

THE EMERGING SENEGAL PLAN (ESP)

Executive Summary

For more than fifty years, Senegal has experienced rates of economic growth close to the rate of population growth. This poor performance has not permitted a sustainable reduction in poverty. Overall, the reduction in poverty incidence has been especially weak in rural areas. This situation stands in contrast with the stated objectives of the economic and social policy papers so far adopted.

Only the ten-year period 1995-2005 allowed the Senegalese economy to sustain a strong growth trajectory which improved income per capita. Since 2006, the growth path weakened with the exhaustion of the traditional engines of growth (construction, telecommunications, financial services), the lack of dynamism in the private sector, the rapid rise in public expenditures, and the persistence of a current account deficit in the balance of payments (7.9% of GDP).

With almost 13 million inhabitants in 2014, Senegal continues to experience strong population growth (2.5%) even if it has begun the demographic transition. The predominantly young population is confronted with limited access to basic social services or jobs. The question of employment remains the top priority for households and public policy.

The likelihood of achieving the Millennium Development Objectives (MDGs) by 2015 is diminishing, notably concerning poverty reduction, reduced maternal and infant mortality, improving primary school completion, and access to sanitation.

Similarly, the regional development policy pursued to date has proven inappropriate given the unequal geographic distribution of the population, economic activity, and infrastructure, which has resulted in an excessive weight in the region of Dakar and a concentration of most activity in the west and center of the country.

The weakness of GDP growth is explained in part by the insufficient level of productivity, economic infrastructure, difficult access to factors of production (water, quality inputs), the vulnerability of agriculture to climatic shocks, the weak structure of agro-pastoral value chains, problems with access to land and appropriate finance, and governance issues.

The sluggishness of the economy is also due to delays in the implementation of reforms in the energy sector and the investment climate, the inadequate capacity of

the state, and problems with the efficiency of public spending, as well as the resistance to change by certain actors.

Senegal has decided to adopt a new development model to accelerate its progress toward emerging market status. This strategy, entitled the Emerging Senegal Plan (ESP), now constitutes the reference for economic and social policy in the medium and long term.

To this end, the Government commits to a break with the past which will enable Senegal to embark on a new development trajectory. This break will result in bold actions to raise sustainably the growth potential, stimulate the creativity and initiative of the private sector in order to satisfy the high aspirations of the population for a better life.

This ambition is summarized in a vision which is « An emerging Senegal in 2035 with social solidarity and the rule of law ». The strategic orientations, which will guide the initiatives needed to translate this vision into actions and tangible results for the benefit of the population, are based on three pillars :

- a structural transformation of the economy through the consolidation of current engines of growth and the development of new sectors to create wealth, jobs, and social inclusion, with a strong capacity to export and attract investment. This pillar is based on a more balanced approach to development, with the promotion of regions and economic poles in order to stimulate the potential for development across the entire territory ;
- a significant improvement in the well-being of the population, a more sustained struggle against social inequality, while preserving the resource base and supporting the emergence of viable regions ; and
- the reinforcement of security, stability, governance, the protection of rights and liberties, and the consolidation of the rule of law in order to create better conditions for social peace and the fulfilment of potential.

The three pillars of the strategy will enable, through their synergies and cumulative effects, the creation of the conditions for emergence.

To achieve the objectives of the ESP, it is essential to combine the prior conditions or foundations for emergence, tied to the core issue of energy, the establishment of the most modern infrastructure to support production, improvements in the investment climate, a reinforcement of human capital, and the satisfaction of financing needs. The success of the ESP requires strong promotional capacity from the State and clear

leadership. To this end, the Government is committed to an accelerated program of reforms to modernize the public administration to adapt it to the performance requirements of the strategy.

As a matter of urgency, the key reforms will be undertaken by 2016 to improve substantially the business environment. They will focus, in particular, on computerization of administrative procedures, establishment of a fiscal and legal framework which is simple and motivating, improvement in the competitiveness of factors of production, and the promotion of high-impact investment. These reforms should also be accompanied by a proactive economic diplomacy, and deeper regional integration, to strengthen regional stability and take advantage of the opportunities offered by external markets. The Government will support a greater involvement by the Senegalese diaspora in national development.

The public administration will internalize at all levels the culture of transparency and accountability, and results-based management, through the creation of mechanisms for planning and dedicated monitoring and evaluation, the reinforcement of the capacity of human resources, the ownership of policies by all levels of society, and the exercise of control by the citizenry.

The ESP will be achieved through a five-year Priority Action Plan (PAP) built on the strategic pillars, sector objectives, and main directions of the strategy. The PAP is elaborated through development projects and programs incorporated in the 2014-2018 budget framework.

The PAP is built on the basis of an optimistic scenario evaluated at CFAF 9685.7 billion. Financing is in place for CFAF 5737.6 billion, or 59.2%, while the financing gap is CFAF 2964 billion, or 30.6%, and that to be covered by additional revenues and savings on spending is CFAF984 billion, corresponding to 10.2%.

The diligent implementation of key reforms and the PAP projects will permit the achievement of annual growth rates averaging 7.1% during the period 2014-2018, and the reduction of the fiscal deficit from 5.4% in 2013 to 3.9% in 2018. The current account deficit will be brought below 6% in 2018 and the rate of inflation, measured by the GDP deflator, will remain below the WAEMU threshold of 3%.

The institutional framework for the implementation of the ESP will consist of : a Strategic Orientation Committee, under the authority of the President of the Republic, a Steering Committee chaired by the Prime Minister, an operational Bureau for the monitoring of the ESP (BOSSE), and executing structures.

The principal risk factors for the success of the ESP are institutional instability, resistance to change, weak ownership, inadequate resource mobilization, lack of the necessary human resources to conduct the reforms and projects, delays in the investment climate reforms and the modernization of public administration, unexpected social spending, climatic shocks (flooding, drought), limited absorptive capacity, and insufficient monitoring and evaluation.