



Global Insights Geopolitical Forecast Issue 12

*Reliable intelligence on political unrest, economic stability and international relations
around the world the world*

Senegal

*Unrest in West Africa's
Most Stable Nation*

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Iran

*Regional Developments and
the Entrenchment of the
Political Status Quo*

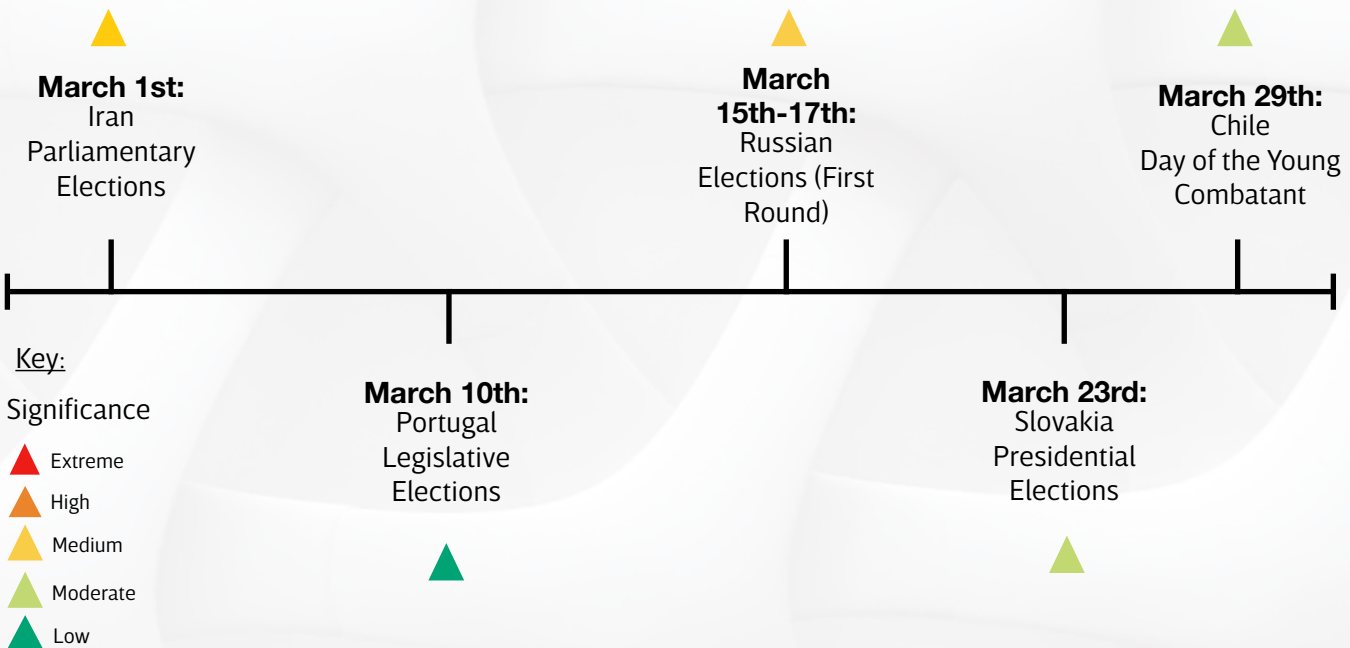
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Ukraine

*Two years On and No End in
Sight*

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March Timeline



Senegal



Senegal had long been considered the bastion of political stability and economic growth in West Africa, the only country in the region which has not experienced a military coup. Yet, amidst regional instability, democratic institutions, and market-led economic policies, tensions have grown. The country was scheduled for elections on February 25th and, despite the banning of the popular opposition candidate, Ousmane Sonko, amidst continuing divisive corruption charges and allegations, the international community was ready to hail the country's democratic efforts.

However, the world was caught by surprise when on February 3rd incumbent president Macky Sall, who already claimed he would not seek re-election, announced the delay to national elections. The measure was ratified by Parliament, notably not the Constitutional Council, moving back elections until mid-December, resulting in violent protests in Dakar. While the President publicly claimed the delay was due to the unfair electoral climate and would allow time for a probe into the selection of eligible candidates, many believe the move is a measure to protect his preferred candidate, current Prime Minister Amadou Ba, from electoral defeat. Especially in light of a series of political arrests of further opposition candidates in the aftermath of the decision. The electoral manipulation makes it the latest West African country to face democratic challenges and risks Senegal's long-held reputation.

The unprecedented move in Senegal marks the first direct presidential election delay since 1963 and threatens the future of the nation's stability and democratic institutions. While the move caught the world by surprise, tensions had been building in the African nation amidst a backdrop of regional instability. In June 2023, popular opposition candidate Ousmane Sonko faced detention and extrajudicial treatment which led to some of the country's deadliest clashes with the police in decades. Weeks later the 49-year-old was subsequently cleared of what he claims were politicised rape charges. However, he was then re-arrested in July on charges of insurrection and was struck off the electoral roll, a decision that was then reversed and reimposed in subsequent court rulings.

The undemocratic turn comes despite initial optimism for a stable election. A divided opposition and President Macky Sall's departure were touted as reasons for an unrest free election. Despite this, the recent actions have led to a return to the fatal and violent political protests last witnessed in the summer of 2023.

Senegal



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This year has also seen further allegations of Senegalese authorities curtailing human rights, committing arbitrary detentions, banning protests, and restricting civic spaces ahead of the election. The international community had been quick to praise the country's seemingly closer commitment to democratic ideals than its regional neighbours, which remained at odds with the reality that the authorities had, before the electoral delay, been filling prisons for the last three years with hundreds of political opponents. Such trends were further highlighted by the increasing political harassment of journalists, such as the suspension of the Walf TV broadcast service, which demonstrates a worrying trend for a country situated in a region undergoing significant democratic backsliding. We anticipate that throughout the delay, the likelihood for further government crackdowns and arrests is highly likely. Due to this, the political outlook for the country will remain fraught, with the country verging closer to autocratic practices and with an ever-looming risk of violent civil unrest. Political events in the country must therefore be closely monitored over the coming months.

However, away from the destabilising political climate, Senegal remains a beacon for economic hopes in the region. Senegal's economic growth has proved strong throughout the last decade, outperforming Africa's average every year since 2013, according to IMF measurements. With new waves of inward investment and the opening of a hydrocarbon market, economic growth is forecast to surge to be the fastest-growing economy on the continent by 2025, with a growth forecast of 8.8% for 2024 and 10.2% for 2025. Such economic dynamism is driven by large inward investment, boosting Senegal's hydrocarbon industry. However, due to this some caution remains, as the recent political destabilisation could lead to the loss of some inward investment and a moderation to the growth climate. Due to wider regional dynamics, we do not predict a large withdrawal of Western hydrocarbon investment, especially as fears grow of the increasing control of China and Russia in the region, which will likely drive Western governments to sustain their investment efforts which are now geopolitically more crucial than ever. Therefore, we anticipate the economic prospects of Senegal to remain bright despite the recently generated caution. Such investment-driven growth provides the potential for significant increases in government revenue and expansion of the state's stability, but this must be effectively managed to reap full returns, with the government's ability to do so now looking increasingly doubtful. The next twelve months will not only be critical for the nation's internal stability but also for that of the wider West African region, who one by one are increasingly succumbing to autocratic measures.

Iran

Iran's political landscape is dominated by its unique theocratic system, where the Supreme Leader, Ayatollah Ali Khamenei, holds ultimate authority. The political elite comprises elected officials and clerics, with the President, Ebrahim Raisi, acting as head of the government. Around 40% of laws passed through parliament are struck down by the Guardian Council, a body of clerics and jurists who interpret the Iranian constitution and ensure that laws are passed in line with Islamic law. The interplay between the elected government and the unelected religious leadership continues to create a complex power structure.

Iran's electoral processes reflect both participatory elements and structural constraints. While elections are held regularly, the Guardian Council vets candidates, limiting the range of political ideologies represented. The disconnect between popular sentiment and political outcomes contributes to a continuous tension within the political arena. Domestically, Iran has experienced waves of political activism. In September 2022, Iranians surged into the streets to denounce the death of a 22 year old woman while in custody. She was arrested for allegedly violating Iran's mandatory hijab law. The regime cracked down against protesters, arresting thousands and killing hundreds. Whilst the protests appear to have subsided, the underlying grievances remain unresolved with further rounds of protests possible.

Additionally, Iranian politics have recently shown a shift towards a more hardline approach to the United States. The killing of Islamic Revolutionary Guard Corps commander Qasem Soleimani, has appeared to have shifted public support away from moderate politicians. On March 1st, Iran is slated to hold its parliamentary elections, where far-right conservatives are expected to consolidate their power. Iranian politics are not dynamic, as the system of government and Islamist ideology that the apparatus is based upon has barely changed since the 1979 Revolution.

The country's mounting economic difficulties and apparent unpopularity due to the crackdown on protesters has meant that the government has sought public support through taking a hard-line stance to the US and Israel.

Iran's economy is characterised by its hydrocarbon, agricultural, and service industries, with significant state involvement in manufacturing and financial services. The country boasts the world's second-largest natural gas reserve and the fourth largest proven oil reserves. Despite a relatively diversified economic landscape compare to other oil-exporting nations, Iran's economic activity and governmental income remain heavily reliant on oil revenues, leading to volatility in both sectors.

Additionally, the vast majority of Western-based companies are either banned from operating in or with Iran, due to US led sanctions and anti-Western sentiment within the country. The economy also faces structural issues, including a reliance on oil exports, bureaucratic inefficiencies and corruption. Diversifying the economy away from oil dependency has been a longstanding goal, and recent efforts have focussed on developing sectors like technology and manufacturing. The success of these endeavours is crucial for Iran to achieve sustained economic stability. The economic outlook could significantly improve if sanctions are lifted, although this looks highly unlikely.

International sanctions have impacted the country heavily, particularly those imposed by the United States. These sanctions, specifically targeting sectors like energy and finance, have constrained Iran's economic growth and access to global markets. The Joint Comprehensive Plan of Action (JCPOA) in 2015 offered a brief respite, lifting some sanctions in exchange for nuclear concessions. However, the US's withdrawal in 2018 reignited economic challenges. The European signatories to the 2015 JCPOA (UK, France, and Germany, known as the E3) have continued to uphold certain sanctions against Iran.

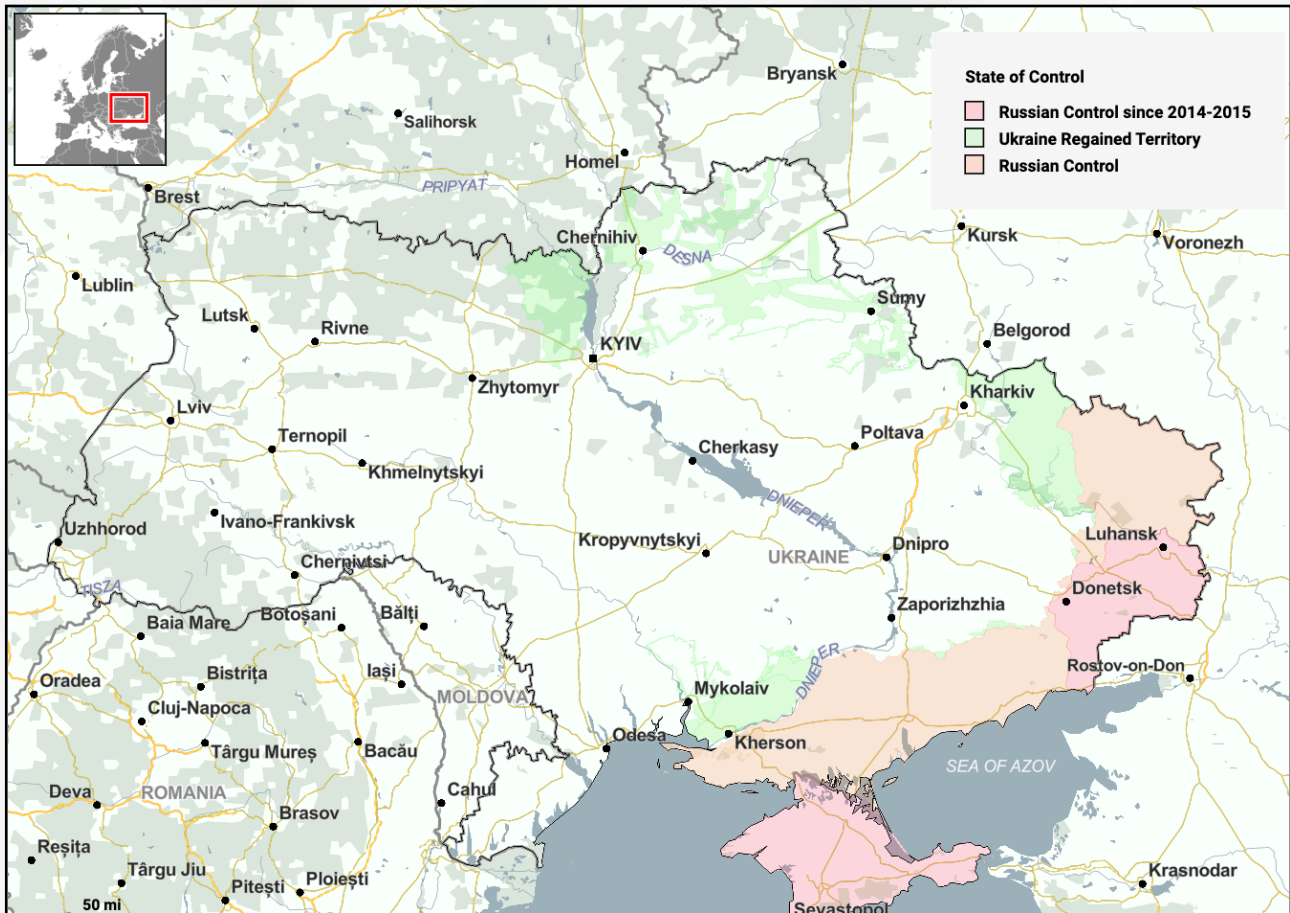


This decision stems from Iran's failure to comply with the JCPOA's terms, despite efforts to resolve disputes. Iran has declined opportunities to return to compliance, expanding its nuclear program beyond the outlined JCPOA limits. Its enriched uranium stockpile now exceeds permitted levels by over 18 times. These sanctions ensure that Iran's GDP growth remains modest at best. In 2022, Iran achieved full membership of the Shanghai Cooperation Organisation (SCO), and in 2024, the country was accepted into the BRICS organisation. Analysts have concluded that accession into BRICS will provide minimal economic and political benefits; nonetheless, the strengthening of ties with Russia and China allows Iran to counter some of the United States attempts to economically isolate and pressure the Islamic Republic from the rest of the world.

Iran's foreign policy is characterised by a blend of pragmatism, ideological principles and regional ambitions. The Islamic Republic seeks to assert itself as a regional power, challenging perceived Western dominance and promoting a vision of Islamic government. Diminishing U.S. regional influence and asserting power in neighbouring states is a priority. Since the start of the conflict in Gaza in October 2023, the constellation of Iran-backed groups have engaged in attacks against U.S. forces in Iraq and Syria, as well as targeting international vessels in the Red Sea.

The rivalry with Saudi Arabia, rooted in sectarian differences and geopolitical competition, further complicates regional dynamics. Additionally, tensions with Israel have also come to define much of Iran's regional policy. Iran has no diplomatic or commercial ties with Israel, and it does not recognise the legitimacy of the state. Iran also backs Hezbollah, a large paramilitary group that sits just north of Israel in southern Lebanon. Hezbollah shares Iran's hostile attitude towards Israel, raising fears that Israel may invade southern Lebanon once again, escalating regional tensions to the point in which Iran may get involved militarily.

The relationship between elected officials and religious leaders, along with economic challenges intensified by sanctions, deeply shapes Iran's internal dynamics. Additionally, Iran's regional ambitions and nuclear goals add complexity to its global positioning, as the country seeks allies and manages the complexities of international diplomacy. Whilst there are prospects of growth through international organisations such as BRICS and the SCO, in the short term this is unlikely to be remarkable. The Islamic Republic's conservative regime and the dominance of the Iranian Revolutionary Guard Corps over the populace makes the country's future very predictable, with the status quo remaining in place for the foreseeable future.



As the Russia-Ukraine conflict enters its second year, there has been no end in sight. The United States, along with its allies, continues to provide support to Ukraine by supplying military aid. On the other hand, Russia has increased its military-industrial output to sustain the conflict, with the war projected to persist throughout 2024. However, there are growing concerns about the attainability of a Ukrainian victory, especially in light of recent Russian advances across the front, the unsuccessful Ukrainian counteroffensive, and the potential reduction of US aid. In this war of attrition, the advantage lies with the side that has a larger population in order to deploy more troops on the frontline and has a robust industrial output that can manufacture crucial military equipment such as artillery. Unfortunately, Russia holds an advantage in both aspects. Consequently, the prospect of a Russian victory seems increasingly plausible, fuelled by their persistent and unyielding war effort that shows no signs of cessation.

The political landscape in Ukraine will remain fragile as long as the conflict endures. The military situation on the ground for Ukraine is reaching a critical juncture, with Russia's ongoing offensive raising substantial doubts about Ukraine's ability to repel such an attack. In this protracted war, characterised by attrition, Russia holds a distinct advantage in both manpower and industrial output, casting serious doubt on Ukraine's ability to expel Russian forces from the country. These doubts were exemplified by the Ukrainian summer counteroffensive, which had intended to split the Russian land bridge toward the city of Melitopol, separating Russian forces in the east and west. That operation proved unsuccessful due to formidable Russian fortifications and a general shortage of resources. Currently, Ukraine aims to mobilise up to 500,000 troops on the frontline but this has led to a national debate on who is willing to fight. Under martial law, Ukrainian men aged between 18 and 60 cannot leave Ukraine because they can be called up to fight.

Ukraine

There will be challenges looking ahead on whether the government can reach this figure. Additionally, while the beginning of Russia's full-scale invasion saw President Volodymyr Zelensky and Commander in Chief of the Armed Forces of Ukraine, General Valery Zaluzhny experience a surge in popularity, symbolising unity in the face of the Russian threat to the capital, tensions have arisen between the two men. Zaluzhny has been accused of challenging Zelensky's presidency, with criticisms of his leadership during the conflict undermining his authority. In February, Zelensky replaced General Zaluzhny with General Oleksandr Syrsky to introduce a fresh approach to the battlefield. Syrsky has been criticised in the past for his decision to not withdraw troops from Bakhmut which had been costly for Ukraine. Moreover, it has been indicated by military circles in Ukraine that Syrsky is unpopular and undermines trust in command and being of Russian extraction, could be a point of tension. Problems such as these could exacerbate if the war continues to develop in an adverse direction.

The Russian invasion led to a 29% contraction in Ukraine's GDP in 2022. However, there has been a substantial recovery in 2023, with the economy experiencing a year-on-year growth of 19.5% in the second quarter and 9.5% in the third quarter. The economic outlook for Ukraine is expected to show a 5% growth this year. Furthermore, inflation has decreased to single digits, and the country maintains high foreign reserves, with consistent foreign aid inflows in 2023. Despite the challenges posed by the ongoing conflict, businesses in Ukraine have adapted to the wartime conditions, particularly in the western part of the country where industries continue to operate. However, the war's impact is evident in the form of several challenges including a significant population

displacement of around 7 million people, which has resulted in a shortage of workers. Additionally, Russia's attempts to impose a blockade on the Black Sea present a further economic hurdle.

Internationally, Ukraine aligns with the West, with the United States playing a crucial role in supporting its military and economic needs. Seeking NATO membership as a deterrent against Russian aggression, Ukraine's geopolitical position remains a point of tension. The flow of American aid has been essential in thwarting Russian advances, yet uncertainties persist due to political challenges in Washington. Criticism from Republicans regarding the Biden Administration's prioritisation of Ukraine funding over domestic issues, such as the situation on the US-Mexico border, raises questions about the prospects of future assistance. Alternatively, the European Union has endeavoured to sustain aid to Ukraine, recently approving a €50 billion cash injection to fill the void where the \$60 billion aid package from the US would have been.

Yet, divisions have emerged within Europe as populism gains traction across the continent. Leaders such as Slovakia's Robert Fico and Hungary's Viktor Orban strongly oppose funding for Ukraine, advocating a diplomatic resolution to the conflict instead. Moving ahead, the outlook for Ukraine appears increasingly concerning. The objective of expelling Russian forces from the occupied territories is becoming increasingly unattainable, and securing funding for the war poses a significant challenge, particularly with the largest aid provider, the United States, facing growing divisions between Republicans and Democrats; thus, 2024 is poised to be a pivotal year for Ukraine.



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