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INFORMATION NOTE



REPUBLIC
OF SENEGAL

Presentation of Sovereign issuers of West African Monetary Union (WAMU)

September 2020



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ACRONYMES

AED	:	Arab Emirates Dirham
AFD	:	French Development Agency
IDA	:	International development association
AIDB	:	Blaise Diagne International Airport
NAPYEJ	:	National Agency for the Promotion of Youth Employment
ANSD	:	National Agency for Statistics and Demography
FWA	:	French West Africa
APR	:	Alliance Pour la République
AfDB	:	African Development Bank
BADEA	:	Arab Bank for Economic Development in Africa
BBY	:	Benno Bokk Yaakar
BCEAO	:	Central Bank of West African States
EIB	:	European Investment Bank
CIO	:	Credit Information Office
IsDB	:	Islamic Development Bank
IBRD	:	International Bank for Reconstruction and Development
ILO	:	International Labour Office
BOAD	:	West African Development Bank
OOM	:	Operational Office of ESP Monitoring
TB	:	Treasury Bill
C°	:	Degree Celsius
ESEC	:	Economic, Social and Environmental Council
CFA	:	African Financial Community
GTC	:	General Tax Code
UHC	:	University Hospital Center
CIA	:	Central Intelligence Agency
NPDC	:	National Public Debt Committee
NCO	:	National Center of Oncology
CNY	:	China Yuan
SCM	:	Superior Council of the Magistracy
SCT	:	Special Contribution from the Telecommunications Sector
DSF	:	Debt Sustainability Framework
DM	:	Debt Management
GRE	:	General Delegation for Rapid Entrepreneurship
GDPAT	:	General Directorate of Public Accounting and Treasury
DGPEP	:	(Directorate General of Planning and Economic Policies)
GDSPNS	:	General Delegation for Social Protection and National Solidarity
DCC	:	Directorate of Currency and Credit
DPEE	:	Direction de la Prévision et des Etudes Economiques (Forecasting and Economic Studies Department).
DEPR	:	Department of Educational Planning and Reform
NSES	:	National Survey on Employment in Senegal
EUR	:	Euro
F	:	Fahrenheit degree
CDFLA	:	Fonds d'Equipement des Collectivités Territoriales (Capital Development Fund for Local Authorities)
IFAD	:	International Fund for Agricultural Development
IMF	:	International Monetary Fund
ESF	:	Energy Support Fund
GATT	:	General Agreement on Tariffs and Trade
GBP	:	Great Britain Pound
HCTC	:	High Council of Territorial Communities
DIH	:	Dakar International Hospital
HIIP	:	High Labor Intensive Investment Program
EPCI	:	Economic Policy Coordination Instrument
FDI	:	Foreign Direct Investment
HDI	:	Human Development Index

INF	:	Lower
IHREST	:	Institute for Health Research, Epidemiological Surveillance and Training
ISDA	:	International Swaps and Derivatives Association
ISPE	:	Economic Policy Support Instrument
ISIN	:	International Securities Identification Numbers
ISEP	:	Instrument of Support for Economic Policy
CIS	:	Chemical Industries of Senegal
JPY	:	Japan Yen
IFA	:	Initial Finance Act
LFR	:	Loi de Finances Rectificative
MIGA	:	Multilateral Investment Guarantee Agency
SDO	:	Sustainable Development Goals
WTO	:	World Trade Organization
MDGs	:	Millennium Development Goals
WHO	:	World Health Organization
UNAIDS	:	United Nations Acquired Immunodeficiency Syndrome Organization
OPEC	:	Organization of the Petroleum Producing Countries
TB	:	Treasury Bond
SPMAS	:	Support Program for Municipalities and Agglomerations of Senegal
PAP	:	Priority Action Program
GDP	:	Gross Domestic Product
SMB	:	Small and Medium Enterprises
SMI	:	Small and medium industries
NFSSP	:	National Family Safety Scholarship Program
NHDP	:	National Health Development Plan
UNDP	:	United Nations Development Programme
WAAPP	:	West Africa Agricultural Productivity Program
PPP	:	Public Private Partnership
DWCP	:	Decent Work Country Program
PARAS	:	Program for Accelerating the Rate of Agriculture in Senegal
PCBER	:	Program for Competitiveness and Business Environment Reforms
PREV	:	Forecast
ESP	:	Emerging Senegal Plan
TPIP	:	Three-Year Public Investment Program
EPCD	:	Emergency Program for Community Development
EPMABD	:	Emergency Program for the Modernization of Axes and Border Territories
GCPHAL	:	General Census of Population and Housing, Agriculture and Livestock
ARS	:	African Refining Society
SAR	:	Saudi Arabia Riyal
MTDS	:	Medium Term Debt Strategy
SENELEC	:	National Electricity Company
DFS	:	Decentralized Financial Systems
IFC	:	International Finance Corporation
SOMIVA	:	Société Minière de la Vallée du Fleuve
AIDS	:	Acquired Immune Deficiency Syndrome
SUP	:	Superior
TCA	:	Turnover tax
CET	:	Common External Tariff
RET	:	Regional Express Train
WAR	:	Weighted Average Rate
TSD	:	Tax on Service Delivery
VAT	:	Value Added Tax
UA	:	Unit of Account
UCAD	:	Cheikh Anta Diop University of Dakar
WAEMU	:	West African Economic and Monetary Union
WAMU	:	West African Monetary Union
USAID	:	United States Agency for International Development
USD	:	United States Dollar
CV	:	Current Value
HIV	:	Human Immunodeficiency Virus
WEO	:	World Economic Outlook
XOF	:	West African CFA Franc
SEZ	:	Special Economic Zones

REPUBLIQUE DU SENEGAL
UN PEUPLE – UN BUT – UNE FOI

MINISTRE DES FINANCES
ET DU BUDGET

NT 05443

N° _____ /MFB/DGCPT/DDP

Dakar, le

13 OCT 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.



EXECUTIVE SUMMARY

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 16,209,125 people in 2019 by the National Agency for Statistics and Demography (ANSD). According to BCEAO, Senegal is the second largest economy in the WAEMU zone in terms of GDP (CFA francs 13814.7 billion in 2019) after that of Ivory Coast.

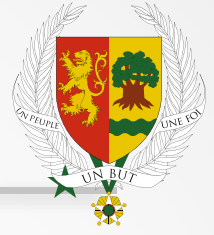
Prior to the adoption of the Emerging Senegal Plan (ESP) by the government in January 2014, Senegal experienced a long period of relatively slow growth. The objective of the ESP was to accelerate Senegal's economic development and transform the country into an emerging economy by 2035. From 6.4% in 2015, Senegal's real GDP growth was 7.4% in 2017 and 5.3% in 2019 according to the Direction de la Prévision et des Etudes Economiques (DPEE). Economic activity is expected to decline in 2020, with real GDP growth projected at 2.8% due to the global health crisis.

Senegal has managed to maintain a relatively diversified economy. The service sector (tertiary) is the largest, contributing 45.9% to nominal GDP in 2019 due to its dynamism and continued growth. In the same year, the secondary and primary sectors accounted for 24.4% and 14.8% of nominal GDP respectively.

Senegal gained independence from France in 1960. The current president, Macky Sall, was elected in 2012 and was re-elected for a second term in 2019. Senegal's parliament currently comprises a unicameral chamber called the National Assembly. Parliament has 165 seats whose members are elected for 5 years on the basis of universal suffrage (105 by majority vote and 60 by proportional representation).



Republic of Senegal



Area
196 722 km²



Population
16 209 125



Political capital
Dakar



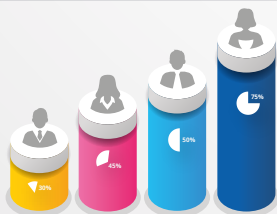
Political System
Presidential



Currency
CFAF



Official Language
French



National GDP in 2019

13 814.7 Billion
of CFAF

(source: DPEE)

- ▶ Economy based on **agriculture, fishing, tourism** and **services**
- ▶ Growth rate of real GDP in 2019: **5.3%**
- ▶ Indebtness rate in 2019 : **64.0% of GDP**

1.1 Political systems

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

Senegal is a Republic led 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 only once, is now five years. His government is in principle under the supervision of the Prime Minister, who is appointed by the President. However, since May 2019 the President has promulgated a constitutional law abolishing the post of Prime Minister. Executive power is held by the government and legislative power by Parliament.

1.1.1 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 re-elected on 24 February 2019 with 58.27% of the votes for a second five-year term ending in 2024.

According to the Constitution, the President of the Republic is the guardian of the Constitution and the guarantor of the regular functioning of institutions, independence and territorial integrity. In the pursuit of his duties, the President is the commander-in-chief of the armed forces.

The President chooses the members of the government, appoints by decree the members of the Constitutional Council, the court responsible

for validating 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 (ESEC). For the High Council of Territorial Communities (HCTC), 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 (in office since 2012).

1.1.2 Legislative Power

The National Assembly has 165 seats. Its members are elected by universal suffrage for 5 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 parliamentary session from October to June.

Parliament oversees the activities of the government through written and oral questions. It may also resort to a motion of censure on its own initiative, in which case the latter must immediately submit its resignation to the President.

The last legislative elections on 30 July 2017 were won by the Benno Bokk Yaakar coalition, with 49.5% of the vote cast. In all, the ruling coalition won 125 seats out of 165, of which 97 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 Journal of the Republic of Senegal by the General Secretariat of the Government.

The judicial system of Senegal 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 represent 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.

1.2 Administrative Organization

Senegal is divided into 14 regions, each administered by a governor. Each region is divided into administrative departments, which are in turn 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

The constitutional law in April 2016 increased 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 use its veto to proposed laws that are deemed unconstitutional before they come into force.

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 rules on allegations of treason or violation of the oath against the President and allegations of crimes or conspiracy against the security of the Republic against ministers.

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

1.3 Geographic location

Senegal is located at the westernmost point of the Atlantic coast of the African continent. The Republic, with a surface area 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 Gambia and by the Atlantic Ocean on a coastline of 531 km. The capital, Dakar, is on a peninsula on the west coast with an area of about 500 km². The country is flat with sandy soil not exceeding 130 metres 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, hot 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 characterised 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 survey in 2013, Senegal's population was about 13.5 million and has recorded an annual growth rate of 2.5 % compared to the last survey in 2002.

The next survey is scheduled for 2023. According to ANSD, Senegal's population was estimated at 16.2 million in 2019 and is expected to reach 16.7 million in 2020.

Table 1. Population of Senegal in 2019

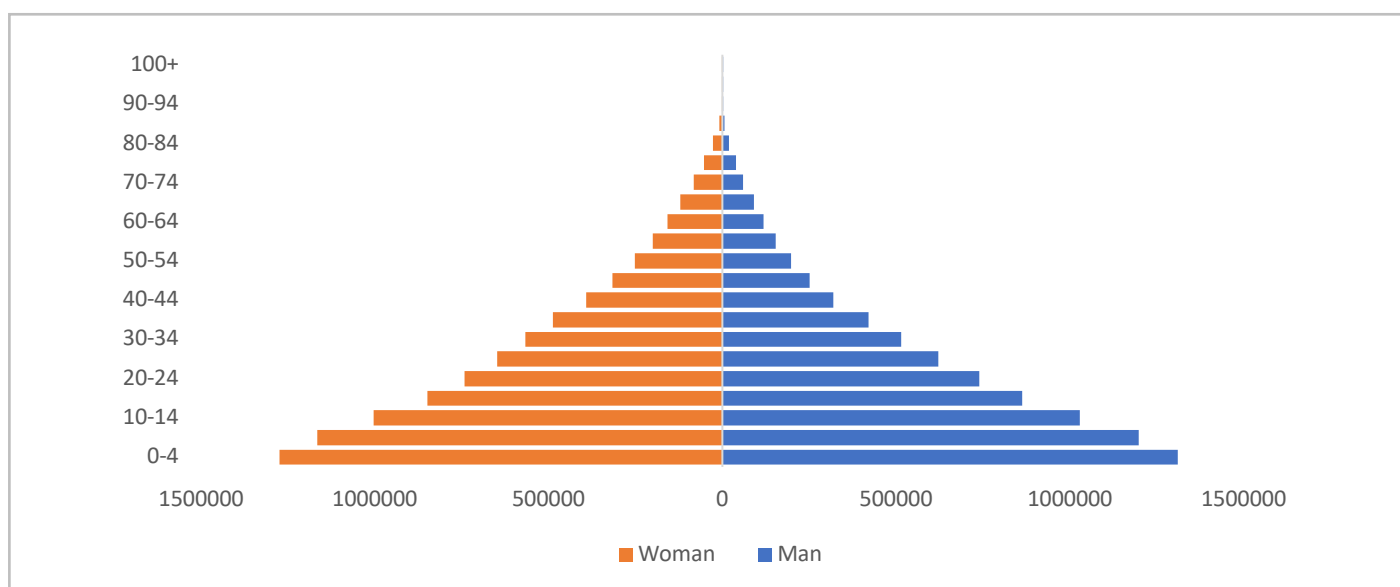
Category	2018	2019	2020*	% en 2020
Urban	7 344 567	7 602 080	7 885 047	47.20%
Rural	8 381 470	8 607 045	8 820 561	52.80%
Man	7 829 997	8 068 782	8 314 250	49.77%
Woman	7 896 040	8 140 343	8 391 358	50.23%
Total Population	15 726 037	16 209 125	16 705 608	-

Source : ANSD ; *projection ANSD

According to ANSD data, Senegal's population has grown from 11.8 million in 2008 to 16.2 million in 2019. The average annual growth rate is estimated at 2.9%. The Agency points out that Senegal's population in 2019 is characterised by

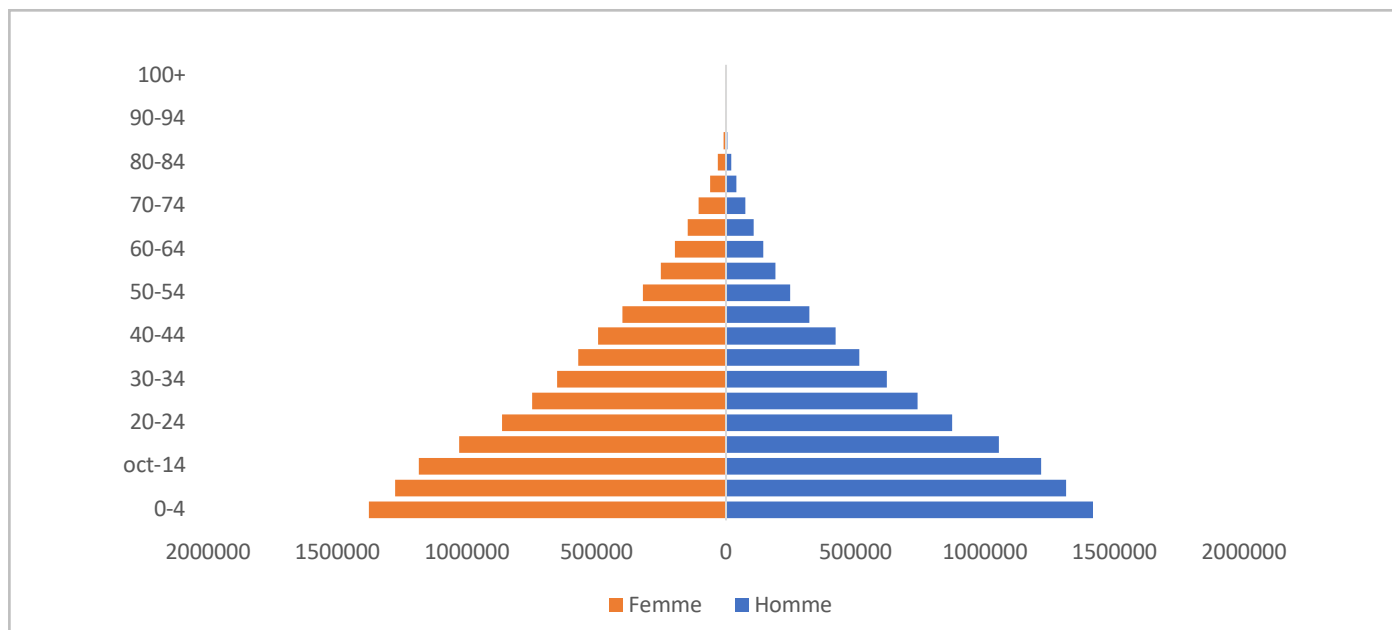
a very young population, with more than half of the population aged under 20 (52.1%). People aged 65 and over represent 3.6% of the country's total population.

Figure 1: Age pyramid of Senegal in 2019



Source : <https://www.populationpyramid.net/fr/Sénégال/2019/>

Figure 2. Projected Age Pyramid of Senegal in 2025



Source : <https://www.populationpyramid.net/fr/Sénégal/>

According to ANSD report on the demographic structure in Senegal in 2019, the population is composed of 49.8% men and 50.2% women. However, there are some disparities in terms of age groups. There are more men than women in the under-23 age group: 51.0% for men versus 49.0% for women. There are more women in the 23-80 age group: 52.0% compared to 48.0% for men.

According to ANSD, in 2019, more than half of Senegal's population lived in rural areas (53.1%) compared to 46.9% in urban areas. The population of the Dakar region was about 3.73 million in 2019, representing 23.1% of the total population.

Table 2. Population distribution by area of residence in 2019 and projections

Indicators in %	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Urban	45.2	45.7	46	46.2	46.5	46.7	46.9	47.2	47.4	47.6	47.8
Rural	54.8	54.3	54	53.8	53.5	53.3	53.1	52.8	52.6	52.4	52.2

Source : Rapport Projection population ANSD

1.5 Education

Senegal's education system is organised into two sectors:

- (i) Formal education, which consists 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.

Senegal's gross primary school enrolment rate increased from 85.1% in 2016 to 86.5% in 2018 according to ANSD. The gross enrolment rate in middle education rose from 53.9% in 2016 to 49.6% in 2018. Secondary education has a Gross Enrolment Rate of 33.5% in 2016 and 33.8% in 2018.

Table 3. Gross enrolment ratio by level of education

Indicators (%)		2016	2017	2018
Gross Enrolment Rate at Elementary	Boys	81.0	80.2	80.4
	Girls	89.3	92.2	92.6
Gross Enrolment Rate at Medium	Boys	50.7	47.0	45.9
	Girls	57.1	54.3	53.3
Gross Enrolment Rate at Secondary	Boys	34.2	33.5	33.1
	Girls	32.8	33.7	34.6

Source : School census 2018-DEPR/MEN

Higher education has seen a significant growth in the number of students, estimated at more than 160,000 in 2018. The large influx of enrolments has posed problems for the 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 organised according to a pyramidal structure with three levels: central, intermediate and peripheral. The central level corresponds to the top of the pyramid and groups together ministerial services and university hospital centres. The intermediate level

refers to the medical region and the regional hospital centres. The base of the pyramid structure is the health district in which the health posts and health centres are located. The number of doctors in the public sector reported by ANSD in 2015 was 833, state employed nurses 2,370 and midwives 953.

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

Indicators	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Life expectancy of men	63.5	64	64.4	64.8	65.3	65.8	66.2	66.7	67.1	67.6	68
Life expectancy of women	65.8	66.3	66.8	67.2	67.7	68.1	68.5	69	69.4	69.8	70.3
Total life expectancy	64.7	65.1	65.6	66	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	58.3	55.6	53.1	50.7	48.4	46.1

Source : ANSD et 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 (NHDP) for the period 2009 to 2018. The implementation of the NHDP 2009-2018 pursues national and international objectives in the field of health and social action:

- Reduce maternal and infant and child morbidity and mortality;
- Increase the sector's performance in terms of disease prevention and control;
- To strengthen the health system in a sustainable manner;
- Improving 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) has dropped from 69.1% in 2014 to

55.6% in 2019. This decline is partly due to a significant improvement in national immunisation coverage, which fell from 59% of children aged 12-23 months in 2005 to 76.6% in 2018.

According to the World Bank, the maternal mortality rate was 315 deaths per 100,000 live births in 2017, a decrease 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. According to the WHO, the number of deaths due to malaria has fallen 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 0.6% in 2019, which is lower than the current average for other West African countries. At the beginning of 2020, the country was facing the COVID-19 pandemic with 1,995 cases, of which 742 had been cured, 19 had died and 1,233 were under treatment as of May 12, 2020.

1.7 Employment

According to ANSD, the labour force was estimated at 42.5% of the working-age population in the fourth quarter of 2019. This labour force varies according to the area of residence, with 49.2% in urban areas compared to 49.2% in rural areas.

34.9% in rural areas. This rate also varies by gender, with 55.1% of working-age men in the labour market compared to 30.4% of women.

Over the period 2015-2019, the active population varied between 4.8 million and 4.3 million.

Table 5. Distribution of the labour force

Indicators	2015	2016	2017	2018	2019
Total active Population	4 855 247	5 007 116	5 179 014	4 192 063	4 328 681
Woman	41%	41%	41%	40%	40%
Man	59%	59%	59%	60%	60%

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 ANSD, the unemployment rate for people of working age (15 years or older) was estimated at 16.9 % in the fourth quarter of 2019. It is slightly higher in rural areas, where

18.7 % of the working population is unemployed compared to 18.7 % in urban areas.

15.5% in urban areas. Unemployment affects women more (27.6%) than men (8.6%).

Table 6. Indicators relating to the unemployment rate

IndicatorS	2017	2018	2019
Unemployment rate	15.70%	14.30%	16.90%
Woman	22.10%	24.10%	27.60%
Man	9.60%	6.20%	8.60%
Rural	13.10%	16.00%	18.70%
Urban	18.60%	12.50%	15.50%

Source : ANSD (ENES)

1.8 Reminder of the main aggregates

1.8.1 Level of development

The HDI is developed by the United Nations Development Programme (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 2019, the Human Development Index (HDI) value for Senegal was 0.514 (for a value of 1 at most) placing the country 164th out of 189 countries according to the latest UNDP report.

Between 2013 and 2019, the HDI value in Senegal rose from 0.480 to 0.514, an increase of 7%.

The GINI index measures the degree of inequality in the distribution of cash income. The closer the value is to zero, the more egalitarian the distribution of income in society. Conversely, the closer the value is to 100, the more unevenly 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	2019	2020 Proj updated
Real GDP (in billions of CFA francs)	9 775.0	10 397.4	11 059.7	11 877.4	12 633.2	13 301.2	13453.5
Real GDP per capita (CFA francs)	701911.7	724225.7	746290.9	775755.9	805066.1	827130.3	869044.9

Source : DPEE, WEO

1.8.2 Summary table

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

	2014	2015	2016	2017	2018	2019	2020 proj revised
National economy							
Nominal GDP	9 775.0	10 508.7	11 283.4	12 191.8	12 906.4	13 814.7	14306.9
Real GDP	9 775.0	10 397.4	11 059.7	11 877.4	12 633.2	13 301.2	13453.5
Real GDP growth (%)		6.4 %	6.4 %	7.4 %	6.4 %	5.3 %	1.1 %
Investment rate (% of GDP)	25.9 %	26.4 %	26.0 %	30.4 %	31.7 %	31.8 %	27.5%
Inflation rate (in %)	1.1	0.1	0.8	2.2	0.5	1.0	1.1
Balance of paiements							
Exports FOB	1473.0	1669.0	1703.0	1908.0	2147.4	2305.0	2714.2
Imports FOB	2856.0	2944.0	2868.0	3477.0	4033.8	4173.3	4772.2
Balance	-1383.0	-1275.0	-1165.0	-1569.0	-1886.4	-1868.3	-2058.0
Current account balance	-666.0	-559.0	-473.0	-898.0	-1026.0	-1211.0	-1368.3

Government Finances							
Revenue and grants	1927.0	2026.1	2334.6	2376.8	2425.5	2789.1	3008.4
Totales expenditures	2318.7	2411.5	2703.9	2738.8	2902.9	3326.2	3881.1
Budgetary balance	-391.7	-385.4	-369.3	-362.0	-477.4	-537.1	-872.7
Public debt*	4112.9	4579.6	5422.8	5852.3	7996.26	8848.49	9727.5
Domestic debt**	1065.5	1279.7	1597.8	1302.2	1426.15	1335.54	1916.7
External debt*	3047.5	3299.8	3825.2	4550	6570.11	7512.95	7810.8
Public debt as % of nominal GDP	42.1 %	43.6 %	48.05 %	48 %	61.9 %	64 %	67.5 %
Budget deficit							
In value	391.7	385.4	369.3	362.0	477.4	537.1	872,7
As a percentage of nominal GDP (%)	-4.0 %	-3.7 %	-3.3 %	-3.0 %	-3.7 %	-3.9 %	-6.1%

Source : DPEE, IMF, BCEAO

* From 2018 onwards, the debt takes into account the wider public sector

** From 2018 onwards takes into account the reclassification of public investment

Change in the base year of Senegal's national accounts

In 2018, Senegal implemented an important reform consisting of changing the reference year for the calculation of Gross Domestic Product (GDP). The National Agency for Statistics and Demography (ANSD), with technical assistance from the International Monetary Fund (IMF), the Economic Commission for Africa and AFRISTAT, changed the old base year (1999) to a new reference year (2014). The Senegalese economy saw its GDP multiplied by 1.3, i.e. an increase of

30%. According to an IMF source, the change in the base year is linked to the following factors:

- i) Increase in the number of businesses covered by the survey ;
- (ii) New assessment of the informal sector ;
- (iii) Change in the calculation method for the insurance service ;
- (v) Improved calculation of taxes and adjustments related to agricultural production.

2.1 Evaluation of Gross Domestic Product

2.1.1 Gross Domestic Product Level

Senegal's nominal GDP increased from CFA francs 9,775 billion in 2014 to CFA francs 12,906.4 billion in 2018 and could reach CFA

francs 14,411.2 billion in 2020. The change of reference year from 1999 to 2014 resulted in an increase in nominal GDP of about 30%.

Table 9. Evolution of nominal GDP (basis 2014)

	2014	2015	2016	2017	2018	2019	2020
Nominal GDP (in billions CFA francs)	9 775.0	10 508.7	11 283.4	12 191.8	12 906.4	13 814.7	14 306.9

Source : DPEE

2.1.2 Real GDP Growth

With the change of base year and the new vision of the authorities reflected in the Emerging Senegal Plan (ESP), the country has seen a marked improvement in certain macroeconomic indicators, particularly the real GDP growth rate. The real GDP growth rate is estimated at 6.4% and 5.3% in 2018 and 2019 respectively and DPEE projections, revised following the Covid, are 1.1% for 2020. The average performance over the period 2015-2019 is largely explained by dynamic activity in the primary sector (7.7%) and the good performance of the secondary sector (6.8%) and the tertiary sector (5.1%). Since the implementation of the Emerging Senegal Plan in 2014, the Senegalese economy has embarked

on a new growth path. Economic activity has maintained a growth dynamic of more than 6% over the last three years, a first in the country's economic history.

With the implementation of the Senegalese Programme for Accelerating the Rate of Agriculture (SPARA), the agricultural component of the ESP, the primary sector has been dynamic with programmes to adapt to rainfall conditions. The agricultural sub-sector has recorded average growth of 6% over the 2016-2019 period, thanks in particular to estimated growth of 11.5% in 2017. In 2019, agricultural activity experienced a slowdown due to the delay in the start of phase II of SPARA and the high production levels achieved in previous years.

This good performance, noted in the primary sub-sector, was reinforced by the dynamism of the fishing sub-sector, accompanied by the development of fish farming. Over the period 2015-2019, fishing activity grew by an average of 15.2%. The livestock sub-sector, for its part, has followed a good trend with an increase of 10.4% in 2019. On average, over the period 2015-2019, the activity of the livestock sub-sector recorded growth of 6.2% thanks to the good performance of livestock, milk production and poultry.

As regards the secondary sector, activity grew, on average, by 6.8% over the period 2015-2019. In 2019, the dynamism of activities in the sec-

ondary sector is explained in particular by the good performance of the sub-sectors of extractive activities, agro-food and chemical products and construction. On the other hand, refining activities have experienced a downturn, in a context of rising crude oil prices.

The extractive sub-sector continues to support the dynamism observed in the secondary sector. Indeed, the extractive industry recorded growth of 28.2% and 12.9% in 2018 and 2019, respectively. This development is partly explained by the improvement in mining activities driven by gold and phosphate production and, to a lesser extent, by new products (zircon, ilmenite).

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

SENEGAL	2015	2016	2017	2018	2019	2020 Proj updated
Real GDP	6.4	6.4	7.4	6.4	5.3	1.1
Primary sector	10.6	5.4	11.5	7.9	2.9	4.2
Secondary sector	9.8	3.6	7.1	7.5	5.8	1.6
Tertiary sector	2.6	7.2	5.9	5.0	5.0	-1
Non market GDP	10.7	10.7	5.0	7.8	6.5	12
Duties and taxes	8.9	8.1	10.9	6.9	7.9	-0.1

Source : DPEE

The performance of the secondary sector is also related to the strong performance of food processing, chemicals and construction. According to DPEE, the agro-food product manufacturing activity is driven by the sub-sector of the manufacture of dietary fats, in connection with the strengthening of the level of peanut seed collection planned for oil mills. With regard to the manufacture of chemical products, the activity would remain on a good growth trajectory, reflecting the availability of phosphate thanks to investments aimed at improving the production of CSIs in order to meet demand. Overall, the chemical manufacturing sub-sector is estimated to grow by 3.8% in 2019, following an estimated 17.1% growth in the previous year.

The construction sub-sector is estimated to grow 6.4% in 2020 and 6.9% in 2019. Activity will be marked by the continuation of the execution of major state works, in this case the Grand Côtère motorway on the Dakar-Saint Louis axis, the

completion of the Northern Expressway, the continuation of the development of the Diamniadio urban centre and social housing programmes. In addition, the construction of an Olympic stadium and local hotels in Diamniadio with a view to the Youth Olympic Games (YOG 2022) should boost construction and public works activity. However, the positive trend in the secondary sector has also been mitigated by the contraction in refining and the manufacture of tobacco products.

In the tertiary sector, activity was up 6.0% on average over the 2015-2019 period. This increase is linked to the good performance of the financial and insurance services (+9.9%), trade (+7.9%), transport (+6.8%), collective and individual activities (+16.4%), educational services (+6.5%) and health and social services (+6.7%) sub-sectors. In addition, in the transport sub-sector, activity benefited from the expansion of the road network, the renewal of the vehicle fleet and the strengthening of the competitiveness of the

Dakar Port Authority. Accommodation and restaurant services, for their part, recorded growth of 5% on average over the 2015-2019 period, despite the slowdown observed in 2017. As for telecommunications activities, they recorded a decline of (-1.6%) on average over the period.

2.1.3 Decomposition of GDP

The current added value of the primary sector rose from CFA francs 1306.8 billion in 2014 to CFA francs 2043.4 billion in 2019, for a projected value of

CFA francs 2218.0 billion in 2020. The share of the primary sector in the GDP increased between 2014 and 2019 passing respectively from 23.2% in 2014, 23.6% in 2015, 23.3% in 2016 and 2017. This rate comes out at

24.2% in 2018 and it would be between 24.4%

and 24.8% in 2019 and 2020 respectively.

The added value of the secondary sector is projected at CFA francs 3567.3 billion and contributed 14.3% to GDP in 2015 against 14.4% in 2016 and 15% in 2017. According to the projections, it should progress by 14.8% and 15.4% respectively in 2019 and 2020.

Compared with other sectors, the tertiary sector has a significant share in Senegal's GDP. Indeed, in 2014, it represented

48.5% of GDP. A slight decrease was observed between 2014 and 2018: the share of the tertiary sector in GDP fell from 48.5% to 46.5%. Estimates for the years 2019 and 2020 indicate that this trend is likely to continue, with the share of the tertiary sector representing 45.9% and 46.5% respectively.

Table 11. Breakdown of GDP by structure (%)

	2014	2015	2016	2017	2018	2019	2020 Proj updated
Nominal GDP	100	100	100	100	100	100	100
Primary Sector	23.2	23.6	23.3	23.3	24.2	24.4	15.5
Secondary sector	13.4	14.3	14.4	15.0	15.0	14.8	24.4
Tertiary sector	48.5	46.4	46.8	47.0	46.5	45.9	44.9
Non market GDP	5.1	5.1	5.2	5.2	5.5	5.5	6.2
Taxes on goods and services	9.9	10.7	10.3	9.6	8.8	9.4	9.3

Source : DPEE

2.2 Gross Domestic Product Details

2.2.1 GDP by value, sector detail

The breakdown of GDP in value according to sectors in 2019 was CFA francs 2,043.4 billion for the primary sector, CFA francs 3,368.1 billion for the secondary sector and CFA francs 6,345.9 billion for the tertiary sector.

The share of the primary sector in the GDP rose from CFA francs 1,306.8 billion in 2014 to CFA francs 2,218.0 billion in 2020 according to DPEE's forecasts. Specifically, the agriculture sub-sector and related activities contributed CFA francs 1,252.7 billion in 2019 and should contribute CFA francs 1,424.0 billion in 2020. As far as the forestry sector is concerned, its share is

lower. In 2014, for example, its value was CFA francs 50.7 billion. In 2019, it is estimated at

CFA francs 56.5 billion and in 2020 estimates project it at CFA francs 59.1 billion. The fishing sector had a share in the GDP of CFA francs 112.7 billion in 2014, CFA francs 207.7 billion in 2018 and will reach CFA francs 217.0 billion in 2020.

The secondary sector contributed CFA francs 2,263.2 billion in 2014, CFA francs 3,120 billion in 2018, and should contribute CFA francs 3,567.3 billion in 2020. In a more detailed way, the mining sector represented CFA francs 192.8 billion in 2014, CFA francs 407.5 billion in 2018

and in the secondary sector, the activities of extractive industries are on the increase. This evolution is explained by an improvement in the production of phosphate, zircon and gold. The good performance of phosphate production is linked to the finalisation of the investment phase in the Chemical Industry of Senegal (CIS) as well as to the strengthening of the production of the Mining Company of the River Valley (MCRV) and of LAM-LAM phosphates. As regards zircon performance, it is linked to the exploitation of the Long Coast and Nianfarang deposits. In addition, gold production should see an upward trend with the operation of a new mine in the Kédougou area in 2019.

Activity in the building materials sub-sector continues to grow due to road and rail infrastructure work. For the construction sub-sector, the increase in economic activity is related to public worksites and private demand.

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

The good performances observed in the agro-food sub-sector are largely explained by the strong activity of the branches "slaughtering, transformation and canning of meat", "manufacture of sugar, chocolate and confectionery", "manufacture of dietary fats" and "manufacture of cereal food products".

The tertiary sector has made a strong contribution to the GDP. Between 2014 and 2019, its share rose from 4,743.8 to CFA francs 6,004.0 billion.

According to the forecasts of DPEE, the GDP of this sector will pass to CFA francs 6,428.3 billion in 2020. Transport contributed a high CFA francs 373.6 billion for the year 2014, CFA francs 484.4 billion for the year 2018 and the forecasts are CFA francs 461.1 billion for the year 2020.

The telecommunications sub-sector remains below CFA francs 500 billion (CFA francs 435.5 billion in 2014, CFA francs 396.9 billion in 2019). The trade sub-sector reached CFA francs 1,249.7 billion in 2014 and CFA francs 1,822.6 billion in 2019. The poor performance projected for 2020 is attributable to the COVID-19 pandemic, which will have a considerable impact on the accommodation and restaurant services sub-sector. Indeed, the growth of the accommodation and restaurant services sector is projected at -60%.

As regards financial and insurance services, an increase in production is also observed, with growth estimated at 8.2% in 2019 and projected at 8.4% in 2020. This sub-sector will be strongly impacted by the structuring projects of the ESP, with the reform of credit information offices (CIOs) making it possible to remove situations of information asymmetry between credit institutions and their clients.

With regard to the transport sub-sector, between 2014 and 2019, it will benefit from the good performance recorded by port activities and the strengthening of air transport driven by the new Dakar International Airport (AIBD), but also by the effective start of flights by the new airline Air Senegal. It rose from CFA francs 374 billion in 2014 to CFA francs 516 billion in 2019. However, in 2020, the sector will experience a slowdown due to the global health crisis, and is expected to decrease to CFA francs 461 billion in 2020.

Table 12. Sectoral distribution of GDP by value

In billions of CFA francs at current prices	2014	2015	2016	2017	2018	2019	2020
Primary sector	1 306.8	1 500.9	1 626.4	1 826.6	1 937.8	2 043.4	2 218.0
Agriculture and related activities	780.4	927.6	960.9	1 123.1	1 217.0	1 252.7	1 424.1
Breeding and hunting	363.0	396.9	453.4	463.5	459.8	507.7	517.8
Forestry, logging,	50.7	48.6	51.0	53.9	53.3	56.5	59.1
Fishing and fish farming	112.7	127.8	161.2	186.1	207.7	226.6	217.1
Secondary sector	2 263.2	2 478.6	2 634.0	2 838.0	3 120.8	3 368.1	3 567.3
Extractive activities	192.8	281.6	261.3	317.9	407.5	459.9	477.9
Slaughtering, processing and preservation of meat	101.4	92.3	106.8	114.9	130.9	141.5	148.8

Sugar, chocolate and confectionery manufacture	45.8	53.6	64.2	60.4	68.1	63.5	69.6
Manufacture of other food products	56.8	69.4	74.8	78.2	76.0	74.2	76.7
Beverage manufacturing	76.8	82.5	89.4	94.3	95.9	99.0	102.8
Tobacco products	19.7	22.3	22.6	19.4	17.3	13.6	11.6
Oil refining, coking,	41.8	85.6	63.0	64.8	39.6	34.1	35.4
Manufacture of chemical products	29.6	65.0	49.8	30.5	67.5	71.3	74.1
Building materials	85.1	82.1	87.4	91.0	92.8	95.2	101.4
Pharmaceutical products	16.4	13.9	13.1	9.9	8.0	7.6	8.1
Soaps, perfumes and cleaning products	27.4	34.5	39.2	40.2	43.3	49.4	56.1
Other transport equipment	37.3	36.9	37.8	42.9	43.2	45.1	43.8
Other manufactured products	140.0	140.9	147.3	170.3	175.9	178.6	176.2
Building	233.5	234.8	305.5	334.8	383.5	422.9	472.1
Tertiary sector	4 743.8	4 873.4	5 279.4	5 724.8	6 004.0	6 345.9	6 428.3
Trade	1 249.7	1 362.1	1 391.5	1 577.3	1 701.8	1 822.6	1859.0
Transports	373.6	383.3	447.3	478.0	484.4	516.5	461.1
Accommodation and Food Services	132.8	136.8	143.2	161.5	160.3	168.4	68.1
Telecommunications Services	435.5	423.5	436.4	460.9	392.2	396.9	419.0
Financial and insurance services	210.3	246.0	256.9	289.6	313.3	335.3	366.4
Real Estate Services	824.1	839.1	901.4	929.4	969.6	1 030.0	1 085.0
Specialised, scientific and technical services	438.8	351.1	480.4	552.7	589.7	618.5	662.5
Office support services	162.4	176.6	196.1	204.7	223.1	240.2	251.9
Public administration services	496.5	531.9	584.4	635.8	708.2	760.9	920.8
Education	479.7	494.4	529.5	537.6	580.4	599.3	599.9
Health and social work activities	147.8	150.2	163.0	171.7	188.1	199.9	209.2
Activities of a collective or personal nature	30.1	36.2	44.3	50.1	57.4	64.2	68.8
Domestic services	53.2	55.1	63.0	66.8	70.6	72.9	76.2
Other services	115.4	120.9	125.9	131.9	139.4	146.1	152.9
Non market GDP	496.5	531.9	584.4	635.8	708.2	760.9	920.8
Taxes on goods and services	964.8	1 123.8	1 159.2	1 166.7	1 135.6	1 296.3	1276.8
Gross Domestic Product at market prices	9 775.0	10 508.7	11 283.4	12 191.8	12 906.4	13 814.7	14 11.2

Source : DPEE

2.2.2 GDP by composition

The primary sector had a contribution to GDP of 13.4% in 2014 against 14.8% in 2019 and should represent 15.5% in 2020. The contribution of the secondary sector was 23.3% in 2014 and increased slightly by 0.4 points in 2015. Its weight increased between 2016 and 2019, from 23.3% to 24.4%. According to the EDPE forecast,

this increase is expected to persist. The sector should contribute 24.2% in 2020. The tertiary sector makes a significant contribution to GDP formation. Its contribution was 48.5% in 2014. It has been declining since then, and was 45.9% in 2019. Its contribution in 2020 is expected to decline to 44.9% in 2020.

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

	2014	2015	2016	2017	2018	2019	2020 Proj up- dated
Primary sector	13,4%	14,3%	14,4%	15,0%	15,0%	14,8%	15,5%
Agriculture and related activities	8,0%	8,8%	8,5%	9,2%	9,4%	9,1%	9,4%
Breeding and hunting	3,7%	3,8%	4,0%	3,8%	3,6%	3,7%	3,8%
Forestry, logging,	0,5%	0,5%	0,5%	0,4%	0,4%	0,4%	0,4%
Fishing and fish farming	1,2%	1,2%	1,4%	1,5%	1,6%	1,6%	1,8%

Secondary sector	23,2%	23,6%	23,3%	23,3%	24,2%	24,4%	24,2%
Extractive activities	2,0%	2,7%	2,3%	2,6%	3,2%	3,3%	2,4%
Slaughtering, processing and preservation of meat	1,0%	0,9%	0,9%	0,9%	1,0%	1,0%	1,1%
Processing and preservation of fish, crustaceans and molluscs	1,4%	1,3%	1,0%	1,0%	0,9%	0,9%	0,8%
Manufacture of edible fats and oils	0,7%	0,8%	0,7%	0,6%	0,6%	0,7%	0,7%
Husked rice and flours	0,8%	0,8%	1,1%	1,1%	1,2%	1,4%	1,4%
Pharmaceutical products	0,2%	0,1%	0,1%	0,1%	0,1%	0,1%	0,1%
Soaps, perfumes and cleaning products	0,3%	0,3%	0,3%	0,3%	0,3%	0,4%	0,4%
Rubber and plastic products	0,5%	0,6%	0,6%	0,5%	0,5%	0,6%	0,4%
Basic metals and foundry and fabricated metal products	0,9%	0,8%	0,7%	0,7%	0,9%	0,9%	0,8%
Other transport equipment	0,4%	0,4%	0,3%	0,4%	0,3%	0,3%	0,3%
Other manufactured products	1,4%	1,3%	1,3%	1,4%	1,4%	1,3%	1,6%
Construction	2,4%	2,2%	2,7%	2,7%	3,0%	3,1%	3,3%
Tertiary Sector	48,5%	46,4%	46,8%	47,0%	46,5%	45,9%	44,9%
Trade	12,8%	13,0%	12,3%	12,9%	13,2%	13,2%	13,4%
Transports	3,8%	3,6%	4,0%	3,9%	3,8%	3,7%	3,6%
Accommodation and Food Services	1,4%	1,3%	1,3%	1,3%	1,2%	1,2%	1,0%
Telecommunications Services	4,5%	4,0%	3,9%	3,8%	3,0%	2,9%	2,7%
Financial and insurance services	2,2%	2,3%	2,3%	2,4%	2,4%	2,4%	2,5%
Real Estate Services	8,4%	8,0%	8,0%	7,6%	7,5%	7,5%	7,6%
Non-market GDP	5,1%	5,1%	5,2%	5,2%	5,5%	5,5%	6,2%
Taxes on goods and services	9,9%	10,7%	10,3%	9,6%	8,8%	9,4%	9,3%
Gross Domestic Product at market prices	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 significantly over the years. Between 2015 and 2019, the growth rate for domestic demand increased from 5.0% to 6.6%. The same applies to total consumption, whose growth rate rose from 5.0% in 2015 to 6.5% in 2019. Private consumption is larger and growing faster than public consumption. With regard to total investments, their value has also increased: it rose from CFA francs 2,295.1 billion in 2014 and would reach CFA francs 3,507.7 billion according to projections for 2020. Private investments are more important than public investments.

External demand reflects a deficit in the balance of trade. This deficit has deteriorated over time. It went from CFA francs 1 455.1 billion in 2014 to CFA francs 1 998.9 billion in 2019. It could be reduced to CFA francs 927.0 billion in 2020 because of the compression of imports linked to the current context of COVID. The variation of stocks in Senegal has recorded a significant increase between 2017 and 2019 from CFA francs 213.7 billion to CFA francs 805.5 billion.

Table 14. Approach to GDP by Expenditure (update from table below)

Senegal in billions CFA francs	2014	2015	2016	2017	2018	2019	2020 proj updated
Internal demand	10995.4	11553.2	12361.3	13393.3	14055.8	14982.3	15502.0
Total consumption	8700.3	9134.4	9661.4	10244.7	10694.8	11386.0	11637.3
Private	7260.0	7631.7	8078.2	8582.5	8920.5	9412.7	9478.2
Public	1440.3	1502.7	1583.2	1662.2	1774.3	1973.4	2159.2
Total investments	2295.1	2418.8	2699.9	3148.6	3361.0	3596.3	3864.7
Private	1692.1	1761.9	1913.5	2318.7	2553.5	2761.2	2886.6
Public	603.0	656.9	786.4	829.9	807.5	835.1	978.2
Total external demand	-1455.1	-1340.5	-1239.6	-1688.0	-1869.6	-1998.9	-932.7
Acquisition of valuables	21.0	21.5	22.2	24.2	24.4	25.6	27.2
Changes in inventories	213.7	274.4	139.5	462.2	695.9	805.5	-289.6
Total GDP	9775.0	10508.7	11283.4	12191.8	12906.5	13814.5	14306.9

Source : DPEE

In 2014, Senegal adopted a new development policy reference framework for the next two decades: the Emerging Senegal Plan (ESP). The ESP is operationalized through investments

over 10 years, divided into two five-year phases, 2014-2018 and 2019-2023. It should eventually (in 2035) achieve the final objective of Senegal's emergence.

3.1 Recent Achievements and Completion

3.1.1 Presentation of the national development plan

The first phase of ESP implementation is the first Priority Action Plan (PAP I), a five-year investment plan (2014-2018) aimed at aligning the economic and social aspirations of ESP with the development programmes and projects budgeted by the Senegalese government over this period. Three main strategic axes, which bring together the economic and social aspirations of the ESP, have been adopted. These are the orientations that guide the initiatives to be taken to achieve the final objective :

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

The ESP then selected seven priority sectors for investment, drivers of exports, foreign direct investment (FDI), employment generation and eventual social inclusion, grouping 27 projects, which constitute the core of Axis 1 (ESP) (ESP, page 65). As formulated in the ESP, this is :

- (i) Agriculture, seafood and agri-foodstuffs ;
- (ii) Social housing and ecosystem construction ;
- iii) Gradual modernisation of the social economy ;
- (iv) Mining and fertilizers ;
- (v) Regional logistics and industrial hub ;
- (vi) Multi-service and tourism hub;

- vii) Strategic recovery of the energy sector.

To ensure the success of these key projects, 17 reforms have been selected by the ESP.

The optimistic ESP scenario for PAP 1 (2014-2018) foresaw an average growth rate of 7.1%, rising from 4.9% in 2014 to 8.3% in 2018.

Under PAP 1, infrastructure to support economic productivity has been put in place, or is being developed. These include the AIBD airport, the extension of the Dakar-Diamniadio toll motorway, the Thiès-Touba motorway, the opening up of production areas, rural equipment, the Regional Express Train (RET), the Diamniadio industrial park, the rehabilitation of the Dakar-Bamako rail network and the development of new tourist centres.

Senegal has also improved the business climate through the Business Environment and Competitiveness Reforms Programme (BECRP), whose objective was to strengthen competitiveness through the implementation of reforms to improve the business environment.

Achievements under PAP1 are summarised in the following tables.

Table 15 Transport infrastructure and services/Energy services

Projects/Programmes	Achievements (2014-2018)
Number of roads built per year	1362 km (272 km per year)
Kilometres of motorways	217 km
Kilometres of tracks	2800 km (560 km per year)
Installed electrical power	961 MW
Number of electrified villages	2216 villages (443 villages per year)

Source : MEF

Table 16 : Agriculture

Projects/Programmes	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

Tableau 17 : Education

Projects/Programmes	Achievements (2014-2018)
Construction of classrooms	10003
Construction, rehabilitation and extensions of modern Daaras	185
Vocational training	5 Higher institutes of vocational education
Open digital space	14

Source : MEF

Tableau 18 : Health

Projects/Programmes	Achievements (2014-2018)
New hospitals	5
Health posts	11
Health centres	102
Dialysis centres	14

Source : MEF

Tableau 19 : Protection sociale

Projects/Programmes	Achievements (2014-2018)
Equal opportunities cards	50006
Free treatment	2.635.509 children under the age of 5 and 1.809 women
Family Safety Grants	316941 beneficiary households

Source : MEF

To consolidate the achievements and implement the PAP2, the government recently submitted a funding request to the Paris Consultative Group. In December 2018, the country mobilized commitments of more than US\$14 billion from the Paris Consultative Group to finance the second phase of the ESP Priority Action Plan 2019-2023. The expected growth rate between now and 2023 is around 7-8%, driven by the agriculture and agribusiness, housing, mining and tourism sectors.

This growth should also lead to the creation of 350,000 formal jobs. The reforms to be implemented should also lead to the improvement of the business environment in Senegal.

Financing of the PAP 1

In its first phase, the ESP was financed according to 3 types of financing: loans for an amount of CFA francs 2,573 billion (46.8%), grants up to CFA francs 1,000 billion (18.2%) and own internal revenue mobilised for an amount of CFA francs 1,919 billion (35%).

Mechanisms for monitoring the implementation of the national development plan

Since the beginning of the implementation of the ESP, the twenty-seven (27) key projects covering the strategic priorities, and the seventeen (17) planned reforms covering all sectors, with the exception of the gradual modernisation of the social economy, have been launched and have been closely monitored by the ESP Operational Monitoring Office (OMO/ESP) during 2017 (OMO, 2018).

Overall, the macroeconomic indicators are very poorly performing. Over the whole period, the country's trade balance is in deficit. Indeed, beyond the quantities traded, Senegal continues to import labour-intensive products (HIMO), while exports are mainly composed of raw materials. The forthcoming intensive exploitation of hydrocarbons could moreover aggravate this situation. Justifications for these lower than expected results may be found in the weak implementation of the investments planned in the key projects (DGPEP, 2018) and in the weak implementation of reforms (OMO, 2018).

3.1.2 Recent structural reforms related to the development plan

Concerning the 17 ESP reforms, 10 of them have been identified as prerequisites for the success of the key projects and have been launched in the 2014-2018 period of PAP 1. However, the monitoring-evaluation component of the reforms has been difficult to implement, especially with regard to the contribution to GDP and job creation. The reforms have focused on the elements presented below.

i) The reform of Special Economic Zones and Investor Packages

The second phase of the ESP will be successfully operationalized if the private sector contributes significantly to the financing (DGPEP, 2018). The importance of the private sector in the success of the ESP was recognized already at its implementation in 2014 (ESP, 2014). The objective of this reform was therefore to stimulate private investment, both domestic and international, in order to create a more attractive framework for FDI, which represented only 2% of GDP in 2013, rising to 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. Legislative and regulatory texts had to be adopted for this purpose. Laws were promulgated and texts signed in 2017 (OMO/ESP, 2018).

ii) The reform of the "Re-classification of attractiveness rankings".

The objective of this reform was to significantly improve Senegal's competitiveness and attractiveness, and to position it in 2023 in the top 50 global attractiveness benchmarks (Doing Business, World Competitiveness Report, Corruption Perception Index, Mo Ibrahim Index, etc.). The second Programme for Business Environment and Competitiveness Reforms (PBECR II) was adopted. It has led to the reduction of electricity prices by 10%, property transfers, and a significant decrease in corruption in the country (Doing Business, 2018). The government's perspective

is to consolidate the excellent performance thus recorded.

iii) The 'Modernisation of the Public Service' reform

The aim of this long-term key reform is to create the conditions for a more efficient administration

to accompany the implementation of the ESP. Achieving this objective was to start by improving administrative procedures both in terms of quality and timeliness. However, the measures foreseen by this reform have hardly been implemented.

3.2 Futur Achievements

In order to consolidate the progress made under PAP 1, PAP 2 (2019-2023) is based on an analysis of best practices, both nationally and globally, in terms of structural transformations of the economy and growth (Government of Senegal, 2018). The priority sectors and areas for the PAP 2019-2023 are as follows:

- (i) Agriculture - Horticulture - Agro-industry ;
- (ii) Infrastructure - construction ;

- iii) Energy - Oil - Gas - Mining ;
- (iv) Industry ;
- (v) Digital economy ;
- (vi) Tourism ;
- vii) Finance.

Within the framework of the projects and programmes, the selected axes are indicated in the table below.

Table 20: PAP2019-2023 projects and programmes

Axis 1	Axis 2	Axis 3
Regional Express Train (RET) project	Emergency Community Development Programme (ECDP)	Territorial Collectivities Capital Development Fund (TCDF)
Rehabilitation programme for the Dakar-Bamako railway line	PROMOVILLES, Family Security Grants and General Delegation for Rapid Entrepreneurship (DRE)	Support Programme for Municipalities and Agglomerations of Senegal (SP-MASEN)
Power Transmission and Distribution Line Construction Program	Programme to reduce temporary shelters and extend the school network	Emergency Programme for the Modernisation of Axes and Border Areas (EPMA)
	Construction projects rehabilitation and equipment of sanitary structures	Defence and security forces equipment programme
Conversion of power plants (SENELEC and Dual Fuel)	Water transfer project	

Source : MEF

The State of Senegal has resource mobilisation objectives of CFA francs 14,098 billion for the financing needs of the PAP2. In this respect, the government has already raised CFA francs 9,414 billion, 62 % of which is in the form of its own in-

ternal revenue and 31 % provided by technical and financial partners. The gap to be financed by the technical and financial partners and the private sector is estimated at CFA francs 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' issuing zone and France of 23 November 1972, as well as in the cooperation agreement between the Member States 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 issued by issuing institutions in the Franc zone have unlimited convertibility guaranteed by the French Treasury. To ensure the free convertibility of each of the sub-areas, an operations 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 case of exhaustion of their foreign currency reserves;
- A fixed parity with the Euro of 1 Euro for 655.957 CFAF: the parity of the zone's currency with the Euro is fixed and defined for each subzone. The currencies of the zone are convertible between them, at fixed parities, without limitation of amounts. The changeover to the euro resulted in a simple substitution of the peg to the French franc by the peg to the euro, at an equivalent parity, i.e. $655.957 \text{ CFAF} = 1 \text{ euro}$ (the parity being identical for the West and Central African sub-areas)
- Free and unlimited transfer of reserves: transfers are, in principle, free within the Zone.
- Centralization of reserves: The 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 share of their net foreign assets

(foreign exchange reserves) with the French Treasury in the operations account opened in the name of each of them. Since the reform of September 2005, BCEAO has been required to deposit 50% of its foreign assets on its operations account.

A new monetary agreement was signed in December 2019 by WAEMU member states and France to reform the CFAF. It lays the foundations for the accession of member countries to the ECO, the single currency project of ECOWAS. In order to enable WAEMU economies to prepare for the ECO, the monetary cooperation agreements linking member states of the zone to France have been profoundly revised. Three decisions were taken:

- The change of the name of the currency from CFA Franc to ECO, when the WAEMU countries join the new ECOWAS ECO zone;
- The end of the centralization of foreign exchange reserves at the French Treasury, the closure of the operations account and the transfer to BCEAO of the resources available in the account;
- The withdrawal of all French representatives in the decision-making and management organs of WAMU (BCEAO Board of Directors, Banking Commission and Monetary Policy Committee).

Two key elements of monetary stability have been retained:

- Maintaining the fixed exchange rate against the euro (which ensures the current parity).
- The guarantee of unlimited convertibility of the currency by France.

In May 2020, the bill ratifying the end of the CFA franc was adopted by France in the Council of Ministers. It validates the transformation of the CFA franc, which will become the ECO, by maintaining a fixed parity with the Euro and the end of

the centralization of foreign exchange reserves of West African states with the French Treasury.

4.1.2 Description of BCEAO

WAEMU Treaty Article 41 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.

Organs

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

Functioning

The Central Bank, its organs, any member of its organs or its staff may not seek or receive instructions or directives from Community institutions or organs, from the governments of WAEMU Member States, from any other body or from any other person. Community institutions and bodies and the governments of WAEMU member states undertake to respect 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 supports the economic policies of the West African Economic and Monetary Union (WAEMU) with a view to achieving sound and sustainable growth.

Roles

The Central Bank is entrusted with the following fundamental tasks:

- Defining and implementing monetary policy within WAEMU;
- Ensure the stability of the WAEMU banking and financial system;

- Promote the smooth functioning and ensure the supervision and security of payment systems in WAMU;
- Implement WAEMU's exchange rate policy in accordance with the conditions laid down by the Council of Ministers;
- Manage the official foreign exchange reserves of WAEMU member states.

The Central Bank may carry out, while respecting the monetary balance, 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 main objective of the Central Bank's monetary policy is to ensure price stability. To this end, it defines the monetary policy that makes it possible to maintain the external coverage rate of the currency at a satisfactory level and to support the economic activity of the member countries without inflationary pressure¹.

BCEAO oversees the monetary policy of each member country through the elaboration of 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 management of the common monetary policy, BCEAO relies on market mechanisms and indirect instruments for regulating liquidity, in particular the steering of interest rates and the system of compulsory reserves.

4.1.3 Monetary policy

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

The management of the monetary policy of the Member States of the Union by the Central Bank

¹ 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 within a margin of \pm one percentage point (1%) around 2%, with a horizon of twenty-four (24) months.

consists of adjusting the overall liquidity of the economy in accordance with the evolution of the economic situation in order to ensure price stability on the one hand and to promote economic growth on the other.

The current money and credit management system relies on market mechanisms and indirect instruments to regulate liquidity, including interest rates and the reserve requirement system.

The functioning of BCEAO is based on:

Open market operations: seven-day and twenty-eight-day refinancing (respectively every week and every month for banks subject to compulsory reserves) allocated at variable rates; the minimum bid rate considered by BCEAO as its key rate (currently 2.0%). Planned auctions are generally calibrated according to BCEAO's forecasts of liquidity needs over the maturity of the operations;

Permanent lending windows: refinancing for 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 lending window). The rates of these windows are above the key rate of 200

basis points. As of June 2017, recourse to the lending window has been capped at twice the counterparty's own funds.

The minimum interest rate for bidding in open market operations (tenders) and the interest rate applicable on the marginal lending window (repo rate), the levels of which are set by the Monetary Policy Committee, are 2.00% and 4.00% respectively, and constitute the two main key rates of BCEAO.

Money supply in Senegal

In 2019, foreign assets increased by 13.35% compared to 2018 to reach CFA francs 2063 billion against CFA francs 1,820 billion a year earlier. This improvement is attributable to a 20.8% increase in the foreign assets of the central bank. The growth of broad money was slowed down by the weak expansion of credit to the private sector (+2%), while net foreign assets declined slightly. Domestic assets amounted to CFA francs 4,025 billion at the end of 2019, up 6.8% on the previous year. This progression is linked to an increase in credits to the state which rose from CFA francs 471 billion in 2018 to CFA francs 651 billion, an increase of 38.21%.

Table 21. Composition of Senegal's money supply

Indicateurs	2014	2015	2016	2017	2018	2019	2020 (*)
Foreign assets	1 078	1 119	1 165	1 311	1 820	2 063	1 946
Central Bank	865	947	732	803	1 167	1 410	1 293
Credit institutions	213	172	433	508	653	653	653
Domestic assets	2 407	2 769	3 271	3 549	3 769	4 025	4 547
To the credit of the State	70	203	434	402	471	651	822
Central Bank	-75	47	28	-6	-174	-151	-23
Credit institutions	142	156	406	408	644	802	845
To the credit of the economy	2 568	3 336	3 666	4 209	4 275	4 504	4 880
Others	-231	-235	-236	-385	-260	-362	-325
Money supply (M2)	3 485	3 703	4 214	4 603	5 255	5 731	6 107
Currency in circulation	685	809	924	1032	1190	1414	1507
Total deposits	2 799	2 894	3 289	3 571	4 065	4 317	4 601
Net foreign assets	7	9.1	1.2	3.5	11.1	4.6	-2
Net domestic assets	4.4	10.6	13.6	6.6	4.8	4.9	9.1
Credit to the State	-2.6	5.2	6.3	-0.8	1.5	3.4	3

Central Bank	3.2	3.2	-5.8	1.7	7.9	4.6	-2
Banks	3.8	5.8	7	1.8	3.2	0	0
Credit to the economy	4.9	8.1	8.9	12.9	1.4	4.4	6.6
Money supply (M2)	11.4	19.3	13.8	9.2	14.2	9.1	6.6

Source : BCEAO, IMF

(*)Provisional data

4.2 Banking system and financial markets

4.2.1 The banking environment

The Senegalese banking system had 29 credit institutions in 2019, including 25 banks and 4 financial institutions. The banking sector is rela-

tively concentrated: the five largest banks held more than 50% of the total assets and deposits held by Senegalese banks at the end of 2019.

Table 22. Balance sheet of aggregate commercial banks in Senegal

(in billions of CFAF)	2014	2015	2016	2017	2018
Treasury and interbank transactions	759.5	907	969	809.4	937.6
Operations with customers	2 694.6	2 964.5	3 322.9	3980	4500
Securities transactions and miscellaneous	901.5	1 195.2	1 586.9	1676.1	1650
Fixed assets	255.4	322.2	409	274.8	278.5
Shareholders or associates	0	5.5	0.9	0	0
TOTAL ASSETS	4 611.0	5 394.5	6 288.7	6740.4	7367.6
Treasury operations	837.7	942.7	1 329.7	1323.8	1387.7
Operations with customers	3 092.1	3 675.8	4 139.2	4463.1	4915.3
Securities transactions and miscellaneous	165.2	194.4	199.9	304.9	332
Provisions for similar shareholders' equity	516.1	581.6	620	648.5	732.5
TOTAL LIABILITIES	4 611.0	5 394.5	6 288.7	6740.4	7367.6

Source : BCEAO

The capitalisation of the banking system remains adequate during the transition to new prudential standards. The transition to Basel II/III regulatory standards is progressing, with 2018 being the first year in which data were reported in accordance with the new standard and the new WAEMU chart of accounts. According to the IMF report (February 2020), these measures should increase the resilience of the banking system by requiring more capital while improving credit quality. The new regulatory standard forces banks to write off non-performing loans after 5 years, which has a negative impact on capital adequacy ratios. Pockets of vulnerability exist in smaller credit institutions, which could undermine financial stability if not addressed.

The authorities are studying possible solutions to improve their financial situation, which could entail fiscal costs of up to 0.5 % of GDP. A 2018 report identified strategic deficiencies in the anti-money laundering and anti-terrorist financing system. The authorities should address them swiftly in order to prevent the negative consequences for correspondent banking relationships of a public listing by the GAFI.

The authorities intend to enhance the contribution of the financial sector to growth and poverty reduction.

The average lending rate was 5.8% in 2019. Credit costs fell slightly (-9 basis points or bps) between 2018 and 2019. These costs increased over the same period in Benin (+45 bps), Mali

(+36 bps), Togo (+36 bps) and Burkina Faso (+11 bps). The average loan rate fell slightly to 5.3% in 2019 compared with 5.4% in 2018.

Table 23. Lending and borrowing rates (short, medium and long term)

Lending interest rate	2014	2015	2016	2017	2018	2019
less than or equal to 1 month	4.2	3.9	3.8	4	4.61	4.73
more than 1 month and less than or equal to 3 months	5.6	5.6	4.8	5.5	5.46	5.44
more than 3 months and less than or equal to 6 months	7.9	8.6	7.7	6.8	6.98	8.33
more than 6 months and less than or equal to 1 year	8.8	6.9	8.5	8.3	8.18	7.26
more than 1 year and less than or equal to 2 years	8.5	7.5	6.6	7.9	6.7	7.98
more than 2 years and less than or equal to 5 years	8.5	8.1	8.3	8	7.48	7.4
more than 5 years and less than or equal to 10 years	8.8	8.8	8.5	7.7	8.34	7.76
More than 10 years old	6	4.7	4.8	5.8	5.24	4.43
Total	6	5.9	5.7	6	5.89	5.81
Lending rate						
less than or equal to 1 month	4.9	5.3	5.2	4.9	5.15	4.45
more than 1 month and less than or equal to 3 months	5.4	5.7	5.4	5.1	5.6	5.58
more than 3 months and less than or equal to 6 months	5.9	5.7	5.7	5.3	5.76	5.83
more than 6 months and less than or equal to 1 year	5	5.3	4.9	5.2	5.26	5.23
more than 1 year and less than or equal to 2 years	5	5.3	4.9	4.4	4.74	5.21
more than 2 years and less than or equal to 5 years	5.9	5.8	5.6	5.4	5.47	5.72
more than 5 years and less than or equal to 10 years	6.2	5.8	5.6	5	5.75	5.96
No determined	6.4	5	5.9	4	5.75	5.22
Total	5.5	5.6	5.4	5.1	5.46	5.39

Source : BCEAO

Microfinance

According to the Ministry of Finance and Budget in its note on the situation of SFDs, the microfinance sector recorded the opening of 3,395,925 accounts in the third quarter of 2019, bringing the penetration rate of the total population to 17.03%. Outstanding deposits stood at CFA francs 357 billion, a level similar to that of June 2019. It represents 3.1% of GDP and 8.3% of bank deposits.

SFD loan production reached CFA francs 150 billion in September 2019, i.e. 14 billion more than its June 2019 level. Outstanding credit stands at CFA francs 426 billion, an increase of 2% between the two quarters, representing 10.1% of

credit to the economy and 3.7% of GDP. However, the quality of the SFD's loan portfolio deteriorated with a 6.1% overdue loan rate.

The SFD's borrowings increased by 2% compared to the second quarter of 2019, amounting to CFA francs 82.5 billion. SFD's equity capital increased by 3% to CFA francs 143.7 billion. The review of ratios and financial indicators shows a virtual stagnation of the liquidity ratio and the capitalisation standard, coverage of expenses by income, but also a non-respect of the limitation ratio of loans to managers and the operating ratio.

4.2.2 Financial market

The WAEMU financial market is structured around the debt securities market (public and private bonds) and the equity market. The regional public securities market has two (2) components: the auction market and the syndication market.

The public securities auction market is organized and regulated by BCEAO through Agence UMOA-Titres ; while the public securities syndication market, private bonds and shares are regulated by the Regional Council for Public Savings and Financial Markets (CREPMF) and organized by the Regional Stock Exchange (BRVM) and the Central Custodian/Settlement Bank (CC/BS).

4.2.2.1 REGIONAL SECURITIES EXCHANGE (BRVM): Presentation and roles

The Regional Stock Exchange (BRVM) is a specialized financial institution created on 18 December 1996, in accordance with 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;
- Dissemination of information on the stock exchange;
- The promotion and development of the market.

Evolution of BRVM bond and equity market

Since 2016, the WAEMU stock market (BRVM) has been experiencing successive declines that accelerate until 2018 and then slowdown in 2019. It fell from -3.8% in 2016 to -16.81% in 2017 and -29.14% in 2018. However, the decline slows to -3.4% in 2019.

This underperformance shows that the WAEMU market did not fully withstand the general downward trend that gripped the world's financial markets. BRVM's decline in 2018 is particularly marked. The stocks preferred in 2015, oriented towards the food and beverage as well as agribusiness, consumer, automobile and equipment and banking sectors, have experienced a decline.

The fall in BRVM prices could be explained, on the one hand, by the profit-taking of several large investors who had made significant capital gains on their investment. The drop also comes from the readjustment (rectification) after four (4) years of intensive market increases (2012 to 2015) and, on the other hand, from the misunderstanding of the different splits made on the market. New investors are speculating and most listed companies have not reacted to the fall in their capitalization.

During the 2019 financial year, BRVM Composite Index rose from 172.2 on 31/12/2018 to 159.2 on 31/12/2019. The market capitalization of the stock market fell from CFAF 4.845 billion at the end of 2018 to CFAF 4.741 billion at the end of 2019, a drop of 2%.

BRVM also reached the CFAF 236 billion mark in transactions in 2018 and 117.303.543 shares were exchanged for a value of CFAF 174.449.217.023.

Concerning the bond compartment, 6.359.442 bonds were traded for a value of CFAF 61.767.647.783 in 2018. The market capitalization of bonds amounted to CFAF 4.233 billion as at 31 December 2019 against CFAF 3.444 billion the previous year, an increase of 23%. This improvement was driven by the appetite of WAEMU member states to use the regional financial market to support their respective economies.

Table 24. Evolution of BRVM financial market

	2013	2014	2015	2016	2017	2018	2019
BRVM 10 index	246	268	290	262	220	154	149
BRVM composite index	232	258	304	292	243	172	159
Composite market capitalization (shares and bonds) in billions of CFA francs	6 706	7 459	9 079	10 216	9 806	8 289	8 973
Equity Market	5 634	6 320	7 500	7 706	6 836	4 845	4 741
Bond Market	1 073	1 139	1 579	2 509	2 970	3 444	4 233
Number of listed companies	37	38	39	43	45	45	46

Source: BRVM

4.2.2.2 Bond market

Senegalese companies and public institutions have not used the bond market since 2018. The Senegalese government has abandoned the bond market through syndication since 2017. Issuance by auction via the WAMU-Securities agency and BCEAO has advantages: it is eligible for inclusion in BCEAO portfolio, it is taken

from the base of banking jobs and has favourable prudential treatment. On the other hand, for issues by public offering via the CREMPF, the issuance and transaction costs are often high (as this implies recourse to an underwriting syndicate composed of Management and Intermediation Companies).

Table 25: Bond issues by auction in 2019

	2014	2015	2016	2017	2018	2019	2020
Sovereign (Syndication)	State of Senegal 6.5% 2014-2021 CFA francs 118997 million	State of Senegal 6.30% 2015-2025	Sukuk 6% 2016 –2026				
	State of Senegal 6.50% 2014-2021 CFA francs 100200 million						
Sovereign (Adjudication)	5.5% 2014-2019 CFA francs 31680 million	Treasury Bonds 5.5% 2015-2018 CFA francs 31680 million	Treasury Bonds 5.5% 2016-2019 CFA francs 33000 million			6% 2019-2024 20 600 CFA francs million	OAT 2020-2023 5,85% 2020-2025 6% 75000 million
		Treasury bonds 5,5% CFA francs 28501 million	Bonds of 6.25% 2016-2023 CFA francs 39600 million			OAT 6,15% 2019-2026 34 CFA francs 400 million	OAT 5,85% 2020-2023 6% 2020-2025 6,15% 2020-2027 50000 million
		Treasury Bonds 5.5% 2015-2018 CFA francs 27,500 million	Treasury Bonds 5.9% 2016-2023 CFA francs 16500 million			OAT 6% 2019-2022 35 CFA francs 450 million	OAT 6% 2020-2025 6,15% 2020-2027 50000 million
		Treasury Bonds 5.5% 2015-2018 CFA francs 38500 million	(Sukuk) 6% 2016-2026 CFA francs 156000 million			OAT 6.15% 2019-2026 CFA francs 19 550 millions	OAT 5.85% 2020-2023 6% 2020-2025 CFA francs 50000 million
						OAT 6% 2019-2024 CFA francs 19290 millions	
						OAT 6.15% 2019-2026 CFA francs 35710 millions	
						OAT 5.85% 2019-2022 CFA francs 128900 millions	
						OAT 6% 2019-2024 CFA francs 21200	
						OAT 6,15% 2019-2026 CFA francs 49800 millions	
	Companies			Microcredit Senegal 6,80% 2016-2026% CFA francs 3800 million		SENELEC 6,5% 2018-2025 CFA francs 38250 millions	
					CBAO 7.5% 2018-2025 CFA francs 10 000 millions		

Source. BCEAO, BRVM

4.2.2.3 Equity Market

Since its creation in 1998, BRVM has only hosted three Senegalese companies: the Bank of Africa (BOA) Senegal, the Total group and SONATEL.

The IPO of major actors, such as Total Senegal and BOA Senegal, has helped to boost the WAEMU financial market and also to build its reputation and credibility.

Table 26: Market capitalisation of Senegalese companies on BRVM

Market capitalisation (in billions of CFA francs)	2014	2015	2016	2017	2018	2019
BOA Senegal	158.8	189.6	112.8	60	48.4	37.02
SONATEL Senegal	2 280.0	2 500.0	2 500.0	2 350.0	1 600.0	1699.5
Total Senegal	0	85.3	69.6	61.9	47.2	55.4

Source : BRVM

SONATEL, one of the three Senegalese companies listed on the stock exchange, is the most important and most traded stock on the BRVM. Considered as the driving force of the market, it has seen its market capitalisation increase from CFA francs 1,600 billion in 2018 to CFA francs 1,699.5 billion in 2019.

The three Senegalese companies (Sonatel, BOAS, Total Senegal), to improve the liquidity of their shares, have carried out splitting operations. On 23 November 2012, the date of the split operation, each old Sonatel share of CFA francs 140,000 was replaced by 10 new shares of CFA francs 14,000.

In 2017, BOA Sénégal carried out a capital increase and a share split (ten new shares for one old share). On 2 November 2017, Total Senegal also proceeded with a stock split with the same split ratio as Sonatel and BOAS.

As shown in the table above, Total Sénégal and Sonatel experienced a slight increase from 2018 to 2019 of 17.4% and 6.2% respectively, while BOA Sénégal experienced a decrease of 23.5%.

4.2.3 Debt subscription mechanisms

Any investor based in or outside the WAEMU may invest in public securities issued by auction or syndication. Orders are placed through authorized market participants: an underwriting syndicate or any MIC operating in the Union in the case of issues by syndication, and credit institutions based in the Union or MICs having an

account in the books of the Central Bank in the case of issues by auction. Transactions on BRVM share market are carried out through stock exchange intermediaries, in particular MIC.

Organization of market by auction and amount of subscriptions

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

Unlike the syndication market, the auction market is led 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 public securities, acts as Central Custodian / Settlement Bank, clearing, settlement and delivery of transactions between participants with an account in its books, through its electronic platform SAGETIL-UMOA²;
- States which are the issuers of public debt securities on the Union's money market, under the responsibility of the Minister of Finance;
- Agence UMOA-Titres, a regional structure in charge of issuing and managing public debt securities, materially organises issues and, in this capacity, provides assistance to Member States in mobilizing resources on the capital

² Automated Securities and Liquidity Management System of the West African Monetary Union

markets and managing their debt;

- Investors which are credit institutions, IMS and regional financial bodies with a settlement account in the books of the Central Bank³;
- Specialists in Treasury Securities (STs) which are credit institutions and IMSs 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 Treasuries of Member States on transactions on public debt securities issued on the regional market⁴.

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

Organization of the markets by syndication and amount of subscriptions

The WAEMU regional financial market is characterized by a mixed organization. Indeed, it is composed of a public sector consisting of the Regional Council for Public Savings and Financial Markets (**CREPMF**) and a private sector which includes the central structures of the Regional Stock Exchange (BRVM) and the Central Custodian/Bank of Settlement (CC/BS) on the one hand, and the commercial players on the other.

CREPMF is the WAEMU's regional financial market regulator (FMR). Its missions are, among others, to :

- To ensure the authorization and control of public offering procedures;
- Authorize market management structures and approve commercial operators;
- Approve the tariffs of commercial operators;
- Regulating the operation of the market;
- Ensure the supervision of the regularity of stock exchange operations.

BRVM is organized at a central site based in Abidjan (Côte d'Ivoire) and represented in each member state by a National Stock Exchange Antenna (NSEA). The main responsibilities of

BRVM are:

- Authorization of the scholarship holders to carry out their activity;
- The management of the market, in particular ensuring the centralization of buy or sell orders, the management of the coast, the dissemination of market information, as well as the promotion and popularization of financial culture within the WAEMU;
- The management of unsettled transactions.

The Central Custodian/Settlement Bank (CC/BS) is a financial institution whose role is to:

- To clear applicants for the position of account keeper;
- Ensuring the settlement of negotiations and the management of the financial service of securities;
- Ensure the maintenance of current accounts for securities opened by Management and Intermediation Companies (MIC) in its books;
- To ensure the safekeeping and the scriptural circulation of securities;
- Proceed to the payment in cash, in its capacity as settlement bank, of the balances of stock exchange transactions.

When organizing issues by syndication, the States entrust the process of placing the securities to an underwriting syndicate, whose members are MICs approved by CREPMF. In addition, the issuer chooses a lead manager from among the syndicate's members to carry out specific tasks in the issuance process.

Since its creation, the main products present on the regional financial market have been equities and bonds. In recent years, several new products such as mortgage refinancing and securitization (Sukuk Debt Securitization Fund) have been introduced. Securities issued by syndication are traded on the secondary market on BRVM's electronic trading platform.

³ All other investors wishing to participate will have to go through the approved participants.
⁴ The operationalisation of primary dealers in the WAEMU started on 1 March 2016.

4.3 Inflation rate

The table below shows the annual inflation rate in Senegal and the WAEMU. In Senegal, the inflation rate rebounded to (+1.0%) in 2019, after (+0.5%) in 2018. The increase in inflation is the result of the rise in prices of all consumer func-

tions except "communication" which remained stable. Underlying inflation, which represents the price index calculated excluding fresh products and energy products, also increased (+0.9%)⁵.

Table 27. Inflation rates in Senegal and WAEMU

Inflation	2014	2015	2016	2017	2018	2019	2020*
Senegal	1.1	0.1	0.8	2.2	0.5	1.0	1.1
WAEMU	-0.1	1	0.3	0.8	1.7	1.9	2

Source : BCEAO, IMF et ANSD, * forecast scenario BCEAO

In 2019, the prices of local and imported products increased by 1.0% and 0.9% respectively over one year. Finally, from the point of view of classification by production sector, the rise in consumer prices is felt everywhere, and particularly in the primary sector (+1.3%).

As in previous years, inflation is expected to remain low, below 2%, due to a sharp drop in the prices of telecommunications services. Despite the increase in inflation in 2019, the inflation rate in Senegal (+1.0%) remained below the 3% threshold of the Community norm.

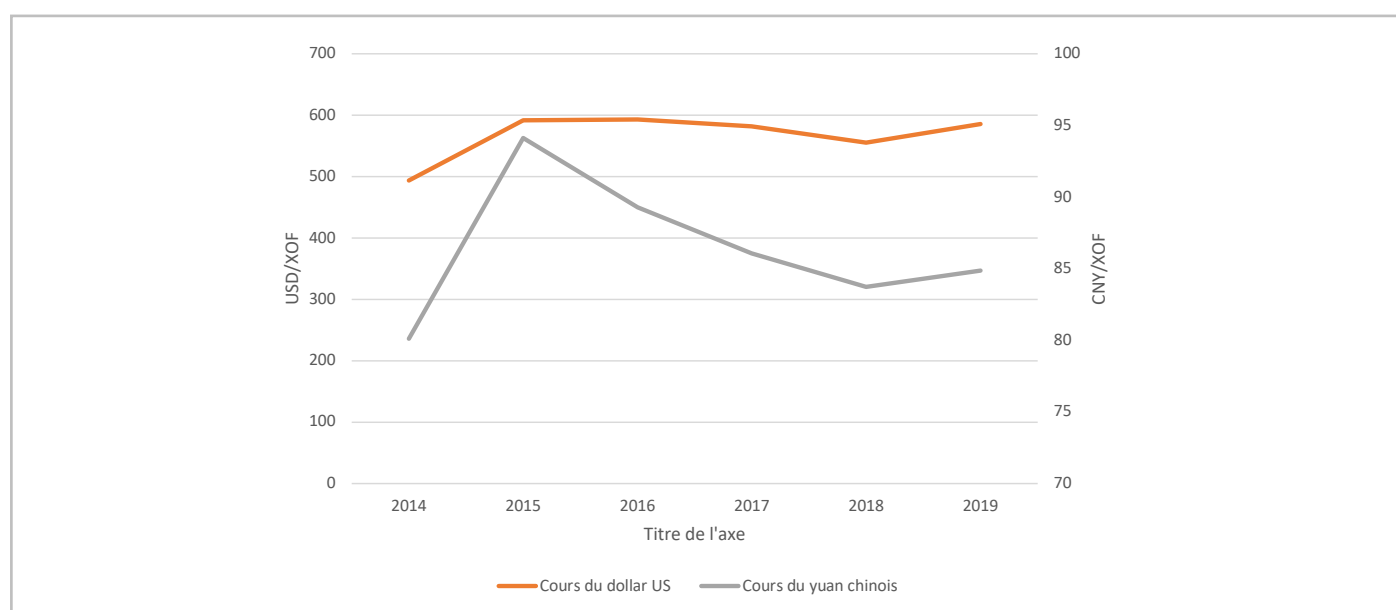
4.4 Exchange rate

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

The US dollar appreciated against the CFAF between 2014 and 2019, rising from 1 dollar for

542.0 CFA francs in 2014 to 1 dollar for 586.0 CFA francs in 2019. As for the Yuan, it appreciated slightly against the FCFA, from 1 CNY for 83.7 CFA francs in 2014 to 1 CNY for 83.9 CFA francs in 2019.

Figure 3: Evolution of the exchange rates of the US dollar and the Chinese Yuan against the CFAF



Source : BCEAO

⁵ Note NASD 2020.

4.5 Foreign reserves

Senegal's reserve assets stood at SDR 154.8 million and remained constant over the period 2015-2019. Senegal's share increased by 100 per cent between 2015 and 2016, but remained constant in 2017 and 2019 (SDR 323.6 million). The reserve position is the "reserve tranche",

which is the amount of foreign exchange that a member country can obtain from the IMF at 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 and 2019.

Table 28. Senegal's external reserves

(billions of CFAF)	2014	2015	2016	2017	2018	2019
Fiduciary circulation	685.1	806.8	920.1	1147.6	1187.0	1299.3
SDR allocation (in millions of SDRs)						
Allocations	154.8	154.8	154.8	154.8	154.8	154.8
Availabilities	130.1	107.7	41.6	16.9	3.7	7.9
IMF						
Share	161.8	161.8	323.6	323.6	323.6	323.6
Reserve position	1.9	1.9	42.3	42.3	42.3	42.3

Source : BCEAO, IMF

5.1 Balance of paiements

The balance of the current account is in deficit over the whole period (2014-2020) with two different trends: a steady decline from 2014 to 2016 and a deficit that has almost doubled to CFA francs (-887.1) billion in 2017. The trends in the current balance are essentially attributable to those in the balance of goods and services. Imports have more than proportionally increased by CFA francs 414 billion between 2016 and 2018, thus inducing a deterioration in the balance of goods and services of CFA francs 686 billion. In

2019, imports should reach CFA francs 4 173.3 billion according to BCEAO projections.

The increase in imports is partly due to petroleum products for an amount of CFA francs 617 billion. In fact, the price of a barrel of oil rose again from 2016 after its fall in 2014, thus increasing the value of imports of petroleum products.

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

Table 29. Senegal's balance of payments

In billions of CFAF	2014	2015	2016	2017	2018	2019	2020 proj
Current account	-666.0	-558.7	-472.5	-887.1	-1230.4	-1181.0	-1368.3
Balance of trade in goods and services	-1383.0	-1342.9	-1237.5	-1688.4	-2040.1	-2025.3	-2058.0
Exports FOB	1473.0	1669.0	1703.0	1908.0	2147.0	2305.0	2714.2
Of which fish products	233.0	265.0	286.0	298.0	346.1	381.8	405.5
Imports FOB	2856.0	2944.0	2868.0	3477.0	4033.8	4173.3	4772.2
Of which petroleum products	956.0	779.0	637.4	856.1	1254.4	1264.5	1312.4
Primary income balance	-187.0	-232.0	-295.0	-341.0	-333.8	-360.5	-464.9
Balance of secondary income (transfers)	969.0	1016.0	1060.0	1142.0	1143.5	1204.7	1327.0
Capital account	216.0	203.0	215.0	223.0	245.0	248.0	273.5
Acquisition and sale of non-financial assets	-5.2	-1.7	-2.7	-2.1	-1.9	-1.8	-2.0
Of which direct investments	-185.0	-223.4	-147.3	-293.7	-441.6	-507.4	-569.0
Capital transfer	221.0	204.3	217.5	225.7	252.0	254.7	275.5
Statistical errors and omissions	4.7	4.6	3.5	4.3	0.0	0.0	0.0

Source : DPEE, BCEAO

5.2 Regional Trade

5.2.1 Regional Trade Policy

West African countries are engaged in numerous trade negotiations at the regional (integration process), bilateral (Interim Economic Partnership Agreement - IEPAi) and multilateral (World Trade Organisation - WTO and regional EPAs) levels.

Good articulation between the various negotiations at regional and international level (CET; EPAs; WTO, AGOA, etc.) is essential to achieve the trade performance objectives of WAEMU member states.

National and regional trade policies in West Africa depend on different spaces. Indeed, the regional negotiating space is articulated around the following elements :

- The finalization of the Common External Tariff (CET) at ECOWAS level, and thus the constitution of a Customs Union ;
- A space for bilateral negotiations, particularly between the West African region and the union, on the EPA ;
- A multilateral negotiating space, which refers to the rules of the WTO, of which all West Afri-

can states are members (with the exception of Liberia, which has observer status). It should be noted that each country negotiates individually and that WAEMU and ECOWAS have only ad hoc observer status in the WTO Trade and Development Commission.

With regard specifically to the WAEMU, it has a common commercial policy based in particular on :

- A common market was established on 1 July 1996 for local and unprocessed products (animal, mineral and plant products of the Union) and traditional crafts, and until 1 January 2000 for approved industrial products. This common market was extended to all ECOWAS countries in 2004 ;
- A customs union set up on 1 January 2000, based on a CET applicable to all WAEMU member countries, comprising four categories of products, taxed from 0 to 20%, in force until 1 January 2015, the date on which the WAEMU CET was replaced by the ECOWAS CET, which enshrines the enlargement of the customs union to the 15 ECOWAS countries.
- Common rules of origin and competition, harmonization of VAT and excise duties, harmonization and mutual recognition of standards, common safeguards and protection measures (degressive protection tax (DPT), cyclical export tax (CET), reference values and anti-dumping duty)

WAEMU also has a regional trade promotion programme, a "Regional Strategy for the Implementation of the WAEMU Aid for Trade Programme" and a "Logical Framework for the Implementation of the WAEMU Aid for Trade Programme".

The overall objective of the Aid for Trade strategy is to help Member States increase their exports of goods. The logical framework provides the basis for a programme that involves international donors, as well as national and regional financial institutions. It identifies five specific objectives corresponding to the categories of Aid for Trade :

- Ensuring ownership and control of trade policies and regulations by experts from Member

States and the Commission ;

- To develop intra-regional and international trade of the Member States ;
- Strengthen trade-related infrastructure in the sub-region ;
- Diversify and increase the production capacities of Member States ;
- Make necessary adjustments and take into account other trade-related needs.

The needs and priorities were identified on the basis of the Regional Economic Programme (REP) which constitutes the reference framework for the WAEMU integration process, as well as existing capacity building programmes in the States.

• **The Common External Tariff**

The rules in force at ECOWAS borders in terms of customs policy are those laid down in the ECOWAS Common External Tariff (CET). The applicable rules of origin are defined by the Trade Liberalization Scheme (TLS).

The CET aims to harmonize customs duties and taxes with a view to deepening economic integration through the establishment of a Customs Union, providing a platform for building the common trade policy and regional trade negotiations such as the EPA ; boosting regional production and investment capacity, and consolidating the regional market.

The CET is organized around an architecture including :

- i. A Tariff and Statistical Nomenclature (TNS), i.e. a common customs nomenclature based on the Harmonized System for the Description and Coding of Goods (HS) of the World Customs Organization (WCO) adopted by the Community ;
- ii. A schedule of duties and taxes applicable to imported products and which includes : customs duty (CD), statistical fee (SF) and the ECOWAS Community Levy (ECOWAS CL) ;
- iii. Trade defence measures or additional protec-

tive measures, where appropriate, which may generate duties which may affect the final price of products imported into the Community from third countries ;

exempt or not ;

- v. The tax base for the application of the Common External Tariff is ad valorem.

- iv. The statistical royalty rate set at 1% applicable equally to all imported products, whether

The tariff structure of the CET is presented in the following table :

Category	Description	Rate
0	Essential social goods	0 %
1	Basic raw materials and capital goods	5 %
2	Intermediate products	10 %
3	Final consumer goods	20 %
4	Specific goods for economic development	35 %

The CET has been established in accordance with the requirements of the World Customs Organization's (WCO) Harmonized System and those of the World Trade Organization (WTO) relating to Regional Trade Agreements (Article 24 of the GATT).

• **Specific rules applicable to external trade in goods of ECOWAS countries**

Several trade regimes are in force within ECOWAS. The following table presents the existing regimes according to trading partners.

PARTNERS	SPECIFIC REGIMES
European Union (EU)	IEPA, GSP, GSP +, TSA
ECOWAS	CET, TLS
Rest of AFRICA	Bilateral agreements
USA	AGOA
ASIA	Bilateral Agreements
Other industrialized countries	Generalized System of Preferences (GSP)
Rest of the world	Bilateral agreements, GSP

Pending the implementation of the EPA, different tariff regimes apply depending on the status of the countries in the framework of trade between ECOWAS and the union:

- Côte d'Ivoire and Ghana ratified interim EPAs in 2016. Côte d'Ivoire's EPA has been in provisional application since 4 September 2016 and Ghana's EPA applies since 15 December 2016. These IEPAs guarantee both countries full access to the European market and provide for the eventual liberalization of 80% of tariff lines by Côte d'Ivoire and Ghana over a period of 15 years.⁶;
- Under the GSP, Nigeria benefits from a reduction of the union customs duties on about 1/3 of tariff lines and total exemption from customs duties on an additional 1/3 of tariff lines.

- Cape Verde benefits from the GSP+ which grants exemption from European customs duties on about 2/3 of the tariff lines;
- The other 12 countries (including the seven WAEMU countries outside Côte d'Ivoire), because of their LDC status, benefit from the Everything but Arms GSP, which gives them access to the European market for all their exports to the union without duties or quotas.

5.2.2 Regional exchanges in value

The value of Senegal's merchandise exports to all WAEMU countries declined between 2014 and 2018 from CFA francs 375.0 billion to CFA francs 355.8 billion. It is estimated at CFA francs 387.7 billion for the year 2019. In 2019, most of Senegal's exports are destined for Mali (the bulk

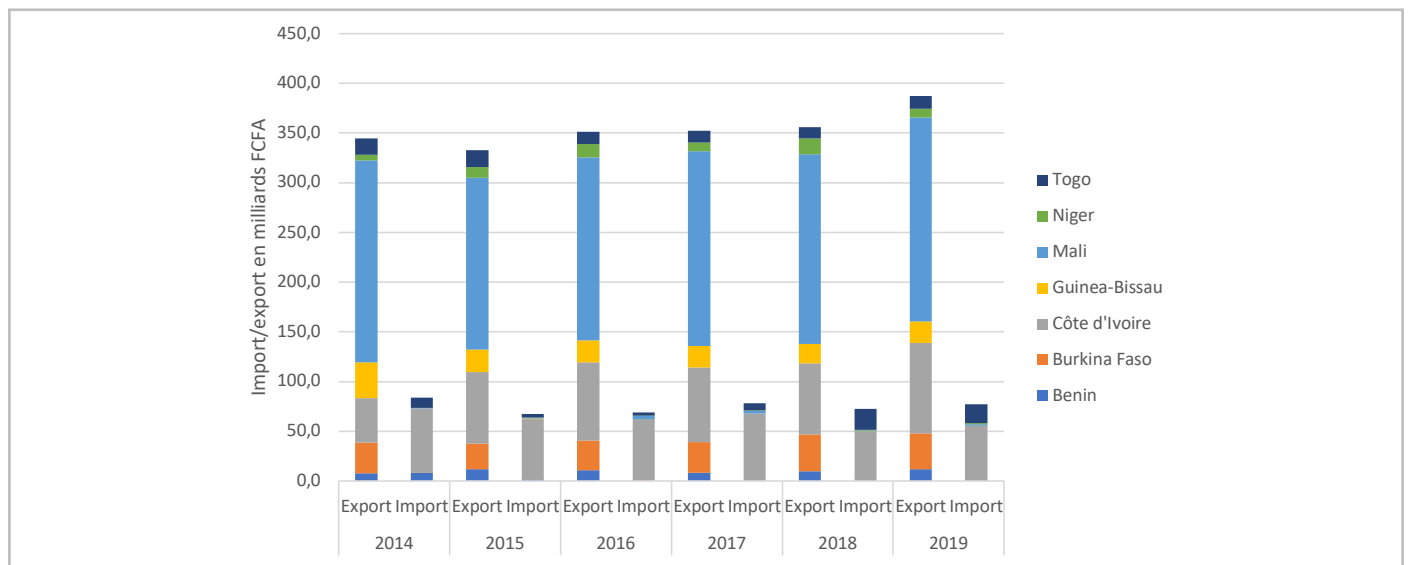
⁶ Over 11 years (2019-2029) currently for Côte d'Ivoire.

of Mali's imports pass through Senegal) and Ivory Coast. Exports to these countries accounted for CFA francs 204.9 and 91.0 billion respectively in 2019. Exports to other countries of the Union in 2019 were CFA francs 11.8 billion for Benin, CFA francs 36.2 billion for Burkina Faso, CFA francs 21.7 billion for Guinea Bissau, CFA francs 8.7 billion for Niger and CFA francs 13.4 billion for Togo.

in 2014 to CFA francs 73.8 billion in 2019. Senegal imports mainly from Ivory Coast for a value of CFA francs 54.9 billion in 2019. Imports from other countries of the Union are estimated in 2019 at CFA francs 459 million for Benin, CFA francs 226 million for Burkina Faso, CFA francs 1,538 million for Mali, CFA francs 214 million for Guinea Bissau, CFA francs 801 million for Niger and CFA francs 18.8 billion for Togo.

Senegal's imports of goods from other WAEMU countries increased from CFA francs 75.3 billion

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



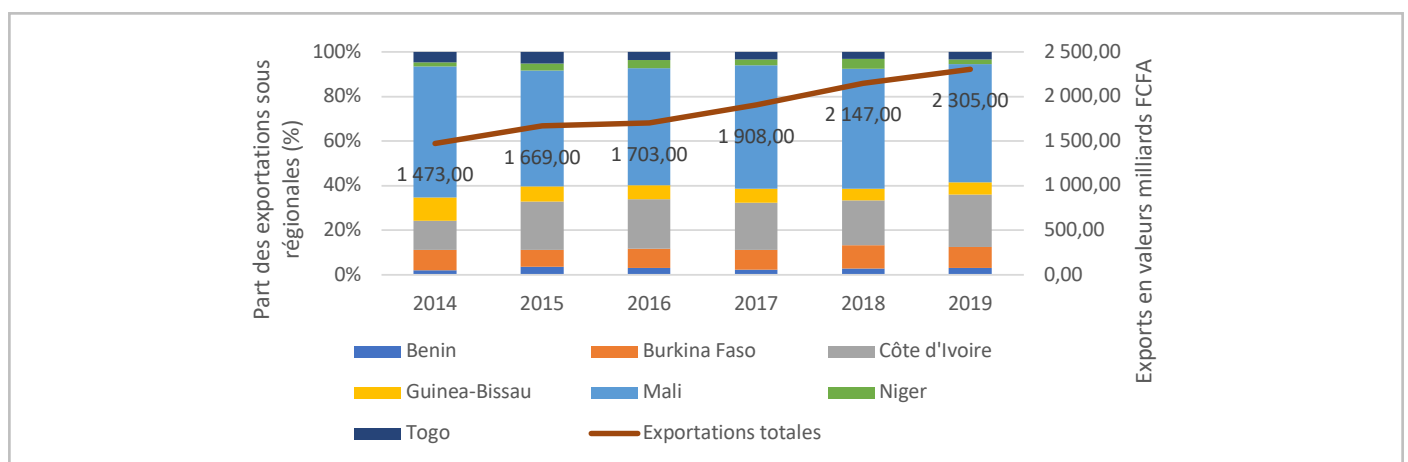
Source : ANSD

5.2.3 Regional exchanges by partner

Sub-regional trade in terms of exports is led by Mali, Ivory Coast, Guinea Bissau, Burkina Faso,

Togo, Benin and Niger. The value of Senegal's total exports to EU countries increased from CFA francs 344.7 billion in 2014 to CFA francs 387.3 billion in 2019.

Figure 5. Share of each WAEMU country in Senegal's exports

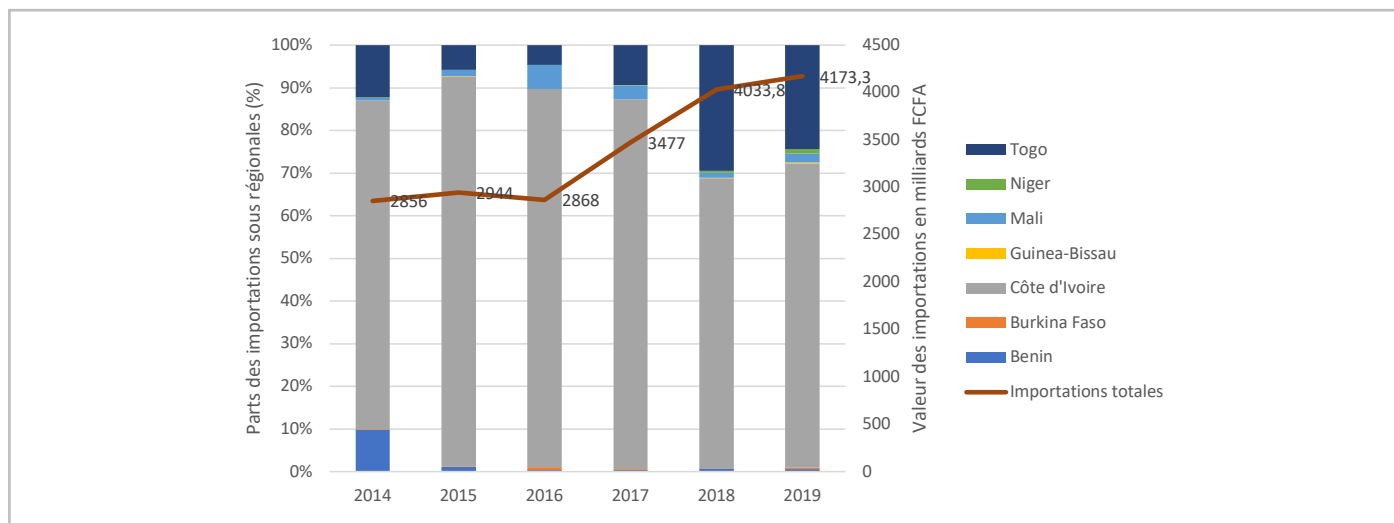


Source : ANSD

Imports from other WAEMU countries stagnated at around CFA francs 68.8 billion between 2015 and 2016 before increasing by CFA francs 10 billion in 2017. Thus, imports in 2018 reached CFA francs 72.8 billion for an estimated value of

CFA francs 76.9 billion in 2019. Ivory Coast is the sub-region's leading country from which Senegal imports the most products, followed by Togo, Mali, Niger, Benin, Burkina Faso and Guinea Bissau.

Figure 6. Share of each WAEMU country in Senegal's imports



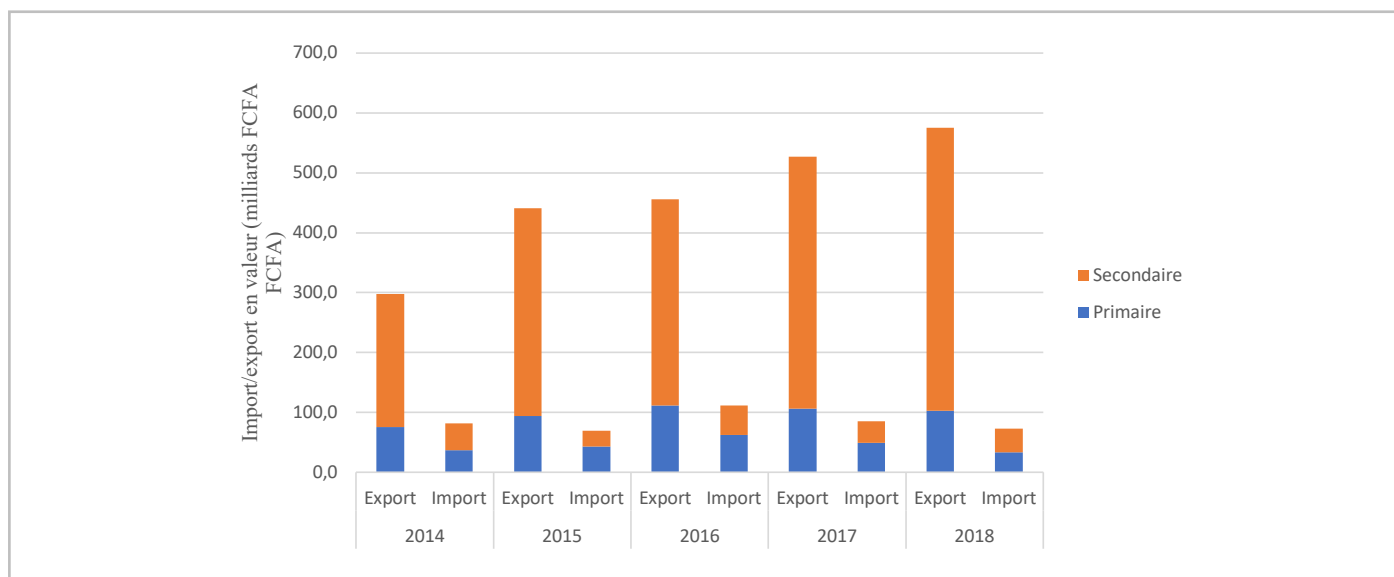
Source : ANSD

5.2.4 Regional exchanges by type

Sub-regional trade by type of product from Senegal is carried by the secondary sector followed by the primary sector. According to BCEAO, in 2018 shipments to WAEMU countries will consist

mainly of petroleum products (mainly re-exports), cement and, to a lesser extent, food products. Imports are mainly driven by agricultural products for the primary sector, and by fossil fuels for the secondary sector.

Figure 7. Regional trade by sector



Source : COMTRADE

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 taken aim to contribute to the reduction of the trade balance deficit, the regular supply of the domestic market, the promotion of local industries, the strengthening of the regional integration process and access to international markets, and the promotion of competition.

Senegal also intends to take advantage of the trade opportunities that exist both at the sub-regional and multilateral levels and in the framework of the unilateral preferences granted by its trading partners. The planned actions relate to mechanisms to protect the national economy against unfair foreign competition, support for the development of strategic agricultural sectors, the implementation of an export promotion strategy, the development of market access conditions, and the strengthening of supply capacities.

This integration is supposed to take place in parallel with the actions planned in other sectors, notably industrial development, promotion of private entrepreneurship and SMEs, and implementation of sectoral policies.

Within the framework of WTO negotiations, Senegal intends to rely on its regional partners to develop proactive sub-regional diplomacy and to advocate for fairer trade rules.

According to Senegalese customs, since the entry into force of the WTO Agreement, the cus-

toms value of goods is the transaction value, i.e. the CIF ⁷ price. This value must be materialised by any document supporting the reality, truthfulness and accuracy of the transaction (invoice, contract, etc.).

5.3.2 International trade by value and by destination

According to the 2018 balance of payments published in December 2019, Senegal's exports are mainly destined for the African continent and are valued at CFA francs 891.0 billion. They remain dominated in value by products destined for ECOWAS countries (42.8%) of which 33.3% are destined for WAEMU countries, notably Mali (22.4%) and Ivory Coast (4.2%).

Exports to WAEMU countries consist mainly of petroleum products (re-exports), cement and manufactured food products. In 2018, non-WAEMU ECOWAS states accounted for 9.5% of market share in terms of exports by value. The main customers are The Gambia (3.0%) and Guinea (3.9%). Nigeria, Senegal's first supplier to ECOWAS, accounts for only 0.9 % of Senegal's exports in value terms. Europe is the second destination of Senegalese exports. External sales to the European Union increased steadily between 2016 and 2018, rising from CFA francs 231.2 billion to CFA francs 302.6 billion. Senegal also makes sales to Asia. In 2018, exports to this region reached CFA francs 335.8 billion.

As regards imports, in 2018, Senegal traded mainly with the European and Asian continents, which accounted for 46.2% and 28.0% of imports respectively. The African and American continents followed with 19.1% and 6.1% of imports respectively.

Table 30. Breakdown of trade by country

In billion of CFA francs	2014	2015	2016	2017	2018
Exportations					
European Union	230	253.5	231.2	264.7	302.6
United States	21.7	38.2	36.5	52.9	62.9
India	30	82.8	122.3	87.3	168.3
China	19.8	70.9	74.75	77.7	64.16

⁷ Freight Insurance Cost

ECOWAS	539.6	591	641.9	744.4	768.7
Mauritania	36	31.2	45.6	44.9	41.9
Others	721.5	920.5	857.7	1091.42	1258.75
Total	1289.5	1499.4	1485.4	1659.2	1794.0
Importations CAF	2014	2015	2016	2017	2018
European Union	1446.1	1337.3	1239.4	1508.6	1697.9
United State	87.9	87.5	72	81.4	112.0
India	210	210	245.1	285.2	288.81
China	323.6	323.6	331.7	380.18	498.34
ECOWAS	453	453	470.8	555.3	640.9
Mauritania	2.8	2.9	5.2	3.6	6.9
Others	765.8	780.9	725.6	937.7	1111.33
Total	3244.9	3334.8	3221.9	3905.7	4503.6

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. Product exports increased between 2014 and 2018 from CFA francs 1,289.5 billion to CFA francs 1,794.0 billion.

In 2018, this progression is explained by an increase in the sales of non-monetary gold

(42.2%), the re-export of petroleum products (25.1%), heavy minerals (zircon, titanium, etc.) (40.9%), phosphoric acid (63.8%), halieutic products (16.0%) and horticultural products (29.5%). Concerning imports, capital goods continue to show an upward trend. Purchases of food products also represent an important item.

Table 31. Breakdown of trade by product

In billion of CFA francs	2014	2015	2016	2017	2018
Exports of FOB products					
Heavy minerals (Zircon, Titanium etc.)	9.9	55.0	58.5	82.4	99.7
Petroleum products	233.3	211.9	161.4	242.9	303.9
Groundnut products	29.5	86.5	75.5	65.4	63.6
Phosphates	16.1	34.0	18.6	18.4	16.1
Fishery products	232.9	265.0	286.1	299.3	274.3
Cement	82.4	90.2	106.4	117.7	86.5
Phosphoric acid	46.4	84.1	124.0	96.0	157.3
Fertilizers	15.7	6.3	10.8	18.9	26.0
Manufactured Products	138.3	135.6	127.3	158.1	167.4
Others	558.8	572.0	527.7	635.8	724.1
Total	1390.0	1568,9	1551.2	1750.3	2015.7
Value adjustment	69.4	79.8	73.4	64.4	68.0
Coverage adjustments	-166.7	-131.4	-124.9	-137.2	-275.3
Timeline adjustments	-3.2	-17.8	-14.2	-18.2	-14.4
Total ajusted	1289.5	1499.4	1485.4	1659.2	1794
CIF Imports	2014	2015	2016	2017	2018
Food products	598.4	629.7	618.4	767.6	788.14
Other consumer goods	366.1	389.9	366	410.7	440.22
Petroleum products	956.2	778.7	637.4	856.1	1254.4
Intermediate goods	595.4	624.4	644.9	777.2	932.2
Capital Goods	652.7	848.6	856.9	974.3	961.0
Various products	76.1	63.1	98.3	119.8	127.64
Total	3244.9	3334.4	3221.9	3905.7	4503.6

Source : BCEAO

5.4 Foreign Direct Investment

The stock of inward FDI relative to GDP increased from 19% in 2014 to 23% in 2018 according to UNCTAD statistics. In 2018, Foreign Direct Investment (FDI) flows to Senegal will come mainly from the European continent. The share of flows from other countries of the continent represented about 76% in 2014, 31% in 2015 and 10.4% in 2018. FDI from European countries accounted for 13% of flows in 2014, 51% in 2015 and 34.4% in 2018. The share of

French FDI is preponderant and represented 75.6% and 11.7% of FDI from European countries in 2014 and 2018 respectively.

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

Table 32. Share of FDI by country of origin

In billions of CFA francs	2014		2015		2016		2017		2018	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Africa	164.0	76.0	77.0	31.3	179.0	60.9	67.5	13.3	69.8	10.4
America	9.0	3.9	32.0	13.2	42.0	14.2	11.3	2.2	75.4	11.2
North	7.0	77.3	25.0	75.9	29.0	69.3	8.6	1.7	16.3	2.4
Latino	2.0	22.7	8.0	24.1	13.0	30.7	2.7	0.5	59.1	8.8
Asia	15.0	7.1	10.0	4.2	13.0	4.4	27.9	5.5	68.2	10.2
Libanon	0.0	2.6	2.0	16.2	2.0	11.6	0.0	0.0	13.5	2.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	21.0	4.1	34.1	5.1
India	5.0	31.2	0.0	0.0	0.0	0.0	0.0	0.0	22.2	3.3
Europe	28.0	12.9	125.0	51.3	60.0	20.5	199.2	39.2	230.9	34.4
France	21.0	75.6	79.0	63.2	1.0	0.9	60.0	11.8	78.4	11.7
United Kingdom	6.0	20.2	13.0	10.6	17.0	28.4	121.0	23.8	121.1	18.1
Rest of the World	216.0		245.0		294.0		202.6		226.7	33.8
	432.0	100.0	489.0	100.0	588.0	100.0	508.6	100.0	671.0	100.0

Source : IMF

5.5 Regional Integration

5.5.1 WAEMU Convergence Criteria

There are five WAEMU convergence criteria, divided into two rows. These are first-tier criteria (budget balance in relation to nominal GDP, average inflation rate and total public debt stock in relation to nominal GDP) that member states are imperatively required to meet, and second-tier criteria (wage bill in relation to tax revenue and tax pressure).

For the first-tier criteria, Senegal has always met two criteria between 2014 and 2019: the average inflation rate less than or equal to 3% and the total public debt stock in relation to nominal GDP

less than or equal to 70%. The criterion requiring the budget balance to nominal GDP ratio to be less than or equal to -3% could only be met in 2017 with a ratio of -3%. Projections show that this criterion will not be met in 2019 and 2020 with values of (-3.9%) and (-6.8%) respectively.

As for almost all WAEMU member states, Senegal is far from being able to meet 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 estimate for 2019 indicates a fiscal pressure of 17.4 % and projections bring it to 17.7 % in 2020. The

ratio of the Senegalese state wage bill to tax revenue would be respected: according to projections for 2020, the value would reach 30.6%, with a limit set at 35%.

Table 33: WAEMU convergence criteria

Senegal	2014	2015	2016	2017	2018	2019	2020 proj
First rank (%)							
Budget balance /nominal GDP ($\leq -3\%$)	-4.0	-3.7	-3.3	-3.0	-3.7	-3.9	-6.8
Average annual inflation rate ($\leq 3\%$)	1.1	0.1	0.8	2.2	0.5	1.0	1.1
Outstanding total public debt as a percentage of nominal GDP ($\leq 70\%$) *	42.1	43.8	47.2	47.7	62	64.1	67.5
Second rank (%)							
Payroll/tax revenue ($\leq 35\%$)	33.1	32.9	32	32.5	34.3	30.5	30.6
Tax pressure ($\geq 20\%$)	15.2	15.2	15.9	15	15.3	17.4	17.7

* As of 2018, the debt takes into account the broader public sector, Source: WAEMU Commission, IMF

5.5.2 Status 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).

The WAEMU brings together the eight West African countries that have the CFA francs as their common currency. ECOWAS, which is larger than WAEMU, 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 finalised and its application has been effective since January 2015.

Within the framework of the ESP, the Government intends to deepen regional integration through the rehabilitation and development of the infrastructure network, the removal of obstacles to the free movement of persons, goods and services, and the development of intra-community trade. The government also intends to strengthen Community initiatives in the areas of food security, agricultural and energy policy, as well as within the framework of regional economic programmes. With a view to integration, the government intends to improve the country's competitiveness, strengthen its position in trade negotiations, broaden the export base and diversify trading partners.

6.1 Business climate

Senegal occupies the 123rd position out of 190 countries in 2020 against 141st in 2019 according to the Doing Business report. This ranking reflects Senegal's commitment to improving the

business climate in line with the priorities of the Emerging Senegal Plan (ESP) and its priority action plans.

Table 34. Indicators measured by the Doing Business report

Indicator	Content	Metric	
Setting up a company	Procedures, deadlines, costs and minimum capital contribution required to set up a limited liability company	Procedures (numbers)	4
		Delay (days)	6
		Cost (% of per capita income (HPI))	22.6
Building permits	Procedures, deadlines and costs involved in carrying out all the formalities required to build a warehouse and quality and safety control devices in the building permit system	Deadline (days)	177
		Cost (% of construction value)	7.8
		Construction Quality Control Index (0-15)	10
Electricity connection	Procedures, deadlines and costs for connection to the electricity grid, reliability of electricity supply and tariff transparency	Deadlines (days)	68
		Cost (%HPI)	2421.1
		Reliability of electricity supply and tariff transparency (0-8)	5
Property registration	Procedures, time and costs for transferring title, and quality of the land administration system	Deadline (days)	41
		Cost (% value of the property)	7.1
		Soil quality index (0-30)	10
Cross-border trade	Delays and costs associated with exporting the product with a comparative advantage and importing auto parts	Export cost (USD)	547
		Time to export	26
Obtaining loans	Laws on the pledging of movable property and credit information system	Legal Rights Index (0-12)	6
		Credit information quality index (0-8)	7
		Credit register coverage (% adults)	0
		Credit office coverage (% adults)	8.2

Investors protection	Rights of minority shareholders in related party transactions and corporate governance	Disclosure Index information (0-10)	7
		Index of the responsibility of the managers (0-10)	1
		Index of ease of lawsuits by shareholders (0-10)	6
Payment of taxes	Payments, time limits and total to be paid for a company that fully applies the legislation after the tax return and the procedures	Payment (Number per year)	53
		Deadline (hour per year)	446
		Total payable (% of gross profit)	44.8
Execution of contracts	Delays and costs of settling a commercial dispute and quality of legal proceedings	Deadline (days)	740
		Cost (% of debt)	36.4
		Index relating to the quality of legal proceedings (0-18)	6.5
Insolvency settlement	Time limits, costs, results and recovery rates in insolvency cases and the strength of legislation in this area	Recovery rate (US Dollar cents)	30
		Times (years)	3
		The Index on the Strength of the Insolvency Legal Framework (0-160)	9

Source : Doing Business

Senegal carried out 6 reforms in the 2015 report, 4 in 2016, 4 others in 2017 and 5 reforms in 2018, making a total of 19 reforms in 4 years. Within WAEMU, Senegal is the 3rd reformer, after Ivory Coast which is in 122nd place, with 5 reforms accomplished in 2019, and Togo which is in 137th place, with 6 reforms.

Senegal has facilitated the registration of goods, reducing the time needed to transfer and register them. It has facilitated the enforcement of contracts by adopting a law regulating all aspects of mediation as an alternative dispute resolution mechanism. Senegal is also among the countries that have made efforts in administrative procedures and expanded the alternative framework for resolving commercial disputes, including the establishment of a commercial court. Concerning the obtaining of electricity, it takes an average of 75 days for a permanent electrical connection to the grid in Senegal and 86 days in

the rest of the world.

This great improvement in the ease of doing business in Senegal is the result of four (4) key reforms. These are the e-tax, i.e. the dematerialization of payment procedures and tax declarations, the reform on the contribution of the local economy, the reform on the Commercial Court and the reform on the protection of investors.

It should be noted that with its strong performance in recent years, Senegal has the best record in the subregion according to the Doing Business 2020 Report.

For the Corruption Perception Index in 2019, Senegal scores 45/100 points, ranking 66th in the world and 7th at the African level.

Senegal is ranked 12th out of 54 African countries in the Mo Ibrahim Index of African Governance (IIAG) ranking for the year 2018. Senegal

recorded a clear improvement with a score of 63.3 out of 100, far ahead of Ivory Coast (20th place with a score of 54.2 out of 100), Benin

(13th place with a score of 58.7 out of 100) and Morocco (15th place with a score of 58.4 out of 100).

6.2 Financial Governance

The preparation of Senegal's 2020 budget, following the logic of the program budget, is based on the continuation of efforts to increase revenue mobilization as well as the rationalization of the State's operating expenditures, taking into account the need to meet the State's previous financial commitments.

The Economic Policy Coordination Instrument (EPCI) is a mechanism introduced by the IMF in 2017 to support countries that can benefit from the institution's support under a program.

The first pillar of the EPCI supports the Government's strategy to accelerate private sector development for strong and inclusive growth. Senegal is committed to consolidating macroeconomic stability through prudent fiscal policy (Pillar II).

The third pillar of government reforms supported by the BPI focuses on the establishment of sustainable and transparent governance of the resources derived from the exploitation of recent hydrocarbon discoveries. The Government intends to implement a management framework that meets best practices.

Pillar I: Achieving inclusive, private sector-led growth

The reforms supported by the BPI program are as follows:

- o Judicial system: The commercial justice system will be strengthened through the creation of a court of appeal and the digitization of commercial courts ;
- o Labor market: A reform of the labor code is underway;
- o Land ownership: the authorities plan to set up a dematerialized, integrated and centralized land management system;

- o Investment Law: The authorities plan to adopt a new law in 2021 to increase transparency for potential investors;

- o Public-Private Partnerships (PPPs): the law on PPPs will require a prior evaluation of all investment projects of more than CFA francs 2 billion and a counter-expertise of unsolicited bids by the Ministry of Economy, Planning and Cooperation;

- o Incentive schemes and targeted support for start-ups and dematerialization.

Pillar II: Consolidating macroeconomic stability through prudent fiscal policy and sound debt management

- (i) Implement a prudent fiscal policy consistent with the WAEMU deficit target:

- o The authorities reiterated their commitment to conduct sound fiscal policies starting with the implementation of the 2019 budget and the 2020 budget law;

- o Cash transactions on deposit accounts below the line imply an additional financing requirement;

- o IMF staff advocated a greater and more regular pass-through of international oil prices ;

- o The 2020 budget targets a 3 percent GDP deficit and begins to clear outstanding 2017-2018 obligations;

- o To implement the PES II and improve human and physical capital while maintaining debt sustainability, Senegal needs to mobilize more domestic revenue ;

- o The immediate priority of the medium-term strategy will be to broaden the tax base ;

- o The medium-term strategy will aim to improve data management and develop digital tax applications.

(ii) Improving efficiency and expenditure governance :

o The BPI program promotes a gradual reallocation of resources from low-priority public consumption to investment in human capital and infrastructure ;

o The authorities are committed to better management of public finances.

o In 2020, Senegal will carry out a major modernization of its budget management by starting to implement WAEMU public financial management guidelines.

(iii) Ensure transparent and sustainable management of oil and gas revenues :

o Recent oil and gas discoveries could increase Senegal's GDP by about 5 % per year over the production horizon ;

o The authorities are committed to establishing a strong and transparent oil and gas sector governance framework in line with international best practices;

o The authorities have set out a series of principles that will govern the management of fiscal resources from recently discovered hydrocarbon deposits.

Pillar III: Ensure transparent and sustainable management of oil and gas revenues

o The Senegalese authorities are committed to establishing a strong and transparent oil and gas sector governance framework that is consistent with international best practices ;

o The authorities have set out a series of principles that will govern the management of budgetary resources from recently discovered hydrocarbon deposits.

6.3 Financial rating

S&P's rating for Senegal in 2019 is B+ with a stable outlook. Moody's last rating for Senegal was Ba3 with a stable outlook. In general, the sovereign rating is used by sovereign wealth funds, pension funds, and other investors to assess the country's creditworthiness.

On June 12, 2020, following Senegal's accession to the bilateral debt suspension initiative (ISSD), Moody's put the country's rating "under review for downgrade". This is not a downgrade, but a change of perspective. According to Moody's, in line with its rating approach, the review period will

provide an opportunity to understand the importance of the statement in the ISSD's term sheet that private sector creditors will be required to participate in the initiative on comparable terms. The review will determine whether Senegal's participation in this initiative will be effectively implemented without private sector participation, in which case the rating will likely be confirmed at the current level. The Government of Senegal has officially declared that it will not participate in the private ISSD, and will therefore soon return to a stable outlook.

Table 35. Change in Senegal's sovereign rating

Date	Agency	Rating	Perspectives
June 2020	Moody's	Ba3	negative ⁸
December 2019	S&P	B+	Stable
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

⁸ The rating is under surveillance.

7.1 Budget

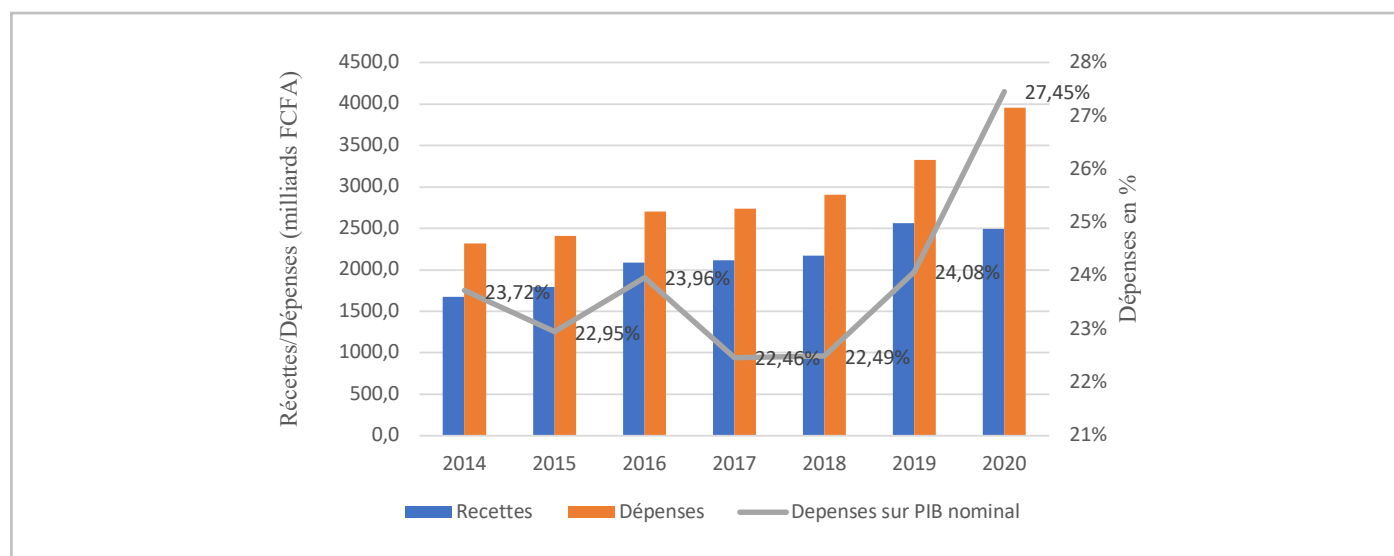
7.1.1 Expenditures and Revenues

Senegal's resources (revenues and grants) have certainly increased from CFA francs 1,927 billion in 2014 to CFA francs 2,789.1 billion in 2019, but do not cover all expenses. As a result, the primary fiscal balance remains in deficit. This deficit, which averaged CFA francs 256.1 billion between 2014 and 2018, increased in 2019 to

CFA francs 265.9 billion. Projections predict that it will reach CFA francs 872.7 billion in 2020. Expenditures as a percentage of GDP follow a relatively stable trend, with the ratio ranging between 22.4% and 24.0% between 2014 and 2019.

The graph is to be updated with the revision of the BIA, revenues and grants are expected in 2020 to 3008.4 and expenditures to CFA francs 3882.1 billion .

Figure 8 - Evolution of the amount of expenditure and revenue of Senegal



Source : DPEE

Period	2014	2015 réal.	2016 réal.	2017 Réal.	2018	2019 Réal.	2020 LFI	2020 Révisé
Total revenues and grants	1927,0	2026,1	2334,6	2376,6	2425,5	2789,07	3122,5	3008,4
Budgetary, ESF and other revenues	1673,5	1794,1	2090,3	2112,1	2169,0	2564,5	2829,0	2507,8
- Budgetary revenues	1623,7	1736,7	1894,7	1941,8	2137,5	2564,5	2829,0	2476,0
Tax revenues	1482,5	1597,1	1791,2	1844,9	1990,4	2410,0	2705,0	2352,8
Non-tax revenues	92,2	111,4	103,5	96,9	147,0	154,5	124,0	123,2
Mittal Resources	49,0	28,2	0,0	0,0	0,0			
Non-tax revenue / oil exploitation								
- ESF	49,8	57,4	20,6	30,6	31,6	0,0	0,0	0,0
- Other revenues			175,0	139,7				
- Exceptional income								31,8
- Exceptional revenues (oil, gas, license...)			139,8					
- Various repayments			35,2					

Grants	253,5	232,0	244,4	264,5	256,4	224,6	293,5	500,6
Budgetary	40,3	31,2	38,0	49,4	19,5	16,7	33,0	240,1
in capital	213,2	200,8	206,4	215,1	236,9	207,9	260,5	260,5
Total Expenditures	2318,7	2411,51	2703,9	2738,8	2902,9	3326,19	3573,0	3881,1
Current expenses	1409,3	1504,3	1612,8	1661,8	1870,7	2165,9	2130,0	2453,0
Salaries and wages	485,4	526,1	572,3	600,0	682,0	733,27	817,7	817,7
Interest on public debt	131,0	159,7	187,7	233,9	263,2	271,2	364,8	306,9
External	62,7	126,1	139,9	178,3	210,3	232,9	289,8	257,3
Internal	68,3	33,6	47,8	55,6	52,8	38,3	75,0	49,6
Other current expenses	792,9	818,5	852,8	827,9	925,5	1161,5	947,5	1328,4
Supplies, maintenance and others	443,0	384,3	321,6	325,5	305,5	281,1	436,8	313,7
Transfers and grants (including ESF)	349,9	434,2	531,3	502,4	620,0	880,4	510,7	1014,7
of which ESF expenditures				30,6				
Capital Expenditures	899,1	907,2	1091	1077,1	1032,3	1160,2	1443,1	1428,1
Domestic financing	508,3	502,1	654,6	620,5	514,6	560,5	681,5	741,5
External financing	390,9	405,1	436,5	456,6	517,7	599,8	761,6	686,6
Net loans	10,3	0,0		0,0	0,0	0,0	0,0	0,0
Retroceded loans	10,7	12,7		10,0	10,0	10,0	10,0	10,0
Repayment of loans on-lent	-0,4	-12,7		-10,0	-10,0	-10,0	-10,0	-10,0
Temporary costs of structural reforms								
Overall balance of the Central Administration	-391,7	-385,4	-369,2	-362,2	-477,5	-537,1	-450,5	-872,7
Non-financial entities in the public sector								
Revenues								
Expenditures								
Aggregate balance of non-financial public sector entities	4,6	0,0		0,0	0,0	1,0	0,0	0,0
Overall balance Adm. Cent. and Non-Fin. Public Sector Entities (including grants)	-387,1	-385,4	-369	-362,2	-477,5	-536,1	-450,5	-872,7
Primary balance Adm. Central	-256,1	-225,6	-181,6	-128,3	-214,3	-265,9	-85,8	-565,8
Base balance (def. WAEMU)	-244,1	-212,3	-177,1	-170,1	-216,2	-161,9	17,6	-686,7
Base balance excluding HIPC and MDRI and budget grants.	-203,8	-181,1	-139,2	-120,7	-196,7	-145,2	50,5	-446,6
Cash basis adjustments	3,1	1,8	0,1	0,0	0,0	1,0	0,0	0,0
Changes in arrears (red.=)								
Other (Expected funds)	3,1							
Constitutions	51,7							
Rules	-48,6							

Overall balance including grants (Cent. Adm. and non-financial public sector entities)	-384,0	-387,2	-369,3	-362,2	-477,5	-537,1	-450,5	-872,7
Overall balance excluding grants (-)	-637,5	-619,2	-613,7	-626,7	-733,9	-762	-744,0	-1373,3

7.1.2 Detailed presentation of expenditures and revenues (updated according to the table below)

The increase in state resources between 2014 and 2019 can be explained by a good collection of tax revenues which increased by CFA francs 927 billion. Total state resources should increase from CFA francs 2,425.5 billion to CFA francs 2,789.1 billion between 2018 and 2019. According to DPEE, budget revenue obtained was up 20.3% in 2019. They are broken down into tax revenue of CFA francs 2,410 billion and non-tax revenue of CFA francs 154.5 billion. The performance achieved in tax revenue is attributable to the increase in direct and indirect taxes. In 2020, they are projected at CFA francs 2,449.1 billion.

Public expenditure is cyclical over the 2014-2019 period. This evolution has resulted in a successive increase of CFA francs 92.8 billion between 2014 and 2015, CFA francs 292.4 billion between 2015 and 2016, CFA francs 34.9

billion between 2016 and 2017 and CFA francs 164.1 billion between 2017 and 2018. Between 2018 and 2019, the increase reached CFA francs 423.3 billion. The strong increase observed in 2019 is explained by the efforts of the State in terms of strengthening public investment that will bring growth and meet the needs of the energy sector.

Overall, the primary budget deficit rose from CFA francs 256.1 billion in 2014 to CFA francs 265.9 billion in 2019. The 2019 budget situation is partly linked to the subsidy allocated to SENELEC in connection with the regularization of the electricity sector. In 2020, a budget deficit of CFA francs 674.8 billion is projected due to the health crisis. The Senegalese government is expected to let the deficit slip because of emergency spending to fight the pandemic. The WAEMU Commission has decided to temporarily suspend the application of multilateral surveillance budgetary rules as in the Euro zone.

Table 36. Table of State financial operations (review 2020 in accordance with the above table)

Senegal	2014	2015 real.	2016 real.	2017 real.	2018	2019 Real.	2020 Re-vised
In billions of CFA francs							
Revenues and grants	1927.0	2026.1	2334.6	2376.6	2425.5	2789,1	2974,6
Total Revenues	1673.5	1794.1	2090.3	2112.1	2169.0	2564.5	2492.1
Revenues and taxes	1482.5	1597.1	1791.2	1844.9	1990.4	2410.0	2371.3
Direct Taxes	450.0	487.2	559.9	591.6	647.9	759.6	751.3
Indirect Taxes	1032.6	1109.9	1228.7	1253.3	1342.5	1650.4	1620.0
No taxes revenues	191.0	197.0	124.1	127.5	178.6	154.5	120.7
Grants	253.5	232.0	244.4	264.5	256.4	224.6	482.5
Budgetary	40.3	31.2	38.0	49.4	19.5	16.7	222.0
In capital	213.2	200.8	206.4	215.1	236.9	207.9	260.5
Totale expenditures	2318.7	2411.5	2703.9	2738.8	2902.9	3326.2	3956.3
Dépenses courantes	1409.3	1504.3	1612.8	1661.8	1870.7	2165.9	2618.2
Wages and compensations	485.4	526.1	572.3	600.0	682.0	733.3	817.7
Transferts and others	349.9	434.2	531.3	502.4	620.0	880.4	1076.8
Fournitures and others	443.0	384.3	321.6	325.5	305.5	281.1	416.8
Due interest	131.0	159.7	187.7	233.9	263.2	271.2	306.9
On external debt	62.7	126.1	139.9	178.3	210.3	232.9	257.3
On domestic debt	68.3	33.6	47.8	55.6	52.8	38.3	49.6

Investment expenditures	899.1	907.2	1091.1	1077.1	1032.3	1160.2	1338.1
On domestic resources	508.3	502.1	654.6	620.5	514.6	560.5	651.5
On foreign resources	390.9	405.1	436.5	456.6	517.7	599.8	686.6
Net Loans	10.3	0.0		0.0	0.0	0.0	0.0
Primary balance	-256.1	-225.6	-181.6	-128.3	-214.3	-265.9	-674.8

Source : DPEE

7.1.3 General presentation of the budget

Expenditures in the Senegalese state budget are mainly allocated to ordinary expenditures, on av-

erage 62.8% for the years 2018 and 2019, and to capital expenditures for 35% over the same period.

Table 37. Major Budget Items

In billions of CFA francs	LFR 2018		LFR2 2019	
	Amount	%	Amount	%
Ordinary expenditures	2258.3	62.8	2646	66.9
Public debt	839.8	23.3	863.2	21.8
Traitements ans salaries	633	17.6	744.1	18.8
Other current expenditures	785.5	21.8	1038.7	26.3
Investment expenditures	1339.5	37.2	1310.8	33.1
On domestic resources	822.5	22.9	670	16.9
On external resources	517	14.4	640.9	16.2
General budget charge	3597.8	100.0	3956.8	100.0

Source : Amending finance laws

7.1.4 Detailed presentation of the budget by expenditure item

Senegal's budget in 2019 is largely driven by education, land infrastructure, the army, health and

social action. Senegal's budget is fairly stable over the period. Variations from one year to the next are small.

Table 38. Excerpt from the 2018 and 2019 Finance Acts

Senegal	LFR 2018		LFR2 2019	
	Valeur	Structure (%)	Valeur	Structure (%)
In billions of CFA franc				
Education*	670	36%	726	38%
Health and social action	167	9%	170	9%
Housing	46	3%	61	3%
Agriculture	199	11%	211	11%
Fishing and maritim economy	41	2%	39	2%
Energy	113	6%	297	16%
Tourism	11	1%	16	1%
Industry	6	0%	6	0%
Employment	10	1%	1	0%
Infrastructures and road transports	210	11%	1,4	0%
Interior	127	7%	116	6%
Justice	42	2%	42	2%
Army	214	12%	208	11%
Trade	5	0%	9	0%
Total	1861	100%	1903,4	100%

Source : Amending Finance Law (2018) and 2nd Amending Finance Law 2 (2019) Aggregation of National Education, Higher Education and Research and Vocational Training

7.2 Tax policies

7.2.1 General budget revenue by source

Tax revenues have been increasing since 2014. They rose from CFA francs 1,483 billion in 2014 to CFA francs 2,410 billion in 2019. According to projections, revenue could drop to CFA francs 2,371.3 billion in 2020. The increases between 2014 and 2019 are explained by taxes on goods

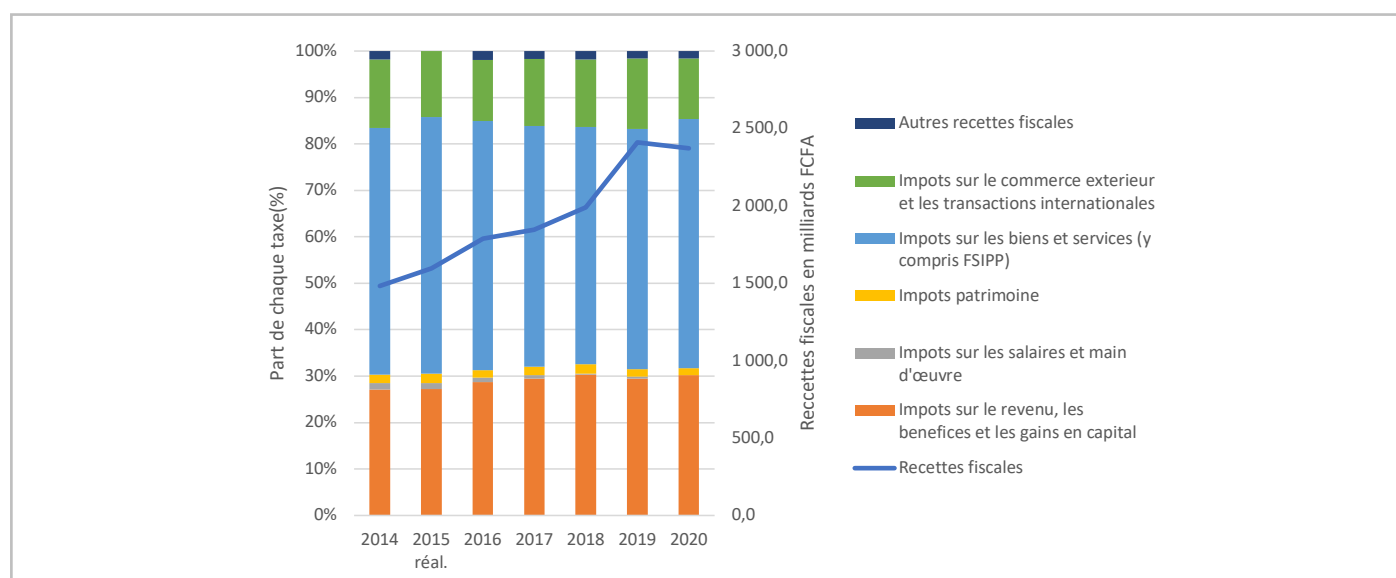
and services, income taxes, profits, capital gains and taxes on foreign trade. Between 2014 and 2019, revenues from these three tax headings accounted for an average of 95% of total tax revenues. Taxes on goods and services accounted on average for 52% of tax revenue followed by income, profits and capital gains taxes.

Table 39. Detailed presentation of tax revenues

	2014	2015	2016	2017	2018	2019	2020 Proj
Taxes revenues	1 482.5	1 597.1	1 788.6	1 845	1 990.4	2 410.0	2352.8
Income, income and capital gains taxes	401.8	435.4	512.9	544	603.3	710.6	682.8
Taxes on wages and labour	21.1	20.3	17.3	14	5.3	9.0	0.0
Wealth taxes	27.1	31.4	29.6	34	39.3	40.0	35.4
Taxes on goods and services (including FSIPP)	786.4	882.4	959.8	955	1 016.2	1 247.2	1287.2
Taxes on foreign and international transactions	218.6	227.6	234.5	266	290.3	365.5	308.3
Other tax revenues	27.5	0	34.4	32	36.0	37.7	39.0

Source : DPEE

Figure 9. General Budget Revenues by Source (updated in accordance with the 2020 Revision).



Source : Financial law

7.2.2 General Government Revenue - Health, Unemployment, and Retirement Type

Presentation of the tax novelties recently voted or under discussion and about to be voted on

In 2018, the State of Senegal introduced three new taxes: the special contribution of the tele-

communications sector (SCT), the levy on insurance companies and the levy on consignment operations of oil products for the bunkering of ships.

According to the Amending Finance Law 2 (AFL2) 2019, the SCT is payable by any operator of telecommunications networks open to the

public licensed in Senegal. It is set at 4.5% of the operator's pre-tax revenues, net of interconnection charges paid to other operators of public telecommunications networks.

With respect to the levy on insurance companies,

7.3 Finance Bill (the analysis could incorporate the revised BIA according to the table above).

In 2020, Senegal changed the rules governing budget preparation. From now on, the finance law is drawn up according to the logic of the programme budget, which highlights the means linked to the implementation of the activities of the different State bodies and the justification of the distribution of allocations in relation to the defined objectives. The transition to the programme budget should lead to greater transparency in the presentation of budgetary information.

In the BIA of 2020, overall resources are programmed at CFA francs 3 258.9 billion, against CFA francs 2 964.8 billion for the Amending Finance Law (AFL1) of 2019, an increase of CFA francs 294.1 billion in absolute terms and 9.9% in relative terms. These resources are mainly made up of those of the general budget, projected at CFA francs 3 122.5 billion, and resources of the special accounts of the Treasury up to CFA francs 113.75 billion. The increase in resources is driven by those of the general budget, the latter being made up of internal and external resources, estimated at CFA francs 2,829 billion and CFA francs 293.5 billion respectively.

The internal resources of the BIA of 2020 are programmed to increase by 10.6% and would thus rise from CFA francs 2,557.4 billion to CFA francs 2,829 billion between the rectifying finance law 1 of 2019 and the initial finance law of 2020. They are essentially made up of tax revenue for CFA francs 2 434 billion and non-tax revenue for CFA francs 123.4 billion. As regards external resources, they are composed of budgetary grants up to CFA francs 31.4 billion and grants for investment for an amount of CFA francs 240 billion.

Overall, the fiscal pressure is expected to reach 18.6% of GDP in 2020 against 17.6% projected

the rate is set at 1% and applies to revenues excluding taxes. Payment is made quarterly on the quarterly amount of the base. Regarding the last tax, the levy is fixed at CFA francs 10 per kilogram net of hydrocarbons exported.

in the AFL1 2019, i.e. an increase of 1 point beyond the achievement of the AFL 2019 objective. This situation takes into account the expected impact of the tax measures that will be implemented by the tax authorities to boost revenues, including the effective reduction of tax exemptions, particularly those with no proven social impact. Overall, achieving the objectives will require a sustained broadening of the tax base in line with the revision of the GDP base.

With regard to loans, they are programmed up to CFA francs 966.5 billion in 2020 against CFA francs 1,026.8 billion in the AFL1 of 2019. As for external resources allocated to investment, they are programmed at CFA francs 501 billion in 2020, an increase of 25% compared to the AFL of 2019.

General budget expenditure is planned at CFA francs 3,708.9 billion for the year 2020, an increase of 9.1% compared to the AFL1 of 2019. They are made up, essentially, of current expenditure for an amount of CFA francs 2,129.9 billion, capital expenditure estimated at CFA francs 1,443 billion and expenditure on special accounts to the tune of CFA francs 113.7 billion.

Current expenditure is programmed at CFA francs 2 219 billion in 2020 against CFA francs 1 928.2 billion in the AFL1 of 2019. They are made up of personnel expenditure for CFA francs 817.7 billion and interest on public debt for CFA francs 364.8 billion. Other current expenditure is projected at CFA francs 947.4 billion.

Capital expenditure of the AFL 2020 is programmed at CFA francs 1 443 billion against CFA francs 1 334.2 billion provided for in the AFL1 of 2019, drawn by investments financed from external resources. Indeed, the latter are projected at

CFA francs 761.5 billion in 2020 against a forecast of CFA francs 640.8 billion under the AFL1 of 2019, i.e. an increase of CFA francs 120.7 billion, driven notably by project loans. This trend aims at consolidating in the short term the support of external partners in the implementation of development programmes.

As for investment expenditure on domestic resources, they are planned at CFA francs 681.5 billion, down compared to the amount of CFA francs 693.3 billion programmed in the AFL1 of 2019.

Certain intrinsic characteristics contribute to Senegal's political and social stability. Firstly, spiritual leaders (marabouts) have considerable influence on their communities (brotherhoods). This has two profound implications for Senegal's political environment in two ways :

i) The collegial culture of the brotherhoods underpins the culture of consensual decision-making that extends to all aspects of political and so-

cial life in Senegal,

ii) Marabouts are fundamentally conservative and tend to support the government in power, which contributes to political stability.

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

8.1 Risks related to internal security

Internal security is one of the key sectors of the PAP under the ESP. 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 destabilisation. The attacks perpetrated in Mali, Mauritania and Burkina Faso in recent

years have led France and the United States to recommend increased vigilance to their nationals in Senegal. The year 2019 is the deadliest according to figures announced by the United Nations Office for West Africa and the Sahel (UNOWAS). Nearly 4,000 civilians and military personnel have been killed in terrorist attacks in Sahelian countries.

8.2 Social risks

At the social level, the country can be paralysed by strikes or demonstrations. In 2018, the health sector unions, grouped within the "And Gueusseum" movement, were in a radicalisation dynamic to demand justice and equity in the treatment of workers, according to the statement launching the 17th Action Plan.

At the level of education, the demonstrations are recurrent. Students most often demand the payment of scholarships on time, blocking the main avenue that passes in front of the university by

burning tyres. Demonstrations are suppressed by police with tear gas.

Teachers, for their part, strike every year to demand respect for agreements signed with the state beforehand. The resurgence of these strikes has a considerable impact on the timetable for the school and university year.

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

8.3 Macroeconomic risks

The world is facing an exceptional health crisis that will impact the country's economy. Containment measures, which are causing the cessation of activity in various sectors, will weigh on the GDP in the coming months and thus on the 2020 annual growth. According to the IMF, it is very likely that this year the world economy will

experience its worst recession since the Great Depression, a recession more severe than the one observed during the global financial crisis a decade ago. A partial recovery is expected in 2021, with growth rates above trend, but GDP levels will remain below pre-crisis levels and the strength of the recovery is highly uncertain.

At the national level, growth slowed in 2019, linked to the political uncertainty related to the presidential elections held on 24 February 2019. The slowdown in the global economy and the containment measures taken at the national level have led to a sharp reduction in economic activity, with the tourism, transport, construction and retail sectors particularly affected.

According to the debt sustainability analysis prepared in April 2020 by the IMF and the World Bank, Senegal is at moderate risk of debt distress. The transition from low to moderate risk of debt distress is partly linked to the broadening of the debt scope, which now takes into account the indebtedness of public and parastatal enterprises.

8.3.1 Evolution of the demand outlook of the main international partners

Senegal has a number of regional trading partners on which its economy relies heavily. In 2018, according to ANSD, sales outside Senegal are mainly oriented towards the African (36.2%), European (34.5%) and Asian (19.8%) continents. The Covid-19 pandemic, as well as the political instability and social unrest that are frequent in the West African region, could lead to a reduction in demand from these partners.

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

In addition, tourism is the sector most impacted by coronavirus. The sector is highly vulnerable to external, regional and national risks, including the economic slowdown in the countries of origin of tourists, negative perceptions of security as-

sociated 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 material prices

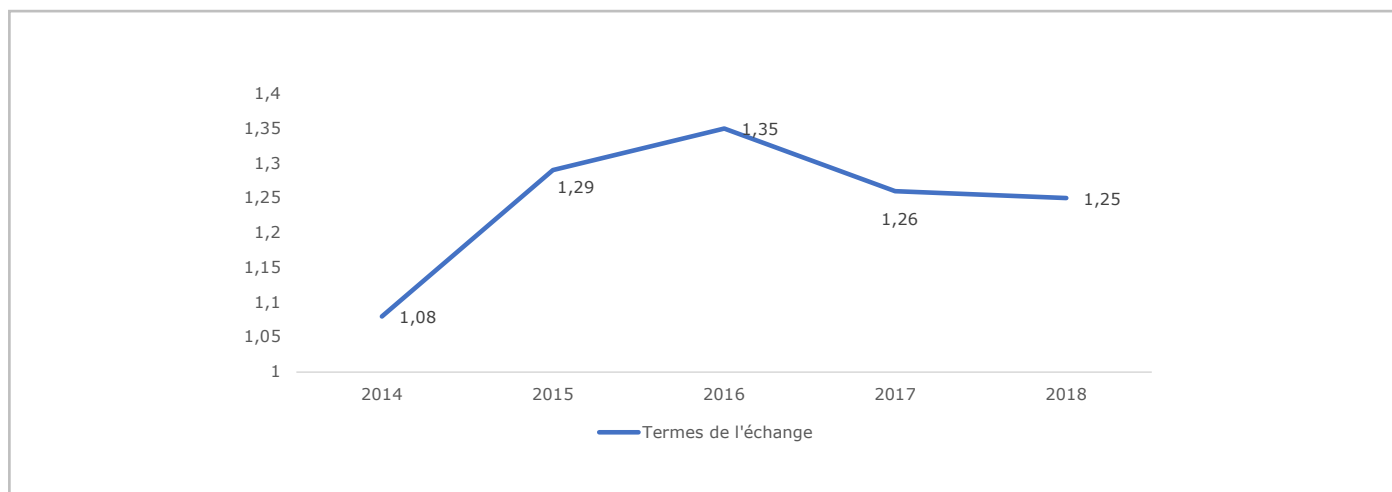
With the appearance of new minerals (gold, zirconium, titanium), Senegal's exports have undergone changes in recent years. Products such as cotton or phosphate have become scarcer in foreign sales, while exports are still concentrated on cement, fishery, horticultural, oil, chemical (phosphoric acid)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

According to BCEAO, Senegal's FOB exports rose to CFA francs 2,305 billion in 2019 against CFA francs 2,147 billion in 2018, an increase of 7.3%. This increase is due to the rise in shipments of groundnuts (+182.0%), non-monetary gold (+19.9%), fish (+14.8%) and petroleum products (+12.41%). On the other hand, the decline in foreign sales of cement (-10.2%) has mitigated this upward trend.

8.3.3 Evolution of the terms of trade

Senegal has a number of trading partners in the WAEMU area on which its economy is based. Political instability, social unrest and epidemics are common in the West African region, which, among other effects, could lead to a reduction in Senegal's exports. For the same causes, imports from these countries in the sub-region could also decline. According to ANSD, the terms of trade are projected to be 1.25 in 2018. This result follows the good price performance of products in the groups "mineral raw materials" (1.40), "other semi-finished products" (1.31), "energy and lubricants" (1.27), "finished products for consumption" (1.26) and "food - drink - tobacco" (1.12).

Figure 10. Evolution of the terms of trade



Source : ANSD

8.4 Resource Mobilization Risks

8.4.1 Mobilization of Fiscal Resources

For the achievement of ESP 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 in the medium term to raise the tax revenue/GDP ratio from the current level of around 16% 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 increase revenues in the long term.

8.4.2 External Funding from Donors

Senegal has significant exposure to concessional public debt from multilateral institutions and foreign governments. The country benefits from grants from 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 (FDA) and international financial assistance plays a crucial role in Senegal's public finances.

In the 2018-2020 Public Investment Programme

(PIP), the government plans to provide CFA francs 3,002.4 billion in aid to finance public investments, which represents 48% of the total investment of CFA francs 6,257.8 billion planned in the 2018-2020 PIP. Senegal could face economic difficulties if the above amounts are not mobilised. 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 significant volumes 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 comprises share capital, reinvested profits and other capital inflows, still needs to be improved in Senegal in view of its political stability.

According to the United Nations Conference on Trade and Development's (UNCTAD) 2018 Global Investment Report, FDI increased from US\$276 million in 2012 to US\$629 million in 2018. The total stock reached USD 5.3 billion (23.0% of GDP) by the end of 2018.

Table 40. Evolution of Foreign Direct Investment (FDI)

Foreign Direct Investment	2014	2015	2016	2017	2018
FDI inflows (millions USD)	343	409	472	532	629
FDI stocks (millions USD)	2 753	3 431	3 772	4 858	5 304
FDI inflows (in % of GFCF)	10.3	11.6	9.9	n/a	n/a
FDI stock (in % of GDP)	25	25.1	25	31.5	23

Source : CNUCED

Senegal was ranked 123rd in the World Bank's latest 2020 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 cli-

mate and thus attract more FDI flows. The discovery of gas and oil deposits holds significant resources and could encourage an influx of FDI in the future.

8.5 Health risks

Health risks have repercussions that go beyond quality of life, affecting income, productivity, schooling and ultimately economic growth. Malaria is the most widespread health problem facing Senegal.

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

cases of dengue fever, of which 216 were positive (10%) with only one death. Like almost every country in the world, Senegal is one of the countries affected by the coronavirus pandemic. As of 12 May 2020, 1,995 cases had been declared positive in Senegal, of which 742 were cured, 19 died and 1,233 were under treatment.

8.6 Environmental risks

The major disaster risks facing Senegal are natural hazards, industrial and technological risks and infrastructure risks.

For several years now, flooding has been recurrent in the suburbs of the Senegalese capital during the rainy season. In 2012, the floods were disastrous for the country, causing loss of human life, extensive damage to property and equipment and 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 Programme (PDGI) with a budget of more than CFA francs 700 billion (1.4 billion dollars).

Agricultural production in Senegal is highly vulnerable to weather conditions and, in particular, to drought and rainfall amounts, which can vary considerably from one year to the next. The sector contributes significantly to GDP and is an important part of the informal 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 Overview

According to the document on the request for a three-year programme under the IMF's Economic Policy Coordination Instrument (EPCI) published in December 2019, high public financing needs have led to a rapid increase in public debt. As at 31 December 2019, the stock of public debt was estimated at CFA francs 8,855.2 billion against CFA francs 5,848.5 billion in 2017 according to statistics provided by the IMF in April 2020.

The stock of public debt in 2019 takes into account the debt of the public sector in the broad sense. The broader public sector includes central government, parastatal entities that are part of the public administration and public enterprises. This change in the scope for calculating the country's debt has resulted in a structural break with historical data.

In 2018, Senegal carried out an issue on the Eurobond market in USD and EUR for a total amount of USD 2.2 billion at favourable interest rate conditions, partly due to the international context. A portion of the funds raised in 2018 was used to repurchase previous debt contracted on the Eurobond market.

The joint IMF-World Bank debt sustainability analysis for 2019 shows that Senegal's risk of debt distress has been reduced from low to moderate. This result was also confirmed by the

analysis carried out in April 2020 taking into account the current situation related to COVID-19.

The public debt-to-GDP ratio reached about 47.7 % at the end of 2017, while its level was 47.2 % in 2016. Based on recent changes in the debt boundary, this ratio was 61.9% and 64% in 2018 and 2019, respectively. External debt as a proportion of total debt increased significantly from 74% in 2014 to 84.9% in 2019. The external debt-to-GDP ratio rose from 48.5% in 2018 to 54.4% in 2019. As for the outstanding domestic debt, its weight in relation to GDP rose from 12.15% to 10.5% between 2018 and 2019. As regards the ratio of debt service to budget revenue, its level rose from 39.5.8% in 2018 to 27.7% in 2019.

In recent years, Senegal has received a significant increase in financing thanks to the Consultative Group, which has contributed significantly to the ESP PAP (2014-2018). Senegal has been able to mobilize external resources in excess of CFA francs 2,000 billion. The fund-raising trend observed a few years ago has started to reverse since the government set up the ESP.

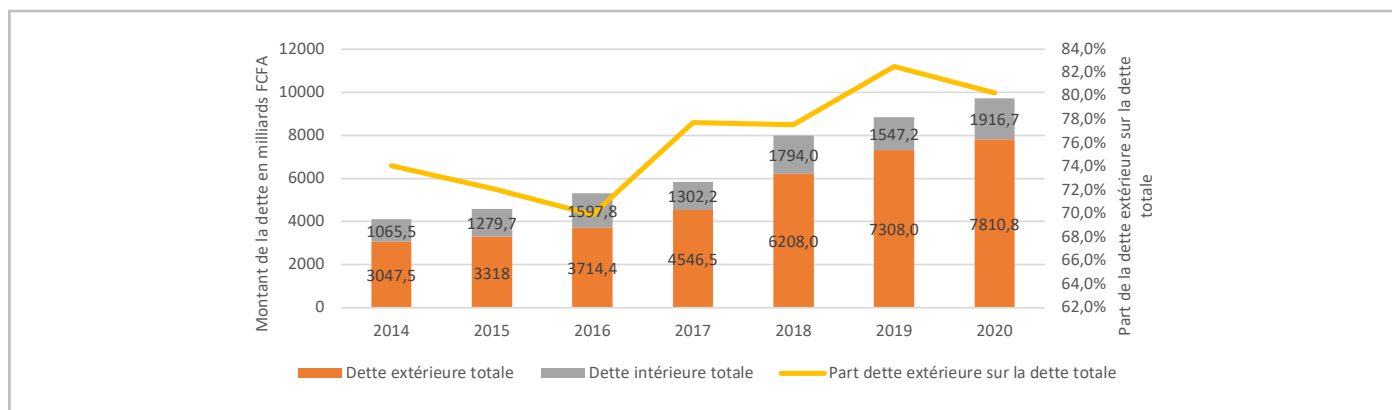
Domestic public debt, which had been growing rapidly, has started to slow down following the change in financing strategy linked to the ESP. As a result, the Government of Senegal has carried out several issues on the Eurobond market in 2014, 2017 and 2018.

Table 41. Distribution of Senegal's Public Debt

[Sénégal]	2014	2015	2016	2017	2018	2019	2020 proj
Total debt (% GDP) *	42.1	43.8	47.2	47.7	61.4	63.7	68.0%
Total debt (in billion of CFA francs)							
Remaining due	4113.0	4597.7	5312.2	5848.5	7996.2	8848.49	9727.5
Arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Due	683.8	777.5	799.5	981.3	774.7	863.2	870.8
Paid	683.8	777.5	799.5	981.3	774.7	863.2	NA
Total external debt *							
Remaining due	3047.5	3318.0	3714.4	4546.5	6570.11	7512.95	7810.8
Arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Due	135.3	195.0	205.8	262.3	379.8	469.4	672.6
Paid	135.3	195.0	205.8	262.3	379.8	469.4	NA
Total domestic debt **							
Remaining due	1065.5	1279.7	1597.8	1302.2	1426.5	1334.54	1916.7
Arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Due	548.5	582.5	593.7	719.0	394.9	393.8	198.2
Paid	548.5	582.5	593.7	719.0	394.9	393.8	NA
Nominal GDP (Current price)	9775.0	10508.7	11283.4	12191.8	12906.4	13 814.7	14 306.9

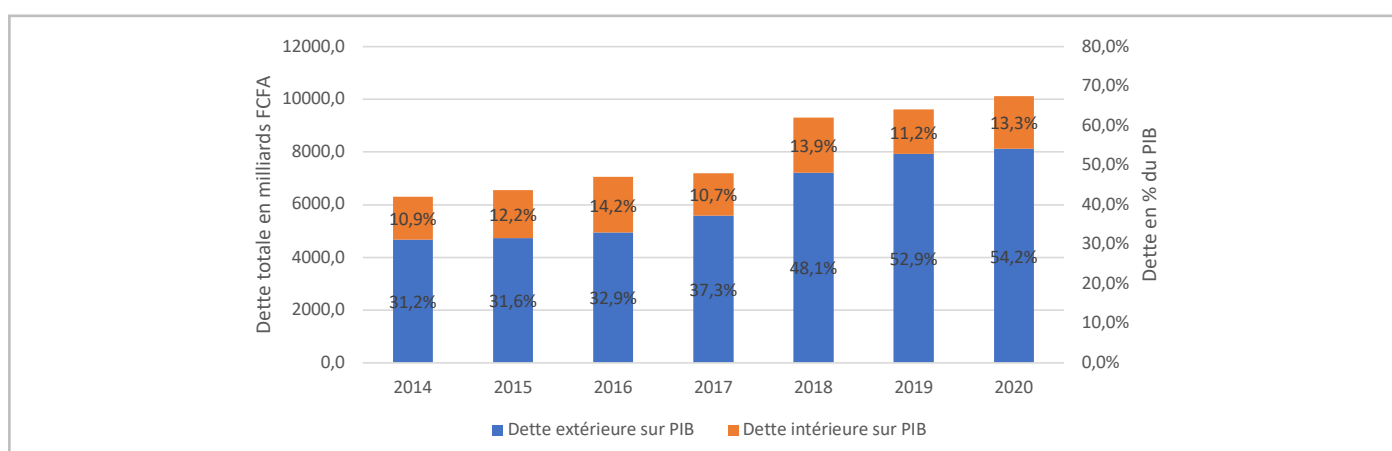
Source: IMF, GDPAT, LFR2 2019, LFI 2020 * As of 2018, debt includes the broader public sector. ** From 2018 onwards, debt takes into account the reclassification of public investment.

Figure 11. Distribution of Public Debt between External and Domestic Debt



Source : IMF

Figure 12. Public Debt as a Percentage of GDP: External and Domestic Debt (to be updated according to revised data)



Source : 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 financing

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

Table 42. Time Profile of Debt

Expressed in %	Domestic debt (2019)	External debt (2017)
Short term (< 1 year)	6.0	3.6
Medium term (1 à 5 years)	13.7	25.0
Long term (> 5 years)	80.3	71.3
Total	100	100

Source : IMF, Cbonds

Table 43. Short-Term Debt Payable (2014-2020)

[Senegal] billion of CFA francs	2014	2015	2016	2017	2018	2019	2020 (proj)
Amount of the external debt to be paid in the year	135.3	195.0	205.8	262.3	379.8	469.4	672.6
Amount of the domestic debt to be paid in the year	548.5	582.5	593.7	719.0	394.9	393.8	198.2
Total	683.8	777.5	799.5	981.3	774.7	863.2	870.8

Source : GDPAT

9.2.1 Description of the Strategy

According to Regulation No. 9/2007/CM/WAEMU on the reference framework for public debt policy and management in WAEMU countries, States must draw up a public debt strategy annexed to the finance law. 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 within this framework that the Senegalese government services periodically draw up the Medium-Term Debt Strategy (MTDS).

Within the framework of the MTS, 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 Senegal's MTDS 2018-2020 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 market for public securities with the support of the WAMU-Securities agency.

This strategy has been improved in 2019, through an approach of diversification and matching of funding sources (MTDS 2019-2022). The enhanced strategy is based on the following points:

- i) Covering the State's financing needs with the best cost/risk trade-off, by exploring all available financing;
- ii) A cautious debt strategy favouring, within the limits of available resources, concessional resources (mainly to support investments in the fields of education and health, to strengthen human capital and social protection), financing in euros to avoid exchange rate risk and the setting of interest rates to avoid the negative impact of

rate variability on debt servicing;

(iii) Directing trade resources (export credits and mainly Eurobonds) to the financing of projects with proven economic profitability to increase the competitiveness of the economy;

(iv) A marked return to the domestic market to help better manage the vulnerabilities linked to external debt;

v) In support of private sector financing, increased support will be provided through the granting of guarantees to strategic projects with proven economic and financial profitability. At this level, the strategy will consist of limiting the risks of calling on the State guarantee (financial analysis, mechanisms of escrow accounts, etc.);

vi) Diversification of the investor profile (banks, insurers, fund managers, pension funds, etc.) to ensure good management of the concentration risk that could negatively influence future (re)financing conditions.

The Senegalese government has set up a National Public Debt Committee (NPDC) which is the management and coordination unit for public debt management entities. The NPDC was created by Ministerial Decree No. 5889 dated 3 July 2008. This committee is under the authority of the Minister of Finance. The NPDC is responsible for developing, coordinating and monitoring the implementation of the national public debt and public debt management policy.

The coordination committee is made up of the minister in charge of finance, the general director of finance, the general director of public accounting and treasury, the general director of planning, the national director of BCEAO, the director of the DDP, the director in charge of the budget, the director of money and credit, the state's judicial agent, the director of DPEE and the director in charge of economic and financial cooperation.

Donor relations

i) IMF

The government of Senegal has signed conventions with multilateral and bilateral donors. Since

October 2007, the Senegalese government has been part of the ISPE programme with the IMF. It is a non-disbursing programme that is designed to help the state implement reforms to enhance the effectiveness of economic policies. The first PSIE programme was signed in November 2007 and expired in December 2010. This programme helped consolidate macroeconomic stability by increasing the country's economic growth potential and reducing poverty.

In December 2010, the IMF approved a second three-year PSIE programme. The objective of this programme was to encourage and implement reforms aimed at reducing the state budget deficit, improving transparency, encouraging the private sector and strengthening the banking and financial sector. This programme was extended by one year.

The second PSIE enabled the Senegalese government to (i) limit the amount of non-concessional debt required during the period covered by the new PSIE; (ii) restrict the use of non-concessional debt to finance the extension of the Diamniado Aéroport International Blaise Diagne (AIBD) toll motorway to Thiès and Mbour; (iii) set up an escrow account for the financing of the toll motorway; (iv) impose auditing and reporting obligations.

Following the success of the second programme, the State of Senegal and the IMF concluded a new agreement in June 2015 for the launch of the third PSIE for the period 2015-2017. This third programme was extended until 24 June 2019. Under PSIE III, the government planned to mobilise a non-concessional loan for a fixed amount of US\$1 billion to finance investment projects in the field of road infrastructure, energy and urban sanitation.

In January 2020, the IMF Executive Board approved a new three-year arrangement under the Economic Policy Coordination Instrument (EPCI). The overall objective of the EPCI is to consolidate macroeconomic stability and foster sustained and inclusive growth. The specific objectives of the programme are to promote high, sustainable and inclusive growth, to consolidate macroeconomic stability based on prudent fiscal

policy and sound debt management and to ensure transparent management of the oil and gas sector. Periodic reviews of the programme will be carried out on a six-monthly basis.

In April 2020, to help the country meet the challenges posed by COVID-19, the IMF provided US\$442 million in financing under the Rapid Credit Facility and the Rapid Financing Instrument. The financing is structured as follows: a purchase under the Rapid Financing Facility equivalent to SDR 215.7 million (approximately US\$294.7 million, or 67 per cent of quota) and a disbursement under the Rapid Credit Facility equivalent to SDR 107.9 million (US\$147.4 million, or 33 per cent of quota) to help Senegal meet the urgent balance of payments financing needs resulting from the COVID-19 pandemic.

i) World Bank Group

As of April 2019, the World Bank's portfolio in Senegal was distributed as follows :

- Twenty-two investment projects worth US\$1.8 billion supported by the International Association for Economic Development (IAD) ;
- Nine regional operations for an amount of US\$332.55 million from IAD ;
- US\$170 million in commitments from the International Finance Corporation (IFC) ;
- US\$106.5 million 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 at risk of flooding. Approximately 137,500 people have benefited directly (compared to 90,000 initially targeted) and 571 hectares (for 343 initially) have been protected ;
- Water and Sanitation with the Water Sector Project, the Long-Term Drinking Water Supply Project and the Millennium National Drinking Water and Sanitation Program, in addition to the current Urban Water Supply and Sanitation Project ;

- Agriculture with the West African Agricultural Productivity Program (WAAPP), a regional program covering 13 countries, which has produced the following results in Senegal: 423,000 agricultural producers and processors, 38% of whom are women, were able to benefit from the development, dissemination and adoption of improved agricultural technologies between 2012 and 2015. The WAAPP supported agricultural research for climate-smart agriculture, contributing to the development of 14 new high-yielding varieties. The program also modernized the equipment and facilities of the National Specialization Center, supported the training of young researchers and created an online platform to improve the distribution of subsidized inputs.

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

In April 2020, as part of the fight against the COVID-19 pandemic, the World Bank granted

the Government of Senegal a US\$20 million credit from the International Development Association (IDA).

i) African Development Bank Group (ADB)

As of July 2019, the Bank's active portfolio in Senegal comprised 28 operations with a commitment of approximately €1.3 billion. The agricultural sector portfolio includes six national projects (for a total amount of 179 million euros), one multinational project (27 million euros) and one project financed under the private sector window. This portfolio made it possible to finance major development projects such as the Regional Express Train (RET) to the tune of CFA francs 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%). Since 2018, Senegal has become eligible for the AfDB non-concessional loan window. In 2019, the AfDB financed several economic development projects in Senegal. The following table summarizes the various projects financed :

Table 44. AfDB-Funded Projects

Project	Credit obtained	Expected results
Project of agro-industrial transformation zone (PZTA-Sud or Agropole Sud).	43.1 million euros	14,500 direct jobs as well as 35,000 indirect jobs targeting women and youth (of which 50% women and 60% youth).
Project to support and enhance the value of entrepreneurial initiatives of women and young people, first phase (PSEVEI I).	14 million from the African Development Fund (ADF), 48.83 million euros from the African Development Bank window.	14,000 entrepreneurial initiatives and generate or consolidate approximately 65,000 direct jobs and 89,000 indirect jobs; i.e. a total of 154,000 jobs, 60% of which are for women. In addition, more than 27,000 entrepreneurs, including more than 15,000 women, will be trained, while 2,200 businesses will benefit from support for digital transformation and 3,500 others (50% of which are headed by women) will receive support for formalization in order to move out of the informal sector.
Program to Support Resource Mobilization and Reform Effectiveness (PSRMRE I).	62.5 million euros	Strengthening of basic social services and development of the administration. Increasing State resources and enabling the financing of public services, and thus improving the living conditions of the population
PROVALE-CV, the first project of the National Development Program for the of Local Small-scale Irrigation (NDPLI)	60.8 millions euros	Creation of 28,000 decent jobs, of which 30% for women and 40% for young people, and additional average income per beneficiary of about 1520 euros from agricultural production.

Source : AFDB

(i) Islamic Development Bank (IDB)

The portfolio of the Islamic Development Bank (IDB) as of December 31, 2017, was valued at CFA francs 532 billion. It consisted of twenty-eight projects and programs designed to finance Senegal's development. The IDB is a major donor to Senegal, having started supporting the country in 1976. Within the framework of the Paris Consultative Group of December 2018, the IDB promised the Senegalese government a financing of phase 2 of the ESP for an amount of CFA francs 871 billion.

In 2019, the IDB's portfolio was consolidated by signing new loan agreements for development projects. The financing agreements covered the following projects:

- 28.2 million Regional Rice Value Chain Program;
- 17 million from the IDB for the Rural Roads-PROBASE project;
- 60.3 million National Program for the Promotion of Islamic Microfinance in Senegal (NPPIMS);
- A grant of US\$273,000 to support the WAQF High Authority.

The IDB granted a loan of US\$162 million to assist the Government of Senegal in its efforts to combat COVID-19.

ii) Other Multilateral Donors

Senegal also has financing relationships with other multilateral donors such as the EIB, the International Fund for Agricultural Development (IFAD), the Arab Bank for Economic Develop-

ment in Africa (ABEDA), the Organization of Petroleum Producing Countries (OPPC) fund for economic development and the West African Development Bank (BOAD), the Millennium Challenge Corporation (MCC) and the United States Agency for International Development (USAID).

9.2.2 Debt sustainability according to the World Bank and the IMF

The IMF and the World Bank have developed a framework to guide borrowing decisions by 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 address risks. According to the Debt Sustainability Framework (DSF), there are four categories of public debt overhang risk:

(i) Low risk: All debt indicators are below the benchmark and stress test thresholds ;

(ii) Moderate risk: debt indicators are below the thresholds in the reference scenario, but the stress tests show that the thresholds could be exceeded in the event of an exogenous shock or a sudden change in macroeconomic policy;

(iii) High risk: At least one of the thresholds in the baseline scenario has been exceeded, but the country is not yet experiencing debt repayment difficulties ;

(iv) Over-indebtedness: the country is experiencing difficulties in repaying its debt.

The thresholds for the best-performing countries are generally high.

Table 45: DSF Debt Thresholds and Benchmarks

	PV of external debt (percent)		External debt service (percent)		PV of total public debt (percent)
	GDP	Exportations	Exportations	Revenues	GDP
Mediocre policy	30	140	10	14	35
Average policy	40	180	15	18	55
Solid policy	55	240	21	23	70

Source : IMF, World Bank

IMF/World Bank Reference Scenario and Financing Plan

IMF and World Bank staff conducted a debt sustainability analysis published in January 2020. This analysis was updated in April 2020 following the shock of the COVID-19 pandemic. The following underlying assumptions were retained in the revised DSF:

(i) Real GDP growth. Real GDP growth has been reduced in 2019 to 5.3 percent from an initial level of 6 percent. The 2020 growth initially projected at 6.8 percent in the January 2020 DSF forecast has been revised down to 3 percent. The Senegalese economy is expected to grow at a rate of more than 5.5 percent in the medium term starting in 2021. In the long term, real growth is projected to converge at 5.1% over the period 2025-2039 ;

(ii) Public sector deficit. The public sector deficit as a percentage of GDP is estimated at 5% in 2019 compared with the 4.7% projected at the January 2020 DSF. The budget deficit is projected at 6.9 percent in 2020 due to the loss of revenue and the implementation of additional expenditures needed to fight the pandemic;

(iii) Current account deficit. The current account deficit relative to GDP is projected at 9.1 percent in 2019, and 11.3 percent in 2020. The negative impact of the pandemic on exports and migrant remittances should be offset by a decline in imports of petroleum products. Over the long term, the current account deficit relative to GDP is projected to average 1.5 %;

(iv) Inflation. Inflation is expected to remain below 2 % in 2019. The GDP deflator is projected at 1.1 % in 2019 and should stabilize at around 2 % over the medium term;

(v) Natural resources. The implementation of two major oil and gas projects (GTA and SNE) is expected to result in the production and export of oil and gas in 2022. These projects should have a positive impact on real growth, exports, and government revenues. Under the GTA project, total expenditures estimated at US\$1,452 million will be required over the period 2020-2026. For the SNE project, the expenditure is equivalent to US\$1,641 million over the period 2020-2032 ;

(vi) Funding needs. The average financing requirement is expected to increase and remain above 9 percent of GDP ;

(vii) Mixed external financing. The debt sustainability analysis assumes that mixed financing would be adequate with the prudent debt strategy, by increasing the share of domestic borrowing associated with concessional external loans.

(viii) Domestic financing. Domestic financing is assumed to average 35 percent of total financing over the period 2019-2024, of which 10 percent is assumed to mature in less than one year. Medium- and long-term domestic debt has an average maturity of 5 years.

ix) The discount rate. As concessional debt has a significant grant element, the discount rate used in the debt sustainability analysis is 5%.

Table 46. Senegal's DSF Results (Reference Scenario)

Year	VA of external debt (percentage)		External debt service (percentage)		VA of total public debt (percentage)	Debt service (as a percentage)
	GDP	Exportations	Exportations	Rvenues	GDP	Revenues
2019	48.4	200.6	14.9	13.6	60.0	26.0
2020	49.6	237.0	24.3	20.4	63.0	29.0
2021	49.2	214.6	19.1	17.4	63.0	26.0
2022	47.2	180.0	16.1	16.2	62.0	27.0
2023	43.5	132.4	10.3	12.6	59.0	25.0
2029	28.3	95.5	11.2	17.5	54.0	30.0

Source : IMF

An analysis of the impact of COVID-19 on debt sustainability indicates that the risk of over-indebtedness remains moderate. The assessment is unchanged from the January 2020 DSA. All external debt indicators remain below the relevant indicative threshold under the new baseline scenario, with the exception of the debt-service-to-exports ratio, which now peaks at 24 percent in 2020 (22.7 percent in the January DSA).

However, the projected level of exports in 2020 at CFA francs 2,714.2 billion could push the external debt/exports ratio above its threshold. Total public sector debt is expected to peak in principle at 67% of GDP in 2020 (compared to 62 % previously projected), before resuming a downward trajectory. Stress tests also indicate that public external debt would remain sustainable over the projection period.

9.3 External debt

9.3.1 Holders

Senegal's external debt is composed mainly of multilateral debt, followed by bilateral debt and commercial borrowing. This situation can be ex-

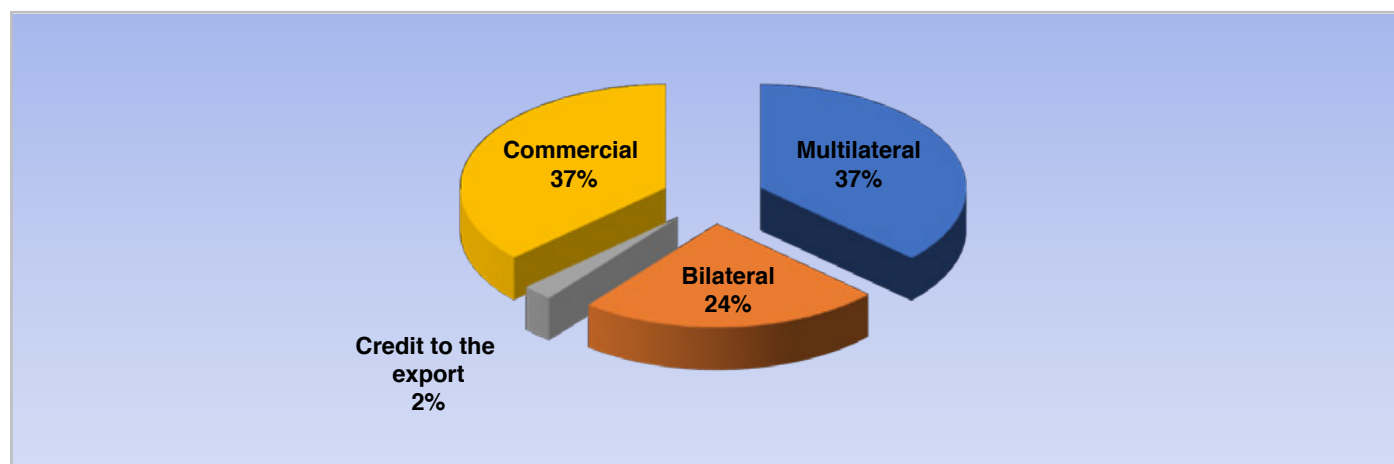
plained by the willingness of donors to contribute significantly to the financing of the ESP. Commercial debt reached the level of multilateral debt in 2019 due to issues on the Eurobond market.

Table 47. OUTSTANDING EXTERNAL PUBLIC DEBT AT THE END OF DECEMBER 2019

TYPE OF DEBT (In billions of CFA francs)	ENCOURS T4 2019
MULTILATERAL CREDITS	2 539.7
IDA/BIRD	1 289.5
BEI/FED	46.7
BAD/FAD	542.9
OPEP/BADEA/BID	372.8
OTHERS	287.8
BILATERAL CREDIT	1 644.5
OECD COUNTRIES	432.4
ARAB COUNTRIES	127.1
OTHERS	1 085.0
EXPORT CREDITS	170.4
COMMERCIAL DEBT	2 540.9
EUROBOND	2 325.4
SWITZERLAND CREDIT	24.6
SCBANK	125.3
AFREXIMBANK	65.6
TOTAL EXTERNAL PUBLIC DEBT	6 895.6

Source : GDPAT

Figure 13: Distribution of External Debt excluding Publicly Owned Enterprises by Lenders in 2019



Source GDPAT

9.3.2 External Debt Payment Status

Debt service (excluding cash transactions) amounted to CFA francs 396.03 billion in 2019.

This amount is explained for the most part by multilateral debt.

Table 48. Projected External Debt Service

Status as of December 2019	Multilateral			Bilateral			Commercial			Total		
	Capital	Interest	Total	Capital	Interest	Total	Capital	Interest	Total	Capital	Interest	Total
Billions CFA francs												
New printing												
Service due	51.8	29.929	81.79	82.53	29.87	112.4	47.6	154.2	201.8	182.036	214	396.036
Total												
A maturity N-2												
Arrears												
Paid service			81.79			112.4			201.8			396.036

Source : GDPAT

9.3.3 Debt currency

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

robond 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).

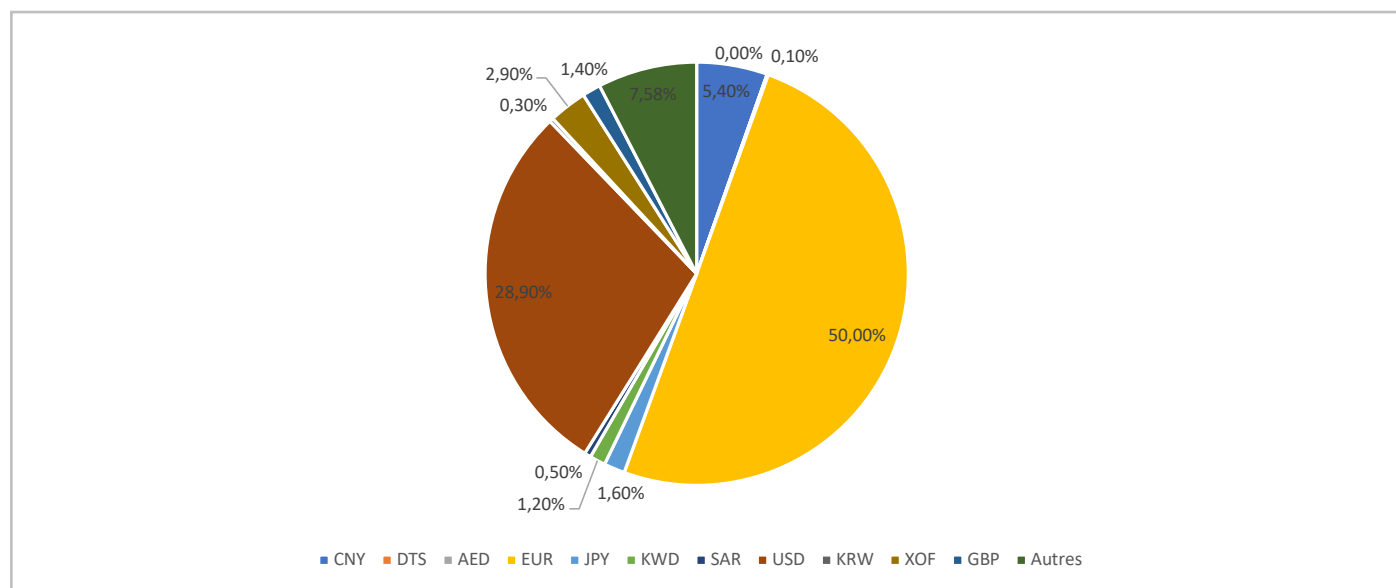
Table 49: Foreign Currency Composition of the External Debt Portfolio

Currency	Total debt denominated in foreign currency	Exchange rate in CFAF as of December 31, 2019	Total debt denominated in CFAF	Exchange rate in EUR as of December 31, 2019	Total debt denominated in EUR	Distribution of debt by currency
CNY	4.5	83.9	374.7	0.1	0.6	5.4%
DTS	0.0	793.7	0.0	1.2	0.0	0.0%
AED	0.0	159.6	6.2	0.2	0.0	0.1%
EUR	5.3	655.957	3446.9	1.0	5.3	50.0%
JPY	21.8	5.2	113.4	0.0	0.2	1.6%
KWD	0.0	1934.97	85.3	2.9	0.1	1.2%
SAR	0.2	153.6	35.5	0.2	0.1	0.5%
USD	3.4	583.8	1990.5	0.9	3.0	28.9%

KRW	44.9	0.5	22.5	0.0	0.0	0.3%
XOF	202.1	1	202.1	0.0	0.3	2.9%
GBP	0.1	774.02	96.4	1.2	0.1	1.4%
Other currencies	na	na	522.1	na	na	7.58%

Source : GDPAT

Figure 14: Distribution of Debt by Currency



Source: GDPAT

9.4 Domestic debt

9.4.1 Presentation of the situation as of December 31, 2019

Treasury bonds represent the largest component of domestic debt. They accounted for 97.1% of outstanding domestic debt at the end of De-

cember 2019. Treasury bonds represent an additional source of debt to finance infrastructure. Bonds are issued by auction via the WAMU Securities agency or by syndication (public offering to BRVM).

Table 50. Distribution of Senegal's Domestic Debt by Creditor

As of December 31, 2019	Domestic debt expressed in value (billion CFAF)	Domestic debt expressed as a % of total domestic debt	Domestic debt expressed as a % of nominal GDP for the year 2019
Total domestic debt*	929.7	100.0%	6.7%
Securities	903.0	97.1%	6.5%
Treasury Bond	0.0	0.0%	0.0%
Treasury bond (including OATs and Sukuk)	903.0	97.1%	6.5%
Bank loan	26.6	2.9%	0.2%
BCEAO	0.0	0.0%	0.0%
Commercial bank (state-owned) and IMF	26.6	2.9%	0.2%
* Does not take into account the reclassification of public investment			

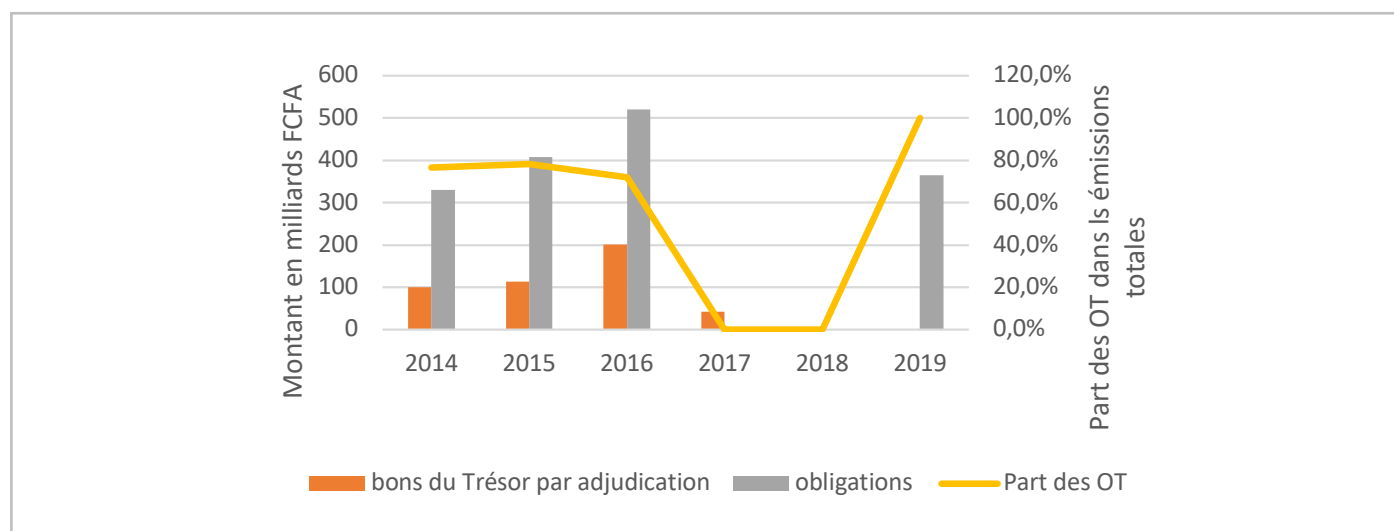
Source : GDPAT

9.4.2 Changes in the Composition of the Domestic Debt over the Last 5 Years

Treasury bond issues trended upward between 2013 and 2016 before declining in 2017. This situation can be explained by the authorities' desire to reprofile the public debt. However, the Senegalese government did not issue any pub-

lic securities in 2018. Given the very low international interest rates and global liquidity, the Senegalese government preferred to issue Eurobonds on the market. However, the results of the debt sustainability analyses conducted in 2018 prompted the government to return to the regional capital market in 2019.

Figure 15. Breakdown of Domestic Debt into Treasury Bonds (TB) and Treasury Bills (TB)



Source : GDPAT, Agence UMOA-Titres

9.4.3 Domestic Debt Payment Status

Senegal's public debt securities are held by banks and insurance companies in WAEMU

countries. Capital write-offs make up the bulk of the debt service paid at the end of December 2019.

Table 51. Debt Service Due and Paid

2019	Banking sector			No banking sector			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
(1) Debt service due at the end of December 2019	286.94	48.62	335.56	61.28	8.42	69.70	348.22	57.05	405.26
(2) Debt service paid during the year 2019	286.94	48.62	338.56	61.28	8.42	69.70	348.22	57.05	405.26

Source : GDPAT

9.5 Viability and sustainability

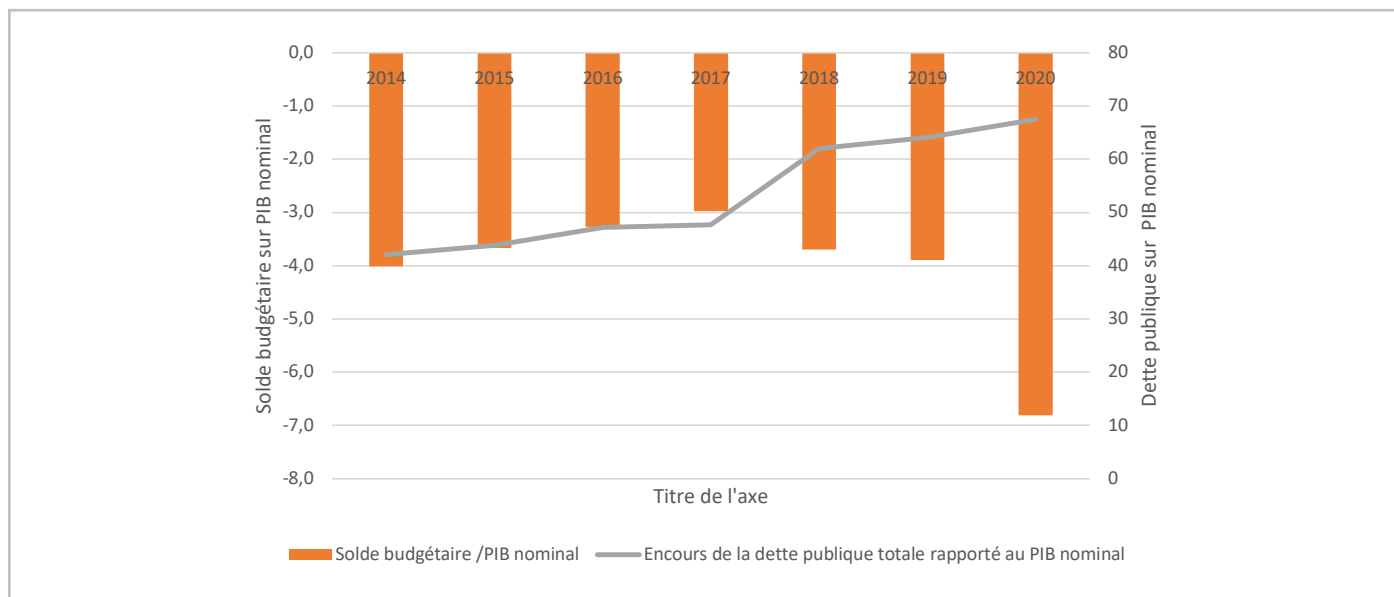
The budget deficit relative to GDP deteriorated from 2010 to 2012. From 2016 onwards, it converges towards -3 % (WAEMU norm). As for the debt ratio, it trended upward throughout the period. This is explained by the accumulation of budget deficits after the debt relief related to the

Heavily Indebted Poor Countries and Multilateral Debt Relief Initiatives that Senegal benefited from in 2005 and 2006.

A joint analysis of the fiscal balance and public debt shows that the government's fiscal position is sustainable. The change in the base year has

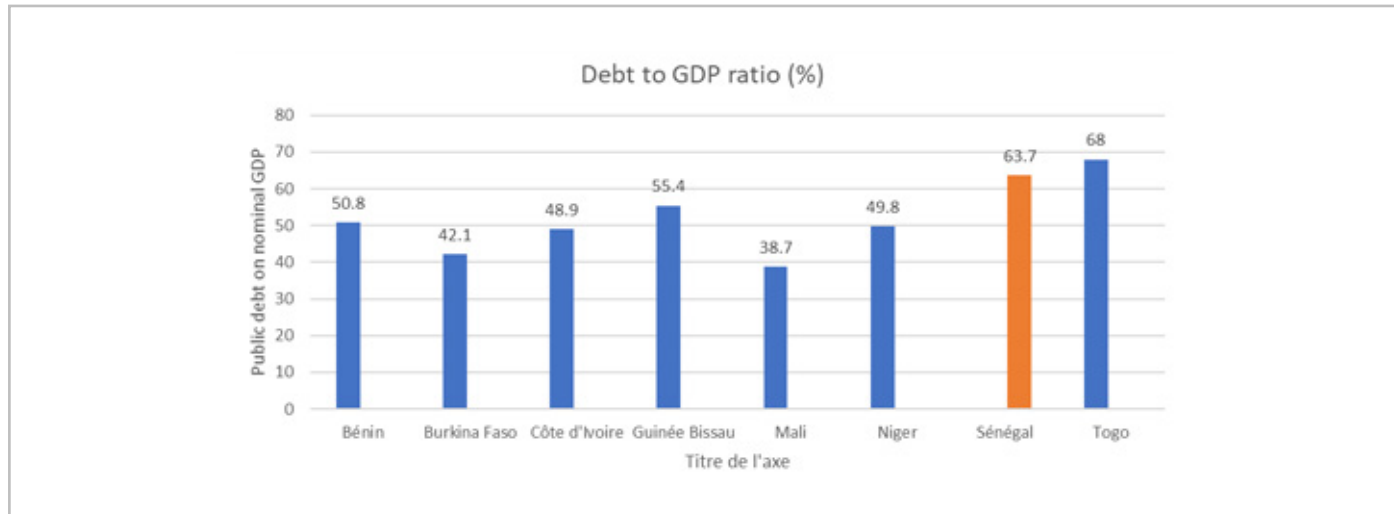
made it possible to stabilize the public debt and overall fiscal balance-to-GDP ratios. A comparison of the debt ratios of the various countries reveals that Senegal is below the average for WAEMU countries.

Figure 16. Senegal's Fiscal Deficit-to-GDP and Public Debt-to-GDP Ratios (Fiscal Deficit to be revised in accordance with the figures below)



Source: DPEE, IMF

Figure 17. Public debt on GDP in 2019 for the WAEMU countries



Source : GDPAT ,IMF

Table 52. Senegalese Issues on the Eurobond Market

Issue date	Amount in USD millions	Rate (%)	Maturity date
2011	500	8.75	2021
2014	500	6.25	2024
2017	500	6.25	2033
2018	1200	4.75	2028
2018	1000	6.75	2048

Source : Bloomberg

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

Amortization 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 IMS. It is open to all savers.

Net external assets (NEA): net claims or liabilities of monetary institutions (Central Bank and banks) on the outside. This item corresponds to all the headings in the statements of the Central Bank and banks relating to their external operations. It is obtained by deducting from gross foreign assets all foreign liabilities, including medium- and long-term liabilities.

Government borrowing requirement: the overall amount needed to cover the primary budget deficit and the interest and amortization charges associated with the debt.

Treasury bills: short-term public securities with maturities ranging from 7 days to 2 years issued by a WAEMU member state.

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

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

Multilateral creditors: international institutions that lend funds on concessional and/or non-concessional terms, such as the IMF, World Bank and regional development banks.

Credits to the economy (CE): all the assistance granted to the economy by banks (refinanced or not), financial institutions (part 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 and total expenditure and net lending.

Current Account Deficit: The current account deficit in the balance of payments.

Primary deficit: The negative difference between revenues and expenditures, excluding interest payments.

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

Domestic public debt: central government borrowing from residents.

Non-concessional debt: debt contracted at market conditions.

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

Economic data :

- **Achievements:** economic data for past years, calculated on the basis of exhaustive economic information collected on economic activity by national governments. They should correspond more or less to the data in the final accounts for the year N-3 ;

- **Estimates:** correspond to the semi-final or provisional accounts, drawn up on the basis of 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 on the basis of assumptions made about the future development of [economic activity]. These projections may

partially cover certain accounts for which only provisional and/or partial data are available.

Donation element: Difference between the nominal value (PV) and the present value (PV) of the debt service expressed as a percentage of the nominal value of the loan $((PV-VA)/V \cdot N)$.

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

Eurobond (or Eurobond): A bond denominated in a foreign currency on the London financial market.

Inflation: Widespread increase in consumer prices. The result is a loss in the purchasing power of money.

Multilateral Debt Relief Initiative (MDRI): initiative launched in June 2005 to accelerate progress toward 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 heavily indebted poor countries, which aims to provide comprehensive debt relief sufficient to achieve debt sustainability.

Money supply (MO): All claims held by the rest of the economy on monetary institutions.

It includes cash in circulation (currency in circulation + demand deposits) and quasi-cash (savings accounts and time deposits).

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

Contingent liabilities: debts contracted by other public entities with the exception of the central government (local authorities and para-public sector).

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

The government's net position consists of the difference between the Treasury's debts and its claims on the Central Bank, banks, and individuals and companies.

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

Tax pressure: the ratio of tax revenue to GDP.

Refinancing risk: the risk associated with the renewal of maturing debt. It may relate to the cost of refinancing or the impossibility of obtaining 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, to the point where maturing fixed-rate debt and floating-rate debt are revalued.

Currency risks: Risks associated with fluctuations in exchange rates.

Debt servicing: Any payment to be made for the principal, interest and fees on a loan.

Primary balance : (see primary deficit).

Stock of public 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: 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 indices 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 amount of goods to purchase the same amount of imported goods (in other words, the same amount of exports

buys more imported goods): export earnings improve in this case. Conversely, the terms of trade deteriorate (T).

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

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