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The Influence of Institutions on the growth of Senegal

Introduction

Senegal is a nation whose territory was home to several historically important African empires that later endured through French colonization until its independence in 1960 (Hendrickson 2022). Senegal is a secular state with a predominantly muslim population with an economy in large part made up of tourism, fishing, mining and agriculture. One of the most important cultural centers in Africa, Senegal has a rich blend of African traditionalism, Islamic values and French influences. Outside of sports and culture, Senegal is best known as one of the most stable countries on the African continent (Gellar 2020). So why is Senegal a poor country? Senegal struggles in many ways, including a lack of productivity, corruption, lack of human capital, a large informal economy, continual supply shocks, overregulation, a weak manufacturing sector and several other issues (World Bank overview). Many of these problems have a through line in which they can be connected. This essay attempts to define growth developing a foundation in which to consider possible reasons why Senegal is still a poor country. The essay acknowledges arguments for colonization, a lack of resources, emigration and technology, before landing on the Senegalese political and legal institutions that have undermined the growth and development of the country by creating a culture of clientelism and corruption, nurturing the expansion of a large informal economy and establishing a government

that is not accountable to its people. To begin with, this essay will be focused on historical abuse of power at the presidential level. In addition to an examination of former president Macky Sall's actions in the lead up to the 2024 elections and the impact this has had on Senegalese political and legal institutions. The focus will then be shifted to policies at the national level which led to the decentralized tax structure and lack of tax collection which has compromised the development of a government that is accountable and responsive to its people's needs. The laws regarding the regulation of workers and working conditions which has resulted in the creation of a large informal economy. The final national policy looked at will be the economic and financial adjustment program which stimulated the growth of a culture of clientelism and corruption within the Senegalese political and legal institutions. At the local level the focus will be on the impact of the policies that resulted in a decrease in tax collection on the municipal institutions. The effect of the economic and financial adjustment programs on the local institutions and the change in the way these political and legal institutions operate at the municipal level. In addition to the local institutions that discriminate against women that desire to own land, build businesses and become entrepreneurs. This has produced three policy recommendations regarding the system of checks and balances, tax collection, and transparency in Senegal designed to lay the foundation to incentivize sustainable economic growth and development.

Before understanding why Senegal is not a rich country it is first important to understand what growth means. What is growth other than the percentage change of a country's total value of goods and services produced over a period of time? A study published on Elsevier looked at the effects of knowledge accumulation on firm growth, finding that firms with higher levels of knowledge accumulation and innovation grew significantly more than firms who did not (Kang 2019). Therefore growth can be understood as the accumulation of knowledge.

Why is Senegal not a rich country? There are many potential reasons such as colonization and the negative effects of the French regime in Senegal (Gellar 2020). France misused and mistreated the Senegalese land and people, building a system in which Senegal for its first 40 years of existence was very dependent on economic relations (trade and aid) with France (Burchard 2005). The French built infrastructure around exportation of peanuts and other products but outside of that, infrastructure development was minimal (Burchard 2005). Colonization could be argued as why Senegal was poor in its initial independence; however colonization does not explain why the country remains to be poor 64 years later and why the country's institutions remain fragile. Even with all the horrible consequences of colonization on the Senegalese there is not a direct link as to why Senegal did not develop further economic growth or why Senegal is not a rich country? There must be other factors however colonization should be noted as a reason for why the Senegalese institutions were fragile from the start of its independence which played a role in Senegal remaining a poor country.

Other issues such as a lack of natural resources (at least until the fairly recent finding of oil), should not be dismissed however the debate of natural resources being a curse or a gift comes into play (World Bank overview). As mentioned previously, fishing and agriculture are a large part of Senegal's economy through the production of peanuts, sugarcane, phosphate and cotton ("Senegal - Market Overview", "Republic of Senegal", "Senegal National Study"). Some mining of iron, titanium and gold as well as tourism has diversified the economy and the finding of oil has brought hope of being a natural resource that can propel Senegal's economic growth ("Senegal - Market Overview", "Republic of Senegal", "Senegal National Study"). However in general Senegal has not been favored by rich natural resources that could help the growth and development of the country through exportation. Although many poor countries in Africa and all

over the world are rich in natural resources but have not benefited from these gifts. And perhaps been cursed with excess corruption and faulty institutions as a result of such abundant natural resources (Koyama 2022 pg 44, lecture 9/10-12).

Another potential compelling explanation is as in large part Senegal's problems can only be solved by the young adults that are fleeing for a better life, depleting the country's human capital and workforce, hurting Senegal's economic potential (Maclean, Kwai). Widespread unemployment has been a constant problem under several administrations, it is unlikely to change quickly and is a main cause for the migration. The emigration issue stems from a large population of unemployed young adults in Senegal who are leaving their country in search of better job prospects and a better life in general (Maclean). In Senegal every week wooden fishing boats leave the coastal areas with a mission statement: Barcelona or die trying (Kwai). Current President Bassirou Diomaye Faye expressed the difficulties young Senegalese face describing a desire to be useful to their country, their family and to themselves (Maclean). President Faye explained "We have to give answers to our young people, so they are not thrown into permanent despair," He added "More despair would help both traffickers of migrants and jihadist groups with recruitment." Thousands of Senegalese have died in the Atlantic ocean attempting to reach Europe. Half a year into President Faye's first year dozens of shipwrecks with migrants from West African countries including Senegal have been recorded (Maclean). In addition to an estimated 20,000 West African migrants crossed by boat reaching the canary islands which is a 167 percent increase from 2023 (Maclean). However as problematic as the emigration issue is, the argument seems flawed. What is causing the emigration? The unemployment issues as mentioned above, and what is causing the unemployment issues? The answer to this question is Senegal's institutions which incentivize the creation of a large informal economy which

promotes low productivity and disincentivizes economic growth that would lead to higher employment levels.

One of the most interesting arguments is one made by Seydina Ndiaye, who works for the Senegalese government and is a member of the UN Secretary-General's High-Level Advisory Body on Artificial Intelligence. The argument being the main reason preventing further development in Senegal is the lack of science in defining public policy. "Indeed, a country cannot develop without integrating science as the main pillar for a better understanding of problems, and also as a means of providing solutions" (interview with Seydina Ndiaye). When asked about Senegal's institutions preventing further growth and development Seydina Ndiaye responded "Not directly. In my opinion, the problem lies rather in the decision-making process of these institutions. This is guided more by politics and partisan positions than by facts and a scientific approach" (interview with Seydina Ndiaye). His argument is that the lack of emphasis on science, innovation and development of technology is the reason why Senegal is not developing and growing at a faster pace. The point about innovation and science is one to be noted as in large part these are the processes in which knowledge is accumulated. If the accumulation of knowledge can be understood as growth then a lack of technological innovation and scientific framework would be a main reason as to why a country would or would not be rich. However this argument misses a step which is the question: why is there a lack of emphasis on science, innovation, and technology in public policy and in other areas within Senegal? Therefore the answer to this question must be the most important reason as to why Senegal is a poor country. There are two possible responses to the question posed: culture and institutions. As discussed previously, growth can be interpreted as the accumulation of knowledge and as such weak institutions do not incentivise the accumulation of knowledge (Kang 2019, Koyama

2022 pg71). In Senegal specifically it is the fragility of its democratic institutions and the failure of the legal institutions that are meant to uphold its democracy that result in the lack of promotion of economic growth. A radical change in weak institutions incentivizes people to act differently than they previously did, to work harder, to innovate more, to trust in one's government (Koyama 2022 pg 46). Addressing the institutions of Senegal specifically the political and legal institutions will incentivize a drastic change in behavior and culture in the Senegalese experience and interaction with its government (Koyama 2022, pg 71).

In this context, what are institutions? And to what extent can they impact the growth of a country, specifically Senegal? A society's institutions are the economic, legal, political and religious organizations within a country (Koyama 2022 pg 46). To be even more specific, political institutions are the foundation on which economic institutions are shaped to then be able to incentivize and promote economic prosperity within a country (Acemoglu 2016). These economic institutions then develop the patterns of economic activity within a country influencing the ways in which people innovate, save and invest money. In general sustained economic growth is seen in countries and societies that construct inclusive institutions (Acemoglu 2016). This would be a country with the mobilization of a broad coalition society, that enables political power to be spread out more broadly and increases state capacity. This is the argument by Acemoglu that there is a basin of attraction where increased state capacity and broad political power are complementary. The factors that determine a society's ability to be within this basin of attraction are the informal institutions and social norms within a country (Acemoglu). Institutions create incentives which affect people's actions, beliefs and the social norms within a society (Koyama 2022, pg 71). Institutions affect the way in which people conduct business, the ease in which ideas, people and products are transported through the country, the manner of which

crimes are punished, as well as the incentive to continually educate oneself and innovate. These are all factors which impact the economic potential of a country (Koyama 2022, pg 46).

Inefficient institutions can last for decades meaning they can be a source of enduring poverty (Koyama 2022, pg 47).

Presidential Abuse of Power

It is important to understand the historical context and actions of Senegalese presidents which have provided them with increased power, a country of 64 years Senegal has just recently elected its fifth president. The first elected president Leopold Senghor was in office for 20 years, his handpicked successor Abdou Diuf was president for 20 years, Abdoulaye Wade and Macky Sall both were presidents for 12 years and Bassirou Dismaye Faye has been president since April of 2024. This is a country whose first 40 years of existence was controlled by one party (Hendrickson 2022, World Bank overview). Furthermore for a majority of Senghor's presidency he ran a single state government with no political opposition allowed, he started to open up the restrictions however they were very limited and not enough to create competition. Abdou Diuf did allow for more opposition parties to take place only so that the vote would be spread out into thirteen parties instead of four making it harder for the opposition to beat him (Hendrickson 2022). There was a history of pseudo democracy in Senegal for 40 years and then when Abdoulaye Wade the long time opposition candidate became president he attempted to create his own version of the electoral authoritarianism which he had opposed (Hendrickson 2022, Mbow 2008). These are several decades of a fragile democracy that has been abused by its leaders which has trickled down to the actions of the common everyday person. Due to the inability of

the legal system to hold up its democratic institutions which currently can be found rife with corruption (Hendrickson 2022).

The precedent set by previous president's regarding abuse of power in addition to government policies which will be discussed later that resulted in the lack of responsibility to the Senegalese people due to minimal tax collection in itself have led to the compromising of Senegal's institutions. In addition to playing a part in what enabled Macky Sall's detrimental actions to the Senegalese legal and democratic institutions in the lead up to the 2024 elections. In June 2023, protests emerged due to the sentencing of the leader of the opposition Ousmane Sonko charged with corrupting the youth, widely considered as a political decision trying to stop Sonko from running for President in 2024 (Peltier). Sonko, the former mayor of Ziguinchor and a former tax inspector, appealed to the youth in Senegal by vowing to fight against corruption and empowering the people of Senegal (Peltier and Searcey). Thousands of protestors throughout the country expressed their dissatisfaction with the current administration, angry rioters damaged properties, burned down several buildings, destroyed small businesses and set cars on fire . Consequently the Senegalese government restricted social media access and deployed the military to react to the actions of protestors and rioters (Peltier). The conflict between protestors and police left 23 people dead. The Senegalese Red cross treated over 350 people injured from their participation in the protests. In most cases people were killed by bullets fired by unidentified armed men working with the police and the police officers themselves (Peltier). However the government maintained that police officers did not shoot at protestors claiming that 500 people had been arrested some of which were armed when apprehended. Many families of the victims claim that they were not participating in the protests but were in the wrong place at

the wrong time and caught a stray bullet (Peltier). The case of Bassirou Sarr, a tailor who due to the protests had to close his shop to protect his business, was killed as he was standing on a bridge overlooking rioters at a toll gate cornering police officers. His sibling Issa Sarr blamed the state for killing his brother (Peltier). One of Mr Sarr's aunts delved into reflective questioning about the future of Senegal, she wondered "What happens if our children grow up in a country where the police shoot at their own people with real bullets?" she continued "They'll just create more insurgents" (Peltier). The actions of former president Macky Sall in the lead up to the 2024 elections clearly compromised the integrity and the trust that the Senegalese people have in their political institutions in Senegal.

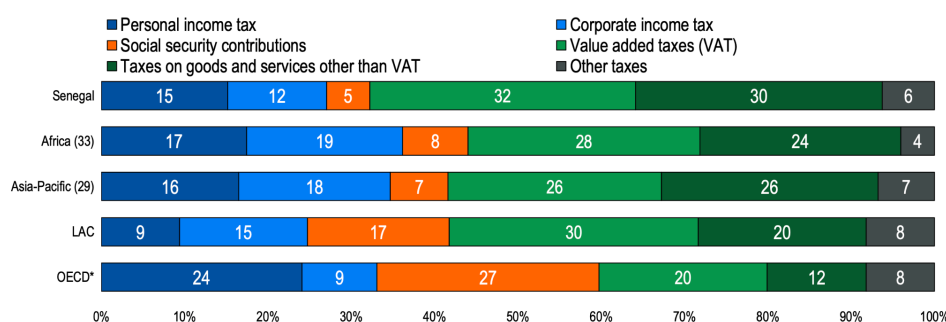
These protest in 2023 were not a one off event, in 2021 after Mr Sonko was charged with rape and jailed, protests began and 14 people were killed as a result from the insuing response by the government (Peltier and Searcey). Throughout Macky Sall's tenure as president, violence and abuse of power became more apparent in the conduct of police with protestors, the disbandment or suspension of news organizations in addition to the arresting of journalists and political opponents (Peltier and Searcey). Guillaume Sotomayor a researcher based in Dakar with the Middle East institute asserted that the rare insistence that the institutions should be respected or that violence is not the answer by both the opposition parties and governing administration led to the political and justice system including its leaders having their credibility undermined (Peltier and Searcey). In August 2023, President at the time Macky Sall dissolved his main opposition party and came out with another set of charges for Ousmane Sonko alleging the fomentation of an insurrection. Resulting in another set of protests causing more deaths. His supporters argued that his incarceration was an abuse of power and political prosecution, however Sonko was quoted saying "The people are going to get him out of the palace and drag him outside." When

talking about Macky Sall the president at the time who used this and other statements by Sonko as the reasoning behind the charge of fomenting an insurrection (Peltier and Searcey). The director of the West African Research Center in Dakar Ousmane Sene compared Ousmane Sonko to Donald Trump denying and undermining the legitimacy of their country's institutions through rhetoric and political tactics that rile up their supporters (Peltier and Searcey). In February 2024, President Macky Sall canceled the election for his successor three weeks before the election was planned to happen (Maclean and Camara). Ndongo Samba Sylla a Senegalese economist, compared Macky Sall's action to the Louis Bonaparte coup in 1851. Mr Sylla opined that Senegal does not have political equality and therefore Senegal's political institutions are undemocratic (Maclean and Camara). Ousmane Diallo, a researcher with Amnesty international, called this a manufactured crisis to prevent the electoral process from occurring (Maclean and Camara). Other critics of the president accused Macky Sall of treason and of executing a constitutional coup (Maclean and Camara). In the lead up to the 2024 elections current Senegalese President Faye was charged with contempt of court and defamation (Maclean). President Faye was chosen to run for office by popular opposition leader Ousmane Sonko who was also barred from running and jailed (Maclean). They were both released from jail ten days prior to the election occurring. In which President Faye won by over 50 percent of the vote defeating the candidate chosen by Macky Sall (Maclean). Historically and as recent as in the lead up to the 2024 Senegalese presidential elections, presidential abuse of power has played a large role in compromising the integrity of the political and legal institutions in Senegal.

National policies

The Senegalese taxation structure and lack of tax collection has impacted the country's development and the strength of its democratic and legal institutions. Public revenue through taxation is a means of developing a foundation of a central government by constructing a legal, political and economic framework which births democracy and capitalism. Countries including Senegal whose basis of income is from forms of economic rent or aid may unintentionally undermine the framework of democratic governance as there are not strong efforts to gain revenue from taxes (Juul 2006). This independence of the state from its people disincentivizes good governance, transparency and accountability by the government. Therefore discouraging the establishment of a more democratic and representative political state. From 1996 onwards the duties of tax collection were altered from the state agent to the locally elected councilors, leading to a decrease in revenue collected since the transfer in responsibility (Juul 2006). This led to politics and favoritism being injected into the actions of tax collection as the locally elected councilors would not tax their supporters while taxing supporters of their political rivals. Consequently these people who were taxed saw it as a scam and in the most part decided against paying the tax. Senegal's consequent over-reliance on foreign aid as an income source along with this policy enacted in 1996 are in large part what has led to a government that is unresponsive to its people's needs (Juul 2006). Due to the government not feeling a sense of accountability because the people don't pay taxes. In 2006, Senegalese elected officials and administrators admitted that taxes rarely surpass 10 percent of the potential revenue. Strong institutions need to be established through taxes and taxes need strong institutions to enforce the payment. A loop that Senegal is currently stuck in along with the other factor which is that any candidate running on increasing taxes or fortifying a tax structure is not going to be a popular one for long (Juul

2006). Referring to figure 1, when comparing Senegal’s tax collection of personal income tax to the average African countries, Senegal is not that far off, only 2 percentage points away from the average. However, compared to the OECD countries that have had far more growth and development in their countries, Senegal’s personal income tax is 9 percentage points below these countries regarding the makeup of the structure of the collection of taxes (Revenue Statistics in Africa 2024 – Senegal). This means that Senegal has a ways to go in terms of having a tax collection structure that is comparable to countries that are considered rich or developed countries (Revenue Statistics in Africa 2024 – Senegal).



* The data for the OECD are for 2020 as the data for 2021 are not available. Due to rounding, these reported percentages might not add up to 100%.

figure 1 (OECD)

In 2018 property taxes were 0.4% of GDP which was one fifth of what they should be, the tax to gdp ratio was 16.4% almost half of what rich countries collect (Modernizing Property Tax Collection in Senegal). An estimated 40% of owners reported in a Dakar based survey that they had not paid property taxes in 2018 or 2017 and only 13% of taxpayers paid property tax in 2018. The tax to gdp ratio increased from 18.6% in 2020 to 18.7% in 2021 (Modernizing Property Tax Collection in Senegal). The average African country’s tax to gdp ratio did not increase from 2020 to 2021 and was around 15.6% in 2021. Senegal’s tax to gdp ratio has increased more since 2010 than the average African country’s tax to gdp ratio (Modernizing Property Tax Collection in Senegal). From 2001 to 2021 Senegal’s tax to gdp ratio increased

from 12.6% to 18.7% (Modernizing Property Tax Collection in Senegal). In 2021 value added taxes(VAT) was the highest share of tax revenues in Senegal at 32%, the next highest was from taxes on goods and services other than VAT at 30% (Revenue Statistics in Africa 2024 – Senegal). Senegal’s no tax revenue added up to 3.4% of the GDP and grant funding was 28.9% of non tax revenues representing 1% of GDP in 2021(Revenue Statistics in Africa 2024 – Senegal). As expressed in figure 2, Senegal with a 18.7% tax to GDP ratio should be looking at other African countries such as South Africa (27%), Morocco (27.1%) and Tunisia (32.5%) in addition to OECD countries (34.1%) as models for how to develop their own structure for tax collection (Revenue Statistics in Africa 2024 – Senegal).

Tax-to-GDP ratio, 2021

Senegal's tax-to-GDP ratio in 2021 (18.7%) was higher than the average of the 33 African countries in 2023 (15.6%) by 3.1 percentage points.

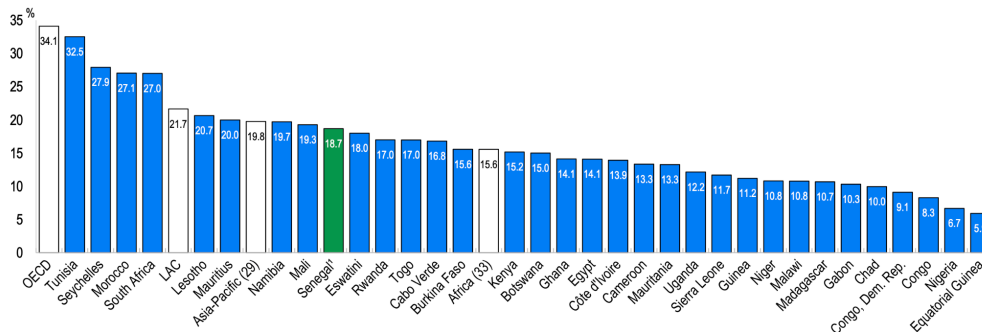


figure 2 (OECD)

The transfer in responsibility of who collects taxes from 1996 onwards has hindered the Senegalese government’s ability to collect taxes which has then incentivized the continual distancing of political power from the people leading to Macky Sall’s action’s in the lead up to the 2024 elections which further undermined the legal and political institutions (Juul 2006).

A way in which legal institutions in Senegal have created powerful incentives is in the regulation of workers and working conditions (Samy 2023). In Senegal formal contracts for employees are rare, consequently a majority of employees do not receive social benefits

including, withdrawal payment, paid leave, bonuses and health insurance (Samy 2023). The lack of social benefits results in the disincentivization of workers as they are less inclined to work as hard because they won't get pay raises or bonuses (Samy 2023). Legally residents can not join or create a union without a formal contract, this incentive structure has led to a certain fear among many Senegalese about losing their jobs in a market where there are not many. In addition to being a significant contributing factor to why Senegal has a large informal economy (Samy 2023). To circumvent dealing with unions or potential unions many companies, businesses and organizations compensate their workers through informal contracts which is why Senegal has the issue of a substantial informal economy (Samy 2023). In 2007 the total unionization rate was 12.8% and the informal employment rate in Senegal was at 76% (Eckert 2019).

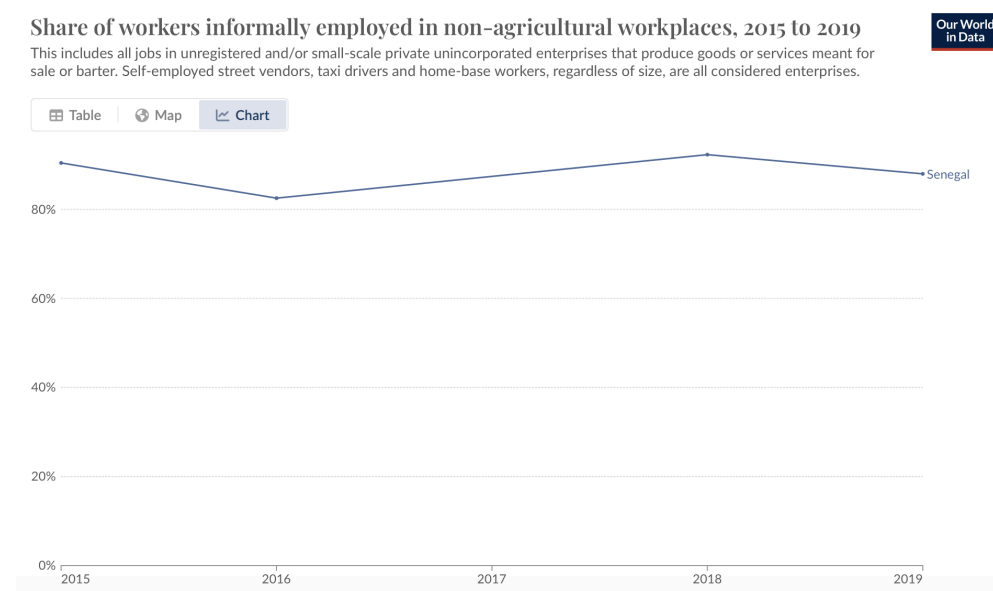


figure 3

In 2019 the share of workers informally employed in non agricultural workplaces (including taxi drivers, jobs provided by unregistered or unincorporated small businesses, home base workers and street vendors) was 87.99% (“Share of Workers Informally Employed in

Non-Agricultural Workplaces”). A large informal economy is problematic as it promotes low productivity, bad working conditions and makes it difficult to collect taxes. The way the legal institutions are structured encourages companies in Senegal to not give out formal contracts therefore creating a large informal economy which disincentivizes government accountability and transparency due to the difficulty to collect taxes therefore discouraging economic growth in Senegal (Samy 2023).

Policies enacted in Senegal have created a culture of clientelism and trading favors eroding away at the democratic and legal institutional structures. From 1985 to 1992 a policy known as the economic and financial adjustment program led to the withdrawal of more than 9,600 out of 68,000 public workers. This was 14% of the government workforce leaving office due to the strict policy on promotion and the freezing of wage increases (Blundo 2006). In 2006 the Senegalese judiciary only had 48 official secretaries of public prosecutors’ departments and clerks’ offices. The economic and financial adjustment program in addition to the policies which led to a decrease in tax collection had a notable impact on impairing local political and legal institutions by creating an environment that is hospitable to clientelism and trading favors (Blundo 2006). Understaffed national and local government offices were susceptible to clientelism because they needed more manpower and more resources. As a result these government offices would turn to private individuals or organizations to help keep these offices running in exchange for a favor cashed in at a later date (Blundo 2006). This created an environment within political and legal institutions where corruption found a life of its own due to this nature of trading favors within national government offices as well as within the local institutions (Blundo 2006).

Local Level Policies

As mentioned previously, since the policy enacted in 1996 transferred the authority of tax collection to local council members, an institutional framework for tax collection has been absent creating perverse incentives such as corruption and clientelistic relationships between local government officials and their constituents (Juul 2006). In addition to the lack of tax collection impacting the municipal government's ability to provide services. Barkedji is a small town near Dakar the capital with a large group of well off traders and farmers making their close to zero tax returns all the more surprising. The local council in Barkedji struggled with lack of development funds, almost being disqualified from several projects that would help the economic development of the town such as a 15 million CFA project from USAID addressing health needs (Juul 2006). The local government needed to provide a 300,000 CFA investment in the project which in 2001 was around \$4,500. The project was meant to purchase an ambulance along with equipping and building five health care centers (Juul 2006). The tax system has been so inefficient that this led to not only Barkedji but many towns and cities in Senegal almost missing out or missing out on projects meant to help develop infrastructure which would help the economic growth of the towns and of the country as a whole. In this particular case because Barkedji's tax revenue was close to zero, the local council members borrowed money from the district health administration which resulted in the district health administration taking control of the ambulance (Juul 2006). The situation has been blamed on politicization and resultant favoritism within the action of collecting taxes due to the change in responsibility of taxes from state officials to local elected council members. Low levels of tax payment impacts the ability of the government to provide necessary services as well as it can be construed as a sign of disrespect by the citizens of Senegal towards its legal system, eating away at the legitimacy of

the government (Juul 2006). An example of activities which deteriorate the integrity of local government and therefore the national government is in Senegal the village chiefs and local council members would collect taxes from their political opponents but not from their supporters. The long time effect of minimal taxes and the levying of taxes against political rivals led to the difficulty of gaining support while campaigning on increasing taxes. An example of this was in 2000 where taxes were not collected due to the presidential elections and the fear of losing support of the people (Juul 2006).

The increased politicization of tax collection has impacted local governance by creating divides within the members and political allegiances which create complicated dynamics hindering the rural council's ability to perform their duties (Juul 2006). In Barkedji several members in the past abstain from participating in meetings to try to gain political support by demonstrating the president of the council and other members from different parties are failing in their position. The political games played at the local level impact the council's ability to demonstrate to their constituents how the tax revenue is able to improve the public services provided (Juul 2006). This is another reason why the Senegalese people are reluctant to pay taxes, and is a part of the loop Senegal is stuck in, due to the tax collection policy enacted in 1996 (Juul).

In Barkindji the small amount of taxes come in the most part from the newcomers in the town who desire to be recognized as citizens and strengthen their rights whereas those completely local to the town in general don't pay taxes due to a lack of trust, motivation or ability (Juul 2006). Most of the services the council provides don't have to do with any taxation or charge such as providing the right to utilize common pastures, the right to dig a well and the accrediting of construction sites or agricultural land. In 2006 when land was leased to private

companies this was free of charge with the hope that the state would be able to collect VAT on the revenue from which the investment by the private company produces (Juul 2006). Due to the absence of an institutional framework which enables legal ways of validating claims and gaining recognition citizens and private investors are incentivised by a system based on corruption and trading favors. This includes extorting and bribing local officials to gain legitimate recognition for business and personal reasons. In addition to the lack of tax collection impacting the municipal government's ability to provide services aiding in the development of the informal privatization of the government (Juul 2006). The outcome of this policy has also resulted in a local government that provides limited services and does not have the resources to implement projects such as infrastructure development (the construction of roads, hospitals, schools or water supply systems) that would create jobs and stimulate localised economic growth (Juul 2006).

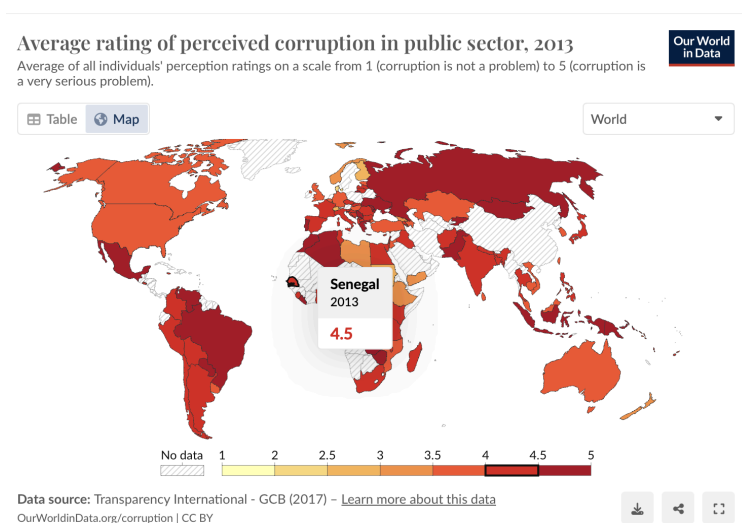


figure 4 (our world in data)

Previously discussed from 1985 to 1992 a policy known as the economic and financial adjustment program which created a culture of clientelism and trading favors eroding away at the

local democratic and legal institutional structures in Senegal (Blundo 2006). This culture of clientelism within local institutions has been felt on a day to day basis by citizens operating in a society where in 2013 the perceived corruption in the public sector was and still is considered a serious problem by the Senegalese people (“Average Rating of Perceived Corruption in Public Sector.” Our World in Data). A principal example is Kaolack, a major trading town in Senegal that is vulnerable to illegal transportation of goods and people from Gambia and only had 138 officers at their disposal (Blundo 2006). In 2006 the municipal tax and rates office of Kaolack employed 18 official collectors for market taxes and parking fees for a town at the time with 240,000 residents (Blundo 2006). Kaolack was not a one off situation in Senegal, it was the norm that many municipalities and towns such as Pikine were under employed and under funded. These local municipalities used volunteer personnel rather than official employees of the local government to help in the collection of municipal taxes, in performing secretarial tasks and driving customs vehicles (Blundo 2006). Leading to what is known as the informal privatization of government administrations in Senegal. This economic and financial adjustment program which has led to a process of informally privatizing government administrations created corrupt and clientelistic tendencies within the local legal and political institutions leading to a misuse of public resources (Blundo 2006). An example is that mail from the courts, police force, trade service office and many other offices of local government administrations, is dealt out by chauffeurs(unofficial personnel) driving vehicles meant for public transportation. These vehicles are also used to drive policemen to other districts when reassigned, conducting raids and transporting prisoners (Blundo 2006). This is a local government that due to its lack of staff and tax collection is compromising public transportation by using these vehicles for official business along with incentivising a culture of trading favors with the drivers of these vehicles.

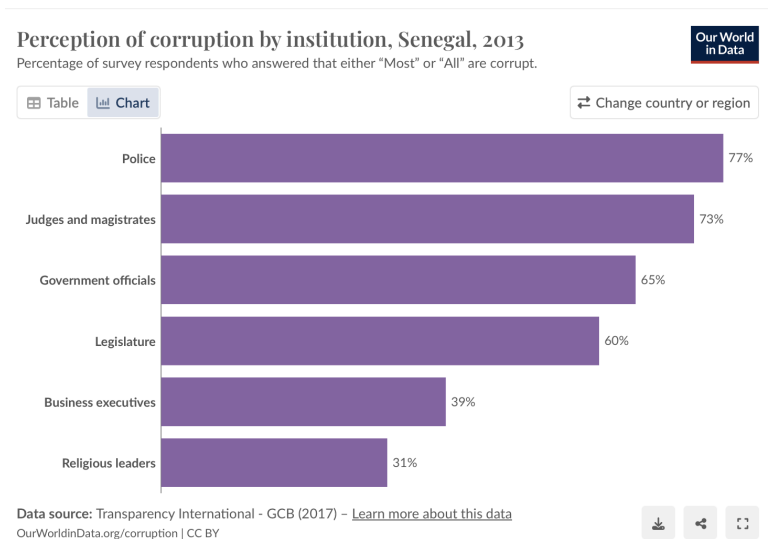


figure 5 (our world in data)

Another case is the local customs administration which has used private tradesmen who lent money or vehicles to the government (Blundo 2006). These tradesmen recover their investment through discounts on customs duties during importation procedures, a refund through the seized goods or profiting from auction sales of fraudulent goods which had been seized. In one shape or form the administration owes a favor to the provider or donor of these informal services (Blundo 2006). This culture of trading favors and exchanging services encouraged by weak political and legal institutions allowed for the emergence of corruption between lawyers, custom officers, prison wardens, tradesmen, government officials, and independent private individuals or businesses providing services. Decades of existing in this type of system, an institutional structure that is conducive to corruption has impacted the way people interact with the government, their trust in the various government institutions and the social economic culture of the Senegalese people (Blundo 2006).

Considering other ways in which Senegalese political and legal institutions have been disincentivizing the overall accumulation of knowledge and therefore growth can be looked at through the experience of women in Senegal. Many women deal with discrimination at the

borders being told to pay higher fees than their male counterparts to prevent the confiscation of goods or arrest. Covid 19 exacerbated this informal privatization of government administrations and its discrimination towards informal female traders (Samy 2023). Severely impacting their income in a time where there was heavy restriction of mobility within the country and neighboring countries for those who did not pay enough or who were not owed favors. Legally speaking women and men have the same right to land ownership. However, in practice the inheritance or ownership of land for women is very rare as land governance has been informally decentralized occurring at the municipal level where exchanging favors determines land ownership outcomes (Samy 2023). In Senegal 2.2% of women between the ages of 15 and 49 are the sole owners of land legally registered in their name (“Land Ownership, Men vs. Women.” Our World in Data).

Land ownership, men vs. women, 2022

Percentage of men and women aged 15-49 who solely own land that is legally registered with their name or cannot be sold without their signature.

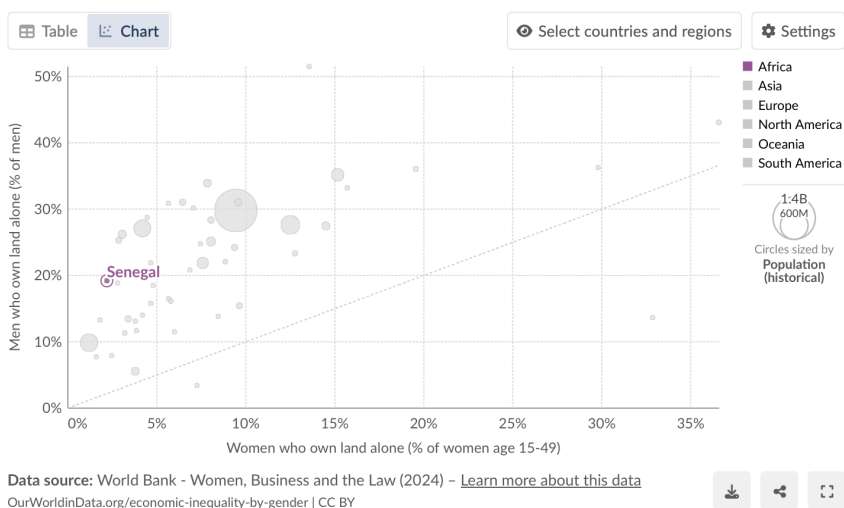


figure 6 (our world in data)

The inability to enforce the legal right that women have to own land incentivizes behaviors that discriminate against women in this case. Which impacts the way in which women perceive their opportunities within the country. However it is important to point out the work

Senegal has made on improving the provision of women’s voices in government. In 2023 the percentage of women representatives in the Senegalese parliament rose to 43.3 percent which is a very important step forward for the improvement of Senegalese legal and political institutions (“Senegal Leads in Women’s Political Participation”). Although even with these strides in the representation of women within Senegalese politics at the national level, within the local municipal level there are still many difficulties that women face in the process of owning land and engaging in the economy as a whole outside of just being a consumer. The culture of clientelism within local political and legal institutions has made it very difficult for women to become business owners, entrepreneurs and own certain capital which disincentivizes economic growth at the local and national level.

Policy Recommendations

This essay will consider three policy recommendations to change Senegalese institutions and therefore the incentive structure within the country. These policies are regarding the system of checks and balances on the executive, tax reformation and open data transparent governance.

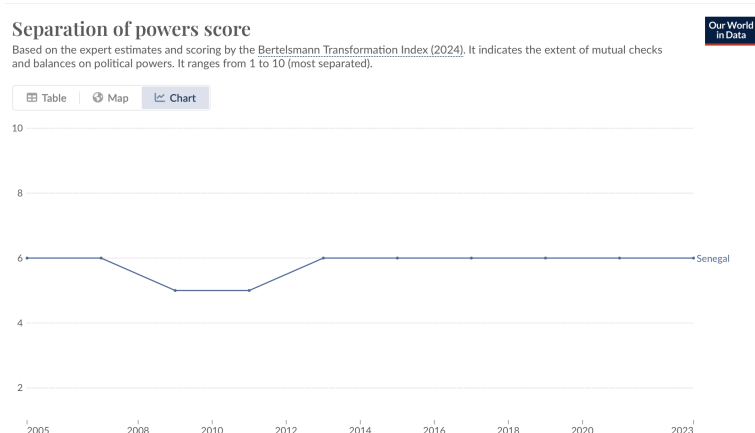


figure 7 (our world in data)

The Senegalese democratic system needs in practice to have a separation of powers where the legislature, executive and judiciary branches are separate ruling branches. This is established in the constitution but has not been displayed in practice. With regard to figure 7, a separation of powers score of one means that there is no separation of powers and a separation of powers score of ten means there are several clear checks and balances functions in the governmental system (“Separation of Powers Score.” Our World in Data). Around the last two decades Senegal has had a score of six, which means that the separation of powers is formally established however the system of checks and balances in practice is subject to interference at certain times, in general by the executive. The president in Senegal is able to nominate and fire judges which incentivizes the supreme court judges to do what the president wants in order to maintain their job. Chris Merriman who is the country development officer for USAID in Dakar, Senegal detailed that as a result of the judicial branch not being very independent from the executive branch “opponents of those in power are much more likely to be prosecuted for crimes than allies of those in power” (Interview with Chris Merriman). For example, the judiciary was biased toward opponents of former president Macky Sall, which led to opposition figures such as Ousman Sonko, Bassirou Faye, and Karim Wade being accused of crimes and thrown in jail. However, in one case the Constitutional Council rejected former President Macky Sall's attempts to delay the election. This council decided that a delay of the election would violate Senegal's constitution, this proved some levels of judicial power to be independent in certain cases (Interview with Chris Merriman). The president should be able to nominate judges with the national assembly ratifying the selection and having impeachment power of judges and the president. This enables the national assembly to block a bad appointment for supreme court judge or address corruption in the senegalese court by having impeachment powers. It is also

important to have a National Assembly that does not simply do the bidding of the president but holds the president's power in check. Chris Merrimen explained that “The Senegalese national assembly could be strengthened to play a stronger role in providing a check on the executive branch and that the national assembly should provide a check on the executive as opposed to supporting dubious decisions” (Interview with Chris Merriman). An example of these dubious decisions is when the National Assembly voted to support former President Macky Sall's attempt to delay the 2024 election, which plunged Senegal into political chaos. Chris Merrimen added “that in general politics in Senegal could become more issue based as the political platforms of parties are not as clearly-established as in the U.S., and politicians often shift their allegiances”. The National Assembly needs to conduct investigations on the efficiency and effectiveness of the executive office actions and on corruption in the government as a whole regardless of party affiliation. To increase specificity the national assembly should be ensuring that there is no corruption in the oil and gas sector. Oil and gas reserve contracts should go to the best companies, not companies that pay bribes to government officials. In addition to the fact that the national assembly should ensure that the oil and gas reserves are working towards the growth and development of the country therefore utilised to the benefit of the Senegalese people. These would be policies that strengthen the constitution of the Senegalese Republic adding more credibility to the institutions which will lay the foundation for sustainable economic growth.

Strengthening the tax system to better collect taxes from everyone will generate more revenue for the Senegalese government. It will create less reliance on foreign aid and provide the people with increased reasons to hold their government accountable, as when governments tax more people desire a greater voice in the governance process. The improved tax collection will decrease the clientelistic tendencies therefore decreasing corruption in local government, as

government offices will be better staffed and will have more resources allocated to them. This leads to better national and local governance which should help with laying the foundation for sustainable growth. Chris Merriman mentioned that clientelism has made it difficult at times to establish a formal business in Senegal which he believes plays a part in why many Senegalese operate informal businesses such as selling food or goods in the street (Interview with Chris Merriman). The better staffed offices with increased resources due to the improved tax collection will decrease clientelism in government institutions which can help shrink the size of the informal economy. It is important to hold the tax collectors accountable for favoritism and ensure that proper collection is conducted. This is why this proposal would give the responsibility back to the state tax agents rather than the local elected councilors. This policy recommendation is tied with the creation of incentives in law for companies to utilize formal contracts resulting in the start of the shrinking of the informal economy making it easier to collect taxes. In addition to beginning the process of dealing with the other negatives of a large informal economy such as the promotion of bad working conditions and low productivity.

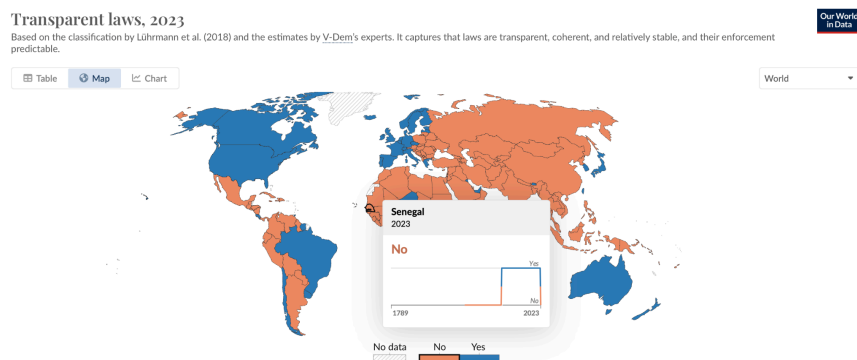


figure 8 (our world in data)

Transparency and open data is another policy that has in law been somewhat established but in practice has not been truly applied. Seydina Mouhamadou Ndiaye the president and co founder of several civil society and activists organizations in Senegal such as Consortium Jeunesse Senegal and Collectif Des Volontaires du Sénégal expressed that “political parties and

politicians have been utilizing public funding for personal and political use, manipulating the democracy to have more power” (Interview with Seydina Mouhamadou Ndiaye). In Senegal, there was a convention ratified regarding open government and accurate public information which has developed institutions meant to fight corruption. However in actuality the civil society confronts the Senegalese government on a constant basis about the lack of transparency and access to public data. With respect to figure 8, in 2023 the predictability and transparency laws within Senegal were found to be almost non-existent (“Transparent Laws.” Our World in Data). Seydina Mouhamadou Ndiaye elaborated that it is the institutions and the lack of transparency which are one of the main reasons why Senegal does not have as much growth regarding local business ventures and entrepreneurship (Interview with Seydina Mouhamadou Ndiaye). One policy recommendation regarding transparency is the development of a government database that any one can access to see government transactions and procurements with updated information consistently made available which will lead to increased transparency. Transparency within the government will encourage the strengthening of civil society, develop greater accountability for the government. Overtime disincentivizing and decreasing corruption, improving private public partnerships and laying a foundation for the development of economic growth.

Conclusion

Senegal is a country that has many issues however it is the political and legal institutions that have undermined the growth and development of the country by creating a culture of clientelism and corruption, a large informal economy and a government that is not accountable to its people. Although policies could be implemented to restructure the legal and political institutions through strengthening the system of checks and balances of power, increasing tax collection, as well as developing a system of open data and transparency. This will lay the

groundwork for the stimulation of sustainable growth in Senegal through the shrinking of the informal economy, the increase of government accountability and the decrease of clientelism within the Senegalese institutions.

University of Maryland Honor Pledge

I pledge on my honor that I have not given or received any unauthorized assistance on this assignment/examination.

Liam Little

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