

# Public-Private Dialogue

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## Senegal / SME & informal sector Business and Service Sector Public-Private Dialogue

by

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### 1- Background and Context

Across the world, unemployment is a critical problem for women and youth. It is perhaps one of the one of the most serious problems that our political leaders face. Senegal has been working to address this problem since 2012, with a new implementation framework for the Plan Senegal Emergent (PSE), Senegal's economic growth strategy. The Government's current Projet d'Appui à la Promotion de L'Emploi de Jeunes et des Femmes (PAPEJF) is leading efforts to increase employment opportunities for women and youth. The project aims to create at least **15,000 decent, sustainable** jobs for rural and semi-urban populations from 2014 to 2018, with 60% of these jobs targeting youth, and the other 40% for women. It simultaneously seeks to build the managerial and technical capacity for 17,000 developers.

In this context, UNACOIS-Jappo is well positioned to contribute to SME- and women-focused dialogue. UNACOIS-Jappo is a strong national business association with more than 70,000 members across Senegal. The organization continues to expand into new sectors, such as imports and exports, distribution, food and agriculture, fisheries, processing agricultural products, textiles, transport and tourism in order to fully take part in the fight to increase employment opportunities for women and youth.

Public-private dialogue is of paramount importance in the work of and vision of UNACOIS-Jappo. UNACOIS' work highlights the importance of gender considerations in its approach.

### 2- Youth and Inclusion dimension

UNACOIS has two wings dedicated specifically to women and youth — UNACOIS femmes and UNACOIS jeunes. These two nationally representative bodies were created specifically to give voice to the needs of these two frequently underrepresented groups. Their presence ensures that gender and youth interests are taken into account in all of UNACOIS's public-private dialogue programs.

UNACOIS serves as a facilitator of policy dialogue to empower women and youth. For instance, Working with the Minister of Women, Children, and Family, UNACOIS helped to establish the necessary conditions for holding a public-private dialogue on women in agribusiness. The meeting and resulting dialogue, ultimately led to a public-private partnership between women-lead SMEs and the Government in agribusiness.

UNACOIS-Jappo maintains relationships with sectoral ministers to encourage partnerships between the private and public sectors. Relationships with members of the steering committees for ministerial programs on the economy, industry, agriculture, commerce, and the service sector allow UNACOIS to openly collaborate with decentralized state service providers such as the directorate of customs, the national taxation administration and department of lands and the foreign trade administration.

The results of UNACOIS's public-private dialogue programs are measured against its excellent relationship with state SME training organizations such as APIX, FONGIP, the BDNE, ADEPME, and ASEPEX. UNACOIS is also an active member of the High Council on Social Dialogue (HCDS) and invested in the theme-based commissions for social dialogue.

### **3- Partnership, Structure and Processes**

UNACOIS-Jappo has developed extensive experience in holding public-private dialogues through partner support.

Through its partnership with the Center for International Private Enterprise (CIPE), UNACOIS undertook an extensive program to increase the capacity of SMEs and member organizations to engage in public-private dialogue while simultaneously improving the quality of the UNACOIS' public-private partnerships. Through working directly with SMEs and UNACOIS's regional leadership, this program allowed UNACOIS-Jappo to identify the constraints SMEs and entrepreneurs face doing business in Senegal. The organization later outlined solutions to these problems in "Le Livre Blanc" published in 2013.

In its program with the GIZ, UNACOIS supported the organizational development of its members through the SME competitiveness and growth program. This relationship also helped ensure UNACOIS' participation in the development of policies and national strategies to support Senegalese SMEs.

UNACOIS's partnership with the Université Cheikh Anta Diop De Dakar has allowed UNACOIS to support innovation and youth employment by closing the gap between theory and practice in business and industry. The informal sector plays an important role in the Senegalese economy, and the new knowledge and applications being developed in partnership with universities can help the informal sector become more competitive.

UNACOIS incorporates gender considerations in all of its public-private dialogue programs. They are also inclusive of the informal sector and small business.

### **4- Results so far**

The following two examples, detailed a [2014 case study](#), illustrate concrete impact of UNACOIS's partnership with CIPE. The first was the adoption of the SME tax reform recommendations by the Ministry of Tax and Customs. On December 31, 2012, the Parliament passed legislation to reform the Senegal Tax Code, which included all UNACOIS's recommendations. This resulted in a more streamlined tax code for SMEs with tax rates that are more proportional to their profit margins. Importantly, a more uniform and proportional tax code for the SME sector helped formalize Senegal's informal sector, which in turn contributed to expanding the government's tax base and promoting accountability and transparency.

As a direct result of the new tax regulations, informal sector operators have reported a decreasing number of disputes with local authorities. Prior to the legislative changes, one of UNACOIS's main services to members was to intervene in court on behalf of informal sector members whose businesses were shut down or goods confiscated by the police due to their informal status and not paying any taxes. On average, UNACOIS's national headquarters intervened in over 200 cases per year. Within one year of the new Code taking effect, UNACOIS has been involved in only two such cases. Now that these informal members have an avenue for complying with local business regulations, such as payment of taxes, they are able to operate more freely and without fear of interference by local authorities.

The program's second major impact was establishing a mechanism for regular and ongoing public-private dialogue between UNACOIS and the Government on issues related to the SME sector, economic development, and food security challenges. The quality of the tax code recommendations and the process that led to them demonstrated the extent of UNACOIS's national scope and grassroots reach, providing credibility in the eyes of senior government officials. UNACOIS's potential as a valued partner was clearly demonstrated and led the Government of Senegal to engage the private sector on finding solutions to the country's persistent food security challenges. This unprecedented partnership is intended to leverage UNACOIS's broad-based nationwide membership to improve the supply-chains of imported goods to all parts of the country.

The other notable results of UNACOIS PPD programs include:

- The deregulation of marketing and exports of Senegalese rice via the removal of the equalization and price stabilization fund, which failed to respond to consumer's needs.
- The stabilization of the local market for Senegalese rice, while also improving the competitiveness of locally grown rice.
- The liberalization of sugar imports to meet national consumption.
- Reaching consensus around the lowering prices of critical commodities (2012).
- Increased representativeness in dialogues concerning economic, industrial, and commercial policies.
- Streamlining of support and training for SMEs.
- 75% reduction in the Bordereau de Suivi de Cargaison (BSC) tariff, instituted by the Senegalese Shipping Council (COSEC).
- Recognition of UNACOIS as a nationally representative of the private sector.

## 5- Challenges

Launching negotiations between the public and private sector to simultaneously improve the government's delivery of public services while balancing the tax contribution of the various participants remains difficult. For such a dialogue to benefit both sides, it must include representatives from the informal sector and must encourage the public and private sectors to look beyond their interest in the status quo to seek mutual benefits.

Continuing to develop targeted programs that provide access to basic training and social services, building the capacity of the most vulnerable groups, and supporting the performance of the smallest businesses in the informal sector without requiring them to pay higher taxes or join the formal sector also remain challenges.

## **Biography of the Author:**

Mr. Ousmane Sy Ndiaye is the Executive Director UNACOIS. His other roles include: Chairman of the General Affairs and Institutional Affairs Committee of the Regional Consular Chamber of the West African Economic and Monetary Union (CCR / UEMOA); member of the ECOWAS Expert Group on Competition; editor of CHEIKHNA "Librairie et Presse universitaire"; Managing Director of the Senegalese NGO CRED / Afrique; Permanent Secretary of the Rassemblement des Opérateurs Économiques du Sénégal (ROES); National Coordinator for Poverty Alleviation Programs on behalf of the International Council for Education and Development in Senegal (CIED Senegal); and former Coordinator the F. Mayer Foundation – Africa department. Mr. Ndiaye is a specialist in adult education, program management, development, and business communications. He holds International Law Development Organization (IDLO) certification in international negotiation and ECOWAS certification in international negotiation.