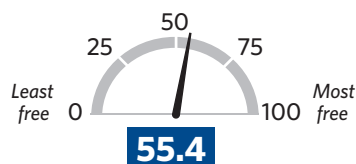




SENEGAL

Economic Freedom Score



World Rank: **120**

Regional Rank: **22**

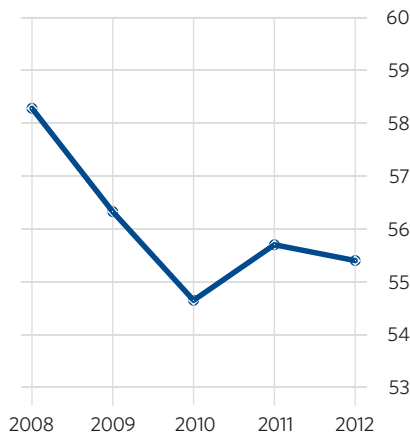
Senegal's economic freedom score is 55.4, making its economy the 120th freest in the 2012 *Index*. Its score has decreased by 0.3 point since last year, reflecting declines in four of the 10 economic freedoms including business freedom and trade freedom. Senegal is ranked 22nd out of 46 countries in the Sub-Saharan Africa region, and its score is below the world average.

The Senegalese economy has experienced uneven progress toward greater economic freedom over the past five years. The regulatory framework discourages dynamism and tends to curb private-sector development. Despite some improvement in streamlining business formation, government bureaucracy and the lack of transparency create a poor entrepreneurial climate, and the government's lack of commitment to open markets has hindered integration into the global marketplace.

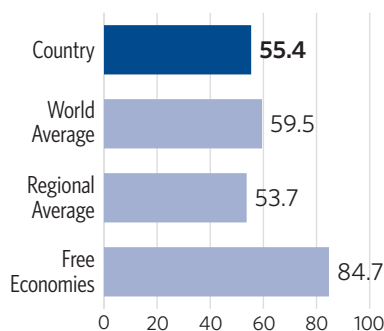
Implementation of deeper institutional reforms to improve the foundations of economic freedom is critical to Senegal's prospects for long-term economic development and greater poverty reduction. Systemic weaknesses persist in the protection of property rights and the effective enforcement of anti-corruption measures. The judiciary remains vulnerable to political influence.

BACKGROUND: President Abdoulaye Wade, elected in 2000 and re-elected in 2007, has amended Senegal's constitution over a dozen times to increase executive power and weaken the opposition. Privatization and market-oriented economic reforms have proceeded slowly. Peace in the southern Casamance region has progressed fitfully since a 2004 accord between the government and rebel leaders, but sporadic fighting continues. Agriculture and fishing occupy about three-quarters of the population. Informal employment is common in both urban and rural areas. Foreign assistance comprised over 20 percent of government spending in 2007. In 2010, the Senegalese people protested frequent power cuts. The government pledged to expand capacity by 2012 and to promote renewable energy, but until Senegal has more capacity, economic activity will be hindered.

Freedom Trend



Country Comparisons



Quick Facts

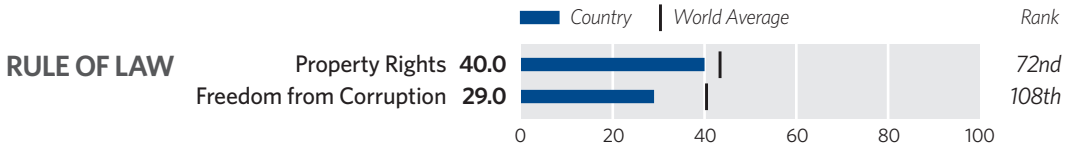
Population: 13.1 million
GDP (PPP): \$23.9 billion
 4.2% growth in 2010
 5-year compound annual growth 3.4%
 \$1,819 per capita
Unemployment: 48.0%
Inflation (CPI): 1.2%
FDI Inflow: \$237.2 million
Public Debt: 38.0% of GDP

How Do We Measure Economic Freedom?

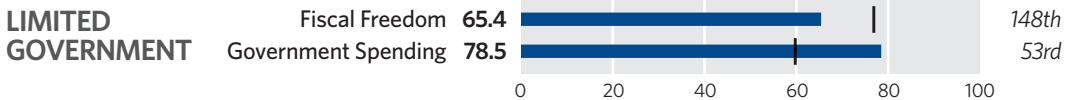
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
 Data compiled as of September 2011.

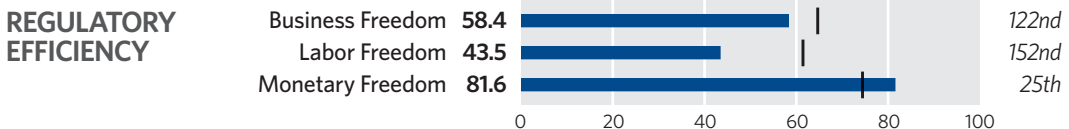
THE TEN ECONOMIC FREEDOMS



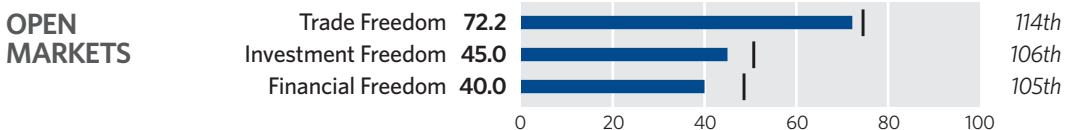
The legal system does not provide secure protection of property rights, and the rule of law remains weak. The government has streamlined procedures for registering property and reduced associated costs, but the administration of property titles and land registration procedures is uneven outside of urban areas. Commercial courts are inefficient, and rulings can be arbitrary and inconsistent. Corruption remains a cause for concern.



The top income tax rate is 50 percent, and the top corporate tax rate is 25 percent. Other taxes include a value-added tax (VAT) and an insurance tax, with the overall tax burden amounting to 18.3 percent of total domestic income. Government spending has increased to a level equivalent to 26.8 percent of total domestic product. The budget balance has been in chronic deficit, and public debt has reached around 40 percent of GDP.



The process for establishing a business is now more streamlined, but starting a business takes over twice the level of average annual income. Completing licensing requirements is time-consuming and costs over four times the level of average income. Given the large agricultural sector that employs about 70 percent of the working population, a formal urban labor market has been slow to emerge. Inflation is low.



The trade weighted average tariff rate is high at 8.9 percent, and layers of complex non-tariff barriers add to the cost of trade. Despite a desire to attract dynamic foreign investment, the bureaucratic approval process and poor investment infrastructure remain considerable impediments. Outmoded regulation, high credit costs, and scarce access to financing continue to constrain the small private sector.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	0	Business Freedom	-3.9	Trade Freedom	-1.0
Freedom from Corruption	-1.0	Government Spending	-0.3	Labor Freedom	+0.6	Investment Freedom	0
				Monetary Freedom	+1.9	Financial Freedom	0