



Senegal

Senegal: Conclusion

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Chart 38: Recommendations

Recommendations:

- Diversify the economy
- Address tourism industry challenges
- Reduce population growth rate
- Effectively manage emerging oil and gas sector
- Boost youth employment and skills training
- Rapidly formalise the informal sector
- Create an enabling business environment
- Enforce policies to protect the environment
- Modernise agriculture practices
- Leverage trade liberalisation schemes
- Improve access to finance and credit

The preceding analysis of Senegal's developmental trajectory analysis identifies several key challenges and opportunities that will shape its future economic landscape and societal well-being. Challenges include undiversified exports, high poverty rates, rising public debt, inadequate infrastructure, poor educational quality and school dropout, weak institutions and climatic hazards.

Our investigation into eight sectoral scenarios illustrates the profound impact that targeted policies can have on accelerating development beyond the current baseline. The Manufacturing, Education, and Governance scenarios, in particular, demonstrate robust potential for increasing average incomes, and improving living standards and poverty reduction:

The **Manufacturing scenario** suggests that strategic investments in this sector could significantly raise GDP per capita. More importantly, it has the greatest potential to reduce extreme poverty, highlighting the critical role of industrial development in economic transformation.

In the **Governance scenario**, our analysis indicates that enhancing institutional quality and public administration can lead to higher investor confidence and more efficient resource allocation. Improved governance also facilitates equitable growth, crucial for reducing inequalities and fostering inclusive development.

The **Education scenario** emphasises the long-term benefits of investing in human capital. It projects that improvements in educational access, quality, and relevance to labour market needs are essential for equipping the workforce with the necessary skills to drive economic innovation and competitiveness.

Our exploration of the Combined Agenda 2063 scenario underscores the synergistic effects of simultaneous investments across multiple sectors. This integrated approach could significantly enhance shared growth and prosperity in Senegal, with an 86% increase in GDP compared to the Current Path forecast by 2043. This scenario also suggests a dramatic reduction in poverty, with only 3.2% of the population expected to live in extreme poverty by 2043, demonstrating the profound impact of holistic development strategies.

Senegal can seize several specific opportunities for a sustainable growth path:

- **Demographic Dividend:** Senegal's young and growing population could be a significant asset if effectively integrated into the economy.
- **Regional Integration:** Senegal stands to benefit from deeper regional integration through the African Continental Free Trade Area (AfCFTA).
- **Renewable Energy Potential:** Senegal has considerable potential to develop renewable energy sources, such as solar and wind.
- **Technological Advancements:** Leveraging technology for digital transformation presents an opportunity to leapfrog traditional phases of development.
- **Agricultural Transformation:** Modernising agriculture through technology and improved agricultural practices can increase productivity, ensure food security, and reduce rural poverty.

This report recommends that policymakers in Senegal prioritise a holistic development strategy that integrates improvements across the eight sectors, as discussed above. Such an approach not only aligns with the African Union's Agenda 2063 but also sets a strategic framework for sustainable growth and shared prosperity in Senegal. Commitment from all levels of government and cooperation with international partners will be crucial in transforming these opportunities into tangible outcomes for all Senegalese citizens.

Specifically, policymakers in Senegal should:

- Diversify the economy to reduce vulnerability to international commodity shocks by focusing on and intensifying the production of other cash crops, such as cotton and sugar, for export.
- Address the numerous challenges confronting its booming tourism industry to continue its role as a major foreign exchange earner.
- Ensure proper and effective management of its emerging oil and gas sector and other minerals, especially the accruing revenues, to achieve shared growth and prosperity.
- Reduce population growth rate to advance the opportunity for a demographic dividend through the use of modern contraceptives.
- Focus on youth employment and skills development that can harness the demographic dividend to fuel economic growth.
- Ensure rapid formalisation of informal sector activities to increase government revenue and improve working conditions. This can be achieved by facilitating business registration and regulation, especially among small businesses.
- Create an enabling business environment to attract foreign direct investment, especially in its emerging oil and gas sector.
- Enact and enforce policies to protect the environment against harmful practices, such as land degradation, to ensure sustainable agriculture practices.
- Modernise agriculture by providing and improving storage facilities, fertilisers, seedlings and irrigation facilities to increase agricultural productivity, ensure food security, and reduce rural poverty.
- Leverage the AfCFTA and the ECOWAS trade liberalisation scheme to drive competitiveness, enhance manufacturing, and trade more, especially in the West African region.
- Improve access to finance and reduce the cost of credit to the private sector to make them more competitive.
- Rely on its vast renewable energy sources, particularly wind power, to improve access to electricity, especially in rural communities and contribute to environmental sustainability.
- Reduce the mismatch between education and labour market requirements, by offering more vocational and technical training instead of singularly focusing on academic teaching. Educational institutions should also liaise with businesses to provide apprenticeship and internship programmes as part of the curriculum.
- Enhance the school feeding programme launched during COVID-19 to improve school attendance and enrolment at the basic levels. Likewise, it should provide free uniforms and other learning materials targeting poorer households.
- Address conflict in the southern part of the country to improve educational enrolment in these areas.
- Senegalese authorities should embark on constitutional and institutional reforms that will improve governance in Senegal, especially reforms to strengthen the independence of the judiciary and legislature to effectively check the executive.
- Strengthen and resource anti-corruption institutions to fight corruption, and create an environment that will enable the

media and civil society organisations to thrive and protect the country's enduring democracy.

- Implement digital solutions to enhance service delivery, improve government efficiency, and foster innovation.

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Mr Enoch Randy Aikins joined the AFI in May 2021. Before that, Enoch was a research and programmes officer at the Institute for Democratic Governance in Accra. He also worked as a research assistant (economic division) with the Institute for Statistical Social and Economic Research at the University of Ghana. Enoch's interests include African politics and governance, economic development, public sector reform, poverty and inequality. He has an MPhil in economics from the University of Ghana, Legon.

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