

2018 ISLAMICITY INDICES –SENEGAL

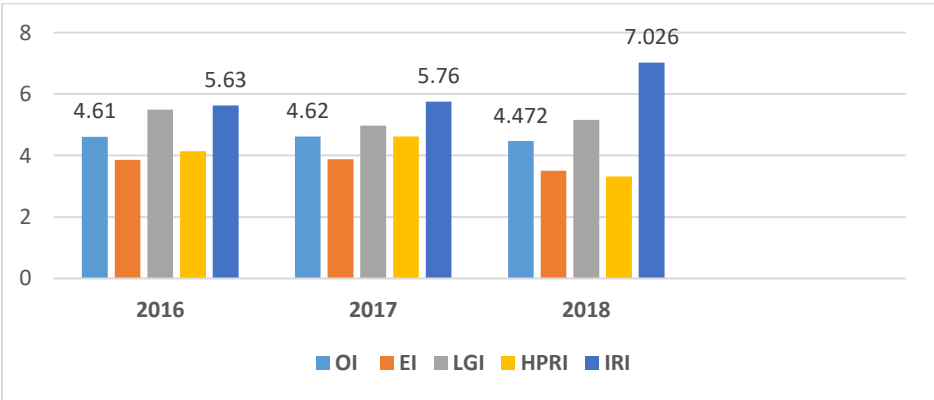
Senegal’s main challenge is sustaining high and inclusive GDP growth rates while maintaining macroeconomic sustainability and improving the business environment to create jobs. Alongside the macroeconomic requirements, the country needs to set up and implement a sound institutional framework, to address appropriately crucial social issues, particularly to reduce inequality and accordingly to contribute to poverty alleviation and well-distributed growth for the fast-growing population, and ultimately to promote economic justice.

1. Broad developments for Islamicity indices scores and ranks in 2018

1.1. Overall Islamicity Index country score.

Globally, Senegal Overall Index (OI) recorded a deterioration of 3.2% in 2018 relative to 2017, reversing the positive 2017 trendline. As evidenced in Figure 1 below, this negative pattern reflected mostly contractions of 9.5% in its Economic Index (EI) and 15.8% in its Human and Political Rights Index (HPRI). However, the impact of this adverse evolution has been mitigated by improvements of 3.9% in the Legal and Governance Index (LGI) and of nearly 22% in the International Relations Index (IRI).

Figure 1. Senegal Overall Index and its components



From a regional perspective, the Senegal Indices are compared to the average scores of the two categories of classification, namely the All Countries (153), OIC countries in the following Table 1 and Figure 2.

Table 1. Senegal score compared to Group Average Islamicity Scores in 2018

Score	OI	EI	LGI	HPRI	IRI
All Countries (153), average	4.70	4.80	4.82	4.81	5.03
OIC Countries, average	3.58	4.05	3.35	3.32	3.63
Senegal	4.472	3.511	5.163	3.891	7.026
<i>Percentage Change in Average Score Relative to 2017 for all Countries</i>	1.60	1.54	2.47	0.40	1.66
<i>Percentage Change in Average Score Relative to 2017 for OIC Countries</i>	1.21	-0.87	1.03	4.88	-2.16
<i>Percentage Change in Average Score Relative to 2017 for Senegal</i>	-3.20	-9.54	3.88	-15.78	21.98

Figure 2. Senegal score compared to Group Median Islamicity Scores in 2018

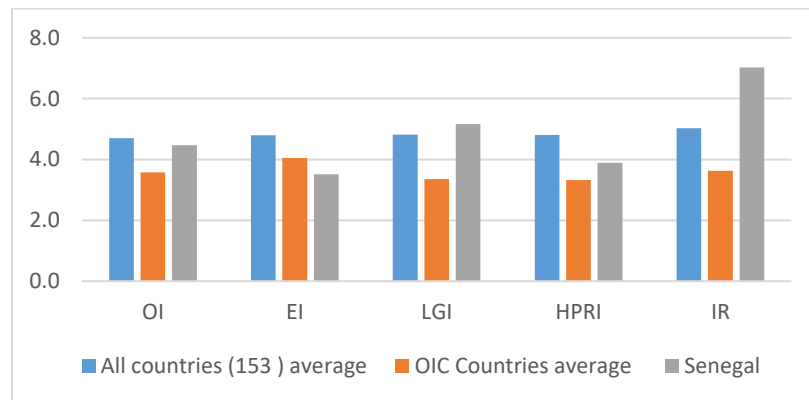


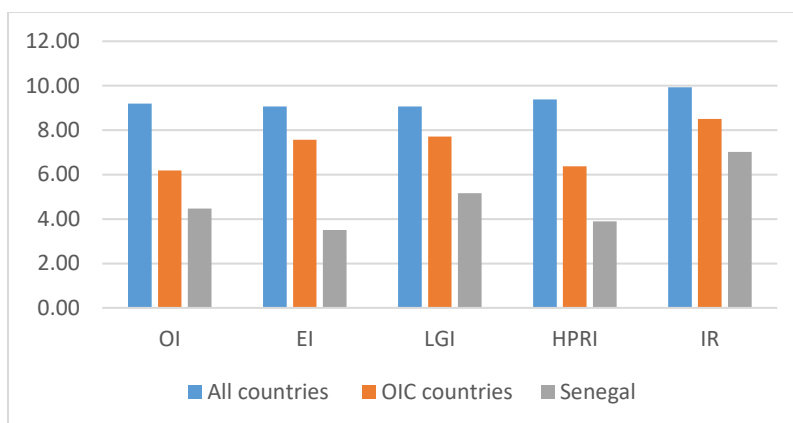
Figure 2 shows that Senegal Overall Index (OI) score was slightly below the group average for All Countries. In contrast, its performance was clearly superior to the average of the OIC Countries. Performances are noteworthy for the Legal and Governance Index (LGI) and the International Relation (IR) Index, which were above All Countries and OIC Countries group averages. However, performances were contrasted for the other two sub-indices, with its Economic Index (EI) lagging behind All Countries and even OIC countries averages and the Human and Political Rights (HPRI) Index rating between the two group averages.

Also, Figure 3 below highlights the extent of Senegal's performances lag compared to those of the All Countries and OIC countries best performers. Evidence suggests the need for a steadfast implementation of a comprehensive institutional reform strategy to significantly upgrade Senegal's results to the level of those of the best competitors.

Table 2. Best group performers in 2018

	OI	EI	LGI	HPRI	IRI
All Countries (153)	New Zealand	Hong Kong	Norway	Switzerland	Iceland
OIC Countries	United Arab Emirates	United Arab Emirates 5	United Arab Emirates	Albania	Sierra Leone

Figure 3. Senegal score compared to score of the best Group performers in 2018



1.2. Islamicity Indices Ranking

Senegal Islamicity Indices ranking (table 3 below) reflects the country Islamicity scores pattern. The overall index (OI) rank reversed the 2017 positive trendline, mainly due to sharp declines in EI rankings (9 spots) and HPRI (18 spots). In fact, LGI and IRI improved by 3 spots and 24 spots respectively, thereby attenuating the impact on the overall rank of the negative evolutions of EI and HPRI indices..

Table 3. Ranking Islamicity Indices

Ranks	OI	EI	LGI	HPRI	IRI
All Countries (153), average	77	77	77	77	77
OIC Countries, average	107	98	105	112	103
Lower-Middle Income, average	105	103	104	104	88
Senegal (Rank)	83	112	67	96	27
Senegal rank changes (spots)	-5	-9	+3	-18	+24

(+) improvement; (-) deterioration

Overall, the country did best in its international relations, scoring and ranking highest in IRI among the indices. In contrast, evolution of the EI score and HPRI score raise sharp concerns. Particularly, for the HPRI, Senegal is ranked among the top 10 decliners in ranking.

2. Examination of changes in the sub-Indices

Economic Islamicity

Senegal's economic performance has been globally positive in 2018. The real growth rate remained robust at 6.2% and inflation stood around 2%. The fiscal deficit is estimated to 3.5% of GDP, while current account deficit remained significantly higher and above 7% of GDP. Also, the country implemented numerous reforms with mirrored improvement in strengthening the fiscal sustainability, the bank lending to private sector, economic regulation and economic freedom and ease of doing business.

Despite these significant positive macroeconomic developments, the Economic Islamicity Index remained overall negatively affected by the deterioration of some key social indicators such – high level of unemployment (particularly for youth), relatively high level of the human inequality coefficient which was above the sub-Saharan mean, and persistence of systemic weaknesses in the rule of law, vulnerability of 2018, slowing implementation on reforms to improve the business environment and stimulate private investment. Also, the steady rise in ratio of the total public debt to GDP from 60.6 % in 2017 to 64.5% in 2018 suggests a weak adherence to Islamic finance.

Legal and Governance

Senegal recorded a slight improvement of 3.9% in its Legal and Governance Index, The improvement is attributed to progress in indicators related to legal system and property rights, government management, the management of depletable and other natural resources, the political stability and absence of violence/terrorism.

In fact, the country has regressed in a number of other crucial areas such as security and safety, corruption perception, government integrity, government governance (including government effectiveness, voice and accountability, regulatory quality, rule of law, control of corruption).

Human and political rights

The country has achieved convincing results in a number of vital sectors such as social capital, access to education and healthcare and democracy enhancement. However, the impact of these positive evolutions has been more than offset by setbacks in other areas, inter alia in human development and human development inequality (for which, Senegal is

classified among the Low Human Development Group), personal freedom, and civil and political rights. Particularly, Senegal's 2017 Human inequality coefficient (including income inequality) is 31.7 %, above the average of 30.7 for countries in the Sub-Saharan Africa and 30.9 for countries in the Low Human Development Group.

International relations

The noteworthy performance of the Senegal IRI was imputable to a decrease of its Global Militarization Index (which reflects the relative weight and importance of the country's military apparatus in relation to the whole society) and an increase of country level of peacefulness.

3. Conclusion

The analysis of the overall evolution of the indices of Islamicity highlights the imperative need to strengthen the institutional framework of economic and social development to improve the entrepreneurial climate, to boost private investment and revenues and to promote economic and social justice in the country

Senegal needs more and better government governance and government effectiveness, an effective enforcement of anticorruption measures and rule of law, and more transparency in the management of extractive industries and other natural resources.

The fight against human inequality would represent a high priority that could fully benefit from the distribution and redistribution mechanisms derived from the Quran and Sunnah.

The government may consider the increasing cost of public borrowing, and accordingly enhance its adherence to Islamic finance. Accordingly, to finance budget deficits, the government should use only non-debt creating flows by : (i) shifting away from interest-based systems towards enhanced risk-sharing systems and (ii) issuing macro market instruments to furnish the Treasury with a significant source of non-interest, rate-based financing while promoting risk sharing.