Table of Contents

Executive Summary

1. Openness To, and Restrictions Upon, Foreign Investment
   1.1. Attitude Toward FDI
   1.2. Other Investment Policy Reviews
   1.3. Laws/Regulations of FDI
   1.4. Industrial Strategy
   1.5. Limits on Foreign Control
   1.6. Privatization Program
   1.7. Screening of FDI
   1.8. Competition Law
   1.9. Investment Trends
      1.9.1. Tables 1 and if applicable, Table 1B

2. Conversion and Transfer Policies
   2.1. Foreign Exchange
      2.1.1. Remittance Policies

3. Expropriation and Compensation

4. Dispute Settlement
   4.1. Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts
   4.2. Bankruptcy
   4.3. Investment Disputes
   4.4. International Arbitration
      4.4.1. ICSID Convention and New York Convention
   4.5. Duration of Dispute Resolution

5. Performance Requirements and Investment Incentives
   5.1. WTO/TRIMS
   5.2. Investment Incentives
      5.2.1. Research and Development
   5.3. 5.3 Performance Requirements
   5.4. Data Storage

6. Right to Private Ownership and Establishment
7. Protection of Property Rights
   7.1. Real Property
   7.2. Intellectual Property Rights
8. Transparency of the Regulatory System
9. Efficient Capital Markets and Portfolio Investment
   9.1. Money and Banking System, Hostile Takeovers
10. Competition from State-Owned Enterprises
    10.1. OECD Guidelines on Corporate Governance of SOEs
    10.2. Sovereign Wealth Funds
11. Corporate Social Responsibility
    11.1. OECD Guidelines for Multinational Enterprises
12. Political Violence
13. Corruption
    13.1. UN Anticorruption Convention, OECD Convention on Combatting Bribery
14. Bilateral Investment Agreements
    14.1. Bilateral Taxation Treaties
15. OPIC and Other Investment Insurance Programs
16. Labor
17. Foreign Trade Zones/Free Ports/Trade Facilitation
18. Foreign Direct Investment and Foreign Portfolio Investment Statistics
19. Contact Point at Post for Public Inquiries
Executive Summary

Senegal offers a stable political environment, a relatively robust infrastructure, strong institutions and a favorable geographic position with growing opportunities for foreign investment. The Government of Senegal welcomes foreign investment and has prioritized efforts to improve its business climate. Senegal has maintained a stable macroeconomic environment, with its regional currency, the CFA franc, pegged to the Euro and easy repatriation of capital and income. Investors cite high factor costs, bureaucratic hurdles, limited access to financing and a rigid labor market among the obstacles to investment. The government is making efforts address some of these challenges, streamline bureaucratic procedures and improve Senegal’s competitiveness.

Senegal is pursuing an ambitious development plan, the “Plan Senegal Emergent” (Emerging Senegal Plan or "PSE"), that includes a series of economic reforms and increasing private investment in strategic sectors with the goal of increasing real GDP growth to an average of 7.1% from 2014 to 2018. The government is implementing reforms to the energy sector, higher education and the land tenure system, in order to improve Senegal’s attractiveness for foreign investment. Senegal also has ambitions to build on its position as a regional business hub with relatively good transportation links to become a regional center for logistics, services and industry. The Senegalese government is focusing on infrastructure projects to develop port facilities, transportation infrastructure and a Special Economic Zone. Senegal has joined the New Alliance for Food Security and committed to policy reforms to facilitate greater investment in agro-industry. As the government undertakes a range of investment-friendly reforms, capacity constraints and bureaucratic bottlenecks continue to impede the implementation of this agenda.

Senegal’s low ranking (161th out of 189 countries) in the 2015 World Bank Doing Business Report highlighted the bureaucratic challenges that foreign investors can face when pursuing projects in Senegal. After an even lower Doing Business ranking of 178 in 2014, Senegal was cited as a top performer in 2015 for improving its business climate to raise its ranking. The Government of Senegal is continuing to implement a multi-year program to streamline procedures and reduce costs involved in setting up a business. The development of a Special Economic Zone is also intended to provide an easier environment for private investment.

While Senegal has a well-developed legal framework for protecting property rights, settlement of commercial disputes can be cumbersome and slow. The government of Senegal has prioritized efforts to fight corruption, increase transparency and improve governance. Senegal compares favorably with most African countries in corruption indicators, but companies report that some corruption may persist, particularly at lower levels.

France is the largest source of foreign direct investment but the government of Senegal is keen to diversify its sources of investment. The U.S. and Senegal signed a Bilateral Investment Treaty in 1983 that includes provisions on non-discrimination, free transfer of funds, international legal standards for expropriation and the use of binding third-party arbitration for resolution of investment disputes.

Investors may consult the website of Senegal's investment promotion agency (APIX) at www.investinsenegal.com for information on opportunities, incentives and procedures for foreign investment, including a copy of Senegal's investment code.
1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

The Government of Senegal welcomes foreign investment and generally maintains a level playing field for foreign investors to participate in most sectors. There are no barriers to 100 percent ownership of businesses by foreign investors in most sectors. There are some exceptions for sectors such as water, electricity distribution, and port services where the government and state-owned companies maintain responsibility for most physical infrastructure but allow private companies to provide water distribution and port services.

Other Investment Policy Reviews

As part of its PSE, the Government of Senegal prepared a series of reports to outline sector policies and business opportunities in priority sectors including agriculture and agrobusiness, tourism, fishing, health care and other sectors. More information can be found at www.investinsenegal.com

Laws/Regulations of Foreign Direct Investment

Senegal's 2004 Investment Code provides basic guarantees for equal treatment of foreign investors and repatriation of profit and capital. It also specifies tax and customs exemptions according to the investment volume, company size and location, with investments outside of Dakar eligible for longer tax exemptions. A law to enhance transparency in public procurement and public tenders entered into force in 2008, establishing a Public Procurement Regulatory body (ARMP) that publishes annual reviews of public procurement. The Government of Senegal enacted a Public Private Partnership Law in 2014 that amended the 2004 Build Operate and Transfer Law to facilitate expedited approval of public-private partnerships for projects that include a minimum share of domestic investment.

More information on Senegal's legal and regulatory environment including a copy of the investment code, the mining code, and many other reference documents can be found at www.investinsenegal.com. (Note: As of April 2015, more recent revisions to the Customs Code and the 2014 Public Private Partnership Law are not yet posted on this site.)

Senegal is a member of UNCTAD’s international network of transparent investment procedures http://senegal.eregulations.org/

Industrial Promotion

Senegal has developed a strategic plan, the Plan Senegal Emergent (PSE), which includes a priority investment plan for 2014-2018, focusing on priority sectors including agriculture, mining, energy, tourism and infrastructure. The PSE includes 27 priority projects and 17 economic reforms intended to reinforce the enabling environment for private sector investment. The government has indicated it will further focus initial efforts on a handful of priority projects and reforms. The government has established a delivery unit in the President’s office to coordinate and monitor implementation of investment projects by line Ministries. Investors may
consult the website of Senegal's Investment Promotion Agency at www.investinsenegal.com for more details on investment priorities.

**Limits on Foreign Control**

Senegal allows foreign investors equal access to ownership of property and does not impose any general limits on foreign control of investments. Senegal's Investment Code includes guarantees for equal treatment of foreign investors including the right to acquire and dispose of property. There is no provision in Senegalese law permitting domestic businesses to adopt articles of incorporation or association that limit or control foreign investment. There is no pattern of discrimination against foreign firms making investments in Senegal.

**Privatization Program**

Since the 1980s, Senegal has reduced the involvement of state-owned enterprises in most sectors as the country has shifted towards promotion of private investment to drive national development objectives. The government has privatized companies involved in the airline, water, finance, real estate and telecommunications sectors with no restriction on the participation of foreign investors. Several state-owned firms privatized in recent years were sold in part or in whole to foreign entities. In the energy sector, the state-owned electricity company, SENELEC, operates transmission and distribution networks while the government has encouraged private companies to take an increasing share of electricity generation under power purchase agreements. The government has maintained involvement in ports and infrastructure projects but granted a private concession for container ports and used a public-private partnership to complete a toll road connecting the Dakar peninsula with interior roads.

**Screening of FDI**

The Government of Senegal does some screening of proposed investments, primarily to verify compatibility with the country's overall development goals and compliance with environmental regulations. If the government is involved in project financing, the Finance Ministry will also review financing arrangements to ensure compatibility with budget and debt policies. Senegal's Investment Promotion Agency (APIX) can facilitate government review of investment proposals and the project approval process. The business registration process, involving multiple approvals from APIX, Ministry of Economy and Finance, Senegalese Customs, and other agencies, has been reduced from several weeks to one day. Depending on the proposed business activity, other approvals from specific Ministries, such as Agriculture and Interior, can require additional time.

**Competition Law**

Senegal's National Competition Commission is responsible for reviewing transactions for competition-related concerns.

**Investment Trends**

France is the largest source of foreign investment in Senegal, though its share of investment has gradually declined as companies from India, Morocco, Togo and the U.S. have undertaken
investment projects in Senegal. U.S. firms have invested in power generation, pharmaceutical, natural gas, oil exploration, agribusiness and information technology sectors. Foreign investors have secured contracts to develop mineral resources, provide garbage services, and manage part of Dakar’s container port.

Table 1

<table>
<thead>
<tr>
<th>Measure</th>
<th>Year</th>
<th>Index or Rank</th>
<th>Website Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>TI Corruption Perceptions index</td>
<td>2014</td>
<td>69 of 175</td>
<td>transparency.org/cpi2014/results</td>
</tr>
<tr>
<td>Global Innovation Index</td>
<td>2014</td>
<td>98 of 143</td>
<td>globalinnovationindex.org/content.aspx?page=data-analysis</td>
</tr>
<tr>
<td>World Bank GNI per capita</td>
<td>2013</td>
<td>USD 1,050</td>
<td>data.worldbank.org/indicator/NY.GNP.PCAP.CD</td>
</tr>
</tbody>
</table>

Millennium Challenge Corporation Country Scorecard

The Millennium Challenge Corporation (MCC), a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) of USD 4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: http://www.mcc.gov/pages/selection/scorecards. Details on each of the MCC’s indicators and a guide to reading the scorecards are available here: http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015.

Senegal has a USD 540 million MCC compact focused on developing transportation and irrigation infrastructure in the northern Senegal river valley and transportation infrastructure in the southern Casamance region. This compact will end in September 2015.

2. Conversion and Transfer Policies

Foreign Exchange

As part of the eight-country West African Economic and Monetary Union (WAEMU), Senegal uses the CFA franc that is pegged to the Euro at 655.957 CFA per Euro. Senegal’s Investment Code includes guarantees for access to foreign exchange and repatriation of capital and earnings, though transactions are subject to procedural requirements of financial regulators. Commercial transfers are routinely carried out by local financial institutions without delays. The government limits the amount of foreign exchange that individual travelers may take outside Senegal. Departing travelers may take a maximum of 6 million CFA (approximately USD 10,000) in
foreign currency/travelers checks upon presentation of a valid airline ticket. Senegal's Bilateral Investment Treaty with the U.S. includes commitments to ensuring free transfer of funds associated with investments.

**Remittance Policies**

There are no restrictions on the transfer or repatriation of capital and income earned, or on investments financed with convertible foreign currency. Remittances to Senegal from citizens living overseas are routine and provide a significant source of income for many local Senegalese. In 2013, the value of remittances, formal and informal, was estimated by Senegalese authorities at USD 1.7 billion or 12 percent of GDP. Senegal is a member of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) and, through GIABA, it is an associate member of the Financial Action Task Force (FATF).

### 3. Expropriation and Compensation

Senegal’s Investment Code includes protection against expropriation or nationalization of private property with exceptions for “reasons of public utility” that would involve “just compensation” in advance. In general, Senegal has no history of expropriation or creeping expropriation against private companies. The government may sometimes use eminent domain justifications to procure land for public infrastructure projects with compensation provided to land owners. Senegal’s Bilateral Investment Treaty with the U.S. also specifies that international legal standards are applicable to any cases of expropriation of investment and the payment of compensation.

### 4. Dispute Settlement

**Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts**

While Senegal has well-developed commercial and investment laws, and a legal framework for resolving business disputes and enforcing property rights, settlement of disputes within the existing framework is cumbersome and slow. Senegal’s civil legal system, based on a French model, is one of the most functional systems in francophone Africa, but it still provides a challenging environment for resolution of commercial disputes. Court cases tend to proceed slowly with ample opportunity for the parties involved to prolong the proceedings. Even when courts issue judgments, companies may encounter challenges in implementing court decisions and enforcing their contractual rights. Investors may consider including provisions for binding arbitration in their contracts in order to avoid prolonged entanglements in Senegalese courts. To alleviate the growing backlog and delays in resolution of commercial disputes, the government of Senegal has taken steps to establish commercial courts, as part of its investment climate reforms. Senegal is signatory to the Organization for the Harmonization of Corporate Law in Africa Treaty (OHADA) that provides for common corporate law and arbitration procedures in the 16 member states in western and central Africa.
Bankruptcy

Senegal has commercial and bankruptcy laws that address liquidation of business liabilities. Foreign creditors receive equal treatment under Senegalese bankruptcy law in making claims against liquidated assets. Monetary judgments are normally in local currency. As a member of the Organization and Harmonization of Business Law (OHADA), Senegal permits three different types of bankruptcy liquidation through a negotiated settlement, company restructuring, or complete liquidation of assets. Senegal ranked 99th out of 189 countries on the "Resolving Insolvency" indicator in the 2015 Doing Business Report.

Investment Disputes

International firms have pursued a variety of investment disputes during the last decade, including at least two U.S. firms involved in tax and customs disputes. One U.S. energy firm was involved in a tax dispute and ultimately prevailed in arbitration. Another company has an ongoing case over whether imported industrial inputs would be subject to customs duties. Other foreign companies in the mining and telecommunications sectors have pursued commercial disputes over mining and telecom licensing. These disputes have often been resolved through arbitration or an amicable settlement.

International Arbitration

Senegal has growing experience in using international arbitration for resolution of investment disputes with foreign companies, including some cases involving tax disputes with U.S. firms. The government has also prevailed in some arbitration cases, including a 2013 arbitration decision in a high-profile case with Arcel-Mittelor over an integrated mining/railway/port project, lending greater confidence within the government to the arbitration process. Senegal's Bilateral Investment Treaty with the U.S. includes provisions to facilitate the referral of investment disputes to binding arbitration.

ICSID Convention and New York Convention

Senegal is a member of the International Center for the Settlement of Investment Disputes (ICSID) and a signatory of the Convention on the Recognition and Enforcement of Arbitral Awards (the New York Convention).

Duration of Dispute Resolution

According to the 2015 World Bank Doing Business Indicators, it took an average of 740 days for companies to resolve a commercial dispute in Senegal involving the enforcement of contracts. Some companies have reported challenges in securing the enforcement of court decisions protecting contractual rights. The Government of Senegal has initiated several programs to establish commercial courts and use alternative dispute resolution mechanisms in order to drastically lower the time required for resolving business disputes.
5. Performance Requirements and Investment Incentives

WTO/TRIMS

Senegal has not submitted any WTO notifications on Trade Related Investment Measures.

Investment Incentives

Senegal's Investment Code provides for investment incentives, including temporary exemption from customs duties and income taxes for investment projects. Eligibility for investment incentives depends upon a firm's size and type of activity, the amount of the potential investment, and the location of the project. To qualify for significant investment incentives, firms must invest above CFA 100 million (approximately USD 165,000) or in activities that lead to an increase of 25 percent or more in productive capacity. Investors may also deduct up to 40 percent of retained investment over five years. However, for companies engaged strictly in "trading activities," investment incentives may not be available.

Eligible sectors for investment incentives include agriculture and agro-processing, fishing, livestock and related industries, manufacturing, tourism, mineral exploration and mining, banking, and others. All qualifying investments benefit from the "Common Regime," which includes two years of exoneration from duties on imports of goods not produced locally for small and medium sized firms, and three years for all others. Also included is exoneration from direct and indirect taxes for the same period.

Exoneration from the Minimum Personal Income Tax and from the Business License Tax is granted to investors who use local resources for at least 65 percent of their total inputs within a fiscal year. Enterprises that locate in less industrialized areas of Senegal benefit from exemption of the lump-sum payroll tax of three percent, with the exoneration running from five to 12 years, depending on the location of the investment. The investment code provides for exemption from income tax, duties and other taxes, phased out progressively over the last three years of the exoneration period. Most incentives are automatically granted to investment projects meeting the above criteria. The new tax code was published December 31, 2012 (law # 2012-31 of December 2012 published in journal # 6706 of 31/12/2012).

An existing firm requesting an extension of such incentives must be at least 20 percent self-financed. Large firms -- those with at least 200 million CFA (330,000 USD) in equity capital -- are required to create at least 50 full-time positions for Senegalese nationals, to contribute the hard currency equivalent of at least 100 million CFA (165,000 USD), and keep regular accounts that conform to Senegalese (European accounting system) standards. In addition, firms must provide APIX with details on company products, production, employment and consumption of raw materials.

Research and Development

U.S. and foreign firms are able to participate in government-financed research and development programs which often are supported by donor financing and technical assistance, particularly in the areas of agriculture and public health.
Performance Requirements

The Government does not, by statute, impose specific conditions or performance requirements on investment activities. However, the Government does negotiate with potential investors on a case-by-case basis to support local employment or ensure incentives for investors to meet their contractual commitments. The U.S. Bilateral Investment Treaty with Senegal includes provisions for companies to freely engage professional, technical and managerial assistance necessary for planning and operation of investments.

Acquiring work permits for expatriate staff is typically straightforward. Citizens from WAEMU member countries are permitted to work freely in Senegal. In May of 2004, the Economic Community of West African States (ECOWAS) and WAEMU signed an agreement that, amongst other things, allows employment mobility between member countries.

Data Storage

Senegal does not have any requirements for the "forced localization" of data storage. The National Commission on Personal Data is responsible for oversight of the privacy of personal data.

6. Right to Private Ownership and Establishment

Senegal generally provides foreign investors the same rights to property ownership and business establishment that are available to local investors. Private entities are permitted to establish and own businesses and to engage in most forms of remunerative activity. Foreign nationals are permitted to buy and hold land with no requirement for local majority ownership. Land holdings for investors are frequently offered on the basis of long-term leases (i.e., 99 years).

7. Protection of Property Rights

Real Property

The Senegalese Civil Code provides a framework, based on French law, for enforcing private property rights. The code provides for equality of treatment and non-discrimination against foreign-owned businesses. Senegal maintains a property title and a land registration system, but application is uneven outside of Senegal's urban areas. Confirming ownership rights on real estate can be difficult, but once established, ownership is protected by law.

The Government has undertaken several reforms to make it easier for investors to acquire and register property. It has streamlined procedures and reduce associated costs for property registration. The government has developed new land tenure models that are intended to facilitate land acquisition by resolving conflicts between traditional and government land ownership. If the new models are widely adopted, the government and donors expect they will facilitate land acquisition and investment in the agricultural sector while providing benefits to traditional landowners in local communities.
The Government generally pays compensation when it takes private property through eminent domain actions. Senegal's housing finance market is underdeveloped and few long-term mortgage financing vehicles exist. There is no secondary market for mortgages or other bundled revenue streams. The judiciary is inconsistent when adjudicating property disputes. Senegal ranked 167 out of 189 countries in the 2015 Doing Business indicator for Registering Property.

**Intellectual Property Rights**

Senegal maintains a legal framework for protection of intellectual property (IP), but has limited institutional capacity to implement this framework and enforce IP protections. Senegal has been a member of the World Intellectual Property Organization (WIPO) since its inception. Senegal is also a member of the African Organization of Intellectual Property (OAPI), a grouping of 15 francophone African countries with a common system for obtaining and maintaining protection for patents, trademarks and industrial designs. Local statutes recognize reciprocal protection for authors or artists who are nationals of countries adhering to the 1991 Paris Convention on Intellectual Property Rights. In particular:

Patents: Patents are protected for 20 years. An annual charge is levied during this period. Trade secrets and computer chip design are respected.

Trademarks: Registered trademarks are protected for a period of 20 years. Trademarks may be renewed indefinitely by subsequent registrations.

Copyrights: Senegal is a signatory to the Bern Copyright Convention. The Senegalese Copyright Office, part of the Ministry of Culture, attempts to enforce copyright obligations. The bootlegging of music cassettes and CDs is common and of concern to the local music industry. The Copyright Office undertook actions in 2001, 2002, 2003 and 2006 to combat media piracy, including seizure of counterfeit cassettes and CD/DVDs and in 2008 established a special police unit to better enforce the country's anti-piracy and counterfeit laws.

However, despite an adequate legal and regulatory framework, enforcement of intellectual property rights is weak. In general, the government has limited capacity to combat IPR violations or to seize counterfeit goods. Customs screening for counterfeit goods coming from China, Nigeria, Dubai and other centers of illegal production is weak and confiscated goods occasionally re-appear in the market. Nonetheless, the government has made efforts to raise awareness of the impact of counterfeit products on the Senegalese marketplace, and officers have participated in trainings offered by manufacturers to identify counterfeit products.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO’s country profiles at http://www.wipo.int/directory/en/.

**Resources for Rights Holders**

Contact at Mission:
• Alexander Gazis
• Economic-Commercial Chief
• (221) 33 879 4328
Country/Economy resources: The American Chamber of Commerce (www.amchamsen.org) can provide additional information on services available in Senegal. A list of attorneys in Senegal can also be found on the Embassy website: dakar.usembassy.gov/service/living-in-senegal-and-guinea-bissau/attorneys-and-notaries-in-senegal.html

8. Transparency of the Regulatory System

Senegal has made progress towards developing independent regulatory institutions, including regulators for the energy, telecommunication and financial sectors and increasing transparency of its regulatory system. The government of Macky Sall has made good governance and transparency in the management of public affairs a high priority. While Senegal lacks established procedures for a public comment process for proposed laws and regulations, the Government frequently holds public hearings and workshops to discuss proposed initiatives. The Commission for Regulation of the Electricity Sector (CRSE) was established in 1998 as an independent agency that regulates the electricity sector. The government is preparing to expand the CRSE’s role to include regulation of hydrocarbon fuels. The CRSE holds public consultations every three years as part of its technical process for reviewing electricity tariffs. The Agency for Regulation of Telecommunications and Posts (ARTP) is responsible for licensing and regulation of telecommunications in Senegal and the Central Bank for West African States (BCEAO) is responsible for regulation of financial institutions. In October 2013, Senegal was approved as a candidate country for the Extractive Industries Transparency Initiative (EITI). The government of Senegal has begun a consultative process of implementing EITI requirements with the goal of preparing Senegal’s first EITI report by 2015.

Senegal is a member of UNCTAD’s international network of transparent investment procedures http://senegal.eregulations.org Foreign and national investors can find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time and legal bases justifying the procedures.

9. Efficient Capital Markets and Portfolio Investment

In 2014 and 2011, Senegal issued two 500 million Eurobond offerings that increased Senegal’s visibility on international financial markets. The government regularly issues bonds in local currency on the regional market and the regional central bank (BCEAO) supports the development of a regional bond market.

The West African Regional Stock Exchange (BRVM), headquartered in Abidjan, Cote d’Ivoire with local offices in each of the WAEMU member countries offers additional opportunities to attract foreign capital and access diversified sources of financing. However, through 2014, only one Senegalese company, Sonatel, has traded on the BRVM.
Legal, regulatory and accounting systems closely follow French models and WAEMU countries present their financial statements in accordance with the SYSCOA system, which is based on Generally Accepted Accounting Principles in France.

**Money and Banking System, Hostile Takeovers**

While Senegal's banking system is generally sound, domestic investment is constrained by an under-developed financial sector. Senegal's twenty commercial banks, primarily from France, Nigeria, Morocco and Togo, generally maintain conservative lending guidelines, high interest rates and collateral requirements that limit access to finance. Few firms are eligible for long-term loans, and small and medium sized enterprises have little access to credit. Citibank (United States) operates in Senegal as an investment bank. Senegal's banking sector is regulated by the regional central bank (Banque Centrale des Etats de l'Afrique de l'Ouest or BCEAO) and the regional banking commission for West Africa Economic and Monetary Union.

**10. Competition from State-Owned Enterprises**

Senegal has progressively reduced government involvement in state-owned companies during the last three decades, so that only a handful of state-owned enterprises remain involved in the energy, agriculture and industrial sectors. The state-owned electricity company, SENELEC, retains control over power transmission and distribution, but relies primarily on independent power producers to generate most of Senegal's power supply. The government has also retained control of the state-owned oil company Petrosen which is involved in hydrocarbon exploration in partnership with foreign oil companies and operates a small refinery dependent on government subsidies. The government of Senegal has limited and declining involvement in agricultural, including a state-owned company involved in rice production.

**OECD Guidelines on Corporate Governance of SOEs**

State-owned enterprises (SOEs) in Senegal are governed under Senegal's civil code and regional OHADA regulations by a governing board and chief executive officer (CEO). Senegal's Ministry of Finance has historically played an important role in nominating board members for SOEs while the President is responsible for appointing the Chief Executive Officer. Senegal does not follow OECD guidelines on corporate governance of SOEs.

**Sovereign Wealth Funds**

The government created the Strategic Investment Fund (FONSIS) as a sovereign wealth fund that will leverage state-owned assets to co-finance public-private partnerships in development projects. By 2014, FONSIS had hired staff and begun to identify investment projects for further development of structured proposals, including projects in the energy, agriculture and agribusiness sectors.

**11. Corporate Social Responsibility**

In Senegal’s business community, there is nascent awareness of Corporate Social Responsibility (CSR) activities with multinational firms and some local business conglomerates leading the
way. There is limited pressure from consumers or shareholders for companies to engage in CSR activities. While many international firms are aware of OECD guidelines and international best practices in CSR, most local firms have limited familiarity with international standards.

**OECD Guidelines for Multinational Enterprises**

The Government of Senegal encourages companies to engage in corporate social responsibility (CSR) does not actively encourage local enterprises to follow specific CSR principles.

12. **Political Violence**

Senegal has long been regarded as an anchor of stability in the West Africa region that is vulnerable to political unrest. It is the only mainland West African country that has never had a coup d’etat since gaining independence in 1960. Senegal experienced sporadic incidents of political violence during the lead up to national elections in March 2012 due to strong opposition to former President Wade’s decision to seek reelection for a third term. However, the 2012 election reinforced Senegal’s reputation as the strongest democracy in West Africa. Public protests occasionally spawn isolated incidents of violence when unions, opposition parties, merchants or students demand better salaries, working conditions or other benefits. Sporadic incidents of violence as result of petty banditry continue in the Casamance region, which has suffered from a two-decade-old conflict ignited by a local rebel movement seeking independence for the region, but the level of violence has declined in recent years as the government and rebel groups have engaged in negotiations to resolve the conflict.

13. **Corruption**

Since taking office in 2012, President Macky Sall has emphasized his commitment to fighting corruption, increasing transparency and promoting good governance. He reactivated the Court of Repossession of Illegally Acquired Assets to investigate corruption by former government officials. Sall also created new institutions such as the National Anti-Corruption (OFNAC) and the Commission of Restitution and Recovery of Illegally Acquired Assets. OFNAC is composed of twelve members appointed by decree with a mission to fight corruption, embezzlement of public funds and fraud. The government of Senegal has also taken steps to increase budget transparency in line with regional standards and it approved a new asset declaration law for public officials in 2014. Senegal ranked 69th out of 174 countries, in Transparency International's 2014 Corruption Perception Index (CPI), representing a substantial increase over Senegal's 99th place ranking in 2011.

Notwithstanding Senegal's positive reputation for corruption relative to regional peers, investors continue to report corruption as an issue at lower levels of the bureaucracy where officials with modest salaries may demand “tips” for advancing permits and other official paperwork. It is important for U.S. companies to assess corruption risks and develop an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. firms operating in Senegal can underscore to interlocutors in Senegal that they are subject to the Foreign Corrupt Practices Act (FCPA) in the U.S. and may consider seeking legal counsel to ensure compliance with anti-corruption laws in the U.S. and Senegal.
Senegal’s financial intelligence unit, Cellule Nationale de Traitement des Informations Financières (CENTIF) is responsible for investigating money laundering and terrorist financing. CENTIF has broad authority to investigate suspicious financial transactions, including those of government officials.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize all acts of corruption, including bribery of foreign public officials, and requiring them to uphold their obligations under relevant international conventions. A U.S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract may bring this to the attention of appropriate U.S. agencies.

*UN Anticorruption Convention, OECD Convention on Combatting Bribery*

Senegal is a signatory of the United Nations Convention Against Corruption but it is not a signatory of the OECD Convention on Combatting Bribery.

*Resources to Report Corruption*

Nafy Ngom Keita  
Presidente  
OFNAC (Office Nationale de Lutte Contre La Fraude et la Corruption)  
37, Avenue du Président Lamine Gueye  
+221 33 889 98 38  
www.ofnac.sn

Coordinateur General  
Forum Civil  
40 Avenue Malick Sy (1er étage) – B.P. 28 554 – Dakar  
+221 33  842.40.44  
forumcivil@orange.net

**14. Bilateral Investment Agreements**

Senegal and the U.S. have a Bilateral Investment Treaty, which allows for international arbitration. (U.S. companies entering the Senegalese market should ensure that their contracts with third parties make a provision for binding international arbitration in case of a dispute.) The treaty also provides for Most Favored Nation treatment for investors, internationally recognized standards of compensation in the event of expropriation, free transfer of capital and profits, and procedures for dispute settlement, including international arbitration. A copy of the Bilateral Investment Treaty can be found at: http://www.state.gov/documents/organization/43585.pdf.

Senegal has signed similar agreements for protection of investment with France, Switzerland, Denmark, Finland, Spain, Italy, the Netherlands, South Korea, Romania, Japan, Australia, China, Iran, Morocco, and Sudan. Senegal has concluded tax treaties with France, Mali, and West African Economic and Monetary Union (WAEMU) member states. There is currently no tax treaty and no imminent prospect of one between the United States and Senegal.
Bilateral Taxation Treaties

Senegal does not have a bilateral taxation treaty with the United States.

15. OPIC and Other Investment Insurance Programs

OPIC has an agreement in Senegal and offers financing and investment insurance to support U.S. investment projects in Senegal. OPIC is currently supporting several investment projects in Senegal including two energy projects, one microfinance project and an agro-business project. Senegal is a member of the Multilateral Investment Guarantee Agency (MIGA), an arm of the World Bank.

16. Labor

Senegal has an abundant supply of unskilled and semi-skilled labor, with a more limited supply of skilled workers in engineering and technical fields. While Senegal has one of the best higher educational systems in West Africa and produces a substantial pool of educated workers, limited job opportunities in Senegal lead many to look outside of the country for employment.

Senegal has ratified all of the ILO's fundamental conventions. Relations between employees and employers are governed by the labor code, industry wide collective bargaining agreements, company regulations and individual employment contracts. There are two powerful industry associations that represent management’s interests: the National Council of Employers (CNP) and the National Employers’ Association (CNES). The principal labor unions are the National Confederation of Senegalese Workers (CNTS), and the National Association of Senegalese Union Workers (UNSAS), a federation of independent labor unions.

Senegalese law permits all workers to form unions with limited exceptions for security force members, including police and gendarmes, customs officers, and judges. The labor code requires prior authorization from the Ministry of Interior by giving the ministry discretionary power to issue a document recognizing a trade union before it can exist legally. The law allows unions to conduct their activities without interference and provides for the right to bargain collectively. Collective bargaining agreements, however, apply only to an estimated 44 percent of union workers. Trade unions organize on an industry-wide basis, very similar to the French system of union organization. Most workers are involved in informal sector occupations where they are often self-employed and excluded from the labor code protection. Child labor remains a problem. Gold is included on the U.S. government's List of Goods Produced by Child Labor or Forced Labor.

The inflexibility of the Labor Code, the complexity of labor issues and arbitrary court rulings in labor cases are often high on the list of complaints by investors and foreign companies. Foreign firms are often sued in the Senegalese courts by terminated employees who are frequently awarded damages and placement in their former positions. Although these decisions are sometimes overturned on appeal, the appeals process is costly and time consuming.
17. Foreign Trade Zones/Free Ports/Trade Facilitation

Senegal plans to develop the Dakar Integrated Special Economic Zone (DISEZ), under direction of the Export Promotion Authority (APIX) on a designated area adjacent to the Blaise Diagne International Airport currently under construction outside of Dakar. The government plans to develop additional energy and port infrastructure in areas near the DISEZ project site. Once completed the DISEZ project expects to offer industrial development sites with expedited administrative procedures, long-term tax and customs incentives and a package of associated utilities and logistical services. An earlier initiative, the Dakar Free Industrial Zone (ZFID), provided licenses and limited support services for another designated industrial zone, but ZFID stopped issuing new licenses in 1999. Firms already located in ZFID may continue receiving benefits until 2016. Senegal has ambitions to develop additional Special Economic Zones in other cities, including Ziguinchor in the southern Casamance region. For details on DISEZ, see: www.investinsenegal.com/IMG/pdf/dakar_integrated_special_economic_zone_anglais_.pdf

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

<table>
<thead>
<tr>
<th>Economic Data</th>
<th>Host Country Gross Domestic Product (GDP) ($M USD)</th>
<th>USG or international statistical source</th>
<th>USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Foreign Direct Investment</th>
<th>Host Country Statistical source*</th>
<th>USG or international statistical source</th>
<th>USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Host country’s FDI in the United States ($M USD, stock positions)</td>
<td>2012 N/A</td>
<td>2013 0</td>
<td><a href="http://bea.gov/international/factsheet/factsheet.cfm?Area=433">http://bea.gov/international/factsheet/factsheet.cfm?Area=433</a></td>
</tr>
<tr>
<td>Total inbound stock of FDI as % host GDP</td>
<td>2012 N/A</td>
<td>2012 N/A</td>
<td></td>
</tr>
</tbody>
</table>

*www.dpee.sn
### Table 3: Sources and Destination of FDI

**Direct Investment from/in Counterpart Economy Data**

**From Top Five Sources/To Top Five Destinations (US Dollars, Millions)**

<table>
<thead>
<tr>
<th>Inward Direct Investment</th>
<th>Outward Direct Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Inward</td>
<td>Total Outward</td>
</tr>
<tr>
<td>1,158</td>
<td>213</td>
</tr>
<tr>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>France</td>
<td>Guinea</td>
</tr>
<tr>
<td>527</td>
<td>118</td>
</tr>
<tr>
<td>45%</td>
<td>55%</td>
</tr>
<tr>
<td>India</td>
<td>Mali</td>
</tr>
<tr>
<td>71</td>
<td>40</td>
</tr>
<tr>
<td>6%</td>
<td>19%</td>
</tr>
<tr>
<td>Morocco</td>
<td>Guinea Bissau</td>
</tr>
<tr>
<td>66</td>
<td>23</td>
</tr>
<tr>
<td>6%</td>
<td>11%</td>
</tr>
<tr>
<td>U.S.</td>
<td>France</td>
</tr>
<tr>
<td>49</td>
<td>15</td>
</tr>
<tr>
<td>4%</td>
<td>7%</td>
</tr>
<tr>
<td>Togo</td>
<td>Burkina Faso</td>
</tr>
<tr>
<td>37</td>
<td>10</td>
</tr>
<tr>
<td>3%</td>
<td>5%</td>
</tr>
</tbody>
</table>

"0" reflects amounts rounded to +/- USD 500,000.

Source: IMF Coordinated Direct Investment Survey

### Table 4: Sources of Portfolio Investment

IMF Coordinated Portfolio Investment Survey data are not available for Senegal.

**19. Contact for More Information**

Youhanidou Wane Ba  
Commercial Specialist  
U.S. Embassy, Route des Almadies, B.P. 49, Dakar, Senegal  
Phone: +221 33 879 4238  
E-mail: WaneBaY@state.gov