



SENEGAL BUSINESS ENVIRONMENT UPDATE

June 16, 2020

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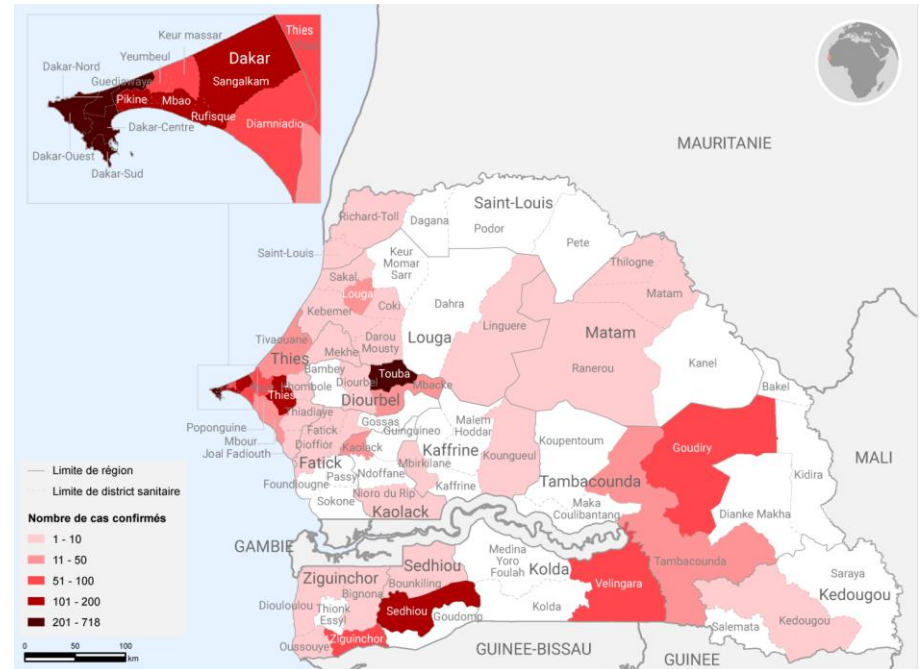
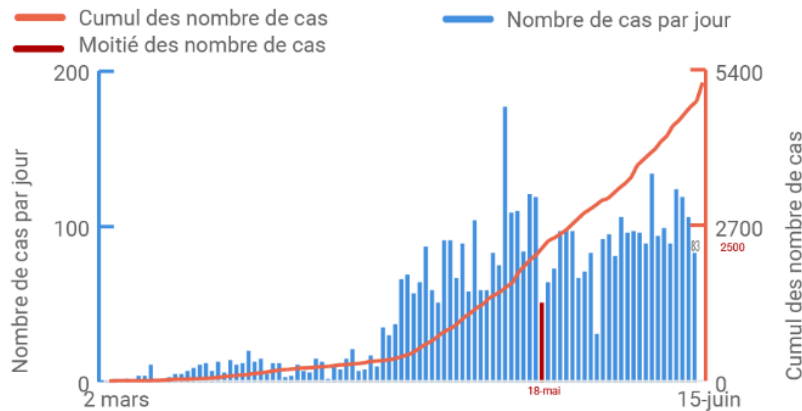
Senegal at glance

- Located at the extreme West of the African continent, a **strategic geographical position** that gives an opening to the world and a easy accessibility.
- With its 16 million inhabitants, Senegal has a **highly educated and skilled workforce** with a **long history of social and political stability**.
- Since the implementation of the **Emerging Senegal Plan (ESP)** in 2014, there is a sustained **economic growth of more than 6%** (except for 2019).
- Member of the West African Monetary Union **UEMOA** and the regional bloc **CEDEAO** (15 countries and more than 300 million potential consumers).
- Implementation of a **major reform agenda to stimulate FDI flows** in key sectors, including agriculture, industry, tourism, transport infrastructure and extractive industries.
- Several **investment protection and promotion agreements** signed with several dozen partner countries around the world.



The current situation of the COVID-19 pandemic

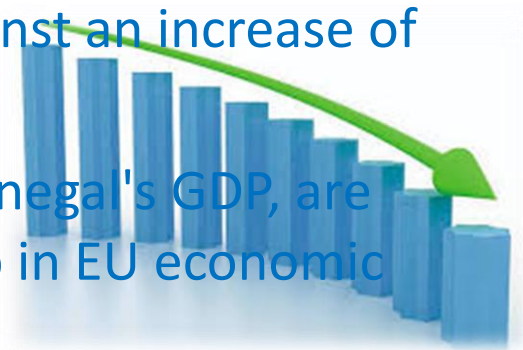
- Confirmed cases: 5173
- Cases under treatment: 1684
- Healed cases: 3424
- Number of deaths : 64



- State of emergency over the entire of the national territory (until June 30)
- Curfew from 11 p.m. to 5 a.m.
- Gradual resumption of domestic flights (from June 15)
- Reopening of bus stations, intercity transport, restaurants and sports halls.
- Extension of the closure of the air borders (until June 30)

Impact of COVID-19 pandemic on the Economy

- Senegal's economic growth is expected to fall from 5.3% (2019) to 3% of GDP in 2020.
- Estimated decrease of **Exports** by 16% in 2020 against an increase of 9% in 2019.
- **Imports** would drop sharply by 18% in 2020 against an increase of 6% 2019.
- **Remittances**, representing more than 10% of Senegal's GDP, are expected to drop by almost 30% due to the drop in EU economic activity.
- A reduction by 0.9% in the production was noted in Industrial activity.
- The **most affected sectors** : accommodation & catering, trade, transport and education.





Impact of COVID-19 pandemic on the Private Sector (1/2)

- According to the National Agency ADEPME, a survey of 800 companies revealed that:
 - 65% have lost 60% of their turnover and,
 - 40% have stopped their activities.
- The drop in demand and the difficulties of transport and delivery are affecting employees, companies and their customers and suppliers.
- Employees in under activities are put in technical or partial unemployment or on leave.
- Reorganization of activities by teleworking, rotation shift and electronic commerce.
- Food and pharmaceutical industries are struggling to keep up with the demand.



Impact of COVID-19 pandemic on the Private Sector (2/2)

- Some companies are reorienting their production chains, shifting to the production of basic necessities such as ventilators, masks and intensive care units.
- The companies processing local raw materials (peanuts, cotton, fishing, phosphates,...) are facing difficulties due to the slowdown in international trade.
- Some companies are rethinking their business model due to shortages of supplies from abroad, which have been made up by the increase in input purchases from local or regional companies.





Economic measures taken by the State of Senegal

- The State of Senegal set up the **Economic and Social Resilience Program (PRES)** as a response to mitigate the effects of the Covid-19 pandemic on populations and businesses.
- The PRES is financed by the Response Fund against the Effects of Covid-19 called "Force Covid-19" endowed with 1,000 billion FCFA (equiv. 1.6 billion USD).
- The PRES is based on **social, fiscal and financial measures.**



Pillars of the Economic and Social Resilience Program

Economic and Social Resilience Program

Strengthening of
the health
system

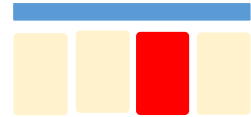
Strengthening
the social
resilience of
populations

Macroeconomic
and financial
stability to
support the
private sector
and maintain
jobs.

Regular supply
of hydrocarbons,
medical
products,
pharmaceuticals
and first
necessity
foodstuffs.



The 3rd pillar includes 14 measures aimed at supporting companies affected by the crisis linked to the pandemic to develop resilience in relation to its effects (1/2)

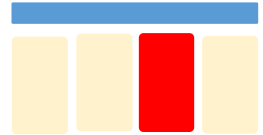


Taxation

- Reimbursement of VAT credits in shortened time frames to remit cash to businesses
- Tax rebates and suspensions
- Deferred payment of taxes
- Extension of the general deadline for payment of suspended VAT collected by customs and tax services from 12 to 24 months
- Partial remission of the tax debt recognized as of December 31, 2019
- Suspension of collection of tax and customs debt
- Deduction of donations on future tax debt



The 3rd pillar includes 14 measures aimed at supporting companies affected by the crisis linked to the pandemic to develop resilience in relation to its effects (2/2)



Financing

- Establishment of a financing mechanism related to the financial sector
- Clearance of debts owed to government suppliers
- Specific support for the sectors most affected by the crisis
- Support through FONGIP for Decentralized Financial Systems (DFS) for the benefit of Very Small Businesses
- DER interventions for companies already in the portfolio, for new targeted entrepreneurs and start-ups

Others

- Social measures - Work and health
- Security measures

Investment opportunities for Japanese companies

- **Agriculture and agrobusiness**
- **Seafood and aquaculture**
- **Extractive**
- **Digital economy**
- **Health**
- **Tourism**



Integrated Industrial Park of Diamniadio

Agriculture & agrobusiness

- Key sector in the Economy of Senegal;
- 18% of GDP;
- 60% of the working population;
- 4 million ha of arable land;
- A very favourable oceanic climate conducive to off-season farming;
- Several types of soils adapted to cereal and horticultural crops;
- 3 major projects are underway: integrated agropoles, granary areas, and integrated farms.



Proven investment opportunities in the modernization of agricultural practices, in the infrastructure platform and in marketing, including:

- Off-season export horticulture (sweet corn, cherry tomato, melon, etc.)
- Cereal crops (rice, wheat, etc.)
- Post-harvest infrastructure (transport, packaging, storage)
- Production and marketing of inputs (fertilizers, seeds, phytosanitary products, etc.)
- Production and marketing of agricultural equipment
- Processing industries (fresh, manufactured, dried fruits etc.)
- Agricultural and hydro-agricultural development

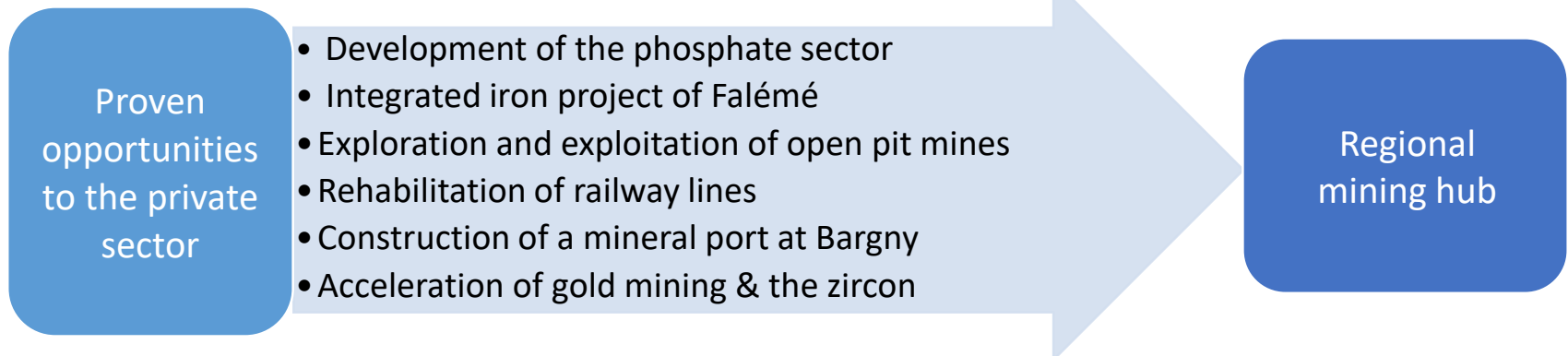
Seafood & aquaculture

- The fisheries sub-sector contributes substantially to the socio- economic development:
 - 487 437 tons landed in 2016;
 - About 1.8% of total GDP;
 - 17% of the working population;
 - 70% to the nutritional intake in protein of animal origin;
 - 67 land-based processing plants and 77 freezer vessels approved for export.
- The Senegalese maritime zone (198.000 km²) has an immense biological diversity.
- Aquaculture is one of the pillars of the country's development strategy for sustained and sustainable growth. Investment opportunities include:
 - Potential for tilapia production;
 - Potential for aquaculture production of Tiger shrimp;
 - Production of feeding fry;
 - Use of omega 3 for medicinal purposes.



Extractive

- Senegal has a rich basement with **various mineral resources** such as:
 - precious metals (gold and platinoids);
 - base metals (iron, copper, chromium, nickel);
 - industrial minerals (phosphates, industrial limestones, salts, etc.);
 - heavy minerals (zircon, titanium, etc.);
 - Ornamental stones and building materials.
- To valorize all these mineral resources (reserves of 750 millions tons), Senegal undertook a vast policy of opening up the sector to develop in particular the **foreign mining investment**.
- Significant discoveries of **oil and gas** deposits have been made recently in the Senegalese sedimentary basin. With available gas reserves, Senegal occupies the 7th place in the world.



Digital Economy

- Senegal is increasingly positioned as a leader of ICT and teleservices in Sub-Saharan Africa.
- An annual growth sector of more than 20% , drawn by mobile telephony and service offers.



Competitive advantages

- A healthy and fair competition guaranteed by the Regulatory Authority
- A secured legislative and regulatory framework
- First-class telecommunication facilities
- geographical and cultural proximity with contractors from the West
- Quality and competitiveness of the labor force
- Potential for the development of IT services with added value (software engineering, integration of IT systems, application maintenance, development of mobile applications, etc.)

Various sectoral opportunities

- Business process outsourcing (client relationship, remote data entry, data processing, etc.)
- IT engineering (application management, systems integration, development of specific applications, mobile banking, etc.)
- Contact Centre (telemarketing, Hotline, remote technical support, etc.)

Health

- The health sector is an important pillar for sustainable growth and **key investment destination**.
- Senegal has become **the West African hub for health services** in general (quality of its technical platform and the expertise of medical resources).
- Senegal also has an excellent **faculty of medicine** that trains nationals of the sub-region and Northern Africa.
- The situation of COVID-19 pandemic reveals the necessary **revival of the pharmaceutical industry** and the strengthening of the manufacturing industry of medical products and equipment.
- Senegal is developing a more sophisticated service offering **to attract investors in high-tech areas** (medical biotechnology, cancer institutes, pharmaceutical analysis laboratories and thalassotherapy).



Tourism

THE COUNTRY OF TERANGA*

- Important assets with its coastal, fluvial, terrestrial ecosystems, its parks and reserves and biodiversity.
- A strong predominance of seaside tourism and business tourism (54% and 33% of supply).
- The Government of Senegal is implementing the Tourism and Enterprise Development Project to create necessary conditions to increase private investment.

*Hospitality

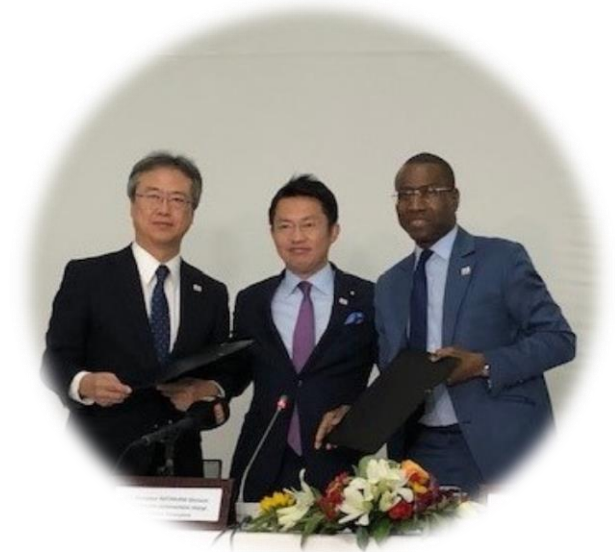
INVESTMENT OPPORTUNITIES

- Establishment of 3-6 integrated and targeted tourist developments around clear segments (seaside, cultural/religious, business, eco-tourism);
- Development of the supply of air and city trip in Dakar and its peripheral zone;
- Development of new generation tourist resorts (hotels, resorts, restaurants).
- Training institute



Emerging Senegal Plan post-Covid19.

On May 18, Minister Amadou HOTT announced "that the initiative of developing the ESP post-COVID 19 aims to revisit the strategic objectives and expected results in order to **strengthen health and food sovereignty, as well as industrialization**".



The first edition of the Joint Economic Committee for the **Investment Promotion of Japanese companies in Senegal** held on Feb. 2020 under the co-chairmanship of H.E.M. ARAI Tatsuo, Ambassador of Japan in Senegal and H.E.M. Amadou HOTT, Minister of the Economy, Planning and Cooperation of Senegal during the mission of H.E.M. NAKATANI Shinichi, Parliamentary Deputy Minister in charge of Foreign Affairs of Japan (in the center).



In order to facilitate Foreign Direct Investment, **UNIDO** has developed with the Government of Senegal a **Programme for Country Partnership** that includes a series of instruments creating an attractive business environment: (1/2)

Special Economic Zones

Investors who invest in these SEZ benefit from various advantages at financial, fiscal and services levels.

Integrated International Industrial Platforms

Access to land is sometimes a lengthy and complex process. The industrial platforms offer attractive modern logistical environments with a one-stop-shop that facilitate the installation and the operationalization of industrial projects.

In order to facilitate Foreign Direct Investment, **UNIDO** has developed with the Government of Senegal a **Programme for Country Partnership** that includes a series of instruments creating an attractive business environment: (2/2)

Regional agro-industrial hubs

Those hubs (agropoles) under establishment will bring together producers, transformers and buyers in order to modernize agricultural value chains. They should also benefit from the Special Economic Zone status in the near future.

Regional Mining Hub

Senegal is supporting the progressive development of the local processing. For this objective, it is building a performing and attractive ecosystem with international quality services, logistic and human resources in the mining sector.



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