

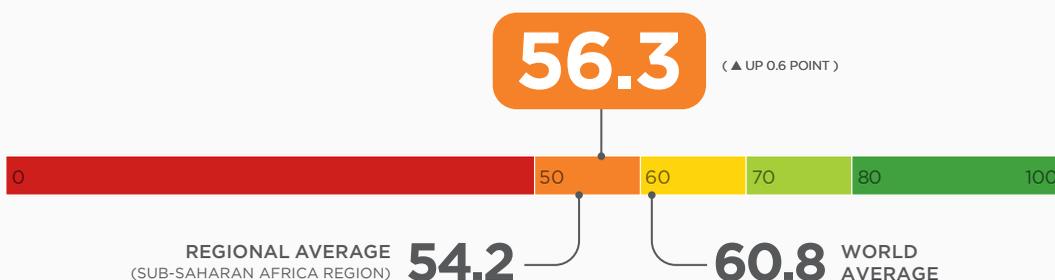
SENEGAL

Senegal's economic freedom score is 56.3, making its economy the 117th freest in the 2019 *Index*. Its overall score has increased by 0.6 point, with improvements in **property rights** and **trade freedom** exceeding declines in **government integrity**, **monetary freedom**, and **labor freedom**. Senegal is ranked 16th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Amid robust, private sector-driven GDP growth, the government promises to maintain macroeconomic stability and plans additional structural reforms to support private investment and increase economic diversification. Infrastructure investments will rely on loans from the EU and China. Senegal needs further streamlining of the regulatory framework, greater openness to trade and investment, more effective enforcement of anticorruption measures, and other institutional reforms to improve its entrepreneurial climate. Systemic weaknesses persist in the rule of law, and the judiciary remains vulnerable to political influence.



ECONOMIC FREEDOM SCORE

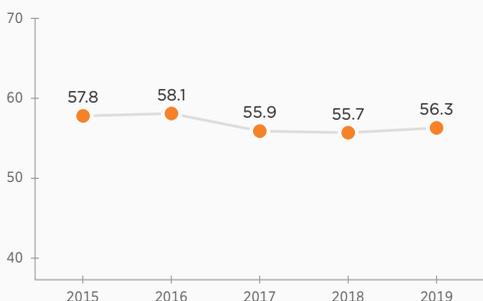


RELATIVE STRENGTHS:
 Monetary Freedom and Government Spending

HISTORICAL INDEX SCORE CHANGE (SINCE 1996):
 -1.9

CONCERNS:
 Labor Freedom and Financial Freedom

FREEDOM TREND



QUICK FACTS

POPULATION:
 15.9 million

GDP (PPP):
 \$43.2 billion
 7.2% growth in 2017
 5-year compound annual growth 5.6%
 \$2,727 per capita

UNEMPLOYMENT:
 4.9%

INFLATION (CPI):
 1.4%

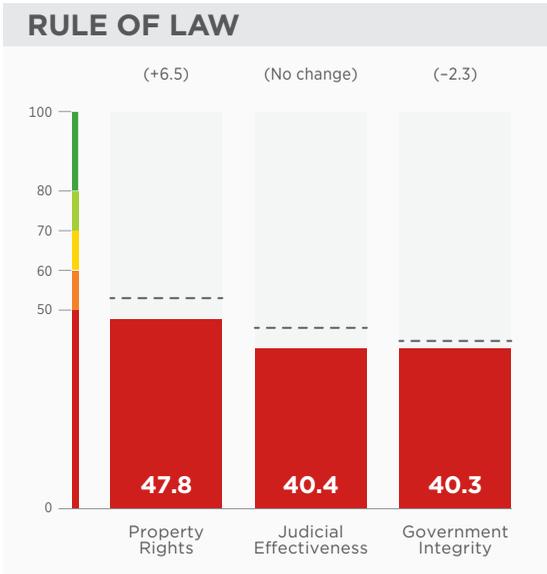
FDI INFLOW:
 \$532.3 million

PUBLIC DEBT:
 61.2% of GDP

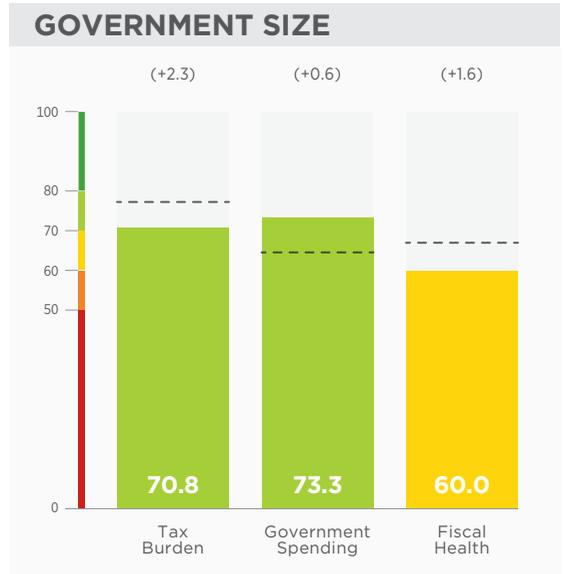
2017 data unless otherwise noted. Data compiled as of September 2018

BACKGROUND: A low-level separatist insurgency by the rebel Movement of Democratic Forces of Casamance in the South of this former French colony ended with a cease-fire in 2014. Macky Sall of the Alliance for the Republic-Yakaar party was elected to a seven-year term as president in 2012. In 2017, his coalition won 75 percent of the National Assembly's seats in elections that were protested by the opposition. In 2016, the constitution was changed to shorten presidential terms from seven to five years, prohibit more than two terms, and reduce presidential power in favor of the legislature. Phosphate mining, fertilizer production, construction, tourism, fisheries, and agriculture propel Senegal's economy. Major offshore oil and gas fields are also being developed.

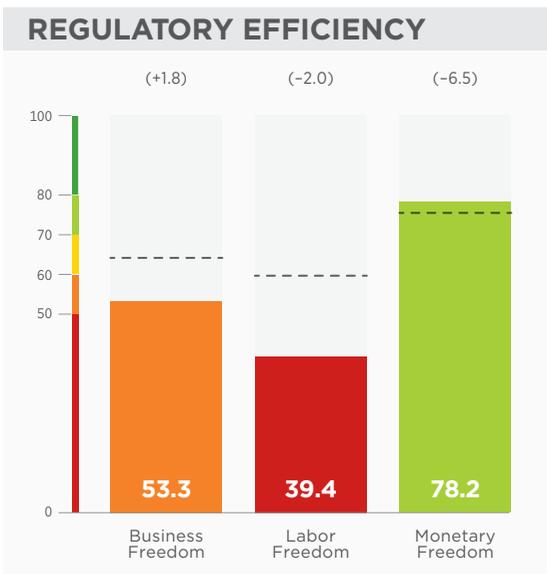
12 ECONOMIC FREEDOMS | SENEGAL



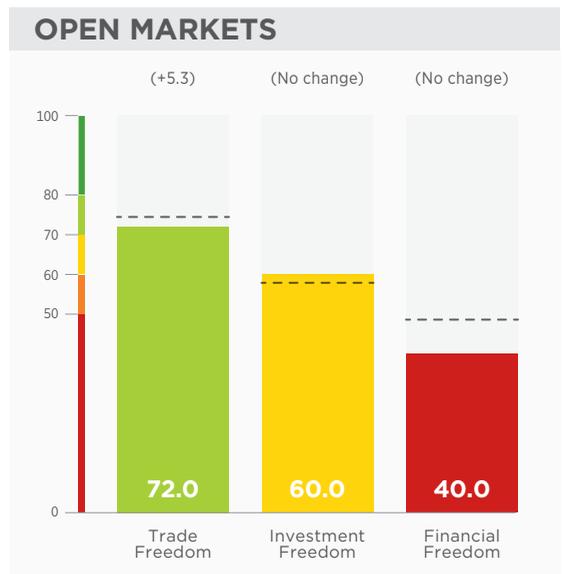
Property titling procedures are applied unevenly across the country. Settling contractual disputes is often cumbersome and slow. The judiciary is independent but underresourced and subject to external influences. The government has prioritized efforts to fight corruption, but weak institutions hinder the enforcement of legal prohibitions. The public remains frustrated with the slow progress of political and social reform.



The top individual income tax rate is 40 percent, and the top corporate tax rate is 30 percent. Other taxes include value-added and insurance taxes. The overall tax burden equals 20.4 percent of total domestic income. Over the past three years, government spending has amounted to 29.8 percent of the country's output (GDP), and budget deficits have averaged 4.5 percent of GDP. Public debt is equivalent to 61.2 percent of GDP.



Although the process for establishing a business has become more streamlined, start-up costs remain substantial. The overall regulatory environment is vulnerable to arbitrary decision-making and corruption. A formal urban labor market has been slow to develop. Higher energy subsidies and a lack of governmental resources to fund them have increased fiscal obligations to state-owned electricity and oil-importing companies.



The combined value of exports and imports is equal to 69.8 percent of GDP. The average applied tariff rate is 9.0 percent. As of June 30, 2018, according to the WTO, Senegal had three nontariff measures in force. Most sectors of the economy are open to foreign investment, but foreign investors also face bureaucratic barriers. About 47 percent of adult Senegalese have access to an account with a formal banking institution.