

Senegal

Senegal's economy initiated its recovery in 2010.

Difficulties in the energy sector are one of the main obstacles to this recovery.

A new partnership for the economic development in Senegal has been sealed this year.

After two years marked by the effects of the global financial crisis, the Senegalese economy began to recover in 2010 thanks to the global economic recovery and the measures taken by the authorities to boost national economic activity. Gross domestic product (GDP) was estimated to have grown from 2.2% in 2009 to 4.2% in 2010, and is projected to reach 4.5% in 2011. This will be largely due to the performance of the three sectors of the economy – primary, secondary and tertiary – which respectively accounted for 14.7%, 20.4% and 64.9% (including administration) of GDP in 2010.

Analysis of the basic macroeconomic indicators in 2010 reveals the start of a recovery in the Senegalese economy. The real growth rate thus rose from 2.2% in 2009 to 4.2% in 2010 and 4.5% in 2011 (forecasts). The average annual rate of inflation (-1.0% in 2009) was 1.2% in 2010. In 2011 inflation measured by the GDP deflator is forecast at 3% largely as a result of higher energy prices. The expected change in the investment rate measured by the Gross Fixed Capital Formation (GFCF) is positive: 23.9% of GDP in 2010 and 24.1% in 2011. The tax-burden rate of 18.9% in 2010 also complies with the requirements of the sub-regional convergence criteria (greater than or equal to 17%).

Senegal's external position in 2009 and 2010 resulted in an improved current account deficit (6.7% of GDP in 2009 and 5.9% of GDP in 2010, compared to 14.2% in 2008). The good rate of revenue collection, up by 11% compared to 2009, and control of the increase in public expenditure (7.1%) characterised Senegal's fiscal policy in 2010. The overall budget deficit, including grants, improved 0.4 percentage points, from 4.9% of GDP in 2009 to 4.5% in 2010. It was estimated at 5.8% in 2011.

Since 2000, Senegal has initiated new partnerships with emerging countries, particularly China, India and Iran. The main achievements are to be found in the areas of training, infrastructure and transport.

The year 2010 was marked by social movements linked to demands for better access to basic services, sometimes at the initiative of citizens' movements unrelated to opposition political parties. New armed clashes resulted in seven deaths among the armed forces in the Casamance region in December 2010. Specific development programmes are being implemented with the objective of re-establishing peace in the region.

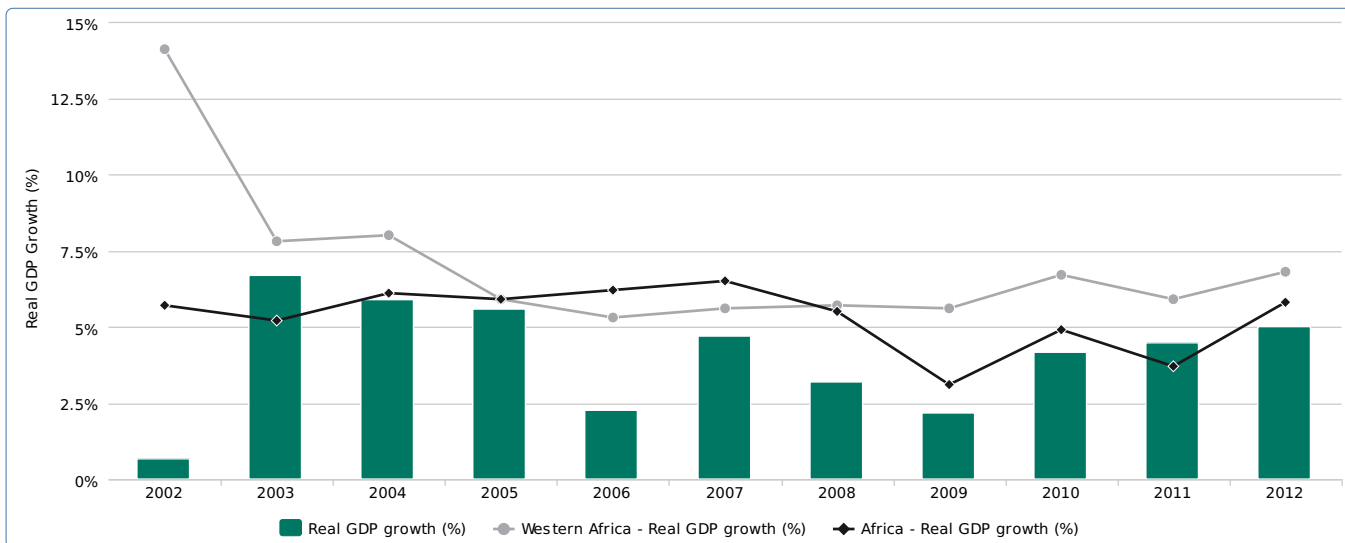
Table 1: Macroeconomic indicators

| | 2009 | 2010 | 2011 | 2012 |
|------------------------------|------|------|------|-------|
| Real GDP growth | 2.2 | 4.2 | 4.5 | 5 |
| CPI inflation | -1.1 | 1.2 | 3 | 2.3 |
| Budget balance % GDP | -4.9 | -4.5 | -5.8 | -6.3 |
| Current account % GDP | -6.7 | -5.9 | -5.9 | -10.3 |

Source: National authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

Figure 1: Real GDP growth (W)



Source: IMF and local authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.