It is only possible to become a partner in GIE with the agreement of all existing GIE partners, but services are available to anyone. The main services provided by GIE include money transfer, remittance credits combined with investment goods and financial advice, for example relating to investment in Senegal. For money transfers, GIE works in a similar way to Kara International, whilst additionally providing the possibility for emigrants to send goods to the designated recipient in Dakar, equivalent to the amount of money paid at GIE in Lyon. These goods (such as electric appliances, furniture and tools) are sent in large quantities two or three times a year from France to Senegal, where the recipient can also collect tools or raw materials, for example those necessary for construction work. GIE also provides credits for the emigrants for this kind of service. This allows the emigrant to place an order for goods that he does not have to pay for immediately. He can instead get credit to be repaid within 6–18 months. The interest rate and the repayment period vary according to the value of the goods. Repayment of the loan can be expensive, but the broad service and advice package provided by the GIE is not available from formal banking institutions. However, GIE itself does use banks for their incoming and outgoing transactions (Blion and Verrière 1998).

A smaller and more community-focused system, which is not formally established in the country of residence, has been found in the USA, with similar types of transactions also originating from Europe. The system is based on savings of an emigrant who works together with a partner in Senegal. After sufficient capital has been accumulated, the money will be

deposited with the partner in Senegal. The agency uses similar techniques to those employed by Kara International and GIE in order to make the capital available in Senegal. Although based on transactions between only two people rather than a group of partners, the provider often offers delivery of goods instead of money transfer, like GIE. However, these agencies are less investment-focused and more community-oriented than GIE. They provide food, household goods and other items which meet the daily needs of the recipients. In the case described by Sander et al. two brothers set up a shop in Senegal, which in turn enabled them to develop their services by distributing food and household goods to designated recipients. In addition to the informal transfer of money, the brothers also used a bank account to make transfers (Sander et al. 2003: 29).

Small-scale operations that mesh financial remittances and the transfer of goods are also quite common, especially in Italy and Spain and to a lesser extent also in Germany, France and other EU countries:

“[I]nformal services offer freight and transit facilities, handling car spare parts and replacement engines, equipment and appliances of all types, second-hand cars, as well as computers and cellular telephones” (Guèye 2003: 616).

Such a system can for instance be based on a partnership between a small trader, often in Italy, and a trader in Senegal. Normally, it is the partner in Senegal who will place an order by telephone or fax. However, it may also be the emigrant who places an order with his partner in Senegal. After receiving the order, the partner in Italy will arrange for the container transport and make all necessary arrangements relating to the delivery, such as customs formalities. Payment for the merchandise is arranged in Senegal (see Tall 2002: 21).

Such an arrangement works equally well on a more personal level. The case described in Fall's study on NICTs provides a good example. An uncle, a member of a local trading network in Senegal, provided financial support to allow Mr Ndiay to emigrate. Once in Italy, Mr Ndiay started to make use of his link with his uncle's trading network in Senegal. By sending goods (mainly cars and car tools) from Italy to Senegal he earned enough money to build a house in Dakar. Mr Ndiay travels to Senegal once a year by boat (between November and March) taking with him cars and other merchandise, which he then sells via his uncle's trading network. During the time that he is in Italy, his family members are supplied with all the goods they need for their daily use from his uncle's supplies in Dakar, free of charge. The bill for these goods will then be settled once Mr Ndiay returns with his merchandise (Tall 2002: 16). Fall's research identified a total of 13 of such car-related businesses operating between Touba and Italy (Tall 2002: 21).

5. Remittances and development

Both formal and informal remittances make a significant contribution to poverty reduction. Remittances are used to improve the livelihood of families in Senegal, especially in the less-developed and rural areas. As Simon has shown, three-quarters of the remittances from migrants living in France are directed to their families in Senegal (Simon 2000). In the case of the Souninke, the researcher reports that “eighty per cent of financial resources of the households in the valley come from monetary transfers from emigrants” (Daum 1994). Nevertheless, this case also serves as a reminder that regular remittances are a new phenomenon, and more and more families depend on the remittances flows in order to

meet their daily needs. It cannot be stressed enough that remittances are no longer a source of additional income but rather, for an ever-increasing number of people, they provide a form of regular income (Sander et al. 2003: 11).

In addition to urbanization, locally based projects and investment are similarly funded by informal remittance flows. In Dakar, and even more in Touba, there are many examples that illustrate how rapid urbanization has been fuelled by religious and trade-based informal remittance flows. Indeed, Touba developed within a short period of time from a village to become the second largest city in Senegal (Guèye 2003: 610). Property investments, in particular in both Dakar and Touba, seem to be increasingly popular with emigrants. This is the main area of investment for emigrants, as it seems to provide an attractive and secure investment. The costs and benefits are clearly visible for the emigrant and the investment further serves both a symbolic and social role, making it possible for the migrant to provide housing for his family, thereby also to reducing the costs of further remittances (Tall 2002: 565–68). To a lesser extent, investments are also made in other sectors, for example an export car business has developed, mainly between Italy and Touba. Indeed, the emigrants living in Italy, and also in Spain, have popularized this trade in cars, thereby contributing to the development of new markets (Guèye 2003: 616, 2002; Tall 2002: 21). Remittances from Mouride emigrants also have funded the construction of the new hospital in Touba (Fall 2002: 11).

However, city-focused investment projects also have a negative side:

“the exclusive orientation of migrant investment to the city contributes to the depopulation of the countryside (for example migration to Touba in Senegal that significantly worsens the abandonment of the surrounding rural areas), the aging and feminization of the active rural population, and to changes in consumption patterns that are unfavourable to a revitalization of the agricultural economy of West Africa” (Fall 2002: 17).

6. Informal remittances and policy

In this section, a brief analysis is presented of how both the providers and the various policy actors respond to informal remittance systems. First, the sending context will be examined, second some examples will be provided from the EU countries and lastly, measures taken by the international community will be discussed. With regard to the sending context, it is obvious that the Senegalese banks have made significant efforts to channel the informal remittance flows through formal mechanisms. For example, both the Post Office and many banks have opened new branches and worked together with agencies such as the Western Union to provide easier access for more people. However, the banks are limited by regulations such as the banking law of 1990, which places a limit of US\$ 284 on each international transfer transaction (Sander et al. 2003: 17).

The liberalization of external trade in 1986 certainly extended informal remittance flows. With a few exceptions (oil, rice and flour), the protection of Senegalese manufactured goods came to an end, taxes on imports were lowered, quotas were abolished and virtually anyone could obtain an import–export permit. The liberalization of external trade not only contributed to a growing shadow economy in Senegal, but it certainly also extended informal remittance systems. This can be seen particularly within the trading sector, which

used to be dominated by Lebanese traders. Today, less and less Lebanese traders are engaged in the import sector, which has become principally the domain of the Mouride brotherhood (Ebin 1992). Historically, the Mourides have found it easier act as mediators between society and state than the small Lebanese community. Furthermore, in the recent negotiations between France and Senegal, the role of remittances has been the subject of much discussion. The French government took a lead in channelling informal transfers into formal systems. Nicolas Sarkozy, the French Interior Minister, has sought to promote voluntary return programmes for Senegalese migrants in France by increasing the amount paid to those who agree to return voluntarily from €4,000 to €7,000. He has also provided financial incentives for highly skilled Senegalese to undertake temporary work in France, and has promised to provide facilities to allow cheap money transfer for remittances (MPG 2004).

Aside from the conflicting interests of the French and Senegal governments, it remains to be seen whether translocal development can successfully divert informal remittance flows into formal channels. A recent evaluation of translocal development projects for Senegalese emigrants in France and Italy is not a source of much optimism in this regard (Grillo and Riccio 2004). Furthermore, the French government has sought to promote “translocal development”, which refers to policies of *coopération décentralisée*, which decentralize aid practices to institutions below the level of the state, especially local authorities, and stress the importance of involving institutions in both north and south so that all are jointly engaged in an enterprise of “*codéveloppement*” (Grillo and Riccio 2004: 321).

However, Macky Sall, the Senegalese Interior Minister, did not support this proposal and argued that France should instead issue more visas to Senegalese students, businesspeople and those wishing to visit their family members in France. He also argued that France should regularize the status of Senegalese who have been living there illegally for a significant period of time. In summary, he called for the redefinition of translocal development programmes. Aside from the conflicting interests of the French and Senegal governments, it remains to be seen whether translocal development can successfully divert informal remittance flows into formal channels.

Recent evaluation of translocal development projects for Senegalese emigrants in Italy does not provide much source of optimism in this regard. Grillo and Riccio provide examples of three translocal development projects and examine “how they might provide space for migrant workers to integrate their own (often prior) independent, individual and collective development initiatives with those of national and local governmental and non-governmental agencies” (Grillo and Riccio 2004: 99). Two of the projects examined had been import–export businesses: one in the fishing sector and the other in the ethnic crafts and food sector. The third project was a Senegalese–Italian theatre project (Bel Teatro/Pikine Theatre). All of the projects failed either partly or completely because the political, social and cultural context had not been fully taken into account. With regard to the two import–export projects, local government bodies in Italy as well as EU institutions provided the financial resources for professional training to support the projects of Senegalese migrants in Italy. The intention was to provide professional training as a basis for further transfer of entrepreneurial skills to Senegal by allowing the Senegalese migrants to set up their own businesses in Senegal. In both cases, arguments between the Senegalese migrants, such as quarrels between people from rural and urban locations, became a problem. In addition, both projects were overwhelmed with bureaucratic and social problems in Senegal. The

fishing project also ran into trouble with the Italian partner organization because of disputes over the terms of the original agreements. However as time went by, the difficulties seemed to be sorted out, but both projects had been so taken up with their earlier and ongoing problems that they did not come to fruition, and the trained Senegalese migrants finally remained in Italy and never managed to start their businesses in Senegal (see Grillo and Riccio 2004).

7. Conclusion

The number and type of remittance systems among the Senegalese migrants has proliferated since the 1980s. The transformation of remittance systems can not be solely attributed to the growing number of NICTs, but has to be viewed in relation to the broader social, cultural and political context. Migrants coming from the Senegal River valley regions had a moral obligation towards their families to send money to support their families in Senegal, and for savings. Remittances were delivered at irregular intervals by the emigrant in person, or alternatively were sent via an intermediary.

Today, remittances are not only sent out of a moral obligation towards the family in Senegal, but are essential in guaranteeing a family's livelihood. Regular remittances developed as a result of the increasing social and economic problems in Senegal (such as drought, structural adjustment programmes, and devaluation of the Franc CFA), and the changing immigration policies in the countries of residence, such as the implementation of visa restrictions for Senegalese nationals entering France. It is therefore important to point out that informal remittances systems in the Senegalese case do not constitute a long-standing tradition; rather, these systems are recent adaptations to the changing global and local context. Currently, people from all social strata migrate and send remittances, and both migration and remittances are increasingly facilitated by local brotherhoods, transnational traders and specialized agencies. There is no doubt that all Senegalese migrants do remit to their families, but as can be seen in the Mouride case, the agents are increasingly local brotherhoods and transnational Senegalese traders (see Fall 2002; Tall 1998, 2002). As already pointed out, other Senegalese brotherhoods are largely overlooked in the literature on this subject, and current research does not provide much insight into how these brotherhoods cope with the changing global and local environment. Further research into this is needed, and in order more accurately to measure the far-reaching consequences of formal and informal remittances systems spanning the EU and Senegal. Research should also focus on the different social groups who have increasingly migrated in recent years, in particular young people and women. Additionally, research would be needed to chart the way that migrants from the Senegal River valley and the Mouride brotherhood have adapted, providing a deeper insight into the changes and meaning of informal remittance systems.

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