



The western-most country in Africa is home to some 16m inhabitants

# Momentum gains

## Further growth expected on the back of efforts to develop a hydrocarbons industry and improve the business environment

Senegal aims to become an emerging market by

# 2035

With robust and sustained annual growth of 6% or above since 2014, and a considerable multifaceted investment and reform programme under way, Senegal is in position to see a continued influx of foreign capital as economic momentum builds. The country's solid macroeconomic performance is underpinned by its relatively strong and long-standing position as one of the most stable countries in the region. Though this stability has sporadically been undermined by instances of political violence in the Casamance region, home to separatist forces, the conflict has not posed any serious threats since the main rebel group put down arms in 2015. Moreover, Senegal remains largely insulated from the security threats and instability facing the rest of the region. Through its active membership in ECOWAS, the African Union and the Community of Sahel-Saharan States, Senegal seeks to promote regional integration and cooperation.

The country's democratic credentials and comparatively high degree of political freedom have contributed to stability, a conducive business environment and good donor relations. President Macky Sall was re-elected in February 2019 with 58% of the vote. The competitive democratic election was largely considered free and fair by independent international observers, and saw a voter turnout of 66%. President Sall's campaign focused on investment in infrastructure, and voters noted the high economic growth rates achieved during his first term and the progress made on the Emerging Senegal Plan (ESP), which aims to help propel Senegal to emerging market status by 2035. The economy is anticipated to expand in the near term, with the hydrocarbons industry poised to take off in 2022 and efforts currently under way to improve the business environment.

**BACKGROUND:** Senegal lies on the Atlantic coast of West Africa and is home to 16m people. The country is named after the Senegal River, which runs along the northern and eastern border. The western-most

country in Africa, it is bordered by Mauritania to the north, Mali to the east, and Guinea and Guinea-Bissau to the south-east and south, respectively. Senegal also surrounds The Gambia, which occupies a narrow strip of land along the Gambia River.

Senegal's diverse population is made up of a number of ethnic groups, including the Fula, Serer and Mandinka. The country's largest ethnic group is the Wolof, who compose about 40% of the population. Wolof is also the most widely spoken of approximately 39 languages – up to 80% of Senegalese speak it either as a first or second language. Though Senegal is no longer a French colony, French remains the official language, and is used in business, politics and education. Freedom of religion is protected by law, and Islam is the predominant faith practised in the country, accounting for some 95% of Senegalese. The remaining 5% of the population consists almost entirely of Roman Catholics.

**GEOGRAPHY:** The country is situated in the Senegal-Mauritanian Basin, and its terrain is flat, rising only above 100 metres in the far south-eastern corner and on the Cape Verde Peninsula in the north. The 531-km-long sandy coastline is intersected by the Senegal, Gambia, Siné-Saloum and Casamance rivers. Due to favourable soil in the north-west and south-east, the country is able to cultivate a range of crops including peanuts and sorghum, providing both food security and cash crops for export.

Senegal has a tropical climate that features a prolonged *harmattan* period characterised by low rainfall, harsh winds and dust. Three climactic zones can be distinguished across the territory: a coastal range mainly covering Dakar, which features the coolest average temperatures in the country; a Sahelian climate in the north, where daily temperatures fluctuate more and there is a long dry season from November to May; and the Sudanic belt in the south, where humidity and average temperatures are higher.

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**HISTORY:** Archeological finds of elaborate stone tools, megalithic circles and shell middens across the country are proof that the Senegalese territory has been inhabited by humans since at least the Neolithic period. By the 7th century a number of regional empires extended their reach into the current boundaries of the country. Some of the earliest kingdoms to emerge in what was then called Senegambia include Namandirou (or Tekroun) and Jolof. The latter, founded in the 13th century and uniting the Wolof people, became affiliated with the larger Ghana empire and was the most dominant force in the area by the 14th century. Meanwhile, Islam spread across the region through trade, migration and by force from the 8th century, with the majority of inhabitants converted by the 19th century.

**COLONIAL TIMES:** The Portuguese were the first Europeans to establish a colonial presence in Senegal, starting in 1454. Over the subsequent centuries the British, French and Dutch empires all established settlements in the territory, using it as a hub for the trade of enslaved Africans to the Americas. In 1817 France took control of the area and proceeded to establish an even stronger presence, to take advantage of the agricultural potential of the colony. French control continued until 1960, when Senegal officially gained independence.

**MODERN ERA:** Since then, Senegal has had four presidents, starting with the intellectual, poet and socialist Léopold Senghor. He ruled the country as president for two decades over the course of four terms. President Senghor's government established the foundation of the multiparty democracy and a strong central role for the office of the president, as well as an extensive educational system. The foreign policy of his administration was characterised by a close relationship with the former colonial power.

President Senghor's successor, Abdou Diouf, also stayed in power for two decades. Having held ministerial positions before rising to the position of prime minister under the administration of Senghor, Diouf was a close ally of the first president and continued to champion many of his policies. Under President Diouf's leadership, Senegal's economy liberalised and decentralised, while his foreign policy focused on African cooperation and unity.

In the 2000 elections President Diouf was defeated by the long-term opposition politician and leader of the Senegalese Progressive Union, Abdoulaye Wade. This election marked the first time since the country's independence that power changed hands between political parties. President Wade sought to improve access to health and education while modernising the agriculture sector. On the matter of foreign policy, his two terms were marked by a turn towards countries other than France, particularly the UAE and China. In 2012 President Wade lost the presidential election to Macky Sall.

During its first term, the administration of President Sall focused on reducing corruption, building infrastructure and reforming public institutions.



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President Sall was re-elected in 2019, and the government is expected to remain focused on the ESP and work towards key intermediate goals of restructuring the economy, promoting human capital and enabling good governance.

**ECONOMY:** With annual growth of between 6% and 7% since 2016, and low, single-digit inflation, Senegal has long held a strong macroeconomic position. The agricultural and extractive industries are key drivers of the economy, with phosphate mining; fertiliser production; fish processing; and crop production of mangoes, melons, tomatoes, cotton, peanuts and sugarcane its main export earners.

As more than 50% of household consumption is dependent on income from the agriculture sector, the modernisation and development of agro-processing industries are at the top of the government's development agenda. Senegal's petroleum refining industry is anticipated to grow as hydrocarbons discoveries off the coast are due to be extracted starting from 2022, providing a new source of revenue.

The country attracts a large number of tourists, mainly from Europe and the US, with the industry accounting for 10% of GDP and 9% of total employment. With many historical, natural and cultural attractions, in addition to underdeveloped infrastructure outside the main cities, the tourism sector has been identified as one of the big potential growth areas by the current government.

To ensure economic growth is maintained at current levels, a number of bottlenecks will have to be addressed, including an underperforming tax regime and a weak education system. Key among them is the country's inadequate energy infrastructure; however, this obstacle is expected to see significant improvements once Senegal's first utility-scale wind farm comes on-line. From 2020 onwards the 158-MW Parc Eolien Taiba N'Diaye project is estimated to provide 2m Senegalese with clean and reliable energy.

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