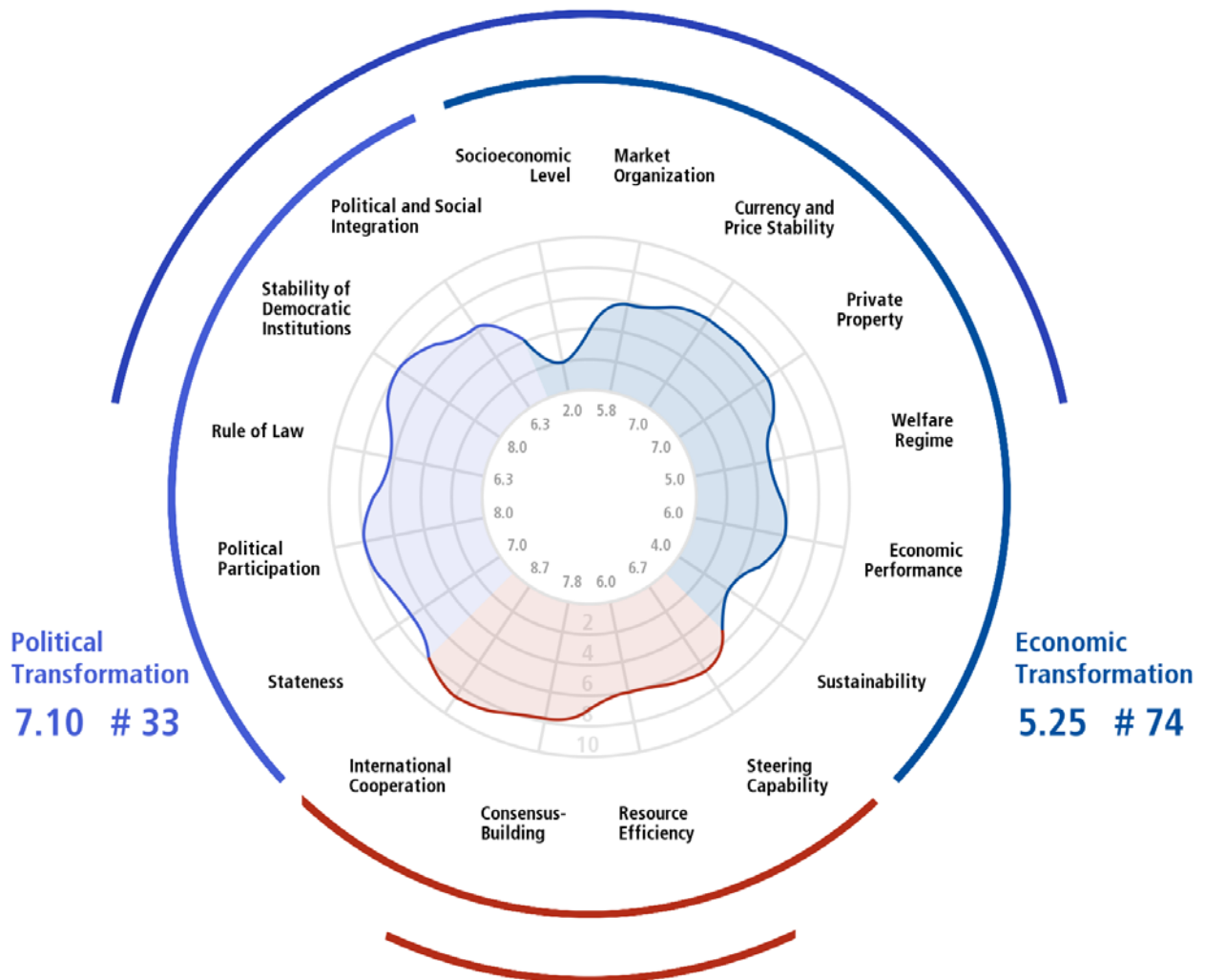


Senegal

Status Index

6.18 # 50

on 1-10 scale out of 129



Political Transformation
7.10 # 33

Economic Transformation
5.25 # 74

Governance Index

6.70 # 11

on 1-10 scale out of 129

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2018. It covers the period from February 1, 2015 to January 31, 2017. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	15.4	HDI	0.494	GDP p.c., PPP \$	2568
Pop. growth ¹	% p.a.	2.9	HDI rank of 188	162	Gini Index	40.3
Life expectancy	years	66.7	UN Education Index	0.392	Poverty ³	% 67.5
Urban population	%	44.1	Gender inequality ²	0.521	Aid per capita \$	58.7

Sources (as of October 2017): The World Bank, World Development Indicators 2017 | UNDP, Human Development Report 2016. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

Senegal and Macky Sall's government continue to enjoy broad political and financial international support. In February 2014, Sall presented his development program, the Plan Sénégal Émergent (PSE), and received considerably more financial support than anticipated. Senegal's current positive international reputation and position notwithstanding, the real test for Sall's presidency is the capacity of his government to solve the country's economic and social problems, namely unemployment and the high cost of living. Many reforms and programs are underway, but much remains far from complete.

Some progress has been achieved concerning the conflict in the southern region of Casamance. Since 2014, a cease-fire has been in operation and the government has been investing in infrastructure. The future legal status of the Casamance remains the most contentious issue. The government has granted the region more autonomy, but does not want to grant it a special status. Since early 2016, there are positive signs indicating an end of the fragmentation of the four rebel factions. The long-time Gambian dictator Yahya Jammeh, considered to have rearmed the separatist guerillas, was deposed in early 2017.

In February 2014, a commission expressly established by the president (Commission nationale de réforme des institutions, CNRI) presented its proposals for institutional reform. In March 2016, the Senegalese citizens approved a reform package of fifteen points, including a reduction of the presidential term from seven to five years. This change will not apply to President Sall's current term. Thus, the next presidential election will be in 2019. Almost all of the reforms are still awaiting legislative action in the National Assembly. In addition, a new version of the reform of the press code, from which the controversial decriminalization of journalistic activity has been removed, was presented in 2016 and is scheduled to be debated by the Ministerial Council in the spring of 2017.

In general, the country's democratic institutions are respected by all relevant actors. While the National Assembly does not currently function as a forum for meaningful political debate, given the overwhelming size of the governing coalition, an opposition platform Forces démocratiques et citoyennes du Sénégal (FDC-Wallu-Sénégal or Manko Wattu Sénégal) was formed in late 2016. The platform includes the main opposition parties, the Senegalese Democratic Party (PDS) and Rewmi, as well as Abdoul Mbaye, Sall's former prime minister, and Ousmane Sonko, a tax inspector allegedly dismissed for pointing out "anomalies" in the government's budget that related to the possible improper distribution of Karim Wade's riches among friends of the president. One obvious difficulty facing the opposition is the decision regarding a joint candidate for the 2019 presidential election, as the PDS has already nominated Karim Wade, who currently lives in exile in Qatar and might be technically prevented from running due to his dual citizenship (French and Senegalese).

Economic growth rates over the last three years (2014-2016) have averaged 5.8%. Still, as most observers agree that Senegal needs at least 7% GDP growth to keep up with the high annual population increase (3.1% in 2015, World Bank), Senegal's socioeconomic and human development is still at a very low level, and there has been little success in terms of creating employment. The central challenge for the government is to find a solution to the high rate of youth unemployment, underemployment and precarious self-employment. Recently, public debt has increased as a consequence of the government's investments in policy and infrastructure (PSE). While the IMF defines the risk of unsustainable debt as low, there are some risks for budgetary and macroeconomic stability. Senegal has been able to improve its tax collection, but the partially debt-financed investments of the Plan Sénégal Émergent need to pay off before rising interest rates, and the potential fallout from political developments in North America and Europe worsen the donor situation. Progress in the agricultural sector is highly dependent on rainfall patterns, while progress in the tourism industry might be jeopardized by terrorist attacks and any efforts at industrialization – as well as economic development in general – depend on the volatile cost of energy.

Tensions between the Muslim majority and the Christian minority are rare, and overall religious coexistence in Senegal is exemplary. At the same time, the influence of conservative Muslim groups has become stronger in recent years, partially because of external influence from Wahabite preachers whose religious thinking hails from Saudi Arabia and other Arab countries, and who receive financial support from there. These preachers, supported by many young followers, criticize the traditional brotherhoods and especially the intermediary role of their Marabouts, thereby putting a wedge between young men in particular and the Sufi Islam of their elders.

History and Characteristics of Transformation

Since its independence in 1960, Senegal has figured as a politically exemplary country in West Africa despite a period of one-party rule. The party of the country's first president, Leopold Senghor, which was renamed Parti Socialiste (Socialist Party, PS) in the 1970s, ruled the country for over 40 years. The beginning of the country's political transformation dates back to 1976, when

the one-party state authorized the existence of three political parties. The PS won the first free election in 1978 with more than 80% of the vote. The Parti Démocratique Sénégalais (Democratic Senegalese Party, PDS) became the main opposition party for the next 20 years. Senghor stepped down voluntarily in 1980. The Senegalese party system was fully liberalized in 1981, which led to the foundation of several political parties and to subsequent regroupings. In the late 1990s, debates about economic reforms and personal rivalries over the control of increasingly scarce resources led to increasing fragmentation within the PS.

The macroeconomic situation deteriorated in the early 1990s. After a 50% devaluation of the regional currency, the West African CFA franc, in 1994, the macroeconomic situation improved, but the living conditions of the average Senegalese worsened. Between 2000 and 2008, annual growth rates were around 5%, but this was not enough to meet the needs of a growing and increasingly urban population in terms of income, food security, health and education. In 2001, Senegal was hence reclassified as a least-developed country (LDC). Between 2009 and 2013, economic growth went down significantly, averaging only 3.5% according to World Bank figures. Life for many Senegalese is particularly difficult in times of high oil and food prices, as Senegal is highly dependent on energy and other imports. In 2011, 66.3% of the population lived on less than \$3.10 per day (World Bank).

Long-time opposition leader Abdoulaye Wade (PDS) won the presidential election of March 2000, in part because of the support of former PS faction leaders. Wade went through six prime ministers during his twelve years as president, removing them as they became too powerful. Macky Sall, prime minister from 2004 to 2007 was publicly humiliated, dismissed as president of the National Assembly and as the PDS's deputy secretary-general, and narrowly escaped judicial accusations of corruption. In 2008, he founded his own political party, the Alliance pour la République (Alliance for the Republic, APR), which then became part of a vast alliance, the "Benno Siggil Senegal," organized in opposition to the PDS and Wade's intentions of setting up his son, Karim Wade, as his successor. Following Wade's re-election in 2007, the political climate in Senegal soured and political conflict became more pronounced. In 2009, after heavy losses in the municipal elections, President Wade announced his candidacy for the 2012 presidential elections, defying a constitutional limit of two terms (the Constitutional Council, however, validated his candidacy in a controversial judgment). In 2011, the various opposition forces unified. Following a particularly tense electoral run-up to the first round of elections, which featured violent riots, Macky Sall and Abdoulaye Wade reached the second ballot. The twelve opposition candidates from the first round supported Macky Sall against Wade in the runoff election. Sall won the 2012 election by a vast majority and Wade immediately accepted his defeat.

Macky Sall came into office at the beginning of April 2012. He formed his first government, taking into consideration all relevant forces of the vast alliance against Wade, including citizen movements and groups. Since this peaceful change of power, Senegal has restored its reputation as a model case for democracy and the respect of a constitutional framework. The elections for the National Assembly in 2012 resulted in an even clearer defeat of the PDS. Today, the governing coalition Benno Bokk Yakaar controls 119 out of 150 seats.

Currently, Macky Sall's government enjoys broad international political and financial support. In February 2014, Sall presented his development program, the Plan Sénégal Emergent (PSE), at the donor countries' Advisory Group in Paris and received considerably more financial support than anticipated. Senegal's current positive international reputation and position notwithstanding, the real test for Sall's presidency is the capacity of his government to solve the country's economic and social problems, namely unemployment and the high cost of living. In the face of mounting public dissatisfaction over the rising cost of housing, in the spring of 2014 the government intervened to implement an across-the-board reduction of rents. In 2016, a referendum took place to reform the country's political structures. These changes await implementation. Many other reforms are underway, but much remains far from completion.

The local elections in June 2014 were a highly anticipated first test of the governing coalition's popularity. It suffered heavy losses in parts of the country. Aminata Touré, the prime minister, lost her race and was replaced by the technocrat and long-time associate of President Sall, Mahammed Dionne. In September 2016, the first elections for the newly established Haut Conseil des Collectivités Territoriales took place, resulting in a victory for the governing coalition. This chamber effectively replaces the Senate (abolished in 2012) and is designed to further the process of decentralization. Contrary to the Senate, however, it has only an advisory role.

The governing coalition is somewhat fractured and there is discussion within some of the parties collaborating with Macky Sall's APR about running candidates of their own in the next presidential election. The supporters of Khalifa Sall, mayor of Dakar (PS) and potential challenger of Sall, won the three Dakar seats in the September 2016 election.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The Senegalese state largely maintains its monopoly on the use of force. However, in the southern province of Casamance – located south of the neighboring English-speaking country of Gambia – the separatist Mouvement des Forces Démocratiques de la Casamance (MFDC) has been fighting for independence since 1982. For many years, the region suffered from violent clashes and very poor public and private infrastructure. Villagers in some areas left their homes and relocated to Dakar and other urban areas as well as to Guinea-Bissau in the south due to fighting and harassment on both sides of the conflict.

An armistice agreed to in 2004 was never really respected and violence increased again between 2010 and 2014, along with a spillover of banditry and drug trafficking. Senegal's neighbors Gambia and Guinea-Bissau played a role by offering safe haven for retreat. In 2012, a new round of mediation began. The government accepted mediation by the Italian Sant'Egidio association in Rome, a catholic laymen's organization. The talks are supported by the Vatican and several European countries. The association, however, has so far only reached one of the four rebel factions. Nevertheless, since early 2016, there are positive signs indicating an end of the fragmentation. The leader of the military arm of the MFDC, Salif Sadio, announced a unilateral cease-fire in April of 2014, and the government has begun to build up the infrastructure of Casamance, the agricultural potential of which has so far been underdeveloped. The future legal status of the Casamance remains the most contentious issue. The government has granted the region more autonomy in the course of the decentralization process but does not want to grant it a special status.

State control has been traditionally limited in Touba, the seat of the Mourides, one of the two major Muslim brotherhoods. Brotherhoods are a very special form of Senegalese Islam, which constitute a link between Islam, and older traditions and practices. In contradiction to orthodox Islam, their founders (and since then their dynastic descendants) are almost venerated as saints. Touba has its own militias to secure the peace and enjoys an (informal) autonomous status. Recently, the reach of the Senegalese state has diminished further: there are no longer any French-speaking

Question
Score

Monopoly on the
use of force

7

'06 '18 10

8 7

1

schools, and private Sharia police are now active. The 2010 law providing for gender-balanced electoral slates was not implemented in Touba, because the leader of the Mourides, the Khalif, did not accept it. There was little protest and the lists of candidates were not canceled even though they were illegal. Cities of importance for other brotherhoods, such as Kaolack, Ndiassane and Tivaoune for the Tidjane brotherhood, have not requested a similar status.

Senegal's state structures are modeled on the French colonial structures which date back to the mid-nineteenth century. The country is proud of its status as the former seat of government of French West Africa and of the long-term political linkages of the "four municipalities" (i.e., Dakar, Rufisque, St. Louis and Gorée) to France. These entities were considered integral parts of France and, under certain conditions, its citizens were eligible to vote for and be elected to the French National Assembly. Among the French-speaking countries in West Africa, Senegal was most influenced by France, with the exception of the southern region of Casamance, which came relatively late under French colonial rule, after a period under Portuguese control. Senegal's first President Senghor successfully laid the foundation for a Senegalese identity which extended to most of the former colonial territory. Senghor was a member of both a religious and ethnic minority (a Catholic Serer), which assuaged the fears of smaller groups that they would be dominated by the largest group, the predominantly Muslim Wolof, who account for more than 40% of the Senegalese population. Interethnic tensions are not completely absent and there are complaints about ethnic favoritism. However, these tensions and complaints are unrelated to the question of who qualifies as a Senegalese citizen.

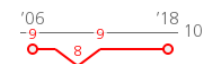
Senegal is 95% Muslim. Clerics, whether Muslim or Catholic, are accorded high moral authority. Moral convictions and political decisions – for instance, on homosexuality or abortion – are closely related to religious faith and tradition; it would be "political suicide" to contradict these dogmas.

While former President Senghor, a Catholic, successfully limited the role of religious faith in politics and enforced the principle of "laïcité," the notion of a secular state, Senegalese politicians have always had very close links to religious leaders. For instance, they have always relied on the various Muslim brotherhoods when reaching out to rural areas. In order to maintain these links and to obtain the support of the Marabouts during electoral campaigns, the Senegalese state offers privileges and financial aid to the brotherhoods, especially to the Mourides. Thus, despite the constitutional separation of religion and state, the brotherhoods exert political influence that, to some extent, limits the legal provisions of "laïcité."

The major brotherhoods today largely refrain from giving open endorsements, in contrast to the first decades of the Senegalese republic. Still, politicians openly demonstrate their links to the brotherhoods and their leaders. For example, former President Wade, rhetorically a strong defender of laicism, did not hesitate to show his submission to the leader of the Mourides. President Sall also belongs to the Mourides,

State identity

9



1

No interference of religious dogmas

6



1

although there is no hard evidence that this has been politically relevant. He openly condemns any “excessive form of Islam” that in his opinion does not correspond to Senegal’s traditions and conceptions of Islam.

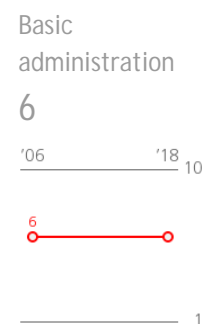
Nevertheless, the influence of conservative Muslim groups has become much stronger in recent years, partially because of external influence from Wahabite preachers whose religious thinking hails from Saudi Arabia and other Arab countries, and from whom they receive financial support. For example, the movement Ibadou Rahmane, which has many young followers, criticizes the brotherhoods and especially the intermediary role of their Marabouts, which effectively drives a wedge between young men and the Sufi Islam of their elders.

During Wade’s presidency, reform legislation on family and matrimony failed due to the resistance of conservative religious groups. At the same time, however, the most conservative groups did not succeed in introducing a new Shariah-based family law for the Muslim part of the population back then.

State administration extends to the whole country, in some respects with the exception of Touba, although less so in rural areas far from the capital. Health and education facilities (as well as other public services such as access to drinking water) are quite dense in the coastal areas and become scarce the further east one goes. The functioning of the administration is at times deficient due to a lack of adequate (human) resources and poor infrastructure. Officeholders’ lack of accountability has created additional problems.

Decentralization efforts have advanced in recent years. The decentralization process, which began in 1996, and the transfer of certain responsibilities to the local authorities have, however, not yet improved the delivery of services to the population in rural areas. In general, the transfer of responsibilities has not entailed the adequate transfer of resources to implement policies effectively. Also, there is still a lack of competence and training at the local level. A December 2013 reform law, “Acte III,” was designed to further decentralize public administration and strengthen local authorities, but has met with criticism and is in the process of being redesigned. The process of decentralization has been furthered by the creation of the Haut Conseil des Collectivités Territoriales, which was part of the constitutional reform referendum in 2016.

Social services are still very limited. In addition, their delivery has not been guaranteed countrywide and to all segments of the population. The percentage of the population with access to water (79 % in 2015) and sanitation (48%) remains limited. In recent years, educational and health care services – including the newly established Couverture Maladie Universelle (CMU), designed to provide health care to people not formally employed – have suffered heavily from neglect, poor administration and a lack of financial resources, despite promises from the government that these services would be improved.



2 | Political Participation

Elections in Senegal have long been considered largely free and fair. After a period of concern because of President Wade's apparent dynastic aspirations, Senegal's democratic prospects were again confirmed in 2012. In March 2012, voters elected Macky Sall president for a seven-year term in an election deemed largely free and fair by domestic and international observers. According to the U.S. State Department, there were isolated reports of minor irregularities, such as insufficient equipment or late openings at some polling stations. In July 2012, Sall's Benno Bokk Yakaar coalition also won the majority of seats in National Assembly elections. These elections were also considered free and fair by international observers. According to U.S. sources, the 150 political parties registered at that time generally operated without restriction and outside interference.

Allegations against the correctness of the electoral register were frequent. Since 2005, Senegal has had a permanent electoral commission, CENA, the members of which are nominated by the president. While there are occasional protests against his nominations, other countries in the region are trying to emulate Senegal's example by establishing their own permanent electoral institutions.

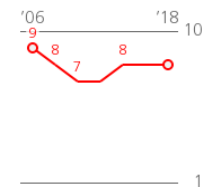
Since 2009, Senegalese politics have been dominated by a quasi-continuous electoral campaign. Presidential and parliamentary elections followed in 2012 and local elections in 2014, the latter also largely considered free and fair. Singular instances of violence did occur in the run-up and some irregularities had to be resolved in court. In his presidential campaign, Macky Sall promised to shorten the term of the president from seven to five years, and in 2016, a referendum on this question and on fourteen other constitutional reforms took place. While Sall has followed the opinion of the Constitutional Council and will not shorten his current mandate, the permanent campaign will nevertheless continue. Elections to the National Assembly will be held in 2017 and the next presidential election is due to be held in 2019.

The political system of Senegal, which is based on the French model, concentrates a great deal of power in the presidency. There are no strong veto powers, neither in the National Assembly nor in the courts. Officeholders are highly subordinate to the president, and prime ministers and ministers have frequently been replaced. Due to the president's dominant role, issues beyond his focus cannot be expected to be carried out in a timely manner and according to appropriate processes. Administrative capacities are also limited when it comes to implementing legal rules.

As a first measure of institutional reform, Macky Sall abolished the second chamber of the National Assembly, the Senate (Sénat), in 2012. In February 2014, a commission expressly established by the president (Commission nationale de réforme des institutions, CNRI) presented its proposals for institutional reform. In March 2016, the Senegalese citizens approved a reform package of fifteen points,

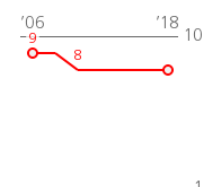
Free and fair elections

8



Effective power to govern

8



which notably did not include the strengthening of the office of the prime minister as originally proposed by the CNRI.

The army is apolitical, and army officers are well-trained, well-paid and loyal to the civilian command. The Senegalese government also accepts offers to engage the military in international peacekeeping missions throughout Africa, which brings attractive revenue.

Religious groups come nearest to having veto powers. They are especially listened to when it comes to matters of public morality. Today, however, the main Muslim brotherhoods refrain from intervening directly in politics and from issuing endorsements. Small groups attempt to intervene but their support in political elections does not determine political outcomes. As described above, the “holy city” of Touba constitutes a special case, but the most recent khalifs have been rather discreet on national political matters, preferring to focus on moral questions. President Sall even gave a strong signal that the times of impunity for religious leaders were over after his election in 2012. Authorities started investigating popular Mouride leader Cheikh Bethio Thioune for his alleged involvement in a murder and his detention continued even after his followers staged violent protests. However, the fact that Touba ignored the law proscribing gender-balanced electoral slates without any consequences shows the continued power of the Mourides brotherhood. This power might even be growing, as politicians and the media are careful not to voice criticism of the brotherhoods and the Marabouts. After Moustapha Cissé Lô, a vice-president of parliament (APR), criticized the Khalif in private in the summer of 2014, several of his houses were burned down and his family was threatened, without any immediate consequences for the perpetrators.

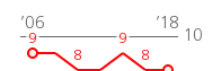
Corruption among state administrators and high-level military officers became widespread under Wade, but the Sall government has taken some strong symbolic action against corruption and bad governance, and the situation has slightly improved.

The right to assemble and to organize peaceful demonstrations is constitutionally guaranteed. During the presidential campaign of 2012, when the opposition movement M23 was demonstrating on a daily basis, these rights were frequently abridged but practices of arbitrary arrests, detaining peaceful activists and using excessive force have largely come to an end with the new government. Recently, partly in connection with the constitutional reform referendum, the government has impeded, limited or dissolved some opposition rallies.

Political parties can form freely, even though some face a long waiting period in terms of their registration. Senegalese civil society covers a wide range of interests and groups. The plethora of civil society groups is often linked to funding opportunities provided by political alliances, migrant networks and international donors. Nevertheless, some of the Senegalese NGOs, including human rights networks and

Association /
assembly rights

8



citizens groups defending civil rights and good governance, are among the most vocal and active in West Africa. For the most part, they can assemble freely, with the notable exception of LGBTQ groups and HIV/AIDS support groups active in the gay community.

Freedom of expression is traditionally guaranteed and respected. Print media and radio stations are numerous and represent diverse interests and opinions. Since 2000, private media (newspapers, radio and TV stations, and digital media) have freely covered the electoral process and have played a significant role in communicating polling station results. However, an increasing number of media belong to, or are very close to, individual politicians, clearly impeding their neutrality.

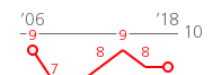
After the opposition boycotted the parliamentary elections in 2007 and the National Assembly no longer offered a platform for criticism of the government, political magazines and some of the daily newspapers stepped in. Given the overwhelming majority of the governing coalition, the National Assembly has still not recovered its role as a forum for debate.

Members of the media have in some cases been prosecuted for allegedly spreading misinformation and engaging in defamation, for example, following reports in 2015 that Lamine Diack, Senegal's former president of the International Association of Athletics Federations, had used money obtained from bribes to fund election campaigns. Yet, thanks to broad support from leading forces in civil society, press institutions continue to function as a platform for information on the corruption of officeholders, and reporting on government mistakes and weaknesses. The overall situation of the media has improved considerably since Sall's election in 2012. Consequently, Freedom House upgraded Senegal's rating. Since 2013, Senegal has been considered "partly free" in the Global Press Freedom Index.

The terrorist attacks on the office of the French journal Charlie Hebdo in January 2015 and the subsequent debate regarding freedom of expression, namely publishing caricatures involving Islam and the prophet Mohammed, showed the possibilities and limitations of Senegalese reporting and political participation. The debate also showed the gap in public opinion between secular Western countries and countries, such as Senegal, where a majority of the population is deeply religious. Public demonstrations organized by various civil society and religious groups remained largely peaceful, only some involved instances of violence and the destruction of property. In the media, President Sall was both attacked and defended for his participation in the Paris solidarity march. His defenders highlighted his condemnation of terrorist violence and downplayed the role of freedom of expression. In Senegal, the distribution of the magazine Charlie Hebdo was outlawed and the government announced it would open international mail to prevent it from being smuggled in.

Freedom of
expression

8



1

In January 2016, the international magazine *Jeune Afrique* published a caricature that included a picture of the founder of Mouridism. This led to violent reactions throughout the Mourid Community, and condemnation by the leader of the Mourids, but also important Senegalese politicians. In the end, *Jeune Afrique* modified the caricature and publicly apologized.

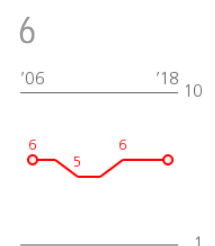
The strict media laws that exist have at times led media sources to be extremely cautious when covering issues involving major officeholders and religious leaders. Although this might to some degree foster self-censorship, there are no systematic limitations on reporting, and the media are outspoken and critical when it comes to unveiling major political scandals. Though critiques of religious leaders are much less common. At the same time, while legal protections for journalists are better enforced and there are fewer legal cases against the press, legislation to reform the regulation of the media, the *Code de la Presse*, has been on hold since 2010 in the National Assembly, largely because of skepticism concerning the planned decriminalization of journalists' activities. In September of 2016, a new version of the reform, which did not include the decriminalization of journalists' activities, was presented and is scheduled to be debated by the Ministerial Council in the spring of 2017 before being introduced in the National Assembly.

3 | Rule of Law

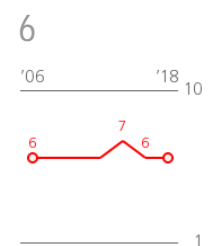
While President Sall gives more power to the prime minister than his predecessor, the balance of power nevertheless remains in favor of the president and his office, reflecting the French model. The legislative branch continues to be weak, as does the opposition, led by a fractured PDS. Thus, although a system of checks and balances is constitutionally provided for, arguably strengthened by the recent constitutional reforms, it does not yet function properly. A political willingness of the executive to encourage the separation of powers exists, but in practice, neither the National Assembly nor the judiciary balances the executive. It remains to be seen whether the recent constitutional changes will improve the situation noticeably.

The Senegalese judiciary is also built on the French model. Its professional reputation is relatively good. It does not, however, function completely independently, particularly in cases investigating the political system or involving large economic interests. The independence of the judiciary has been questioned, as the government makes appointments (e.g., the members of the Supreme Court). Often, pretrial detentions are extended arbitrarily. Corruption remains a problem. In addition, complicated, long and expensive procedures often lead the courts to defer decisions to traditional means of conflict resolution, particularly – but not exclusively – in more remote rural areas. Senegalese citizens, especially the poor, often revert to traditional forms of settling civilian disputes because of deficiencies in the legal system as well as for cultural reasons.

Separation of powers



Independent judiciary



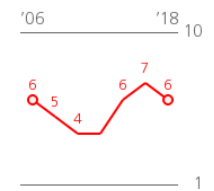
The new government has reactivated a special court, CREI (Cour de répression contre l'enrichissement illicite), designed to fight illegal enrichment and corruption in government. Corrupt officeholders at the lower levels of administration rarely attract public attention and petty corruption is a fact of daily life. Until 2012, charges of corruption were often filed against political rivals, which led the public to strongly suspect that political motives were at play. Since 2012, leading personalities of Wade's administration have been investigated for corruption and illegal enrichment (fewer than the special state attorney had wanted, however, he was dismissed after trying to extend his probe to the PDS leadership). The investigations and trials are meant to fulfill the public's desire to see the previous government's widespread corruption punished, but the trials have been controversial. Most prominently, former President Wade's son Karim was imprisoned between March 2013 and June 2016. He was released after being pardoned by President Sall. He had initially been condemned to six years in prison and fined €210 million for the embezzlement of public funds. While the trial was an important symbol in the fight against government corruption, the reversal of the burden of proof – Karim Wade had to demonstrate the legality of his wealth – rendered inoperative important principles of the rule of law.

More recently, there has been controversy concerning Aliou Sall, the president's younger brother, who is an active businessman in the energy sector (offshore oil reserves have been found) and who also successfully ran for mayor of Guédiawaye. While the president denies any impropriety, clearly the government will have to prove that it will take seriously cases of corruption within its own ranks. The controversial dismissals of Nafi Ngom Keita, president of the national office tasked with combating corruption and fraud (Ofnac), in July of 2016 and of the tax inspector Ousmane Sonko in August of 2016 have not helped. Sonko was dismissed after having pointed out "anomalies" in the government's budget, including what appeared to be the improper distribution of Karim Wade's riches among the friends of the president. Both Sonko and Abdoul Mbaye, the former prime minister (who addressed a public letter to Macky Sall questioning the oil exploitation license given to Petro-Tim, a company linked to the president's brother), have political ambitions.

The Sall government, with the support of the African Union, also established the Extraordinary African Chambers, formed by judges from Senegal and other African nations, to deal specifically with the human rights abuse accusations against the former dictator of Chad, Hissène Habré, who has lived in Dakar for over twenty years. In June 2013, Habré was imprisoned and in July 2013, he was formally indicted. Almost three years later, in May 2016, he was convicted of crimes against humanity. Though the verdict is currently being appealed. Given the withdrawal of several African nations from the International Criminal Court, Senegal's willingness to serve as host country for a special court is remarkable. However, President Sall has indicated that he does want his country to be "Africa's tribunal."

Prosecution of
office abuse

6



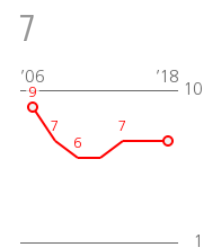
Civil rights are generally respected in Senegal. The violation of civil rights is legally subject to criminal punishment, including practices such as female circumcision, which however remains widespread, especially in rural areas. Moreover, reported abuses by state agents are frequently not investigated and remain unpunished, as was the case for human rights violations in the conflict-ridden region of Casamance. In the context of violent clashes in the summer of 2014 between university students in Dakar and the police, one student was killed by the police. Two officers were subsequently arrested and one was ultimately sentenced to 20 years hard labor. Equality before the law, equal access to justice and due process under the rule of law are enshrined in national legislation. In practice, however, these rights suffer from social, economic and cultural restrictions, for example, the perception that homosexuality is “un-Islamic” or “against god’s will” (as the Catholic minority shares the prejudice). Homosexuals’ civil rights are limited; they are denied the right to officially organize and may be subjected to legal prosecution.

Senegal has ratified the United Nations Convention on the Rights of the Child, but child labor is still common. Also, boys are by tradition frequently put into the custody of a Quran teacher where they are often exposed to violence and misery. There are more than 50,000 children begging as so-called “talibés” (Quran learners) in the streets according to a 2010 estimate by Human Rights Watch. (In 2014, the national anti-trafficking unit found more than 1,000 Daaras, that is, Quran schools, and 54,000 talibés in the region of Dakar, the majority of whom were forced to beg in the streets). Following media reports of abuse, President Sall ordered in June 2016 that all street children should be placed in transit centers and returned to their parents (which has not happened). He also called on the Council of Ministers to accelerate the passage of a law to regulate the Daaras, some of which are simply exploitative businesses under the guise of religious instruction. According to Human Rights Watch, arrests of abusive Marabouts have increased slightly over the past year, but the courts have prosecuted only a few cases.

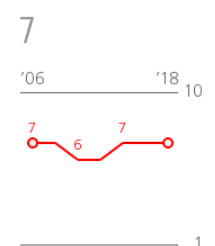
4 | Stability of Democratic Institutions

Democratic institutions have existed in Senegal for a long time. In the Mo Ibrahim Foundation’s Democracy Index 2016, Senegal ranked 10 out of 54 African countries and scored 60.8 out of 100 points. However, there are several obstacles to further progress. First, since the opposition’s boycott of the 2007 parliamentary elections, the National Assembly has stopped serving as the key forum for political debate. While some reforms have been passed, it still has to regain its institutional role. Fortunately, the media and civil society associations play an active role in spurring public debate. Second, while decentralized government institutions, from the regional to the community level (conseils départementaux, communalization universelle/intégrale), have been strengthened recently, they still lack competence as well as sufficient financial resources. Third, at the level of the nation state, fiscal

Civil rights



Performance of democratic institutions



mismanagement limits the government's effectiveness when it comes to planning and implementing policy. Opposition parties, civil society and interest groups criticize the deteriorating functioning of democratic institutions. It remains to be seen whether the recent constitutional reforms approved by referendum will significantly improve the situation.

In general, the country's democratic institutions are respected by all relevant actors. The last national elections in 2012 and the national constitutional referendum in 2016 confirmed the credibility of Senegal's democratic institutions and enhanced the overall commitment to the democratic process. There is no substantial exercise of political power by actors other than elected leaders. Religious leaders generally respect the predominance of state institutions and the democratic process, as do the military and civic associations. When former President Wade returned to Senegal from France in 2014, he claimed in an interview with *Jeune Afrique* that he could overthrow Macky Sall with a simple call to his followers to take to the streets; this, however, has been considered an empty threat. No action followed even after the conviction of his son Karim.

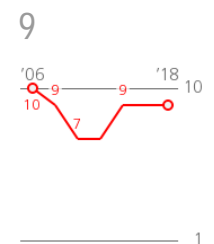
5 | Political and Social Integration

Since 2000, the Senegalese party system has been characterized by high fragmentation and volatility at the fringes. There are no profound ideological differences between parties, hence, disputes about party platforms are not the focus of political debate. Rather, personal disputes often lead parties to break apart. Splits from the ruling Socialist Party (PS), for example, were to a certain degree responsible for the political changes in Senegal in the 1990s.

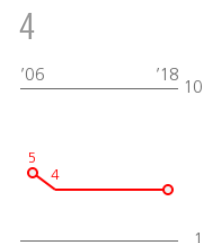
Since its electoral defeat in 2012, Wade's Parti Démocratique Sénégalais (Democratic Senegalese Party, PDS) has suffered from similar splits and a lack of political leadership. Some of the former PDS leaders dismissed by Wade, such as Macky Sall and Idrissa Seck, have formed new political parties under their personal leadership.

Apart from the PDS and its spin-off, the Convergence Démocratique "Bokk Guiss Guiss," there is no significant parliamentary opposition at the moment, as all the main opposition parties to former President Wade have built an alliance around Macky Sall. There is a tendency to flock to the center of power, the presidency, but so far only Idrissa Seck, former prime minister and former leading PDS member, took his Rewmi party out of the governing coalition in 2013. Given this situation, the PDS is currently not able to offer a strong opposition. However, new leadership might change this. There is some discussion of an alliance among various liberal parties (i.e., the PDS and the various splinter parties) for the upcoming parliamentary elections in 2017, with the exception of Sall's Alliance for the Republic (APR), which attracted many former followers of the PDS.

Commitment to democratic institutions



Party system



In late 2016, an opposition platform, Forces démocratiques et citoyennes du Sénégal (FDC-Wallu-Sénégal), was formed. The platform included the PDS and Rewmi as well as Abdoul Mbaye, Sall's former prime minister, and Ousmane Sonko (Pastef), the tax inspector who was allegedly dismissed for having pointed out "anomalies" in the government's budget that involved the possible improper distribution of Karim Wade's riches to friends of the president. One obvious difficulty is the decision regarding a joint candidate for the 2019 presidential election, as the PDS has already nominated Karim Wade, who currently lives in exile in Qatar and might be technically prevented from running due to his dual citizenship (French and Senegalese). A second opposition platform, Manko Wattu Sénégal, was also formed in 2016.

In most cases, political parties do not have deep social roots within society. Senegal has a multitude of political parties (currently more than 260) most of which are insignificant, have almost no political ideology and are nothing more than electoral movements around a leading personality. The plethora of new parties is exacerbated by an electoral system which allows for coalitions of parties to compete for 60 out of the 150 seats in the National Assembly. It remains to be seen whether the constitutional changes of 2016 and future legislative reforms of public financing for political parties will lead to significant improvements.

At the level of national politics, there are at the moment only three political parties with a nationwide organizational infrastructure: the PDS of former President Wade, the PS and the APR of President Sall. Other political parties do not play any significant role, and their existence contributes to the weakening and discrediting of political parties within the political system of Senegal. While there is a constitutional ban on religious parties, small de facto-Islamic parties (who circumvent the ban) are represented in the National Assembly (holding nine out of the 150 seats). This might be an augury of rising religious influence in national politics.

After losses in the local elections of June 2014, President Sall used the opportunity to reshuffle the cabinet – the prime minister and six ministers who had lost their local races (as in France, multiple offices are common, however, ministers cannot be members of the National Assembly) were replaced. The losses suffered by the parties supporting the government can partly be explained by a proliferation of competing lists. Occasionally, candidates from the governing coalitions competed against each other as part of different lists. Dakar's popular mayor, Khalifa Sall (PS), was re-elected. While some consider him to be a potential challenger of Macky Sall in 2019, so far, the Secretary-General of the PS, Ousmane Tanor Dieng, is trying to steer the party toward supporting Sall's re-election. The Alliance of Forces of Progress (AFP) and its leader Moustapha Niasse will likely also support the president in 2019.

The network of interest groups is relatively small and concentrated in urban areas (where more than 40% of the population resides), and these networks are especially concentrated in greater Dakar. While there are rural community organizations, rural representation has been more difficult to achieve and often relies on personal connections with political leaders. However, as decentralization efforts have recently strengthened the position of administrations and local politicians in rural areas, this might change.

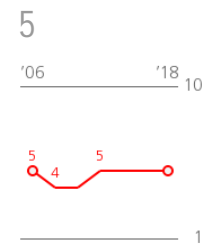
As it is generally difficult to organize activity around issues rather than personalities in Senegal, interest groups generally do not play the role of mediator between private and public interests. In contrast, international interests have been able to use their leverage to pressure decision-makers. In general, associational life is rich by the standards of sub-Saharan Africa, for example, there are many very active NGOs.

The Senegalese trade unions are organized along the lines of the French model, which has led to substantial political and organizational fragmentation. Yet though they are quite active, their real impact remains rather insignificant as they organize only a fraction of the working population. One reason for this is that the formal sector of the Senegalese economy, where unions are traditionally strong, is very small (approximately 500,000 employees in the public and private sector combined). The Senegalese unions have only just begun to be active in the large informal economy (which accounts for approximately 95% of the economy). There is also significant self-organization in the informal economy, including an effort to establish a confederation of organizations (Confédération des Travailleurs de l'Economie Informelle, CGTI). It is as of yet unclear whether these organizations will align themselves closely with the trade unions or whether they will function primarily as organizations of small business, or both. Trade union leaders have occasionally played an important role in moments of national crisis, such as during the electoral campaign against Wade in 2012. There is some discussion of greater organizational unity among trade unions (i.e., increased cooperation of the various federations), which would increase their influence.

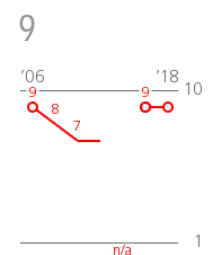
The outcome of the 2012 elections and the peaceful handover of power to newly elected President Macky Sall considerably reinforced the acceptance of democratic procedures. However, some public dissatisfaction was evident because of Sall's subsequent decision not to shorten his term after the 2016 referendum on constitutional reforms. The last round of Afrobarometer surveys in 2014/2015 showed strong support for democratic institutions and a high degree of consent to democratic norms and procedures (85%). In addition, 93% of all respondents rejected a presidential dictatorship, 89% rejected one-party rule and 84% rejected military rule.

In the previous survey (2013), 89% agreed that voting in elections is entirely free, almost three quarters (73%) believed that one can express opinions freely, 87% preferred democracy to any other kind of form of government and 67% thought that

Interest groups



Approval of democracy

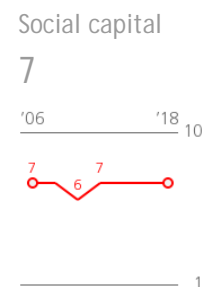


Senegal is a proper democracy or a democracy with minor flaws. Another 24% saw major flaws, but only 3% responded that Senegal is no democracy at all.

Across sub-Saharan Africa, decreasing demand for democracy is sobering, but Senegal ranks very highly in a comparative perspective. 66% of respondents expressed a demand for further democratization, and increase from 61% in 2013 and 23% percentage points higher than 2002/2003.

Senegal's rare position in Africa as a country without a recent history of coups d'état, in which three peaceful political changes have been achieved since independence. These political changes were secured through democratic elections, which attracted relatively high voter turnout for the presidential elections (51.48% and 55% for the two rounds in 2012). This is proof of the stability of democracy in Senegal.

Outside urban areas, there is a fairly high level of trust among the Senegalese, although this may not always cut evenly across ethnic and other identity lines. Self-organizations, such as savings groups ("tontines"), hometown associations and religious groups centered on a religious leader (marabout) are numerous and important for matters of self-help and solidarity within Senegalese communities. Civilian leaders not affiliated with political parties have gained support among the better-educated urban youth.



II. Economic Transformation

6 | Level of Socioeconomic Development

Senegal's economic development significantly lags behind its political evolution. In 2001, the United Nations reclassified Senegal as a least-developed country. The Human Development Index of 2014 ranked Senegal 170 out of 188 countries, with a HDI score that was seven points lower than in 2013. According to the Human Development Index, 58.4% of people employed between 2003 and 2012 had an income of \$2 or less a day (i.e., were "working poor"). The government's Plan Sénégal Émergent is ambitious (e.g., development of agriculture, 300,000 affordable housing units, and transformation of Senegal into an industrialized logistics and service hub), but it remains to be seen whether these policies will lead to significant economic and social improvements.



High population growth has exacerbated poverty and social inequality. Most observers agree that 7% GDP growth is needed to keep up with population growth. In 2015, Senegal's population increased by 3.1%, according to the World Bank. While GDP growth has averaged 5.8% over the last three years (2014-2016), after a period of slower growth, it is projected to remain just under 7% in 2017. Income

inequality remains a serious issue, but recent data is unavailable. Senegal scored 40.3 in the 2011 Gini Index.

Urbanization continues to be a major trend. In 2015, 43.7% of Senegal's population lived in urban areas (World Bank data). Migration from rural areas to the capital city of Dakar, where nearly a quarter of the country's population is concentrated, and to foreign countries has drastically increased. This migration is due to the increasing challenges confronting peanut farming and to the general neglect of state infrastructure in rural areas, in particular educational and health care facilities. Poverty is endemic in rural areas. In addition, the mostly arid Sahelian area of Senegal is extremely exposed to the effects of climate change and soil deterioration, which is accelerating migration into urban centers.

Population centers, with the exception of Mouride the capital of Touba, are almost all located in the densely populated coastal areas, particularly in the urban conglomeration of Dakar. Yet urban centers offer little opportunity for those who migrate there. While slums and shantytowns do not exist to the extent known in other African countries, social exclusion and marginalization due to poverty are strikingly visible in urban areas. Despite some limited success stories in the service, banking, building and telecommunications sector, the formal economy is far from able to provide sufficient employment opportunities. (Formal employment decreased by 1.5% between 2015 and 2016, and includes under 500,000 employees in the public and private sectors combined). In addition, the crisis within the educational system has continued. Currently, Senegal is under pressure from the Turkish government to close schools run by the Gülen organization. Since 2014, there have been strikes at schools and universities, and violent clashes erupted between students and the police as a reaction to proposed reforms. Clashes continue to occur frequently over monetary issues (scholarships) and housing problems. Some dormitory construction projects are underway.

The government has begun to realize that investments in vocational training are necessary, as universities are overburdened and graduates are often not equipped to meet the demands of the economy. Over 40% of the adult population are illiterate, with rates far worse among women (around 55%). Even school and university graduates have trouble, however, to find adequate employment. Every year, 200,000 to 300,000 young people join the labor market, which is incapable of absorbing them, resulting in a large informal economy. New jobs might be created in the agricultural sector as Senegal's government plans to become independent from rice imports in 2017, increasing production to 1.6 million tons.

While Senegal outperforms countries in West and Central Africa on the gender inequality index, Senegal's low score of 0.528 and overall rank of 118 out of 188 in 2014 indicates that gender remains a critical factor when it comes to determining access to education and life prospects.

Economic indicators		2013	2014	2015	2016
GDP	\$ M	14811.0	15309.0	13610.0	14765.5
GDP growth	%	3.5	4.3	6.5	6.6
Inflation (CPI)	%	0.7	-1.1	0.1	0.8
Unemployment	%	10.4	10.4	9.8	9.5
Foreign direct investment	% of GDP	2.1	2.6	3.0	2.7
Export growth	%	7.8	6.8	12.7	8.4
Import growth	%	11.0	4.4	12.0	7.9
Current account balance	\$ M	-1549.7	-1347.8	-	-
Public debt	% of GDP	46.9	54.4	56.9	60.6
External debt	\$ M	5225.6	5619.7	5893.2	6637.5
Total debt service	\$ M	400.9	357.7	377.3	412.3
Net lending/borrowing	% of GDP	-5.5	-4.4	-4.8	-
Tax revenue	% of GDP	-	19.6	19.8	-
Government consumption	% of GDP	15.6	16.6	16.4	15.9
Public education spending	% of GDP	7.3	7.4	-	-
Public health spending	% of GDP	2.2	2.4	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.6	1.6	1.6	1.7

Sources (as of October 2017): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

While the institutional framework for a market economy is quite rudimentary in Senegal, economic freedom is largely guaranteed. The freedom to set up a business is legally provided for, but hampered by poorly functioning public institutions and corruption, which is one of the reasons why the informal economy creates far more jobs than the formal economy and has become key to the survival of most Senegalese. Rules are not uniformly applied, which creates insecurity for market actors. In the 2016 Heritage Foundation's Index of Economic Freedom, Senegal ranked 111 out of

Market-based
competition
5

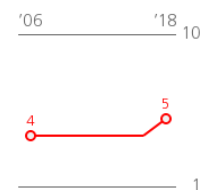
178 countries and 18 out of 46 countries in sub-Saharan Africa, moving up 14 and 5 places from 2014, respectively.

The Sall government has started a number of initiatives to improve public procurement processes and budget transparency as well as to reduce corruption (e.g., by pushing for disclosure of the personal economic situation of anyone in government responsible for more than CFA 1 billion). However, there has been criticism of the government for allegedly granting direct awards without a formal tender process, removing the president of the anti-corruption office in 2016 (Office national de lutte contre la fraude et la corruption) as well as a tax inspector who had investigated the president's brother for the alleged fraud of €137 million, and the suspected redistribution of property seized from Karim Wade among those close to the president. Some observers argue that Macky Sall is jeopardizing his good reputation in the fight against corruption.

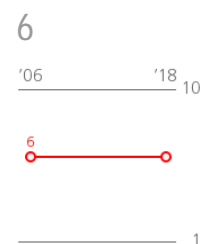
Given the small size of the formal Senegalese economy, monopolies and quasi-monopolies are easily established, though they are not actively fostered by the state. A large number of state monopolies (e.g., peanut marketing) have been broken up over the last decade. This has not necessarily resulted in improvements for producers or consumers though, as market regulation and oversight remain insufficient. Reforms are underway but problems persist, in part because of difficulties in finding investors in some sectors, especially in the case of the electricity company, notorious for posting annual losses, and the energy sector in general. In order to help the problematic energy sector to recover, Macky Sall's economic development plan PSE (Plan Sénégal Émergent) envisions reductions in energy production costs, increases in capacity (two new power stations have been added in Taiba Ndiaye and Cap des Biches), improved stability of supply and lower prices, but customer complaints about arbitrary invoicing are widespread.

The opening of Senegal to external trade is relatively advanced. A number of decisions (e.g., those regarding tariff reductions) are made by the West African Economic and Monetary Union (WAEMU) and are increasingly discussed within the larger Economic Community of West African States (ECOWAS) region. During the negotiations of a regional economic partnership agreement (EPA, a free trade and development agreement) between ECOWAS, Mauritania and the European Union, President Macky Sall who led the ECOWAS delegation had to take into account the strong reservations of the Senegalese population. In Senegal, a Sahelian country with few natural resources, many strongly oppose EU conditions.

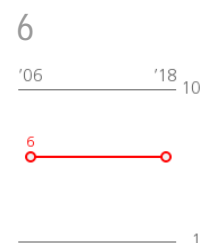
Critics fear that the market openings will result in a moderate loss of state revenue, even though the vulnerable agricultural sector was excluded from the agreement, a veritable success for the West African negotiators. The West African EPA was concluded in July 2014, providing for a phase-in period of 20 years for a 75% reduction in tariffs. Since October 1, 2016, the EPA has been provisionally applied, however, three governments (Nigeria, Mauritania and the Gambia) have not yet



Anti-monopoly policy



Liberalization of foreign trade



signed, and in the face of growing public and civil society skepticism, the Senegalese National Assembly has not yet scheduled a ratification vote. The EPA awaits ratification in several other ECOWAS countries as well.

Senegal is trying to diversify its economic and trade partnerships. The country recently concluded trade agreements with China, for example. China has risen to be the country's second most important commercial partner. On the micro level, small businesses trying to engage internationally continue to suffer from administrative impediments and corruption.

The weighted mean tariff rate was 11.64% in 2015 (up from 8.46% a year before), according to the World Bank.

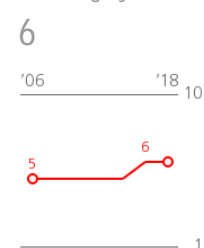
The banking sector is diversified and operates stably under the auspices of a strong supranational regional bank (i.e., the Central Bank of West African States, BCEAO). Foreign banks dominate the banking system. As the sector is largely detached from global financial flows, the global financial crisis has not had significant direct effect on the Senegalese market. Access to small loans remains a problem, particularly for small entrepreneurs. The microfinance sector has developed during the past decade. Three new banks were launched in 2015. According to the IMF, non-performing loans comprised 18.8% of total loans at end-December 2015, down from 23% at the end of June 2015 (the latest World Bank figure for bank capital to assets ratio stood at 9.8% in 2014). In March 2016, Moody's rated Senegal as the only sub-Saharan African country with a positive outlook. In addition, Senegal has one of the lowest sovereign bonds spread in this region.

8 | Currency and Price Stability

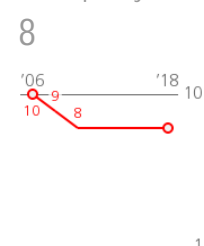
Currency policy is determined by the supranational BCEAO and characterized by prudent policies. The West African CFA franc is guaranteed by the French treasury and thus pegged to the euro. There is an academic and political debate on the pros and cons of this arrangement, but inflation rates have been very moderate and they have usually met euro stability pact criteria. Recently Senegal, an oil importing country, has profited from lower energy costs and inflation has been low. After 0% inflation in 2015, the rate for 2016 was projected to be 1.15%, and according to the IMF "inflation is expected to stay within the 1% to 2% range over the medium term." For 2017, the IMF projection is 2%, as energy costs may rise as a result of OPEC policy.

Subsidies for food and other basic commodities, as well as electricity, introduced by the Wade government, put additional stress on the tight national budget, despite foreign financial support. Energy subsidies have since been eliminated. In the spring

Banking system



Anti-inflation / forex policy



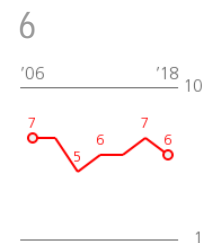
of 2014, the Sall government legislatively lowered rents across the board and later lowered hydrocarbon prices in December 2014.

Recently, public debt has increased as a consequence of the government's investments in policy and infrastructure. According to the IMF, "in 2015, public debt reached 56.8% of GDP, higher than initially projected, due to the downward revision in GDP and to a nominal increase in both external and domestic debt. In 2016, public debt is estimated to increase to 57.3% of GDP. Thereafter, a downward trend in the debt-to-GDP ratio is expected over the medium term, reaching 50% in 2021." Given current low interest rates and the goodwill that the Sall government enjoys from international donors, because of its reform and foreign policy agendas, there is no immediate concern for the macrostability of the country. As Senegal is heavily dependent on aid, international monitoring institutions maintain their control in order to ensure that Senegal complies with international rules.

The government was able to improve revenues by 11.1%, through an improvement to the administration of taxes, and additionally benefited from the sale of a 4G license to Orange/Sonatel. Some loss of revenue was incurred through the abandonment of the visa fee, but this was compensated for by growth in the tourism industry. Budgetary discipline is practiced through the "réserve de precaution" (i.e., finance ministry conditions for actual expenditures) agreed upon by the ministries. At the same time, expenditures have increased because of the government's investment as part of the PSE, specifically the PTIP (Programme Triennal d'Investissements Publics) for the period of 2017 to 2019. Investments make up 37% of the 2017 budget. However, significant personnel costs are hidden within this figure. The Senegalese government runs persistent budget deficits. According to the IMF, the budget deficit target for 2016 was 4.2% of GDP. The budget deficit is projected at 3.7% of GDP in 2017.

Remarkably, external budget support and concessionary debt have decreased in the 2017 budget, even though Senegal enjoys donor confidence. At the same time, donor funds for the PTIP have been acquired, with China, Islamic Development Bank, African Development Bank, European Union and France as the largest donors. In light of the growing service costs on external debt, the IMF predicts that debt service will grow to be over 30% of receipts in the period between 2016 and 2036. However, the IMF puts the risk of unsustainable debt as low. There are some risks for budgetary and macroeconomic stability, namely volatile energy costs, increasing interest rates, the security situation and gifts at election time.

Macrostability



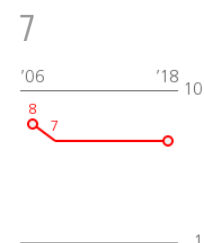
9 | Private Property

Property rights are guaranteed and usually respected in urban areas. Recently, Senegal has made it easier to transfer property by eliminating the required authorization from the tax authority. In rural areas, however, property rights quite often are not protected. Here, land registration procedures are unsecure and slow. The administration of property title and land registration procedures is uneven outside of urban areas, as land titles in rural areas are still based on traditional rules, and the legal defense of property rights is unsatisfactory due to shortcomings in the judiciary. Since Senegal lacks commercial courts staffed by trained judges, decisions can be arbitrary and inconsistent. Regarding intellectual property rights, enforcement is weak to nonexistent despite an adequate legal and regulatory framework.

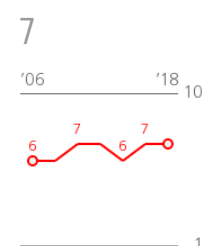
Private small enterprises in the informal economy, in subsistence and peanut farming are the backbone of the economy. Agricultural property in rural areas is still dominated by the inherited traditional and colonial systems leading to a prevalence of small individual farms, which has hindered the modernization of agriculture (although there are also positive aspects to this, such as a diversification of agricultural production). Better access to credit, the promotion of the diversification of agricultural production and operational support for small farming units from, for example, cooperatives, could significantly improve the situation in the agricultural sector. Under these conditions, the partial dissolution and neglect of the state's peanut-marketing mechanisms have heavily contributed to the disintegration of Senegal's key agricultural sector and the loss of livelihoods for many in rural communities.

The government tries to encourage private enterprise through its Plan Sénégal Émergent (PSE) and other programs, but with limited success. The official commitment to develop private enterprise is high, but in practice, Senegal's macroeconomic reality does not encourage significant private investment, with the exception of the real estate and construction sectors. This is partly due to infrastructural problems (electricity, water, roads), but also to the slowness of public administration and corruption, which discourages many private investors. It still remains to be seen whether the PSE's infrastructure projects (e.g., the construction of new roads, and completion of the new airport, fishing facilities, rural electrification and the Dakar Express Regional Rail project for which Alstom has been selected as preferred supplier) can significantly improve the situation in the long term (there have been delays due to a lack of planning and feasibility studies). However, in the World Bank's Doing Business Report for 2016, Senegal was explicitly commended for its current reforms and reform projects, and moved up from ranking 161 out of 185 countries in 2015 to ranking 153 out of 189 countries. Consequently, Senegal now

Property rights



Private enterprise



belongs to the top ten improvers worldwide with four reforms improving the business environment.

Former public companies such as Sonatel have been mostly privatized during the last decade and larger companies are now open to foreign investment. Still, the scarcity of capital in Senegal leads to a high dependency on foreign direct investment (FDI). According to the IMF, FDI in Senegal has “remained low relative to other developing countries but is estimated to have increased from 2% of GDP in 2014 to 2.4% of GDP in 2015, owing partly to Chinese investments and a capital injection by Indorama in the phosphate industry.” The World Bank sets FDI for 2015 at 2.5%.

The resulting problems, most notably regarding electricity and water infrastructure, negatively affect many small businesses even though improvements in the energy supply have been made. Two new power stations (Taiba Ndiaye and Cap des Biches) and a solar power station in Bokhol have been opened.

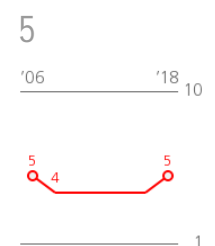
10 | Welfare Regime

The welfare regime is basic and covers only employees in the formal sector, thus the vast majority of Senegalese are not covered. As a result, most people have no health care or pension coverage. Public health care expenditures were at 2.4% of GDP in 2014 (World Bank), but in 2013, the government introduced basic health care protection for employees in the informal sector, the Couverture Maladie Universelle (CMU), which is designed to cover up to 95% of the Senegalese population by 2017. The program is modeled after the Brazilian Bolsa Familia program and includes conditions (the registration, schooling, and vaccination of children). The program is still being phased in, and suffers from funding and administrative problems. The same is true of a program for a minimum pension for people without any other old age protection, Minimum Vieillesse.

In the absence of social welfare programs, extended family networks serve as the only viable safety nets. In this context, international migration is widespread and remittances are a livelihood strategy for many families. At the same time, the massive social pressure on more financially successful family members creates difficult conditions for individual economic advancement and personal development. Family social networks suffer from this stress and, therefore, their traditional supporting role is threatened.

The absence of a state welfare system leaves space for a religiously funded welfare substitute, either by the traditional Senegalese Muslim brotherhoods or funded by Wahhabi movements in the Arabic peninsula. These are often combined with religious influence and therefore slowly altering the face of traditional open-minded and tolerant Senegalese Islam.

Social safety nets



Women are de jure equal to men, with a few exceptions in family legislation (e.g., no authority over children without written consent from the husband). In urban areas, gender equality has improved considerably in recent years. A provision on gender equality was introduced into the constitution in December 2007 but very controversially discussed in public sphere. While so far largely symbolic, the rate of female police officers, for example, has increased. In 2010, the low rate of women in parliament and assemblies triggered a 50% quota system concerning party slates for elections that was successfully tested during the 2012 elections for the National Assembly and the 2014 local elections, except for in Touba, where the Khalif of the Mourides brotherhood resisted implementation. Traditional and cultural restraints on women's options persist and the male literacy rate (68.5%) remains significantly higher than the female rate (43.8%, World Bank, 2015). The ratio of female to male enrollment is also only acceptable in the primary sector of education (1.1), but not in the secondary sector (0.9 and 0.6 respectively).

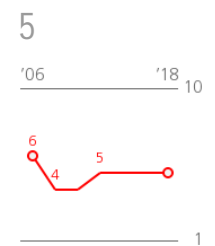
Religious and ethnic groups are not treated in a systematically different manner. Muslim brotherhoods like the Mourides offer social and economic promotion through their widespread networks. As homosexuality remains illegal, homosexuals have to hide their sexual orientation publicly.

11 | Economic Performance

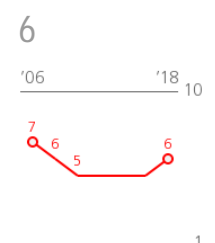
Economic growth rates over the last three years (2014-2016) have averaged 5.8%, after a period of slower growth. Between 2009 and 2013, economic growth averaged only 3.5%, according to the World Bank. The rate of economic growth is projected to increase to 6.8% in 2017. Senegal is a positive outlier, as economic growth in sub-Saharan Africa and the West African Economic and Monetary Union (UEMOA) has been significantly lower over this time period. Still, as most observers agree that Senegal needs at least 7% GDP growth to keep up with the country's high population growth rate (currently 3.5%), Senegal's socioeconomic and human development is still at a very low level, and there has been little visible success in terms of creating employment. For 2015, GDP per capita was at \$2,431 (World Bank). It remains to be seen whether high economic growth can be sustained (especially in light of volatile oil prices). Foreign direct investment remains low at 2.4% of GDP and remittances continue to be an important economic factor.

There have been improvements, especially in agriculture and in the tourism industry, and there has also been a visible growth in public and private sector construction. In the public sector, a new section of freeway was opened in late 2016 and an international conference center in Diamniadio, a new residential and business area under development between Dakar and Thiès, was ready for the 2014 summit of the Francophonie. However, the airport remains incomplete, while the profitability of

Equal opportunity



Output strength



private sector construction is questionable given the level of vacancies in office and apartment buildings.

The trade balance is continuously negative and volatile due to fluctuations in energy prices (imports) and in harvests (exports). In 2016, the trade deficit was at 14.6% of GDP and is projected to grow further as a result of imports related to the government's investment strategy. According to the IMF, the current account deficit continued to narrow to 6.5% of GDP due to increased exports and the low price of oil.

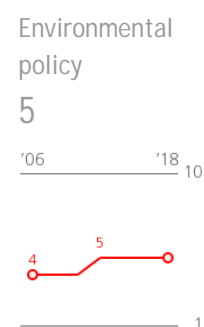
High population growth and the long-term effects of the struggle between separatists and the military in the fertile province of Casamance have created a dependency on imported rice and other basic food products for many years. The Sall government is in the process of creating employment in agriculture and wants to increase the production of rice to achieve an independence from rice imports by 2017. Another problem is subsidized agricultural products from the European Union that float the local markets, making local products such as onions too expensive, and the development of local value chains difficult (e.g., milk). The government sometimes reacts with seasonal import stops (e.g., onions).

Data on employment and unemployment are unreliable because of the large informal sector (formal employment shrunk by 1.5% between 2015 and 2016), but estimates assume very high levels of unemployment and underemployment (the ILO estimates unemployment for 2014 at 10.3%).

12 | Sustainability

In 2012, the Sall government strengthened the position and capacities of the minister of environment. Since then, it has to some extent taken environmental concerns into consideration in policy-making. The country's environmental regulations are better than those of neighboring countries but their implementation remains poor. Ranked 117 out of 180 countries on the Environmental Performance Index in 2016 and having moved up 7 places since 2014, Senegal outperforms many other West African countries. At the same time, the environment ministry has been unable to play a transformative role due to a lack of an adequate financial resources, poor performance and the precedence of infrastructure investments.

International agreements were signed providing for a national legal framework for environmental protection. The fragile environmental balance in Sahelian Senegal ensures a comparatively high level of public awareness of environmental issues, though this is still confined to a relatively small urban elite. However, there is no deeply engrained awareness among the Senegalese public for the environment or the conservation of nature. Uncontrolled garbage disposal and burning is widespread, air pollution in urban areas is a big issue, and coastal erosion as well as a drastic



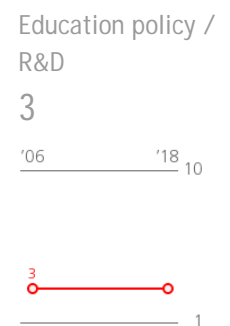
diminution of marine biodiversity constitute major problems. Forecasts predict longer droughts due to climate change. Given the high level of poverty in Senegal and weak economic growth, environmental concerns are often secondary to concerns about the economy. There is little governmental concern about how to raise environmental awareness in the population or provide environmental education in schools. On the positive side, the previously omnipresent plastic bags have been prohibited, although enforcement issues remain.

The government wants to promote renewable energy and is working on a national legal framework to do so, but there has not been sufficient political will to overcome entrenched interests. The main reason for developing renewable energies has not been environmental concern but rather the desire to lower Senegal's dependency on fuel imports. Currently, offshore oil reserves are being explored. As such, plans for constructing a coal-fired plant were widely welcomed. A solar power station in Bokhol has recently been opened.

The education sector, which is based on the French system, has long been neglected. Grossly inadequate resources and administrative neglect caused deterioration, and Senegal fell below the average for sub-Saharan countries. Almost none of the ambitious goals outlined in the Dakar Action Framework of the 2000 World Education Forum have been achieved. Even the primary school enrollment rate, which had improved significantly to 84% in 2012, fell to 81% in 2014. The dropout rate in recent years remains high, especially for girls. Generally, huge gender disparities persist. Literacy among men remains significantly higher than among women, more than 68.5% against 43.8% (World Bank, 2015).

The current situation is a major source of public dissatisfaction and continues to draw fire from critics in civil society, as Senegal was traditionally renowned for its relatively good educational infrastructure and high standards. Investment in the education sector has modestly increased and is at 5.6% of GNI in 2010 (World Bank). R&D, however, is largely underfunded (0.5% of GNI in 2010, World Bank), despite a handful of centers of excellence in research, mostly in Dakar. The system of public schools suffers from widespread neglect. Teachers' salaries are low and payment of salaries, even in urban centers, is very often delayed. During recent years, university teachers have complained about the negative impact of conservative religious students' associations on campuses.

Strikes at schools and universities are frequent and often threaten the validation of the academic year. In general, academic years are validated at the last minute but, as the academic programs have been taught under high time pressures, student's performances can nothing but be poor. As a reaction to proposed reforms, violent clashes erupted between students and the police in 2014, resulting in the death of one student. The government has begun to realize that investments in vocational training



are necessary, as the universities are overburdened and graduates are often not equipped to meet the demands of the economy.

Mack Sall promised in his presidential campaign to make education a government priority and construction of dormitories at the University of Dakar (UCAD) are under way. Moreover, new public universities are under construction in Diamniadio and Kaolack (University of the Sine Saloum), and are supposed to open in October 2017. However, it remains to be seen whether these efforts will significantly improve the situation, given the continued pressure of high population growth.

Governance

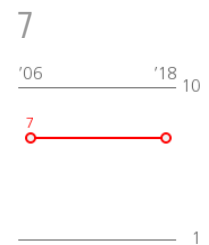
I. Level of Difficulty

Senegal faces a large number of structural challenges. It faces very high levels of poverty with a relatively high population growth rate (3.1% in 2015, World Bank). With the exception of a coastal strip facing the Atlantic Ocean and the southern province of Casamance, with its subtropical climate, the country is situated in the Sahel and comprised of largely arid or semi-arid climate zones. It has suffered from heavy soil deterioration and has already been negatively impacted by climate change. The country has few natural resources other than phosphate and rich fishing grounds which have also seen significant deterioration over the last decades. Despite some efforts by the European Union and United States to contain “illegal, unreported and unregulated (IUU) fishing,” the latter are often exploited by foreign fishing vessels in disregard of international law. As a consequence, the traditional fishing fleet of Senegal has suffered tremendously and fish has become an expensive product.

Energy is another structural constraint. Despite the recent possible discoveries of untapped offshore oil reserves and natural gas on the Mauritanian border as well as the availability of sustainable energy resources (e.g., wind and solar energy), Senegal will remain dependent on oil imports for the foreseeable future. Exploiting energy resources, renewable or non-renewable, requires investment, a reliable legal framework and relatively high levels of formal training, all areas where Senegal has significant deficiencies at the moment. In addition, Senegalese infrastructure remains largely insufficient, not only in the area of energy supply. Some efforts have been made to improve transportation infrastructure, such as the extension of the country’s only freeway, but such capital-intensive activities face significant constraints. Efforts to take advantage of Dakar’s favorable geographic position and transform it into a regional service center have advanced, but the construction of new roads and new international airport facilities are not yet complete. It still remains to be seen whether the Plan Sénégal Emergent (PSE) speeds up completion.

On a positive note, HIV/AIDS has only had a limited negative impact on the Senegalese population due to early education policies and there were no negative public health effects of the Ebola epidemic in West Africa.

Structural
constraints



By African standards, Senegalese civil society has a relatively rich tradition and history. Social engagement in urban communities has been valued since colonial times, and in rural areas community activities have likewise been highly valued, for example, in the systems of Muslim brotherhoods. Many community groups and NGOs suffer from a lack of resources. As NGOs often rely substantially on international donor funding, as in all other poor Sahelian countries, their credibility in the eyes of the government and parts of the population may be undermined. Some of the civil society organizations which played a vital role in defeating President Wade in 2012 and in the subsequent peaceful change of power have been co-opted into the government of President Sall, but others have by now re-assumed the role of critics.

In general, there are no pronounced ethnic or religious conflicts in Senegal; however, concerns over a predominance of the Wolof ethnic group have been nurtured by some in the Diola (Jola) group dominant in the southern region of Casamance. The Casamance problem remains difficult to resolve because it is directly linked to the neighboring countries, Guinea-Bissau and the Gambia (e.g., drugs and arms trafficking and failed or failing states). Rebel forces have acquired armaments, financed in large part by international drug trafficking, and receive support from anti-Senegalese interests in Gambia. Senegal's neighbors Gambia and Guinea-Bissau played a role by offering safe haven for retreat. In addition, the long-time Gambian dictator Yahya Jammeh, deposed in early 2017, is considered to have rearmed the separatist guerillas. Given the support that the newly elected Gambian president, Adama Barrow, has received from Senegal and from President Macky Sall personally, it can reasonably be expected that Gambia will cease to support the rebel leader Salif Sadio. The president of Guinea-Bissau, José Mario Vaz, has already signaled a willingness to help settle the conflict.

In 2012, a new round of mediation began. The government accepted mediation from the Italian Sant'Egidio association in Rome, a Catholic laymen's organization. The talks are supported by the Vatican and several European countries. To date, the association has so far only reached one of the four rebel factions. Though, since early 2016, there are positive signs indicating an end to the confrontation. Other Senegalese organizations, some of which have a mandate from the government, are attempting to reach out to the rebels. The leader of the military arm of the MFDC, Salif Sadio, announced a unilateral cease-fire in April of 2014 and the government has begun to build up the infrastructure of Casamance, the agricultural potential of which has so far been underdeveloped. The future legal status of the Casamance remains the most contentious issue. The government has granted the region more autonomy in the course of the decentralization process but does not want to grant it special status. For the rebels, this is not satisfactory. A third party, such as the United Nations, might be needed to break the stalemate. As Macky Sall's term runs until 2019, the government has some time left to achieve a settlement.

Civil society traditions

5

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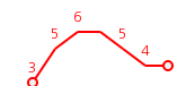


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Conflict intensity

4

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1

While social conflicts have calmed down considerably in urban areas since the peaceful change of government in April 2012, they may start again if the government does not succeed in its reform efforts. In 2014, violent clashes between students and the police demonstrated the potential for conflict in the face of a serious crisis in the education system. Clashes continue to occur frequently over monetary issues (scholarships) and housing problems. The situation is exacerbated by high youth unemployment and a sense of marginalization among some groups. The spontaneous character of these protests means that they will be much harder to settle than social conflicts in the past, which were channeled by interest groups (e.g., Muslim networks in the rural areas and trade unions in urban centers).

Tensions between the Muslim majority and the Christian minority are rare, and overall religious coexistence in Senegal is exemplary. Demonstrations against the Charlie Hebdo cover showing a caricature of the Prophet Muhammad stayed peaceful, in contrast to many other Muslim countries.

Radicalization among - mostly young - Muslims, initially “imported” by Wahabite and Salafist movements, might be source of serious conflicts in the future.

II. Governance Performance

14 | Steering Capability

Senegal’s political leadership is largely committed to the constitutional order, the democratic system, and a market economy. The current government also sets coherent strategic priorities. Poverty reduction has been the central objective of Senegal’s policy measures. After the political change in 2012, the national strategy for economic and social development 2013-2017 (SNDES) replaced Senegal’s first poverty reduction strategy (Document de Stratégie et de Réduction de la Pauvreté) from 2002.

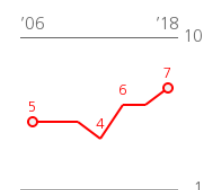
As Senegal has proved to be an anchor of stability within a region riddled with deep political crises, foreign governments, donors and donor agencies continue their funding commitments for the development plan PSE (Plan Sénégal Emergent). The PSE is largely based on evidence-based strategic planning, but some of its high-profile infrastructure projects are most likely also undertaken with electoral considerations in mind.

While Sall’s government has widespread support for its efforts to reduce poverty levels over the long term, implementation deficits are as obvious in Senegal as elsewhere in Africa. Plans are announced, but schedules are hardly ever kept. Moreover, the necessary structural changes require determination over the long term,

Question
Score

Prioritization

7



Implementation

7

and in a fragmented political landscape such as Senegal's, considerable coalition-building skills are necessary to garner national support for reforms with long-term effects. Additionally, they need strong external political and financial support. In a highly aid-dependent country like Senegal, the government must shoulder the additional burden of managing expectations and sustaining support from external donors.

The Sall government has improved Senegal's cooperation with donors and the tax authorities have been able to increase receipts, but overall the capacity for implementing reforms and policies effectively remains weak. For example, progress in remaking Senegal's energy infrastructure has been slow, in part because of entrenched interests in industry and government. The constitutional reforms of 2016, while generally commendable, did nothing to address the problem of low implementation capacity.

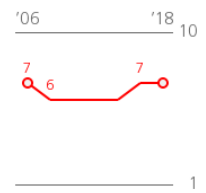
President Sall's governing coalition continues to work toward reform. Many ministries now have a Medium-Term Expenditure Framework and make efforts to evaluate their performance. The finance ministry has established a "reserve de precaution" in the budgeting process, by which final expenditures depend on meeting a set of criteria in order to incentivize reforms and due diligence. The government's development Plan Sénégal Emergent has mostly been based on evidence-based strategic planning.

At the same time, the constitutional focus on the president limits institutional settings, and incentives for policy learning, consensus-building and compromise. Thus, the burden of organizing policy learning falls almost exclusively on the president and his staff. Once again, the constitutional reforms of 2016 will do little to ameliorate the situation as they do not strengthen the prime minister's office.

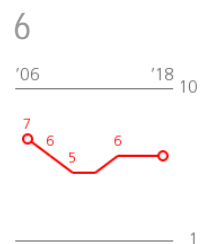
15 | Resource Efficiency

Despite a 2014 cabinet reshuffle, the Sall government has not been hampered by personal rivalries between the president and prime minister, as had been the case in the previous government. The use of assets appears to be more efficient. Macky Sall also fulfilled his electoral promise to reduce the size of government, abolishing a multitude of parallel state structures, and also abolishing the Senate, essentially replacing it with a less powerful Haut Conseil des Collectivités Territoriales that only has an advisory role. The government is still very large, in part because of the numerous politicians of his coalition who need to be co-opted.

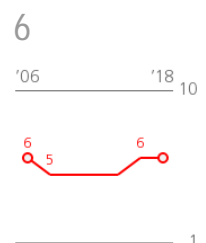
Decentralization policy efforts have advanced in recent years with the reform legislation called "acte 3." The future of regional institutions, however, is uncertain because of unresolved administrative and budgetary issues.



Policy learning



Efficient use of assets



Regarding the overall budget, resources are insufficiently monitored and are not managed as effectively and efficiently as they could be, even though some sectors already dispose of a medium-term expenditure framework. While the abolition of parallel government structures within the president's office and the strengthening of the role and power of the regular portfolio ministries should lead to more effectiveness and efficiency, the final decision in key political questions remains with the president. The Sall government has displayed the capacity to create a more coordinated system and to find solutions for conflicting objectives, but the traditional centralization of power in the presidency hampers the resolution of basic problems.

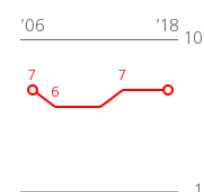
Macky Sall has delivered on campaign promises regarding efforts to curb corruption and to investigate corrupt politicians from Wade's government. Anti-corruption policies have been enforced. Sall has disclosed his own personal financial situation, as has the president of the National Assembly, and is pushing a law that requires such disclosure from everyone in government responsible for more than CFA 1 billion.

A special court has been reinvigorated to deal with illegal enrichment and corruption. The investigations and trials are meant to fulfill the public's desire to see the previous government's widespread corruption punished, but they have been controversial. Most prominently, former President Wade's son Karim was imprisoned between March 2013 and June 2016. He was released after being pardoned by President Sall. He had initially been sentenced to six years in prison and fined €210 million for the embezzlement of public funds. While the trial was an important symbol in the fight against government corruption, the reversal of the burden of proof – Karim Wade had to demonstrate the legality of his wealth – undermined important principles of the rule of law. More recently, there has been controversy concerning Aliou Sall, the president's younger brother, who is an active businessman in the energy sector (offshore oil reserves have been found) and who also successfully ran for mayor of Guédiawaye. While the president denies any impropriety, clearly the government will have to prove that it will take seriously cases of corruption that involve people within its own ranks. The controversial dismissals of Nafi Ngom Keita, president of the Office national de lutte contre la fraude et la corruption (Ofnac), in July of 2016 and the tax inspector Ousmane Sonko in August of 2016 have not helped. Sonko had for months pointed out "anomalies" in the government's budget relating to the possible improper distribution of Karim Wade's riches among friends of the president. Both Sonko and Abdoul Mbaye, the former prime minister (who addressed a public letter to Macky Sall questioning the oil exploitation license given to Petro-Tim, a company linked to the president's brother), have political ambitions.

The media have proven their ability to investigate and report on developments regarding illegal enrichment and corruption. However, Senegalese public opinion, as in other African countries (but maybe to a lesser extent), tends to accept corruption and the abuse of power as "normal" among those in power.

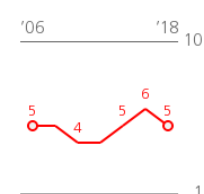
Policy
coordination

7



Anti-corruption
policy

5



Despite modest reforms of public procurement procedures, accountability and audit mechanisms remain weak and have raised many concerns. There are still many direct awards of tenders in spite of existing regulation.

16 | Consensus-Building

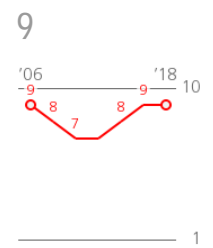
All relevant actors in Senegal are committed to the principles of democracy and to the goal of building a successful market-based economy. In general, ideology plays less of a role in political disputes than personality. In fact, the actions of political parties often run counter to their supposed ideological platforms.

The general support for a market democracy is pragmatic rather than ideological. For example, when the Socialist Party was still in power, it carried out a privatization and liberalization policy under pressure from the Bretton Woods institutions. Likewise, President Wade's nominally liberal party did not shy away from state intervention when it was deemed to be politically advantageous or necessary (as in the case of the failed privatization of the electricity company). Macky Sall's APR, nominally a liberal party as well, is pursuing policies that can be characterized as social-democratic.

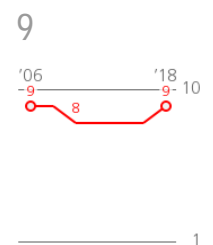
The government is clearly committed to democracy and (to a lesser extent perhaps) a market-based economy. Anti-democratic veto players do not pose a threat at present. Senegal has never experienced a military coup d'état, and the military, potentially an anti-democratic actor, continues to be firmly under civilian control. At the same time, the Muslim brotherhoods and other more conservative religious forces, while not necessarily forces for democracy, have been successfully held in check, in part by legal action. As the government struggles to provide credible solutions to the country's major socioeconomic problems, however, the possibility remains that the military and/or Muslim forces could try to present themselves as better equipped to govern the country. While this danger is not pronounced at the moment, the ongoing crisis in neighboring Mali and the spread of extremist Islam are a threat to the stability of the whole region. New conservative Muslim organizations sponsored by gulf states are growing and might be harder to marginalize in Senegalese politics than traditional groups.

For the most part, Senegal's political leadership prevents cleavages from widening. Senegal has a long tradition of co-opting opposition figures into the government, which has prevented the alienation of many politicians. This is, however, also a tool to keep opponents at bay and ultimately from political power – within the legal limits of an electoral democracy. In keeping with this tradition, Macky Sall's government is trying to formulate and follow an inclusive and participatory policy toward political opponents and potential challengers. So far, the governing coalition largely holds, only Idrissa Seck has formally left it. Presidential elections are scheduled for 2019

Consensus on goals



Anti-democratic actors



Cleavage / conflict management

8

and it is likely that some parties of the coalition will run candidates against Macky Sall in the first round.

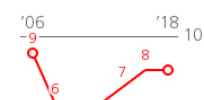
Muslims (95% of the population) and Christians (4%) peacefully coexist and President Sall is following an inclusive and peaceful path. The intensity of the conflict in the Casamance region has been reduced by efforts of the Sall government to initiate preliminary peace talks.

Although the participation of civil society in policy-making is still somewhat limited, the 2012 election and the 2016 referendum have strengthened the role of civil society organizations in Senegal. President Macky Sall has a more inclusive governance style than his predecessor and maintains strong political and personal relations with civil society leaders and representatives of the media. He is generally supportive of their activities and integrates civil society organizations and their leaders into his political framework. In May 2016, Sall held a first “national dialog” with the opposition, civil society and religious organizations. While the event was not actually a dialog but rather a series of presentations, it did pave the way for the release and subsequent exile of Karim Wade. There has been, however, no meaningful follow-up.

Some serious human rights abuses were reported during past periods of the conflict in Casamance (which is now at a low level of intensity). Despite new initiatives of mediation, the government has not yet taken decisive or very convincing action to reappraise the past and to clear up the crimes committed by the rebels as well as the Senegalese army. A reconciliation effort has to be undertaken as part of a future peace agreement, which may result from the renewed peace talks.

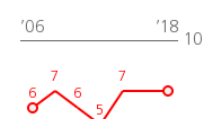
17 | International Cooperation

Generally, the government makes well-focused use of international assistance. However, relations with the IMF and other international donors have at times been strained due to differences in political priorities and to Senegal’s questionable auditing and public procurement procedures. Under the presidency of Macky Sall, these tensions have largely diminished, however. An obstacle to the success of foreign aid remains the multitude of intervening actors and the lack of coordination between them. Sall has been able to generate more international donor support for his Plan Sénégal Emergent than anticipated. Senegal’s support of the French and international intervention in neighboring Mali, and generally better relations with France since Sall’s inauguration, have certainly contributed to improved donor confidence. Additional funds from the European Union in the field of energy have been approved but necessary reforms in Senegal have stalled. While Macky Sall was not able to secure additional funding from Germany during his state visit in 2014, his visit to the United States resulted in hopes the country would benefit from the program “Power Africa,” supporting energy production. His visit to China has



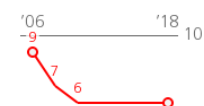
Civil society participation

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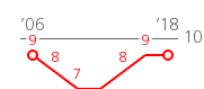
Reconciliation

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Effective use of support

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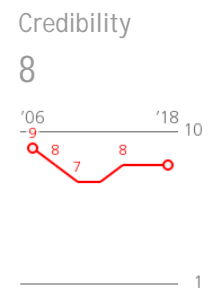


generated substantial investment commitments from Senegal's second most important economic partner behind the European Union. Senegal continues to be regarded as a regional actor that is politically important to Chinese interests in the West African region. In contrast, financial support from Arab countries, which was developed by the Wade government, faded considerably as Sall has politically moved closer to the West.

Senegal, currently a member of the U.N. security council (2016-2018) continues to be a reliable partner within the international community. 4,000 Senegalese troops/police currently serve in U.N. missions. For the contribution of soldiers to U.N. peacekeeping missions, Senegal ranks 14 out of 115 countries. President Sall engages in partnerships with industrialized countries in the Americas, Asia and Europe, and with countries across the African continent. At the same time, it has to be noted that the Senegalese government is stalling the negotiations with the European Union concerning a readmission agreement for migrants (European Migration Compact for Africa), perhaps fearing a negative effect on remittances and certainly in fear of public opposition. President Sall has publicly opposed the agreement.

Questions have been raised about the reliability and credibility of Senegal's economic strategy. Infrastructure projects sometimes do not proceed past the planning phase or experience long delays. While a toll-funded highway from central Dakar to Diambiadio has been opened, the completion of a new international airport on the outskirts of Dakar has been delayed for years and is now projected for 2017 (a new operating company from Turkey has been identified after FRAPORT withdrew).

President Sall has worked to improve the relationship with foreign partners. Traditionally, international links are particularly strong with France and the European Union, occasional harsh political rhetoric, for example, in terms of the regional economic partnership agreements or French military bases in Senegal, notwithstanding (France continues to maintain one military base in Senegal). Senegal's foreign policy since 2012 has been characterized by the intensification and improvement of relations with France and the United States in the context of the political crisis in Mali, the western Sahel region, and Gambia (in which Senegal was instrumental in forcing Gambian president Yahya Jammeh to accept his electoral defeat). Consequently, Sall has been able to generate more than sufficient funds for his Plan Sénégal Emergent (PSE). Nonetheless, international trust in Senegal's public finances has been undermined by audit results. The reports of an audit court have so far not resulted in sufficient action.



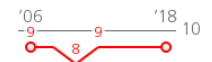
Senegal is a member of the most important regional organizations, such as ECOWAS and the monetary union of West African states. President Sall is also chairman of the New Partnership for Africa's Development (NEPAD).

Currently, President Sall advocates for the candidacy of his compatriot Abdoulaye Bathily for head of the African Union. The Senegalese justice minister is working to keep African countries in the International Criminal Court. In November 2014, the Senegalese government successfully organized the international summit of Francophone countries.

The political instability and governance weaknesses in the West African region are of permanent concern for the Senegalese government. Senegal has maintained and even improved its position as an important anchor of stability in the region, intervening diplomatically and militarily to stabilize weak neighboring countries. When, in 2009, Guinea-Bissau's president and the head of the armed forces were killed, Senegal provided initial support. In addition, Senegalese troops, who are ranked well compared to other African military forces, have regularly participated in U.N. peacekeeping missions throughout Africa and beyond. In West Africa, Macky Sall has increasingly assumed a leading role. In 2013, Senegal provided political, military and logistical support for the international military intervention in Mali. In 2014, ECOWAS named Macky Sall as head of a contact group for talks with the transition government of Burkina Faso, after President Blaise Compaoré was toppled. While Senegal did not directly participate in the mission to help countries affected by the Ebola epidemic, Dakar served as one of the logistical centers and opened a humanitarian air corridor toward the affected countries. Overall, Senegal claims a leadership role as one of the drivers of regional integration, for example, organizing a high-level conference on regional security in late 2014. President Macky Sall was also very instrumental in organizing the ultimately peaceful transition of power in the Gambia after President Yahya Jammeh, who had lost the 2016 election, refused to cede to Adama Barrow. Barrow was sworn in in the Gambian embassy in Dakar, while Senegalese troops readied themselves at the border for a military intervention, sanctioned by ECOWAS, the African Union and the U.N. Security Council.

Regional
cooperation

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Strategic Outlook

Senegal is at a decisive point in its history. President Sall is confronted with high expectations. He promised fundamental reforms during his presidential campaign, and has initiated a phase of political, economic and social transformation. Despite the constitutional reforms of 2016, the consolidation of Senegalese democracy is still incomplete. The upcoming parliamentary elections in 2017 and the presidential election in 2019 will show if this transformation is sustainable, and if Senegalese democracy is sufficiently anchored.

Senegal's current positive international reputation and position notwithstanding, the real test for Sall's presidency – and thus his re-election – is the capacity of his government to solve the country's economic and social problems, namely high (youth) unemployment, the high cost of living, the sustainability of energy supplies and the agrarian crisis. Senegal also faces severe ecological challenges, many of which have global origins and cannot be solved at a local level. In the face of mounting public dissatisfaction over the rising cost of housing, in the spring of 2014 the government intervened to implement an across-the-board reduction of rents, which seems to have only partially worked.

Observers remark that even if only a fraction of the ambitious Plan Sénégal Emergent (PSE) can be completed, Senegal will have made considerable progress. Despite this optimism, the government needs to address the high expectations of the population regarding socioeconomic development.

The central challenge for the government is to find a solution to the high rate of youth unemployment, underemployment and precarious self-employment. Apart from the need for sustained high economic growth, the educational sector requires broad structural reforms and significant investments. All levels of education require attention, but special focus needs to be given to vocational training programs as university graduates have difficulty finding work and are not trained for the economic needs of Senegal.

International partners will likely prioritize cooperation with Senegal, to reward the efforts undertaken and the positive role the Sall government has played in international relations, and to demonstrate their willingness to further assist a country that is in a decisive transformative phase. A potential long-term problem for the Senegalese development strategy is the issue of rising structural debts. While Senegal has been able to increase tax revenues, the partially debt-financed investments of the Plan Sénégal Émergent need to pay off before rising interest rates, and the potential fallout from political developments in North America and Europe worsen the donor situation. Progress in the agricultural sector is highly dependent on rainfall patterns, while progress in the tourism industry might be jeopardized by terrorist attacks and any efforts at industrialization – as well as economic development in general – depend on the volatile cost of energy.

The governing coalition has begun to fracture and there is discussion among the parties partnering with President Sall's APR about running candidates of their own in the next presidential election. The local elections in the summer of 2014 highlighted some of the difficulties faced by the governing coalition regarding its popularity as well as their own crumbling unity. However, the coalition did better in the elections for the Haut Conseil des Collectivités Territoriales in 2016. Unofficially, the electoral campaign for the presidential election in 2019 has already begun. The future will show whether the coalition will be able to continue until the end of Sall's term.

Finally, President Sall needs to secure a peace agreement with the different factions of the rebel movement in Casamance. He made the end of the conflict in Senegal's southern province a priority during his presidential campaign in 2012. In 2019, he will need to have some proof of success.