



# SENEGAL

## SENEGAL—2020—FIRST REVIEW UNDER THE POLICY COORDINATION INSTRUMENT AND REQUEST FOR MODIFICATION OF QUANTITATIVE TARGETS

July 2020

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**International Monetary Fund**  
**Washington, D.C.**

## Appendix I. Program Statement

Dakar, Senegal

June 26, 2020

Ms. Kristalina Georgieva  
Managing Director  
International Monetary Fund  
Washington, D.C. 20431

Dear Managing Director,

The COVID-19 pandemic is already having a significant impact on Senegal's economy both in terms of the rapid deterioration of global economic conditions as well as the spread of the coronavirus in the country. Compared with the RCF/RFI request in April, the global economic outlook has further deteriorated and preliminary data indicate a significant impact of weak global demand and domestic pandemic containment measures. Therefore, real GDP growth is now projected at 1.1 percent of GDP in 2020, compared to 5.3 percent in 2019.

Faced with the need to take urgent action to mitigate the effects of the COVID-19 crisis, the government has implemented an economic and social resilience program (PRES), endowed with a fund of CFAF one thousand (1,000) billion, in order to strengthen the health system and support households, the Senegalese diaspora, as well as firms and their employees. This program includes four pillars: (i) support for the health sector; (ii) strengthened social resilience for the general public; (iii) macroeconomic and financial stability to support the private sector and maintain employment; (iv) ensuring that the country has regular supplies of oil and gas, medical and pharmaceutical products, and essential foodstuffs.

The impact of the pandemic on domestic revenue, together with the implementation of the PRES are bringing the overall fiscal deficit to 6.1 percent of GDP, compared with 3 percent of GDP in the initial 2020 budget. The revised 2020 budget comprehensively reflects the PRES measures. The government reiterates its commitment to ensure these are temporary, well-targeted and cost-effective. Senegal is not out of phase with its community commitments since it is the West African Economic and Monetary Union (UEMOA) which decided at its extraordinary summit of Heads of State and Government on April 27 2020, and on the recommendation of the Council of Ministers of the Union in charge of finance which had met one week before, to "temporarily suspend" the application of its Pact of convergence, stability, growth and solidarity, in order to be able to face the COVID-19 crisis. The government intends to return gradually to a budget deficit of 3 percent of GDP by 2022 as the crisis abates.

PRES funding is provided by:

- the momentum of solidarity of the Senegalese from here and elsewhere, citizens and businesses;
- the effort to reframe the 2020 budget: Senegal is at war against the pandemic and any war obliges a State to revise the hierarchy of its priorities.
- the support of technical and financial partners (PTF) of Senegal.
- This significant support from the international community will be reinforced by the budgetary margins made available through suspension of bilateral public debt service to G-20 members between June and December 2020, following the government's participation in the Debt Service Suspension Initiative, supported by the G-20 and Paris Club.

Program implementation is satisfactory. All quantitative targets for end-2019 were met, except the ceiling on government contracts concluded without open competitive tender, which was missed by a small margin. The government also continues to make progress on structural reforms, including the medium-term revenue strategy, a draft of which is currently being finalized, as well as the legal framework for transparent and sustainable management of expected oil and gas resources.

Based on the satisfactory program performance, the government hereby requests the completion of the first PCI review. The attached Program Statement for 2020-22 updates the 2019-23 Program Statement and outlines our objectives and the economic policies that the government intends to implement during this new program. As the crisis has drastically altered the fiscal outlook for 2020 the government is requesting modifications of end-June 2020 and end-December 2020 targets, consistent with the revised 2020 budget.

The government is confident that the policies and measures set out in the Program Statement are appropriate for achieving the objectives of the PCI-supported program. The government is committed to take further measures, if necessary, to achieve the program objectives. It will consult with IMF staff on any additional measures or before reviewing those set out in the Program Statement, in accordance with IMF's policy in this regard. To facilitate the monitoring and evaluation of the program, the government will provide the IMF with all the required information on a regular basis, within the prescribed deadlines and in accordance with the attached TMU.

The government agrees to the publication of this letter, of the attached Program Statement and the TMU, and of the IMF staff report on this program.

Sincerely yours,

/s/

Abdoulaye Daouda Diallo  
Minister of Finance and of the Budget

Attachments: - Program Statement  
- Technical Memorandum of Understanding

## Attachment I. Program Statement 2020–22

### I. RECENT ECONOMIC DEVELOPMENTS

**1. 2020 has been the year of the COVID-19 pandemic, which has spared no economy on the planet.** The most recent April 2020 IMF *World Economic Outlook (WEO)* forecasts that the global economy will contract by 3 percent in 2020, i.e., a sharper decline than during the 2008–09 financial crisis. This scenario presupposes that the pandemic will ease during the latter half of 2020.

**2. In Senegal, border closures, the curfew, and recommended social distancing have heightened the impact of the pandemic on certain sectors and led to a stoppage of activity in others.** This explains why, in the first quarter of 2020, economic activity as measured by the general activity index (IGA) excluding agriculture and forestry recorded a contraction of 1.9 percent in conjunction with downturns observed in the secondary sector (-5.2 percent) and the tertiary sector (-2.2 percent). Inflation as measured by the national harmonized consumer price index turned out at 3.3 percent in April 2020 relative to the same month in 2019.

**3. Faced with the need to take urgent action to mitigate the effects of the COVID-19 crisis, the government has implemented an economic and social resilience program,** endowed with a fund of CFAF one thousand (1,000) billion, in order to strengthen the health system and support households, the Senegalese diaspora, as well as firms and their employees. This program includes four pillars: (i) support for the health sector; (ii) strengthened social resilience for the general public; (iii) macroeconomic and financial stability to support the private sector and maintain employment; (iv) ensuring that the country has regular supplies of oil and gas, medical and pharmaceutical products, and essential foodstuffs.

**4. Overall, given the implementation of the resilience program, GDP growth is projected at 1.1 percent for 2020 compared to 5.3 percent in 2019.** This forecast is based on a gradual recovery of economic activity as of end-June 2020 and a return to normal over the last quarter of the year, in addition to measures to support the economy. A longer pandemic, a lackluster recovery in the final quarter of the year, and a more substantial contraction of the global economy in 2020 would be expected to result in an even more subdued economic activity.

### II. PROGRAM PERFORMANCE: QUANTITATIVE AND REFORM TARGETS

**5. Program implementation is satisfactory (Table 1a).** At end-December 2019, the quantitative targets for net lending/borrowing, the annual requirement for net financing for the government, tax revenue, nominal public debt, and social spending had all been met. However, the ceiling on government contracts concluded without open competitive tender was exceeded (17.3 percent, compared to a ceiling of 15 percent). The continuous quantitative targets regarding exceptional spending procedures and public sector external payments arrears were met. All continuous targets in Table 1b have also been met.

**6. Significant progress has also been recorded in the attainment of the reform targets (Table 2).**

- The continuous reform target concerning the implementation of the decree describing the mechanism for regularly revising fuel prices was achieved automatically as international oil prices declined. The continuous reform target for quarterly reports on utilizing the data resulting from the interconnection and exchanges of information between the Tax Department (DGID) and the Customs Department (DGD) has not been achieved. The second report, expected in April, was delayed due to the health crisis. It is proposed to change the frequency of reports to biannual in the future, with the next report expected by end-December 2020.
- Satisfactory progress has been achieved with respect to the end-June reform targets, namely: (i) a study to identify mechanisms for improving enrollment and attendance of children in secondary schools has been prepared; (ii) the medium-term revenue strategy has been finalized; and (iii) the study of the expenditure chain has also been finalized. The revision of the legal framework for PPPs is well under way, and this reform target will be deferred to end-December 2020 to allow for completion of the work, adoption of the law, and issuance of implementing decrees. The date for: (i) raising prepayments on income taxes at customs; (ii) the preparation of a draft legislative text on the allocation, management and control of hydrocarbon revenues will also be deferred to end-December 2020. Work on the financial inclusion strategy is in progress and will continue; however, it has been proposed not to defer this reform target in order to streamline the reform program. The launch of the National Public Debt Committee has made much progress with the adoption of the procedures' manual and the signature of the ministerial decree creating the National Public Debt Committee, which are expected for end-June 2020.

### **III. STRATEGIC OBJECTIVES OF OUR REFORM PROGRAM**

**7. The current crisis is changing consumption and production patterns within countries.**

Senegal should also modify its production structure and expedite the structural transformation process already begun in phase I of the Emerging Senegal Plan (PSE). Therefore, the second Priority Action Plan (PAP II) for the second phase of the PSE will be adjusted over the coming months so as to boost local production, enhance the economy's resilience, address its fragilities and vulnerabilities, and safeguard the general public from such crises.

**8. The revised PAP will focus inter alia on the following measures:**

- sustainable industrialization which will limit the country's reliance on the rest of the world by developing key sectors (agro-food, pharmaceutical industries, etc.) and creating jobs on a massive scale;
- development of food agriculture to guarantee food self-sufficiency;
- strengthened social safety nets;
- a greater role for the private sector within the economy.

The new PAP will be based on projects that enable the development objectives initially set in phase II of the Emerging Senegal Plan (PSE) to be achieved.

## A. Pillar I: Achieving High, Inclusive and Private Sector-Led Growth

**9. The government is determined to promote strong and inclusive growth, which will create jobs, generate revenue, and promote development based on solidarity.** The private sector has an important role to play in Senegal's social and economic development. Senegal is committed to stepping up private investment through an ambitious program of projects that are strategic, mature, profitable, and developed with a dedicated and publicly financed startup fund. Initiatives to develop the private sector and public-private partnerships (PPPs) will thus be expedited. The government intends to promote a robust entrepreneurial framework that serves to attain the goals of inclusive, job-rich growth.

**10. The revision of the 2014 PPP law will make it possible to press ahead with high-quality PPP projects.** This new legal framework will enhance the efficiency of public investment, particularly in priority sectors such as health, while having due regard for their budgetary impact. This new legal framework will specify that all investment projects based on PPP financing that entail over CFAF 2 billion will be subject to prior evaluation, and in the event of unsolicited bids, to a second opinion from the Ministry in charge of PPPs (reform target, initially set for June 2020, reset for end-December 2020).

**11. The private sector development strategy is in the process of being prepared.** The strategy's objectives include the following: (i) ensuring the effectiveness of the system for supporting the private sector; (ii) structural reforms to improve the business climate; and (iii) a mix of innovative financial instruments for financing the government and enterprises; (iv) development of customized nonfinancial services, etc. Furthermore, the COVID-19 crisis has highlighted the need to ensure Senegal's independence in the areas of public health and food supply, while underscoring the importance of a structural overhaul for the economy and policy reforms for certain key strategic sectors such as tourism, agriculture, and health. The adjustments to the Priority Action Plan for the Emerging Senegal Plan (PSE), currently being prepared, will reflect inputs from the private sector, which in turn should help to ensure that the private sector can play its part in achieving these objectives.

**12. The "Compact with Africa" initiative represents an opportunity to press ahead with reforms of the business environment in Senegal.** The action plan supported by Germany under the reform partnership emphasizes four (04) priority areas: (i) labor administration and laws; (ii) access to land; (iii) access to finance and development of SMEs; and (iv) vocational training. Reform implementation has made progress. The report evaluating the labor laws has been finalized. With respect to access to financing and development for SMEs, the law on the development of SMEs has been adopted, the tax laws on SMEs and startups have been renewed in the budget law voted on in December 2019, and the draft law on the creation and development of startups in Senegal has been adopted. With regard to vocational training, the draft law on the creation, organization, and

functioning of public-private partnerships related to technical and vocational training has been signed. Other draft decrees relating to vocational training and the simplified land registry valuation method have been finalized and forwarded to the Office of the Secretary General of the Government. The automation (dematerialization) of procedures applicable to property, land, and land registries through the introduction of an integrated, centralized land management system is scheduled for end-June 2021 (performance target, end-June 2021).

**13. The crisis represents an opportunity to expand social safety nets.** In fact, given their heightened degree of vulnerability due to the health crisis and with the preventative measures in place, the most vulnerable members of society need support more than ever if they are to cope with the new shocks as well as assistance with their productive activities. Accordingly, it will be necessary to give consideration to: (i) pressing ahead with the Social Safety Net Support Project (PAFS) to protect and revitalize the most vulnerable segments of society; (ii) strengthening resiliency by maintaining the existing budget allocation for cash transfers, while considering the possibility of broadening social safety nets in cooperation with development partners by focusing on productive social protection and the employability of young people and women; (iii) updating and extending the existing single national registry (RNU) by identifying vulnerable households above and beyond the 558,000 households already surveyed, to include at least 1 million households by end-2021.

**14. The government will expedite efforts to strengthen the coordination of those entities and programs that are intended to support SMEs.** Under the Compact with Africa, a one-stop window to facilitate access to existing SME support programs is currently being developed. This window is designed to enhance access to SME financing through the provision of loans and advisory assistance specifically designed to enhance and broaden the range of financial products and services intended for SMEs. This project includes three main components: (i) profiling to define the capacity of the SME to gain access to financing and to meet its financial obligations; (ii) technical assistance to assist SMEs in improving their eligibility by strengthening their technical and managerial capacities; (iii) the web platform which, through the financing component of an electronic one-stop window, will furnish SMEs with information on the criteria and process for the financing of financial institutions, while enabling financial institutions to communicate information on the financial products and services which they provide. This platform will be operational by March 2021.

**15. The recommendations of the study on mechanisms for improving enrollment and attendance in secondary school hold true for girls and boys.** This study shows that keeping children in school so that they complete a 9-year basic education is a real challenge. The phenomenon of dropping out and exclusion from school is a cause for concern for boys and girls alike. Nonetheless, certain barriers to school attendance are specific to girls and hence call for measures that are specifically designed to address the needs of girls. This could include to give additional incentives under the national cash transfer program known as the *Programme national de Bourses de Sécurité familiale* (PNBSF) to keep girls in school as long as possible; improving the coverage of schooling in rural areas, particularly at the secondary level through action to strengthen the small neighborhood secondary schools known as *collèges de proximité*; and implementing multiple mechanisms for the evaluation of teachers, educational establishments, and the educational



system in the interest of improving the quality of education and training opportunities, as well as enhancing the environment of schools in terms of their physical layout and interrelationships.

**16. The government is scrutinizing the risks to financial stability posed by the pandemic.**

Specifically, the government is making sure that the system for supporting firms through financing is based on appropriate risk-sharing in order to limit fiscal costs and to ensure that direct transfers to viable firms are correctly valued and regulated and follow cost-benefit analysis. In addition, the government is focused on ensuring appropriate risk-sharing with the banking system. Specifically, a CFAF 200 billion financing facility has been established to support firms impacted by COVID-19 through two windows in the amounts of CFAF 100 billion apiece (one SME window and one large enterprise window). This financing is based on a government guarantee through a non-remunerated deposit up to an amount of CFAF 70 billion with banks extending loans under the scheme. This facility will also be used to reinvigorate economic activity. The facility will enable firms to gain access to investment credits at favorable rates. Very small enterprises financed by microfinance institutions are handled directly by FONGIP fund through a CFAF 5 billion guarantee line.

**17. In the same vein, the government attaches the utmost importance to the proper functioning of the financial sector, and in particular to orderly financial intermediation and surveillance of the impact of public sector exposures on the financial performance of credit institutions.**

Reports on the banking system development regularly prepared by the BCEAO as well as the results of surveys with the financial sector conducted by the BCEAO will undergo in-depth analysis. Furthermore, the General Directorate for the Financial Sector and Competitiveness has carried out surveys of financial entities (credit institutions, insurers, and microfinance institutions) to assess the risks and needs associated with COVID-19. It has also revised the decree establishing the National Financial Stability Committee whose activities are to be strengthened.

**18. In addition, the government is expediting its efforts to enhance access to financial services, including mobile banking services.**

Specifically, the authorities automated pension payments in April 2020, a digitalization process affecting over 50,000 civil service pensioners. Negotiations are also in progress between the government, providers of technical services, and financial operators to implement products for the payment/receipt of digital funds (card or mobile). Furthermore, the project for achieving the interoperability of digital financial services between banks, microfinance institutions, and electronic money entities, initiated by the BCEAO, has made significant headway. Faced with the negative effects of the COVID-19 pandemic, the BCEAO has adopted incentives to encourage the use of e-payments in transactions and to protect users as a result of a reduced use of cash. More generally, the work involved in preparing the national financial inclusion strategy led by the General Directorate for the Financial Sector and Competitiveness has allowed to validate the benchmark situation, and a roadmap has been established with the formation of four thematic working groups. Working groups had begun to be convened; however, just one meeting was held in early March 2020, prior to the state of emergency. The completion of this process, initially set for June 2020, is expected to occur by end-2020. In any event, the government and stakeholders continue to strengthen financial inclusion for the general public. Under the WAEMU regional strategy for financial inclusion, the BCEAO in April 2020 finalized the



regional financial education program (PREF) which is designed to equip target constituencies within the WAEMU (young people, women, rural inhabitants, SMEs and microenterprises) with the financial know-how they need in order to be able to make informed choices and decisions. Furthermore, in order to reduce information asymmetries that limit access to credit, the decree authorizing automated treatment of personal data (with a view to incorporating large billers such as major public utilities—*grands facturiers*—into the electronic platform for the sharing of information on credit) was adopted at end-December 2019 (RT, end-December 2021). This measure allows public utilities not to have to obtain the prior consent of their customers. At May 31, 2020, the customers included in the BIC database amount to 1,176,696 customers, including 761,271 originating from credit institutions and decentralized financial systems (SFD) and 415,425 from public utilities, except for SENEAU, the data for which are being processed. Looking ahead, the authorities will put in place a unified on-line collateral registry that combines data on movable collateral and mortgages in cooperation with the BCEAO (reform target, initially set for end-2020, now proposed for end-December 2021).

## **B. Pillar II: Consolidating Macroeconomic Stability Through a Prudent Fiscal Policy.**

**19. The government has announced a response plan to address the COVID-19 crisis. As noted earlier, this plan is based on the four pillars mentioned below:**

- i. Support for the health sector to cover preventative expenses, but also expenses on care for patients;
- ii. Strengthened resilience and social cohesion for the general public, including the Senegalese diaspora, encompassing the following areas;
  - the payment, for the two-month period April-May 2020, of electricity bills for 975,522 households as well as water bills for 662,000 households;
  - emergency food aid intended for one million economically fragile households;
  - assistance to the diaspora;
  - operations to safeguard livestock;
  - support for artisanal fishermen, women fish-processors, fish wholesalers (*mareyeurs*) and fish-farmers.
- iii. Efforts to safeguard macroeconomic and financial stability in order to support the private sector and preserve jobs. Eligibility criteria ensuring that measures are targeted at the most severely impacted firms, requiring them to refrain from distributing dividends and to preserve jobs and minimum wages for their employees, have been clearly defined and will be published on a wide scale. In essence, these criteria are intended for firms whose normal activity has been impacted by the crisis. Impact is defined as a total or partial stoppage of activities, furlough status for 50 percent of permanent staff, or a decline of at least 33 percent in revenues over the months of

March, April, and May 2020. In any case, firms operating in directly affected sectors are regarded as being automatically eligible. These are firms operating in the sectors of tourism and related activities (catering, hotel trade, transport, etc.), education, higher education, vocational training, agriculture, the press, culture, etc.

The key elements of this pillar are distributed in the following way:

- Direct support for the most severely impacted sectors, including air transportation. Air Sénégal SA, in common with airlines around the world, has been hard-hit by the public health crisis. In deciding to support the company through the Economic and Social Resilience Program through taking over non-compressible expenditures (compliance with commitments to its passengers and banks, maintenance of grounded aircraft, payment of leasing costs on aircraft, etc.), the government has implemented a policy of drastic expenditure cuts (suspension of contracts of expatriate pilots, limitation to less than 70 percent of salary payments, etc.). Given the magnitude of the crisis affecting the aviation industry, Air Sénégal SA has decided to place no new orders for aircraft, to defer current orders to 2023, and to spread out due dates on orders that have been placed. A new and fiscally-sustainable plan for the development of the company is currently being finalized and will be submitted for government approval. The other most severely affected sectors are tourism, catering and the hotel trade, transportation, education, agriculture and culture.
- Settlement of claims of government suppliers, prioritizing the most sensitive sectors (tourism, transport, agriculture, construction and public works, education, health, energy).
- Implementation of a financing facility in support of impacted firms, to enable them to negotiate with commercial banks deferral of due dates on their loans. Accordingly, following the signing of a framework agreement with the banking sector, two windows have been established, one dedicated to SMEs and one for large enterprises.
  - For the SME facility, the government will provide banks, in the form of a deposit CFAF 50 billion, with banks committing to inject CFAF 100 billion for SMEs.
  - With respect to the large enterprise window, the government will deposit CFAF 20 billion in return for a commitment by banks to grant CFAF 100 billion in financing for large enterprises.
  - To gain access to the government financing facility, impacted enterprises must have lost at least 33 percent of their turnover over a comparable period between  $n$  and  $n-1$ . For those firms that do not have a year of turnover to report, the loss of revenue will be assessed on the basis of their monthly average revenue in 2019 compared to 2020.
- a package of tax- and customs-related measures comprising the following:
  - tax relief arrangements;
  - accelerated refunds of VAT credits;
  - postponing, or suspending, of tax payments;

- deductibility for tax purposes of gifts made in favor of the *Response and Solidarity Fund* against the effects of COVID-19 (in short, FORCE COVID-19);
- extension from 12 to 24 months for the time period generally allowed for payment of suspended VAT;
- the option for enterprises to retain, in the form of a public subsidy, taxes withheld at source on the wages of their employees, on condition that furloughed personnel keep their jobs or stay on the payroll at at least 70 percent of their salary.

iv. Actions to safeguard regular domestic supplies of water, electricity, fuel, medications, and essential foodstuffs.

**20. Fully taking into account the impact of the pandemic on revenue collection and additional expenditure requirements raises the budget deficit estimated for 2020 to 6.1 percent of GDP.**

However, the government is reaffirming its commitment to return gradually to a deficit of 3 percent of GDP in accordance with the WAEMU target by 2022, as the situation returns to normal. With respect to the major tenets of the supplementary budget law (LFR) for 2020, the government is committed to adopting the following measures:

- In view of the major risks affecting revenue collection and given the possibilities of additional expenditure pressures resulting from uncertainties associated with the spread of the pandemic around the world and in Senegal, identify emergency measures to keep the deficit at a maximum of 6.1 percent of GDP in the event that additional revenue shortfalls or expenditure pressures should materialize. In particular, as was done in the second revised budget for 2019, a precautionary reserve will be included in the LFR 2020 for an amount capped at 5 percent of domestically funded investment appropriations (approximately CFAF 40 billion). The mobilization of these funds will be subject to attainment of revenue objectives at least through end-September.
- Cap the acceleration of the settlement of pre-2019 unmet obligations to CFAF 200 billion for FY 2020, CFAF 87 billion more than in the three-year plan announced in the request for the PCI; the additional amounts are being allocated for the priority sectors of energy, transport, health, agriculture, water supply, and higher education.
- Ensure that the arrangements to address the crisis are temporary and well-targeted (in the interest of cost-effectiveness), by ensuring that they are fully accounted for in the revised budget. For example, the tax relief measures in response to the shock will remain strictly temporary and will be reversed once the crisis has passed.
- Adopt short-term measures to minimize customs and domestic revenue shortfalls. In particular, the scope of exemptions will not be broadened. Other measures include the following:
  - As regards customs-related measures, the emphasis will be placed on the strict application of corrective values, the close monitoring of customs clearance for revenue-generating products, more effective monitoring of goods declared under special arrangements (*régimes suspensifs*), the implementation of the Value Application

(VALOREM) in response to the phaseout of the Import Verification Program, the upgrade in the computer application for the management of economic customs procedures (GRED) which is the tool used for electronic processing and monitoring of exemptions (*titres d'exonération*), as well as enhanced surveillance of the customs territory to guard against fraudulent rebates.

- In order to ensure the continuity of public service and to enable taxpayers to file their tax returns, the DGID has taken steps to:
  - Facilitate telework through the introduction of a teleconferencing application offering various forms of collaborative work;
  - Accelerate the projects aimed at the digitalization and expansion of tax-related remote procedures to encompass the full set of taxpayers: (i) the applications M-tax (reform target, December 2020) and *Mon Espace Perso* intended for SMEs and private individuals, will be delivered by end-Q3 2020; (ii) the one-stop facility for filing financial statements on-line will be launched at end-June 2020.
- In overseeing the performance of its services, the tax administration (DGID) has opted to reinforce results-based management through the signing of contracts based on targets and performance between the DG and the Directors. This innovation is designed to focus the DGID's efforts on operational objectives pursued under the "Domestic and Land Taxation Management" Program.
- Ensure transparency and accountability in emergency expenditures as follows: (i) publishing all related tenders and clarifying procurement procedures; (ii) publishing the list of successful bidders on government contracts; (iii) establishing expenditure controls; (iv) ensure that the execution of expenditure related to COVID-19 is officially accounted for through quarterly budget execution reports; (v) through the annual audit of government contracts, verify the regularity of procurement procedures applicable to COVID-19-related expenditures and publish the results; and (vi) in the report on execution of the 2020 budget, entrust the Audit Office (*Cour des comptes*) with preparing a special report on execution of COVID-19-related expenditures.

**21. The government is participating in the G-20 debt service suspension initiative and will benefit from relief on its debt service in 2020.** The resources that would otherwise have been paid to participating creditor countries are helping us to finance our response to the COVID-19 crisis. The government commits to the transparent reporting of such spending as indicated above, and to disclose of debt by public sector borrowing entities (per GFSM 2014) to the IMF and World Bank Group within 3 months, but no later than September 1 (to allow time for the anticipated end-year review). The government also commits to respect the debt limit set under the PCI.

### **Pursue Implementation of Priority Budget Reforms Over the Medium-Term**

**22. The government has finalized its medium-term revenue strategy (SRMT), designed to achieve by 2023 a tax-to-GDP ratio (tax ratio excluding natural resources/GDP excluding natural resources) amounting to 20 percent (reform target for June 2020).** Strengthening

revenue mobilization requires efforts to broaden the tax base and enhance the efficiency and effectiveness of government agencies, including through ambitious digital innovations and a reorganization of administrative and governance processes. Accordingly, notwithstanding COVID-19, the government has launched flagship measures under the SRMT in the areas of digitalization, de-compartmentalization, and cross-cutting issues across government agencies. For this purpose, the Strategic Execution Unit entrusted with overseeing the SRMT will begin work in the second half of the year and will provide a flexible and efficient response to the strategic needs of the SRMT. The unit will be equipped with appropriate human and IT resources and will prepare semiannual progress reports on the annual action plans guiding SRMT implementation. The action plan for 2020-21 will include measures to safeguard revenues and broaden the tax base, as well as to expedite the digitalization process.

**23. Medium-term reforms linked to public financial management will be continued as the pandemic-related crises abate.**

- With respect to program budgeting, the reforms in progress will be continued. This includes: (1) generalizing the use of commitment authorizations (CA) (*Autorisations d'Engagement*) to encompass all expenditure categories as of 2021; (ii) effective implementation of the decentralization of payment authorization; (iii) preparing the budget law in a program format; and (iv) continue to improve the new budget tools (Budget and Policy Programming Document (DPBEP), Priority Action Plan (PAP), Annual Performance Report (RAP), etc.).
- The government also intends to draw on the TA report on the expenditure chain to reduce reliance on simplified or derogatory expenditure procedures, by updating the legislative framework and better monitoring below-the-line operations. Specifically, for the remainder of 2020, a detailed reporting of transfers through treasury deposit accounts (*comptes de dépôt*) by service category and type of beneficiary will be carried out, and technical assistance will help to identify transfers using treasury deposit accounts that can be categorized in "use of goods and services" and "capital expenditure executed by the government" in line with the organic budget law. In the 2021 budget law and on the basis of a ministerial decree, the appropriations allocated to current and capital transfers in favor of non-personalized government services (SNPE) will be capped at 50 percent of total transfers and will undergo an analysis by economic category, except for expenditures related to defense or national security. Beginning with the 2022 budget law, the budgetary allocations for SNPEs (excluding defense and national security) will be permanently recorded in the categories "use of goods and services" and "capital expenditure executed by the government". Thus, the balances of the existing deposit accounts for these SNPEs will be canceled in accordance with decree No. 21136 of November 21, 2017, modified, relating to the conditions for opening, operating and closing deposit accounts, with the exception of SNPEs which have their own resources. The beneficiaries of remaining treasury deposit accounts will be required to submit quarterly commitment and disbursement plans to facilitate efficient cash management.
- The government pledges that the inclusion in the budget of any new investment project larger than CFAF 1 billion will be subject to a conclusive ex-ante evaluation, using the cost/benefit method, by the Ministry in charge of planning (excluding sovereignty projects) (reform target,

end-December 2021).

- The government will further consolidate the single treasury account. The government will complete a review of the accounts of public entities, except for the accounts of externally funded projects, by end-December 2020 (new reform target, end-December), and undertakes to close and repatriate into the Treasury single account 50 percent of the accounts identified by end-2021, and the remaining 50 percent by end-2022 (reform target, end-December 2022).
- In order to strengthen fiscal risks' management, the government is committed to setting up a database for the full range of PPPs and electric power purchasing contracts, presenting their budgetary impact and quantifying the major fiscal risks (reform target, end-June 2021). The government also intends to publish a statement of fiscal risks annexed to the draft 2022 budget law (reform target, end-December 2021).

### **Maintain Debt Sustainability and Improve Debt Management**

**24. Senegal's debt remains sustainable with a moderate risk of debt distress, albeit with little space to absorb further short-term shocks.** At end-2019, the stock of the total nominal public debt amounted to CFAF 8,848.5 billion (64 percent of GDP), below the program ceiling. The debt-to-GDP ratio is expected to peak in 2022 and should then resume its downward trajectory. Given the magnitude of the shock and its impact on growth, revenue, and exports, as well as the more pronounced downside risks associated with the economic outlook, the government is committed to enhancing debt management. Under the Medium-Term Debt Strategy (SDMT), the government is committed to pursuing a prudent debt management policy focused on mobilizing resources characterized by a degree of concessionality in line with our country's debt profile. In particular, issuances of government securities in the subregional financial market will be prioritized.

**25. In the short term, to mobilize the resources necessary to ensure the proper implementation of the Economic and Social Resilience Program (PRES) while curbing the impact of the COVID-19 pandemic on debt, the government revised downward the drawings of project loans, for the amount of CFAF 75 billion which have been reallocated to the financing of the PRES.** The projects concerned are as follows: (i) the construction of the Olympic stadium in Diamniadio, for which the timetable for financing and execution, initially scheduled for early 2020, has been delayed; (ii) the project for the Regional Express Train (TER), in its phase 2 (Diamniadio-AIBD), the launch for which has been rescheduled as of 2021; and (iii) the project for the rehabilitation of regional airports, for which the works (and hence the disbursements) have been slowed down.

**26. Furthermore, the government intends to implement a comprehensive debt management strategy,** including by (i) making the National Public Debt Committee (CNDP) fully operational by end-June 2020 (adoption of the manual of procedures and signing of the ministerial decree setting up the CNDP) (reform target, end-June 2020); (ii) adopting a consistent public sector borrowing strategy encompassing SOEs, compatible with the ceiling on nominal debt set under the program; (iii) preparing the legal framework to govern the authorization of guarantees, endorsements, and on-lending; (iv) further improving the monitoring of debt for the entire public

sector; (v) improving the recording of debt, by means of an external audit of the database for the total debt of the public sector (including the debt of SOEs) (reform target, end-December 2020), as well as through the establishment of a mechanism for monitoring and reporting drawings on project lending between DGB and the Public Debt Directorate. Technical assistance from IMF staff will be available to help finalize the terms of reference for this audit, and to monitor improvements in the recording of public debt.

### C. Pillar III: Managing Oil and Gas Revenues in a Sustainable and Transparent Manner

**27. Investment opportunities in the petroleum sector will be analyzed in light of the international outlook for hydrocarbons markets.** The COVID-19 pandemic and geopolitical pressures have triggered major shocks in the oil industry. Declarations of *force majeure* by the main subcontractors will delay the first gas from the Greater Tortue Ahmeyim (GTA) project (LNG) by one year, pushing back the start of production from 2022 to 2023. Accordingly, the government will pursue a cautious policy regarding PETROSEN's financial commitments in the forthcoming investment decisions for oil projects. In particular, steps will be taken to: (i) optimize the concepts of field development with operators; (ii) secure firm and long-term purchase contracts in connection with LNG; and (iii) obtain greater assurances regarding the profitability of projects, prior to authorizing PETROSEN borrowing operations that carry a government guarantee.

**28. The government is continuing to prepare the governance framework applicable to oil and gas revenues.** The technical work on the two draft laws pertaining to: (1) apportionment, the overall framework, and management of hydrocarbon revenues (LGRH); and (ii) the rules governing the organization and functioning of FONSI (Sovereign Fund for Strategic Investments) have been slightly delayed as a result of the public health crisis, and will be finalized by end-December (the LGRH was a reform target for end-June 2020). The apportionment of revenues between different uses will take account of the various investment and production scenarios, including the trends in international outlook, for the future phases of the GTA and Sangomar projects for which construction began, respectively, in 2019 and 2020. Lastly, the interministerial technical committee will finalize the work on the fiscal framework, taking account of oil and gas operations, by end-December 2021 (reform target, initially set for end-2020, deferred to end-December 2021).

### D. Program Monitoring

**29. The program will be monitored on the basis of quantitative targets, continuous targets, and reform targets.** Quantitative targets for end-June 2020, end-December 2020, end-June 2021 as well as one quantitative target to be monitored on an ongoing basis, have been proposed (Tables 1a and 1b). The government and Fund staff have also agreed on the reform targets specified in Table 2. The second review should be completed by December 31, 2020, the third review by June 30, 2021, the fourth review by December 31, 2021, the fifth review by June 30, 2022, and the sixth review by December 31, 2022. Definitions are provided in the TMU attached to this statement.



Table 1a. Senegal: Quantitative Targets 2019–21

	2019		2020		2021				
	Dec.		Jun.		Dec.				
	Adjusted QT	Act. Status	Prog. Proposed	Prog. Proposed	Prog. Proposed	Prog. Proposed			
<b>Quantitative Targets</b>									
Floor on net lending/borrowing <sup>1</sup>	523	537	533	Met	300	760	452	873	450
Ceiling on central government's overall net financing requirement <sup>2</sup>	623	637	634	Met	...	...	573	1,064	...
Ceiling on the amount of the budgetary float	40	40	36.3	Met	40	40	40	40	40
Floor on tax revenue	2,328	2,328	2,410	Met	1,297	1,059	2,595	2,295	1,132
Ceiling on the share of the value of public sector contracts signed by single tender (percent)	15	15	17.3	Not Met	15	15	15	15	15
Floor on social expenditures (percent of total spending)	35	35	43	Met	35	35	35	35	35
Ceiling on total nominal public debt (CFAF billion)	9,114	9,114	8,848	Met	...	...	9,563	10,034	...
Ceiling on spending undertaken outside normal and simplified procedures <sup>3</sup>	0	0	0	Met	0	0	0	0	0
Ceiling on public sector external payment arrears (stock) <sup>4</sup>	0	0	0	Met	0	0	0	0	0
<b>Maximum upward adjustment of the overall deficit ceiling owing to</b>									
Shortfall in program grants relative to program projections	20	14	14		20	35	20	35	35
<b>Memorandum items:</b>									
Program grants	31	17	17						241
Clearance of pre-2019 comptes de dépôt stock	100	101.2	101.2				121	121	121

Sources: Senegal authorities; and IMF Staff estimates.

<sup>1</sup>GFSM 2001 definition. Cumulative since the beginning of the year.<sup>2</sup>This QT allows for the net financing needs of the central government to be larger than the floor on net lending/borrowing to clear the pre-2019 stock of the comptes de dépôt.<sup>3</sup>This QT applies on a continuous basis.<sup>4</sup>This constitutes a standard continuous target.

**Table 1b. Senegal: Continuous Targets**

- Not to impose or intensify restrictions on the making of payments and transfers for current international transactions
- Not to introduce or modify multiple currency practices
- Not to conclude bilateral payments agreements that are inconsistent with Article VIII
- Not to impose or intensify import restrictions for balance of payments reasons

Table 2. Senegal: Reform Targets 2020–21

Objective	Description	Initial Target Date	Status	Proposed Revision
<b>Pillar 1 Achieving inclusive growth</b>				
Improve the business climate	Set up a centralized and integrated land management system which will digitalize land management procedures.	End June 2021		
	Establish a court of first instance and an appeals court to further develop a commercial justice system.	End December 2021		Drop
Promote the digitalization of administrative procedures	Implement the M-tax that enables taxpayers to file and pay their taxes by mobile phone.	End December 2020		
Invest in human capital training to accompany the structural transformation.	<b>Prepare a study to identify policy measures to improve secondary school enrollment and attendance.</b>	<b>End June 2020</b>	<b>Met</b>	
	Submit to parliament a revised labor law and accompanying regulations.	End December 2021		Drop
Promote access to credit /financial inclusion	<b>Adopt a national financial inclusion strategy to boost access to financial services.</b>	<b>End June 2020</b>	<b>Not met</b>	
	Expand the credit bureau's access to data by using information from large billers such as utilities.	End December 2020		Drop
	Put in place a collateral registry that is accessible online and combines data on movable collateral (sureté meubles) as well as mortgages in cooperation with the BCEAO	End December 2021		
<b>Pillar II. Consolidate macroeconomic stability and improve public financial management</b>				
Increase revenue	<b>Finalize a medium-term revenue strategy aimed at achieving a non-resource tax-to-GDP ratio of 20 percent by 2023.</b>	<b>End June 2020</b>	<b>Met</b>	
	Prepare a quarterly report on the use of information from the the interconnection and cooperation between the customs and the tax administration.	Quarterly from January 2020	Not met	Shift to semi-annual frequency starting with end December 2020
	<b>Raise prepayments on income taxes at customs for unregistered taxpayers to encourage them to join the formal system.</b>	<b>End June 2020</b>	<b>Not met</b>	Reset for end December
	Fully implement the decree for the mechanism to regularly revise fuel prices. If the mechanism is not used and the price adjustment is suspended, the government undertakes to include the necessary budget allocations in a supplementary budget and to settle the amounts of fuel subsidies and tariff compensation due within 90 days following validation.	Ongoing from January 2020	Met	
	The inclusion in the budget of any new investment project exceeding one billion CFAF is subject to an ex-ante evaluation using cost-benefit analysis by the Ministry of Economy, Planning, and Cooperation (excluding projects affecting defense and security).	End December 2020		Delay to end-December 2021
	<b>Submit to Parliament an updated PPP law specifying that all investment projects of over one billion CFAF shall be subject to a prior assessment and, in the event of unsolicited proposals, a second opinion from the Ministry of Planning.</b>	<b>End June 2020</b>	<b>Not met</b>	<b>Reset for end December 2020</b>
	The 2021 budget law will include an investment program which is consistent with ceilings for authorized commitments for the next three years.	End December 2020		Drop
Strengthen public financial management	Review the November 2018 ministerial order on budget commitment letters to limit them exclusively to the defense and security sector.	End December 2020		Drop
	<b>Conduct a study of the expenditure chain supported by IMF technical assistance to limit the share of expenditure executed using simplified procedures and non-competitive public procurement.</b>	<b>End June 2020</b>	<b>Met</b>	
	A ministerial decree will update the framework for expenses eligible for simplified procedures and will limit transfers to deposit accounts for non-personalized state services excluding expenses for defense and national security to 50 percent of the total of these transfers in the 2021 finance law.	End December 2020		
	Prepare an inventory of the accounts of all agencies and public establishments in commercial banks	End December 2020		New RT
Improve cash management	Close remaining accounts of all public agencies and entities in commercial banks and repatriate the balances to the single treasury account.	End December 2021		Delay to end December 2022
	<b>Finalize a procedures manual for the National Public Debt Committee.</b>	<b>End June 2020</b>		
Strengthen debt management and contain fiscal risks	External audit of the public debt database, including SOE debt.	End December 2020		New RT
	Establish a database for all PPPs and power purchase agreements showing their budgetary impact and quantifying the main fiscal risks.	End June 2021		
	Publish a fiscal risk statement as annex to the 2022 budget law.	End December 2021		
<b>Pillar III. Manage the oil and gas sector in a transparent and sustainable manner</b>				
Strengthen the legal and budgetary framework	<b>Prepare a draft law on the allocation, management and control of hydrocarbon revenues generated based on principles which are in line with international best practices.</b>	<b>End June 2020</b>	<b>Not met</b>	<b>Reset for end December 2020</b>
	Adopt a new fiscal framework with a long-term budgetary anchor defined in a way that guarantees the sharing of hydrocarbon revenues with future generations and a short-term operational rule (which will exclude oil and gas revenues).	End December 2020		Reset for end December 2021

## Attachment II. Technical Memorandum of Understanding

This technical memorandum of understanding (TMU) defines the quantitative targets and continuous targets described in the program statement (PS) to monitor the IMF-supported program under the Policy Coordination Instrument (PCI) for the period January 10, 2020 – January 9, 2023. It also establishes the terms and timeframe for transmitting the information that will enable Fund staff to monitor the program. Reviews will assess quantitative targets as of specified test dates and on a continuous basis. Specifically, the first review will assess end-December 2019 test date, the second review will assess end-June 2020 test date and the third review will assess end-December 2020 test date.

### A. Definitions

1. Unless otherwise indicated, “Government” in this TMU means the budgetary central Government of the Republic of Senegal. It excludes the central bank and the public sector outside the budgetary central government (paragraph 3).
2. Unless otherwise indicated, “public sector” in this TMU means the government, local governments and all majority government-owned or controlled entities.
3. Debt. The definition of debt is set out in paragraph 8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to Executive Board Decision No. 15688-(14/107), adopted December 5, 2014.
  - (a) The term “debt” will be understood to mean a direct, i.e., non-contingent, liability created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, according to a given repayment schedule; these payments will discharge the principal and/or interest. Debts can take a number of forms, the primary ones being as follows:
    - (i) Loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds (including Treasury Bills), debentures, commercial loans, and buyers’ credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the borrowed funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements.);
    - (ii) Suppliers’ credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and
    - (iii) Leases, i.e., arrangements under which property is provided which the lessee has the

right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of this guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair, or maintenance of the property.

- (b) Under the definition of debt above, arrears, penalties, and judicially awarded damages and interest arising from the failure to make payment under a contractual obligation that constitutes debt is a debt.
- (c) Debt guarantees. The guarantee of a debt arises from any explicit legal obligation of the public sector to service a debt in the event of nonpayment by the debtor (involving payments in cash or in kind).
- (d) External debt. External debt is defined as debt borrowed or serviced in a currency other than the CFA franc, regardless of the residency of the creditor.

## B. Quantitative Program Targets

### Floor on Net Lending/Borrowing (Program Definition)

**4. Definition.** Net lending/borrowing, or the overall fiscal balance, is the difference between the Government's total revenue and total expenditure (costs and acquisition net of nonfinancial assets). The definition of revenues and expenditures is consistent with that in the 2001/14 Government Financial Statistics Manual (GFSM). Government expenditure is defined on a payment order basis accepted by Treasury, as well as those executed with external resources. This quantitative target is set as a floor on the overall fiscal balance as of the beginning of the year.

**5. Adjustment.** The floor including grants is adjusted downward by the amount that budget grants fall short of program projections up to a maximum of CFAF 20 billion at current exchange rates (PS Table 1).

**6. Reporting Requirement.** During the program period, the authorities will report provisional data on the overall fiscal balance (program definition) and its components monthly to Fund staff with a lag of no more than 6 weeks after the end of the relative month. Data on revenues and expenditure that are included in the calculation of the overall fiscal balance will be drawn mainly from preliminary Treasury account balances. Final data will be provided as soon as the final balances of the Treasury accounts are available, but no later than two months after the reporting of the provisional data.

### Ceiling on Central Government's Overall Net Financing Requirement

**7. Definition.** The central Government's net overall financing requirement is defined as the

sum of the following two components: i) the overall fiscal balance, as defined for the quantitative target on net lending/borrowing; and ii) the additional borrowing by the Treasury to finance accounts payable, comprising spending by ministries out of unutilized appropriations from past budgets (drawdown of the “*comptes de dépôt*”), offsets for illiquid revenues (“*recettes d’ordre*”) and other below-the-line operations. For end-December 2019 and 2020, this quantitative target would need to be lower or equal to the amount indicated in Table 1 of the Program Statement.

**8. Adjustment.** The ceiling is adjusted upward by the amount that budget grants fall short of program projections up to a maximum of CFAF 35 billion at current exchange rates (PS Table 1).

**9. Reporting Requirements.**

- Data related to the additional borrowing by the Treasury to finance accounts payable will be sent quarterly within a period of one month from the end of the quarter. This comprises: spending by ministries out of unutilized appropriations from past budgets (drawdown of the “*comptes de dépôt*”) and offsets for illiquid revenues (“*recettes d’ordre*”) and for other below-the-line operations and a reconciliation between the budgetary balance (see section “Floor on net lending / borrowing” above for the definition) and the financing made available during the respective quarter.
- Data related to the overall financing requirement will be sent quarterly within a period of one month from the end of the quarter, starting from the end of December. These data must include: (i) total gross Government debt; (ii) total debt principal repaid by the Government; and (iii) all guarantees granted by the Government for domestic or external loans to its suppliers and contractors and any other public or private entity. The details regarding any Government borrowing (including amounts on-lent and any guarantee granted by the Government for domestic or external loans to its suppliers and contractors and any other public or private entity) will be reported monthly within six weeks of the end of the month. The data on borrowings will be grouped together as short-term (less than one year) or long-term (one year or more). This rule will also apply to amounts on-lent and guarantees granted by the Government for domestic or external loans to its suppliers and contractors and any other public or private entity. Data on projected principal and interest payments will be reported on a commitment and a disbursement basis.

**Ceiling on the Amount of Budgetary Float**

**10. Definition.** The budgetary float (*instances de paiement*) is defined as the outstanding stock of Government expenditures for which bills have been received and validated (the difference between *dépenses liquidées* and *dépenses payées*) and for which the payment delay does not exceed regulatory delays (90 days after reception and validation of relevant bills (*liquidation*)) except for payments related to domestic debt service for which the delay is 30 days). The quantitative target sets a ceiling for the budgetary float, monitored every 6 months.

**11. Reporting Requirement.** The authorities will transmit to Fund staff at the end of each month, a table from the expenditure tracking system (SIGFIP, or SIGIF once it becomes operational)

showing all committed expenditure (*dépenses engagées*), all certified expenditures that have not yet been cleared for payment (*dépenses liquidées non encore ordonnancées*), all payment orders (*dépenses ordonnancées*), all payment orders accepted by the Treasury (*dépenses prises en charge par le Trésor*), and all payments made by the Treasury (*dépenses payées*). The SIGFIP table will exclude delegations for regions and embassies. The SIGFIP table (or SIGIF once it becomes operational) will also list any payments that do not have a cash impact on the Treasury accounts. Balances outstanding are broken down by payer and spending category, as well as by maturity and length of time overdue.

**12.** Regarding expenditures using derogatory procedures, the authorities will report to IMF staff at the end of each quarter: (i) the status of ‘waiting and provisional imputation’ accounts (*comptes d’attentes et d’imputation provisoire*) showing the stock of transactions awaiting regularization from the general balance of accounts of the state; (ii) the status of the derogatory expenditures presented by expenditure category; (iii) the status of deposit accounts (*comptes de dépôt*) by identifying the nature of the beneficiaries ((i) agencies in the broad sense (legal entity governed by public law, or independent of the State); (ii) legal entities governed by private law (e.g. companies with public or private capital, beneficiaries of subsidies or equity); (iii) private individuals (recipients of social assistance and grants); (iv) non-personalized state services; and (v) commitments related to comfort letters. The authorities will also present an assessment of the regularization of such expenditures from one quarter to the next.

### **Floor on Tax Revenues**

**13. Definition.** Tax revenues are the sum of revenues from taxes and levies on income, profits and capital gains, salaries and labor, on assets; taxes on goods and services; on foreign trade and international transactions; and other tax revenues. The quantitative target will be assessed based on data for these revenues provided in the quarterly TOFE. Specifically, petroleum revenues are the subject of specific monitoring in connection with international price trends. These are the VAT on oil (on domestic consumption and imports), excise taxes on oil, customs duties on oil, vehicle taxes, the PSE, and the Petroleum Product Imports Security Fund (FSIPP).

**14. Reporting Requirement.** Reporting requirements are the same as for the quantitative target floor on net lending/borrowing.

### **Ceiling on The Share of The Value of Public Sector Contracts Signed by Single Tender (Percent)**

**15. Definition.** Public sector contracts are administrative contracts, drawn up and entered into by the Government or any entity subject to the procurement code, for the procurement of supplies, delivery of services, or execution of work. Public procurement is considered "non-competitive" when the contracting authority awards the contract to the successful candidate without open competitive tender and without an open inquiry and open price. The semiannual quantitative target will apply to total public sector contracts entered into by the Government or by any entity subject to the procurement code. The ceiling on contracts executed by single tender will exclude classified



purchases and fuel purchases by SENELEC for electricity production reflected in a new regulation that imposes on SENELEC to buy fuel from SAR on the basis of the current price structure. The ceiling also excludes administrative amendments. Also excluded are riders whose execution with the supplier is a necessary condition for the final delivery of goods and services which are included in the original contract provided that they comply with the provisions of the procurement code.

**16. Reporting Requirements.** The Government will report semi-annually to Fund staff, with a lag of no more than one month, the total amount of public sector contracts and the total value of all single-tender public sector contracts.

### Floor on Social Expenditure

**17. Definition.** Social spending is defined as spending on health, education, the environment, the judicial system, social safety nets, sanitation, and rural water supply (as contained in the table on social expenditure). The floor will be evaluated on a semiannual basis.

**18. Reporting Requirements.** The authorities will report semiannual data to Fund staff within two months after each semester.

### Ceiling on Total Nominal Public Debt

**19. Definition.** Debt for this quantitative target is defined as in paragraph 4 above, comprises external and domestic debt of the public sector (i.e. general government and public nonfinancial corporations as defined in paragraph 3), and is measured at its nominal value. The ceiling will be monitored on an annual basis. To evaluate this target, debt denominated in foreign currency will be converted at the exchange rate for the projection of the debt stock, notably for 2020 CFAF/US\$ 598 and CFAF/DTS 817.

**20. Reporting Requirements.** The authorities will report quarterly data to Fund staff within two months following the end of each quarter.

- As part of the program, the authorities will transmit quarterly to IMF staff, within six weeks after the end of the quarter in question, provisional data relating to the debts of the following public enterprises: LONASE, SN La Poste, RTS, SN PAD, SONES, SENELEC, APIX, SN HLM, SAED, SNR, SOGIP SA, SAPCO, SODAGRI, CICES, SSPP SOLEIL, PETROSEN, SIRN, SICAP, DDD, MSAD, ONFP, ONAS, CNQP, OFOR, OLAG, FONSI, AIBD, FERA, ASER, FSE, ANAM, AGPBE, COUD, ACMU, CDC, Dakar Dem Dik, ITA, MIFERSO, CEREEQ, and Air Senegal. Any debt contracted during the year by a public enterprise not included in the above list and which is greater than 5 billion CFA francs, will also be communicated, and this public enterprise will be added to the list for future reporting.
- The stock of debt at end December of the current and previous year of all these public enterprises, as well as information on newly contracted debt during the year and principal payments, will be communicated to IMF staff within two months after the end of the year.

- All retroceded or guaranteed debt emanating from the central administration and from which these public enterprises benefit will be communicated, as well as any retroceded or guaranteed debt benefiting enterprises in the private sector. The data made available to IMF staff will distinguish between guarantees and debt on-lent to public enterprises and those issued to private sector actors.
- All commitments by comfort letter will be communicated quarterly to IMF staff within six weeks after the end of the quarter. If some of these comfort letters are already counted in another category (for example, guarantees), this will be explicitly mentioned in the data.

### **Ceiling on Spending Undertaken Outside Simplified and Normal Procedures (Continuous)**

**21. Definition.** This quantitative target is applied on a continuous basis to any procedure other than the normal and simplified procedures to execute spending. It excludes only spending undertaken on the basis of a supplemental appropriation order (*décret d'avance*) in cases of absolute urgency and need in the national interest, pursuant to Article 23 of the Organic Budget Law. Such spending requires the signature of the President of the Republic.

**22. Reporting Requirements.** The authorities will report any such procedure immediately to Fund staff.

### **Ceiling on Public Sector External Payments Arrears (Continuous)**

**23. Definition.** External payment arrears are defined as the sum of payments owed and not paid when due (in accordance with the terms of the contract) on the external debt contracted or guaranteed by the public sector. The definition of external debt given in paragraph 4 is applicable here. The quantitative target on external payments arrears will be monitored on a continuous basis.

**24. Reporting Requirements.** The authorities will promptly report any accumulation of external payments arrears to Fund staff.

## **C. Additional Information for Program Monitoring**

**25.** The authorities will transmit the following to Fund staff, in electronic format if possible, with the maximum time lags indicated:

- (a) Three days after adoption: any decision, circular, edict, supplemental appropriation order, ordinance, or law having economic or financial implications for the current program. This includes in particular all acts that change budget allocations included in the budget law being executed (for instance: supplemental appropriation orders (*décrets d'avance*), cancellation of budget appropriations (*arrêtés d'annulation de crédit budgétaires*), and orders or decisions creating supplemental budget appropriations (*décrets ou arrêtés d'ouverture de crédit budgétaire supplémentaire*). It also includes acts leading to the creation of a new agency or a new fund.

(b) Within a maximum lag of 30 days, preliminary data on:

- Tax receipts and tax and customs assessments by category, accompanied by the corresponding revenue on a monthly basis;
- The monthly amount of expenditures committed, certified, or for which payment orders have been issued;
- The monthly situation of checks issued by agencies from their deposit accounts at the Treasury but not paid to beneficiaries, with the dates of issuance of the checks.
- The quarterly report of the Debt and Investment Directorate (DDI) on the execution of investment programs;
- The monthly preliminary Government financial operations table (TOFE) based on the Treasury accounts;
- The provisional monthly balance of the Treasury accounts;
- Reconciliation tables between the SIGFIP table and the consolidated Treasury accounts, between the consolidated Treasury accounts and the TOFE for “budgetary revenues and expenditures,” and between the TOFE and the net treasury position (NTP), on a quarterly basis; and
- A quarterly report on FSE operations in terms of revenues and expenditures;
- A monthly report on the price structure of fuel products, including an estimate of the necessary subsidy for the rest of the year based on the latest price structure; no later than 4 weeks after the publication of the price structure. If domestic prices are higher than international prices, authorities will communicate in which part of the TOFE the benefits are accounted for.

(c) Final data will be provided as soon as the final balances of the Treasury accounts are available, but not later than one month after the reporting of provisional data.

**26.** During the program period, the authorities will transmit to Fund staff provisional data on current nonwage noninterest expenditures and domestically financed capital expenditures executed through cash advances on a monthly basis with a lag of no more than 30 days. The data will be drawn from preliminary consolidated Treasury account balances. Final data will be provided as soon as the final balances of the Treasury accounts are available, but no more than one month after the reporting of provisional data.

**27.** The central bank will transmit to Fund staff:

- The monthly balance sheet of the central bank, with a maximum lag of one month;
- The monthly consolidated balance sheet of banks with a maximum lag of two months;
- The monetary survey, on a monthly basis, with a maximum lag of two months;
- The lending and deposit interest rates of commercial banks, on a monthly basis; and

- Prudential supervision and financial soundness indicators for bank financial institutions, as reported in the table entitled Situation des Établissements de Crédit vis--à-vis du Dispositif Prudentiel (Survey of Credit Institution Compliance with the Prudential Framework), on a quarterly basis, with a maximum delay of two months.

**28.** The Government will update on a monthly basis on the website established for this purpose the following information:

- (a) Preliminary TOFE and transition tables with a delay of two months;
- (b) SIGFIP execution table, the table for the central Government and a summary table including regions, with a delay of two weeks;

The amount of the airport tax collected, deposited in the escrow account, and used for the repayment of the loan financing the construction of the new airport, with a delay of one month. Full information on (i) the operations of the Energy Sector Support Fund (FSE); (ii) investment projects in the power sector; (iii) planning and execution of these projects; and (iv) details of financing and updated costs.