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NABC Netherlands-African Business Council

SENEGAL BUSINESS FACT SHEET

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Contents

Business opportunities in Senegal

Although Senegal's domestic market is small with a population 13,711,597 people, Senegal is economically much stronger than its immediate neighbours. With its well-developed physical and social infrastructure and relatively well-diversified industrial base, it is the economic hub of the region and the most visited country in West Africa. These aspects create opportunities for both domestic and foreign investors. Senegal remains an excellent choice for companies in doing business with other countries in the region.

ICT

- ✓ Information and communication technology (ICT) plays a big role in the country's economic and social development, mainly through the growth of mobile phones and to a lesser extent data transmission.
- ✓ Recently the incumbent operator Sonatel have been put bandwidth in service and also improved the infrastructure in regard to ICT. This have made it easy for majority of the people in Senegal have access to ICT services
- ✓ IT has been identified as a growth segment under the Accelerated Growth Strategy, and it is expected to contribute more than 7% of overall GDP by 2015.

Services

- ✓ The access to health care is also improving very much progress is needed for Senegal to meet its health-related Millennium Development Goals by 2015. Though decentralisation health care has expanded access
- ✓ The Senegal's Government is working together with ADB (African Development Bank) and UNICEF in order to improve the health care sector. The government is responsible for building hospitals, while ADB provides the funds, and UNICEF was responsible for provide the equipment through its Procurement Services.
- ✓ Purchasing medical equipment is challenging. Specifications require a high level of expertise, items can be expensive and demand an excellent knowledge of the market, and quality is of utmost importance.

- ✓ Senegal have a great deal when it comes to call canter out sourcing, the Senegalese company sees the West African country as an ideal location for outsourcing work from French companies.

Construction

- ✓ Even after a decade of rapid expansion in Dakar, Senegal's real estate sector still offers potential for growth on all levels. There are a number of demographic drivers that have contributed to increased demand, including the return of expatriates, the emerging middle class, increasing urbanisation and the influx of refugees and aid organisations from the Côte d'Ivoire. A decade ago the breakdown of real estate development costs was 10%

land and 90% construction, while today the cost of land reaches 60%, with construction-related spending around 40%.

- ✓ The largest major projects in Senegal remain the construction of a new airport in Diass, which is located about 45 kilometres outside Dakar. The operations is expected to start in 2011, which will include other projects like; mining in Faleme, laying 467 miles of railway to link the mine and the port, building a mineral port in Bargny to facilitate the export of iron ore, phosphate and zirconium, and erecting a steel plant.

Mining

- ✓ At the present tome mining in Senegal accounts for a very small percentage of GDP. However the government is considering to increasing foreign investment in order to incorporate new exploration techniques in conjunction with construction of a new industrial transport infrastructure, with these aspect Senegal expects to capitalise on underexploited minerals.

Tourism

- ✓ As second-largest foreign-currency earner and a key employment generator, tourism makes a vital contribution to the Senegalese economy. The industry contributes 4.6% of the country's overall GDP.

Fishing

- ✓ The fishing industry is Senegal's largest source of foreign exchange, constituting 30% of total merchandise exports in 1998, and 2.4% to GDP Most of the fishing is done traditionally, creating employment particularly for the rural population and for women, who are often involved in co-operatives. It is the second most important source of employment, accounting for 15% of the economically active population. Over fishing remains a major threat.

The key business and investment opportunities are in the following areas:

- ✓ Power generation,
- ✓ Infrastructure projects (airport, port and road), travel, tourism and transport).
- ✓ Waste water treatment.
- ✓ Mining

General back ground

Senegal is located on the west coast of Africa and is part of the West African Economic and Monetary Union (WAEMU). With a population estimated at about 11 million, its economy is dominated by a few strategic sectors, including groundnuts, chemical industry, tourism, fisheries, and services.

After independence in 1960, the country has been highly visible in the international arena and has maintained a relatively stable political and social environment.
The Senegalese political system continues to show a degree of democratic maturity with the March 22 2009 local elections that were widely viewed as fair and transparent, and saw the victory of opposition parties in several key urban centers, including Dakar.
Presidential election is scheduled in 2012 after the five-year term of President Abdoulaye Wade elected in February 2007.

However, since the 1980s, the country in facing a conflict in the southern part of the country (Casamance) aimed at independence from Senegal. The government has since signed a peace agreement with the MFDC (*Mouvement des forces démocratiques de Casamance*) in December 2004. However, then implementation of this agreement is not totally effective and sporadic attacks continue due to the fragmentation of the MFDC in several small branches. Since the death of the priest Augustin Diamacoune Senghor, the MFDC's charismatic leader, in 2007, the rebels have been torn between different factions and cannot agree on a successor.
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Country facts

Area	Total: 196,722 sq km Land: 192,530 sq km Water: 4,192 sq km
Coastline	531 km
Terrain	generally low, rolling, plains rising to foothills in southeast
Land use	Arable land: 12.51% permanent crops: 0.24% other: 87.25% (2005)
Irrigation	1,200 sq km
Population	13,711,597 (July 2009 est.)
Population growth	2.709% (2009 est.)

Economic facts

Subject	Units	2004	2005	2006	2007	2008	2009	2010	2014
GDP constant prices	Annual Percent change	5.9	5.6	2.4	4.7	2.5	1.5	3.4	4.9
GDP, current price[1]	Billion, U.S Dollars	8.042b	8.723b	9.367b	11.3b	13.35b	12.51b	13.167b	:::
Inflation Rate, consumer price	Annual percent Change	.5	1.7	2.1	5.9	5.8	-.9	1.8	2.2
Current Account Balance	U.S Dollars	.389b	.5188b	.848b	.8952b	1.458b	1.31b		
Current Account, balance	Percent of GDP	-6.1	-7.7	-9.5	-11.8	-12.3	-11.7	-10.8	--10.4

Economic situation

In January 1994, Senegal undertook a bold and ambitious economic reform program with the support of the international donor community. This reform began with a 50% devaluation of Senegal's currency, the CFA franc, which was linked at a fixed rate to the French franc. Government price controls and subsidies have been steadily dismantled. After seeing its economy contract by 2.1% in 1993, Senegal made an important turnaround, thanks to the reform program, with real growth in GDP averaging over 5% annually during 1995-2008. Annual inflation had been pushed down to the single digits.

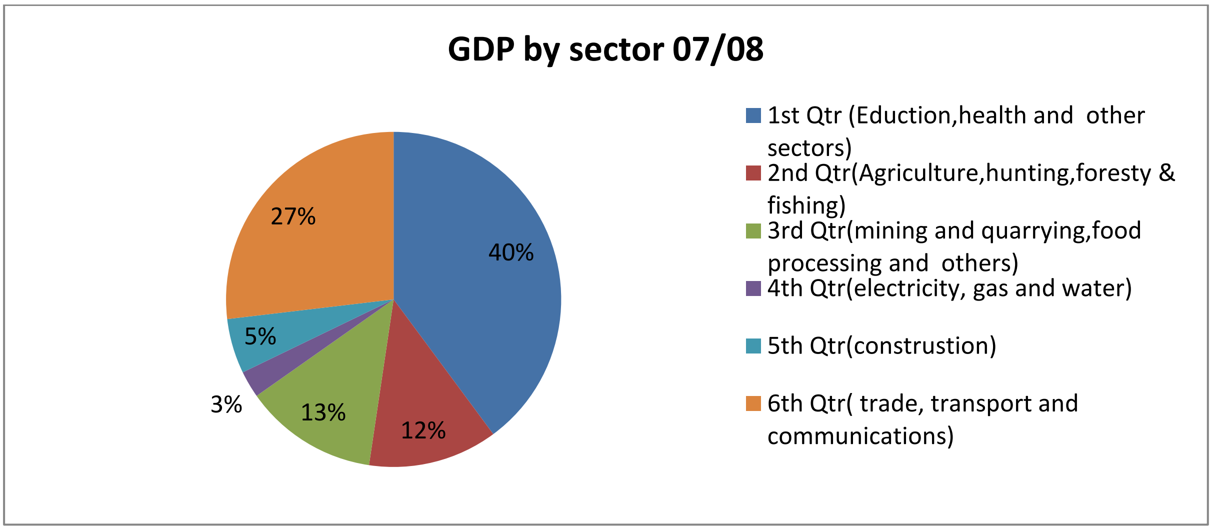
As a member of the West African Economic and Monetary Union (WAEMU), Senegal is working toward greater regional integration with a unified external tariff and a more stable monetary policy. High unemployment, however, continues to prompt illegal migrants to flee Senegal in search of better job opportunities in Europe. Senegal was also beset by an energy crisis that caused widespread blackouts in 2006 and 2007. The phosphate industry has struggled for two years to secure capital, and reduced output has directly impacted GDP. In 2007, Senegal signed agreements for major new mining concessions for iron, zircon, and gold with foreign companies.

Firms from Dubai have agreed to manage and modernize Dakar's maritime port, and create a new special economic zone. Senegal still relies heavily upon outside donor assistance. Under the IMF's Highly Indebted Poor Countries (HIPC) debt relief program, Senegal has benefited

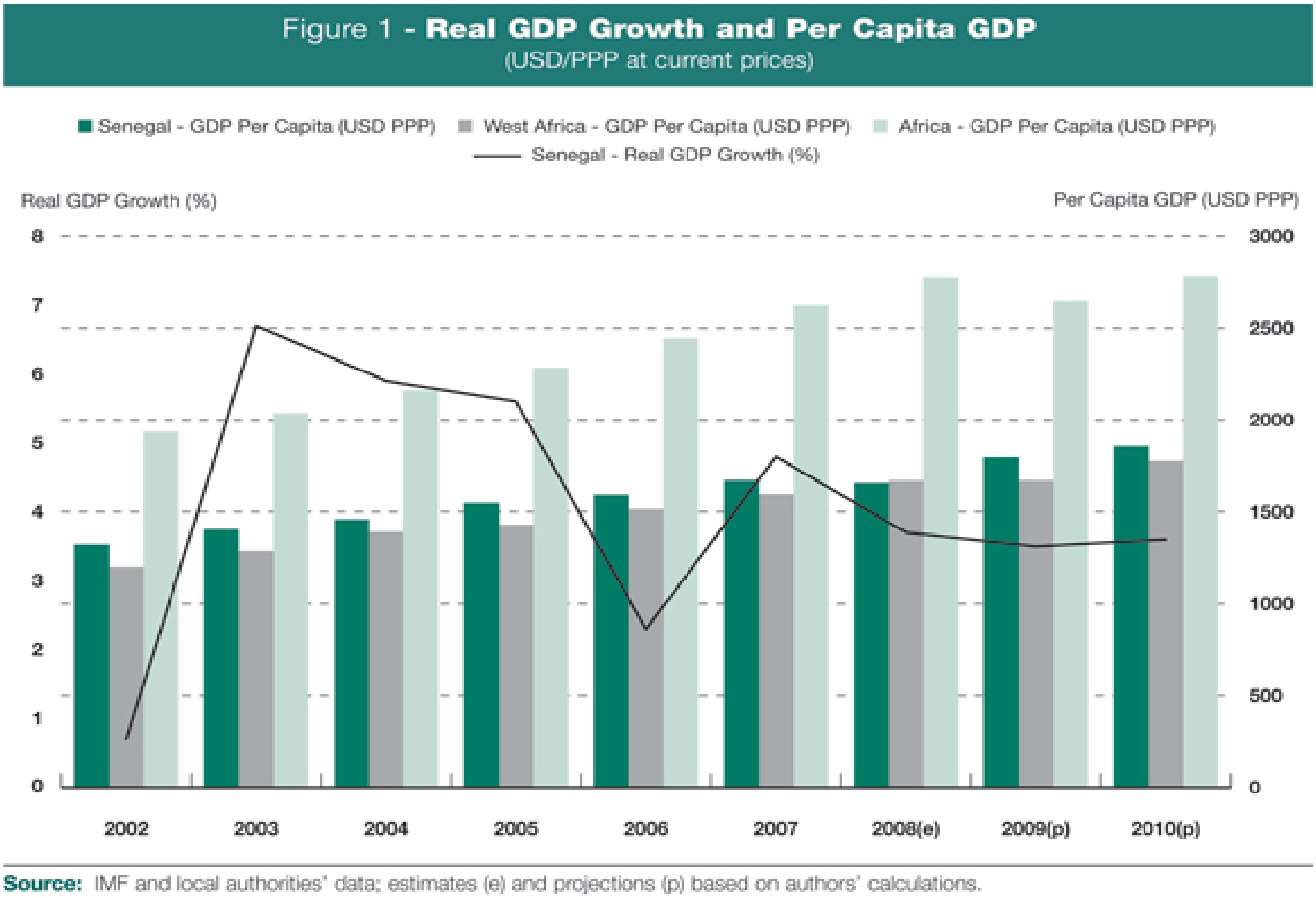
[1] http://www.economywatch.com/economic-statistics/senegal/GDP_Per_Capita_Current_Prices_US_Dollars/

from eradication of two-thirds of its bilateral, multilateral, and private-sector debt. In 2007, Senegal and the IMF agreed to a new, non-disbursing, Policy Support Initiative program.

Economic development



Real GDP growth per capita2



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[2] www.africaneconomicoutlook.org/en/countries/west-africa/senegal/

Political situation

Senegal a Largely Muslim, politically stable, and a multiparty democracy, this country is a small, poor, and moderate secular nation. Senegal is an influential and moderating voice in Muslim councils, and often consulted by French policy-makers. Senegal's role in efforts to assist Africans to better manage conflicts has also recently grown

Foreign Aid

As of march 2007, the Worlds Bank had approved 119 projects for Senegal with a total of US $ 2.9Billions. in which they made an agreement to finance 19 of the ongoing IDA operations for a value of US $776.7 million dollars the undisbursed balance of US $ 473.8 million. The aim and plan for the world was to aid Senegal government in improving the following sectors:

- ✓ Agriculture
- ✓ Rural development
- ✓ Infrastructure
- ✓ Environment
- ✓ Transportation
- ✓ Population/health/nutrition
- ✓ Social protection
- ✓ Energy/water
- ✓ Public and private sector development and natural disaster management.

Arcelor Mittal (World number one steel company) has offered to finance the entire package for USD 2.2 billion in exchange for exceptional investment incentives in Senegal.

Senegal’s Agency for the Promotion of Investment (APIX) plays an important role in the government’s foreign investment program. Its objective is to increase the investment rate from its current level of 20.6% to 30%. Currently, there are no restrictions on the transfer or repatriation of capital and income earned, or investment financed with convertible foreign exchange. Economic assistance comes largely from France, the International Monetary Fund (IMF), the World Bank, and the United States. The European Union, the African Development Bank, China, Canada, Spain, Japan, and Germany also fund significant aid programs

The EU have set a programme with the intention of reducing poverty by creating strong and balanced growth, providing access to basic social services, protecting the most vulnerable and promoting good governance and the rule of law EU's aid strategy seeks to reduce poverty by:

- ✓ Restructuring public health and transport services
- ✓ promoting agricultural production and exports
- ✓ promoting local economies

During the 9th European development funding (EDF) round, aid was concentrated on:

- ✓ Good political, economic and social governance
- ✓ Road transport
- ✓ Sanitation

This work will be continued during the 10th funding round, with special attention for sanitation, and regional and trade integration. Migration, governance and culture will also be covered while a round some of about €288m have been made available for the whole programme.

Foreign investment

The dearth of reliable investment statistics makes it difficult to provide a detailed breakdown of foreign direct investment in Senegal.

Although values of Senegalese subsidiaries or operations of foreign investors are sketchy, it is estimated that France is overwhelmingly the most important foreign investor and controls many sectors in the economy.

Approximately 235 subsidiaries of French groups are present in Senegal. They account for 25 percent of all formal enterprises in Senegal. French investors are present in the major multinational import-export firms, shipping companies, banking, food production, mechanical engineering, tobacco, agribusiness, petroleum distribution, industrial equipment, vehicles, chemicals and pharmaceuticals, tourism and insurance.

Privatizations in telecommunications and public utilities have confirmed and increased the predominance of France as Senegal's leading foreign investor. Bouygues is present in the water sector. French telecommunications operator France Telecom is the operating partner of SONATEL, Senegal's telecommunication company.

Hydro Quebec and the French company Elyo bought out Senegal's power utility for USD 63 million, which has also made Canada a significant investor. Moroccan investment has substantially increased since Royal Air Maroc took a strategic interest into Air Senegal, the national airline company. The Senegalese bank system will soon welcome a newcomer in Senbank, a local bank with major Moroccan interests.

Investments by Senegalese citizens of Lebanese origin are primarily in light import-substituting industries such as food products, textiles, chemicals, plastics and rubber. Swiss investment is concentrated in food processing with the active presence of the multinational Nestle. Germany, Japan, and South Korea have moderate investments in Senegal. Taiwan has become active in Senegal's fish and canning industry.

On September 16, 2009, Senegal signed a $540 million compact with the Millennium Challenge Corporation (MCC) for road rehabilitation and food security initiatives in some of the poorest regions of Senegal.

Trade

Senegal is currently engaged within the Economic Community of West African States (ECOWAS) group of countries in trade negotiations with the European Union (EU) through the framework of the African Caribbean and Pacific (ACP) countries. These negotiations may lead to an Economic Partnership Agreement (EPA) with the EU by January 2008, which will be the new cooperative framework based on partnership, trade and political dialogue. In order to assess the impacts of this free trade agreement with the EU on its national economy, the government of Senegal requested ECA for some Trade Related Technical Assistance on impact studies

Export partners

Global Exports by Senegal	Market Value: 3,614 (millions)		
Exports To	Trade Value	Share	Growth
	(thousands)	(%)	(% 5yr)
Mali	905,437	25.06	250.49
France	340,996	9.44	112.47
Gambia	249,872	6.91	146.18
India	237,568	6.57	(59.60)
Spain	217,991	6.03	3,249.69
Italy	205,805	5.70	204.49
Switzerland	139,062	3.85	819.43
Guinea	125,212	3.47	135.71
Guinea-Bissau	124,023	3.43	94.78
Mauritania	123,970	3.43	33.83

Export products

Top Products Exported by Senegal	Market Value: 1,686 (millions)		
Product	Trade Value	Share	Growth
	(thousands)	(%)	(% 5yr)
0307 - Molluscs	57,431	3.41	(27.65)
1508 - Peanut Oil	56,093	3.33	(7.44)
0302 - Fresh Fish	53,513	3.17	19.42
0303 - Frozen Fish	48,405	2.87	218.53
0304 - Fish Fillets	40,277	2.39	0.63
0306 - Shell Fish	34,159	2.03	5.52
5201 - Cotton	19,433	1.15	85.39
0708 - Leguminous Vegetables	18,729	1.11	64.59
1604 - Prepared & Preserved Fish	13,498	0.80	(38.66)
3004 - Medicines in Doses	13,334	0.79	17.40

Import partners

Global Imports by Senegal	Market Value: 10,640 (millions)		
Imports From	Trade Value	Share	Growth
	(thousands)	(%)	(% 5yr)
France	2,683,562	25.22	109.51
United Kingdom	661,981	6.22	604.16
China	476,821	4.48	279.53
Thailand	445,520	4.19	(1.64)
Spain	415,648	3.91	105.70
Netherlands	360,829	3.39	56.53
Nigeria	352,170	3.31	(69.54)
United States	350,047	3.29	232.92
Italy	344,323	3.24	34.77
India	331,621	3.12	181.12

Import products

Top Products Imported by Senegal	Market Value: 9,326 (millions)		
Product	Trade Value	Share	Growth
	(thousands)	(%)	(% 5yr)
2710 - Non Crude Oil	588,052	6.31	247.13
1006 - Rice	122,595	1.31	363.77
3004 - Medicines in Doses	105,236	1.13	44.09
0402 - Concentrated Milk & Cream	76,946	0.83	211.00
8703 - Passenger Vehicles	67,296	0.72	56.29
1001 - Wheat	62,343	0.67	61.45
3402 - Organic Surface-Active Agents	51,272	0.55	864.28
8525 - Cel Phones, Video Recorders & Radio Transcievers	49,320	0.53	462.88
7213 - Iron & Steel Bars & Rods - Irregular Coils	49,100	0.53	344.05
1507 - Soybean Oil	44,169	0.47	68.13

NB: France remains the main trading partners of Senegal both at Export and import while United Kingdom, Spain, Italy and Netherland play part in Import levels.

ICT

Information and communication technology (ICT) plays a big role in the country's economic and social development, mainly through the growth of mobile phones and to a lesser extent data transmission.

Sonatel(The Société nationale des telecommunications) this telecommunication company has a monopoly on fixed lines, international traffic, specialised 300-metre radius connections and packet data switch lines (the Internet).

Fixed-line customers in both residential and professional had a decline of 10.1 % from June 2007 June 2008. This gives a penetration rate of 2.4 per cent and was due to the drop in public lines at tele-centres, which fell 49.5 % from 2007 to 2008.

While the cell phones heavily dominate communications, especially in rural areas, where the penetration rate was 44.6 % in 2008, and expansion has been helped by competition between two firms, Sonatel Mobiles and Sentel which merged and become Tigo at the end of 2007.

Senegal is linked to the outside world by a 1.24 Gigabips band, with Internet access mainly through a PSTN (Public Switched Telephone Network) or by broadband, supplied by Internet service providers (ISPs) Sonatel Multimédia, ARC informatique, Silicon Valley STE, Enda TM, Trade Point and Cheikh-Anta-Diop University (UCAD). Internet subscribers were 23.2 % up in June 2008.

Call centres service companies abound, run by Chaka, ANTG Telecom, Macsym Technologie ARC, Silicon Valley STE, Manobi, Sonatel Multimédia and Africatel AVS, which is the biggest in both Senegal and West Africa and also handles the appointments services for the French, Belgian, Italian, Portuguese and Chinese embassies and for government departments such as police, passports and identity cards.

Rules were laid down in Law 2008-10 of 25 January 2008 guaranteeing responsible freedom of communications, digital support and data protection for individuals and legal entities.
The government wants a universal telecommunications service development plan in place by 2010, with paid access to phones in all the country's 14 206 villages.

Opportunities

- Best opportunities remain in providing value-added services such as Voice over Internet Protocol (VOIP), WIFI technology
- Sales prospects in the supply of switching equipment and routers, as well as cellular handsets
- Senegal has become a haven for teleprocessing activities. Opportunities for joint ventures for call centers and telemarketing businesses.
- Investment opportunities if the third global license is ever issued.

Weaknesses

- There is limited competition for supply of internet and telecommunication service.
- Low level of the ADSL penetration
- Weak use of the ICT in the education system
- High cost of internet connection in spite of the efforts authorized for internet in higher education institutions

Threat

- A threat has come into being in the form of a draft order drawn up by the French Minister of Economy and Finance. The order, which was signed just after the consultation was concluded, applies to any provider of goods and services which uses the services of a call centre. Information on the call location (the country being the minimum requirement) must be provided at the beginning of the call and must appear on all documents of a promotional and commercial nature.
- This essentially means that all calls are concerned – including calls made by the company with a view to selling its services and those made by customers in need of assistance. While the minister's argument is based on the principle of respect for the "consumer's right to information", several observers see this as a protectionist measure aimed at putting a stop to the increasingly common practice whereby French companies outsource to markets in which labour costs are lower than in France.

- The aforementioned order constitutes a threat to thousands of jobs in Senegal and all the other countries concerned, the reason for this being that the entrepreneurs in question, particularly in Senegal and Morocco, are aware that their customers – major French mail order companies – require that total secrecy be maintained in regard to any contracts they sign with call centres located in Africa, which can now be seen as victims, as it were, of geographic discrimination.

Agriculture

The agricultural sector, which employs 60% of the work force, has faced enormous problems for two decades. Senegal's agriculture sector is in transition mode. It is shifting from traditional practices, based on fishing and cash crop exports to a more diversified sector. It is the cornerstone of the economy, contributing 15% of GDP and employing 70% of the population. Despite its potential, the sector is vulnerable to fluctuating seasonal conditions and food security continues to be an issue, especially as Senegal remains heavily reliant on imports, leaving it susceptible to rising food prices on the global market. To deal with these challenges the country has focused on increasing production, especially in cereals, dairy and meat, and diversifying its offerings from cash crops such as groundnuts, peanut oil and cotton. To implement the changes, the Ministry of Agriculture received 5% of the national budget in 2008, a 16% increase over 2007.

The Soil diversity, climatic conditions and underground water resources all help to divide the country into six homogeneous zones known as agro-ecological zones. Rice production has been insufficient in spite of major investments especially in the valley of the River Senegal, with the building of the Diama dam, which keeps salt water in check, and that of Manantali, which evens the flow of the River Senegal.

Horticulture is one of the most flourishing sectors of the economy and a variety of crops are grown throughout the country, some permanently. The harvest in 2007 was up to 429 000 tonnes showing an increment of 39 000 tonnes on that year. Banana output in 2006/07 was 20 000 tonnes and expected to be 50 per cent higher in 2007/08 (30 000 tonnes).

Groundnuts has been the main agro-industry cash crop since independence but is declining due to low world prices and bad management of the semi-public production and marketing body Sonacos (before it was privatised in 2005), less fertile soil and erratic and less-frequent rainfall. Groundnut production fell in 2007/08 to 427 093 tonnes (from 460 481 tonnes in 2006/07). A record 700 000-tonne harvest was expected in 2008/09 due to much more rain.

Opportunities

The establishment of an integrated programme by the government for the development of agricultural markets aimed at achieving growth in agribusiness is currently an ongoing process that is intended to provide a favourable environment for private sector investment to thrive in the following areas:

- Development of horticultural exports: Potential investors can produce cherry tomatoes, mangoes, melons, okra, peppers, onions and potatoes for export
- processing of fruits and vegetables
- Marketing and packaging of agricultural produce
- Production of agricultural equipment
- Transport logistics
- Provision of financial services
- Research and development services
- Development of private irrigation and land-related activities

Incentives

Agricultural companies that export at least 80% of their products are exempted from Income taxes from distributed dividends;

- All forms of taxes based on salaries
- Custom and stamp duties for production and transportation equipment
- Wage taxes, business license taxes, land tax and all registration and stamp duties
- Corporate tax is at the rate of 15%

Fishing

Fishing plays a dominant role in the Government's policy towards generating employment. It currently generates about 100,000 direct jobs (fishermen) for nationals, of which more than 90 per cent are in small-scale fishing. The fishing industry also contributes to Government revenue through different agreements. In addition to associated dues, fishing agreements imply a series of economic, trade and technical counterparts. Despite its economic and social importance the sector face serious disequilibria both in resource exploitation and market supply. The main trade policies identified as contributing to the over –exploitation of resources are as following.

- Non-reciprocal advantages under the Lomé Agreements, authorizing Senegalese piscatorial products to enter the European market with the exemption of custom duties.
- An export subsidy of 15 %, later rose to 25 per cent, first applied to canned tuna and later extended to all piscatorial products.
- Fishing agreements concluded with a number of foreign fleets.

Subsidies that directly/ indirectly favour exports

These included the following:

- Reduced tax on fishing gear (motorization), subsidized fuel, and institution of fishing sector financing bodies;
- Export subsidy and institution of free exporting enterprises in order to enhance competitiveness and deeper penetration of external markets by Senegalese piscatorial exports.

Fuel subsidy

Subsidized fishing fuel made it possible to use more powerful motors, to build bigger pirogues, and to extend the duration of sea trips in order to exploit new fishing areas. It reduced considerably the operating charges of fishing units, which in theory, was expected to maintain the prices of fish landings by small-scale fishing units at a level compatible with the purchasing power of the Senegalese population.

Export subsidy

Export subsidy is part of a national trade policy aimed at facilitating the penetration of external markets by local products. Initially, export subsidy was not meant for the fishery sector. Its institution resulted in an ever-increasing pressure being brought to bear on the main stocks of exported species and thus contributed to threatening the supply to the domestic market and the regeneration of coastal demurral species to equilibrium level.

Energy

Energy Sector Recovery Development Policy Credit is to ensure a sustained and sound long term development of electricity services and supply of petroleum products for Senegal. To achieve this objective, the operation comprises of the following aspects:

a. Financial support to the Government to allow the power utility of Senegal (National Power Utility of Senegal) (SENELEC) - to restore by end 2009 its financial equilibrium and to meet standard financial ratios and credit worthiness. And
b. Policy measures aimed at ensuring that the electricity sub-sector and the downstream hydrocarbon sub-sector develop and operate in an efficient and transparent way with adequate governance.

However this specific operation consist of several risks which include the rising and widely fluctuating international energy prices particularly of petroleum products, hence creating instability in domestic energy costs and may lead to Government suspending or only partially implement the continued pass-through of cost increases to consumers. Due to this the government have decided to mitigate this risk by

- Making a commitment for reform and actions to reduce costs, improve operational efficiency, invest in efficient and least cost facilities and to diversify; and
- Adjusting the existing regulations and price mechanisms for electricity services as well as for petroleum products allowing for monthly or quarterly adjustments,

Mining

While mining currently accounts for a small portion of Senegal's GDP, new exploration techniques, increased foreign investment and the construction of a new industrial transport infrastructure are expected to capitalise on underexploited minerals.
The country is one of the world's leading phosphate producers, with total reserves estimated to be more than 40m tonnes, but there are a number of other segments that have begun to take off, particularly gold, iron and zircon.
A new green field project will increase iron production from 15m to 25m tonnes a year beginning in 2011. The project also includes the construction of a 750-km railway to transport the ore to the coast, electricity power production for the installations and a new deep-water port at Bargny along the coast, near Dakar.
Zircon production is also ramping up and with global demand expected to reach 1.4m tonnes a year by 2010, Senegal is seeking to produce 25% of European demand and about 8% of the global need. Other exploration projects include those for uranium, lithium and tin. Once the requisite infrastructure has been upgraded, these resources will be ripe for development, and multinationals such as ArcelorMittal have already begun to express interest in the sector.

The **phosphates** production sector dominates the mining industry in Senegal: 1.5 Mt of phosphate is produced each year, accounting for up to 17% of export earnings. Value addition takes place with a large quantity of phosphate production converted to phosphoric acid and fertiliser within Senegal.
Gold is mined in very minor amounts but, in common with Mali, has had a long and important history in the commerce of the region. The area of greatest interest for gold is the extreme southeast of the country bordering Mali and Guinea, where a large inlier of Precambrian (Birimian) metamorphic rocks is exposed.

Construction

There are a number of demographic drivers that have contributed to increased demand, including the return of expatriates, the emerging middle class, increasing urbanisation and the influx of refugees and aid organisations from the Côte d'Ivoire.
Looking back a decade ago the breakdown of real estate development costs was 10% land and 90% construction, while today the cost of land reaches 60%, with construction-related spending around 40%.

Although seaside areas fetch a premium, new road development has enticed investors towards the peninsula's interior. The new infrastructure is encouraging businesses to look beyond the Plateau district, which has long been the zone for high-rise office, commercial and residential real estate.

The country's ongoing political stability means that Dakar will continue to be an attractive destination for high-end real estate investors seeking a foothold in West Africa.
The government owes over CFA100bn ($233) in bills to the sector, small- and medium-sized enterprises (SMEs) and majors, which has made the purchase of building supplies difficult. Despite this pressure, SMEs and larger contractors have proven their ability to pursue growth regionally, which will further improve their economies of scale in relation to technical and capacity costs.

Those companies able to sustain their operations through the current period will likely find themselves in a leadership position for a rejuvenated era of growth in the future. Although the construction industry's near-term performance will be dampened as the government continues to search for a solution to its arrears dilemma, the future is encouraging for the sector. Current major projects are mostly tied to efforts to improve the country's infrastructure. Major plans include the Blaise Diagne Airport project, the development of the road network, a new administrative district and new electricity plants.

Tourism

To regain lost market share and increase revenue, the government has made tourism a central pillar of the Accelerated Growth Strategy (Stratégie de Croissance Accélérée, SCA). The plan aims to make tourism Seengal's chief foreign-currency earner by 2010 and will modernise existing infrastructure, expand and diversify the industry's offerings, and ramp up its marketing campaigns to attract visitors from new markets.

Diversification efforts are focusing on cultural and ecotourism, as Senegal is home to several UNESCO World Heritage sites as well as an array of nature parks and animal reserves. To market these areas, international promotion through the media, internet and tour operators will be essential. Equally important is improved access, through increased domestic and international flights.

To meet the projected rise in air traffic, construction of the Blaise Diagne International Airport will be completed in 2011. While attracting new visitors and securing the necessary financing may be difficult because of the global economic crisis, the diversification plan will eventually have a great number of positive knock-on effects for the sector, including the development of local human resources, promotion of socio-economic growth, the modernisation of transport infrastructure and increased foreign direct investment.

Opportunities

The following aspects are seen as potential opportunities for both foreign and domestic investors.

- Thalassotherapy and care: In Dakar and the inner country, more and more spa centres are emerging
- Luxury balnear tourism with 200 km of virgin beaches in the north, and 300 km in the south
- Leisure; golf, tours in the dunes of the big coast, water sports.
- The region of Thies, because of its demographical and economic significance. it is Senegal's second region, where tourism and handicraft play major roles, particularly in the Petite Côte area (70km from Dakar), which offers activities such as balneotherapy(is a natural therapy which makes the best use of natural elements, such as hot springs, climatic factors, chronoboiological and circadian rhythmic phases and natural herbal substances), cultural tourism, fishing, sport fishing, golf.
- The "Route des Niayes" , where the Pink Lake is located, 40 km from Dakar ; this lake owes its name to the colour of its water full of mineral salts;
- The central-western part of the country with the "Iles du Saloum" - Saloum Islands- is developing thanks to its eco-tourism, hunting and fishing activities;
- The northern region, whose capital is the city of Saint-Louis, has a 200km coast of fine sand ; it could be a major axis for tourism development; significant investments for the development of infrastructures are planned in this area;

Conclusion

With the reference of the above desk research, it is clear that Senegal is a growing country, with a high potential of business opportunities for both domestic and foreign investor, in sectors such as infrastructure, agriculture, and mining. As I indicated above World Bank have approved and fully funded 119 projects in Senegal and currently only 19 are on the process.

Appendix

Ease of doing business

Investment climate

The Government of Senegal officially welcomes foreign investment, but potential investors, and indeed all businesses, face obstacles, including non-transparent regulation and high factor costs. There is no legal discrimination against businesses conducted or owned by foreign investors. There are no barriers regarding 100 percent ownership of businesses by foreign investors in most sectors. In some key sectors such as electricity, telecommunications, water and mining, and security-related services, foreign investors may have majority control, but may not acquire 100 percent ownership.

Transparency of Regulatory System

The Government of Senegal accepts the concept of free competition. They are reforming and developing its regulatory framework as a part of its effort to attract private sector investment. Measures implemented to date include the abolition of monopolistic agreements in major industries, and suppression of the requirement for prior Government authorization to lay off workers during economic downturns.

Protection of Property Rights

The Senegalese legal system based on the French model enforces private property rights. Senegal is a member of the African Organization of Intellectual Property (OAPI), a grouping of thirteen Francophone African countries, which has established among its member, states a common system for obtaining and maintaining protection for patents, trademarks and industrial designs. Senegal has been a member of the World Intellectual Property Organization since its inception and is a member of the Bern Copyright Convention. Local statutes recognize reciprocal protection for authors or artists who are nationals of countries adhering to the 1991 Paris Convention on Intellectual Property Rights.

Business culture

Below are some of very import business culture aspects which should be put into consideration when doing business in Senegal.

✓ **Business Cards**

- Have one side of your business card translated into French.
- Make certain your title is prominently displayed.

- Cards should be presented and received with two hands or the right hand.
- Gold embossed cards are always well received.
- There is generally no formal ritual when exchanging cards.
- Never write on your or someone else's business card.
- Make a point of studying any business card you receive before putting it away.

✓ **Communication Styles**

As indirect communicators, the Senegalese use a lot of proverbs, sayings, analogies and metaphors when speaking, especially if what they have to say is delicate in nature. It is believed that such a style is more polite and demonstrates greater courtesy than being "straight up". Passive silence is also employed on occasions in order to avoid conflict. If people go quiet for no apparent reason, raising a non-controversial subject will allow communication to continue.

Communication should remain positive at all times. Conversations generally only begin after extensive inquiries into the health and well-being of the other person and their family members. Even if everything is not going smoothly in your personal life, respond to such polite questions in a positive manner. It is important not to rush the greeting process since your goal is to be considered a friend so that business is a possibility.

Eye contact is not pervasive, in fact making direct eye contact throughout a greeting and conversation may brand you as arrogant. The Senegalese tend to lower their gaze while conversing, especially when speaking with someone senior to themselves in age or position.

When communicating information, the Senegalese tend to start with the overall idea and gradually get into the details, using what may appear to be a circuitous route. Since they think in terms of context, they search for the rationale behind behaviour. They examine behaviour in its total context, not merely what they have observed.

✓ **Business Meetings**

Business meetings are generally formal, especially at the outset as the relationship building process has yet to commence. As the Senegalese grow to trust and respect you, they will naturally become less formal. It is a good idea to follow their lead and maintain a polite and reserved demeanour at all times.

Agendas should be broad and flexible. If used, they are viewed as a broad outline of what is to be discussed. Business conversations generally weave their way through all the topics eventually.

The Senegalese are non-confrontational. They will avoid discussing unpleasant topics for as long as possible. They may agree to deadlines and timetables that they know are unrealistic in order to close the deal. Be cautious when something sounds too good to be true – probably it is.

Country Strength

- The country has benefited from relative political stability.
- The international community marked its support for Senegal's efforts on structural reforms via debt relief extended under the HIPC and MDRI programmes.
- The reforms — infrastructure, taxes, health, education — have improved the business climate.
- Senegal's membership in the West African Economic and Monetary Union constitutes a guarantee of monetary stability.

Country weaknesses

- With efforts to diversify the productive fabric which is limited by transport and energy infrastructure-development, the economy continues to depend heavily on agriculture, which is the livelihood of 60 per cent of the working population active and represents 15 per cent of GDP.
- Poverty — which afflicts 57 per cent of the population — and regional disparities constitute major weaknesses.
- Senegal's industrial development depends on the major restructuring challenge facing state-owned and semi-private companies.
- With public and external accounts undermined by structural imbalances, the country remains dependent on expatriate remittances and international community aid to cover its financing needs.

Useful contacts

Company/ organisation	Address	Telephone/website
Royal Embassy of Netherlands in Dakar, Senegal	37, Rue Jacques Bugnicourt B.P. 3262, Dakar, Senegal	Tel: +221 849 03 60 Fax: +221 821 70 84 / 823 98 11 Website: www.nlambassadedakar.org/
Chamber of Commerce Senegal	P.O. Box 118, 1 Place de l'Indépendance, Dakar, Senegal	
Chamber of Commerce, Industry & Handicraft of the Diourbel Area	BP 7 Diourbel, Senegal	Tel:+221 71 1203
Chamber of Commerce, Industry & Handicraft of Kaloack	BP 203 Kaolack, Senegal	Tel: +221 41 1127
Chamber of Commerce, Industry & Handicraft of the Eastern Senegal	BP 127 Tambacounda, Senegal	Tel: +221 81 1014
Darou Wahab Tours	10 Rue Thiong	

	BP 22820 Dakar, Senegal	
Agriculture sector	BP 718, Môle 10-Quai de Pêche Dakar, Senegal	Tel: +221 21 6424/222430
Dakar Peche		
Societe pour la Promotion de l'elevage en Afrique	BP 1538, 41 Rue Carnot Dakar, Senegal	Tel: +221 21 6274/225351 Fax: +221 21 5785
Mining sector	Han- mariste Dakar, Senegal	Tel: +221 5477811
Amason		
Bureau des Mines et de la Géologie	BP 1238, Dakar, Senegal	Tel: +221 320 725 Fax: +221 225 594
Compagnie Senegalaise des Phosphates de Taiba	BP 1713, Dakar, Senegal	Tel: +221 234 081 Fax: +221 231 256
Tourism	32 Rue E H. Mass BP 11446 Dakar, Senegal	Tel: +221 821-8316 Fax: +221 821-8326
Africa Connection Tours		
Afs Voyages	Centre Commercial Le Caroussel Dakar, Senegal	Tel: +221 957-0878 Fax: +221 957-0868
Compagnie De tourisme En Afrique (CTA)	BP 4259, Villa CTA Dakar, Senegal	Tel: +221 820-7737 Fax: +221 820-7723

Links

http://www.investinsenegal.com/US/how.html
http://www.aabf.org/senegal_inv_guide.htm
http://www.buyusa.gov/westafrica/en/96.html
http://www.kasbah.com/vitalstats/business/senegal_senegal_1.htm