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INFORMATION NOTE



REPUBLIC
OF SENEGAL

Presentation of Sovereign issuers of West African Monetary Union

December 2019

Quality review by **Deloitte.**



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CERTIFICATE OF THE ISSUER

REPUBLIQUE DU SENEGAL
UN PEUPLE - UN BUT - UNE FOI
MINISTRE DES FINANCES
ET DU BUDGET



DIRECTION GÉNÉRALE DE LA COMPTABILITÉ
PUBLIQUE ET DU TRÉSOR

N° **03** /MFP/DGCPT/DDP

Dakar, le

03 JAN 2020

Attestation de l'émetteur

Je soussigné, Abdoulaye Daouda DIALLO, Ministre des Finances et du Budget, agissant au nom et pour le compte de l'État du Sénégal, atteste que les données et informations contenues dans la présente Note d'Information sont conformes à la réalité et n'ai connaissance d'aucune information de nature à en altérer la portée.

L'objectif visé à travers cette Note d'Information est de porter à l'attention des investisseurs sur les titres publics émis par l'État du Sénégal, toutes les informations utiles à la prise de décisions d'investissement.

Toutefois, je rappelle que les informations et analyses prospectives présentées dans ce document, sont basées sur des projections établies à partir d'hypothèses qui sont entachées d'incertitudes pouvant entraîner des différences entre les réalisations effectives et les performances économiques attendues.

Cette note d'information publiée sera mise à jour chaque fois que nécessaire, afin de rendre compte :

- de l'évolution de la situation économique du Sénégal ;
- de la disponibilité ou de la mise à jour des données économiques ;
- de quelques changements intervenus.



Abdoulaye Daouda DIALLO



ACRONYMS

AED	: Arab Emirates Dirham
AFD	: French Development Agency
AfDB	: African Development Bank
AID	: International Development Association
AIDB	: Blaise Diagne International Airport
AIDS	: Acquired Immune Deficiency Syndrome
ANPEJ	: National Agency for the Promotion of Youth Employment
ANSD	: National Agency of Statistics and Demography
AOF	: French West Africa
APR	: Alliance for the Republic
BADEA	: Arab Bank for Economic Development in Africa
BBY	: Benno Bokk Yaakar
BCEAO	: Central Bank of West African States
BIC	: Credit Information Office
BOS	: PSE Operational Monitoring Office
BT	: Treasury Bills
C°	: Degree Celsius
CET	: Common External Tariff
CFA	: African Financial Community
CGI	: General Tax Code
CHU	: University Hospital Center
CIA	: Central Intelligence Agency
CNDP	: National Public Debt Committee
CNY	: China Yuan
CSM	: Superior Council of the Magistracy
CST	: Special contribution from the telecommunications sector
DER	: Délégation Générale à l'entrepreneuriat Rapide (General Delegation for Rapid Entrepreneurship)
DFS	: Decentralized Financial Systems
DGCPT	: General Directorate of Public Accounting and the Treasury
DGPPE	: Directorate General of Planning and Economic Policies
DGPSN	: General Delegation for Social Welfare and National Solidarity (Délégation Générale à la Protection Sociale et à la Solidarité Nationale)
DMC	: Directorate of Currency and Credit
DPEE	: Directorate of Forecasting and Economic Studies
DPRE	: Directorate of Educational Planning and Reform
DSF	: Debt Sustainability Framework
EESC	: Economic, Social and Environmental Council
EIB	: European Investment Bank
ENES	: National Survey on Employment in Senegal
EUR	: Euro
F	: Degree Fahrenheit
FECT	: Fonds d'Equipelement des Collectivités Territoriales (Territorial Communities Capital Development Fund)
FSE	: Energy Support Fund
GATT	: General Agreement on Tariffs and Trade
GBP	: Great Britain Pound



GDP	: Gross Domestic Product
HCCT	: High Council of Territorial Communities
HDI	: Human Development Index
HID	: Dakar International Hospital
HIMO	: Labor-intensive investment program
HIV	: Human Immunodeficiency Virus
IBRD	: International Bank for Reconstruction and Development
ICS	: Chemical Industries of Senegal
IDB	: Islamic Development Bank
IDE	: Foreign Direct Investment
IFAD	: International Fund for Agricultural Development
IFC	: International Finance Corporation
ILO	: International Labor Office
IMF	: International Monetary Fund
INF	: Inferior
IRSESSEF	: Institute for Health Research, Epidemiological Surveillance and Training
ISDA	: International Swaps and Derivatives Association
ISIN	: International Securities Identification Numbers
ISPE	: Economic Policy Support Instrument
JPY	: Japan Yen
KRW	: South Korean Won
KWD	: Kuwaiti Dinar
LFI	: Initial Finance Act
LFR	: Amending Finance Law
MDG	: Millennium Development Goals
MDTS	: Medium Term Debt Strategy
MIGA	: Multilateral Investment Guarantee Agency
NOC	: National Center of Oncology
OPEC	: Organization of Oil Producing Countries
OT	: Treasury Bond
PA	: Present Value
PACASEN	: Support Program for Municipalities and Agglomerations of Senegal
PAP	: Priority Action Program
PNBSF	: National Family Allowance Program
PNDS	: National Health Development Plan
PPP	: Public-Private Partnership
PPTD	: Decent Work Country Program
PRACAS	: Program for Accelerating the Pace of Agriculture in Senegal
PREAC	: Business Environment and Competitiveness Reforms Program
PREV	: Forecast
PSE	: Plan Senegal Emergent
PTIP	: Three-Year Public Investment Program
PUDC	: Emergency Program for Community Development
PUMA	: Emergency Program for the Modernization of Border Axes and Territories
RFP	: Public Debt Directorate

RGPHAE	: General Census of Population and Housing, Agriculture and Animal Husbandry
SAR	: African Refining Society
SAR	: Saudi Arabia Riyal
SDG	: Sustainable Development Objectives
SENELEC	: National Electricity Company
SEZ	: Special Economic Zones
SME	: Small and medium enterprises
SMI	: Small and medium industries
SOMIVA	: Mining society of the river valley
SPT	: Service Provision Tax
SUP	: Superior
TER	: Regional Express Train
TT	: Turnover Tax
UA	: Unit of Account
UCAD	: Cheikh Anta Diop University of Dakar
UNAIDS	: United Nations Acquired Immunodeficiency Syndrome Organization
UNDP	: United Nations Development Program
USAID	: United States Agency for International Development
USD	: United States Dollar
VAT	: Value-Added Tax
WAAPP	: West Africa Agricultural Productivity Program
BOAD	: West African Development Bank
WAEMU	: West African Economic and Monetary Union
WAMU	: West African Monetary Union
WAR	: Weighted Average Rate
WEO	: World Economic Outlook
WHO	: World Health Organization
WTO	: World Trade Organization
XOF	: West African CFA Franc



EXECUTIVE SUMMARY

Prior to the adoption of the Senegal Emergent Plan (PSE) in 2014, Senegal experienced a long period of relatively slow growth. Over the implementation period of the first phase of PSE (2014-2018), Senegal's real GDP growth was 6.2% in 2016 and 7.2% in 2017 according to the Department of Forecasting and Economic Studies (DPEE) after 6.4% in 2015. Economic activity remained dynamic in 2018, with real GDP growth estimated at 6.7% and for 2019 is expected at 6.0%. Inflation in Senegal remains contained in the WAEMU regional ceiling with an estimated inflation rate of 0.5% for 2018 after 2.2% in 2017. The current account balance is in deficit over the entire period 2013-2019 with two different trends, a decrease until 2016 and a deterioration. Trends in the current account are mainly attributable to those in the goods and services balance.

Imports increased more than proportionally between 2016 and 2017, amounting to CFAF 609 billion, leading to a deterioration in the balance of goods and services of CFAF 450 billion. The current account deficit is estimated at CFAF 1 026 billion in 2018 and projected at CFAF 1 054 billion in 2019. In relation to GDP, the current account deficit rose from 7.3% of GDP in 2017 to 7.7% of GDP in 2018 and is expected to fall in 2019 to 7.5% of GDP.

Senegal government's resources (revenues and grants) are up from CFAF 1 877 billion in 2014 to CFAF 2 599 billion in 2018, but do not cover all expenditures. As a result, the fiscal balance remains in deficit. This deficit, which averaged CFAF 370 billion between 2014 and 2017, increased in 2018 to CFAF 475 billion. It is projected to reach CFAF 443 billion in 2019. The fiscal deficit, including, in relation to GDP came out at 3.7% of GDP in 2018 against 3.0% of GDP in 2017. At the end of December 2018, the stock of public debt was estimated at CFAF 7,137.2 billion, or 54.7% of GDP.

Economic activity in Senegal in 2019 was marked by the implementation of the second phase of the Senegal Emergent Plan (PSE 2019-2023). In order to consolidate the progress made under the first Priority Action Programme (PAP 1) of the PSE, PAP 2 (2019-2023) is based on an analysis of best practices both nationally and internationally in terms of structural transformations of the economy and growth. This approach should make it possible to achieve one of the structural objectives of the PSE, which remains the structural transformation of Senegal's economy.

BRIEF OVERVIEW OF THE COUNTRY



SENEGAL



Population :
15 726 037 inhabitants
(Forecasts 2018)

Area
196 722 km²

Official Language : **French**
Currency : **CFAF**



Capital : **Dakar**



Democratic presidential system



(National services, BCEAO)

- ▶ Economy based on **agriculture**
agriculture, fishing, tourism
and **services**
- ▶ Growth rate in 2018 : **6.7%** of GDP
- ▶ Indebtness rate in 2018 : **54,7%** of GDP



1- GENERAL PRESENTATION OF THE COUNTRY

Senegal, whose capital is Dakar, is one of the most stable democracies in Africa. The country is located on the westernmost point of the African continent on the Atlantic coast with a population estimated at 15.726.037 in 2018 by the National Agency for Statistics and Demography (ANSD). According to BCEAO, Senegal is the second-largest economy in the WAEMU region in terms of GDP (CFAF 12 264 billion in 2017) after that of Côte d'Ivoire.

Before the adoption of the Senegal Emerging Plan (PSE) by the government in January 2014, Senegal experienced a long period of relatively slow growth. The objective of the PSE was to accelerate Senegal's economic development and transform the country into an emerging economy by 2035. Senegal's real GDP growth was 6.4% in 2015, rising to 6.2% in 2016 and 7.2% in 2017 according to The Directorate of Forecasting and Economic Studies Department (DPEE). Economic activity is expected to remain dynamic in 2018, with expected real GDP growth of 6,7 percent.

Senegal has managed to maintain a relatively diversified economy. Due to its dynamism and continued growth, the service (tertiary) sector is the largest, contributing 45.8 percent to the nominal GDP in 2017. In the same year, the secondary and primary sectors accounted for 22.6% and 16% of the nominal GDP, respectively.

Senegal gained independence from France in 1960. The current president, Macky Sall, was elected in 2012 and re-elected for a second term in 2019. Senegal's parliament currently comprises a unicameral chamber called the National Assembly. The parliament has 165 seats whose members are elected for five years by universal suffrage (105 by majority vote and 60 by proportional representation).

1.1 Political system

Senegal's first Constitution was adopted on 24 January 1959. It enshrines Senegal's integration into the Federation of Mali. On 4 April 1960, by an agreement with the government of General Charles de Gaulle, Léopold Sédar Senghor obtained the independence of the Federation of Mali, which brought together Senegal and French Sudan (now Mali), two colonies of French West Africa (AOF). The independence is effective on 20 June and Senegal withdraws from the federation on 20 August of the same year. Léopold Sédar Senghor becomes the President of the new Republic of Senegal. The constitution was amended on 7 March 1963 for the establishment of a presidential regime.

Senegal is a Republic headed by the President who is the Head of State. The President of the Republic is elected by direct universal suffrage and a two-round majority vote. His term of office, renewable once, is now five years. His government is placed under the supervision of the Prime Minister, who is appointed by the President. Executive power is held by the Government and legislative power by Parliament.

1.1.1 The Executive Power

The President is elected by direct universal suffrage with a two-round majority vote for a term that is now five years, renewable once. The current President, Mr. Macky Sall, was elected on 25 March 2012 with 65.8% of the votes for a seven-year term ending in 2019.

Under the Constitution, the President of the Republic is the guardian of the Constitution and the guarantor of the regular functioning of institutions, of independence and territorial integrity. In the performance of his duties, the President is the Commander-in-Chief of the armed forces.

The Prime Minister is appointed by the President of the Republic, who can also dismiss him. On the proposal of the Prime Minister, the President chooses

¹ The calculation of this GDP takes into account the new base year (2014).

the members of the Government. The President appoints by decree the members of the Constitutional Council, the court responsible for confirming the constitutionality of laws, for a non-renewable term of six years.

The President also appoints the 80 members of the Economic, Social and Environmental Council (CESE). For the High Council of Territorial Communities (HCCT), the President appoints 70 members and the remaining 80 are elected by indirect universal suffrage. In addition, he also appoints senior civil servants.

In the event of the death of the Head of State, the President of the National Assembly assumes the office of President of the Republic and holds presidential elections between 60 and 90 days after the Constitutional Council has confirmed the vacancy in the office of the Executive.

Since its independence in 1960, Senegal has had four Heads of State, all of whom have been democratically elected: Léopold Sédar Senghor (1960-1980), Abdou Diouf (1981-2000), Abdoulaye Wade (2000-2012) and Macky Sall (elected in 2012).

1.1.2 The Legislative power

The National Assembly has 165 seats. Its members are elected by universal suffrage for five years. The President of the National Assembly is elected for a five-year term by its members. The current President of the National Assembly is Mr. Moustapha Niasse, who was re-elected on 14 September 2017. The National Assembly is in a parliamentary session from October to June.

Parliament supervises the activities of the government through written and oral questions. It may also pass a motion of censure on its own initiative, or at the request of the Prime Minister, in which case the latter must immediately submit his resignation to the President.

The last parliamentary elections on 30 July 2017 were won by the Benno Bokk Yaakar coalition, with 49.5 percent of the votes cast. Overall, the ruling coalition won 125 seats out of 165, 97 of which went to the President's party, the Macky Sall Alliance. The Wattu Senegal coalition of the former President, Mr. Abdoulaye Wade, won 19 seats and that of the Mayor of Dakar (Taxawu Senegal), Mr. Khalifa Sall, 7 seats.

1.1.3 Judicial power

Senegal inherited several of its legal texts from the French civil law system. The main sources of law in Senegal are the Constitution, international treaties, legislation adopted by Parliament and government decrees. Senegal's legal texts are published in the Official Gazette of the Republic of Senegal by the General Secretariat of the Government.

Senegal's judicial system is divided into the Constitutional Council, the Supreme Court, the Court of Auditors, the High Court of Justice and the lower courts. The Constitutional Council and the Supreme Court are the highest judicial bodies in Senegal. The Constitutional Council is responsible for protecting constitutional and legal rights, resolving conflicts between the executive and legislative branches and regulating the electoral process. Its decisions cannot be appealed.

The Constitutional Act of April 2016 changed the number of judges on the Constitutional Council from five to seven appointed for six years. The Constitutional Council has the power to determine the conformity of laws with the Constitution and can block proposed laws that are considered as unconstitutional before they take effect.

The Supreme Court is the supreme administrative and judicial court and the forum for judicial review of the activities of the President, the Government and other public bodies. It also has an advisory role, with the President, Parliament and Government being able to refer draft laws and regulations for legal advice.

The High Court of Justice adjudicate on allegations of treason or violation of the oath made against the President and allegations of crimes or conspiracy against the security of the Republic made against the Prime Minister and ministers.

1.2 Administrative organization

Senegal is divided into 14 regions, each of which is administered by a governor. Each region is divided into administrative departments, which are themselves subdivided into arrondissements. The administrative departments are headed by prefects and each arrondissement is presided over by a sub-prefect. Villages in rural areas and districts in urban

areas constitute the smallest regions of administrative authority and are managed by village chiefs and district chiefs respectively. Governors, prefects and sub-prefects are appointed by the President, village chiefs and district chiefs are appointed or recognized respectively by the sub-prefects and prefects.

1.3 Geographical location

Senegal is located on the westernmost point of the African continent on the Atlantic coast. The Republic of 196.722 km² is bordered to the north by Mauritania, to the east by Mali, to the south by Guinea and Guinea-Bissau, to the west by the Gambia and by the Atlantic Ocean on a coastline of 531 km. The capital, Dakar, is on a peninsula on the west coast with a surface area of about 500 km².

The country is flat with sandy soil not exceeding 130 meters in altitude, except for the south-eastern border near Guinea. Three major rivers cross Senegal: the Senegal River in the north (1,641 km long), the

Gambia River (1,120 km long) and the Casamance River (300 km long) in the South. The climate is tropical, warm and humid with an average temperature of 17°C during the dry season (November to June) and 27°C during the rainy season (July to October). The landscape is characterized by three types of vegetation: forest in the south, savannah in the interior and steppe in the north.

1.4 Population

According to the latest ANSD population census in 2013, Senegal's population was about 13.5 million and has recorded an annual growth rate of 2.5 percent compared to the last census in 2002. The next census is scheduled for 2023. According to the ANSD, Senegal's population was estimated at 15.3 million in 2017 and is expected to reach 15.7 million in 2018.

Table 1. Population of Senegal in 2017

Category	2017	
Urban	7 089 780	46.5%
Rural	8 166 566	53.5%
Men	7 597 938	49.8%
Women	7 658 408	50.2%
Total Population	15 256 346	-

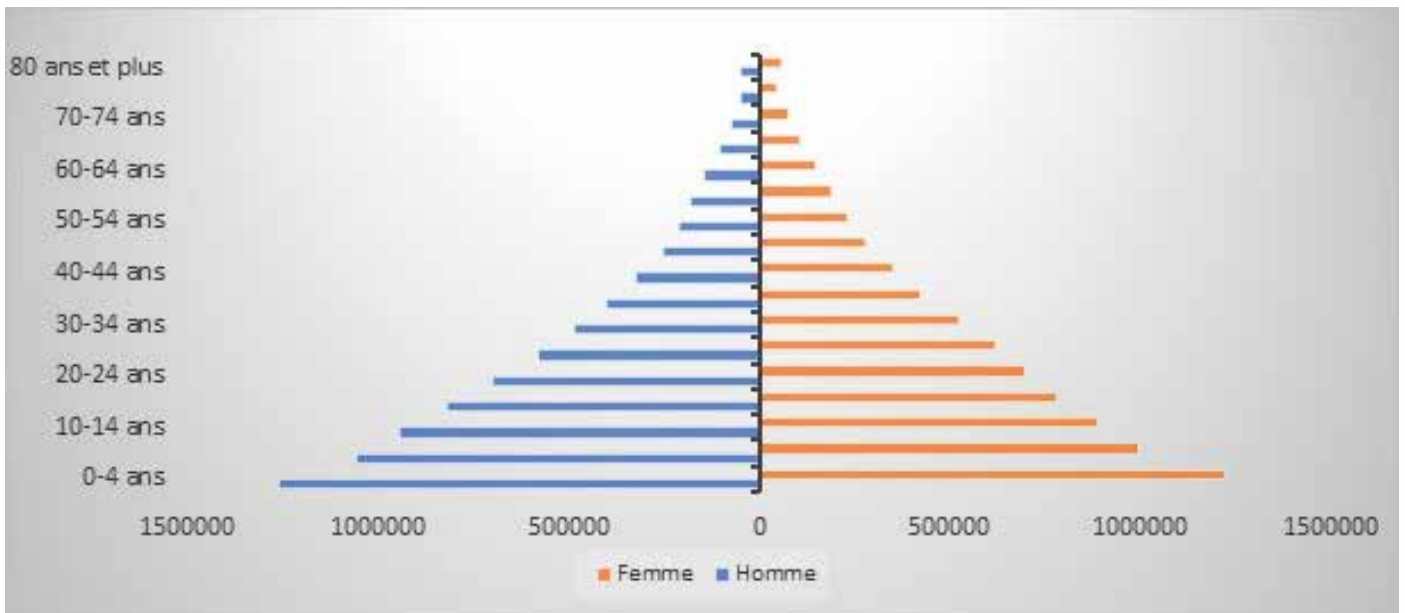
Source : ANSD 2017 population report

According to ANSD data, Senegal's population increased from 11.8 million in 2008 to 15.7 million in 2018. The average annual growth rate would be 2.9 per cent.

Senegal is characterized by a very young population,

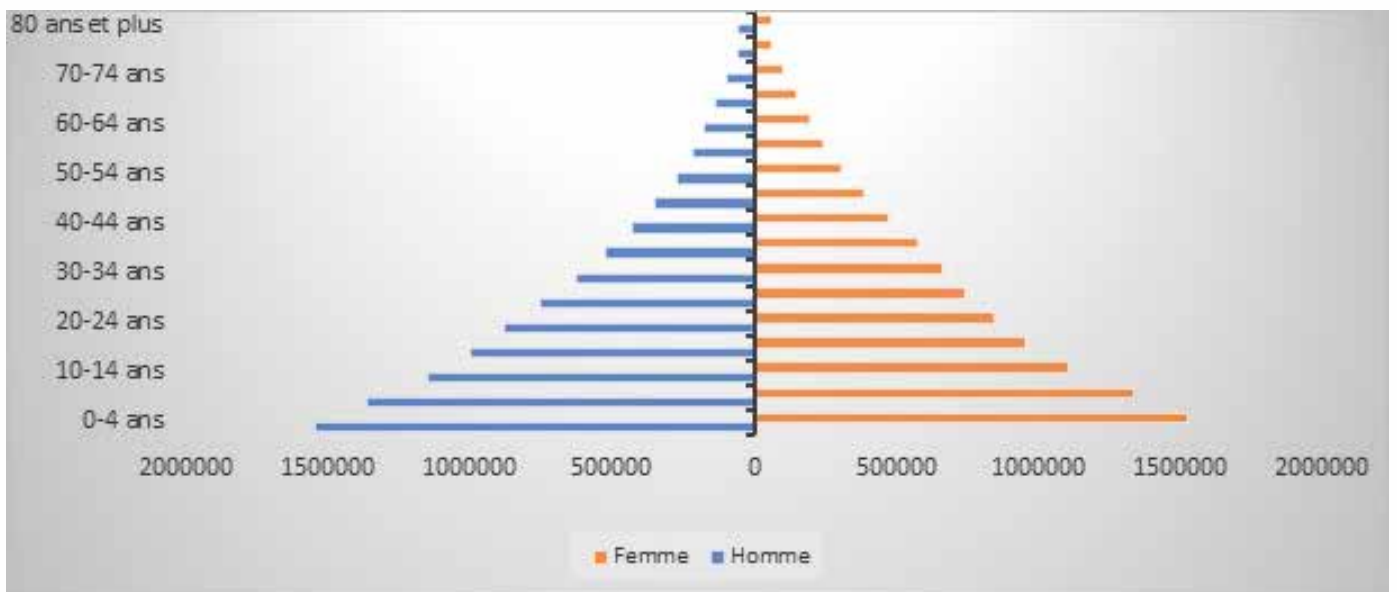
with nearly half of the population under 18 years of age (48.2 per cent). Persons aged 65 and over account for 3.6 per cent of the country's total population.

Figure 1. Senegal's age pyramid in 2017



Source : Source ANSD

Figure 2. Senegal's age pyramid in 2025



Source : ANSD Projection

According to the results of the General Census of Population, Housing, Agriculture and Livestock (RGPHAE) of 2013, the population is composed of 49.9% men and 50.1% women. However, there are some disparities in terms of age groups. There are more men than women in the under-15 age group: 51.7% of men against 48.3% of women. There are more women in the 15-64 age group: 51.4 per cent

of women compared to 48.6 per cent of men. According to the ANSD, in 2017 more than half of Senegal's population lived in rural areas (53.5 per cent) compared with 46.5 per cent in urban areas. The population of the Dakar region was about 3.53 million in 2017, representing 23.1 per cent of the total population.

Table 2. Population distribution by area of residence

Indicators in %	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Urban	45.2	45.7	46.0	46.2	46.5	46.7	46.9	47.2	47.4	47.6	47.8
Rural	54.8	54.3	54.0	53.8	53.5	53.3	53.1	52.9	52.6	52.4	52.2

Source : Population projection report ANSD

1.5 Education

Senegal's education system is organized into two sectors:

- i) formal education, which is composed of pre-school education, elementary education, general middle and secondary education, technical education and vocational training, and higher education.
- ii) non-formal education which consists mainly of literacy training.

According to the 2017 CIA World Factbook, the literacy rate in Senegal for people over 15 years of age

was 57.7 percent in 2015 (63.6 percent for women and 75.9 percent for men).

Senegal's gross primary school enrolment rate went from 91.2 percent in 2013 to 86.4 percent in 2015 according to the ANSD. The gross enrolment rate in middle school went from 61.8 percent in 2013 to 59.9 percent in 2015. Secondary education recorded a gross enrolment rate of 27.8 percent in 2013 and 34 percent in 2015.

Table 3. Gross enrolment ratio by level of education

Indicators (%)		2013	2014	2015
Elementary school Gross Enrolment Rate	Boys	87.4	81.5	81.0
	Girls	95.2	92.4	92.2
Middle school Gross Enrolment Rate	Boys	60.3	57.0	56.7
	Girls	63.4	62.3	63.3
Secondary School Gross Enrolment Rate	Boys	31.9	34.2	35.5
	Girls	24.0	29.7	32.5

Source : ANSD

Higher education has seen significant growth in the number of students, estimated at 147.957 in 2013. The large influx of enrolments has posed problems for public universities, which have been forced to take in increasing numbers of students, despite the emergence of private institutions.

1.6 Health

The Senegalese health system is organized according to a pyramidal structure with three levels: central, intermediate, and peripheral. The central level

corresponds to the top of the pyramid and includes ministerial services and university hospital centers. The intermediate level refers to the medical region and the regional hospital centers. The base of the pyramid structure is the health district in which the health posts and health centers are located.

The number of doctors in the public sector reported by the ANSD in 2015 was 833, the number of State-employed nurses was 2.370 and the number of midwives was 953.

² The gross enrolment rate defines the total enrolment in a specific level of education, regardless of age, in relation to the official school-age population at the same level for a given school year.

Table 4. General statistics indicating the health status of the population

Indicators	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Men's life expectancy	63.5	64.0	64.4	64.8	65.3	65.8	66.2	66.7	67.1	67.6	68.0
Women's life expectancy	65.8	66.3	66.8	67.2	67.7	68.1	68.5	69.0	69.4	69.8	70.3
Total life expectancy	64.7	65.1	65.6	66.0	66.5	66.9	67.4	67.8	68.3	68.7	69.2
Infant mortality rate (0-1 year)	47.8	46.3	44.7	43.2	41.6	40.1	38.6	37.1	35.8	34.4	33.1
Infant and child mortality rate (0-5 years)	71.9	69.1	66.4	63.7	61.0	58.3	55.6	53.1	50.7	48.4	46.1

Source : ANSD and WHO

The table above shows that life expectancy in Senegal has increased from 64 years in 2013 to 67 years in 2018. This rate is projected to reach 69 years in 2023. Senegal's health policy has been defined in the National Health Development Plan (PNDS) for the 2009-2018 period. The implementation of the 2009-2018 PNDS pursues national and international objectives in the field of health and social action:

- Reduce maternal and child morbidity and mortality;
- Increase the sector's performance in disease prevention and control;
- To strengthen the health system in a sustainable manner;
- Improve health sector governance;
- Improve the socio-economic conditions of vulnerable groups.

According to World Bank estimates, the infant and child mortality rate (children under 5 years of age) declined from 134 per 1.000 live births in 2000 to 47 per 1.000 live births in 2016. This decrease is partly due to a significant improvement in national immunization coverage, which has increased from 59 percent of children aged 12-23 months in 2005 to 68 percent in 2015.

According to the World Bank, the maternal mortality ratio was 315 deaths per 100.000 live births in 2015,

a decline of 26.2% compared to 2005. However, this decline has been insufficient to achieve the Millennium Development Goals (MDGs) of 127 deaths per 100.000 live births by 2015.

Malaria remains the main cause of death in Senegal. Indeed, according to the WHO, the number of deaths due to malaria fell from 1.275 in 2000 to 526 in 2015, a reduction of 58.8%.

According to World Bank estimates, the HIV/AIDS prevalence rate in Senegal was 0.4% in 2016, which is lower than the current average for other West African countries.

1.7 Employment

According to the ANSD, in the fourth quarter of 2017 the labor force is estimated at 54.9 percent of the working-age population. This labor force varies according to the place of residence, with 52.5% in urban areas versus 57.3% in rural areas. This rate also varies by gender, with 62.9% of men of working age in the labor market compared to 48.5% of women. Over the 2013-2017 period, the labor force varied between 4.5 million and 5.1 million people.

Table 5. Distribution of the labor force

Indicators	2013	2014	2015	2016	2017
Total labor force	4 554 609	4 704 140	4 855 247	5 007 116	5 179 014
Women	41%	41%	41%	41%	41%
Man	59%	59%	59%	59%	59%

Source : World Bank (World Development Indicators)

The size of the informal economy in Senegal makes it difficult to account for the unemployment rate, but according to the ANSD, the unemployment rate for people of working age (15 years or older) is estimated at 15.7 percent for 2017. It is slightly higher in urban

areas, where 18.6 percent of the working population is unemployed, compared with 13.1 percent in rural areas. By gender, unemployment affects women (22.1%) more than men (9.6%).

Table 6. Unemployment rate indicators

Indicators	2015	2016	2017
Unemployment rate	15.7%	16.6%	15.7%
Women	22.6%	24.0%	22.1%
Men	9.8%	10.0%	9.6%
Rural	19.7%	16.2%	13.1%
Urban	12.3%	16.9%	18.6%

Source : ANSD (ENES)

1.8 Reminder of the main aggregates

The HDI is developed by the United Nations Development Program (UNDP) and provides a summary measure to assess long-term progress along three basic dimensions of human development: a long and healthy life, access to education and a decent standard of living.

In 2017, Senegal's Human Development Index (HDI) value was 0.505 (for a maximum value of 1), placing the country 164th out of 189 countries according to the latest UNDP report. Between 2013 and 2017,

Senegal's HDI value rose from 0.480 to 0.505, an increase of 5.2%.

The GINI index measures the degree of inequality in the distribution of monetary income. The closer the value is to zero, the more the society has an equal distribution of income. Conversely, the closer the value is to 100, the more inequitably income is distributed throughout society. According to the World Bank, this indicator in Senegal was 40.3 in 2011, a deterioration of 0.9 points compared to the 2005 level (39.2).

Table 7. Real GDP per capita

National Economy	2014	2015	2016	2017	2018
Real GDP (in billions of CFAF)	9775.0	10397.4	11045.0	11835.2	12660.5
Real GDP per capita (CFAF)	701911.7	724225.7	746290.9	775755.9	805066.1

Source : DPEE, ANSD

1.8.2 Summary table

Table 8. Main macroeconomic aggregates (data in billions, unless otherwise indicated)

	2014	2015	2016	2017	2018 (est)
National Economy					
Nominal GDP	9 775.0	10 508.7	11 283.4	12 158.9	13 406.6
Real GDP	9 775.0	10 397.4	11 058.3	11 847.2	12 635.2
Real GDP growth (%)	-	6.4%	6.4%	7.1%	6.7%
Investment rate (% of GDP)	23,5%	23.02%	23.93%	25.7%	25.1%
Inflation rate (%)	-1.1	0.1	0.8	2.2	0.5
Balance of payments					
FOB Exports	1 472.7	1 669.2	1 703.5	1 907.8	2 117.0
FOB Imports	2 856.0	3 334.8	3 222.0	3 905.8	4 407.4
Balance	-1 383.2	-1 665.6	-1 518.5	-1 997.9	-2 290.4
Current account balance	-665.9	-558.7	-472.5	-887.2	-1 026.3
Public Finances					
Revenues and grants	1 877.2	2 026.1	2 334.6	2 377	2 425.45
Total Expenditures	2 253.9	2 413.3	2 704.0	2 739	2 903.0
Budgetary balance	-376.7	-385.4	-369.2	-362.2	-477.5
Public debt	4 112.9	4 597.7	5 312.1	5 848.5	7 137.4
Domestic Debt	1 065.6	1 279.7	1 597.7	1 365.3	887.2
External debt	3 047.3	3 317.9	3 714.4	4 483.1	6 250.2
Government debt as a % of the nominal GDP	42.1%	43.8%	47.1%	48.1%	54.7%
Budgetary deficit					
In value terms	376.7	385.4	369.2	362.2	477.5
As a percentage of the nominal GDP (%)	-3.9	-3.7	-3.3	-3.0	-3.7

Source : DPEE

2- RECENT ECONOMIC SITUATION AND FUTURE PROSPECTS

In 2018, Senegal implemented an important reform consisting of changing the reference year for calculating the Gross Domestic Product (GDP). The ANSD, with technical assistance from the International Monetary Fund (IMF), the Economic Commission for Africa (ECA) and AFRISTAT, changed the old base year (1999) to a new base year (2014).

This change has enabled a better understanding of the economic activity of the country as a whole by monitoring a large part of the economy through better quality sources. The Senegalese economy saw its GDP revalued by 29.4%. According to an IMF source, the following factors influenced this result:

- increase in the number of businesses covered by the survey;
- new assessment of the informal sector;

- better calculation of taxes and production-related adjustments.

2.1 Gross domestic product assessment

2.1.1 Level of gross domestic product

Senegal's nominal GDP increased from CFAF 9775 billion in 2014 to CFAF 13,046.1 billion in 2018 and could reach CFAF 15,085.1 billion in 2020. The change in the reference year from 1999 to 2014 resulted in an increase in the nominal GDP of about 30 percent

Table 9. Evolution of nominal GDP according to the new Reference year

	2014	2015	2016	2017	2018 (est)	2019 (proj)	2020 (proj)
Nominal GDP (in billions of FCFA)	9 775.0	10 508.7	11 283.4	12 158.9	13 406.6	13982.7	15 085.19

Source : DPEE

2.1.2 Real GDP growth

With the change of the reference year to 2014-2018, coinciding with the implementation of the PSE, the country has seen a clear improvement in some macroeconomic indicators such as the real GDP growth rate. The real GDP growth rate is estimated at 6.7% for 2018 and the DPEE projections are 6.0% and 6.8% for 2019 and 2020 respectively. This performance over the 2015-2018 period is largely explained by dynamic activity in the primary sector (78.98%) and the good performance of the secondary sector (6.9%) and the tertiary sector (65.47%). Since the implementation of the Senegal Emerging Plan in 2014, the Senegalese economy has embarked on a new growth path in recent years. Economic activity has maintained a growth dynamic of more than 6% over the last three years, a first in the country's economic history. Indeed, the real GDP growth rate is estimated at 6.7% in 2018, after 7.1%

in 2017 and 6.4% in 2016, reflecting the positive effect of project implementation, particularly in agriculture and industry. On average, economic activity is estimated to increase by 6.7% over the 2016-2018 period, mainly due to the good performance of the primary (+8.3%) and tertiary (+5.9%) sectors. The secondary sector, for its part, showed a slowdown with an average growth of 5.9% over the 2016-2018 period against 9.8% in 2015.

With the implementation of the Program to Accelerate the Pace of Agriculture in Senegal (PRACSA), the declination of the PSE in its agricultural component, the primary sector has been strong with programs to adapt to rainfall conditions. The agricultural sub-sector has strengthened by an average of 9.6% over the 2016-2018 period, thanks in particular to a good performance recorded in 2017 with an estimated growth of 16.8%. This good performance, noted in the primary sub-sector, was strengthened by the dynamism of the fishing sub-sector, accom-

panied by the development of fish farming. Fishing activity is estimated to increase by an average of 6.2% over the 2016-2018 period with a growth of 3.3% in 2018 in connection with the difficulties that have been noted in the granting of fishing licenses under the agreements with Mauritania. The breeding sub-sector, for its part, has maintained a good trend with an increase of 6.9% in 2018 against 4.1% in 2017 and 8.7% in 2016. On average over the 2016-2018 period, activity in the breeding sub-sector grew by 6.6% thanks to the good performance of livestock, milk production, and poultry.

As regards the secondary sector, the activity remained strong with a growth of 6.9% in 2018 against 7.4% in 2017. The dynamism of activities in the secondary sector is explained, in particular, by the good performance of the sub-sectors of mining, food and chemical products, electricity and construction. On the other hand, refining activities declined, in the context of rising crude oil prices. Over the 2016-2018 period, the sector's activity thus grew by an average of 5.9%.

The extractive sub-sector continues to support the dynamism noted in the secondary sector. Indeed, the extractive industry recorded a recovery of 8.5% in 2018, a slowdown in activity of more than 10 percentage points compared to 2017. This slowdown is particularly explained by the strong growth recorded in 2017, i.e., more than 18% after the decline observed in 2016. The improvement in mining activities is driven by gold and phosphate production and, to a lesser extent, by new products (zircon, ilmenite).

This increase in the secondary sector activity is also linked to the good performance of the manufacture of agro-food products (+7.4%), chemical products (+8.7%) and construction (+18.6%). The good performance of agro-food product manufacturing is linked, in particular, to the performance of dietary fats and oils, which rose to 17.8% in 2018 and 18.2% in 2017 after the 2.9% decline recorded in 2016 in connection with the decline in groundnut production recorded with the 2016/2017 agricultural season. Construction, for its part, showed an average increase of 12.9% over the 2016-2018 period, driven

by the continuation of major works under the PSE and the development of new urban centers, notably in Diamniadio and Lac Rose. It also benefited from the good performance of construction materials manufacturing, which grew by an average of 6.2% over the period under review. However, the positive trend in the secondary sector was also mitigated by the contraction in refining activity and the manufacture of tobacco products.

In the tertiary sector, the activity was up 6.3% on average over the 2016-2018 period. This increase is linked to the good performance of the financial and insurance services (+7.3%), trade (+6.2%), transport (+7.1%) and real estate (+6.6%) sub-sectors. Educational services and health and social work services strengthened over the period. In addition, the transport sub-sector benefited from the expansion of the road network, the renewal of the vehicle fleet and the strengthening of the competitiveness of the Autonomous Port of Dakar. Accommodation and food services, for their part, recorded growth of 4.5% on average over the 2016-2018 period, despite the slowdown observed in 2017. As for telecommunication activities, they recorded an increase of 3.8% on average over the period after the 0.2% decline recorded in 2016.

The activity of the primary sector was very dynamic with an estimated evolution of 7.8% in 2018 despite a slowdown compared to 2017 (12.9%). This trend is mainly due to the results obtained by the agricultural sub-sector, livestock breeding and fishing activities. In the secondary sector, the activity has recovered following the slowdowns observed in 2016 and 2017. Thus, the growth in this sector is estimated at 6.9% in 2018 with projections of 6.5% and 6.8% in 2019 and 2020. This development is explained by the good performance of activities in the extractive industries, agri-food manufacturing, building materials and construction.

The growth of the tertiary sector is estimated at 6.6% in 2018 against 6.7% in 2017. This increase is particularly due to growth in trade, transport, financial services and real estate.

Table 10. Evolution of Senegal's real growth from 2015 to 2020 (in %)

Senegal	2015	2016	2017	2018	2019	2020 (proj.)
Real GDP	6.4	6.2	7.1%	6.7%	6.0%	6.8%
Primary sector	10.6%	5.4%	11.6%	7.9%	7.2%	7.7%
Secondary sector	9.8%	3.6%	7.4%	6.9%	6.0%	5.9%
Tertiary sector	2.6%	7.2%	5.3%	6.3%	5.1%	6.2%
Non-market GDP	10.7%	10.7%	4.8%	6.1%	7.4%	7.6%
Duties and Taxes	8.9%	8.1%	10.2%	6.2%	8.1%	9.5%

Source : DPEE

2.1.3 GDP decomposition

The share of the primary sector in GDP increased between 2014 and 2018 from 13.4 percent in 2014, 14.3 percent in 2015, 14.4 percent in 2016 and 15.2 percent in 2018. Projections for 2019 and 2020 put it at 15.4 percent and 15.7 percent respectively.

As for the secondary sector, it contributed 23.6% of GDP in 2015 against 23.3% in 2016 but a little more in 2017 (+23.5%). Projections of this rate put it at

23.9% in 2019 and 2020.

Compared to other sectors, the tertiary sector has a significant share in Senegal's GDP. In fact, in 2014 it accounted for 48.5% of GDP, with slight declines between 2015 and 2018 when it fell from 46.4% to 46.5%. Projections for 2019 and 2020 indicate that this trend is expected to continue, at 45.8 percent and 45.3 percent respectively.

Table 11. Breakdown of GDP by structure (%)

Senegal	2014	2015	2016	2017	2018 (Est)	2019 (Proj)	2020 (Proj)
Real GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Primary sector	13.4%	14.3%	14.4%	15.1%	15.2%	15.4%	15.7%
Secondary sector	23.2%	23.6%	23.3%	23.5%	23.6%	23.9%	23.9%
Tertiary sector	48.5%	46.4%	46.8%	46.7%	46.5%	45.8%	45.3%
Non-market GDP	5.1%	5.1%	5.2%	5.2%	5.2%	5.2%	5.3%
Duties and Taxes	9.9%	10.7%	10.3%	9.6%	9.5%	9.7%	9.9%

Source : DPEE

2.2 Gross domestic product details

2.2.1 GDP in value, Sectors détail

The GDP sectoral breakdown in value terms in 2018 is CFAF 1983.4 billion for the primary sector, CFAF 3.083.8 billion for the secondary sector and CFAF 6.064.2 billion for the tertiary sector.

The added value of the primary sector increased from CFAF 1.306.8 billion in 2014 and will reach

CFAF 2.366.7 billion in 2020 according to DPEE forecasts. The agricultural sector contributed CFAF 1769 billion in 2018 and is expected to contribute CFAF 2 112.9 billion in 2020. The fishing sector, for its part, had a share in the GDP of CFAF 213.9 billion in 2018 and will reach CFAF 253.8 billion in 2020.

The economic situation in the primary sector is linked to the good performance of agricultural activities. As regards the livestock breeding sub-sector, its progress is attributable to milk, egg and poultry produc-

tion. In addition, controlled slaughter has strengthened the fight against unauthorized practices.

The fisheries sub-sector, for its part, has experienced a slowdown in activities due to the poor performance of small-scale fishing, which is affected by the southward migration of fish and the delay in signing the fisheries agreements with Mauritania.

The secondary sector, in general, contributed CFAF 2 263 billion in 2014, CFAF 30838 billion in 2018, should contribute CFAF 3 603.1 billion in 2020.

In a more detailed manner, the mining sector had a share of CFAF 365.7 billion in 2018 and following the projections of the DPEE, CFAF 395.4 and 436.6 billion in 2019 and 2020. The agro-food sector represented CFAF 486.5 billion in 2018 and its share would be CFAF 625.6 billion in 2020. The petroleum products branch represented a smaller share, i.e., CFAF 60.7 billion in 2018 and a projection of CFAF 64.4 billion for 2020. The energy sector had a limited contribution in 2014, i.e., CFAF 88 billion.

In the secondary sector, extractive industry activities are on the rise. This is explained by an improvement in the production of phosphate, zircon and gold. The good performance of phosphate production is linked to the completion of the investment phase set up by the Chemical Industries of Senegal (ICS) and the strengthening of the River valley Mining Company (RVMC) and LAM-LAM phosphates productions. As regards zircon performance, it is linked to the exploitation of the Great Coast and Nianfarang deposits. The activity of the building materials sub-sector continues to progress thanks to road and rail infrastructure works. In the construction sub-sector, the increase in economic activity is linked to public worksites and private demand.

In the energy sub-sector, the increase in production is explained by strong demand for electricity linked to the accelerated development of urbanization and the reforms implemented by SENELEC to increase production. Investments in new solar power plants have also boosted electricity production.

The tertiary sector is a major contributor to GDP. Between 2014 and 2018, its share rose from CFAF 4.743.8 billion to CFAF 6.064.205 billion. According to DPEE forecasts, the GDP of this sector will increase from CFAF 6.404.3 billion in 2019 to 6828.6 billion in 2020. Transport contributed CFAF 526.8 billion in 2018. Their contribution would be CFAF 608.7 billion for 2020. The telecommunications sub-sector remains above CFAF 500 billion (CFAF 600.7 billion in 2018). The telecommunications sub-sector should reach CFAF 619.6 billion in 2019 and CFAF 641.3 billion in 2020.

As regards financial and insurance services, an increase in production is also noted. This sub-sector will be strongly impacted by the PSE structuring projects, the reform of the credit information offices (BIC) making it possible to remove the situations of information asymmetry between credit institutions and their clients.

As regards the transport sub-sector, it benefits from the good performance recorded by port activities and the strengthening of air transport driven by the new International Airport of Dakar (AIBD), but also by the effective start of flights by the new airline company Air Senegal.

In other services, real estate activities are on the rise thanks to the strong demand for housing, as well as accommodation and food services.

Table 12. Sectoral distribution of GDP by value

In billions of FCFA at current prices	2014	2015	2016	2017	2018	2019	2020
Primary Sector	1 306.8	1 500.9	1 626.4	1 832.8	1 983.4	2 155.3	2 366.7
Agriculture and related activities	780.4	927.6	960.9	1 122.8	1 216.2	1 311.7	1 468.0
Breeding and hunting	363.0	396.9	453.4	465.2	496.7	541.0	582.6
Silviculture, Forestry	50.7	48.6	51.0	53.9	56.6	59.7	62.2
Fishing and fish farming	112.7	127.8	161.2	190.8	213.9	242.9	253.8
Secondary Sector	2 263.2	2 478.6	2 634.0	2 852.3	3 083.8	3 335.2	3 603.1
Extractive activities	192.8	281.6	261.3	334.0	365.7	395.1	436.6
Manufacture of agro-food products	386.0	390.9	428.7	468.0	486.5	570.,8	625.6
Slaughtering, processing and preservation of meat	101.4	92.3	106.8	118.7	129.8	138.6	148.1
Processing and preservation of fish, crustaceans and mollusks	133.8	132.6	117.2	125.7	131.2	137.7	146.6
Manufacture of edible fats	67.8	83.9	76.7	88.3	104.1	152.4	177.8
Husked rice and flours	83.0	82.2	128.0	135.3	121.4	142.2	153.1
Manufacture of cereal food products	136.9	134.9	152.4	157.4	162.7	179.4	195.6
Manufacture of animal foodstuffs	31.8	29.9	32.8	36.6	38.9	43.3	49.0
Bread and pastry making	69.7	71.1	84.7	84.5	87.3	95.8	103.9
Manufacture of cereal-based food products n.a.e	35.5	33.9	34.9	36.4	36.6	40.3	42.8
Food Product Manufacturing n.a.e.	303.7	339.9	353.3	352.5	371.1	367.3	387.5
Canned fruits and vegetables	39.2	42.3	40.9	43.3	44.8	46.9	48.4
Dairy Product and Ice Cream Manufacturing	65.4	69.8	61.5	62.1	61.7	65.1	69.8
Sugar, Chocolate and Confectionery Manufacturing	45.8	53.6	64.2	61.0	69.9	60.5	67.0
Other Food Product Manufacturing	56.8	69.4	74.8	72.2	76.6	77.9	81.2
Beverage Manufacturing	76.8	82.5	89.4	94.1	99.9	101.9	108.0
Tobacco products	19.7	22.3	22.6	19.8	18.2	15.0	12.9
Oil refining, coking, Manufacture of chemical products	41.8	85.6	63.0	60.6	60.7	61.9	64.4
Building materials	29.6	65.0	49.8	30.3	37.6	40.6	43.8
Cotton ginning and textile manufacturing	85.1	82.1	87.4	94.3	101.3	106.0	111.4
Cotton Ginning	228.2	226.8	241.4	254.6	263.2	273.1	280.8
Spinning, weaving and textile finishing	4.6	0.1	3.2	3.7	3.7	3.3	3.2
Manufacture of clothing apparel	62.7	64.4	68.1	72.5	75.9	79.7	83.9
Leather work; manufacture of travel goods; footwear	160.9	162.3	170.1	178.5	183.6	190.1	193.7
Sawing and planning wood	11.6	12.4	11.3	13.5	20.2	26.8	32.8
Paper, paperboard and articles of paper or paperboard	51.3	53.8	53.7	61.1	78.7	90.9	100.3
Pharmaceutical products	31.4	31.6	32.5	32.7	32.3	32.7	33.3
Soaps, perfumes and cleaning products	16,4	13.9	13.1	13.7	16.1	14.2	14.5
Rubber and plastic products	27.4	34.5	39.2	39.9	42.5	47.3	53.4
Basic metal products and foundry and manufacture of metal articles	50,0	62.2	63.3	63.6	65.3	69.5	72.5
Other transport equipment	84.7	79.6	77.7	90.5	99.3	96.6	98.3
	37.3	36.9	37.8	40.9	40.1	37.3	36.6

Other manufactured products	140.0	140.9	147.3	158.9	161.1	154.3	155.0
Electricity and gas	88.4	77.0	114.6	138.4	157.7	177.3	200.2
Water, sanitation and waste management	87.0	94.3	100.8	111.7	115.1	127.1	138.2
Construction	233.5	234.8	305.5	335.7	406.4	466.9	522.3
Tertiary Sector	4 743.8	4 873.4	5 279.4	5 674.9	6 064.2	6 404.3	6 828.6
Trade	1 249.7	1 362.1	1 391.5	1 557.7	1 646.0	1 748.9	1 865.0
Transport	373.6	383.3	447.3	471.6	526.8	555.0	608.7
Accommodation and Food Services	132.8	136.8	143.2	155.8	170.9	180.7	191.9
Information and Communication	525.8	521.5	537.0	572.9	600.7	619.6	641.3
Telecommunications Services	435.5	423.5	436.4	463.5	482.0	492.2	505.5
Other information and communication services	90.4	98.0	100.6	109.4	118.7	127.4	135.7
Financial and insurance services	210.3	246.0	256.9	285.0	302.7	315.7	339.0
Real Estate Services	824.1	839.1	901.4	941.3	1 025.5	1 116.7	1 205.0
Specialized, scientific and technical services	438.8	351.1	480.4	516.6	559.2	579.6	617.5
Services de soutien au bureau	162.4	176.6	196.1	215.9	237.4	248.4	261.8
Office Support Services	496.5	531.9	584.4	634.4	672.4	729.2	796.0
Teaching	479.7	494.4	529.5	542.5	560.7	580.6	610.2
Health and social activities	147.8	150.2	163.0	169.6	173.3	178.2	186.5
Activities of a collective or personal nature	30.1	36.2	44.3	47.8	54.2	63.0	72.2
Domestic services	53.2	55.1	63.0	66.8	70.1	74.6	79.0
Other services	115.4	120.9	125.9	131.6	136.8	143.1	150.6
Public Administration Services	496.5	531.9	584.4	634.4	672.4	729.2	796.0
Taxes on goods and services	964.8	1 123.8	1 159.2	1 164.5	1 242.3	1 358.7	1 490.7
GROSS INTERIOR PRODUCT (at market prices)	9 775.0	10 508.7	11 283.4	12 158.9	13 046.1	13 982.7	15 085.1

Source : DPEE

2.2.2 GDP in composition

The primary sector contributed 15.1% in 2017 and 15.7% in 2020. The contribution of the secondary sector almost stagnated between 2016 and 2018 and increased from 23.3% to 23.5%. This decline is

expected to continue. It is expected to reach 23.9% in 2020. The tertiary sector has an important contribution to the GDP formation. Its contribution stood at 46.5% in 2018 and is expected to reach 45.3% in 2020.

Table 13. Share of sectors and sub-sectors in GDP (%)

Senegal in billions of FCFA	2014	2015	2016	2017	2018 (est)	2019 (proj)	2020 (proj)
Primary sector	13.4%	14.3%	14.4%	15.1%	15.2%	15.4%	15.7%
Agriculture	11.7%	12.6%	12.5%	13.1%	13.1%	13.3%	13.6%
Forests	0.5%	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%
Fishing	1.2%	1.2%	1.4%	1.6%	1.6%	1.7%	1.7%
Secondary sector	23.2%	23.6%	23.3%	23.5%	23.6%	23.9%	23.9%
Mines	2.0%	2.7%	2.3%	2.7%	2.8%	2.8%	2.9%
Agribusiness	3.9%	3.7%	3.8%	3.8%	3.7%	4.1%	4.1%
Petroleum Products	0.4%	0.8%	0.6%	0.5%	0.5%	0.4%	0.4%
Energy	0.9%	0.7%	1.0%	1.1%	1.2%	1.3%	1.3%
Construction	2.4%	2.2%	2.7%	2.8%	3.1%	3.3%	3.5%
Manufacturing industry	13.60%	13.50%	12.90%	12.0%	12.30%	12.00%	11.70%
Tertiary sector	48.5%	46.4%	46.8%	46.7%	46.5%	45.8%	45.3%
Transport	3.8%	3.6%	4.0%	3.9%	4.0%	4.0%	4.0%
Telecommunication	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Trade	12.8%	13.0%	12.3%	12.8%	12.6%	12.5%	12.4%
Other services	30.50%	28.50%	29.20%	28.70%	28.60%	28.00%	27.60%
Non-market GDP	5.1%	5.1%	5.2%	5.2%	5.2%	5.2%	5.3%
Market GDP	85.1%	84.4%	84.5%	85.2%	85.3%	85.1%	84.8%
Public Administration	5.1%	5.1%	5.2%	5.2%	5.2%	5.2%	5.3%
Duties and Taxes	9.9%	10.7%	10.3%	9.6%	9.5%	9.7%	9.9%
Total GDP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source : DPEE

2.2.3 GDP by component

Domestic demand has grown considerably over the years. The same applies to total consumption. However, private consumption is larger and is growing faster than public consumption. As regards total investments, their value has increased signi-

ficantly. It stood at CFAF 2.295.15 billion in 2014 and is projected at CFAF 4.662.26 billion in 2020. Private investments are more important than public investments. External demand reflects a deficit in the trade balance. This deficit deteriorates over time. It amounted to CFAF 2.289.47 billion in 2017 and could reach CFAF 3.706.69 billion in 2020.

Table 14. GDP Spending approach

Senegal in billions of FCFA	2014	2015	2016	2017	2018 (est)	2019 (proj)	2020 (proj)
Internal demand	10995.433	11491.21407	12278.90883	13256.43582	14131.1118	15643.12602	17070.95911
Total consumption	8700.288	9072.403074	9579.003832	10137.03682	10861.4549	11585.15215	12408.70299
Private	1440.315	1502.661	1583.205	1661.351	1753.2821	1843.251108	1964.867048
Public	7259.973	7569.742074	7995.798832	8475.685824	9108.17275	9741.901037	10443.83594
Total investments	2295.145	2418.811	2699.905	3119.399	3269.65691	4057.973873	4662.256122
Private	603.006	656.877	786.3683649	829.9243042	835.257711	924.7031757	955.5650288
Public	1692.139	1761.934	1913.536635	2289.474696	2434.3992	3133.270697	3706.691093
Total external demand	- 1 455.1	- 1 340.5	- 1 237.6	- 1 688.4	- 1 980.5	- 2 075.3	- 2 230.4
Changes in inventories	213.686	336.403926	219.855481	565.2704231	868.647396	385.0557478	211.3975172
Acquiring valuable objects	21.026	21,51	22.206	25.613	26.7745496	29.75346363	33.12582786
Total GDP	9 775.0	10 508.7	11 283.4	12 158.9	13 046.1	13 982.7	15 085.1

Source : DPEE

3- ANALYSIS OF THE NATIONAL DEVELOPMENT PLAN

In 2014, Senegal adopted a new development policy reference framework for the next two decades: the Senegal Emerging Plan (PSE). The PSE is operationalized through investments over 10 years, divided into two five-year phases, i.e., 2014 - 2018 and 2019 - 2023, and should enable Senegal to achieve emergence in 2035.

3.1 Recent Achievements and Realizations

3.1.1 Presentation of the national development plan

The PSE first phase of implementation is the first Priority Action Plan (PAP I), a five-year investment plan (2014-2018). Three main strategic priorities have been adopted:

- Priority 1: Structural transformation of the economy and growth;
- Priority 2: Human capital, social protection and sustainable development;
- Priority 3: Governance, institutions, peace and security.

The PSE then selected seven priority sectors for investment that drive exports, foreign direct investment (FDI), generate employment and eventual social inclusion, comprising 27 projects, which make

up the bulk of Priority 1:

- Agriculture, seafood and agribusiness;
- Social housing and ecosystem construction;
- Gradual modernization of the social economy;
- Mining and fertilizers;
- Regional logistics and industrial hub;
- Multiservice and tourism hub;
- Strategic recovery of the energy sector.

Under PAP1, infrastructure projects have been put in place or are underway. These include the AIDB, the extension of the Dakar-Diamniadio highway, the Thiès-Touba highway, the opening up of production areas, rural facilities, the Regional Express Train (TER), the Diamniadio industrial park, the rehabilitation of the Dakar-Bamako railway network and the development of new tourist hubs. Senegal has also improved the business climate through the Program for the Reform of the Business Environment and Competitiveness (PREAC).

Achievements under PAP1 are summarized in the following tables:

i) Transport infrastructure and services/Energy services :

Projects/Programs	Achievements (2014-2018)
Number of roads built per year	1 362 km (272 km per year)
Kilometers of highways	217 km
Kilometers of tracks	2 800 km (560 km per year)
Installed electric power	961 MW
Number of electrified villages	2 216 villages (443 villages per year)

Source : MEF

ii) Agriculture

Projects/Programs	Achievements (2014 - 2018)
Rice and groundnut production	Production doubled
Groundnut production	Production doubled
Horticultural exports	95% increase
Milk and meat production	Constantly increasing

Source : MEF

iii) Education

Projects/Programs	Achievements (2014-2018)
Construction of classrooms	10 003
Construction, rehabilitation and extensions of modern koranic schools	185
Vocational Training	5 Higher institutes of vocational education
Open Digital Space	14

Source : MEF

iv) Health

Projects/Programs	Achievements (2014-2018)
New Hospitals	5
Health posts	11
Health centers	102
Dialysis centers	14

Source : MEF

v) Social protection

Projects/Programs	Achievements (2014-2018)
Equal Opportunity Cards	50 006
Free health care	2 635 509 children under 5 years of age and 19,809 women
Family Allowance	316 941 beneficiary households

Source : MEF

To consolidate the achievements and implement the PAP2, the Government submitted a funding request to the Paris Consultative Group. In December 2018, the country mobilized commitments of more than USD 14 billion from the Paris Consultative Group to finance the second phase of the PSE Priority Action Plan 2019 - 2023.

Mechanisms for monitoring the implementation of the national development plan

Since the beginning of the PSE implementation, the flagship projects and reforms have been closely monitored by the SEP Operational Monitoring Office (BOS/PSE) during 2017 (BOS, 2018).

3.1.2 Recent structural reforms linked to the development plan

Concerning the 17 PSE reforms, 10 have been identified as prerequisites for the success of the flagship projects and have been launched over the 2014-2018 period of PAP 1. However, the monitoring-evaluation component of the reforms has been difficult to implement, especially as regards the contribution to the GDP and job creation. Reforms include:

i) The "Special Economic Zones and Investor Packages" reform

The PSE second phase will be operational if the private sector contributes significantly to the financing (DGPPE, 2018). The importance of the private sector in the PSE success was recognized as early as its

implementation in 2014 (PSE, 2014). The objective of this reform was therefore to stimulate both domestic and international private investment, to establish a more attractive framework for FDI, from only 2% of GDP in 2013 to at least 6 % by 2018. In reality, the aim was to set up Special Economic Zones (SEZs) with an adapted legislative and regulatory framework and incentive packages adapted to strategic projects deployed outside the SEZs.

ii) The "Recovery of attractiveness rankings" reform.

The objective of this reform was to significantly improve Senegal's competitiveness and attractiveness and to position in the top 50 global attractiveness benchmarks in 2023. The second Business Environment and Competitiveness Reform Program (PREAC II) was adopted. This has led to a 10% reduction in electricity prices, a reduction in property transfers and a significant drop in corruption in the country. The government's vision is to consolidate the excellent performance thus recorded.

iii) The "Modernization of the public service" reform

The objective of this long-term flagship reform is to create the conditions for a more effective and even efficient administration to accompany the PSE implementation. The realization of this objective was to start with the improvement of administrative procedures in terms of quality, deadlines, etc. However, the measures provided for in this reform have hardly been implemented.

3.2 Future Achievements

To consolidate the progress made under PAP 1, PAP 2 (2019-2023) is based on an analysis of best practices at both national and global levels in terms of structural transformations of the economy and growth (Government of Senegal, 2018).

Under the projects and programs, the following areas have been selected:

Area 1	Area 2	Area 3
Regional Express Train (TER) Project	Emergency Community Development Program (PUDC)	Territorial Communities Capital Development Fund (FECT)
Rehabilitation program for the Dakar-Bamako railway line	PROMOVILLES, Family Allowance program and General Delegation for Rapid Entrepreneurship (DER)	Support Program for Senegalese Municipalities and Agglomerations (PACASEN)
Power Transmission and Distribution Line Construction Program	Program to reduce temporary shelters and extend the school network	Emergency Program for the Modernization of border axes and Territories (PUMA)
	Projects for the construction, rehabilitation and equipment of health structures	Defense and security forces equipment program
Power plant conversion (SENELEC and Dual Fuel)	Water Transfer Project	

Source : MEF

The State of Senegal has resource mobilization objectives of CFAF 14.098 billion for the financing requirements of PAP2. In this regard, the Government has already acquired CFAF 9.414 billion of which 62% from its own internal revenues and 31% provi-

ded by technical and financial partners. The gap to be financed by the technical and financial partners and the private sector is estimated at CFAF 4.684 billion.

4.1 Structural elements

4.1.1 Description of the Franc Zone

The Franc zone is characterized by four (4) founding principles. These principles were set out in the monetary cooperation agreement between the Member States of the Bank of Central African States' area of issuance and France of 23 November 1972, as well as in the cooperation agreement between the member countries of the West African Monetary Union and France of 4 December 1973.

The 4 main principles of the Franc zone are:

- **A guarantee from the French Treasury for the unlimited convertibility of the Central Bank currency:** currencies emitted by the issuing institutes of the franc zone have unlimited convertibility guaranteed by the French Treasury. To ensure the free convertibility of each of the sub-zone, an operation account is opened with the French Treasury by each Central Bank of the zone and on which the Central Banks have an unlimited drawing right in the event of depletion of their foreign exchange reserves;
- **A fixed parity with the Euro of 1 Euro for 655.957 CFA Francs:** the parity of the currency of the zone with the Euro is fixed and defined for each sub-zone. The currencies of the zone are interconvertible, at fixed parities, without limitation of amounts. The changeover to the euro resulted in a simple substitution of the anchoring to the French franc by the anchoring to the euro, at an equivalent parity, i.e., CFAF 655.957 = EUR 1 (the parity being identical for the West and Central African sub-zones).
- **Free and unlimited transfer of reserves:** transfers are, in principle, free within the Zone.
- **Centralization of reserves:** States centralize their foreign exchange reserves in their Central Banks, while in return for the unlimited convertibility guaranteed by France, the Central Banks of the franc zone are required to deposit a portion of their net foreign assets (foreign exchange reserves) with the French Treasury in the operation account opened in the name of each of them. Since the September 2005 reform, BCEAO has been required to deposit 50% of its foreign assets in its operation account.

4.1.2 Description of BCEAO

Article 41 of the WAEMU Treaty designates the Central Bank of West African States (BCEAO) as an autonomous specialized institution of the Union. In complete independence, BCEAO contributes to the achievement of the objectives of the Treaty.

Members

The eight (8) Member States of WAEMU are members of BCEAO. They are Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.

Bodies

The bodies of the Central Bank are: the Governor, the Monetary Policy Committee, the Board of Directors, the Audit Committee, the National Credit Councils, one Council in each WAMU Member State.

How it works

The Central Bank, its bodies, any member of its bodies or its staff may not request or receive instructions or directives from Community institutions or organs, from the governments of WAEMU Member States, from any other body or any other person. Community institutions and bodies and the governments of WAEMU member states are committed to respecting this principle.

The main objective of the Central Bank's monetary policy is to ensure price stability. Without prejudice to this objective, the Central Bank support the economic policies of the West African Economic and Monetary Union (WAEMU) for healthy and sustainable growth.

Roles

The Central Bank has the following basic tasks:

- define and implement the monetary policy within the WAEMU region,
- ensure the stability of the WAEMU banking

and financial system,

- promote the smooth operation and ensure the oversight and security of payment systems in the WAMU region,
- implement WAEMU's exchange rate policy under the conditions set by the Council of Ministers,
- manage the official foreign exchange reserves of WAEMU member states.

The Central Bank, with due respect for monetary balance, may carry out specific missions or projects that contribute to improving the monetary policy environment, diversifying and strengthening the WAEMU financial system and technical and professional capacities in the banking and financial sector.

The primary objective of the Central Bank's monetary policy is to ensure price stability. To this end, it defines the monetary policy that maintains the external coverage rate of the currency at a satisfactory level and to support the economic activity of the member countries without inflationary pressure.

BCEAO oversees the monetary policy of each member country by setting annual money supply and credit targets set on an annual basis. Statutory advances to the National Treasuries of member states were suspended in 2001 and abolished as from 2010.

For the conduct of the common monetary policy, BCEAO relies on market mechanisms and indirect instruments to regulate liquidity, including interest rate management and the minimum reserve system.

4.1.3 Monetary policy

BCEAO has the exclusive privilege of issuing money in all member states of the West African Monetary Union. It issues monetary signs, notes and coins, which have legal tender status and the discharge power in all member states of the Union. The creation, issue and cancellation of monetary signs are decided by the Council of Ministers.

The Central Bank's management of the monetary policy of the Member States of the Union consists of

adjusting the overall liquidity of the economy in line with developments in the economic situation to ensure price stability on the one hand and to promote economic growth on the other.

The current money and credit management framework relies on market mechanisms and indirect liquidity regulation instruments, notably interest rates and the minimum reserve system.

The functioning of BCEAO is based on:

- Open market operations: 7-day and 28-day refinancing (respectively weekly and monthly for banks subject to minimum reserves) at variable rates; the minimum bid rate is considered by BCEAO as its prime rate (currently 2.5%). Planned auctions are generally calibrated according to BCEAO's forecast of liquidity needs over the maturity of the operations;
- Permanent loan windows: the refinancing of 1 to 7 days or 90 to 360 days against government securities and credit applications with maturities ranging from 5 to 20 years at the request of banks (marginal loan window). The rates at these windows are above the policy rate by 200 basis points. As of June 2017, recourse to the loan window has been capped at twice the counterpart's own funds.

The minimum interest rate bid for open market operations (tenders) and the interest rate applicable on the marginal loan window (pension rate), whose levels are set by the Monetary Policy Committee, are 2.50% and 4.50% respectively, and constitute BCEAO's two main prime rates.

Money supply in Senegal

At the end of 2017, foreign assets increased by 12.3% compared to the same period in 2016 to reach CFAF 1 309 billion against CFAF 1 165 billion a year earlier. This improvement is due to a 17.3% increase in the foreign assets of banks, combined with a 9.4% rise in the Central Bank. Domestic assets stood at CFAF 3 551 billion at the end of December 2017, up 8.7% compared to the previous year, mainly due to an increase in credits to the economy of CFAF 543 billion. Based on the 2018 forecasts, foreign assets will increase by 10.6% to CFAF 1 448 billion.

³ The Monetary Policy Committee of BCEAO, at its first meeting held on 14 September 2010 in Dakar, defined the operational objective of price stability as an annual inflation rate in the Union around 2% within a margin of \pm one percentage point (1%) over a period of twenty-four (24) months.

Table 15. Composition of Senegal's money supply

Indicators (in billions of CFAF)	2013	2014	2015	2016	2017	2018 Forecasts
Foreign Assets	858	1078	1119	1165	1309	1448
Central Bank	764	865	947	732	801	940
In banks	94	213	172	433	508	508
Domestic assets	2269	2407	2769	3271	3551	3933
To the credit of the State	151	70	203	434	402	284
Central Bank	21	-75	47	28	-6	-150
Commercial Banks	124	142	156	406	408	434
To the credit of the economy	2414	2568	3336	3666	4209	4707
Others	-297	-231	-235	-236	-380	-381
Money supply (M2)	3127	3485	3703	4214	4603	5098
Currency in circulation	620	685	809	924	1032	1258
Total Deposits	2507	2799	2894	3289	3571	3840
Percentage change in central bank money						
Net foreign assets	-0.7	7	9.1	1.2	3.4	3
Net domestic assets	8.8	4.4	10.6	13.6	6.6	8.3
Credit to the State	2	-2.6	5.2	6.3	-0.8	-2.6
Central Bank	-0.4	3.2	3.2	-5.8	1.6	3
Banks	-0.3	3.8	5.8	7	1.8	0
Credit to the economy	9.3	4.9	8.1	8.9	12.9	10.8
Money supply (M2)	8	11.4	19.3	13.8	9.2	10.7

Source : BCEAO, IMF

4.2 Banking system and financial markets

4.2.1 The banking environment

As of 30 September 2018, the Senegalese banking system comprised 29 credit institutions, including 25

banks and 4 financial institutions. The banking sector is relatively concentrated: the five largest banks held more than 50% of the total assets and deposits held by Senegalese banks at end of 2017

Table 16. Aggregate balance sheet of commercial banks in Senegal

(en milliards de FCFA)	2013	2014	2015	2016	2017
Treasury and interbank operations	711.2	759.5	907.0	969.0	802.8
Customer operations	2 481.0	2 694.6	2 964.5	3 322.9	3 989.4
Securities transactions and miscellaneous	725.2	901.5	1 195.2	1 586.9	1 590.3
Fixed assets	206.0	255.4	322.2	409.0	406.1
Shareholders or partners	0.5	0.0	5.5	0.9	0.0
TOTAL ASSETS	4 123.9	4 611.0	5 394.5	6 288.7	6 788.6
Treasury Operations	713.6	837.7	942.7	1 329.7	1 291.1
Customer operations	2 713.9	3 092.1	3 675.8	4 139.2	4 508.6
Securities transactions and miscellaneous	171.8	165.2	194.4	199.9	261.9
Provisions for similar shareholders' ec	524.6	516.1	581.6	620.0	726.9
TOTAL LIABILITIES	4 123.9	4 611.0	5 394,5	6 288.7	6 788.6

Source : BCEAO

The capital adequacy ratio of Senegalese banks calculated based on the Bale I principles (Cooke ratio) stood at 14.1% in 2016 and 13.6% in 2017 compared to a minimum capital adequacy ratio set by the banking regulator at 8%. It should be noted that Senegal's ratios are above those of WAMU.

According to the IMF, (IPSE 2017), the ratio of overdue receivables to total loans stood at 15.5% at the end of 2017, a decline of 18.8% since 2013. The minimum capital of banks has been raised by BCEAO to CFAF 10 billion for the new provisions of Bale II and Bale III which have been in effect since January 2018.

These regulations are accompanied by a new accounting plan and a new definition of non-performing loans. These provisions relax the conditions under which a loan can again be considered productive. In addition, loans that have been non-performing for more than five years must now be completely

removed from the balance sheet. This new procedure should in principle further reduce the stock of non-performing loans (IMF Report, IPSE 2018).

According to the IMF (IPSI 2018), credit to the economy grew by 15% in 2017 despite the tightening of monetary policy by BCEAO in December 2016. Indeed, the Central Bank raised its second prime rate from 3.5% to 4.5%. This increase in credit to the economy was enabled by Senegal's withdrawal from the regional bond market in the wake of the large Eurobond issue, which eased the pressure on regional liquidity.

The average lending rate stood at 5.9% in 2017 compared to 5.6% in 2016. Bank lending costs declined in Senegal but increased in Benin, Burkina Faso, Mali, Niger and Togo. The average loan rate declined over the year to 5.13% in 2017 compared to 5.38% in 2016.

Table 17. Lending and borrowing rates (short, medium and long term)

Lending interest rate	2013	2014	2015	2016	2017
less or equal to 1 month	4.4	4.2	3.9	3.8	4.0
more than 1 month and less than or equal to 3 months	5.2	5.6	5.6	4,8	5.5
more than 3 months and less than or equal to 6 months	8.8	7.9	8.6	7.7	6.8
more than 6 months and less than or equal to 1 year	8.7	8.8	6.9	8.5	8.3
more than 1 year and less than or equal to 2 years	8.8	8.5	7.5	6.6	7.9
more than 2 years and less than or equal to 5 years	8.6	8.5	8.1	8.3	8.0
more than 5 years and less than or equal to 10 years	8.5	8.8	8.8	8.5	7.7
more than 10 years	5.7	6.0	4.7	4.8	5.8
Total	6.1	6.0	5.9	5.7	6.0
Borrowing rate					
less or equal to 1 month	5.1	4.9	5.3	5.2	4.9
more than 1 month and less than or equal to 3 months	5.8	5.4	5.7	5.4	5.1
more than 3 months and less than or equal to 6 months	5.8	5.9	5.7	5.7	5.3
more than 6 months and less than or equal to 1 year	4.9	5.0	5.3	4,9	5.2
more than 1 year and less than or equal to 2 years	5.5	5.0	5.3	4.9	4.4
more than 2 years and less than or equal to 5 years	5.7	5.9	5.8	5.6	5.4
more than 5 years and less than or equal to 10 years	6.2	6.2	5.8	5.6	5.0
Not determined	5.6	6.4	5.0	5.9	4.0
Total	5.6	5.5	5.6	5.4	5.1

Source : BCEAO

Microfinance

According to the Ministry of Economy, Finance and Planning (MEFP) in its note on the situation of DFS, the microfinance sector had 302 institutions as of June 30, 2018.

The note on the situation of DFSs states that the total outstanding deposits represented 3.1% of GDP and 8.1% of bank deposits at the end of the second quarter of 2018. As for term deposits, they represent about 0.4% of GDP. The amount of outstanding borrowings stood at 64 billion as of June 30, 2018. In the second quarter of 2018, the amount of loans stood at CFAF 139 billion against CFAF 97.7 billion in the previous quarter. During this period, Senegal's Federation of Mutual Credit Unions (FCCMS) and MICROCREDES were dominant in the microfinance sector. Indeed, these two institutions hold the monopoly on membership (50%), the volume of loans distributed (56%) and deposits received (65%).

The loan portfolio degradation rate stood at 5.3% at the end of March 2018 against 4.9% at the end of 2017, exceeding the threshold set at 3%.

Based on the DFS data for the second quarter of 2018, prudential standards were met except for the average liquidity ratio (107%) exceeding the regulatory standard of 80%. However, on an individual basis, there are violations concerning the limitation on lending to executives, with individual DFSs (15%) struggling to meet the 10% standard.

4.2.2 Financial Markets

BRVM

The Regional Stock Exchange (BRVM) is a specialized financial institution created on December 18, 1996, according to a decision of the Council of Ministers of the West African Economic and Monetary Union (WAEMU) taken in December 1993.

BRVM is a public limited company with a community public service mission. It is common to the 8 countries of West Africa. BRVM/CC/SB started its

activities on 16 September 1998 in Abidjan. Its main missions are the following:

- the organization of the stock market;
- the publication of stock exchange transactions;
- the dissemination of information on the stock exchange;
- promotion and market development.

From 2016 to 2018, the WAEMU stock market (BRVM) experienced successive declines of 3.87% in 2016, 16.81% in 2017 and 29.14% in 2018. This underperformance shows that the WAEMU market has not fully resisted the general downward trend that has gripped the world's financial markets. BRVM decline in 2018 is particularly marked. The preferred values in 2015, oriented towards the Food and Beverage, Agribusiness, Consumer, Automotive and Equipment and Banking sectors, have experienced a decline.

The drop in BRVM prices in 2018 could be explained, on the one hand, by the profit-taking of several large investors who had made significant capital gains on their investment, and on the other hand, by the readjustment (correction) after four (4) years of intensive market growth (2012 to 2015) and, on the other hand,

by the poor understanding of the various segments made on the market. New investors are speculating and most listed companies have not reacted to the fall in their capitalization.

During the 2018 financial year, BRVM Composite Index went from 243.06 on 29/12/2017 to 172.24 on 31/12/2018. The market capitalization of the stock market fell from CFAF 6 836.23 billion at the end of 2017 to CFAF 4 844.51 billion at the end of 2018. The RSE also reached the CFAF 236 billion (CFAF 236.22 billion) transaction mark in 2018. 117 303 543 securities were traded for a value of CFAF 174 449 217 023. The market capitalization of shares amounted to CFAF 4 844.51 billion in December 2018 against CFAF 6 836.23 billion in December 2017, i.e., a decrease of 29.14%.

Concerning the bond segment, 6,359,442 bonds were traded for a value of CFA 61,767,647,783 in 2018. The market capitalization of bonds amounted to CFAF 3 444.22 billion as of 31 December 2018 against CFAF 2 969.53 billion the previous year, i.e., an increase of 15.5%. This improvement was driven by the desire of WAEMU Member States to use the regional financial market to support their respective economies.

Table 18. Evolution of BRVM financial market

	2012	2013	2014	2015	2016	2017	2018
BRVM Index 10	184.0	246.3	267.5	290.4	262,0	219.7	154.4
BRVM Composite Index	166.6	232.0	258.1	303.9	292.2	243.06	172.2
Composite market capitalization (shares and bonds) in CFAF billion	4 863.2	6 706.2	7 458.7	9 078.9	10 215.5	9 805.76	8 288.73
Share Market	4 031.4	5 633.5	6 319.7	7 499.7	7 706.3	6 836.2	4 844.5
Bond Market	831.8	1 072.8	1 139.0	1 579.2	2 509.3	2 969.5	3 444.2
Number of listed companies	38	37	38	39	43	45	45

Source : RSE

Bond market

On the bond market, a distinction is made between

issues by public offering via BRVM and issues by auction via BCEAO.

Table 19. Table of bond issues in Senegal

	2013	2014	2015	2016	2017
Sovereign (Syndication)	Government of Senegal 6.5 % 2013-2023	Government of Senegal 6.5 % 2014-2021 FCTC Sukuk Government of Senegal 6,25% 2014 – 2018	Government of Senegal 6.30 % 2015-2025	Sukuk 6% 2016 –2026	0
Corporate	0	0	0	Microcredit Sénégal 6.80 % 2016-2026%	0
Public Institution	0	0	0	0	0
Sovereign (Auctions)	6	5	5	10	0

Source : BRVM, BCEAO

It is noted that Senegalese companies and public institutions have not had recourse to the bond market in recent years. Except for Microcred Senegal, which emitted for an amount of CFAF 8 billion, the first microfinance institution to issue a private loan to BRVM. This company has a BBB rating (investment grade), a grade that enabled it to carry out its loan without recourse to a bank guarantee.

The Senegalese government most often uses issues by auction as opposed to issues by public offering (syndication). Auction issues via BCEAO have advantages: they are eligible for inclusion in BCEAO portfolio, they are taken from the base of banking assets and have favorable prudential treatment. On the other hand, for issues by public offering via the

CREMPF, issuance and transaction costs are often high (as it implies the use of a management and intermediation company).

Stock market

Since its creation in 1998, BRVM has only hosted three Senegalese companies: the Bank of Africa Senegal (BOAS), the Total group and SONATEL. The listing of major actors such as Total Senegal and BOAS on the stock exchange is helping to boost the WAEMU financial market but also to build its reputation and credibility.

Table 20. Market capitalization of Senegalese companies at BRVM

Market capitalization (in billions of CFAF)	2014	2015	2016	2017	2018
BOA Senegal	158.8	189.6	112.8	60.0	48.4
SONATEL Senegal	2 280.0	2 500.0	2 500.0	2 350.0	1 600.0
TOTAL Senegal	0.0	85.3	69.6	61.9	47.2
Average	810.8	924.9	894.1	823.9	565.2

Source : BRVM

SONATEL, one of the three Senegalese companies listed on the stock exchange, is the largest and most traded stock on BRVM. Considered the market driver, its market capitalization went from CFAF 2.500 billion in December 2016 to CFAF 1.600 billion in December 2017.

To improve the liquidity of their shares, the three Senegalese companies (Sonatel, BOAS, Total Senegal) carried out splitting operations. On 23 November 2012, the date of the split, each old Sonatel share of CFAF 140,000 was replaced by 10 new shares of 14,000 CFAF. In 2017, BOA Senegal carried out a capital increase and a stock split. On November 2, 2017, Total Senegal also proceeded with a stock split with the same split ratio as Sonatel and BOAS.

As shown in the table on market capitalization, the three Senegalese companies experienced a decline BOAS (-19.3% and -46.8% in 2018 and 2017) Sonatel (-31.9% and -6% in 2018 and 2017) and Total (-23.7% and -11% in 2018 and 2017).

4.2.3 Debt Subscription Mechanisms

Organization of auction markets

The auction market is a segment of the government securities market, on which WAEMU member states issue Treasury bills and bonds following an auction procedure to finance their budgets.

Unlike the syndication market, the auction market is driven by the following players:

the Central Bank of West African States (BCEAO), which is the regulator of this market. As such, it

enacts the applicable provisions, intervenes in the organization of auctions of government securities, acts as Central Custodian / Settlement Bank, ensures clearing, settlement and delivery of transactions between participants holding an account in its books, all through its electronic platform SAGE-TIL-UMOA

- the States which are the issuers of public debt securities on the Union's money market, under the responsibility of the Minister of Finance;

- The WAMU-Securities Agency, a regional structure in charge of issuing and managing public debt securities, organizes issues and, in this capacity, assists the Member States in mobilizing resources on the capital markets and managing their debt;

- investors which are credit institutions, SGI and regional financial organizations with a settlement account in the books of the Central Bank⁵;

- Treasury Securities Specialists (TSS), which are credit institutions and SGIs that have obtained the approval of the Ministers in charge of Finance of WAEMU member states to act in this capacity and thus benefit from the status of privileged partners of one or more-member state treasuries in transactions on public debt securities issued on the regional market.

Securities issued by auction are traded on the secondary market, following the over-the-counter procedure.

Organisation of the markets by syndication and amount of subscriptions

When organizing issues by syndication, the States

⁴ Automated Securities and Liquidity Management System of the West African Monetary Union

⁵ All other investors wishing to participate will have to go through the approved participants.

entrust the process of placing the securities to an underwriting syndicate, whose members are SGI approved by the CREPMF. In addition, the issuer chooses a lead manager from among the syndicate members, who is in charge of specific tasks in the issuance process.

Since its creation, the main products present on the regional financial market have been shares and bonds. In recent years, several new products such as mortgage refinancing and securitization (Sukuk

Receivables Securitization Fund) have been introduced.

Securities issued by syndication are traded on the secondary market on BRVM electronic trading platform.

4.3 Inflation rate

The table below shows the annual inflation rate in Senegal and the WAEMU region.

Table 21. Inflation rates in Senegal and WAEMU

Inflation	2013	2014	2015	2016	2017	2018	2019	2020
	Realized				Est	Projections		
Senegal	0.7%	-1.1%	0.1%	0.8%	1.3%	1.4%	1.4%	1.4%
WAEMU	1.5%	-0.1%	1%	0.3%	0.8%	1.7%	1.9%	2.0%

Source : BCEAO, IMF

The measures, taken to reduce the cost of rent and the price of bread in January 2014, have been implemented. These measures had a significant impact on consumer prices in 2014 with an average of -1.1%. In 2015, the inflation rate stood at 0.1% in line with the decrease in world raw material prices and the pricing policies applied by the State for basic foodstuffs.

The inflation rate accelerated by 1.3% in 2017 after a moderate increase of +0.8% in 2016. However, it remains below the 3% limit set by the WAEMU. The inflation is historically low in the franc zone as a whole despite a high inflation rate in 2008 (+6.6%)

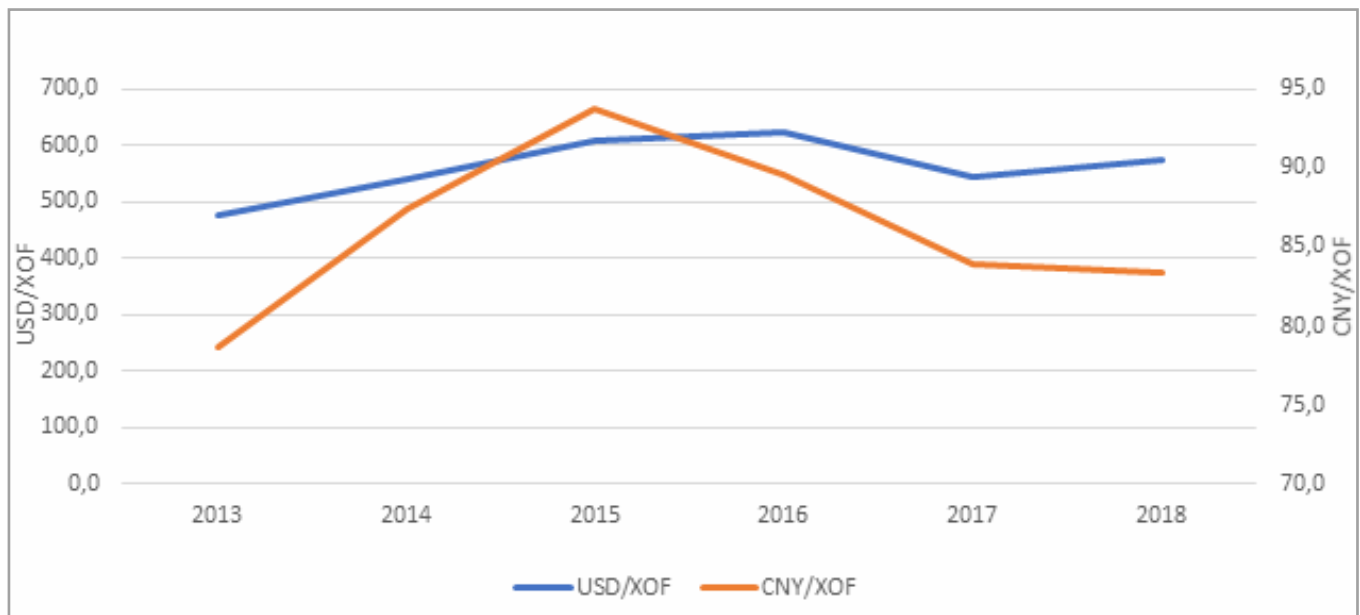
due to the relative stability of the regional currency and the conservative monetary policy of BCEAO, which helped to mitigate the inflationary risk in Senegal, stemming in part from its heavy dependence on imports linked to food and energy products.

4.4 Exchange rates

Because of its membership in the WAEMU monetary zone, Senegal applies an unrestricted exchange rate regime to all payments and transfers relating to international transactions.

⁶ The operationalization of Treasury Securities Specialists in the WAEMU started on 1 March 2016.

Figure 3. Evolution in the exchange rates of the US dollar and the Chinese Yuan in relation to the FCFA



Source : Cross-Rating from Federal Reserve Board Data

4.5 Foreign Reserves

Senegal's reserve assets stood at SDR 154.8 million and remained constant over the years 2015, 2016 and 2017. Senegal's share increased by 100 percent between 2015 and 2016 but remained constant in 2017 (SDR 323.6 million). The reserve position is

the "reserve tranche", which corresponds to the amounts of foreign exchange that a member country can obtain from the IMF on short notice. Senegal's reserve position increased from SDR 1.9 million in 2015 to SDR 42.3 million in 2016 but remained constant in 2017.

Table 22. Senegal's external reserves

(billions of FCFA)	2013	2014	2015	2016	2017
Currency circulation	619.9	685.1	806.8	920.1	1147.6
SDR allocation (in millions of SDR)					
Allowances	154.8	154.8	154.8	154.8	154.8
Availabilities	130.2	130.1	107.7	41.6	16.9
IMF					
Share	161.8	161.8	161.8	323.6	323.6
Reserve position	1.9	1.9	1.9	42.3	42.3

Source : BCEAO

5- FOREIGN TRADE AND BALANCE OF PAYMENTS

5.1 Balance of payments

The current account balance is in deficit over the entire period with two different trends, a decline until 2016 and then a deterioration. The trends in the current account balance are mainly due to those in the goods and services balance. Imports increased more than proportionally between 2016 and 2017, i.e., CFAF 609 billion, thus inducing a deterioration of the balance of goods and services by CFAF 450 billion.

The increase in imports is partly due to petroleum products for an amount of CFAF 219 billion. Indeed, the oil barrel price increased again from 2016 after its fall in 2014, thus increasing imports of petroleum products.

The capital account and the balance of secondary income remained in surplus over the period with an upward trend.

Table 23. Senegal's balance of payments

Senegal in billions of CFAF	2013	2014	2015	2016	2017	2018 (Est)	2019 (Proj)
Current account	-765	-666	-559	-473	-887	-1 026	-1 054
Balance of trade in goods and services	-1 527	-1 383	-1 274	-1 238	-1 688	-1 905	-2 032
FOB Exports	1 422	1 473	1 669	1 703	1 908	2 117	2 424
including fishery products	205	233	265	286	298	300	315
FOB Imports	2 894	2 856	2 944	2 868	3 477	3 885	4 315
including petroleum products	959	956	779	637	856	1 031	1 107
Primary income balance	-159	-187	-232	-295	-341	-386	-413
Balance of secondary income (transfers)	921	969	1 016	1 060	1 142	1 264	1 391
Capital account	182	216	203	215	223	245	248
Acquisition and sale of non-financial assets	-1.5	-5.2	-1.7	-2.7	-2.1	-1.9	-1.8
including direct investments	-137	-185	-223	-147	-294	-309	-331
Capital transfer	183	221	204	218	226	247	250
Statistical errors and omissions	5.6	4.7	4.7	3.5	4.5	0.0	0.0

Source : DPEE, BCEAO

5.2 Regional trade

5.2.1 Regional trade policy

The regional trade policy under construction followed the provisions implemented by ECOWAS, which for the most part includes those of WAEMU to extend them to all ECOWAS member states by making adjustments.

This policy aims to promote the harmonious inte-

gration of the region into the global economy, taking into account the political choices and priorities of States as part of their efforts to achieve sustainable development and to reduce poverty.

The process of developing this common commercial policy consists first and foremost in defining the constituent elements: free trade area, CET, accompanying measures (rules of origin, investment and competition legislation, safeguard measures, harmonization of customs procedures), as well as the

various actions aimed at developing ECOWAS trade relations with the rest of the world.

Although there is no such thing as a common commercial policy for ECOWAS today, in the sense of a Community text adopted by the Heads of State and Government, a certain number of measures have already been implemented, which will serve as a base for the common commercial policy:

- the trade liberalization scheme (TLS);
- setting up a Community levy (CL) of 0.5%;
- the convention on the TRIE;
- the harmonization of the rules of origin with those of WAEMU;
- harmonization of standards with WAEMU;
- the adoption of a law on competition;
- the harmonization of domestic indirect tax legislation;
- the adoption of the ECOWAS CET.

The ECOWAS Trade Liberalization Scheme (ETLS) is the main operational tool to promote the West African region as a Free Trade Area. ETLS pursues the Community objective of creating a common market with the "liberalization of trade through the removal of customs duties levied on imports and exports and the removal of non-tariff barriers among Member States" (Article 3 of the ECOWAS Treaty).

The ECOWAS Trade Liberalization Scheme concerns three (3) product groups: unprocessed products, handicrafts and industrial products.

With the inclusion of industrial products, it is essential to define the products "originating" in the TLS region:

- (i) fully processed goods; products whose total raw materials come from the region;
- (ii) goods that are not fully processed but whose production requires the use of materials that will be classified under a tariff sub-section other than that of the product;
- (iii) goods that are not fully processed but whose production requires the use of materials that have an added value of at least 30% of the ex-factory price of the finished products.

It should be noted, however, that goods processed in the free zones or under special economic regimes resulting in the suspension or the partial or total exemption from import duties, cannot benefit from the quality of originating product.

In order to facilitate trade and the promotion of the private sector, ECOWAS is implementing actions aimed at strengthening the information systems and promoting regional trade (ECOBIZ information system on the world market; West African investment promotion agency (APIAO), e-commerce through the ECOBIZ platform, Community Computer Center (CCC), ALISA system (computerization of transit and interconnection of ECOWAS customs IT systems). These results mark significant developments towards the implementation of a Community commercial policy.

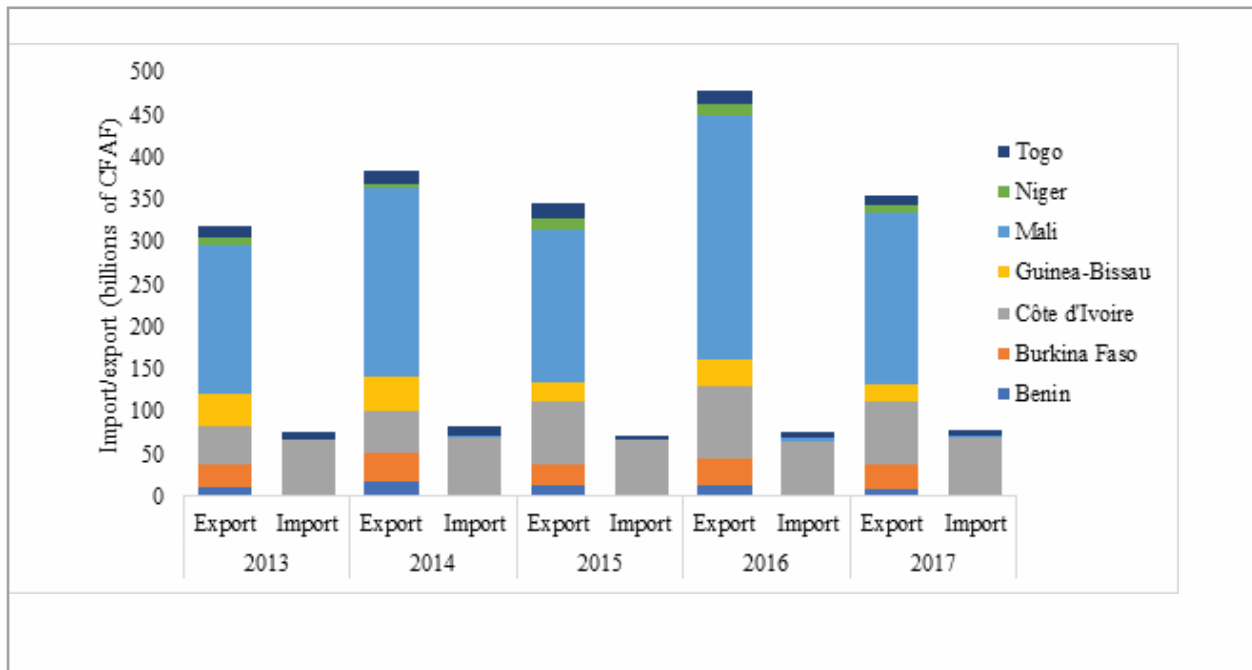
5.2.2 Regional trade in value terms

The value of Senegal's exports to all WAEMU countries increased between 2013 and 2014 from CFAF 319 billion to CFAF 424 billion. Most of Senegal's exports are destined for Mali (most of Mali's imports go through Senegal) and Côte d'Ivoire. On average, exports to these countries represent CFAF 212.7 and 64.8 billion respectively. Exports to other countries of the Union are on average equivalent to CFAF 12.6 billion for Benin, CFAF 30 billion for Burkina Faso, CFAF 31.3 billion for Guinea Bissau, CFAF 10.1 billion for Niger and CFAF 15.1 billion for Togo.

Senegal's imports from other WAEMU countries increased from CFAF 75 billion in 2013 to CFAF 77 billion in 2017.

Senegal mainly imports from Côte d'Ivoire for an average value of CFAF 67.2 billion over the 2013 – 2017 period. Imports from the other countries of the union are equivalent on average to CFAF 1 826.7 million for Benin, CFAF 7 306 million for Burkina Faso, CFAF 6 044 million for Guinea Bissau, CFAF 5 0494 million for Mali, CFAF 3 620 million for Niger and CFAF 8 503 million for Togo.

Figure 4. Value of exports and imports between Senegal and the 7 other WAEMU countries



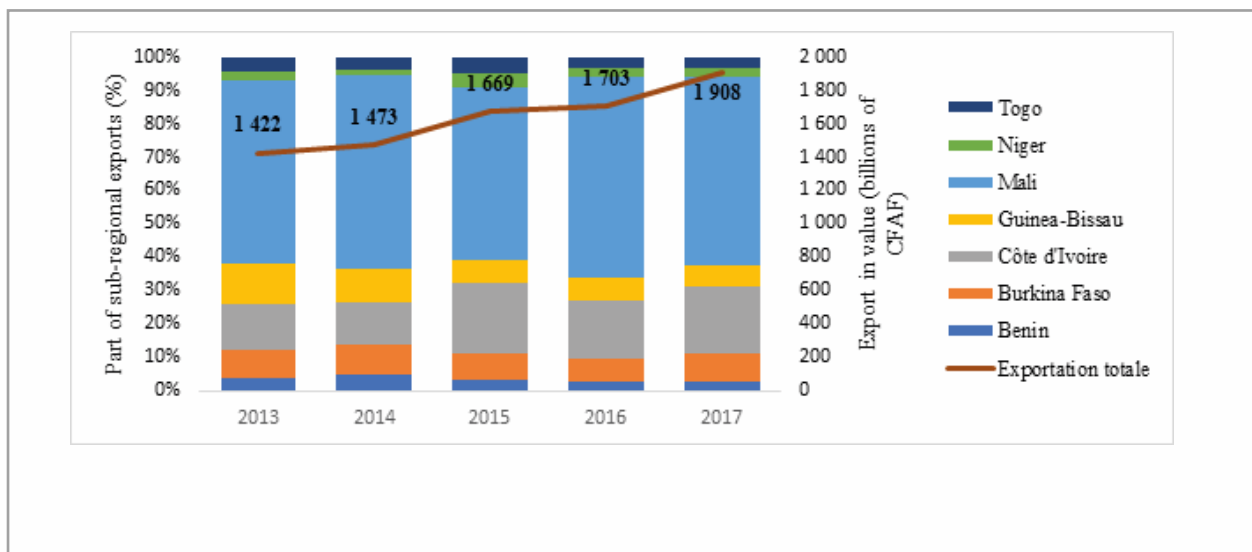
Source : IMF

5.2.3 Regional trade by Partner

Sub-regional trade in terms of exports is led by Mali, Côte d'Ivoire, Guinea Bissau, Burkina Faso, Togo,

Benin and Niger. The value of Senegal's total exports to the Union's countries increased from CFAF 422 billion in 2014 to CFAF 578 billion in 2017.

Figure 3. Share of each WAEMU country in Senegal's exports

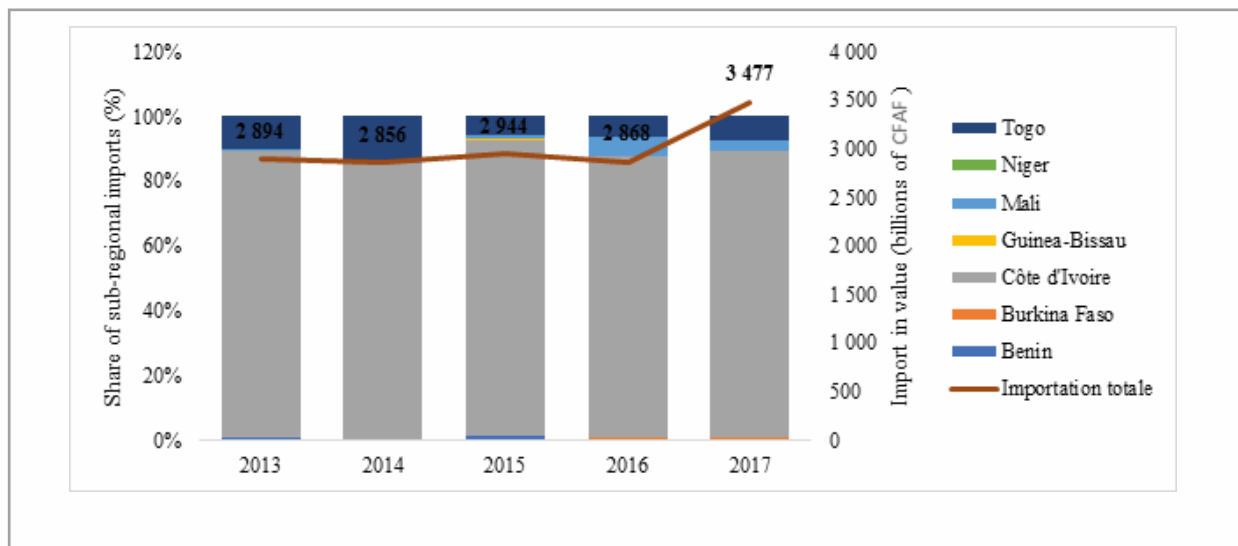


Source : IMF, DPEE BCEAO

Imports from other WAEMU countries stagnated at around 1 CFAF 42 billion between 2013 and 2014 before increasing by CFAF 17 billion in 2017. Thus, imports in 2017 reached CFAF 157 billion. Côte

d'Ivoire is at the head of the subregion's countries from which Senegal imports more products, and is followed by Togo, Mali, Benin, Burkina Faso, Niger and Guinea Bissau.

Tableau 5. Share of each WAEMU country in Senegal's imports



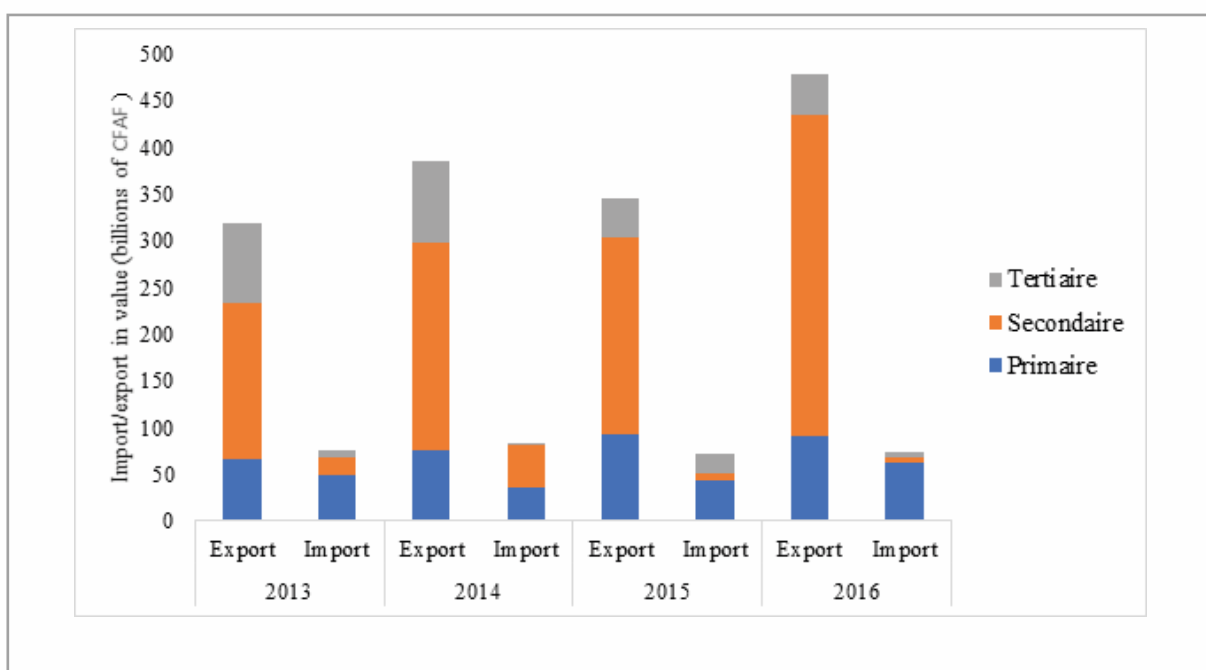
Source : IMF, DPEE, BCEAO

5.2.4 Regional trade by type

Sub-regional trade by type of product from Senegal is more likely to be in the secondary sector, followed by primary education. The most exported products are metals and ores, fossil fuels and agricultural pro-

ducts. Imports are mainly driven by agricultural products for the primary sector and fossil fuels for the secondary sector.

Figure 5. Regional trade by sector



Source: CHATAM HOUSE, IMF, DPEE, BCEAO

5.3 International trade

5.3.1 Commercial policy

Senegal has been a member of the WTO since 1 January 1995 and a member of the GATT since 27 September 1963. Senegal's trade policy is determined in part by its commitments at the multilateral, regional and sub-regional levels. It aims to "build a competitive economy that is conducive to inclusive growth and creates decent jobs" (WTO). Specifically, the measures aim to contribute to reducing the trade balance deficit, ensuring regular supplies to the domestic market, promoting local industries, strengthening the regional integration process and access to international markets, and promoting competition.

According to Senegalese customs, since the entry into force of the WTO Agreement, the customs value of goods is the transaction value, i.e., the CIF price. This value must be evidenced by any document proving the reality, truthfulness and accuracy of the transaction (bill, contract, etc.).

5.3.2 International trade by value and by destination

According to the 2017 balance of payments published in 2019, Senegal's exports are mainly destined

for the African continent and are valued at CFAF 815.6 billion. They remain dominated in value by products destined for ECOWAS countries (44.9%), of which 34.9% are destined for countries in the WAEMU region, notably Mali (23%) and Côte d'Ivoire (5.2%).

Exports to WAEMU countries are mainly made up of petroleum products (re-exports), cement and manufactured food products. Non-WAEMU ECOWAS countries account for 10% of the export market share in value terms.

The main customers are the Gambia (3.8%), Guinea (3.7%) and Mauritania (2.7%). Nigeria, Senegal's largest supplier in ECOWAS, accounts for only 0.8 percent of Senegal's exports by value. Europe is the second destination for Senegalese exports. External sales to Europe increased from CFAF 231.2 billion to CFAF 264.7 billion between 2016 and 2017. Senegal also has sales to Asia. In 2017, exports reached CFAF 305.1 billion.

In terms of imports, Senegal trades mainly with the European and Asian continents, which account for 46.8% and 28.5% of imports respectively. The African and American continents follow with 16.8% and 7% of imports respectively.

Table 24. Trade broken down by country

In billions of CFAF	2013	2014	2015	2016	2017
Exports					
European Union	204.6	230	253.5	231.2	264.7
United States	14	21.7	38.2	36.5	52.9
India	85.7	30	82.8	122.3	87.3
China	11.1	19.8	70.9	74.75	77.7
ECOWAS	557.9	539.6	591	641.9	744.4
Mauritania	36	36	31.2	45.6	44.9
Others	319.9	408.1	427.1	327.7	380.5
Total	1 229.2	1 285.2	1 494.7	1 479.95	1 652.4
Imports					
European Union	1 404.5	1 446.1	1 337.3	1 239.4	1 508.6
United States	88.3	87.9	87.5	72	81.4
India	203.9	210	210	245.1	285.2
China	247	323.6	323.6	331.7	380.18
ECOWAS	499.6	453	453	470.8	555.3
Mauritania	4.2	2.8	2.9	5.2	3.6
Others	721.4	765.8	780.9	725.6	937.7
Total	3 168.9	3 289.2	3 195.2	3 089.8	3 751.98

Source : BCEAO

5.3.3 International trade by value and by product

Senegal's exports are driven by petroleum products, fishery products and manufactured goods. Exports of products increased between 2016 and 2017 from CFAF 1 454.2 billion to CFAF 1 661.2 billion.

This progression is explained by an increase in external sales of fertilizers (+85.8%), re-export of petroleum products (+50.6%), heavy ores (zircon, titanium, etc.) (+40.9%), manufactured products (+24.2%) and horticultural products (+22.7%). Concerning imports, capital goods continue to show an upward trend. Purchases of food products also represent an important item.

Table 25. Trade broken down by country

In billions of CFAF	2013	2014	2015	2016	2017
Exports of products					
Sea Salt	10.5	10.9	17.5	16.4	8.7
Petroleum Products	218.5	233.3	211.9	161.4	242.9
Groundnut products	33.5	29.5	86.5	75.5	65.4
Phosphates	9.1	16.1	34	18.6	18.4
Fishery products	205	232.9	265	286.1	299.3
Cement	81.8	82.4	90.2	106.4	117.7
Phosphoric acid	98.9	46.4	84.1	124	96
Fertilizers	5.7	15.7	6.3	10.8	18.9
Produits manufacturés	155.2	138.3	135.6	127.3	158.1
Others	540.3	558.8	572	527.7	635.8
Total	1 358.5	1 364.3	1 503.1	1 454.2	1 661.2
Imports of products					
Food products	641	598.4	629.7	618.4	767.6
Other consumer goods	347.4	366.1	389.9	366	410.7
Petroleum Products	959.3	956.2	778.7	637.4	856.1
Intermediate goods	587.2	595.4	624.4	644.9	777.2
Capital Goods	685.4	652.7	848.6	856.9	974.3
various products	66.5	81.8	87.6	94.7	122.7
Total	3 286.8	3 250.6	3 358.9	3 218.3	3 908.6

Source: BCEAO, ANSD

5.4 Foreign direct investments

The stock of inward FDI relative to the GDP increased from 19% in 2014 to 21% in 2017 according to UNCTAD statistics. Foreign Direct Investment (FDI) flows to Senegal came mainly from other African countries in 2014 and 2016 and often from European countries. The share of flows from other countries of the continent represented about 76% in 2014, 31% in 2015 and 61% in 2016. FDI from European countries accounted for 13% of flows in 2014, 51% in 2015

and 21% in 2016. The share of French FDI is preponderant and accounted for 75% and 63% of FDI from European countries in 2014 and 2015 respectively. However, French FDI declined by about 1% in 2016.

According to the balance of payments published in 2015, the sectoral breakdown of FDI is as follows: manufacturing (50.8%) and mining (27.1%), banking (10.2%), as part of the increase in banks' share capital, transport (6.1%) and energy production (5.8%).

Table 26. Share of FDI by country of origin

In billions of FCFA	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Africa	164	76	77	31.3	179	60.9
Amérique	9	3.9	32	13.2	42	14.2
Asia	15	7.1	10	4.2	13	4.4
Europe	28	12.9	125	51.3	60	20.5
Total	216	100	244	100	294	100

Source : UNCTAD

5.5 Regional integration

5.5.1 WAEMU convergence criteria

The WAEMU convergence criteria comprise five criteria divided into two categories. These are primary criteria (budget balance over nominal GDP, average inflation rate, and total public debt outstanding stock in relation to nominal GDP), which member States are imperatively required to meet, and secondary criteria (payroll in relation to tax revenue and tax burden).

For the primary criteria, Senegal has consistently met two criteria, namely the average inflation rate of less than or equal to 3% and the total public debt outstanding in relation to nominal GDP of less than

or equal to 70%. The fiscal balance to nominal GDP criterion of -3% or more could only be met in 2017 with a ratio of -2.95%. However, projections show that this criterion can again be met in 2020 with a ratio of -2.97%.

As is the case for almost all Member States, Senegal is far from being able to comply with the criterion relating to the tax burden, which must be greater than or equal to 20%. The average tax burden over the 2014-2017 period was 15.03%, the 2018 estimate is 16% and projections bring it to 18.4% in 2020. The ratio of the Senegalese government payroll to tax revenue is respected, and according to 2020 projections, the value will reach 27.9 percent.

Table 27. WAEMU convergence criteria

Senegal	2014	2015	2016	2017	2018	2019	2020 Proj
primary (%)							
Budget balance / nominal GDP ($\leq -3\%$)	-3.9	-3.7	-3.3	-3.0	-3.7	-3.8	-3.0
Average annual inflation rate ($\leq 3\%$)	0.1	0.8	1.3	1.3	0.5	1.1	2.0
Total public debt outstanding as a percentage of nominal GDP ($\leq 70\%$)	42.1	43.8	47.2	47.7	48.2	47.3	46.1
secondary (%)							
Payroll/Tax revenue ($\leq 35\%$)	33.1	32.9	32.0	32.5	31.8	29.3	27.9
Tax burden ($\geq 20\%$)	15.2	15.2	15.9	15.0	16.0	17.3	18.4

Source : WAEMU Commission and DPEE

5.5.2 Review of regional integration

Trade relations with the African continent have taken place within the framework of economic integration zones. These integration zones facilitate the movement of people and goods. Senegal is a member of two integration institutions: the West African Economic and Monetary Union (WAEMU) and the Economic Community of West African States (ECOWAS). UEMOA groups the eight West African countries that have the FCFA as their common currency. ECOWAS,

which is larger than UEMOA, is made up of fifteen West African countries. However, WAEMU is at a more advanced stage of integration than ECOWAS. Indeed, WAEMU is a customs union with the existence and application of a Common External Tariff (CET) since 2000. At the level of ECOWAS, work on the establishment of a CET has been finalized and its application has been effective since January 2015.

6- CREDIT QUALITY

6.1 Business Climate

Senegal has made significant progress in recent years in terms of its ranking in the World Bank's Doing Business survey. The 2018 ranking has been revised and improved, moving Senegal from 147th to 140th place. Senegal has performed better than

WAEMU countries, which shows that the business climate is improving.

Table 28: Indicators measured by the Doing business report

Indicator	Content	Metric	
Business creation	Procedures, time, cost and minimum capital contribution required to set up a limited liability company	Procedures (Numbers)	8.5
		timeframe (days)	8.5
		Cost (% income per capita)	48.9
Building Permits	Procedures, deadline and cost involved in carrying out all the formalities required to build a warehouse and quality and safety control devices in the system for obtaining a building permit	Procedures	13
		timeframe (days)	143
		Cost (% of the warehouse value)	28.2
		Quality control index of the construction	6.5
Electricity connection	Procedures, deadline and cost of * network electric connection, electricity supply reliability and transparency of prices	Procedures	7
		timeframe (days)	257
		Cost	1398.8
		electricity supply reliability and transparency of prices (0-8)	0
Property registration	Procedures, deadline and costs of title transfer and quality of the land administration system	Procedures	5
		timeframe (days)	48
		Cost (% value of the property)	5.5
		land quality index (0-30)	3
Cross-border trade	Delays and costs associated with exporting the product of comparative advantage and importing auto parts	Export's cost (USD)	585
		Export's delay	60

Obtaining loans	Personal Property pledge acts and the credit information system	Legal Rights Index (0-10)	6
		credit information quality index (0-6)	0
		Coverage of the Public Credit Register (% adults)	0.3
		Coverage of private register (% adults)	0.1
Investors protection	Rights of minority shareholders in related party transactions and corporate governance	Information disclosure index (0-10)	7
		leaders' responsibility index (0-10)	1
		ease of prosecution by shareholder's index (0-10)	6
Payment of taxes	Payments, deadlines and total to be paid for a company that fully applies post-tax return legislation and procedures	Payment (number per fiscal year)	46
		timeframe (hour per fiscal year)	218
		Tax rates (% of profits)	45.5
Contracts enforcement	Delays and costs of settling a commercial dispute and quality of legal proceedings	timeframe (days)	1785
		Cost (% of the receivable)	28
		Quality of prosecution index (0-18)	7.5
Insolvency Settlement	Delays, cost, outcomes and recovery rates in insolvency cases and the soundness of legislation in this area	Recovery rate (US cents)	0.0
		Times (years)	No practice
		Cost (% of wealth)	No practice

Source : Doing Business

- **Setting up a business:** Senegal has made business creation more affordable by reducing the notary fees for setting up a company.

- **Getting electricity:** Senegal has improved the monitoring and regulation of power outages by starting to record data for the annual system: the Average Interruption Duration Index (SAIDA) and the System Average Interruption Frequency Index (SAI-

FI).

- **Ownership registration:** Senegal has facilitated ownership registration by reducing the costs of transferring ownership and by reducing the transfer and registration of assets.

- **Payment of taxes:** Senegal has facilitated the payment of taxes by introducing time limits in the general tax code for processing VAT cash refunds and applying these time limits in practice.

- **Enforcement of contracts:** Senegal has fa-

cilitated the enforcement of contracts by introducing stricter rules on preliminary hearings, which has led to a reduction in the time needed to resolve a commercial dispute.

Despite this progress, obstacles remain, particularly concerning paying taxes, connecting to electricity, obtaining loans, and enforcing contracts. These difficulties are a major focus of the recently validated second phase of the strategy to strengthen the business climate and competitiveness (PREAC II).

The establishment of Special Economic Zones (SEZs) is underway: Diamniadio, Diass and Sandiara are intended to accommodate companies from different countries operating in a wide range of sectors such as manufacturing, tourism, medical services and research.

At the national level, Senegal has over the years developed an institutional and legal framework based on international standards, techniques and procedures for preventing and combating corruption.

It is in the same wake that the law on the declaration of assets was adopted to ensure control of the evolution of the assets of certain individuals involved in the management of public affairs. The effectiveness of these institutional and legal frameworks determines to a large extent the success of state interventions in economic and social development.

To achieve the desired results in development efforts, it is necessary to strengthen the means of preventing and combating corruption, so that the resources mobilized are spent effectively and efficiently. The report on the Corruption Perception Index for 2017 ranks Senegal 66th in the world and 8th among African countries with a score of 45/100.

A new anti-corruption strategy has been launched in Senegal by setting up a steering committee. Senegal has a committee in charge of developing the national anti-corruption strategy.

Senegal is among the top 10 African countries (out of 54) in the Mo-Ibrahim Index of African Governance (IIAG) for 2018. Senegal recorded a clear improvement with a score of 63.3 out of 100, far ahead of Côte d'Ivoire (20th with a score of 54.2 out of 100), Benin (13th with a score of 58.7 out of 100) and Morocco (15th with a score of 58.4 out of 100).

6.2 Financial Governance

The Senegalese government is continuing its efforts to improve the transparency of public finances: the preliminary results of the fiscal transparency assessment carried out in April 2018 are encouraging.

The drive to modernize Treasury services is continuing. Following the ISO 9001 2015 version certification of the Treasury's General Revenue (RGT) in October 2017, the Public Debt Directorate (DDP) became in October 2018 the second central government department to certify these business processes. These certifications, which are part of a process that will significantly improve quality, organization and working methods through better monitoring of activities and measurement of related performance. They have been confirmed during surveillance audits (2018 and 2019 for the RGT, in 2019 for the DPP).

With the Treasury's membership of the SICA STAR changeover platform, the integration of autonomous bodies with deposit accounts in the Treasury's books is gradually taking place. Twenty-three bodies have already been integrated and twenty more should be integrated in 2020.

This development implies a reform of the Treasury's services, notably for more active management of the public treasury to better manage relations with this new clientele and with banking institutions.

To optimize debt management, a mechanism to repurchase certain previous debts is in place. In particular, the mobilization of USD 2.2 billion through the 2018 Eurobond issue, on more favorable terms, made it possible to repurchase 40% of the previous 2011 Eurobond debt that was relatively more expensive.

It should also be noted that as part of active debt management, Senegal recently issued USD 200 billion on the government securities market, which, beyond covering the 2019 requirement, will repurchase debt to reduce debt risks. This option should constitute a continuous action for the Treasury. Indeed, in a context marked by support for budget execution and the reduction of debt-related vulnerabilities, the Treasury will have to be part of the dynamic of active debt and treasury management on a long-term basis.

The promotion of good governance remains a major requirement for the PSE.

6.3 Financial rating

S&P and Moody's have been regularly rating Senegal since 2000 and 2011 respectively.

S&P has maintained Senegal's rating at B+ since December 2000 but now with an outlook that has been upgraded from stable to positive since 15 June 2018. This improvement in the outlook follows the upgrade of the rating assigned by Moody's, positively sanctioning the positive evolution of the macroeconomic framework. S&P's view is based on the consolidation of growth, which is expected to remain strong over

the 2018-2021 period, and the government's efforts to reduce the budget and current account deficits.

In addition, the two rating agencies rank the Senegalese economy among the most attractive in the sub-region, with positive prospects in the short and long term. In addition, the discovery of major hydrocarbon deposits, whose exploitation could begin in 2021, should improve Senegal's economic situation. The history of Senegal's ratings by Standard & Poor's (S&P) and Moody's is presented below.

Table 29: Change in Senegal's sovereign rating

Date	Agency	Rating	Perspectives
June 2018	S&P	B+	positive
April 2017	Moody's	Ba3	stable
November 2014	Moody's	B1	positive
July 2013	S&P	B+	stable
March 2011	Moody's	B1	stable
May 2010	S&P	B+	negative
May 2009	S&P	B+	negative
December 2000	S&P	B+	stable

Source : Trading economics website

Senegal's creditworthiness has been rated internationally at Ba3 by Moody's and B+ by Standard & Poor's, mainly due to the economy's vulnerability to exogenous shocks. The country is highly dependent on imports. In addition, despite significant invest-

ments in recent years, major infrastructure deficits continue to limit the country's development, particularly in the transport and energy sector, in a context where recurrent budget deficits reduce the government's room for maneuver.

7- PUBLIC FINANCES

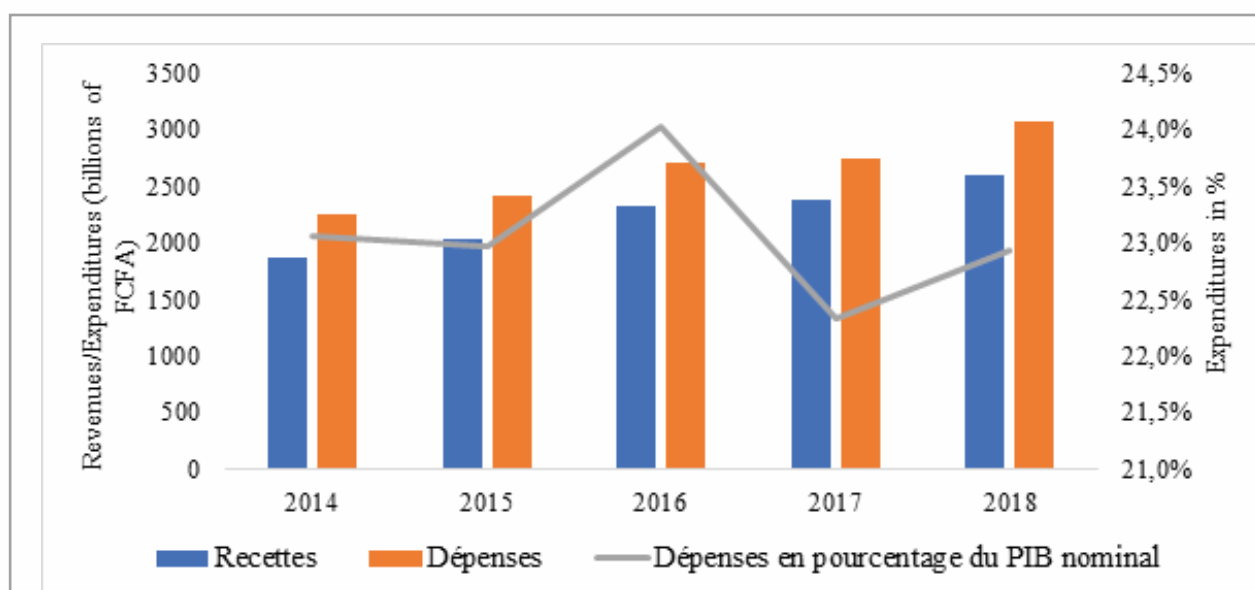
7.1 Budget

7.1.1 Expenditure and Revenue

Senegal's resources (income and grants) increased from CFAF 1,877 billion in 2014 to CFAF 2,599 billion in 2018, but are still not sufficient to cover all expenditures. As a result, the budget balance remains in deficit. This deficit, which averaged CFAF 370 billion

between 2014 and 2017, increased to CFAF 475 billion in 2018. According to projections, it would reach CFAF 443 billion in 2019. Expenditure as a percentage of GDP follows a relatively stable trend, with this ratio ranging between 22 and 24% between 2014 and 2018.

Figure 6. Evolution of Senegal's expenditures and revenues



Source : DPEE

7.1.2 Detailed presentation of expenditure and revenue

Table 30: Table of financial operations of the State

Senegal	2014	2015	2016	2017	2018	2019
In billions of CFAF					Est	Proj
Income and grants	1877	2026	2335	2377	2599	2972
Total incomes	1624	1794	2090	2112	2325	2687
Tax income	1483	1597	1789	1845	2146	2534
Direct tax	450	487	560	592	673	772
Indirect tax	1033	1110	1229	1253	1382	1730
Non-tax revenue	141	197	302	267	179	153
Donation	253	232	244	264	274	284
Budgetary	40	31	38	49	37	44
In capital	213	201	206	215	237	240
Total expenditures	2254	2413	2704	2739	3075	3414
Current expenditures	1209	1679	1931	1938	2100	2120
Wages and compensation	490	526	572	600	683	743
Social security	30	60	6	7	5	7
Transfers and others	514	492	541	606	448	451
Exceptional expenditures (current and capital donation)	174	600	811	725	964	918
Interest owed	127	160	188	234	263	310
On domestic debt	68	34	48	56	45	48
On external debt	59	126	140	178	218	262
capital expenditures	858	524	533	525	667	946
On domestic resources	467	117	97	68	150	155
On external resources	391	405	436	457	517	791
Net loan	60	51	52	43	45	38
Primary balance	355	65	107	132	180	529

Source : DPEE

7.1.3 General presentation of the budget

Expenditures in the Senegalese State budget are allocated mainly to ordinary expenditure, with an average of 63% with 37% to capital expenditure between 2016 and 2017.

Table 31 Major budget items

In billions of CFAF	2016		2017	
	Amount	%	Amount	%
Ordinary expenditures	1880	64.3	2023	62.3
Public debt	595.6	20.4	680	20.9
Salaries and wages	538.2	18.4	586	18.0
Other current expenditures	745.8	25.5	756.9	23.3
Capital expenditures	1045	35.7	1225	37.7
On domestic resources	611	20.9	788.2	24.3
On external resources	434	14.8	437	13.5
General budget expenses	2925	100	3248	100

Source: Finance Law

7.1.4 Detailed presentation of the budget by item of expenditure

Senegal's budget in 2018 is largely driven by education, land infrastructure, the army, health and social

action. Senegal's budget is fairly stable over the period; annual variations are small.

Table 32. Excerpt from the 2018 and 2019 Finance Acts

Senegal In billions of CFAF	2018		2019	
	Value	Structure (%)	Value	Structure (%)
Education*	670	36.0%	727	35.7%
Health and social actions	167	9.0%	198	9.7%
Housing	46	2.5%	69	3.4%
Agriculture	199	10.7%	203	10.0%
Fishing and maritime economy	41	2.2%	47	2.3%
Energy	113	6.1%	142	7.0%
Tourism	11	0.6%	13	0.6%
Industry	6	0.3%	8	0.4%
Employment	10	0.5%	15	0.7%
Infrastructures and land transports	210	11.3%	238	11.7%
Interior	127	6.8%	125	6.1%
Justice	42	2.3%	41	2.0%
Army	214	11.5%	200	9.8%
Trade	5	0.3%	10	0.5%
Total	1861	100%	2036	100%

Source : Amended Financial Act(2018) and Initial Finance Act (2019) **
National Education Aggregation, Higher Education, Research and Vocational Training

7.2 Tax policies

7.2.1 General budget revenue broken down by source

Tax revenues have been increasing since 2014. They rose from CFAF 1,483 billion in 2014 to CFAF 1,845 billion in 2017. According to estimates and projections, revenue could reach CFAF 2 146 billion and

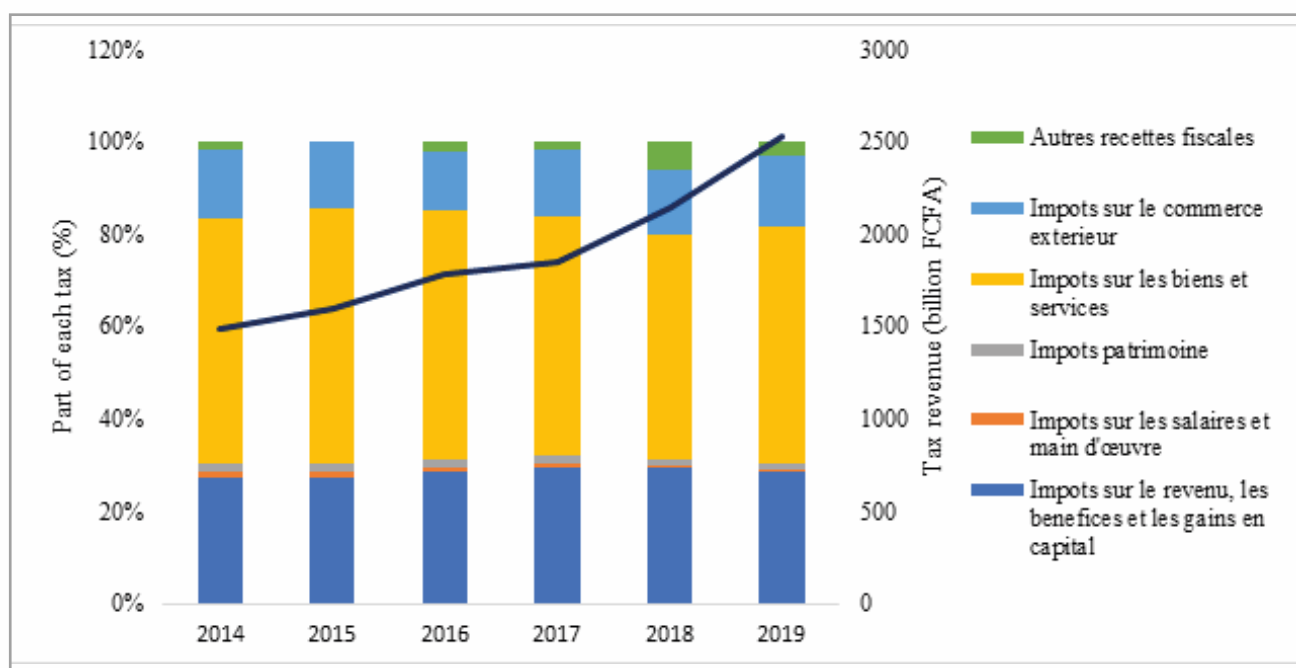
CFAF 2 534 billion in 2018 and 2019 respectively. These increases are explained by taxes on goods and services, taxes on income, profits, capital gains, and taxes on foreign trade. Revenues from these three items represent on average 95% of total tax revenues. Taxes on goods and services account for an average of 52% of tax revenues, followed by income, profits and capital gains taxes.

Table 33: Detailed presentation of tax revenues

(in billions of CFAF)	2014	2015	2016	2017	2018 proj
Tax revenues	1 482.5	1 597.1	1 788.6	1 845	2 145.8
Income, profit and capital gain taxes	401.8	435.4	512.9	544	630.1
Taxes on wages and labor	21.1	20.3	17.3	14	10.0
Wealth tax	27.1	31.4	29.6	34	33.2
Tax on goods and services	786.4	882.4	959.8	955	1 046.1
Tax on international trade and transactions	218.6	227.6	234.5	266	299.2
Others tax revenues	27.5	-	34.4	32	36.8
GTC modification measures, tax expenditures	-	-	-	-	64.0
New tax and customs measures	-	-	-	-	26.5

Source : DPEE

Figure 7. General Budget revenue by source



Source: Finance Act

7.2.2 Presentation of new fiscal development recently voted or being discussed to be voted on

The Senegalese tax system has undergone several changes since independence. Reforms have been carried out based on strategic choices linked in particular to macroeconomic stability and growth objectives.

To take into account the tax harmonization policies initiated within the WAEMU framework, Senegal has adopted the system of a single 18% VAT rate.

The only change in the VAT rate concerned the reduction in 2011 of the tax rates on accommodation activities from 18% to 10% to relieve the struggling tourism sector. In 2013, Senegal's tax system underwent a major overhaul with the coming into effect of the new General Tax Code (GTC).

In 2018, the State of Senegal introduced three new taxes: the special contribution of the telecommunications sector (CTS), the levy on insurance companies, and the levy on consignment operations of oil products for the bunkering of ships. According to the Initial Finance Act (IFA) 2019, the CTS is payable by any operator of telecommunications networks open to the public that is licensed in Senegal. It is set at 4.5% of the operator's pre-tax turnover, net of interconnection charges paid to other operators of public telecommunications networks. As regards the levy on insurance companies, the rate is set at 1% and applies to turnover excluding taxes. The payment is made quarterly out of the quarterly base amount. Concerning the levy on consignment operations of oil products for the bunkering of ships, it is fixed at CFAF 10 per kilogram net of hydrocarbons exported.

7.3 Finance bill

In the 2019 Initial Finance Act (IFA), overall resources are programmed at CFAF 4 071.8 billion against CFAF 3 774.7 billion for the 2018 Amended Finance Act (AFA), representing an increase of CFAF 297.1 billion in absolute terms and 7.9% in relative terms. They are mainly made up of resources from the general budget projected at CFAF 3 937.6 billion and resources from special Treasury accounts amounting to CFAF 134.2 billion. The increase in resources is driven by the resources of the general budget,

the latter being made up of internal and external resources, estimated at CFAF 2 765.6 billion and CFAF 1 172 billion respectively.

The internal resources of the IFA of 2019 are programmed to increase by 15.4% from CFAF 2,396.7 billion to CFAF 2,765.6 billion between the 2018 Amended Finance Act and the 2019 Initial Finance Act. They are essentially made up of ordinary revenue excluding grants for CFAF 2 657.4 billion, budgetary grants for CFAF 44.2 billion, exceptional revenue for CFAF 61 billion and loan repayments for CFAF 3 billion.

Ordinary revenues excluding grants, made up of tax revenue (CFAF 2,534 billion) and non-tax revenue (CFAF 123.4 billion), are expected to show an overall increase of 15.8% compared to the AFA of 2018. They would thus record an increase of CFAF 362.5 billion, thanks to the expected performance in terms of mobilization of direct and indirect taxes.

Overall, the tax burden is expected to reach 17.2% of GDP (base 2014) in 2019 against 16% projected in the 2018 AFA, an increase of 1.2 percentage points beyond the achievement of the 2018 AFA target. This situation takes into account the expected impact of the tax measures that will be implemented by the tax administration to boost revenue, including the effective reduction of tax exemptions, especially those with no proven social impact. Overall, the achievement of the objectives will require a sustained broadening of the tax base in line with the revision of GDP base.

As regards borrowings, they are programmed at CFAF 316.2 billion in 2019 against CFAF 749.7 billion in the 2018 AFA. As for budget grants, they are expected to reach CFAF 44.2 billion, an increase of CFAF 7.2 billion compared to the CFAF 37 billion projected in 2018.

As for external resources allocated to investment, they are programmed at CFAF 790.9 billion in 2019, an increase of 53% compared to the 2018 AFA.

General budget expenditures are projected at CFAF 4 071.8 billion in 2019, an increase of 7.9% over the 2018 AFA. They are essentially made up of ordinary expenditures amounting to CFAF 2 503.5 billion, capital expenditure estimated at CFAF 1 434.2 billion

and expenditure on special accounts for CFAF 134.2 billion.

Ordinary expenditures are programmed at CFAF 2,503.5 billion in 2019 against CFAF 2,436.5 billion in the 2018 AFA. They are made up of operating expenditures of CFAF 896.9 billion, personnel expenses of CFAF 743.4 billion and public debt servicing of CFAF 863.2 billion. Other current expenditures are broken down into expenditures on "supplies and maintenance" for CFAF 356.4 billion and "transfers and grants" for CFAF 570.4 billion (including CFAF 30 billion under the ESF).

Capital expenditures in the 2019 IFA are programmed at CFAF 1,434.2 billion against CFAF 1,226.9 billion CFAF in the 2018 AFA, driven by investments

financed from external resources. Indeed, they are projected at CFAF 790.9 billion in 2019 against a forecast of CFAF 517 billion under the 2018 AFA, an increase of CFAF 273.9 billion, driven in particular by project loans. This trend aims at consolidating in the short term the support of external partners in the implementation of development programs.

As for investment expenditures on domestic resources, they are projected at CFAF 643.3 billion, i.e., a decrease of CFAF 66.6 billion compared to the CFAF 709.9 billion programmed in the 2018 AFA. However, the ratio of capital expenditures financed from domestic resources to tax revenue in the 2019 IFA is expected to remain very high at 25.4%.

8.1 Political and security risks

Certain intrinsic characteristics support Senegal's political and social stability:

First, spiritual leaders (marabouts) have considerable influence over their communities (brotherhoods). This has profound implications for Senegal's political environment in two ways

- i) The collective culture of the brotherhoods underpins the culture of consensual decision-making extended to all aspects of political and social life in Senegal,
- ii) Marabouts are fundamentally conservative and tend to support the government of the day, which contributes to political stability.

Secondly, the absence of ethnic and religious tensions that affect many African countries contributes to Senegal's political stability. About 95% of Senegalese are Muslims and practice a particularly moderate form of Islam, influenced by Sufism.

Internal Security Risks

Internal security is one of the key areas of the PAP under the PSE. In this respect, the Senegalese police have developed several strategies for permanent surveillance and large-scale security. Two security systems have been set up, under the code names "Karangué 2" and "Sentinel".

Islamist terrorist groups remain a non-negligible threat of destabilization. In 2017, attacks in Mali, Mauritania, and Burkina Faso led France and the United States, among others, to recommend increased vigilance to their nationals in Senegal.

8.2 Social risks

At the social level, the country can be paralyzed by strikes or demonstrations.

Currently, the health sector trade unions grouped within the "And Gueusseum" movement are in a dynamic of radicalization to demand justice and equity in the treatment of workers, according to the communiqué launching the 17th action plan.

At the level of education, demonstrations are recur-

rent. Students most often demand the payment of scholarships on time by blocking the main avenue in front of the university with tire burns which are met by the police using tear gas.

Teachers, for their part, go on strike every school year to demand respect for agreements signed with the state beforehand. The upsurge in these strikes has a considerable impact on the number of hours in the school year.

However, it should be noted that peaceful demonstration is a public freedom that is guaranteed by the Constitution.

8.3 Macroeconomic risks

According to the World Bank and the IMF, the medium-term economic outlook should remain positive if Senegal continues and deepens its structural reforms and if the international situation continues to be favorable.

The latest IMF debt sustainability analysis notes that Senegal is currently at low risk of debt distress. The IMF noted that current growth rates can be sustained over the medium and long term only if Senegal improves its economic governance and continues to be able to mobilize sufficient financial resources to facilitate the implementation of the PSE and strengthen the resilience of the economy to internal and external shocks in a context of insecurity within the subregion.

Rising commodity prices and other fiscal pressures could jeopardize the achievement of the PSE objectives. On resource mobilization, the IMF debt sustainability analyses show that the risk of debt distress remains low. However, the ratio of debt servicing to fiscal revenue needs to be monitored to avoid liquidity risk.

8.3.1 Evolution of the demand prospects of the main international partners

Senegal has several regional trading partners on which its economy relies heavily. In 2017, according

to the ANSD, sales outside Senegal were mainly oriented towards the African continent (42.1%), versus Europe (28.9%) and Asia (20.2%). Political instability and social unrest are frequent in the West African region which, among other effects, could lead to a reduction in demand from these partners.

The tourism sector is one of the five key sectors in the PSE that should stimulate growth in the medium and long term. However, there are many challenges facing tourism in Senegal, including improving the quality of service, promoting Senegal as a destination, and coastal erosion.

In addition, tourism is highly vulnerable to external, regional and national risks, including the economic slowdown in the countries of origin of the tourists, the negative perception of security associated with the political instability of the Casamance region, potential terrorist attacks targeting tourist sites and the escalation of regional geopolitical risks.

8.3.2 International raw materials prices

With the appearance of new ores (gold, zirconium, titanium), Senegal's exports have changed in recent years. Products such as cotton or phosphate have become scarcer in foreign sales, while exports are still concentrated on cement, fishery, horticultural, petroleum, chemical (phosphoric acid) and food (broths) products, and groundnuts.

According to the ANSD, Senegal's exports rose to CFAF 1 486.4 billion in 2017 against CFAF 1 371.2 billion in 2016, an increase of 8.4%. This increase was due to the rise in shipments of petroleum products (+25.6%), broths (+15.3%), non-monetary gold (+13.9%) and fishery products (+8.6%). On the other hand, the decline in foreign sales of phosphoric acid (-16.9%) and groundnut products (-15.4%), despite the 16.3% increase in crude groundnut oil, attenuated this upward trend.

Figure 8. Evolution of Brent Oil (barrel in \$)



Source : Bloomberg

8.3.3 Evolution of the terms of trade

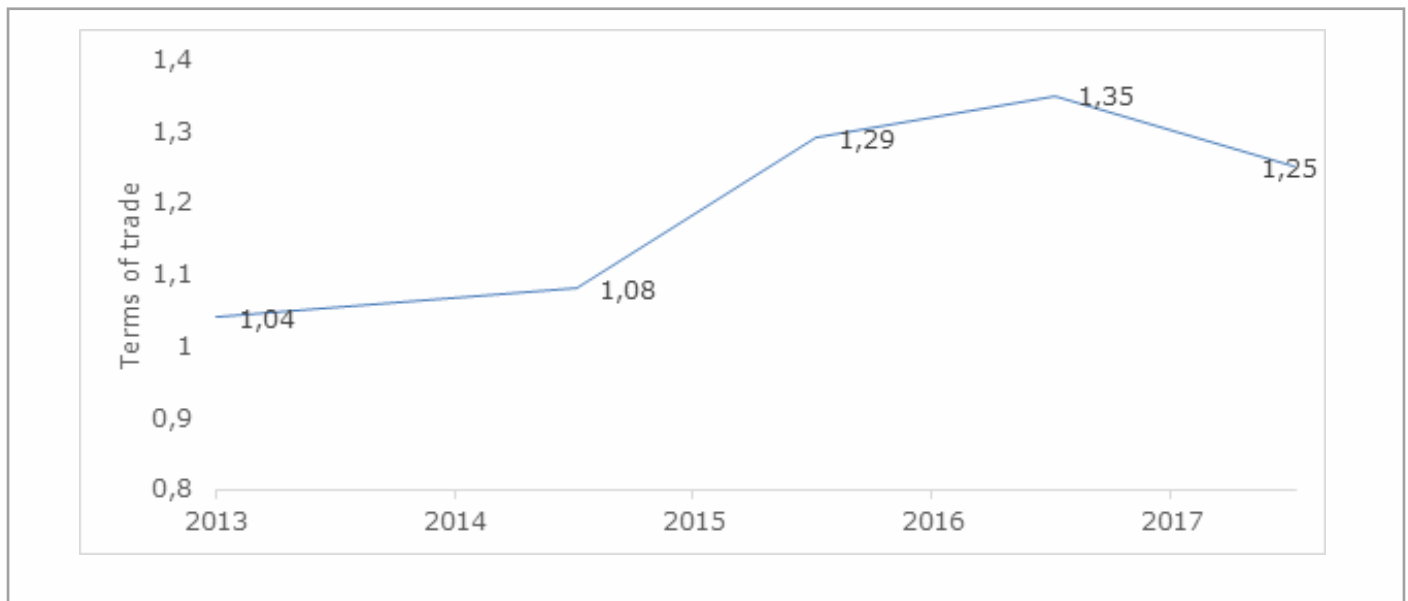
Senegal has many trading partners in the area on which its economy is based. Political instability, social unrest and epidemics are frequent in the West African region, which, among other effects, could lead to a reduction in Senegal's exports to, and imports from, countries in the subregion.

According to the IMF, the current account deficit has

widened significantly in 2017 due to a deterioration in the terms of trade and an increase in imports of capital goods.

According to the ANSD, the terms of trade stood at 1.25 in 2017. This result follows the good price performance of products in the groups "mineral raw materials" (1.49), "energy and lubricant" (1.31), "other semi-finished products" (1.20) and "food-beverage-tobacco" (1.10).

Figure 9. Evolution of the term of trade



Source: ANSD

Senegal's economic growth prospects depend on the performance of several sectors that are highly vulnerable to various factors of volatility.

8.4 Resource mobilization risks

8.4.1 Mobilization of fiscal resources

For the achievement of the PSE objectives, revenue mobilization is a risk that could jeopardize the sustainability of public finances. According to the IMF, the authorities need to develop a comprehensive action plan to increase tax revenue mobilization over the medium term to raise the tax revenue/GDP ratio from around 16% at present to 20% (WAEMU convergence criteria).

In this context, it would be important to strengthen the tax administration and carry out a tax reform that encourages private investment and introduces a set of rules limiting tax exemptions. Prudent management of recently discovered oil and gas deposits

would also help increase revenues in the long term.

8.4.2 External financing by donors

Senegal has significant exposure to concessional public debt from multilateral institutions and foreign governments. The country benefits from grants from a number of donors such as USAID, the World Bank, the European Investment Bank (EIB), the Islamic Development Bank (IDB), the African Development Bank (AfDB) and the French Development Agency (AFD) and international financial assistance plays a crucial role in Senegal's public finances.

In the 2018-2020 Public Investment Program (PTIP), the government is planning an amount of CFAF 3,002.4 billion to be financed by aid for the financing of public investment, which represents 48% of the total investment amount of CFAF 6,257.8 billion planned in the 2018-2020 PTIP. Senegal could face economic difficulties if the above-mentioned

amounts are not mobilized.

The continuation of this aid depends on Senegal's ability to comply with certain donor restrictions and commitments, and if donors become reluctant or unable to continue to provide substantial amounts of aid to the country, Senegal could face economic difficulties.

8.4.3 External financing by Foreign Direct Investment

Foreign Direct Investment (FDI), which mainly com-

prises share capital, reinvested earnings and other capital inflows, still needs to be improved in Senegal given its political stability.

According to the United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2018, FDI increased from USD 276 million in 2012 to USD 532 million in 2017. The total stock reached USD 4.8 billion (31.5% of GDP) by the end of 2017.

Table 34. Evolution of Foreign Direct Investment (FDI)

Foreign Direct Investment	2015	2016	2017
Incoming FDI flow (millions of USD)	409	472	532
FDI Stocks (millions of USD)	3 431	3 772	4 858
Incoming FDI (in % of the GFCF)	11.6	9.9	n/a
FDI Stock (in % of GDP)	25.1	25	31.5

Source: UNCTAD

Senegal was ranked 140th in the World Bank's latest 2018 Doing Business report, indicating the need for the government to continue its efforts to reform the economic and business environment. Reforms are needed to improve the business climate and thus attract more FDI flows. The discovery of oil and gas deposits containing significant resources that could encourage an influx of FDI in the future.

8.5 Health Risks

In terms of health, risks have repercussions that go beyond the quality of life, affecting income, productivity, and ultimately economic growth. Malaria is the most widespread health problem facing Senegal. According to UNAIDS data, the country has one of the lowest HIV prevalence rates in sub-Saharan Africa, estimated at 0.5% of the adult population. Factors that have contributed to the maintenance of a low prevalence rate are the early and aggressive policy of the government and civil society to educate the population about the risks of HIV-AIDS.

Recently, Senegalese health authorities confirmed the appearance of 2,123 suspected cases of dengue

fever, of which 216 were positive (10 percent) with only one death.

8.6 Environmental risks

The major disaster risks faced by Senegal are natural hazards, industrial and technological risks and infrastructural risks.

For several years now, floods have been recurring in the suburbs of the Senegalese capital during the rainy season. In 2012, the floods were disastrous for the country, causing loss of life, numerous damages to property and equipment as well as a significant reduction in sources of income. Public infrastructure such as schools, health facilities, drinking water and electricity supply networks were also badly affected, leading to the suspension of public services for several days.

This disastrous event also marked a decisive turning point in the policy of sustainable flood risk management with the adoption by the government of the Ten-Year Flood Risk Management Program (PDGI) with a budget of more than CFAF 700 billion (USD 1.4 billion).

Agricultural production in Senegal is highly vulnerable to weather conditions, particularly drought and rainfall amounts, which can vary considerably from year to year. The sector contributes significantly to the GDP and represents a significant part of the in-

formal economy. Risks to agricultural production can seriously slow down economic growth and increase poverty levels in rural areas.

9.1 General description of the public debt

9.1.1 General overview

According to the sixth review of the IMF's Economic Policy Support Instrument (EPSI) published in August 2018, Senegal has diversified its sources of financing. At the end of December 2018, outstanding public debt was estimated at CFAF 7,137.2 billion, or 54.7% of GDP against CFAF 5,848.5 billion and CFAF 5,312.2 billion in 2016. Thus, compared to the previous year, this outstanding debt increased by 22%. This increase is mainly attributable to external debt (+37.5%), especially trade credits which experienced a fairly significant increase (+70%) with the issuance on the international market of a double tranche Eurobond: an amount of one billion euros at 4.75% and an amount of one billion US dollars at a rate of 6.75% over durations of 10 years and 30 years respectively depreciable over the last three years.

In 2018, Senegal carried out an issue on the USD and EUR Eurobond market for a total amount of USD 2.2 billion at favorable interest rate conditions, partly due to the international context. Part of the funds raised in 2018 was used to repurchase a previous debt contracted on the Eurobond market. Despite a low risk of over-indebtedness, some debt indicators deteriorated, forcing the government to implement fiscal and structural reforms.

The share of the external debt in the total debt increased (more than doubled) considerably between 2014 and 2018. The external debt-to-GDP ratio increased from 33% in 2016 to 54.7% in 2018. As for the stock of domestic debt, its weight in relation to the GDP increased from 14.2% to 6.8% between 2016 and 2018.

In recent years, Senegal has received a marked increase in financing thanks to the Consultative Group, which made a significant contribution to the Priority Action Program (PAP) (2014-2018) of the Senegal Emerging Plan (PSE). Senegal has been able to mobilize external resources over CFAF 2,000 billion. The trend observed a few years ago has begun to reverse since the government set up the PSE. Domestic public debt, which had been growing rapidly, has started to slow down following the change in financing strategy linked to the PSE. As a result, the Senegalese government has made several issues on the Eurobond market in 2014, 2017 and 2018.

Table 35. Distribution of Senegal's public debt

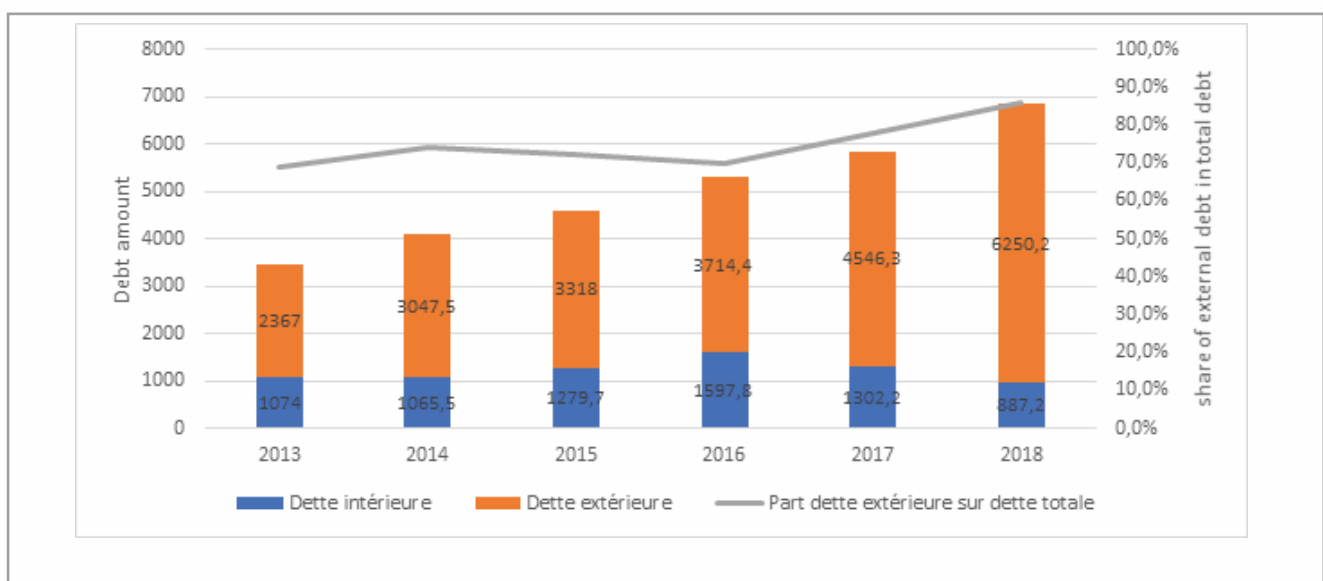
Senegal	2013	2014	2015	2016	2017	2018
Total debt (% GDP)	-	42.10	43.80	47.20	47.70	54.7
Total debt (in billions of CFAF)						
Remaining due	3441.7	4113	4597.7	5312.2	5848.5	7137.4
Arrears	0	0	0	0	0	0
Due	705.5	683.8	777.5	799.5	981.3	774.7**
Paid	705.5	683.8	777.5	799.5	981.3	774
Total external debt						
Remaining due	2367.7	3047.5	3318	3714.4	4546.3	-6250.2
Arrears	0	0	0	0	0	0
Due	140.2	135.3	195	205.8	262.3	379.8**
Paid	140.2	135.3	195	205.8	262.3	379.8**
Total domestic debt						
Remaining due	974	1065.5	1279.7	1597.8	1302.2	887.2
Arrears	0	0	0	0	0	0
Due	565.3	548.5	582.5	593.7	719	394.9**
Paid	565.3	548.5	582.5	593.7	719	394.9**
Nominal GDP (Current price) *	-	9 775.00	10 508.70	11 251.70	12 264.90	13406.6

Source : DGCPT, IMF

* GDP assessed taking into account the new base year (2014)

** Value on 30 September 2018

Figure 10. Repartition of the public debt between external debt and domestic debt



SOURCE: DGCPT, IMF

9.1.2 Time profile of the debt to be repaid

Senegal is indebted in the medium and long term. This situation can be explained by the debt strategy used in recent years. The PSE financing needs and

the debt reprofiling have had consequences on the maturities of the financial resources raised from both domestic and external creditors.

Table 36. Temporal profile of the debt in 2017

Expressed as a %	Domestic debt	External debt
Short term (< 1 year)	31.9	3.60
Medium term (1 to 5 years)	60.	25.00
Long term (> 5 years)	7.5	71.30
Total	100	100

Source: DGCP

9.1.3 Amount of the debt to be paid in short term

The debt-servicing-to-budgetary revenue ratio remains high. Indeed, it increased from 32.8% in 2016 to 37% in 2018 for revenue levels of 2,377 billion.

This change is explained by certain loans that have matured and the charges on market debt.

Table 37. Debt to be repaid in the short-term (2013-2017)

Billions of FCFA	2013	2014	2015	2016	2017
Amount of external debt to be paid in the year	140.2	135.3	155.5	158.9	223.11
Amount of domestic debt to be paid in the year	565.3	548.5	411.13	562.13	456.71
Total	705.5	683.8	566.64	621.03	679.82

Source: DGCP

Table 38. Debt to be repaid in the short-term (2013-2017)

Billions of FCFA	2018 (Est)	2019 (Proj)	2020 (Proj)
Amount of external debt to be paid in the year	420.09	412.06	826.86
Amount of domestic debt to be paid in the year	459.53	362.75	238.20
Total	879.62	774.81	1065

Source: DGCP

9.2 Debt strategy and debt sustainability

9.2.1 Description of the strategy

According to Regulation No. 9/2007/CM/WAEMU establishing a reference framework for public debt

policy and management in WAEMU countries, States must draw up a public debt strategy annexed to the finance act. This strategy is reinforced by the Economic Policy Support Instrument (EPSI) signed with the IMF, which should enable the government to strengthen its capacity to manage public debt. It is wit-

hin this framework that the Senegalese government departments periodically draw up the Medium-Term Debt Strategy (MTDS).

Within the framework of the MTDS, the aim is to put in place the best possible combination of domestic and external debt (concessional, semi-concessional and non-concessional).

The objectives of the 2018-2020 MTDS of the State of Senegal are as follows:

- i) To meet the financing needs and meet the payment obligations of the Treasury;
- ii) Ensure that the risks associated with the public debt portfolio remain within acceptable limits;
- iii) Ensure that financing costs are as low as possible;
- iv) Develop and deepen Senegal's domestic government securities with the support of the Agence UMOA Titres.

The Government of Senegal has set up a National Public Debt Committee (CNDP) which constitutes the management and coordination unit for public debt management entities. The CNDP was created by Ministerial Order No. 5889 dated 3 July 2008. It is under the authority of the Minister of Finance. The CNDP is responsible for developing, coordinating and monitoring the implementation of the national public debt and public debt management policy.

Relations with donors

i) IMF

The Government of Senegal has signed agreements with multilateral and bilateral donors. Since October 2007, the State of Senegal has been part of the EPSI program with the IMF. It is a non-disbursing program that is designed to help the state implement reforms to strengthen the effectiveness of economic policies. The first EPSI program was signed in November 2007 and ended in December 2010. This program helped consolidate macroeconomic stability by increasing the country's economic growth potential and reducing poverty.

The second EPSI enabled the Senegalese government to (i) limit the amount of non-concessional debt required during the period covered by the new EPSI; (ii) restrict the use of non-concessional debt to finance the extension of the Diamniado Blaise Diagne International Airport (AIBD) toll highway to Thiès and Mbour; (iii) set up an escrow account for the finan-

cing of the toll highway; (iv) impose auditing and reporting requirements.

Following the success of the second program, the State of Senegal and the IMF concluded a new agreement in June 2015 for the launch of the third EPSI for the 2015-2017 period. This third program was extended until 24 June 2019. Under EPSI III, the government planned to mobilize a non-concessional loan for a fixed amount of USD 1 billion with the aim of financing investment projects in the field of road infrastructure, energy and urban sanitation.

According to the sixth review of the EPSI agreement published in August 2018, Senegal has performed well under the reforms envisaged at the PSE level. Thanks to EPSI support, these reforms have enabled the Senegalese economy to achieve a growth rate of 7.2% in 2017 in a context of controlled inflation and a budget deficit limited to 3% of GDP. However, the recent rise in oil prices has weakened the situation of public finances due to the price freeze policy undertaken by the Senegalese government.

ii) World Bank Group

As of November 2018, the World Bank's portfolio in Senegal is distributed as follows:

- Twenty investment projects for an amount of 1.64 billion dollars supported by the International Development Association (IDA);
- Nine regional operations for an amount of 411.5 million dollars from IDA;
- 138.3 million dollars in commitments from the International Finance Corporation (IFC);
- 106.5 million dollars in gross commitments from the Multilateral Investment Guarantee Agency (MIGA).

The World Bank supports Senegal in several sectors:

- Stormwater management with the Stormwater Management and Climate Change Adaptation Project, which has helped protect populated areas exposed to the risk of flooding. Approximately 137,500 people have directly benefited (compared to 90,000 initially targeted) and 571 hectares (for an initial target of 343) have been protected;
- Water and Sanitation with the Water Sector Project, the Long-Term Drinking Water Supply Project and the National Millennium Drinking Water and Sanitation Program, in addition to the current Urban

Water Supply and Sanitation Project;

- Agriculture with the West Africa Agricultural Productivity Program (WAAPP), a regional program covering 13 countries, has produced the following results in Senegal: 423,000 agricultural producers and processors, 38 percent of whom are women, were able to benefit from the development, dissemination and adoption of improved agricultural technologies between 2012 and 2015.

- Social protection with a social safety net project, the Government of Senegal registered 442,019 households in the single national register (about 30 percent of the population), while the national family allowance program reached its final target of about 300,000 beneficiary households (almost 20 percent of the population).

As part of the financing of phase 2 of the PSE, Senegal, through the Paris Consultative Group organized in December 2018, obtained a financing pledge from the World Bank of CFAF 1,950 billion.

iii) African Development Bank Group (AfDB)

At the end of December 2017, the African Development Bank (AfDB) Group's portfolio stood at CFAF 501.7 billion. This portfolio funded major development projects such as the Regional Express Train (TER) to the tune of CFAF 120.5 billion. The sectoral distribution of the investment portfolio was as follows: agriculture and rural sector (34%), water and sanitation (31%), infrastructure (19%), social sector (14%) and governance (2%). In 2018, Senegal became eligible for the AfDB's non-concessional loan window.

iv) Islamic Development Bank (IDB)

The portfolio of the Islamic Development Bank (IDB) as of 31 December 2017, was valued at CFAF 532 billion. It was composed of twenty-eight projects and programs aimed at financing Senegal's development. The IDB is an important donor for Senegal, it started to support the country in 1976. As part of the Paris Consultative Group meeting of December 2018, the IDB promised the State of Senegal financing for phase 2 of the PSE for an amount of CFAF 871 billion.

v) Other Multilateral Donors

Senegal also has financing relations with other multilateral donors such as the EIB, the International Fund for Agricultural Development (IFAD), the Arab Bank for Economic Development in Africa (ABEDA), the Organization of Petroleum Exporting Countries (OPEC) Fund for Economic Development and the West African Development Bank (BOAD).

9.2.2 Debt sustainability according to the World Bank and IMF

The IMF and the World Bank have developed a framework to guide the borrowing decisions of low-income countries. This framework allows eligible countries to calibrate their financing needs to their current and future repayment capacity. The objective of debt sustainability analyses is to assess the level of debt needed to eliminate risks.

Table 39. Senegal's Performance under the DSF(Reference Scenario)

Year	PV of external debt (%)		External debt servicing (%)		PV of total public debt (%)	Debt service (%)
	GDP	Exports	Exports	Revenues	GDP	Revenues
2018	33	94	8	13	51	31
2019	32	94	8	13	49	29
2020	32	94	7	11	48	23
2021	31	92	13	21	47	30
2022	31	91	6	10	46	20
2027	29	81	8	14	42	23
2037	21	51	8	12	39	31

Source: IMF

According to the debt sustainability analyses carried out by Senegal and the IMF, the country has a low-risk profile of over-indebtedness over the 2018-2037 period according to the reference scenario (see below). However, this result depends on the reforms put in place to support robust economic growth over time.

According to the assessments published in the fifth EPSI Review, in the most extreme stress test scenarios, two indicators exceed their threshold, one of which exceeds the threshold several times. This result reflects increased debt vulnerability linked to the Eurobonds refinancing risk. The simulations showed that the deterioration in the external debt servicing/revenue ratio linked to the refinancing of Eurobonds could lead to moderate risk of over-indebtedness. As such, caution should be observed in the management of non-concessional debt negotiated at market conditions. Covering financing needs with domestic resources can help to implement more prudent debt management.

IMF Reference Scenario :

The following underlying assumptions were used in the IMF's DSF (fifth EPSI Review of December 2017):

(i) Real GDP growth is expected to average 7 percent over the 2018-2022 period, driven by the impact of infrastructure investment, export growth and the reforms envisaged under the PSE. Long-term real GDP growth is expected to converge towards 5.4%.

(ii) The overall fiscal deficit is projected to stand at 3.7% of GDP in 2017 and 3.5% in 2018. It is projected to reach 3% of GDP in the long term.

(iii) The current account deficit is projected to deteriorate in 2017 to 7.8% of GDP due to increased imports of capital goods and petroleum products in a context of slowing exports. However, the current

account balance is expected to improve in 2018, due to a decline in imports. The structural current account deficit is projected to decline to 5.3% of GDP due to higher exports.

(iv) Inflation is maintained at 1.9% in 2017 due to falling commodity prices. The inflation rate based on the GDP deflator is projected to be 2.2 percent in 2017 and is expected to decline to less than 2 percent until 2020.

(v) Migrant remittances. The ratio of remittances to GDP is projected to decline with a 7% growth over the next five years and 6.5% thereafter.

(vi) The composition and terms of external financing. The debt sustainability analysis introduces the assumption that the debt strategy will be prudent. The new debt average maturity is close to 18 years. The cost of new borrowing has been estimated at 3.7%.

(vii) Domestic debt is projected to decline to 23.6% by 2022 due to issues on the Eurobond market. Projections are made based on average short-term interest rates of 6%, while medium- and long-term borrowing is expected to be valued at a real rate of 3.3% with an average maturity of 4.7 years.

(ix) The discount rate. As concessional debt has a large donation component, the discount rate used in the debt sustainability analysis is 5%.

9.3 External debt

9.3.1 The Holders

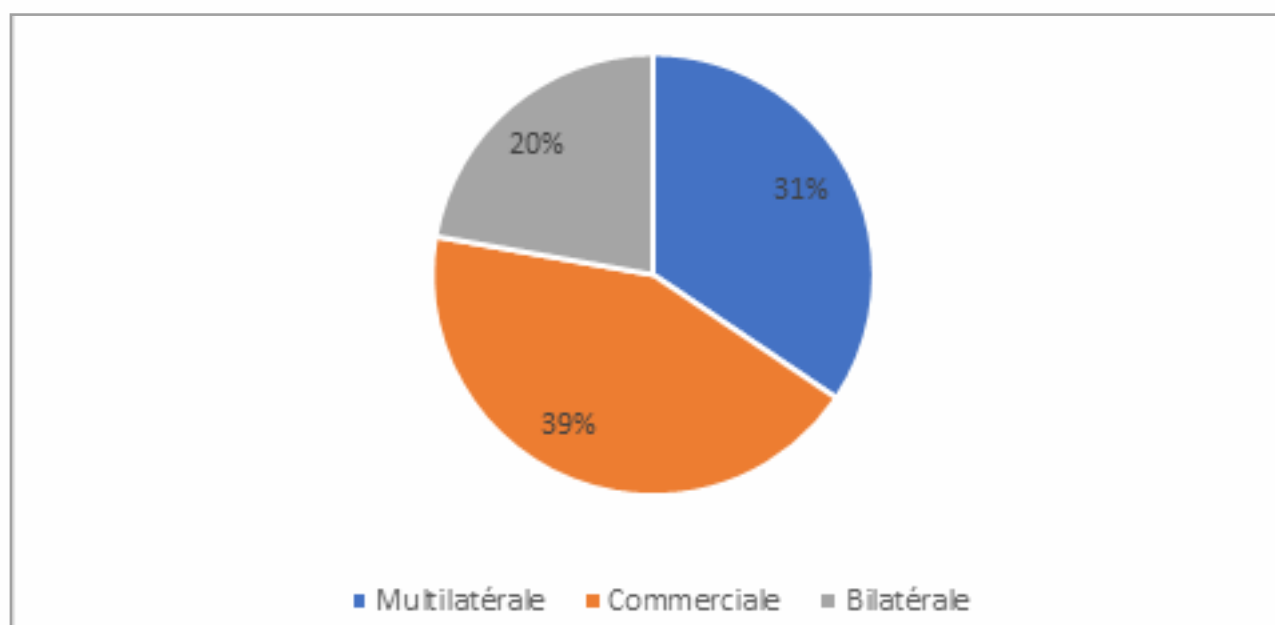
Senegal's external debt is composed mainly of multilateral debt, followed by bilateral debt and commercial loans. This situation can be explained by the donors' desire to contribute significantly to the financing of the PSE. Commercial debt increased significantly between 2016 and 2018 due to issues on the Eurobond market.

Table 40. Composition of the external debt portfolio

Senegal In billions of FCFA	2014	2015	2016	2017	2018
Total external debt	3 047.5	3 318.0	3 714.4	4 546.3	6 250.4
Commercial debt	602.1	590.9	767.4	1 306.8	2 423.5
Eurobonds	503.7	492.5	570.6	1 134.6	2 292.31
Credit Suisse	98.4	98.4	98.4	73.8	49.20
Afreximbank	0.0	0.0	98.4	98.4	81.99
Bilateral	787.8	923.1	1 072.8	1 473.7	1 838.05
OECD	359.3	348.1	356.5	410.2	489.93
Arab countries	175.0	180.8	174.3	150.4	140.95
Others	253.5	394.2	542.0	913.1	1 207.17
Multilateral	1 657.6	1 804.0	1 874.2	1 866.1	1 988.5
IMF	154.5	120.9	88.5	56.8	25.53
World Bank - IDA	815.8	962.0	1 025.3	1 068.7	1 136.96
EIB	14.8	12.7	10.4	9.1	21.85
AFDB	290.8	321.5	354.1	363.9	396.35
OPEC/IDB/BADEA	205.0	208.6	206.7	198.6	197.88
Others	176.7	178.2	189.2	169.0	209.91
In % of the nominal GDP	31.2%	31.6%	33.0%	38.1%	47.9

Source : DGCPT

Figure 11. Distribution of the external debt according to donors in 2018



Source: DGCPT

9.3.2 External debt payment situation

Debt servicing will amount to 420.09 billion in 2018. This amount is mainly explained by the commercial debt (64.7%).

Table 41. Forecast of external debt servicing

Situation as of December 2017	Multilateral			Bilateral			Commercial			Total		
	Capital	Interest	Total	Capital	Interest	Total	Capital	Interest	Total	Capital	Interest	Total
Billions of CFAF												
New drawings												
Service due	37.3	25.1	62.4	38.6	39.6	73.2	154.6	124.8	75.3	175.1	83.79	258.9
Total												
At 2016 maturity												
Arrears												
Paid services			62.4			78.2			279.4			420.09

Source: DGCPT

9.3.3 Debt currencies

Senegal is exposed to exchange rate risk related to the US dollar and the Chinese yuan. To cope with this risk, Senegal has established a hedging strategy for certain loans taken out on the Eurobond market

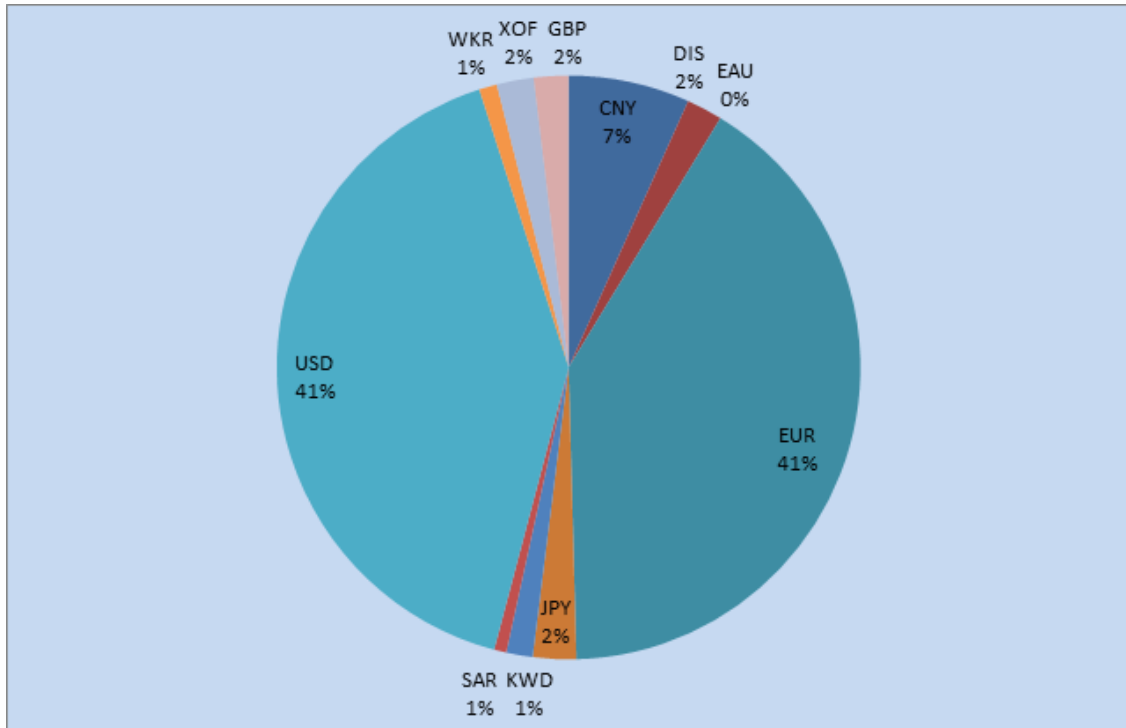
(USD 500 million). Senegal has signed a USD/Euro swap contract to hedge its exposure to the US dollar. The operation was carried out in agreement with the International Swaps and Derivatives Association (ISDA).

Table 35. Currency composition of the external debt portfolio

Currency	Total in currency	Exchange rate as of 31/12/2018	Amount in CFAF	%	% with SDR burst
CNY	3081808329	83.37	256 930 360 403.46	4%	7%
DIS	114086086.9	797.26	90 956 273 667.15	2%	2%
DTS	1462222846	797.26	1 165 771 786 419.05	18%	-
EAU	46399541.1	156.158	7 245 659 538.66	0%	0%
EUR	3185046692	655.957	2 089 253 672 848.37	34%	41%
JPY	5036553175	5.207	26 225 332 383.61	0%	2%
KWD	48070964.35	1885.87	90 655 589 540.46	1%	1%
SAR	278771944.5	152.941	42 635 659 962.49	1%	1%
UCB	42565188	797.262	33 935 606 914.59	1%	-
UCF	406196292.9	797.262	323 844 868 884.72	5%	-
USD	3371919960	573.524	1 933 877 023 063.02	31%	41%
WKR	1.19083E+11	0.515	61 327 826 241.99	1%	1%
XOF	1.27345E+11	1	127 344 586 633.44	2%	2%
GBP	-	730.553	-	-	2%
TOTAL	-	-	6 250 004 246 501.01	100%	100%

Source DGCPT /Debt distribution by currency

Figure 12. Outstanding external debt at the end of 2018 by currency



Source DGCPT

9.4 Domestic debt

9.4.1 Presentation of the situation as of 31 December 2017

Treasury bonds represent the largest component of domestic debt. They represented 93% of the outs-

tanding domestic debt at the end of December 2018. Treasury bonds represent an additional source of debt to finance infrastructures. Bonds are issued by auction via the Agence UMOA Titres or by syndication (public offering to BRVM.).

Table 36. Distribution of domestic debt according to creditors

[Senegal] situation on 31 December 2017	Domestic debt expressed in value (billions of CFAF)	Domestic debt expressed as a % of the total domestic debt	Domestic debt expressed as a % of the 2018 nominal GDP
Total domestic debt	887.2	100%	6.7%
Titres	825	93%	6.32%
Treasury bill	0	0%	0%
Treasury bond (of which OAT)	825	93	6.3%
Bank Loan	62.2	7%	0.4%
BCEAO	0.0	0.0%	0.0%
Commercial Bank (held by the State)	85.6	7%	0.4%

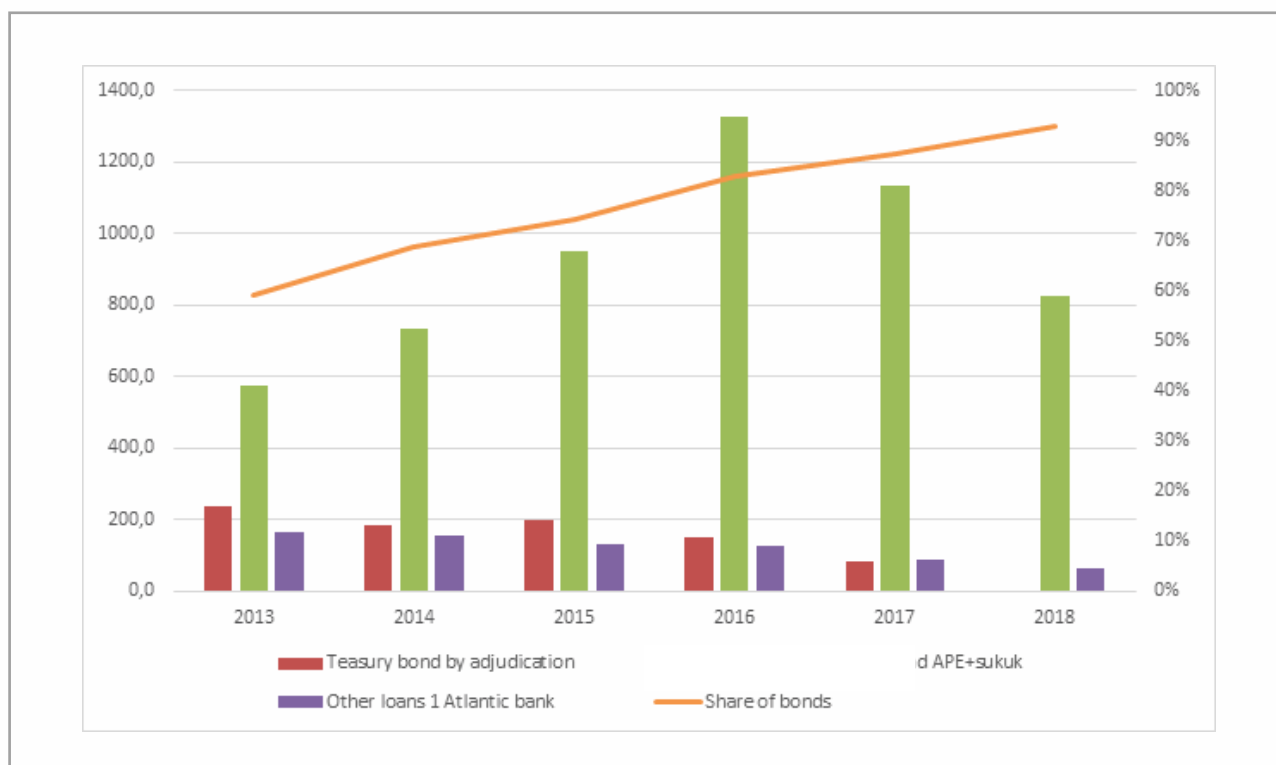
Source: DGCP

9.4.2 Change in the composition of domestic debt over the last 5 years

Treasury bond issuance trended upward between 2013 and 2016 before declining in 2018. This situation can be explained by the authorities' desire to reprofile public debt. However, the Senegalese government did not issue any government securities in

2018. Given the very low international interest rates, the Senegalese government preferred to issue Euro-bonds on the market. However, debt sustainability analyses revealed the need for the country to return to the regional market from 2019 onwards.

Figure 13. Breakdown of domestic debt into treasury bonds (OT) and bills (BT)



Source: DGCPT, Agence UMOA-Titres

9.4.3 Status of domestic debt payments

Senegal's public debt securities are held by banks and insurance companies in WAEMU countries. Ca-

pital depreciation constitutes the bulk of the debt servicing paid at the end of December 2018

Table 37. Debt servicing due and paid

In billions of CFAF	Banking Sector			No-Banking Sector			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
(1) Debt servicing due on December 2017	29.5	7.6	37.2	310.2	68.9	379.2	339.7	76.6	416
(2) Debt servicing paid during the year 2017	29.5	7.6	37.2	310.2	68.9	379.2	339.7	76.6	416

Source : DGCPT

9.5 Viability and Sustainability

The budget deficit relative to the GDP deteriorated from 2010 to 2012. From 2016 onwards, it converged towards -3% (WAEMU standard).

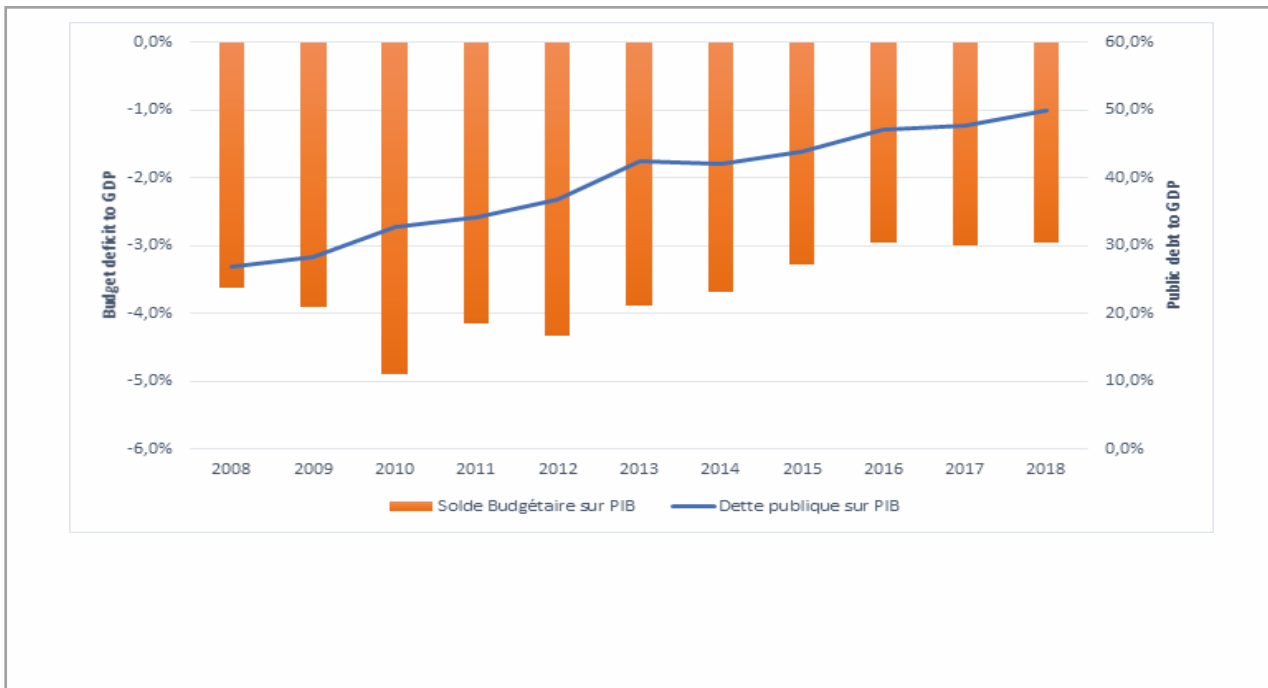
The debt ratio is on a rising trend over the entire period. This situation is explained by the accumulation

of a budget deficit after the Heavily Indebted Poor Countries and multilateral initiatives from which Senegal benefited in 2005 and 2006. A joint analysis of the budget balance and public debt shows that the government's fiscal position is sustainable. The change of base year has stabilized the public debt and overall budget balance/GDP ratios. A compa-

Comparison of the debt ratios of the different countries reveals that Senegal is below the average for WAEMU countries

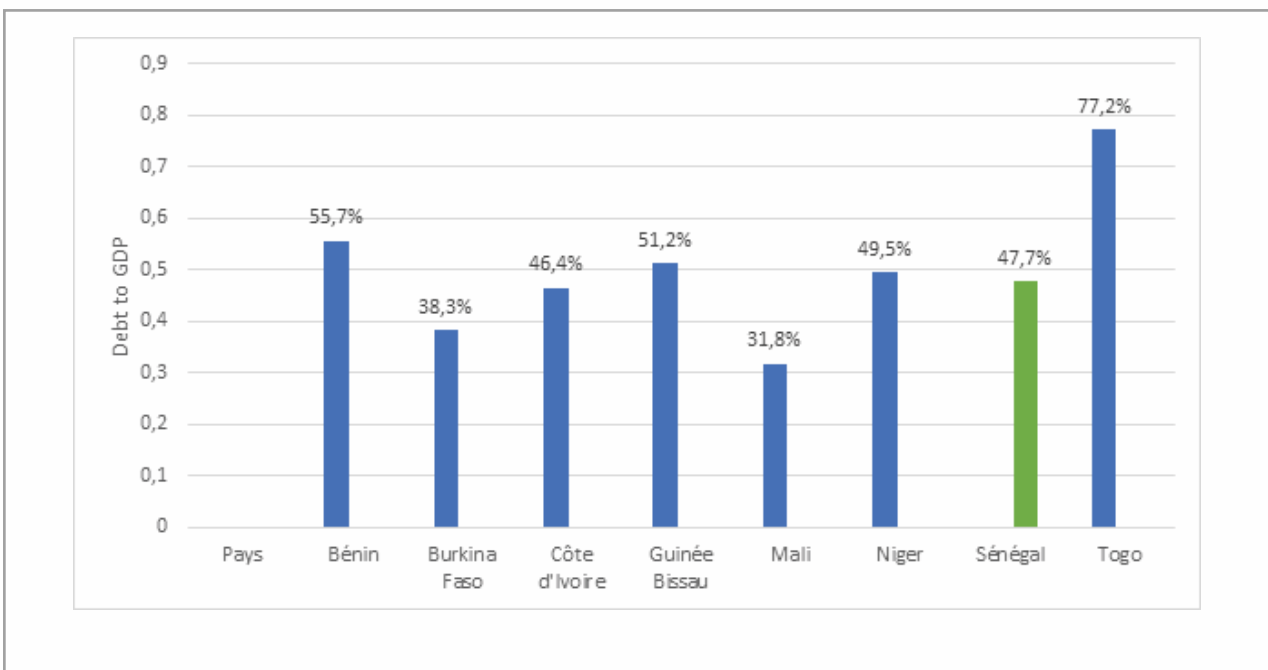
ratios. Comparison of the debt ratios of the different countries reveals that Senegal is below the average for WAEMU countries.

Figure 14. budget deficit to GDP ratio and public debt to GDP ratio in Senegal, 2008-2018.



Source: IMF

Figure 15. Public debt-to-GDP ratio in 2017 for WAEMU countries



Source: IMF

Table 38. Senegalese issues on the Eurobond market

Issuance date	Amount in millions of USD	Rate (%)	Maturity date
2014	500	6.25	2024
2017	500	6.25	2033
2018	1200	4.75	2028
2018	1000	6.75	2048

Source : Bloomberg

Table 39. Detail of Senegal's emissions from 2013 to 2016 (debt in local currency)

Issuer	Heading	ISIN	Instrument	Process	Maturity	Issuance date	Amount Withheld	TMP
Senegal	SN -BT - 12 months - 23. january.14	SN0000000555	BT	Auction	1.00	23/01/13	31 075	5.60
Senegal	SN -BT - 12 months - 06.february.14	SN0000000563	BT	Auction	1.00	07/02/13	21 780	5.56
Senegal	SN -BT - 24 months - 22. february.15	SN0000000571	BT	Auction	2.00	21/02/13	25 950	5.90
Senegal	SN -BT - 12 months - 06.march.14	SN0000000589	BT	Auction	1.00	07/03/13	20 988	5.44
Senegal	SN - 6.25% - 5 years - 22.march.18	SN0000000597	OT	Auction	5.00	21/03/13	34 842	6.47
Senegal	SN - 6% - 3 years - 12.april.16	SN0000000605	OT	Auction	3.00	11/04/13	24 818	6.80
Senegal	SN -BT - 24 months - 16.May.15	SN0000000613	BT	Auction	2.00	15/05/13	29 844	5.80
Senegal	SN -BT - 24 months - 31.May.15	SN0000000621	BT	Auction	2.00	30/05/13	17 520	5.79
Senegal	STATE OF SENEGAL 6.5% 2013-2023 (10 years)	SN0000000233	OT	Syndication	10.00	29/07/13	66 937	6.60
Senegal	SN - 6.25% - 5 years - 23.August.18	SN0000000639	OT	Auction	5.00	22/08/13	30 380	6.79
Senegal	SN - 6% - 3 years - 20.september.16	SN0000000647	OT	Auction	3.00	19/09/13	42 860	6.77
Senegal	SN - 6.25% - 5 years - 25.october.18	SN0000000654	OT	Auction	5.00	24/10/13	36 497	7.36
Senegal	SN -BT - 12 months - 07.january.15	SN0000000662	BT	Auction	1.00	08/01/14	22 405	4.92
Senegal	SN -BT - 24 months - 21.january.16	SN0000000670	BT	Auction	2.00	23/01/14	20 250	5.18
Senegal	SN - 6% - 3 years - 06.March.17	SN0000000688	OT	Auction	3.00	05/03/14	35 000	6.66
Senegal	SN - 6.25% - 5 years - 10.April.19	SN0000000696	OT	Auction	5.00	09/04/14	37 166	6.94
Senegal	SN - 6% - 3 years - 07.May.17	SN0000000704	OT	Auction	3.00	07/05/14	30 895	6.46
Senegal	SN -BT - 24 months - 18.May.16	SN0000000712	BT	Auction	2.00	21/05/14	25 267	5.19
Senegal	STATE OF SENEGAL 6.25% 2014-2018 (4 years)	SN0000000324	OT	Syndication	4.00	02/07/14	100 000	6.34
Senegal	SN - 6.25% - 10 years - 30.July.24 (EB)	XS1090161875	OT	Syndication (EB)	10.00	30/07/14	245 000	6.34
Senegal	SN -BT - 24 months - 15.september.16	SN0000000720	BT	Auction	2.00	18/09/14	40 020	5.24
Senegal	STATE OF SENEGAL 6.5% 2014-2021 (7 years)	SN0000000340	OT	Syndication	7.00	27/11/14	118 997	6.60
Senegal	SN -BT - 12 months - 14.january.16	SN0000000738	BT	Auction	1.00	15/01/15	32 000	4.93
Senegal	SN -BT - 24 months - 24.january.17	SN0000000746	BT	Auction	2.00	27/01/15	33 000	5.08
Senegal	SN - 5.5% - 3 years - 11.february.18	SN0000000753	OT	Auction	3.00	10/02/15	31 680	5.96
Senegal	SN - 5.9% - 5 years - 27.february.20	SN0000000761	OT	Auction	5.00	26/02/15	23 241	6.33
Senegal	SN -BT - 24 months - 09.march.17	SN0000000779	BT	Auction	2.00	12/03/15	22 000	4.93
Senegal	SN - 5.5% - 3 years - 03.april.18	SN0000000803	OT	Auction	3.00	02/04/15	33 000	5.83
Senegal	SN - 5.9% - 5 years - 23.april.20	SN0000000811	OT	Auction	5.00	22/04/15	27 500	6.20
Senegal	SN - 5.5% - 3 years - 07.may.18	SN0000000829	OT	Auction	3.00	06/05/15	28 501	5.76
Senegal	SN -BT - 24 months - 18.may.17	SN0000000837	BT	Auction	2.00	21/05/15	27 165	4.73
Senegal	SN - 5.5% - 3 years - 19.june.18	SN0000000845	OT	Auction	3.00	18/06/15	27 500	5.47
Senegal	SN - 5.9% - 5 years - 15.july.20	SN0000000852	OT	Auction	5.00	14/07/15	32 580	5.65
Senegal	SN - 5.9% - 5 years - 13.august.20	SN0000000860	OT	Auction	5.00	12/08/15	32 139	5.73
Senegal	SN - 6.25% - 7 years - 10.september.22	SN0000000878	OT	Auction	7.00	09/09/15	32 262	5.97
Senegal	SN - 5.5% - 3 years - 08.october.18	SN0000000886	OT	Auction	3.00	07/10/15	38 500	5.36
Senegal	STATE OF SENEGAL 6.3% 2015-2025 (10 years)	SN0000000910	OT	Syndication	10.00	30/10/15	100 200	6.40
Senegal	SN -BT - 3 months - 07.april.16	SN0000000894	BT	Auction	0.25	07/01/16	60 000	4.03
Senegal	SN - 5.5% - 3 years - 27.january.19	SN0000000902	OT	Auction	3.00	26/01/16	45 000	5.62
Senegal	SN -BT - 24 months - 22.february.18	SN0000000928	BT	Auction	2.00	25/02/16	32 508	4.91
Senegal	SN - 5.9% - 7 years - 22.march.23	SN0000000936	OT	Auction	7.00	21/03/16	165 000	5.95
Senegal	SN -BT - 12 months - 18.april.17	SN0000000944	BT	Auction	1.00	19/04/16	33 000	4.49
Senegal	SN -BT - 3 months - 17.august.16	SN0000000951	BT	Auction	0.25	18/05/16	36 250	4.11
Senegal	STATE OF SENEGAL 6.00% 2016-2026 (10 years)	SN0000000325	OT	Syndication	10.00	20/06/16	200 000	6.08
Senegal	STATE OF SENEGAL 6.00% 2016-2026 (10 years)	SN0000000325	OT	Syndication	10.00	20/06/16	200 000	6.08
Senegal	SN - 5.5% - 3 years - 05.august.19	SN0000000969	OT	Auction	3.00	04/08/16	33 000	5.62
Senegal	SN -BT - 3 months - 12.december.16	SN0000000977	BT	Auction	0.25	09/09/16	40 000	3.57

Source: WAEMU: Agence UMOA-Titres

Table 40. Outstanding securities at the end of 2018 (Outstanding in millions of FCFA)

Issuer	Heading	ISIN	ID	Instrument	Process	maturity	issuance date	Amount withheld	TMP (%)	Coupon (%)	Outstanding in 2018
Senegal	SN - 8.75% - 10 years - 13.mai.21	XS0625251854	SN062525185	OT	Syndication	10.0	13/05/11	245 000	9.32	8.75	245 000
Senegal	SENEGAL STATE 6.7% 2012 -2019 (7 years)	SN0000000225	SN0000000225	OT	Syndication	7.0	08/11/12	88 103	6.70	6.70	70 482
Senegal	SENEGAL STATE 6.5% 2013-2023 (10 years)	SN0000000233	SN0000000233	OT	Syndication	10.0	29/07/13	66 937	6.60	6.50	58 570
Senegal	SN - 6.25% - 5 years - 10.avril.19	SN0000000696	K600652E1	OT	Auction	5.0	09/04/14	37 166	6.94	6.25	23 635
Senegal	SN - 6.25% - 10 years - 30.juillet.24 (EB)	XS1090161875	SN109016187	OT	Syndication	10.0	30/07/14	245 000	6.34	6.25	245 000
Senegal	SENEGAL STATE 6,5% 2014-2021 (7 years)	SN0000000340	SN0000000340	OT	Syndication	7.0	27/11/14	118 997	6.60	6.50	118 997
Senegal	SN - 5.9% - 5 years- 27.février.20	SN0000000761	K600722E2	OT	Auction	5.0	26/02/15	23 241	6.33	5.90	23 241
Senegal	SN - 5.9% - 5 years- 23.avril.20	SN0000000811	K600752E9	OT	Auction	5.0	22/04/15	27 500	6.20	5.90	27 500
Senegal	SN - 5.9% - 5 years- 13.aout.20	SN0000000860	K600802E2	OT	Auction	5.0	12/08/15	32 139	5.73	5.90	32 139
Senegal	SN - 6.25% - 7 years 10.septembre.22	SN0000000878	K600812F8	OT	Auction	7.0	09/09/15	32 262	5.97	6.25	32 262
Senegal	SENEGAL STATE 6.3% 2015-2025 (10 years)	SN0000000910	SN0000000910	OT	Syndication	10.0	30/10/15	100 200	6.40	6.30	100 200
Senegal	SN - 5.5% - 3 years- 27.janvier.19	SN0000000902	SN0000000902	OT	Auction	3.0	26/01/16	45 000	5.62	5.50	45 000
Senegal	SN - 5.9% - 7 years- 22.mars.23	SN0000000936	SN0000000936	OT	Auction	7.0	21/03/16	165 000	5.95	5.90	165 000
Senegal	SENEGAL STATE6,00% 2016 -2026 (10 years)	SN0000000325	SN0000000325	OT	Syndication	10.0	20/06/16	200 000	6.08	6.00	200 000
Senegal	SN - 5.5% - 3 years- 05.aout.19	SN0000000969	SN0000000969	OT	Auction	3.0	04/08/16	33 000	5.62	5.50	33 000

Source: Agence UMOA-titres

Table 40. Outstanding securities at the end of 2018 (Outstanding in millions of FCFA)

Issuer	Heading	ISIN	ID	Instrument
Senegal	SN - 8.75% - 10 years - 13.mai.21	XS0625251854	SN062525185	OT
Senegal	SENEGAL STATE 6.7% 2012 -2019 (7 years)	SN0000000225	SN0000000225	OT
Senegal	SENEGAL STATE 6.5% 2013-2023 (10 years)	SN0000000233	SN0000000233	OT
Senegal	SN - 6.25% - 5 years - 10.avril.19	SN0000000696	K600652E1	OT
Senegal	SN - 6.25% - 10 years - 30.juillet.24 (EB)	XS1090161875	SN109016187	OT
Senegal	SENEGAL STATE 6,5% 2014-2021 (7 years)	SN0000000340	SN0000000340	OT
Sénégal	SN - 5.9% - 5 years- 27.février.20	SN0000000761	K600722E2	OT
Senegal	SN - 5.9% - 5 years- 23.avril.20	SN0000000811	K600752E9	OT
Sénégal	SN - 5.9% - 5 years- 13.août.20	SN0000000860	K600802E2	OT
Senegal	SN - 6.25% - 7 years 10.septembre.22	SN0000000878	K600812F8	OT
Senegal	SENEGAL STATE 6.3% 2015-2025 (10 years)	SN0000000910	SN0000000910	OT
Senegal	SN - 5.5% - 3 years- 27.janvier.19	SN0000000902	SN0000000902	OT
Senegal	SN - 5.9% - 7 years - 22.mars.23	SN0000000936	SN0000000936	OT
Senegal	SENEGAL STATE6,00% 2016 -2026 (10 years)	SN0000000325	SN0000000325	OT
Senegal	SN - 5.5% - 3 years- 05.août.19	SN0000000969	SN0000000969	OT

Process	maturity	issuance date	Amount withheld	TMP (%)	Coupon (%)	Outstanding in 2018
Syndication	10.0	13/05/11	245 000	9.32	8.75	245 000
Syndication	7.0	08/11/12	88 103	6.70	6.70	70 482
Syndication	10.0	29/07/13	66 937	6.60	6.50	58 570
Auction	5.0	09/04/14	37 166	6.94	6.25	23 635
Syndication	10.0	30/07/14	245 000	6.34	6.25	245 000
Syndication	7.0	27/11/14	118 997	6.60	6.50	118 997
Auction	5.0	26/02/15	23 241	6.33	5.90	23 241
Auction	5.0	22/04/15	27 500	6.20	5.90	27 500
Auction	5.0	12/08/15	32 139	5.73	5.90	32 139
Auction	7.0	09/09/15	32 262	5.97	6.25	32 262
Syndication	10.0	30/10/15	100 200	6.40	6.30	100 200
Auction	3.0	26/01/16	45 000	5.62	5.50	45 000
Auction	7.0	21/03/16	165 000	5.95	5.90	165 000
Syndication	10.0	20/06/16	200 000	6.08	6.00	200 000
Auction	3.0	04/08/16	33 000	5.62	5.50	33 000

Source: Agence UMOA-titres

Auction (for government securities): the auction of securities issued by the central government. In the WAEMU region, it is organized by BCEAO and only banks and other regional financial institutions with accounts with BCEAO may participate. Other entities can only subscribe to auctions through WAEMU banks.

Depreciation or maturity: the period between the disbursement of a loan and its final repayment, consisting of the grace period and the repayment period.

Public offering: competitive bidding on the financial market for public securities through an SGI. It is open to all investors.

Net external assets (NEA): net external claims or liabilities of monetary institutions (Central Bank and banks) on the outside world. It corresponds to all items in the balance sheets of the central bank and banks relating to their external operations. It is calculated by deducting from gross foreign assets all foreign liabilities, including medium- and long-term liabilities.

State financing requirement: overall amount needed to cover the primary budget deficit and the interest and depreciation charges related to the debt.

Treasury bills: short-term public securities with a maturity of between 7 days and 2 years, issued by a WAEMU member state.

Paris Club: informal group of creditor countries (usually OECD countries) that meet in Paris to negotiate debt restructuring agreements with debtor countries experiencing debt service problems.

Bilateral creditors: governments, central banks, export credit agencies and agencies that lend to a debtor government on an intergovernmental basis.

Multilateral creditors: international institutions that lend funds on concessional and/or non-concessio-

nal terms, such as the IMF, World Bank and regional development banks.

Credit to the economy (CE): all loans granted to the economy by banks (refinanced or not), financial institutions (partly refinanced by the Central Bank) and the Treasury (through the acceptance of customs drafts).

Domestic credit: Credit to the economy + Government Net position (see GNP).

Disbursement: payment of all or part of the amount contracted under the terms of a loan.

Budget deficit: difference between total revenue, total expenditure and net lending.

Current account deficit: current account deficit balance of the balance of payments.

Primary deficit: negative difference between revenue and expenditure, excluding interest payments.

External public debt: central government loans from non-residents.

Domestic public debt: central government loans from residents.

Non-concessional debt: debt issued on market terms.

Public debt: sum of all central government debt (external and domestic).

Economic data:

- **Achievements:** economic data for past years, calculated based on comprehensive economic information collected on the economic activity by national governments. They should correspond more or less to the final accounts data for year N-3;
- **Estimates:** correspond to semi-final or provisional accounts, drawn up based on economic information for a given year. They are generally non-exhaustive and/or not fully validated;

- **Economic projections or forecasts:** correspond to economic data calculated based on hypotheses formulated on the future development of the [economic activity]. These projections may partially cover certain accounts for which only provisional and/or partial data are available.

Donation component: difference between the nominal value (NV) and the present value (PV) of debt servicing expressed as a percentage of the nominal value of the loan $((NV-PV)/NV)$.

Concessional loan: Loans and credits that have a long depreciation period and/or below-market interest rates, such that they have a grant element of at least 35%.

Eurobond: a bond denominated in a foreign currency on the London financial market.

Inflation: generalized increase in consumer prices. This results in a loss of purchasing power of money.

Multilateral Debt Relief Initiative (MDRI): initiative launched in June 2005 to accelerate progress towards the Millennium Development Goals (MDGs).

HIPC Initiative: framework adopted by the World Bank and the IMF in 1996 to address the external debt problems of the Heavily Indebted Poor Countries (HIPC), which aims to provide comprehensive debt relief sufficient to achieve debt sustainability.

Money supply (MS): All claims held by the rest of the economy on monetary institutions. It comprises monetary (currency in circulation + overnight deposits) and quasi-monetary (savings accounts and term deposits) balances.

Treasury bonds: medium- and long-term government securities issued through auctions or public offerings.

Conditional liabilities: debts contracted by other public entities except for central government (local authorities and the quasi-public sector).

Government Net Position (GNP): net claims or net liabilities of the Treasury vis-à-vis the rest of the economy.

The Government's net position is made up of the difference between the Treasury's debts and its claims on the Central Bank, banks and individuals and companies.

By convention, a crediting GNP is preceded by the sign (-) while a debtor GNP is preceded by the sign (+).

Tax burden: the ratio of tax revenue to GDP.

Refinancing risk: the risk associated with the rollover of maturing debt. It may relate to the cost of refinancing or the inability to obtain the desired amounts.

Interest rate risk: Interest rate risk refers to the vulnerability of the debt portfolio and the cost of the Government's debt to high market interest rates, at the point where maturing fixed-rate and floating-rate debt are revalued.

Foreign exchange risks: Risks associated with fluctuations in exchange rates.

Debt service: Any payment required to be made on the principal, interest and fees of a loan.

Primary balance: (see primary deficit).

Stock of government debt: the amount at a given date of disbursements of debt that has not yet been repaid.

Exchange rate: the price of one currency in terms of another.

Debt ratio: the ratio of the stock of public debt to GDP.

Investment rate of a country's economy: a ratio that indicates the gross fixed capital formation of all economic agents (government, businesses, households) expressed as a percentage of GDP. For a country, GFCF is the sum of hardware and software investments made during one year in that country.

The terms of trade: expresses for a country the ratio between the price of exports and the price of imports. They are generally calculated from price indexes and indicate a change with respect to a reference year $(T= [\text{export price index}/\text{import price index}] \times 100)$.

The terms of trade improve over time ($T > 100$) if an economy exports a smaller quantity of goods to purchase the same quantity of imported goods (in other words, the same quantities exported purchase more imported goods): export revenues improve in this case. In contrast, the terms of trade deteriorate (T).

This price ratio thus reflects the evolution of the purchasing power of exports into imports, for a given volume of trade (the structure of trade is fixed): it reflects the price competitiveness of a country (independently of the quantity effect).



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