



A COUNTRY PRIVATE SECTOR DIAGNOSTIC

# CREATING MARKETS IN SENEGAL

Sustaining growth In an uncertain environment

*Executive Summary*

APRIL 2020



**WORLD BANK GROUP**

THE WORLD BANK  
IBRD • IDA

**IFC**

International  
Finance Corporation

## About IFC

IFC—a sister organization of the World Bank and member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work with more than 2,000 businesses worldwide, using our capital, expertise, and influence to create markets and opportunities in the toughest areas of the world. In fiscal year 2018, we delivered more than \$23 billion in long-term financing for developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity. For more information, visit [www.ifc.org](http://www.ifc.org)

© International Finance Corporation 2020. All rights reserved.

2121 Pennsylvania Avenue, N.W.  
Washington, D.C. 20433  
[www.ifc.org](http://www.ifc.org)

The material in this report was prepared in consultation with government officials and the private sector in Senegal and is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. IFC does not guarantee the accuracy, reliability or completeness of the content included in this work, or for the conclusions or judgments described herein, and accepts no responsibility or liability for any omissions or errors (including, without limitation, typographical errors and technical errors) in the content whatsoever or for reliance thereon.

The findings, interpretations, views, and conclusions expressed herein are those of the authors and do not necessarily reflect the views of the Executive Directors of the International Finance Corporation or of the International Bank for Reconstruction and Development (the World Bank) or the governments they represent.

This publication uses U.S. spelling. All mentions of dollars refer to U.S. dollars, unless otherwise indicated.

All data are current as of February 2020

Cover Photos: Dereje, INSTA GRAPHISTE, Anze Furlan, Salvador Aznar, Agarianna76, ambient\_pix, Senegal / Shutterstock.com

# EXECUTIVE SUMMARY

---

Senegal's strong economic growth since 2014 represents a positive departure from weaker past growth performance since independence. Just this past year, in 2019, Senegal crossed the threshold to become a lower-middle-income country. The country remains challenged, however, in addressing poverty reduction and unemployment.

An additional challenge has been created by the novel coronavirus (COVID-19) pandemic that reached Senegal in early March 2020. In response to the outbreak, the Government of Senegal has taken strong measures to contain the spread of the virus. In early March 2020, it declared a state of emergency, suspended international air travel and shut borders. To ensure social distancing, the government closed entertainment, religious and education venues, cancelled events, prohibited public gatherings, and imposed a nighttime curfew.

Further, the government is implementing a comprehensive plan to support the population and the economy, which is estimated to amount to around 7 percent of GDP, according to the IMF COVID-19 Policy Tracker. The plan revolves around: (i) improving the health system, (ii) strengthening social protection, (iii) securing supplies and distribution for key goods (for example, foodstuffs and medicine), and (iv) stabilizing the economy and the financial system.

Yet, despite these significant measures, the economy and the private sector will suffer from the crisis. Senegal is exposed to the COVID-19 shock through a mix of external and domestic transmission channels. Externally, international supply chain disruptions and weaker demand in key export markets will affect export performance, particularly tourism and transport-related services. Terms of trade effects should be favorable given Senegal is a net oil importer and gold exporter. At the same time, a sudden stop in remittances should increase the current account deficit and weaken private consumption. Domestically, containment and mitigation measures have already disrupted economic activity – notably in services. Further, private capital is likely to seek safer haven assets in face of heightened uncertainty and volatility (World Bank 2020b).

It is still too early to assess the detailed impact of this epidemic, and this is not the objective of this report. However, after the crisis, it will be of paramount importance for Senegal to find innovative ways to revive and sustain economic growth, (re-) create more jobs, and provide a new horizon for its population.

One of those pathways forward involves boosting the role of the private sector in the economy and developing investment opportunities that will generate the required growth and jobs. This Country Private Sector Diagnostic for Senegal helps identify structural reforms for post-crisis recovery that take into account a changing economic landscape in which oil and gas is part of the future of the country.



## **BETWEEN 2014 AND 2019, SENEGAL ENJOYED AN ECONOMIC GROWTH SPURT.**

Since 2014, the gross domestic product (GDP) in Senegal has grown on average about 2.5 times faster than in Sub-Saharan African countries (SSA), at a rate of about 6.6 percent annually until 2017. GDP growth reached 6.7 percent in 2018—much of which reflects government investment in large-scale infrastructure projects and favorable terms of trade, including lower oil prices and higher commodity prices for some of the country's main exports. While agriculture contributed to GDP growth, a productivity increase in several other sectors bolstered the improvement. From 2014 until 2018, Senegal saw a shift in its economy from agriculture to informal commerce, partly due to trends in the country's increased urbanization. Importantly, some limited shifts in the economy also took place to sectors with high and growing productivity, such as high-value-added services and manufacturing.

During the recent growth spurt, the primary sector has grown the fastest, increasing 7.7 percent on average from 2014 to 2017, particularly in agriculture. Growth in the tertiary sector has been a close second, increasing 6.2 percent on average, thanks largely to expansion in the financial and insurance services, real estate, and tourism sectors. Finally, performance in the secondary sector has depended heavily on construction, growing 15.4 percent on average over 2014–2017, largely from infrastructure investments.

Because economic growth has accelerated only recently, the country remains challenged with high rates of poverty and limited jobs in the formal sector. World Bank estimates suggest that, while extreme poverty has decreased, the pace of this reduction has been slow, and inequalities persist (World Bank 2020a). According to computations based on data from the National Agency of Statistics and Demography of Senegal (ANSD), it is also estimated that formal employment only amounts to around 8 percent of the working age population, largely because the formal economy is burdened by high regulatory rigidity. This in turn also affects gender disparities which, despite an incipient decline, remain high in Senegal—particularly for women's access to education and participation in the labor market (35 percent in 2018). This is problematic since it is now recognized that increasing women's participation in the economy, by eliminating discrimination and barriers, is likely to significantly increase the country's growth performance (Cuberes and Teignier 2016, IMF 2017b).

According to available data, the recent momentum in economic growth has been driven partly by export diversification, particularly in terms of the number of products exported, and by growing foreign direct investment. Indeed, over the period from 2013 to 2018, exports of goods and services grew 4.9 percent on average per year and export growth reached 7.1 percent in 2018, while inflows of foreign direct investment increased to 2.6 percent of GDP in 2018, compared to 2.4 percent in 2014. Sources of foreign direct investment are expanding beyond the traditional leading investor, France, and now include Turkey, Morocco, Switzerland, the United Arab Emirates, Luxembourg, Germany, the United States, India, and China. In recent years, foreign direct investment has largely been focused on construction and transportation. Economic reforms, improvements to the country's investment climate, investments in infrastructure and energy, and increased private investment in 2018 also played a role. Recent trends represent a good beginning and are underpinned by improvements in

the business environment (in 2015 and 2016, the country appeared on the list of the “top 10” global Doing Business reformers) in the context of the Plan for an Emerging Senegal (Plan Sénégal Émergent)—the country development strategy.

## **THE CHALLENGE IS NOW TO FURTHER ENHANCE THE ROLE OF THE PRIVATE SECTOR IN SENEGAL AND ADAPT TO A CHANGING ENVIRONMENT.**

Despite the recent growth, Senegal still has some way to go to catch up with the performance of aspirational peer countries. Domestic and foreign investment and export diversification remain below levels attained by countries, such as Morocco and Vietnam, whose development trajectory Senegal aims to emulate. Because its recent growth reflects higher government spending, Senegal needs to be vigilant in containing spending. As its recent growth is also a result of increased public spending, Senegal must continue to improve fiscal management, in particular through greater mobilization of revenue and better expenditure oversight. The country is under fiscal pressure because world oil prices have in recent years (with fixed domestic energy prices) led to declining incomes and higher energy subsidies. An International Monetary Fund (IMF) and World Bank debt sustainability analysis shows that the risk of financial distress in Senegal has risen from low to moderate (IMF 2020, 16).

**It is imperative that the private sector plays a greater role in Senegal.** According to the latest general business census (ANSD 2017), Senegal’s formal private sector is relatively small, and geographically concentrated, which accentuates spatial inequalities, and lacks large enterprises able to drive a structural transformation toward sectors in which Senegal has a comparative advantage:

1. **It is relatively small**, accounting for only 3 percent of total economic units, with the formal private sector only occupying about 4.6 percent of the active population.<sup>1</sup>
2. **It is geographically concentrated around Dakar**, leading to regional inequalities, and it is mostly present in a few sectors, including the construction, transport and telecommunications, light manufacturing, and services sectors.
3. **Its firms are micro, small, and medium-sized enterprises (99.8 percent of the economic units) and the few larger formal firms in operation have limited competitiveness in international markets.** For example, labor productivity in Senegalese manufacturing is about \$4,700 of value added per worker per year, higher than many SSA countries, but five times lower than some peers such as South Africa.<sup>2</sup>

**Senegal is at a crossroads with two changes on the horizon** that could significantly impact economic growth and the role of the private sector in the future.

1. **Most importantly, in a potential long-term game changer, Senegal discovered oil (2014) and gas reserves (2015) off its shores.** While the oil and gas sector produces few direct jobs, domestic gas could produce power, substantially reducing the cost of electricity in the country, possibly by as much as 30 percent.
2. **Secondly, the worldwide digital technology wave is also sweeping through Senegal**, and it has yet to fully embrace its potential. Senegal’s government made information and communications technology (ICT) development one of the pillars of its development strategy, but it needs to do much more to catch up with aspirational peer countries.

Since 2012, Senegal has implemented major structural reforms, including improvements to the road network, electricity provision, and the general business environment, as part of the Plan for an Emerging Senegal (Plan Sénégal Émergent). For the future, the government of Senegal's plans are bold and ambitious and involve numerous reforms, that, if properly implemented and prioritized, would improve significantly the business environment for the private sector.

## **ENHANCING THE ROLE OF THE PRIVATE SECTOR REQUIRES ALLEVIATING FOUR KEY CROSS-CUTTING CONSTRAINTS TO BOOST INVESTMENT.**

1. **Lack of a level playing field for businesses.** This is largely the result of the still important role of the state in economic affairs, through regulations, as well as the high degree of informality in the economy. The persistence of a large number of state-owned enterprises is an example of the importance of the state in economic affairs. Another example is the persistence of a heavy regulatory framework, which despite significant improvements (such as progress recorded in the Doing Business indicators), remains relatively uncompetitive. This contributes to the existence of a large informal sector (estimated to represent over 40 percent of GDP), which also distorts competition with formal firms.
2. **Difficult access to finance is a major constraint for private sector firms,** and micro, small, and medium-sized enterprises (MSMEs)—the largest class of firms—are among the most credit constrained. Less than one of four firms in Senegal, or 22.6 percent, have been able to get a bank loan or a line of credit, close to the average for the SSA region (World Bank, 2017a). When they do manage to get a loan or line of credit, they must pledge significant assets to secure their loans. The value of the guarantee required is very high, on average 271.7 percent of the loan—but 160.7 percent for large firms and 428.7 percent for small enterprises (World Bank, 2017a). Constraints to improved access to finance include limited competition among financial services providers, weak financial infrastructure, weak financial sector policies as well as inherent weaknesses among MSMEs.
3. **Despite relatively robust access, electricity supply in Senegal is expensive.** In 2017, 61.7 percent of the Senegalese population had access to electricity—much higher than the SSA average of 44.6 percent. However, access in rural areas remains low and the distribution network does not reach many locations, including where industries are actually active. Senegal's reliance on heavy fuel oil for its power plants means that the sector's cost base is high and that even high consumer tariffs cannot cover it in full, forcing the government to step in with subsidies and leading to the accumulation of arrears. The average cost of electricity in 2018 was around \$0.24 per kilowatt-hour (kW/h), significantly higher than the global benchmark of \$0.10 per kW/h.
4. **Digital and physical connectivity needs to be improved.** While infrastructure is a critical enabler for development, Senegal has major weaknesses in transport and ICT that hinder connectivity:
  - **Road freight transport, even though it is the most important means of transportation in Senegal, is largely unreliable and expensive.** Axle overloading and lack of maintenance of vehicles negatively impact the quality of road networks. In addition, poor road safety and related accidents, and the poor

performance of the Dakar-Bamako road corridor affect reliability. There are an estimated 600 direct deaths on the road annually. Transportation costs on the Dakar-Bamako corridor are high, estimated at 30 percent of the value of goods in 2016, while the costs of a competitive transport system should be between 8 to 15 percent.

- **Despite significant progress accomplished over the past two years, digital connectivity in Senegal is still lagging behind peer countries.** In addition, although progress has been made in recent months with regard to the cost of internet access (with the entry of new internet service providers and the arrival of Free), the quality of the mobile internet network remains weak. This is due to a lack of access to digital infrastructure, which reflects weak competition, particularly on the wholesale markets; limited sharing of infrastructure; and a relatively high cost of radio frequencies. The situation is more critical for fixed broadband: access to fixed broadband, while at a lower cost than the regional average in SSA, remains of low quality. Similarly, the data infrastructure (data centers) is insufficient to support the growth of internet traffic, with the possible consequence of a deterioration in the quality of access.

**In addition, taxation, land access, and labor issues are key hindrances for the private sector.** Tax administration is complex compared to other SSA peers.<sup>3</sup> Formal sector firms suggest they consider the application of the tax code to be sometimes arbitrary, and the resulting uncertainty is a significant business constraint. Firms also have major difficulties accessing land. The current system is marked by a growing discrepancy between an old legal framework (from 1964) and local land management practices, which gives rise to social tensions and is on occasion prone to corruption. Lastly, high wages (relative to productivity) and rigidity of the labor laws are important constraints to private sector investment.

## **ALLEVIATING CRITICAL CROSS-CUTTING CONSTRAINTS COULD ACCELERATE SENEGAL'S STRUCTURAL TRANSFORMATION AND SUSTAIN GROWTH AND JOBS POST-COVID-19 BY HARNESSING OPPORTUNITIES IN SEVERAL SECTORS.**

**The primary sector will remain important in the future.** It employs about half of the population, and about 70 percent of the rural population depends on agriculture or related activities for their livelihood. The development of new export markets has helped Senegal strengthen the horticulture sector. Agribusiness and processing also have the potential to boost productivity and create new jobs.

**The services sector has also grown in recent years and is likely to continue to expand.** The education sector is a critical enabler for all the sectors of the economy and deserves sustained attention. The tourism industry is a major source of employment and foreign exchange revenues. There is a potential for consolidating and growing the meetings, incentives, conferencing, and exhibitions (MICE) segment in business tourism as well as leisure tourism, but this segment will need sustained support post crisis. Finally, the real estate sector has grown in recent years, spurred by growth in Dakar and the infrastructure drive in the Plan for an Emerging Senegal. Given existing population pressures and planned activities within the strategy, this sector is likely to be important in the future.

It is thus key to focus on the following:

- **Agriculture.** The sector contributes to 15–16 percent of GDP. Since the early 2000s, it has experienced significant changes, including rapid growth and diversification of exports. The horticulture market has the potential for export growth. The size of agribusiness is still small, at about 5 percent of GDP in 2015 and about one-third of industrial value added. Constraints to private sector development in the sector include limited access to arable land and irrigation facilities; difficult access to finance, compounded by a lack of appropriate harvest insurance mechanisms; and poor links, including processing infrastructure, between smallholder farmers and commercial off-takers. Senegal also has room for improving the quality of backbone services to exports.
- **Education.** The education system faces access and quality issues. A Senegalese four-year-old can only expect to complete 7.2 years of school by his 18th birthday, compared to 12.3 years in Vietnam. Only 20 percent of sixth graders meet desired proficiency in French and 10 percent in mathematics. In addition, only a minority of students chooses science, technology, engineering, and mathematics (STEM) and technical tracks starting at the secondary level. The number of private sector education providers in Senegal is increasing but they still have only a limited share of the market, averaging about 20 percent across all sectors. In tertiary and technical and vocational education training, private providers absorb about 60 percent of students. Significant constraints restrict wider private sector involvement that could better complement the public sector, including low-quality teachers and financial constraints experienced by students.
- **Tourism.** The tourism sector suffered from the 2014 Ebola crisis and amounted to about 10 percent of GDP and about 9 percent of employment before the 2020 COVID-19 crisis. After the crisis, the sector will still offer opportunities but will need sustained support to ensure renewed growth and reduced structural obstacles. Senegal has traditionally been branded as a sand-and-sun destination for the francophone European market, but the MICE sector is also important. Key constraints to private sector activity in the tourism sector include access issues, such as connectivity, high airport taxes, and an overdependence on tour operators; environmental issues, such as beach erosion and waste mismanagement; weak human resources; and relatively limited government support for the sector.
- **Real estate and housing.** Senegal is currently witnessing significant growth in the real estate industry, with 5.5 percent average growth over the period from 2014 to 2017, especially in Dakar and other major urban areas. While dynamic, the real estate market still faces a housing deficit, due to a rapid urbanization and an insufficient supply of housing resulting from limited availability of serviced land, few financial products, high construction costs, and poor-quality housing. Key constraints for the development of services and real estate sectors are high informality due to the uneven regulatory environment, access to finance, and poor urban infrastructure in secondary cities.

Table ES.1 proposes a strategic reform agenda aimed at supporting the development of the private sector to help sustain growth and foster job creation. The core of this report provides the background information and justifications for such proposals.



TABLE ES.1 POLICY REFORM PROPOSALS

AREAS	CONSTRAINTS	SHORT-TERM PRIORITY INTERVENTIONS	MEDIUM-TERM, LONG-TERM INTERVENTIONS
<b>LEVEL THE PLAYING FIELD</b>			
<b>COMPETITION POLICY</b>	Some sectors - (groundnuts, edible oil, sugar, and information and communications technology) face competition restrictions. The National Competition Commission is institutionally weak.		<p>Delegation by the WAEMU Commission of powers to national competition authorities to examine anticompetitive practices that do not have cross-border effect and issue rules regulating cooperation on a regional level.</p> <p>Strengthen the WAEMU Commission and Senegal's National Competition Commission to enhance competition enforcement at the regional level.</p> <p>Depending on the clarification of regional vs. national powers, consider reinforcing the National Competition Commission, with adequate financial, human, and technical resources to make it fully operational and independent in the enforcement of competition law.</p>
<b>TAX ADMINISTRATION</b>	Numerous low-yielding taxes generate significant reporting and payment obligations; weak VAT management, especially for tax credits; existence of complex preferential tax treatments.	<p>Accelerate reimbursement of VAT credits to businesses (as planned in the medium-term revenue strategy), by deploying widely used risk-management procedures, and streamlining procedures for restitution claims.</p> <p>Finalize the cost-benefit analyses underway on tax incentives and exemptions and select strategies to pursue.</p>	Reduce and consolidate the number of low-yielding taxes; reduce requirements for registration and stamp duties.
<b>LAND ACCESS</b>	Legal framework of land rights and tenure is ineffective.	Extend the network of land bureaus to register usage rights, record transactions, and transfer information to establish a national database.	<p>Modernize related infrastructures, such as land information system and acquisition of satellite images and strengthen the General Directorate of Taxes and Domains (DGID), both in human and financial resources.</p> <p>Develop and implement a training plan for related professions (property experts, notaries).</p> <p>Reform the legal framework to validate the evolution of customary law rights toward real, codified rights.</p>

Note: WAEMU = West African Economic and Monetary Union. VAT = value added tax.

IMPROVE ACCESS TO FINANCE			
<b>FINANCIAL SECTOR COMPETITION</b>	Despite the entry of new banks, competition in the financial sector remains weak with limited financial innovation and digital finance.	Increase and improve market information via regular publication of fees and interest rates charged by financial institutions by the Observatory on Financial Services Quality (OQSF).	Modernization by the Central Bank of West African States (BCEAO) of regulations on banking agents to enable banks to deploy agents flexibly (regional level).  BCEAO should adopt more risk-based customer due diligence and know your customer regulations to facilitate enrollment of customers at the regional level.
<b>FINANCIAL INFRASTRUCTURE</b>	Credit information remains limited in coverage, poor insolvency regime, uncertainty of secured transactions; opening of offshore accounts has limitations, regulations on international financial transactions hinder external financing, and capital markets remain small.	Foster market access by insurance and pension funds, including by revising asset allocation rules.  BCEAO should develop a clear and transparent framework for authorization of offshore accounts on a regional level.	Implement an action plan of the 2015 Organisation for the Harmonisation of Business Law in Africa (OHADA) Insolvency Act;  Implement the OHADA law on secured transactions;  Develop the regional securities market, build market supervision, and align regulation with international standards on a regional level.
<b>PUBLIC INTERVENTIONS AND CAPABILITIES OF MSMEs</b>	Public strategies need to improve credibility and better target their support.  MSMEs often lack capabilities to adequately access finance.	The Priority Investment Guarantee Fund (FONGIP) should continue to pursue efforts to ensure credibility toward banks by ensuring effective and timely payments of eventual defaults.  Strengthen and develop capacity-building programs for MSMEs in financial education and management.	Support improvements in operating modes of the National Bank for Economic Development (BNDE) and the National Fund for Agricultural Credit (CNCAS) to reorient their portfolios toward underserved MSMEs and help crowd in private money by not expanding anymore toward activities already served by private banks.  Strengthen and develop capacity-building programs for MSMEs in financial education, management, and financing applications.

Note: MSME = micro, small, and medium-sized enterprise

REDUCE ENERGY COSTS			
<b>ENERGY COSTS</b>	Reliance on heavy fuel oil increases power costs.	Enhance the energy sector institutional and financial arrangements for improved performance and financial sustainability.	Provide adequate planning and timely construction of the physical infrastructure for pipelines.
	Proper development of gas-to-power needs to be ensured.	Enhance sector policy coordination on strategic planning issues related to the timely payment of financial obligations to Senelec.	Foster gas-to-power through development of midstream and downstream processes. Expand access to electricity services in underserved rural areas by addressing key barriers to access in six concessions already awarded to private operators.
IMPROVE CONNECTIVITY			
<b>TRANSPORT</b>	Road transport is unreliable, expensive, and unsafe, while maritime transport is inefficient and lengthy.	Streamline oversight to ensure better coordination, for example by establishing a broader interministerial coordination unit.	Improve preparation and management of PPP by setting up an independent regulatory authority.
		Ensure enforcement of existing rules (technical regulations and controls, axle load, safety, and labor) and extend to the countryside technical controls of vehicles done at the Technical Control Center of Automotive Vehicles (CCTVA) in Dakar. Finalize amendments to the PPP law. Improve customs performance by reducing control times and customs clearing circuits and increasing the opening time of custom offices, particular at land borders.	Programming, financing, and execution of road maintenance should be strengthened through the implementation of performance-based contracts financed either publicly or privately. Strengthen contractual management and oversight capacities at the Road Management Agency (AGEROUTE) and Autonomous Road Maintenance Fund (FERA-SN). Implement a nationwide port master plan to improve traffic within existing and planned ports.

Note: PPP = public-private partnership.

**INFORMATION AND  
COMMUNICATIONS  
TECHNOLOGY  
AND DIGITAL  
TECHNOLOGIES**

Proper foundations for a digital economy are weak, including infrastructures, financial services, entrepreneurship, regulatory framework, and skills.

Strengthen the effectiveness of sectoral regulation, in particular by consulting alternative operators on constraints to access to digital infrastructure and by considering asymmetrical regulation when justified in order to rebalance market shares.

Maintain competition in the mobile retail market by promoting the entry of mobile virtual network operators.

Encourage the entry or establishment of independent private operators of data centers, building on the projects currently being considered by the government through State Informatics Agency (ADIE).

Encourage sharing of infrastructure, for example by promoting the entry or establishment of independent private infrastructure operators, including for the terrestrial fiber optic network, international connectivity by submarine, or satellite cables and towers.

Review the cost of allocating new radio frequencies, with a view to facilitating the deployment of new generations of mobile networks by all main network operators.

Encourage investments in fiber optics, especially for businesses, by facilitating the entry of new operators into the wholesale market for fixed broadband internet.

Strengthen digitization by (a) developing the digital economy to promote infrastructure sharing, improve spectrum management, grant 4G licenses, allow Internet of Things experiments; (b) adopt the Digital Senegal Strategy 2025 to simplify processes, interoperability, shared services, and cyber security; (c) boost the entrepreneurial spirit to operationalize a digital development fund, support hubs of digital entrepreneurs and clarify and implement all provisions of the new Senegal Startup Act; and (d) support development of human capital.



IMPROVE OPPORTUNITIES FOR THE PRIVATE SECTOR			
<b>AGRICULTURE AND AGRIBUSINESS</b>	Sector development and investment opportunities are constrained by land and water access issues, concerns about access to finance, and limited backbone services, as well as some restrictive labor regulations.	Support the diffusion of climate-smart, high-yielding, early-maturing, and drought-resistant seed varieties.	Develop agriculture insurance by reinforcing the capacity of regulators, improving the regulatory framework, allowing for digitalization of insurance distribution, and building the capacity of insurance companies. Develop warehouse financing. Pursue gradual digitization of the operations of the Directorate of Plant Protection (DPV) and the sanitary and phytosanitary controls. Reform formal labor market regulations to make hiring and separation easier, review wage-setting mechanisms, and introduce random selection processes for labor inspections.
<b>EDUCATION</b>	Sector development and investment opportunities are limited by access and quality issues. Private sector involvement is lacking. Only a minority of students choose STEM and technical tracks.	Allow private providers to train and certify teachers to improve quality.	At the technical and vocational education training level, reform the bourse system to give students more choice and save costs, such as through student financing initiatives, and provide incentives for STEM. To foster STEM, develop advanced secondary schools, such as the Prytanée Militaire de Saint-Louis, in underserved areas, with a focus on STEM. Simplify education structures to facilitate transition from technical and vocational education training to tertiary education and vice-versa.

Note: STEM = science, technology, engineering, and mathematics

<b>TOURISM</b>	<p>Private sector activity in the tourism sector is limited by poor market access, environmental issues, weak human resources, limited sector support, and inefficient public-private dialogue, given the multiplicity of public actors.</p> <p>Limited capacity in key public agencies translates into limited sector support, weak human resources, weak destination promotion, poor branding, and lack of diversification of products.</p>	<p>Mitigate coastal erosion, clean key beaches and tourist attractions, and improve waste management.</p> <p>Minimize unsolicited vending and crime by properly enforcing existing law.</p> <p>Improve skills and training of the workforce by fostering more specific programs in technical and vocational education training institutions, including language, hospitality industry-specific training, and soft skills.</p>	<p>Diversify the offer by developing cultural, ecological, medical, and religious tourism and by better linking these to the promotion of MICE.</p> <p>Ensure effective representation in priority markets and develop the appropriate promotion strategy and communication tools.</p> <p>Provide technical support needed centrally and locally, clarify the roles of each public actor, and ensure the effective implementation of strategic documents.</p>
<b>REAL ESTATE AND HOUSING</b>	<p>Key constraints are high informality due to an uneven regulatory environment, poor access to finance, poor urban infrastructure in secondary cities, and lack of properly targeted state support.</p>	<p>Streamline permit and inspection procedures to accelerate administrative processes and decisions.</p> <p>Limit the use of the "Regime Global Unique," a government tax regime that targets small firms only and ensures larger informal firms do not use it.</p>	

Note: MICE = Meetings, incentives, conferencing, and exhibitions.

- ANSD (Agence Nationale de Statistique et de la Démographie). 2017. Rapport Global du Recensement General Des Entreprises. Dakar: ANSD.
- Cuberes, David et Teignier, Marc 2016, "Aggregate Effects of Gender Gaps in the Labor Market: A Quantitative Estimate," Journal of Human Capital 10, no. 1 (Spring 2016): 1-32.
- International Monetary Fund (IMF). 2017b. Senegal: Selected Issues. Washington, D.C. : IMF.
  - + —. 2020. "Senegal: request for a three-year policy coordination instrument," Rapport-pays IMF n° 20/11. Washington, D.C. : IMF.
- World Bank, 2017a. *An Investment Climate Assessment for Senegal*, Rapport N° AUS7348, Washington, D.C. : World Bank.
  - + —. 2020a. Country Partnership Framework for the Republic of Senegal for the Period FY20–FY24., Washington, DC: World Bank.
  - + —. 2020b. Senegal: The Economic Impact of the COVID-19 Global Crisis, mimeo, Dakar.

## NOTES

- 1 ANSD (2017)
- 2 World Bank Enterprise Survey data, 2014–15
- 3 According to the 2015 Enterprise Survey, between 2007 and 2014, the number of companies indicating that taxation is a major obstacle increased. According to the latest "Doing Business" report (2020), the time required to prepare, file and pay (or withhold) corporate income tax corporate, value added, sales and labor taxes, including charges and social contributions was 416 hours against 281 hours on average in sub-Saharan Africa. In terms of number in payments, Senegal is 53 against 36.6 for the regional average.

## IFC

2121 Pennsylvania Avenue, N.W.  
Washington, D.C. 20433 U.S.A.

## CONTACTS

**Volker Treichel**

[vtreichel@ifc.org](mailto:vtreichel@ifc.org)

**Jean-Michel Marchat**

[jmarchat@worldbank.org](mailto:jmarchat@worldbank.org)

[ifc.org](http://ifc.org)



**WORLD BANK GROUP**

THE WORLD BANK  
1818 • K.M.

**IFC**

International  
Finance Corporation