

AFRICA RISK CONSULTING**Senegal Monthly Briefing November 2015**

Senegal Summary 25 November 2015

Senegalese authorities arrest several suspects allegedly linked to Nigerian militant group Boko Haram. The government increases security amid rising regional and international terrorism threats. The marginally increased draft 2016 budget shows government commitment to maintaining fiscal stability and a slowly improving economic outlook. However, government debt is increasing and reforms remain slow. Senegal makes little improvement in the World Bank's annual 'Doing Business' rankings, highlighting subdued business confidence.

Authorities increase security amid increased terrorism threats

Senegalese authorities have made several arrests linked to terrorism, highlighting the increasing jihadi trend in the **West Africa** sub-region. On 9 November, Senegalese authorities confirmed that in October they arrested five people in **Dakar** and **Kaolack (Kaolack Region)** with suspected links to **Nigerian** militant group **Boko Haram**.¹ On 6 November, a local judge charged the suspects with several offenses including relations with a terrorist organisation, financing terrorism, and money laundering.² The investigating judge, **Samba Sall**, confirmed that authorities had arrested two further suspects, taking the total to four imams and three women in several locations across the country.³ The authorities arrested at least one of the imams in **Kolda (Kolda Region)** in the south of the country on the basis of comments he had made during his sermons.⁴

*"The authorities claim that one teacher arrested in **Kédougou** (south-eastern Senegal) was advocating for an Islamic government in Senegal. He is said to have been in contact with the Muslim preacher arrested in Kaolack. There were two women arrested in **Guediawaye** (a suburb of Dakar). Authorities claimed they, as well as the preacher in Kaolack, were in contact with Boko Haram in Nigeria."*

*"The authorities have not provided any further information and there is some speculation about the evidence against these people. But, with what happened in **France** and **Mali** (see below), I can guarantee that those who dare to criticise the government decisions on that topic are a very small minority."⁵*

Boko Haram, based in northeast Nigeria, has declared its allegiance to **Islamic State** based in **Syria** and **Iraq**.⁶ The group has carried out around 20,000 killings in Nigeria and the **Lake Chad** region, which includes neighbouring **Cameroon**, **Chad** and **Niger**, in the six years since starting its insurgency.⁷ It aims to form a fundamentalist Islamic state in the region.⁸

1 Reuters, 9 Nov 2015.

2 Reuters, 9 Nov 2015.

3 AP, 7 Nov 2015.

4 Reuters, 9 Nov 2015.

5 Source, investigator, Senegal

6 Reuters, 9 Nov 2015.

7 Amnesty International

8 Reuters, 9 Nov 2015.

Following the arrests, on 16 November interior minister **Abdoulaye Daouda** announced that the government would propose a law to ban women from wearing the full-face Islamic veil in public.⁹ Four African states – Chad, **Gabon**, Cameroon and **Republic of Congo** – have banned the full-face veil in public.¹⁰ Some Boko Haram militants have worn the full-face veil as a disguise in suicide attacks.¹¹ France became the first **European** country to ban the full-face veil in public in 2011.

In another move to curb potential jihadist activity, the government announced that it would deactivate all unregistered mobile Sim cards by 30 November.¹² Nigerian officials have recently claimed that Boko Haram has used unregistered mobile phones to organise activities.¹³

Security has increased in Dakar in particular. Previously security checks in the capital were minimal.

“At the moment, you can see that security forces are seen everywhere. If you go in an international hotel, you’ll be thoroughly screened, as well as all your belongings.”¹⁴

Increased focus on security in Senegal comes in the context of increasing terrorist activity in Senegal’s regional and international allies. Attacks in **Paris** (France) on 13 November resulted in 130 deaths and an attack on the **Radisson Blu** in **Bamako** (Mali) on 20 November resulted in 19 deaths.¹⁵

Senegal’s majority-Muslim¹⁶ population practises a tolerant version of Islam. Following the announcement of the recent arrests, President **Macky Sall** (2012- present) publicly criticised the “*excessive form*”¹⁷ of Islam, which has led to the rise of jihadi groups and which “*does not correspond to our traditions or our conceptions of Islam*”.¹⁸ He called for training for clerics to ensure they promote “*tolerant Islam*”¹⁹ and “*greater vigilance*”²⁰. Sall made the comments at the second **Forum International sur la Paix et la Sécurité en Afrique** (International Forum on Peace and Security in Africa) which took place in Dakar from 9 to 10 November, and focused on developing a coordinated response to the jihadi threats. Around 800 local, regional and international security officials, diplomats, politicians, analysts and researchers attended the conference.²¹ French defence minister **Jean-Yves Le Drian** called for the promotion of moderate interpretations of Islam and combatting extremist propaganda on social media.²² Sall also called for strengthening intelligence cooperation between regional and international allies.²³

Senegal’s perceived immunity to the more fundamentalist forms of Islam practised by jihadist groups in northern Mali in particular has reduced in recent years. A May 2013 **Institute of Security Studies** survey²⁴ claimed that a small minority of Senegalese supported the **Al Qaeda**-linked jihadists’ takeover of northern Mali in 2012 and that “*radical rhetoric is creeping in*”.²⁵ At the time, Senegalese security forces had arrested 16 suspected members of regional terrorist groups.²⁶ The government

⁹ BBC, 18 Nov 2015.

¹⁰ BBC, 18 Nov 2015.

¹¹ BBC, 18 Nov 2015.

¹² BBC, 18 Nov 2015.

¹³ BBC, 18 Nov 2015.

¹⁴ Source, investigator, Senegal

¹⁵ Reuters, 24 Nov 2015.

¹⁶ Various sources place the percentage around 90% (www.au-senegal.com)

¹⁷ BBC, 10 Nov 2015.

¹⁸ BBC, 10 Nov 2015.

¹⁹ BBC, 10 Nov 2015.

²⁰ RFI, 8 Nov 2015.

²¹ International Business Times, 10 Nov 2015.

²² AFP, 10 Nov 2015.

²³ Jeune Afrique, 9 Nov 2015.

²⁴ Based on 400 interviews with Senegalese

²⁵ Based on 400 interviews with Senegalese

²⁶ VOA, 28 May 2013.

also confirmed the existence of jihadist sleeper cells in Senegal and that Senegalese have travelled to northern Mali to join the jihadists.²⁷

Draft 2016 budget improves fiscal stability

The government has marginally increased the draft budget for 2016. On 8 October the finance ministry announced a CFA3,022 billion (\$4.9 billion) draft 2016 budget, compared to CFA2,869 billion (\$4.7 billion) in 2015, or a 5.4% increase.²⁸ According to government spokesman **Seydou Gueye**, government revenues account for 58% of the budget, which indicated increasing "*fiscal sovereignty*".²⁹ Government revenues accounted for 22% of the budget in 2000.³⁰ Budget minister **Birima Mangara** also confirmed that the draft 2016 budget would not raise taxes in 2016.³¹ However, the government aims to raise revenue from taxes to CFA1,72 billion (\$3 billion) in 2016 through tax administration improvements and enforcement.³²

A key aim of the budget is to contain the public wage bill at CFA556 billion (\$901m).³³ The government confirmed that from 2000 to 2015 the public sector wage bill had increased from CFA173 billion (\$280m) for 66,000 employees to CFA526 billion (\$853m) for 108,000 employees. The government has taken several other measures to reduce spending in the public service.³⁴

Other focus areas include investment in social sectors to combat poverty and the **Plan Senegal Emergent (PSE)** economic plan.³⁵ The budget includes provisions for the payment of student bursaries and family security grants for around 300,000 households in 2016.³⁶ Allocations to governance, peace and security initiatives will also increase in 2016. CFA76 billion (\$123m) of the budget is directed to security forces, local government development programmes and a good governance programme.³⁷ Government spending will increase 9% to CFA1,048 billion (\$1.7 billion).³⁸

Budget minister Mangara confirmed the government aims to achieve an economic growth rate of over 5% of gross domestic product (GDP) in 2016.³⁹ The government's forecast is in line with a **Moody's Investors Service** review released on 24 November.⁴⁰ Moody's forecast economic growth to increase to 5%-6% in 2015 and 2016, up from an average of 3.7% from 2010 to 2014, but below the government's 7%-8% target under the PSE.⁴¹ Moody's said the government's reform agenda and low commodity prices would boost growth.⁴² However, Moody's said high government debt will constrain government attempts to raise finance.⁴³ According to the finance ministry, the government debt-to-GDP ratio is 53%.⁴⁴ Following the budget announcement, on 30 October the treasury launched a CFA50 billion (\$81m) bond issue on the regional **Union Economique et Monétaire Ouest-Africaine (UEMOA)** market to partially finance the 2015 budget deficit.⁴⁵ The 2014 budget deficit was CFA392

²⁷ VOA, 28 May 2013.

²⁸ Le Quotidien, 10 Oct 2015.

²⁹ Le Quotidien, 10 Oct 2015.

³⁰ Senxibar, 8 Oct 2015.

³¹ Tax News, 19 Oct 2015.

³² Tax News, 19 Oct 2015.

³³ Sud Online, 10 Oct 2015.

³⁴ Dakar Actu, 10 Oct 2015.

³⁵ Le Quotidien, 10 Oct 2015.

³⁶ Le Quotidien, 10 Oct 2015.

³⁷ Sud Online, 10 Oct 2015.

³⁸ Le Quotidien, 10 Oct 2015.

³⁹ Le Quotidien, 10 Oct 2015.

⁴⁰ Moody's Investors Service, 24 Nov 2015.

⁴¹ Moody's Investors Service, 24 Nov 2015.

⁴² Moody's Investors Service, 24 Nov 2015.

⁴³ Moody's Investors Service, 24 Nov 2015.

⁴⁴ Senxibar, 8 Oct 2015.

⁴⁵ Jeune Afrique, 30 Oct 2015.

billion (\$636m), or 5% of GDP.⁴⁶ However, the deficit reduced to CFA135 billion (\$217m) in the first half of 2015, down 26% compared to the first half of 2014.⁴⁷ Moody's expects the fiscal deficit to reduce to 4.8% of GDP in 2015 and 4.3% of GDP in 2016.⁴⁸

Moody's also cited structural deficiencies as well as positive characteristics of the Senegalese economy:

"Senegal's relatively small economy is still constrained by low per capita GDP, energy supply shortages, under-developed transport links, and its vulnerability to economic shocks, both external and weather-related. Its economy remains also relatively uncompetitive."

"Senegal's history of political and macroeconomic stability and its membership of the West African Economic and Monetary Union, as well as the franc Zone, are positive factors that support its credit rating."⁴⁹

Senegal's Doing Business ranking remains poor

The **World Bank's** annual '**Doing Business**' report published on 27 October confirmed minimal improvement in the business environment in Senegal.⁵⁰ Senegal rose three places to 153 (out of 189 economies) in the rankings.⁵¹ The Senegalese government aims to place in the top 100 rankings.⁵² The report is based on 10 "*ease of doing business*" topics: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.⁵³ According to the report, Senegal made some improvements for the indices of registering property (to 152nd from 170th place), getting electricity (to 170th from 180th) and resolving insolvency (to 88th from 96th).⁵⁴

In the West Africa region, Senegal placed well below **Ghana** (114) and **Côte d'Ivoire** (142). **Mauritius** (32), **Rwanda** (62), **Botswana** (72), and **South Africa** (73) were the highest ranked **sub-Saharan Africa** countries.⁵⁵

Senegal's *Doing Business* ranking is in line with the slow pace of the economic recovery. It highlights a lack of progress in reforms to improve the business environment. As a further example, Senegal showed no improvement in the **World Economic Forum's (WEF) 2015-2016 Global Competitiveness Rankings** released on 30 September, placing 110th out of 140 countries.⁵⁶

Implications

There has been little jihadist activity in Senegal and the country has not been the subject of a significant terrorist attack. However, international security experts have claimed that Senegal's modern capital, Dakar, is a legitimate target for terrorists. A significant attack would undermine Senegal's position as a stable country in the region that promotes a moderate form of Islam. The lack of economic opportunities for an increasingly young population continues to raise the risk of jihadist activity in Senegal.

The draft 2016 budget highlights the government's commitment to fiscal stability, particularly due to the constraints placed on the public sector wage bill and other expenditure cuts to the public service. However, the budget also highlights the slow pace of the economic recovery and government reforms.

⁴⁶ Jeune Afrique, 30 Oct 2015.

⁴⁷ Jeune Afrique, 30 Oct 2015.

⁴⁸ Moody's Investors Service, 24 Nov 2015

⁴⁹ Moody's Investors Service, 24 Nov 2015

⁵⁰ www3.weforum.org

⁵¹ www3.weforum.org

⁵² Jeune Afrique, 29 Oct 2015.

⁵³ www3.weforum.org

⁵⁴ www3.weforum.org

⁵⁵ www3.weforum.org

⁵⁶ See ARC Briefing for Senegal, Oct 2015.

Senegal's low *Doing Business* ranking is further confirmation of the slow pace of the economic recovery and reforms. The government has been unable to attract significant foreign investment and capitalise on the country's position as beacon stability in the region.

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