المركز الافريقي للتنمية والاستثمار

Center for Africa Development & Investment

AFRICA MONTHLY REVIEW

February 2024

AFCON 2023: Africa on Display

The 2023 Africa Cup of Nations (AFCON), hosted by Côte d'Ivoire, marked a seminal moment in the annals of international football, blending unprecedented drama with a narrative arc that would befit any classic tale of triumph over adversity. This tournament, extending over a month, not only shattered previous records regarding viewership and financial success but also redefined the standards of excellence for future events of this caliber. The final was a closely contested battle that saw the Ivorian team emerge victorious over Nigeria with a scoreline of 2-1, culminating in unpredictable outcomes and dramatic turnarounds that characterized this edition of AFCON.

The journey of the Ivorian team, affectionately known as Les Elephants, through the tournament encapsulates a narrative of resilience and redemption. The initial phase of the competition presented an array of challenges for the host nation, including a historic defeat that marked the lowest point for a host country in the tournament's storied history. This adversity was compounded by the dismissal of their head coach in the wake of their poor performance, casting doubts on their prospects for advancing beyond the early stages of the competition. However, echoing the resilience inherent in the spirit of sport, Les Elephants orchestrated a remarkable turnaround, culminating in their ascension as champions of AFCON 2023. This victory not only echoes the triumph of Egypt in Cairo in 2006 but also underscores the unique ability of sports to forge narratives of unexpected success and collective achievement.

Beyond the exhilarating matches and the narrative of the host nation's triumph, AFCON 2023 distinguished itself through its sheer scale and impact. Under the leadership of Confederation of African Football (CAF) President Patrice Motsepe, the tournament witnessed an unprecedented global audience, with an estimated 2 billion viewers from 180 countries tuning in, significantly dwarfing the previous record of 65 million viewers set in 2021. This exponential increase in viewership highlights the growing global appeal of African football and reflects the successful organizational and promotional strategies implemented by CAF and the host nation. The financial implications of this success are equally noteworthy, with market research analysts projecting a revenue windfall of $75 million for CAF. This figure vastly exceeds the revenues of previous tournaments and marks a six-fold increase.

The 2023 Africa Cup of Nations (AFCON) epitomizes a significant milestone in the broader spectrum of international sports, underscoring the profound implications of adept leadership, meticulous strategic planning, and the cohesive force inherent in football. Against the backdrop of initial adversities, this tournament unfolded a narrative of resilience and strategic triumph, culminating in outcomes that shattered previous benchmarks. Such achievements not only extol the victory of Côte d'Ivoire on the pitch but also signify a pivotal moment for African football, heralding an epoch marked by increased international recognition, financial robustness, and a lasting influence on the global sports arena.

This edition of AFCON illuminates the intricate dynamics that characterize global sports events, highlighting their potential to engender significant economic, social, and cultural reverberations. The narrative woven through this tournament encapsulates a journey of overcoming challenges through the amalgamation of effective governance and the unifying essence of football, providing critical insights into the mechanisms through which international sports can facilitate transformative outcomes.

Moreover, the discourse surrounding the participation of African athletes in international football, especially those with dual nationality, has been a subject of considerable debate and introspection within the sports community. The phenomenon of African players representing nations other than their countries of origin, perhaps best exemplified by the composition of France's 2018 World Cup-winning squad, has ignited discussions on identity, representation, and belonging in the sports world. The poignant observation by Karim Benzema, the 2022 Ballon D'or laureate, succinctly captures the dichotomy of perception and belonging experienced by athletes of dual heritage - "When I score, I'm French, when I miss, I'm Arab" - underscoring a broader discourse on national identity and athletic allegiance.

The recent success of African nations in international arenas, such as Morocco's historic fourth-place finish at the 2022 World Cup—the first for any African or Arab nation—signals a paradigm shift in the perception and aspirations of African football. It underscores a burgeoning recognition of the continent's footballing prowess and evolving global stature. This shift not only encourages the return of talented players to their roots but also signifies the ascent of African football, marking a new chapter in its history characterized by competitive excellence and global engagement.

The 2023 Africa Cup of Nations represents more than a triumph in sports; it is a harbinger of the rising prominence and potential of African football, reflecting broader socio-cultural and economic dynamics that extend far beyond the confines of the football field.

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Triumphant Morocco-Africa Policy:

An Example of Intra-Africa Economic Integration

The objective of the February Monthly Review entry is to highlight Morocco Africa's economic integration policy and the positive it has yielded, making it among the leading investors in sectors critical to economic growth both in Morocco and Africa. The review commences with highlighting the policies to plug in any knowledge gap amongst some of our readers who are unaware of Morocco's remarkable achievements. The review goes beyond the data provided by Morocco to laments its contribution to Africa's regional economic integration to elucidate the United Nations Economic Commission for Africa's flagship publication Assessing Regional Integration in Africa (2023), probing the latest data.

Background

However, the Moroccan economy experienced headwinds propelled by internal and external strategic imperatives. First, domestically, the 2008 global financial crisis reduced Morocco's real GDP growth from 5% in 2009 to 2.7% by 2014, exposing the country's continuing economic dependency on commodities and European markets.

Internally, after the collapse of Al Qaeda's defeat in the post-September 11 attacks on the USA, it proceeded to establish itself in Africa, including North Africa, where it established Al Qaeda in the Arab Maghreb (AQEM) by early 2011. After several AQEM attacks on Morocco, the Mohammed VI Foundation for African Ulama was created in 2015 to curtail the Wahhabist influences and promote Malikism, a school of religious thought that incorporates Sufism and traditional moderate Islamic practices. In turn, the Ministry of Islamic Affairs and Endowments and the Mohammed VI Foundation developed programs that promoted and supported the training of local imams and the general population in Malikism. It is worth noting that Morocco-Africa's cooperation in counterterrorism and illegal migration efforts has been exemplary.

Like most countries, Morocco is reeling from COVID-19, combined with what is described as one of the worst droughts in years, exacerbated by climate change and the global economic slowdown. However, its real GDP grew 1.1% in 2022, down from the buoyant recovery of 2021 (7.9%). Agricultural value added fell 15% from 2021 due to the worst drought of the past 40 years. Manufacturing, tourism, and transport performed well. The drought and inflation weighed negatively on household consumption, while foreign direct investment was up 31.5% and public investment 20.6%. Inflation rose sharply to 6.6% in 2022 from 1.4% in 2021, driven by food inflation of 11% and higher commodity prices. Since 2022, the central bank has raised its key interest rate by 1.5 basis points to 3%. Measures to mitigate inflationary pressures pushed fiscal spending up in 2022, but the budgetary deficit eased to 5.1% of GDP from 5.9% in 2021 on budgetary solid revenues. Credit to the private sector increased in 2022 to 67% of total credit. However, small and medium enterprises, which account for 74% of employment, received only 12% of bank loans.Foreign exchange reserves reached six months o

of import cover at the end of 2022. In 2022, the shares of people living in poverty (4.9%) and vulnerable to living in poverty (12.7%) returned to their 2014 rates due to inflation and the impact of the drought on agricultural revenue (African Development Bank Group, Morocco Economic Outlook 2023). The World Bank forecasts that Morocco's economy will grow by 3.5% in 2023 and 3.7% in 2024.

As this Monthly Review entry shows, the Morocco-Africa Policy strategy has paid off and proceeded from strength-to-strength profiling as one of the largest investors in Africa. According to the finance ministry, Morocco-Africa foreign direct investments reached over $800 million in 2021; Morocco has become the second largest African investor on the continent, after South Africa - and the largest in West Africa (Morocco's Southward Investment Push a Win for Africa).

Morocco Africa Policy

In the early 20th, Morocco assessed its economy and trade with Africa as follows: 1) Morocco’s trade with its African partners between 1990 and 2006, the sales of food industry products in the African markets did not exceed 3.6% of Morocco’s overall exports and 0.8% of Africa’s overall food industry imports. 2) Most of Africa’s textile industry product purchases come from China, India, and France. Morocco’s presence in the African market is weak. Its market share represents only 0.6% of textile industry imports in the region, accounting for 0.7% of the overall Moroccan exports of textile products. 3) As to chemical products, Moroccan exports to Sub-Saharan Africa represent a mere 0.9% of its overall sales and 0.3% of overall African imports of these products (Morocco’s Relations with Sub-Saharan African Countries). As part of this effort, the Morocco Framework for Morocco-Sub-Saharan Africa opted to consolidate its economic ties through negotiation and the conclusion of many trade agreements of standard type or preferential type with 17 African countries. This initiative aimed to consolidate the acquired market share and diversify foreign markets, noting that Moroccan exports towards Sub-Saharan Africa have evolved below their potential.

A volatile combination of militancy, economic slowdown, and rising joblessness exacerbated the economic and political situation. The “20 February 2012 Movement inspired the Arab Spring protests in Egypt, Libya, and Tunisia. It is implausible to distinguish between the domestic and external factors that shaped Morocco’s post-2013 Africa Policy. For example, the global economic crisis contributed to the rising cost of living and a high youth unemployment rate, exacerbated by steady migration from the countryside to urban areas and the government’s debt burden.

The current Morocco-Africa economic and trade cooperation can also be attributed to global dynamics supered by the “Africa rising narrative” and an increasing interest in Africa as an emergent global player. This situation was galvanized by Morocco’s return to the African Union after 33 years (1984-2017) of discord.

The Stay of Play: Morocco-intra-Africa Cooperation

In 2023, Morocco enacted the Morocco Investment Charter 2022 to create a comprehensive investment framework to attract foreign direct investments (FDIs). It identified nine pillars for reshaping Morocco’s economy towards the future. These nine pillars are as follows:

- Enhancing attractiveness as a regional and international FDI hub.
- Promoting exports and international presence of Moroccan companies.
- Reducing disparities in investment attraction.
- Directing investments towards priority activities and future industries.
- Encouraging import substitution through local production.
- Achieving Sustainable Development Goals (SDGs).
- Improving the business climate.
- Creating stable employment.
- We are increasing the contribution of domestic and international private investment.

Morocco’s new Investment Charter aims to create a transparent and investor-friendly framework built around three core axes:

01 **Unified governance and territorialization of investments**

02 **improving the business climate**

03 **comprehensive support for investment projects.**

According to the United Nations Conference on Trade and Development's (UNCTAD) World Investment Report 2022, Morocco attracted Africa's ninth-most foreign direct investment (FDI) in 2020. Morocco attracted Africa's ninth-most foreign direct investment (FDI) in 2021. Inbound FDI rose by 52 percent in 2021 to $2.2 billion, vice $1.7 billion in 2020 and 2019 and a 2018 peak of $3.6 billion. France, the United Arab Emirates, and Spain hold most FDI stocks. Manufacturing attracted the highest share of FDI stocks, followed by real estate, telecommunications, tourism, energy, and mines. Morocco continues to orient itself as the "gateway to Africa" and expanded on this role by returning to the African Union in January 2017 and launching the African Continental Free Trade Area (CFTA), which entered into force in 2021.

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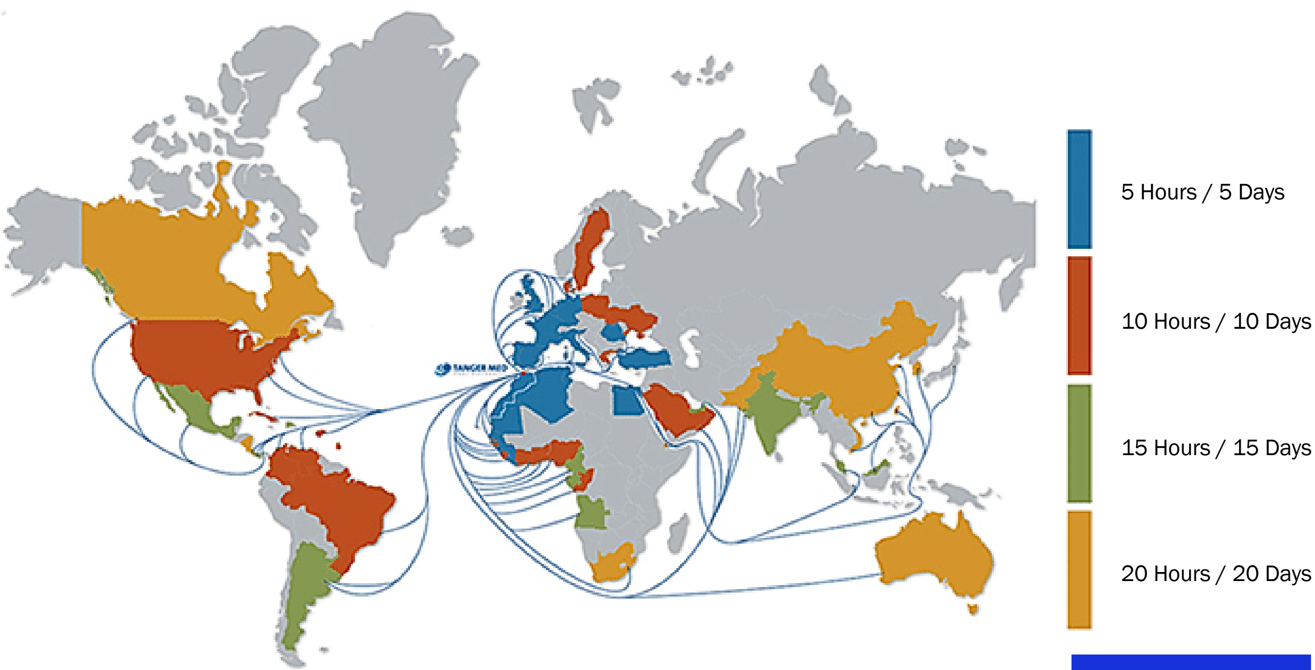
Inaugurated in 2007, Tangier Med is one of the most prominent examples of Morocco's striving to redefine Morocco's landscape, the economic landscape of Morocco, and the entire region.
Strategically located on the North African coast, Tangier Med has become a logistics epicenter connecting Europe, Africa, and Asia Map: 1, Tangier Port connectivity). It has experienced rapid growth and development, attracting investment and establishing itself as one of the world's most modern and efficient ports (The growing role of African ports: the case of Tangier Med).

In 2010, work began on Tangier-Med's expansion, adding 5.2 million TEUs of annual capacity. At the inception of expanding Tangier's port, it was barely featured in the container shipping industry. In June 2019, Morocco opened an extension of the Tangier-Med commercial shipping port, making it the largest in Africa and the Mediterranean; the government is developing a third phase for the port to increase capacity to five million twenty-foot equivalent units (TEUs). Tangier is connected to Morocco's political capital in Rabat and commercial hub in Casablanca by Africa's first high-speed train service. In 2023, Tangier-Med Port established itself as a trans-shipment hub for some of the most significant global container traffic, surging by 42 percent, reaching 2.5 million 20-foot equivalent units (TEUs). In other words, it is boosting about half of its planned capacity and expanding (Tangier-Med leads the way with ports in N).

One of the most notable aspects of Tangier Med's rise is its role in boosting intra-African trade. As African countries seek to strengthen their trade ties, this port has become a vital bridge facilitating the flow of goods between the continent's nations, ranking in the top 5 most efficient ports worldwide. An example of active contribution to economic integration and sustainable development in the region (The growing role of African ports: the case of Tangier Med).

With the current unstable commercial ships' navigation through the Red Sea, Tangier-Med would operate as an alternative maritime transit port of choice, linking Europe, the Gulf countries, Asia, Australia, and the Pacific Islands (Map 1). This unanticipated large volume of port activity would transform Tangier-Med into a strategic global hub, gaining more significance in serving the African and World economies.



Source: Tangier-Med Port Connectivity

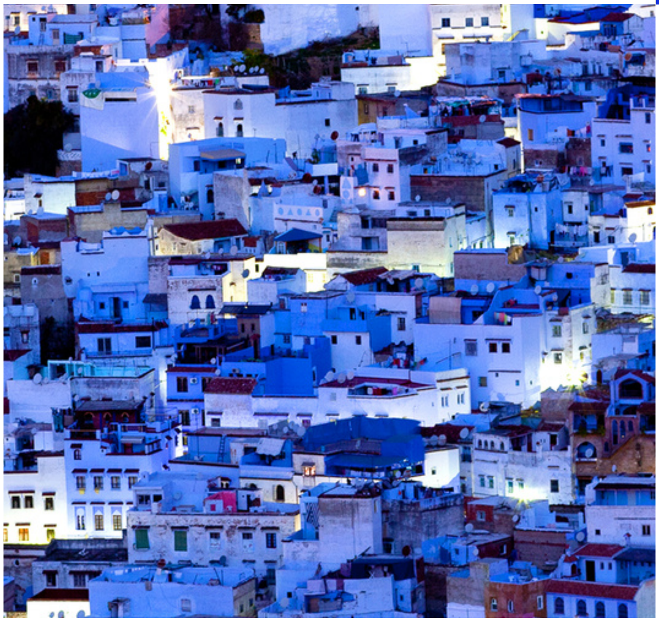
Map 1: Tangier-Med Port's Africa and global connectivity

Implications for Morocco-Africa economic integration: The most recent available African regional integration shows that Morocco's economy and trade with African countries have grown considerably (UNECA 2022: Assessing Regional Integration in Africa ARIA X). For example, Morocco ranked fifth in productive integration, seventh in AfDB composite infrastructure integration, and 20th in transport integration. However, Morocco's ranking and scores on macroeconomics, trade and market, and free movement of persons (social integration) are below the continent's average. This situation can be attributable to the low intra-Union of the Arab Maghreb integration, which is also the least integrated among African Regional Economic Communities (RECs).

A vital institution propelling Morocco's economic development is the Mohammed VI Investment Fund. Created following His Majesty's High Instructions as one of the pillars of the Kingdom of Morocco's economic recovery plan, the Mohammed VI Investment Fund was instigated by Act no. 76-20 of 31 December 2020 in the form of a State-owned limited company.

The Fund's primary aim is to catalyze equity investment and mobilize national and international public and private investors. It aims to:

- Enhance companies' ability to invest and create jobs.
- Help companies become regional and global players.
- Contribute to the financing of major investment projects.
- Promote the environmental and digital transitions.
- Attract international investments alongside the Fund's interventions.



The Mohammed VI Investment Fund aims to mobilize an additional US$ 3.01 billion to supplement the initial share capital of US$ 1.5 billion to generate between US$ 12.03 and US$ 15.04 billion of investments. Its recent signing of a Letter of Intent with the African Development Bank aims to support this effort, which includes helping Moroccan companies become regional by investing both in Africa and globally. On its part, the African Development Bank intends to foster an alliance with FM6I and synergize efforts, expertise, and resources to amplify significantly its investment impact and deliver transformative development results by boosting private investment in Africa.

Morocco's African policy is exemplary in that it is unique for several reasons. More importantly, it recognizes its economic complementarity with the African continent and business opportunities that can support its economic recovery and transformation strategies. Another factor is its outward-looking investment strategy, designed to promote its private sector to become a regional and global player (such as its partnership with the African Development Bank. A last but not least factor is its leadership under its King and the Mohammed VI Investment Fund, thus moving African economic integration from slogan to practice.

Reforms to The New Global Financial Architecture:

Introducing the Africa Club

The developmental narrative of the African continent is intricately woven with a rich fabric of challenges and opportunities, set against a backdrop of extensive natural resources and untapped potential. Yet, Africa encounters numerous barriers that stifle its growth and sustainable advancement ambitions. The global financial architecture, an ensemble of international financial institutions, governance frameworks, and regulatory mechanisms, is central to these challenges, which plays a pivotal role in shaping Africa's economic landscape. Despite its significant influence, this complex system frequently fails to meet Africa's unique developmental requirements and vulnerabilities. This gap in the provision of financial instruments responsive to and reflective of Africa's economic strengths and weaknesses has sparked discussions on establishing new frameworks for cooperation and support.

One such proposed initiative is the creation of The Africa Club, envisaged as a counterpart to the Paris Club but specifically tailored to the African context.

This idea represents a call for developing a more inclusive and equitable global financial system that acknowledges and addresses the specific needs of the African continent. By fostering dialogue and collaboration, The Africa Club aims to bridge the gap between existing financial structures and the unique challenges African nations face, offering a platform for sustainable economic policies and practices grounded in the realities of Africa's developmental landscape. This innovative approach underscores the pressing need for a reimagined financial architecture that recognizes and actively supports the diverse pathways to prosperity across the African continent.

The economic landscape of Africa in recent times has been a narrative of promising growth juxtaposed against formidable challenges. The continent's potential for prosperity has been intermittently highlighted, yet its journey toward economic stability is fraught with obstacles. The COVID-19 pandemic was one example that starkly illuminated Africa's susceptibility to global economic fluctuations, revealing a deep-seated reliance on a worldwide financial system ill-equipped to address complex crises within Africa. This vulnerability was exacerbated by the repercussions of monetary policy adjustments in the United States aimed at mitigating the pandemic's domestic economic impact. Such interventions precipitated significant depreciations of African currencies against the US Dollar, further exposing the fragility of these economies.

The International Monetary Fund (IMF) highlighted the direct correlation between currency depreciation and inflation within the African context, noting that an average one-percentage point increase in depreciation rates against the US Dollar typically leads to a 0.22 percentage inflationary rise in sub-Saharan Africa within the first year. This inflationary trend persists, notwithstanding the occasional strengths of local currencies against the dollar, underscoring a systemic challenge to economic stability.

Compounding the issue is the structure of public debt in Sub-Saharan Africa, where approximately 40% is external, and over 60% of these obligations are denominated in US dollars. The pandemic-induced exchange rate depreciations precipitated a significant increase in the public debt burden relative to the GDP of numerous African nations. While theoretically, the real value of pre-existing debts could be diminished through growth and inflation, the actual increase in public debt as a percentage of GDP was mitigated to about six percent by the end of 2022. This scenario illustrates the intricate dynamics in Africa's economic environment, where external shocks and the global financial architecture's inadequacies intersect to challenge the continent's path to economic resilience and prosperity. This example underscores the urgent need for a recalibrated approach to international financial systems that is responsive to the unique challenges and aspirations of the African continent, fostering a more equitable and sustainable pathway towards economic development.

The existing global financial architecture exhibits marked voting power, decision-making processes, and resource allocation disparities. These are not merely procedural but carry deep-seated implications for Africa's leverage in global economic policy-making. These entrenched inequities significantly impair the continent's autonomy in steering its economic policies and hinder its ability to champion reforms that resonate with its developmental goals. This scenario underscores a systemic bias that dilutes Africa's voice in international economic forums, thereby curtailing its potential to negotiate terms that could foster an environment conducive to sustainable development and economic self-determination. The imbalance within these global financial institutions reflects a broader issue of unequal power dynamics. It poses a critical challenge to Africa's pursuit of an equitable role in the global economic order. Addressing these asymmetries is crucial for enabling the continent to articulate and advance its interests effectively, thereby ensuring that its developmental aspirations are not sidelined in the global economic discourse. This situation demands a recalibration of the global financial system to ensure a more balanced and inclusive approach that acknowledges and accommodates the unique needs and aspirations of the African continent.

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In a strategic move to tackle the pressing financial challenges facing the African continent and to secure high-level commitment, President Nana Addo Dankwa Akufo-Addo of the Republic of Ghana, serving as the Champion of African Union Financial Institutions, convened a pivotal Heads of State dialogue. This gathering, held in conjunction with the African Union Summit in February, was a collaboration between key entities, including the African Union Commission (AUC), the African Multilateral Financial Institutions (AMFIs), the United Nations Economic Commission for Africa (UNECA), and the African Center for Economic Transformation (ACET). The dialogue served as a platform for leaders to reiterate their dedication to creating AU Financial Institutions, reinforcing Africa's stance on the need for a reformed Global Financial Architecture. The discussions culminated in the consensus on a strategic path forward and the formal inception of the so-called Africa Club.

The Africa Club, conceptualized under the African Multilateral Financial Institutions Treaty, amalgamates a consortium of premier African-based financial entities collectively managing assets exceeding $53 billion. This consortium includes the African Export-Import Bank (AfreximBank), Trade and Development Bank (TDB), Africa Finance Corporation (AFC), African Reinsurance Corporation (Africa Re), and African Trade and Investment Development Insurance (ATIDI). These institutions stand at the forefront of championing African integration via trade, investment, and infrastructure financing. Their collective efforts are instrumental in operationalizing the African Continental Free Trade Area (AfCFTA) and realizing the AU Agenda 2063.

Establishing the Africa Club signifies a pivotal advancement in Africa's quest to enhance its position within the global financial ecosystem. This initiative emerges as a strategic countermeasure to the continent's distinct economic challenges and ambitions, providing a tailored forum for African nations to navigate and influence the global financial system collectively. The Africa Club seeks to leverage its member institutions' collective strengths and resources to drive economic integration, stimulate trade, and facilitate infrastructure development in the continent. This concerted effort aims to foster sustainable growth and secure economic sovereignty for Africa, positioning it more favorably within the global financial architecture. Membership is extended to all African multilateral financial institutions that share the Club's vision, objectives, and criteria, emphasizing a unified approach to surmounting Africa's economic hurdles.

The African Union (AU) and African leaders have also articulated a pressing need to establish an African Monetary Union. This ambitious endeavor entails harmonizing monetary zones and instituting three critical African Union financial bodies: the African Central Bank (ACB), the African Monetary Fund (AMF), and the African Investment Bank (AIB). The prospect of establishing a Pan-African Stock Exchange (PASE) is also being explored. Although these transformative proposals await formal ratification, their realization is anticipated to revolutionize Africa's financial framework and reinforce the continent's standing as the world's preeminent single market.

This collaborative initiative underscores a shared acknowledgment among African nations of the necessity for a more inclusive and equitable financial system that comprehensively addresses the African continent's unique economic conditions and requirements. The envisaged African Monetary Union, alongside the proposed financial institutions, represents a strategic blueprint for augmenting Africa's economic autonomy and integration, signifying a significant shift towards fostering a resilient and prosperous future for the continent.

This vision heralds a new epoch of strategic partnership and cooperation among African nations dedicated to establishing a financial architecture that supports and accelerates the continent's sustainable development and integration aims. Through these initiatives, Africa aspires to carve out a significant role in the global economy, advocating for a financial system that is both responsive and equitable, thereby ensuring the continent's enduring prosperity and resilience.

Reaping the Rewards:

Senegal Economic Policy Reform Instruments and Practice

This monthly review intends to examine the efficacy of the Plan for an Emerging Senegal (PES, 2012-2019) and Senegal Vision 2019-2024 with the long-term 2035 policy instruments. The idea is to lament the policy narrative and use open-source data from International Financial Institutions, African Development, and Senegal-based data to assess the congruency between policy and practice. Highlighting policy issues in this monthly review is essential because lessons of experience can be upscaled and critically adopted in different countries and cross-country contexts. Senegal has experienced sustained growth since 2011, to date except for a short dip because of COVID-19, the Ukraine war's negative impact on food and energy prices, and ECOWAS's Mali sanctions, which reduced Senegal's exports to this landlocked Sahelian country.

Background

Between 2011 and 2019, Senegal experienced uninterrupted growth of over 5% on average, which had a tangible spillover in poverty reduction (by 5%), improved health services, and education enrolment at all education levels. However, COVID-19's confinement measures, global economic slowdown, and the Ukraine war, which affected food and energy prices, have affected Senegal adversely. These negative factors exposed Senegal's structural vulnerabilities, institutional weakness, and the private sector's inability to keep pace with high population growth. In 2020, inflation increased to 2% from 1% in 2019 due to higher transport and food prices from COVID-19 prevention measures and supply chain disruptions. Likewise, the Current Account Deficit (CAD) widened from 7.8% of GDP in 2019 to 10.7% in 2020, as weak demand in key export markets, mainly tourism services, affected export performance. The CAD was financed by strong hydrocarbon-related FDI and increased development assistance. After widening to 3.8 percent of GDP in 2019, the fiscal deficit deteriorated to 6.5 percent in 2020. This situation reflects a combination of lower tax revenues resulting from the slowdown in economic activity and increased spending to mitigate the impact of the crisis. As a result, the debt-to-GDP ratio maintained its pre-crisis upward trend and increased from 64.5 percent of GDP in 2019 to 67.6 percent in 2020 (World Bank: Senegal Macro Poverty Outlook - MPO).

Returning to Economic Growth Ways

In 2021, Senegal returned to growth ways and registered a 6.5% growth rate but dropped to 4.0% in 2023. In 2022, inflation reached a record high of 9.7%, driven by soaring food prices. As a response, the Central Bank of West African States revised the minimum liquidity injection rate to 3.0% and the marginal lending rate to 5.0%, raised energy subsidies to 4% of GDP, and drastically reduced public investment. Due to these economic policy measures, in 2022, the budget deficit narrowed slightly to 6.1% of GDP from 6.3% in 2021, thanks to a public revenue increase of 23%. However, in 2023, inflation dropped to 3.4% and is projected to drop further to 2.6% in 2024 due to tighter monetary policy. The budget deficit is projected to narrow to 5.8% of GDP in 2023 and 4.5% in 2024, thanks to the expected rationalization of subsidies and domestic revenue mobilization. Debt will fall below 70% of GDP in 2024, thanks to the narrower public deficit and growth prospects. With the start of hydrocarbon exports, the current account deficit is projected to drop below 10% of GDP in 2024 for the first time since 2020. Possible headwinds include prolonging Russia's invasion of Ukraine, declining terms of trade, effects of climate change, and the regional security situation (African Development Bank 2023: Senegal Economic Outlook).

A Plan for an "Emerging Senegal in 2035

Senegal has adopted a new development model to accelerate its emergence. The Plan for an Emerging Senegal (PES) forms the reference framework for the country's economic and social policy over the medium and long term.
To this end, the Government has initiated the disruptive changes that allow Senegal to follow a new development path. These changes are reflected in actions designed to sustainably raise growth potential and drive creativity and private initiative to satisfy people's aspirations for a better life.

This aspiration is represented by one vision: "An emerging Senegal in 2035, with a cohesive society under the rule of law ". The Government's Strategic Guidelines that direct the initiatives needed for translating this vision into tangible actions and results for the benefit of the population are based on three priorities aimed at:
Bringing about a structural economic transformation by strengthening current growth drivers and developing new sectors to create wealth, jobs, and social inclusion with a strong power of attraction for exports and investments. This aim is enshrined in the goal of more balanced development, more excellent promotion of the territory, and a viable economic hub to boost Senegal's development potential throughout the national territory.

Promoting human capital involves significantly improving people's living conditions and a more sustained fight against social inequalities, preserving the resource base, and fostering the emergence of viable territories.

Enabling good governance: to strengthen security and stability, protect rights and liberties, consolidate the rule of law, and create a setting more conducive to social peace.

These three strategic priorities will allow the Government to establish the conditions needed to emerge a new Senegal through their synergies and converging and cumulative effects. A strong effort from the state and clear leadership are required to make the PES interventions successful. To this end, the Government has advanced an accelerated reform agenda designed to modernize public administration to meet the performance requirements of the PES.

Towards a Structural Transformation of the Economy

Several vital reforms have been carried out urgently since 2012 to improve the business environment substantially. They pertain to:

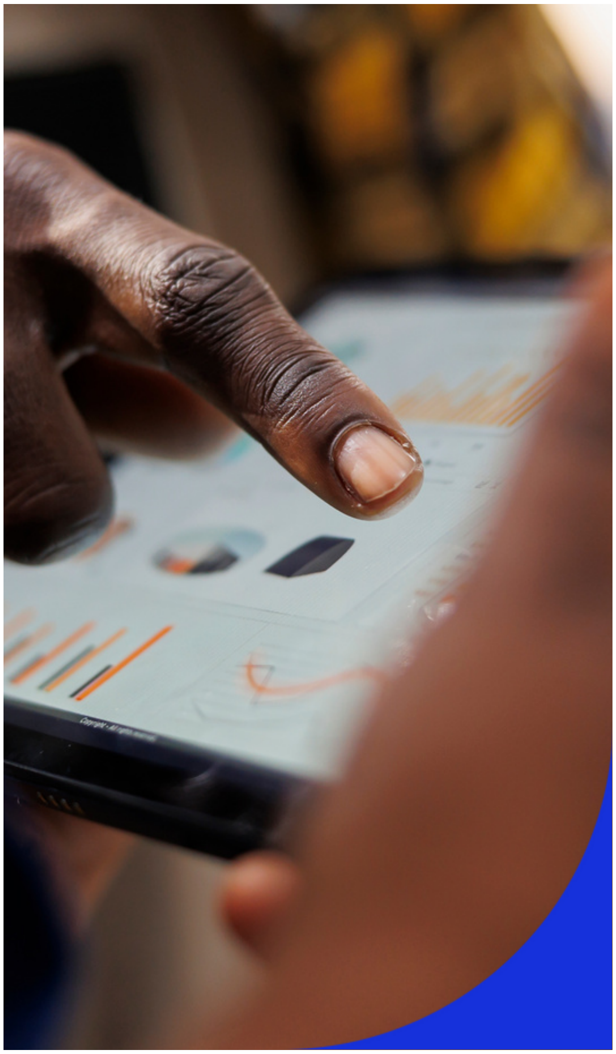
01 **Administrative procedures automation.**

02 **Institutionalization of incentive and simplified tax and legal mechanisms.**

03 **Competitiveness for production factors improvement.**

04 **High-impact investments' promotion.**

These reforms were also accompanied by proactive economic diplomacy and further-reaching integration to strengthen regional stability and seize opportunities offered by foreign markets. The Government favors a better engagement of the Senegalese diaspora in national development efforts. Public administration now adopts a culture of transparency and accountability at all levels of results-based management, policy adoption among all layers of society, and exercise of citizen control.



The PES is carried out through a five-year Priority Action Plan (PAP, 2014-2018) with strategic pillars, sectorial objectives, and Strategic Line Actions. The PAP comes in various development projects and programs that are part of a budgetary framework covering 2014–2018. The PAP is building on the optimistic scenario of the PES, which is evaluated at 9,685.7 billion CFA francs. Its financing has been secured up to 5,737.6 billion CFA francs, or 59.2%, making the funding gap to fill for the 2014–2018 period 2,964 billion CFA Francs (30.6%) and the one to be covered by additional revenues and cost-savings reaches 984 billion of CFA Francs (10.2%).

The diligent implementation of crucial reforms and PAP projects will enable Senegal to reach an annual growth rate of 7% over 2014–2018 and reduce the budget deficit from 5.4% in 2013 to 3.9% in 2018. The current account deficit will be brought below the 6% mark in 2018, and the inflation rate, measured by the GDP deflator, should remain under the Community threshold set at 3%.

The Plan for an Emerging Senegal (PES, 2012-2019) focused on producing measurable results in eight sectors: agriculture and the Fisheries, infrastructure, urban development, and construction, energy and power stations, rural and community development, and water and sanitation programs for rural and urban areas. To make the plan happen, an institutional framework was established to enable the implementation of the PES. It comprises a Strategic Orientation Committee (SOC) placed under the President, a Steering Committee (SC) chaired by the Prime Minister, and an Operational Office monitoring and evaluating the progress made.

Senegal Vision 2019-2024

Senegal Vision 2019-2024 comprises five major national initiatives:

01 **Youth PSE 2035.**

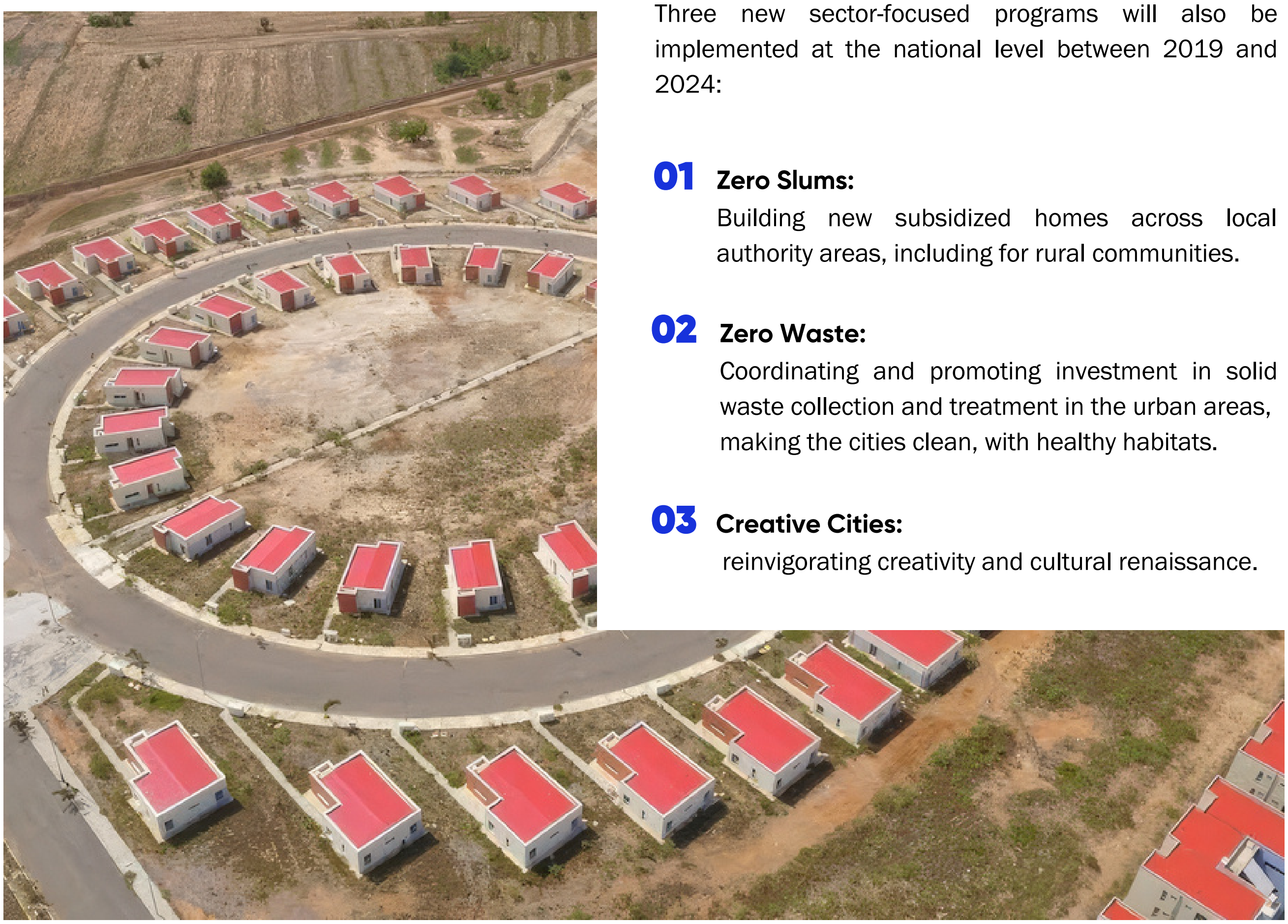
02 **Social and Solidarity-Based Economy.**

03 **Inclusive Digital Society.**

04 **Green and National Sustainable Reforestation**

05 **Industrialization.**

The PSE encompasses several large-scale social inclusion and regional equality programs, including the Emergency Community Development Programme (ECDP), the Emergency Programme for the Modernisation of Border Axes and Frontier Areas (EPMKIA), the Cities Modernisation Programme (PROMOVILLES), the National Family Security Funding Programme and Universal Healthcare.



Three new sector-focused programs will also be implemented at the national level between 2019 and 2024:

01 **Zero Slums:**
Building new subsidized homes across local authority areas, including for rural communities.

02 **Zero Waste:**
Coordinating and promoting investment in solid waste collection and treatment in the urban areas, making the cities clean, with healthy habitats.

03 **Creative Cities:**
reinvigorating creativity and cultural renaissance.

Reaping the Rewards

This monthly review has examined the efficacy of the Plan for an Emerging Senegal (PES, 2012-2019) and Senegal Vision 2019-2024 with the long-term 2035 policy instruments. The institutional setup for policy implementation, which is placed under the guidance of the Presidency, has ensured development tracking efficiency in many ways. In the Macro-Poverty Outlook, the verdict is that Senegal's fiscal pressures will gradually ease as continued tax revenue mobilization efforts – supported by a medium-term revenue strategy– help to rebuild budgetary space. This issue will be coupled with the unwinding of COVID-19 spending to pre-crisis levels. As a result, the fiscal deficit will converge to the WAEMU criterion of 3 percent of GDP by 2023, putting the debt-to-GDP ratio on a downward trend starting in 2022. With the expected recovery over 2021-2023, the international extreme poverty rate will start declining slowly to 36.7 percent by 2023, staying above 2019. At the same time, per capita GDP is set to return to pre-crisis levels by 2023 (World Bank. December 2023). Generally, the lessons of Senegal's positive economic reform experience are many; however, the most important is to match policy prescriptions and practice so people experience development policy outcomes.