

INTERNATIONAL MONETARY FUND AND  
INTERNATIONAL DEVELOPMENT ASSOCIATION

SENEGAL

**Decision Point Document under the Enhanced Heavily  
Indebted Poor Countries (HIPC) Initiative**

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## I. INTRODUCTION

1. A debt sustainability analysis (DSA) for Senegal was first undertaken in 1998 under the original Initiative for Heavily Indebted Poor Countries (HIPC). Subsequently, the criteria of debt sustainability were revised under an enhanced HIPC Initiative and the DSA has now been updated to take account of the new sustainability criteria. In the DSA document of April 1998,<sup>2</sup> the Executive Directors of the Fund and IDA were informed of Senegal's good track record in implementing the comprehensive medium-term adjustment and reform program that was adopted after the CFA franc devaluation of January 1994. The good track record has continued since then. The reform and adjustment programs have been supported by two ESAF arrangements, the first covering the three-year period 1994-97 (SDR 131 million or approximately US\$190 million) and the second ongoing arrangement covering the period 1998-2001 (SDR 107 million or approximately US\$150 million). The scope and content of these arrangements are presented in Section II along with an assessment of progress, which continues to be satisfactory. The program has also been supported by IDA with adjustment credits for economic recovery (US\$25 million), for private sector development (US\$40 million), for agriculture (US\$45 million) and for the energy sector (US\$100 million) as well as a number of investment credits in the areas of health, education, transport and rural development.

2. Per capita income in Senegal in 1998 was US\$530, which is well below the US\$895 operational cutoff for IDA eligibility. Furthermore, Senegal is not creditworthy for IBRD lending and is, therefore, an IDA-only country. Its good economic performance and track record of structural reform continue to justify active IDA support. In addition to a continued good track record with respect to PRGF-supported programs, the Government of Senegal has also put together an **Interim Poverty Reduction Strategy Paper (I-PRSP)**, which lays out plans for developing a comprehensive poverty reduction strategy. The authorities intend to involve civil society in the process of developing, implementing and monitoring a full poverty reduction strategy and it is anticipated that this participatory process will lead to the finalization of a comprehensive PRSP in support of Senegal's completion point under the enhanced HIPC Initiative, tentatively projected for end-2001. Reaching a completion point would require satisfactory performance under the PRGF-supported program, adoption and implementation of a few key structural and social development measures, and securing financial assurances from Senegal's other external creditors concerning their participation in the enhanced HIPC Initiative.

3. This paper presents a new assessment of Senegal's eligibility for assistance under the enhanced HIPC Initiative. It updates the DSA that was distributed to the Executive Directors of the Fund and IDA in April 1998. The conclusion of the 1998 analysis was that the external debt burden of Senegal was sustainable, based on the debt sustainability criteria applicable at

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<sup>2</sup> EBS/98/68 (4/6/98) and IDA/SecM98-155 (4/9/98).

the time. However, an updated DSA indicates that the external debt burden of Senegal is not sustainable under the debt sustainability targets of the enhanced HIPC Initiative. Section IV presents a detailed updated DSA, which incorporates debt relief from successive Paris Club reschedulings of which the latest was agreed in June 1998.

## II. POLICIES AND PERFORMANCE

4. Overall, Senegal has a favorable track record of macroeconomic stabilization and reform since the devaluation of the CFA franc in January 1994. The reform program undertaken by the authorities and supported by successive ESAF Arrangements and by an IDA lending program enabled them to build upon Senegal's restored external competitiveness to achieve sustained and balanced growth, improve the external balance, and consolidate public finances with encouraging results.<sup>3</sup> Average real GDP growth exceeded 5 percent between 1996 and 1999, while annual inflation remained below 3 percent over the same period, thereby maintaining the consumer price index based real effective exchange rate roughly 30 percent depreciated compared to the level reached before the 1994 devaluation of the CFA franc. Tight fiscal policies resulted in a strong improvement in the central government's fiscal position. Since 1995, and after several years of deficit, the basic fiscal balance<sup>4</sup> showed surpluses, that remained above 1.5 percent of GDP between 1996 and 1999. The improved fiscal position contributed to a decline by almost one half in net credit to the government since 1994, which allowed for an increase in credit to the economy, consistent with the financing needs of the private sector. Since 1997, Senegal has made a positive contribution to the net foreign asset position of the zone. Senegal has been a member of WAEMU since its inception in 1994 and is actively involved in initiatives to promote the economic integration of the WAEMU countries. The external current account deficit (excluding official transfers) declined slightly between 1996 and 1999. Nonetheless, social indications show that social development has been lagging and that the situation with respect to poverty may have deteriorated.

5. For the coming years, the authorities are determined to continue implementing sound macroeconomic policies, which should contribute to strong and sustained growth. The medium-term macroeconomic framework prepared for 2000 to 2003 will be revised to reflect the budgetary impact of the costs of the poverty alleviation programs planned by the government by end-2001, when they are fully articulated in the context of its overall poverty reduction strategy. Under the current macroeconomic framework, real GDP growth is expected to remain around 5 percent. The basic fiscal surplus is projected to increase

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<sup>3</sup> For information on Senegal's track record under its ESAF Arrangements see also EBS/98/68, EBD/99/78, and EBS/99/114.

<sup>4</sup> Defined as total revenue (excluding grants) minus total expenditure and net lending, excluding externally financed investment expenditure and onlending.

progressively from 1.7 percent of GDP in 1999 to 2.5 percent in 2003, as government expenditure growth is contained below nominal GDP growth and government fiscal revenue increases to 17 percent of GDP, as recommended by the guidelines of the West African Economic and Monetary Union (WAEMU).<sup>5</sup> Broad money growth is projected to stay in line with nominal GDP, with a further decrease in net credit to the government and an accumulation of net foreign assets. The current account deficit (excluding official transfers) is expected to narrow from about 7 percent of GDP in 1999 to 5 percent in 2003, with export growth exceeding import growth.

6. The authorities also took advantage of the 1994 devaluation to undertake a comprehensive **institutional and policy reform**, as detailed in Appendix I. A central focus of the reform effort has been to redress the balance between a formerly dominant public sector and a lagging private sector. Significant progress has been made towards the goal of transferring the most productive industrial and commercial enterprises to the private sector, with 16 public enterprises privatized or liquidated between 1994 and 1999, representing more than 60 percent of the government's portfolio. These include the telecommunications, power generation and water distribution enterprises. Among remaining enterprises, eleven units are earmarked for privatization during 2000.

7. **Private sector development** has been fostered in many other ways in addition to divestiture.<sup>6</sup> The regulatory environment for private sector activities was improved with assistance from IDA in the context of a Private Sector Adjustment and Competitiveness Project. The labor market and prices were significantly liberalized. The adoption of WAEMU's common external tariff resulted in a marked lowering and streamlining of external tariffs, and reduction of other trade barriers. Improvements in the legal framework removed barriers to new firms seeking to enter the market. Maritime transport, which was formerly subject to heavy regulation, has been in private hands since the abolition of the public maritime transport monopoly in 1995. All of these measures have greatly enhanced openness and competitiveness. As a result, the share of the private sector in gross domestic investment rose from 58 percent in 1980 to 64 percent by 1997.

8. **Good governance** is fundamental for well-balanced private sector development. Reforms are being implemented to combat corruption and other illegal practices, and to increase transparency and accountability of high officials. In March 1998 legislation was enacted to establish a court of financial discipline and steps are being taken to improve cooperation between the several institutions responsible for the oversight of public agencies. At the same time, civil service reforms are being introduced to enhance transparency. In

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<sup>5</sup> A VAT reform is expected to offset the revenue losses generated by the implementation of the common external tariff of the West African Economic and Monetary Union.

<sup>6</sup> See also paragraphs 10 and 20 of Senegal, Memorandum on Economic and Financial Policies for 2000, (May 5, 2000).

addition, important steps have already been taken to decentralize many administrative responsibilities and the associated budget resources from the central government to regional and local entities. It is expected that, by 2001, when the transfer of responsibilities is completed, the entire public administration will become much more responsive to the needs of citizens at the local level.

9. **Energy sector** reforms include a liberalization of the power sector. With the privatization of the power company (Senelec) the door is now open for direct foreign investment to expand and upgrade the generation and distribution system so as to overcome the power outages that have been so disruptive and costly in the past. There has also been a progressive liberalization of the market for hydrocarbon products, though retail prices of petroleum products have been temporarily frozen at their February 2000 level in the wake of the significant increase in world prices. The authorities liberalized the import and distribution of hydrocarbon products. At the same time, existing surtaxes benefiting the local refinery will be gradually eliminated, thereby establishing a level playing field. The government has also undertaken the liberalization of domestic firewood prices by mid-2000 to encourage a shift to alternative domestic fuels with beneficial effects for forest preservation.

10. **The transport sector** has also witnessed major changes in recent years. As one of the gatekeepers of import-export traffic to West Africa, Senegal was already well endowed with an extensive transport infrastructure at independence and has a well-developed road network relative to the size and development of its economy. In the past, however, the Public Works Directorate (DTP) experienced difficulties in controlling costs and striking an appropriate balance between road maintenance and construction. The anticipated establishment of an Autonomous Road Agency—to be overseen by a Road Board with a majority of private sector members and to be regulated by the Transport Ministry—should help overcome chronic institutional weaknesses within the sector. Prospects are thus greatly improved for the effective implementation of an IDA-supported second transport sector program, which was launched in July 1999 and spans the period 1999-2004. Maritime transport has gained in efficiency as a result of privatization and air transport stands to benefit from a much-needed infusion of new capital after the sale of Air Senegal. Plans to privatize the Dakar-Bamako railway have been seriously delayed but the government is still determined to privatize the system, most likely before end-2000.

11. **Agriculture (including livestock, forestry, and fisheries)**, which accounts for almost 20 percent of GDP, an estimated 60 percent of employment and a sizeable proportion of the country's export earnings, is of critical importance for Senegal's development prospects. With four-fifths of poor households living in rural areas, no poverty alleviation strategy can succeed without a major focus on rural development and agriculture. Yet output growth has been disappointing. This has been due to (i) unfavorable climatic conditions, which have included successive years of severe droughts;<sup>7</sup> (ii) a lack of rural infrastructure,

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<sup>7</sup> Favorable rainfall in 1998, however, resulted in good harvests in 1999.

insufficient access to basic rural services such as credit, inputs and potable water; and (iii) an overly bureaucratic government presence. Recognizing the importance of agriculture, the government has undertaken to restructure the central and regional offices of the Ministry of Agriculture to make them more "user friendly" and to foster producer organizations that can assume some of the functions previously handled by government. At the same time, a reform of land ownership is planned that will facilitate access to inputs and credits by farmers.

### III. A STRATEGY FOR POVERTY REDUCTION

12. In December 1997, the Senegalese authorities issued a comprehensive Poverty Reduction Program (PRP), which had been developed in collaboration with grass-roots community organizations and with inputs from a number of donors,<sup>8</sup> in particular the UNDP. This program, which was endorsed at the Third Consultative Group Meeting in Paris in April 1998, has now been updated and incorporated into an **Interim Poverty Reduction Strategy**. The newly-elected government has given its commitment to undertake the actions outlined in the I-PRSP, with a view to adopt a full PRSP by December 2001. The first task of the strategy will be to assemble the database for an updated poverty profile. Field surveys for that purpose will begin in September 2000. While field work is in progress, the interim poverty reduction strategy will be further developed and the medium-term programs for the key sectors of health and education will be integrated within the framework of the national budget cycle beginning in June 2000. It is anticipated that data from the field surveys will become available in late 2000 and a second version of a poverty reduction strategy would be elaborated for April 2001, based on a clearly defined poverty profile. That would be followed by broadly based consultations at both national and local levels with a view to reaching a broad consensus on the final document to be adopted at end-2001.

13. The present strategy aims at (i) improving the availability and quality of social infrastructure in poor communities; (ii) increasing the productivity and incomes of the poor by improving the access of rural communities to basic agricultural services including appropriate technologies, credit, inputs and potable water and also by fostering micro-enterprises; and (iii) strengthening the institutional capacity for monitoring poverty reduction policies. The implementation of this strategy is already sufficiently well advanced that IDA staff are currently preparing a Social Development/Women in Development Project (an Adaptable Program Lending operation) for consideration by the Board in support of the government's efforts. This project would help establish a Social Investment Fund, to reinforce the provision of credit to women and youth, and would support community-based organizations and NGOs with training and capacity building.

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<sup>8</sup> *Programme de Lutte Contre la Pauvreté*, Ministère de l'Economie, des Finances et du Plan, Direction de la Planification.

14. At the present juncture, it is difficult to identify quantitatively the extent of poverty in Senegal because comprehensive and up-to-date information is lacking. A household survey was conducted in 1991 and a second survey took place in 1994-95. Based on an indicator of caloric intake, the 1991 survey indicated that one third of the population of Senegal is below the poverty threshold. There are some indications that the situation with respect to poverty may have deteriorated between then and 1994. Notwithstanding renewed growth after 1994, and despite consistent efforts to address the needs of the poor within the framework of the 1997 PRP, social indicators show that poverty and lack of access to basic social services still persist in Senegal. As illustrated in Table III.1 and III.2, while indicators such as access to safe water and life expectancy are broadly comparable to other countries in sub-Saharan Africa, they are generally below the levels prevailing in other low-income countries and below the International development goals. Furthermore, health and education indicators in Senegal are well below those prevailing in countries with similar income levels.

15. Senegal has sought to address these human resource development problems through policies directed at sustaining growth and addressing the needs of the poor, particularly in the fields of primary education, primary health care and rural infrastructure. The PRP was drawn up in the context of the ninth development plan (1996-2001) to complement sector investment programs. It is conceived as a decentralized and consultative program under which grassroots participation is encouraged. The specific strategies of the program are as follows:

- Strengthen capacity for economic management and monitoring and transparency of public administration, while keeping inflation low.
- Improve financial intermediation in order to make credit available for investment and increase access to credit for vulnerable groups, notably women and youth.
- In the context of a robust public-private sector partnership, improve competitiveness and eliminate barriers to foreign investment.
- Develop micro-economic activities, which directly affect population groups most susceptible to poverty, particularly in rural areas, and improve basic rural infrastructure.
- Accelerate human resource investment in rural areas and diversify income sources there by expanding non-agricultural activities.
- Increase females access to education and improve education services and worker training.
- Improve natural resource management and environmental education.
- Along with these and other programs targeted toward reducing poverty and unemployment, reduce distributional disparities, especially between Dakar and other regions.

### **A. Health Sector Strategy and Program**

16. In 1996, Senegal adopted a national health policy which established a strategic framework for (i) expanding the coverage of integrated primary health care, (ii) implementing integrated systems for the prevention and control of endemic diseases, (iii) improving the quality and efficiency of service at all levels of the public health system, and (iv) fostering the use of generic drugs. To implement this strategy, a five-year program (1998-2002) was introduced with support from IDA in the form of a health sector investment program credit and a credit for the prevention and control of endemic diseases. By the year 2002 to finance its overall well-defined strategy, the Government aims to increase the share of health sector expenditures to 9 percent of current outlays, consistent with the norm set by the World Health Organization (WHO), compared to about 7 percent at present. It also aims to increase vaccination coverage to 80 percent from 60 percent in 1997, and to extend contraceptive prevalence to 16 percent from about 11 percent in 1997. Despite some delay, the medium-term program is proceeding well.

17. Senegal has put in place a very successful HIV/AIDS prevention and care program which is often cited as best practice in Africa. At an early stage of the epidemic Senegal launched an effective multi-sectoral response so that HIV prevalence remains remarkably low. As a result, the infection rate among pregnant women was 1.2 percent in 1998. The HIV/AIDS program is sufficiently well funded and staffed and the Government has recently taken steps to strengthen and expand its information and education efforts targeted at women and adolescents most at risk. Knowledge Attitude and Practice (KAP) surveys will be conducted on a regular basis to measure changes in sexual behavior and to increase awareness of prevention methods and service availability.

**Table III.1: Senegal: Selected Social Indicators**

Indicator	1980-85	1992-97	Sub-Saharan Africa	Low Income Countries
% Poor: Total	..	33.4 (1991)	..	..
Urban	..	16.4 (1991)	..	..
Rural	..	40.4 (1991)	..	..
% Gross Primary Enrollment: <sup>1</sup>				
Total	48	58	77	93
Male	57	64	85	106
Female	39	52	69	80
% Access to Safe Water:				
Total	44	50	47	69
Urban	63	82	74	80
Rural	27	28	32	66
Years of Life Expectancy at Birth:				
Total	46	52	51	59
Male	44	51	49	58
Female	48	54	52	60
Infant Mortality per 1000	104	70	91	82

Sources: World Development Indicators Database and 1999 World Development Indicators, World Bank.

<sup>1</sup>Defined as the ratio of total enrollment, regardless of age, to the population of the age group that officially corresponds to the level of education shown.

**Table III.2: Senegal: International Development Goals**

<b>Goals</b>	<b>Progress Made</b>
<b>1. Reducing poverty</b>	
Reduce by half the incidence of household poverty by 2010.	A new household survey is planned for September 2000 to establish a poverty baseline.
<b>2. Universal primary education</b>	
Universal school enrollment in 2008 (gross enrollment ratio of 95 percent)	65.5 percent (1998/99)
<b>3. Gender equality</b>	
Increase the share of girls' enrollment in primary education to 50 percent by 2005.	45.2 percent (1998/99)
<b>4. Infant &amp; child mortality</b>	
Reduce infant mortality to 54 per 1000 live births by 2002	67.7 per 1000 live births (1997)
<b>5. Maternal mortality</b>	
Reduce maternal mortality to 380 per 100,000 births by 2002.	510 per 100,000 births (1992/93)
Increase prenatal care coverage to 80 percent by 2002.	40 percent (1997)
<b>6. Reproductive health</b>	
Primary health care use frequency should increase to 0.6 visits per year, per inhabitant by 2002.	0.4 visits per inhabitant (1997)
Increase contraceptive prevalence to 16 percent by 2002.	10.8 percent (1997)
<b>7. Environment</b>	
Reverse current trends in the loss of environmental resources by 2015.	In 1997-98, the government adopted several environmental planning tools, e.g., a National Environmental Action Plan, a Strategy for Biodiversity, and an action plan for the management of hazardous waste. Proposed monitoring indicators are: rate of deforestation/reforestation, level of water pollution, air and soil quality, arable land ratio, and trends in agricultural yields.

18. The poor stand to benefit greatly from this program of improved health care. It is known that high morbidity and mortality rates amongst the poor are caused mainly by maternal and child illnesses, malnutrition and communicable and respiratory infections. The principal objective in providing an integrated package of primary health care and first level referral services is precisely to reduce the incidence of those disorders. Furthermore, the problem of high maternal mortality is currently receiving much more national attention and a plan of action to expand and improve emergency obstetric care is being implemented. Better

health will not only improve morbidity and mortality rates among the poor, it is also the key to increasing their productivity and, hence, their income potential. At the same time, the poor have free access to primary health clinics and risk-sharing mechanisms are being developed through community-based insurance schemes to better ensure access to more costly curative care.

19. In order to enhance effective outreach, the national health strategy of Senegal fosters community participation in cooperation with NGOs both in policy formulation, program design and program implementation. NGO participation in the delivery of health services to under-served communities in rural areas and in the urban periphery is increasing. IDA has been supportive of this effort. As of end-1999, some US\$4 million had been committed from IDA credits to finance government contracts with a number of NGOs for the provision of health services.

20. Political commitment to implementing the health sector development priorities remains very strong and execution of the reform agenda is moving forward. The development of a sound network of primary and secondary health facilities is also proceeding satisfactorily. The number of primary health care (PHC) clinics increased from 920 in 1996 to 1,200 in 1999. As a result, the population served by each PHC facility has declined from 8,236 to 7,694, better than the WHO "norm" of 10,000 per PHC facility. The price of prescription drugs has fallen consistently notwithstanding the 1994 devaluation because of a more systematic use of generic drugs. As far as tertiary health care is concerned, hospitals have been given full management and financial autonomy and some 44 community-based health insurance schemes were established by the end of 1999. However, although the mobilization of private resources for tertiary care and cost recovery mechanisms is taking hold, it is too early to assess their impact upon equity and efficiency.

21. The overall financial position of the health sector has also been strengthened as part of the government's reform program. The share of health in the recurrent budget has modestly increased in recent years from 6 percent in 1997 to 6.3 percent in 1999, and is expected to reach 7 percent in 2000, inching toward the 9 percent goal established in the health sector development plan (Table 1). The share of those expenditures going to the regions amounted to 62 percent in 1998 although inequities still persist between Dakar and the seven other regions. Financial management has also been strengthened and focused more clearly on local issues by decentralizing it to elected bodies at the regional, district and communal levels.

22. Two important initiatives are currently being pursued to establish a solid basis of information for monitoring health sector performance over the coming two years or so. First, a national health survey was conducted in September 1999 whose results should become available in June 2000. Second, an assessment of immunization programs was undertaken in January 2000, whose results will provide a basis for raising the present low rates of immunization in order to put the management of child health on a firmer foundation.

## **B. Education Sector Strategy and Program**

23. In recent years, the government has taken concrete actions to address long-standing weaknesses in the education sector which previously impaired progress towards achieving strategic educational objectives and even resulted in declining standards in some areas. In 1998, a ten-year program put together as a collaborative effort between the government, community organizations, education sector institutions and donors, set out a strategic framework for the sector, articulating objectives such as universal primary enrollment by 2008, and identifying resource requirements. The program has broad ownership, which augurs well for successful implementation. In support of this program, an Adaptable Program Lending credit was approved by IDA in April 2000. This will provide the equivalent of some US\$50 million to help finance the first three-year implementation phase (designated as Quality Education for All, or QEFA) of the ten-year program. Other multilateral and bilateral donors are expected to provide a further US\$65 million in support of the first three-year implementation phase. IDA also has ongoing operations in basic education, female literacy and higher education.

24. Although the government's framework covers the entire education system quite comprehensively, the policies for basic education to be adopted under the QEFA program are likely to have the most direct impact upon poverty reduction. Important steps have already been taken to remove the constraints that previously obstructed progress towards universal primary education and those efforts would be continued under the ten-year program. One major problem in the past is that public expenditures have been unduly skewed towards higher levels of education, leaving primary education with only 36 percent of budget resources devoted to education. Under QEFA, the share of the education budget resources allocated to primary education would be raised to 44 percent by 2003, and the longer-term goal is to increase it to at least 50 percent. This will only be achieved, however, if the government presses forward with cost-recovery measures for post-primary levels of education (one of the objectives of the ongoing IDA Higher Education Project) and with an expansion of private education at higher levels.

25. Another problem towards achieving universal primary education has been a comparatively high level of salaries for public sector teachers, which, given budgetary constraints, crowded out other needed expenditures on books, learning materials and in-service training.<sup>9</sup> Moreover, teacher utilization was inefficient with many teachers working less than the minimum required work week. To address these problems, the government has now shifted to hiring teachers on a contract basis at salaries much more commensurate with other comparable employment. Provided that this policy is pursued and the number of civil service teachers diminishes through attrition and retirement, the budgetary savings will allow a sufficient expansion of the teacher force to extend the coverage of primary education to all.

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<sup>9</sup> The ratio of salaries to total current outlays in the area of education increased from 65 percent in 1994 to 68 in 1998.

At the same time it should be possible to reverse the decline in the number of learning hours per pupil per year, which resulted from double shift operations in many primary schools. Increasing the number of learning hours to a target of 1,000 per pupil per year would contribute greatly to improving the quality of primary education. To achieve these goals the government is now committed to hiring 2,000 primary school teachers annually for at least the next three years compared with 1,200 per year over the past four years, which was barely sufficient to replace teachers leaving the force. Teachers will be also used more efficiently and this will allow a reduction in student/teacher ratios at all levels. An expanding body of teachers, together with a school construction program of 4,000 additional primary school classrooms in the three-year time frame of QEFA, should permit a further increase in the primary school gross enrolment rate which has already risen from 54 percent in the 93/94 school year to 62 percent in 97/98, and which is targeted to reach 70 percent for the 2002/03 school year. The longer-term goal is to reach universal primary education no later than 2008. Expenditures will be targeted at rural and peri-urban areas to ensure that the lowest quintile of the population benefits. Also, the elimination of fees at the primary level and the distribution of free books should increase the demand for education by poor households.

26. As the government advances towards the strategic education goals of expanded access to primary education and improved quality, the education of girls will be given special attention and integrated across the whole range of program interventions. At present, girls are less likely to attend and finish school than boys. In 1997, girls accounted for only 44 percent of pupils enrolled in primary and middle schools and a mere 25 percent in secondary schools. Both repetition rates and dropout rates are higher for girls than for boys. The aim is to close the gap by the year 2010.

27. Alongside these many initiatives the government is taking steps to enhance the involvement of local communities in the education of their children. A new decentralized structure for the management of education will be adopted so that regions, communes and collectivities will assume significant responsibility for managing elementary schools while secondary and higher education institutions will become increasingly more autonomous. Some functions have already been decentralized although not all local communities are ready to handle their new responsibilities effectively. Successful decentralization will depend, therefore, upon a vigorous program of capacity building at the regional and local levels, especially with respect to such matters as financial management, information systems and procurement, so as to ensure that local governments have the resources and expertise to improve the provision of education.

#### **IV. DEBT SUSTAINABILITY ANALYSIS AND HIPC ASSISTANCE**

28. The debt sustainability analysis (DSA) was prepared jointly by the Fund and IDA staff and the Senegalese authorities on the basis of loan-by-loan data provided by the authorities and creditors for debt outstanding at December 31, 1998. The debt reconciliation exercise has been completed during the period November 1999 to January 2000, with the

nominal debt figures used to estimate the NPV of debt having been reconciled with the creditor-provided debt data and the debtor's database.<sup>10</sup> The macroeconomic projections used in this analysis and agreed with the authorities are summarized in Box 1. They are based on the assumption of continued sound macroeconomic policies, further structural reforms and the development of human resources, in particular through the implementation of a poverty reduction program. The exchange and interest rates used for the calculation of the debt data are shown in Table 5.

29. Between end-1997, the point of reference for the previous debt sustainability analysis, and end-1998, the point of reference for the present updated debt sustainability analysis, the total external public and publicly guaranteed debt of Senegal increased by 9.6 percent in NPV terms from US\$2,280 million at end-1997 to US\$2,498 million at end-1998. For the most part this was due to new borrowings from multilateral creditors including IDA, the IMF, BADEA, WADB, and IFAD. Additionally, an infrastructure development project was financed in part with a US\$80 million loan from Taiwan, Province of China (this accounted for 2.6 percent increase in the NPV of external debt). A further reason for the increase between the two end-year NPV figures is due to different exchange rates and different discount rates, which reflect market conditions in 1997 and 1998 respectively.

30. At end-1998, the public and publicly guaranteed external debt of Senegal was US\$3,763 million in nominal terms. The present value of this debt stock is estimated at US\$2,498 million in end-1998 NPV terms, or 305 percent of government revenues, 162 percent of exports (averaged over 3 years) and 51 percent of GDP. Details of the breakdown by creditor of the end-1998 stock are provided in Table 3 and summarized in Figure 1, both in nominal terms and in NPV terms. It can be seen that IDA is by far the largest single creditor accounting for 25 percent of the total outstanding debt in NPV terms. That is more than twice the exposure of the second largest creditor, the AfDB, with 12 percent of the total. France and the IMF follow closely behind the AfDB as the third and fourth largest creditors accounting for 10 percent and 9 percent of the total, respectively.

31. Official multilateral and bilateral creditors account for virtually all public debt outstanding in Senegal. Debt to commercial creditors was virtually eliminated in early 1997, following completion of a debt buyback operation with London Club creditors supported by the World Bank's Facility for Debt Reduction for IDA-only countries. Senegal has benefited from twelve Paris Club rescheduling operations (1987 to 1998) on debt contracted with the Paris Club group of creditors before the cut-off date of January 1, 1983. In June 1998, Senegal benefited from a stock-of-debt operation on Naples terms, which brought the overall reduction of eligible debts to 67 percent in NPV terms. Subsequent to the June 1998

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<sup>10</sup> Figures for the Islamic Development Bank (IsDB) are preliminary, pending clarification from the creditor on the methodology to be used to estimate the NPV of loans.

agreement with the Paris Club, Senegal has concluded bilateral rescheduling arrangements with all its Paris Club creditors. The baseline scenario is presented on the basis that the June 1998 Paris Club agreement was implemented by all the bilateral creditors at end-1998. The baseline scenario assumes that the other bilateral creditors provided a reduction in 1998, equivalent to the stock-of-debt operation under Naples terms for all pre-cut off debt.

32. Under the baseline macroeconomic scenario, the external current account deficit (excluding official transfers) is projected to narrow gradually to about 6.6 percent of GDP in 2000 and less than 5 percent of GDP in 2004. Including grants, the deficit is expected to decline from 2.8 percent of GDP in 2000 to 1.8 percent in 2004. As indicated in Box 1, export growth is projected to exceed import growth in value terms, reflecting an improved outlook for the world economy and a projected rise in the prices of primary commodities after 1999. It is assumed that public sector capital inflows in the form of grants and loans will remain the dominant form of financing. Private capital inflows are expected to remain relatively stable at a little below 2 percent of GDP.

#### A. Sensitivity Analysis

33. The balance of payments projections and debt ratio projections for Senegal are subject to some uncertainty, notably with regard to the assumptions on (i) exports of fish and groundnut products; (ii) the real GDP growth rate; and (iii) the amount of official aid received by Senegal. Each of these factors could be subject to less favorable developments than projected in the baseline scenario. First, a stagnation in the medium-term growth of fish and groundnut exports in volume terms (instead of a 3.9 percent and 3.1 percent increase, respectively, as assumed in the baseline) would significantly raise the average of the NPV-of-debt to exports ratio by 29 percentage points over the projection period. Second, the impact of lower real GDP growth (say, 3 percent per year instead of 5 percent) would raise the NPV-of-debt to government revenue ratio by 29.4 percentage points over and above the 164.1 percent currently projected on average over the period 1998–2018, while the NPV-of-debt to GDP ratio would be raised by 5.2 percentage points. Finally, if it is assumed that official transfer receipts are 20 percent lower on average than in the baseline scenario and that this financing shortfall is to be filled by increased concessional external government borrowing, a further 6.4 percentage points would be added to the average NPV-of-debt to exports ratio over the projection period. A decline in fiscal receipts would raise the NPV-of-debt to revenues ratio over the projection period. However, this is less likely to happen, as under WAEMU's convergence pact adopted in late 1999, fiscal receipts are to rise to 17 percent of GDP by 2002 and remain at least at that level beyond that date.

**Box 1. Senegal: Main Assumptions in the Debt Sustainability Analysis (DSA)**

The 20-year baseline scenario reflects a long-term macroeconomic framework agreed with the Senegalese authorities.

**Growth**

- Real GDP growth is estimated to be around 5 percent in 1999. The baseline scenario assumes a real GDP growth rate of 5.5 percent in 2000 and 4.7 percent in 2001. Beyond that, real GDP growth is projected at a rate of 5 percent per annum. These growth rates are predicated on the Government maintaining a basic fiscal surplus, complemented by structural reforms to foster private sector savings, foreign capital inflows, and domestic investment.

**Exports and Imports**

- The annual average growth of exports over the period 2000-2018 is projected at 5.2 percent in volume terms. Export prices are expected to increase at an annual rate of 1.7 percent.
- The baseline scenario assumes a favorable outcome for agriculture and no large shocks in world market prices for Senegal's traded goods. It is also assumed that commodity prices will rise gradually after 1999.
- Import volumes are projected to rise by an average of 4 percent. Forecasts from the IMF's World Economic Outlook (WEO) and the World Bank's Commodities Division suggest an average increase of 2.1 percent in import prices. In the medium-term, imports of capital and intermediate goods are expected to grow at least as fast as in 1999 due to foreign private investments coming on stream.

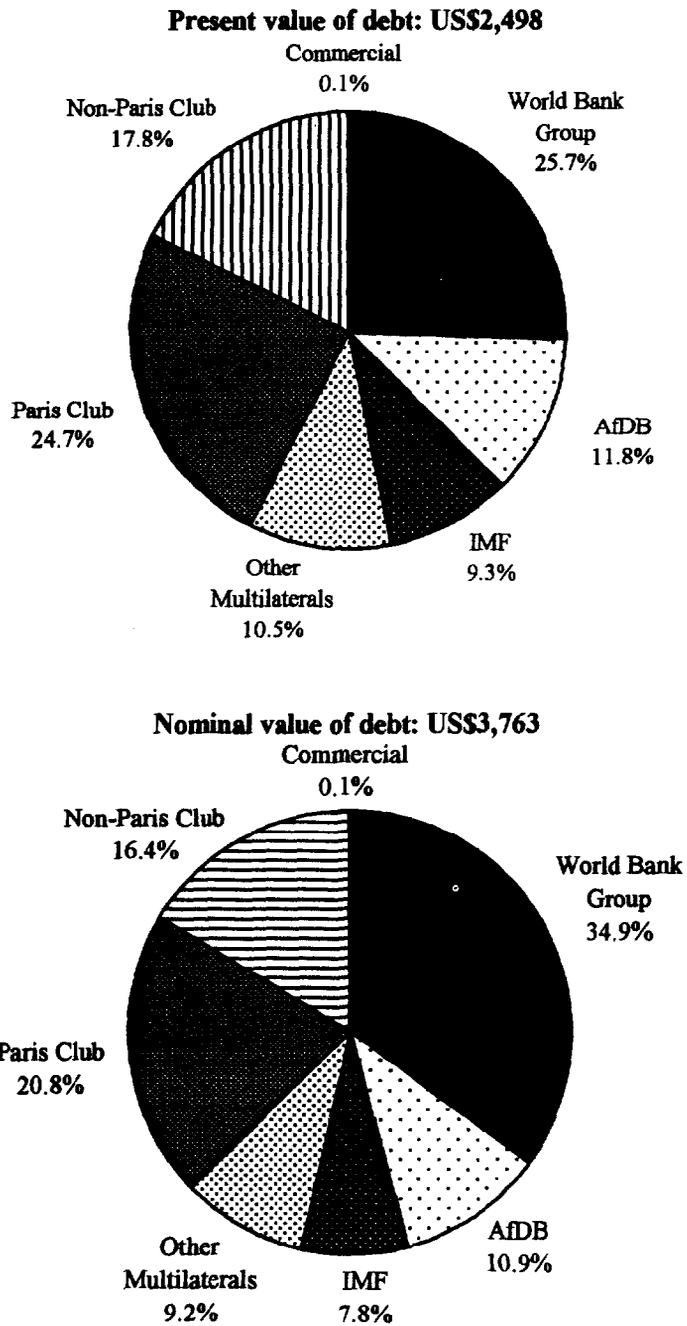
**Capital Account**

- During the period 1999 to 2008, foreign direct investment is projected to average US\$88 million per annum. For the subsequent 10-year period, it is forecast that annual foreign direct investment would be approximately US\$118 million.

**External Public and Publicly-Guaranteed Debt**

- It is assumed that all official bilateral creditors have granted a Naples term stock-of-debt operation (a 67 percent reduction in NPV terms) on pre-cut off date debt in 1998.
- New financing (borrowing) will continue to be highly concessional. The share of debt contracted on IDA terms (40 years maturity, 10 years grace and 0.75 percent interest) is assumed to rise from 60 percent now to about 80 percent in 2018. It is also assumed that other new borrowing will be on rather less concessional terms (23 years maturity, 6 years grace and 2 percent interest). The proportion of that borrowing will decrease from 40 percent now to 20 percent by the end of the projection period.

**Figure 1. Senegal: Stock of External Debt, End-December 1998 1/**



Source: Senegalese authorities and staff estimates.

1/ After full use of traditional debt relief mechanisms.

## **B. Debt Sustainability Indicators**

34. The baseline scenario builds upon the application of a Naples term stock-of-debt operation for official bilateral creditors in 1998 and a macroeconomic scenario based on the assumptions outlined in Box 1. For the baseline scenario, the debt service ratio of public and publicly guaranteed external debt is estimated at 14.7 percent in 1999 but, after that, it decreases significantly throughout the period 2000 to 2018 (Table 8). The debt service-to-revenue ratio falls from 27.9 percent in 1999 to 17.8 percent in 2003, but rises to 24.4 percent in 2004 due to a one-shot principal repayment of US\$99.5 million of a loan to Kuwait.<sup>11</sup> After 2004, however, the ratio declines to well under 15 percent per annum.

35. Even after the application of traditional debt relief mechanisms, Senegal's external debt ratios remain at unsustainable levels at end-1998 as defined under the export and fiscal/openness criteria. The NPV-of-debt to exports ratio was 162.5 percent in 1998 and the NPV-of-debt to revenues ratio amounted to 305.3 percent (Table 4).

## **C. Assistance Under the Enhanced HIPC Initiative**

36. Under the enhanced HIPC Initiative, countries are eligible for assistance if the NPV of external debt exceeds either 150 percent of exports or 250 percent of fiscal revenue—thresholds beyond which the debt burden is deemed unsustainable. Senegal qualifies under both criteria, but requires more assistance under the fiscal window. Also, with revenue-to-GDP ratio of 17 percent, as compared to the threshold of 15 percent, and an export-to-GDP ratio of 33 percent, which exceeds the threshold of 30 percent, Senegal meets the thresholds for fiscal revenue effort and openness in order to qualify under the fiscal window. In order that the ratio of debt to fiscal revenue may be reduced to a sustainable level, debt relief equivalent to US\$452 million in NPV terms would be required. The uses to which HIPC resources will be put will be determined in the context of the PRSP participatory process.

37. Based on proportional burden-sharing, multilateral creditors would provide 57.4 percent of overall assistance or US\$259 million in NPV terms. Bilateral creditors would be responsible for the provision of the remaining 42.6 percent of relief, equivalent to US\$193 million in NPV terms. The largest single contributor towards the Enhanced HIPC Initiative for Senegal would be IDA, with a level of assistance equal to US\$116 million in NPV terms. The IMF and AfDB would provide US\$42 and US\$53 million respectively.

38. The following assumptions were made regarding the delivery of assistance to Senegal under the Enhanced HIPC Initiative:

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<sup>11</sup> The Kuwait loan is a revolving line of credit of 30 million Kuwaiti dinars (equivalent to about US\$99.5 millions), which was disbursed in 1984. The lump-sum principal payment due is rolled over every four years and only interest is paid at a rate of 0.5 percent per annum.

- **Floating completion point.** The conditions are summarized in Box 2. The authorities estimate that Senegal will be able to fulfil all conditions for a floating completion point by end-2001.
- For **Paris Club** bilateral creditors, a stock-of-debt operation under Cologne terms is projected at the completion point.<sup>12</sup> Preliminary calculations by staff indicate that Paris Club bilateral creditors can reach their required share of assistance with an NPV reduction of less than 90 percent of eligible debts.
- **At least comparable treatment to the Paris Club group of creditors is assumed for Non-Paris Club bilateral creditors.** Likewise, no interim assistance is projected.
- The total amount of assistance required from each **multilateral** creditor is calculated based on their proportional share of the total NPV of external debt at December 31, 1998.
- The **IMF** is assumed to deliver interim assistance from 2000 onwards. In the absence of clear indications on a optimal delivery profile which could best support Senegal's poverty reduction strategy, it is proposed that the assistance provided be geared towards smoothing the time profile of Senegal's debt service to the IMF. The bulk of the relief would be accorded between 2003 and 2006 when Senegal's obligations to the Fund are highest. It is therefore assumed that until then (as interim assistance and after the completion point) the Fund will deliver 5 to 10 percent of total HIPC assistance per year. The share will increase from 2003 onward to a maximum of 25 percent in 2004 and 2005 with the full amount of assistance being disbursed by end-2006. This delivery profile steadies debt service due to the IMF at about 1.2 percent of exports per annum. (Table 9).
- It is assumed that **IDA** would also deliver interim assistance from the decision point onward covering 50 percent of debt service due to it from 2000 until the required NPV reduction is achieved in line with the modalities applied under the enhanced HIPC Initiative. The proposed commencement date for the delivery of interim assistance is the HIPC decision point. The full assistance would be delivered by end-2008. The interim assistance amounts to 17 percent of total IDA assistance in NPV terms.<sup>13</sup> With this delivery mechanism, Senegal would receive an estimated cumulative debt service reduction of US\$149 million in nominal terms between 2000 and 2008.

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<sup>12</sup> The Paris Club has in principle agreed to provide interim assistance to Senegal; if this were granted in the form of a Cologne flow rescheduling, Senegal would get additional interim relief of US\$36.5 million.

<sup>13</sup> This recommendation fulfils the requirements outlined in the document "Heavily Indebted Poor Countries (HIPC) Initiative: Note on Modalities for Implementing HIPC Debt Relief Under the Enhanced Framework" adopted by the Board on January 25, 2000. That is: the full share of IDA's debt relief is delivered within 20 years of the decision point; IDA would provide annually relief of not less than 50 percent of IDA debt service due on the amounts disbursed and outstanding as of December 31, 1998, and the interim relief ceiling of one-third of overall relief is respected.

- It is assumed that other multilateral creditors, with the exception of AfDB, would not deliver interim assistance.
- All remaining multilateral creditors are assumed to provide assistance from the completion point onwards through a fixed annual percentage reduction in debt service payments, in the range of 30 to 100 percent, until the required NPV reduction is achieved.

#### **D. Debt Sustainability After the Enhanced HIPC Assistance**

39. At end-1998, the point of reference for debt relief under the enhanced HIPC Initiative, the NPV of Senegal's total debt after traditional debt relief is estimated at US\$2,498 million. As a result of debt relief envisaged under the enhanced HIPC Initiative, and taking full account of future projected development assistance flows from multilateral and bilateral sources, it is projected that the total NPV of debt would stabilize in the range of US\$2,200-2,400 million for the remainder of the decade (Table 6), permitting a gradual decline in the ratios of debt to exports and debt to fiscal revenue (Figures 2 and 3).

40. The actual time-profile of assistance will depend on the modalities for the delivery of debt relief decided on by each creditor to reach the required NPV reduction. However, a possible flow of nominal assistance was projected using the assumptions outlined above. It is estimated that enhanced HIPC assistance could translate into an annual debt service reduction equal to an average of 0.7 percent of GDP for the period 2000 to 2004. If the entire enhanced HIPC assistance was used to augment social expenditures,<sup>14</sup> these would rise by 4.1 percent and 9.6 percent above current projections in 2000 and 2001 respectively.

#### **E. Consultations with Creditors**

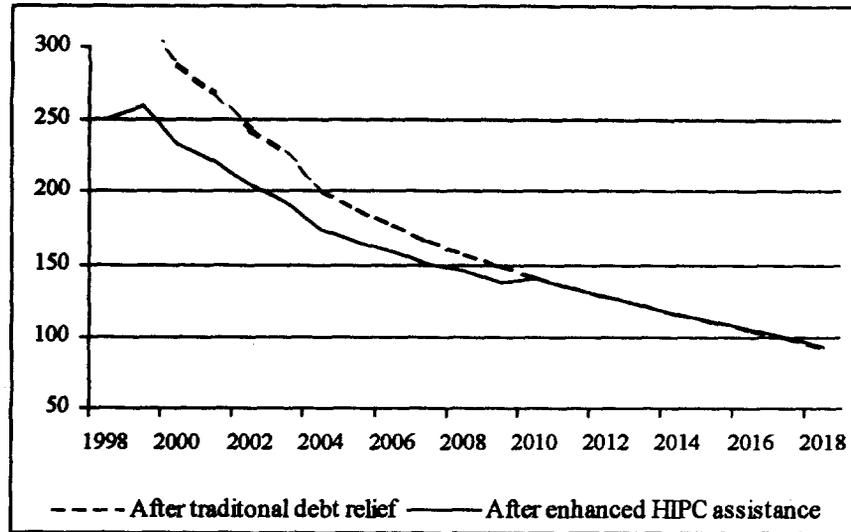
41. Fund and IDA staff have initiated consultations with the multilateral creditors of Senegal and with the Paris Club regarding the action they would take for Senegal under the enhanced HIPC Initiative.

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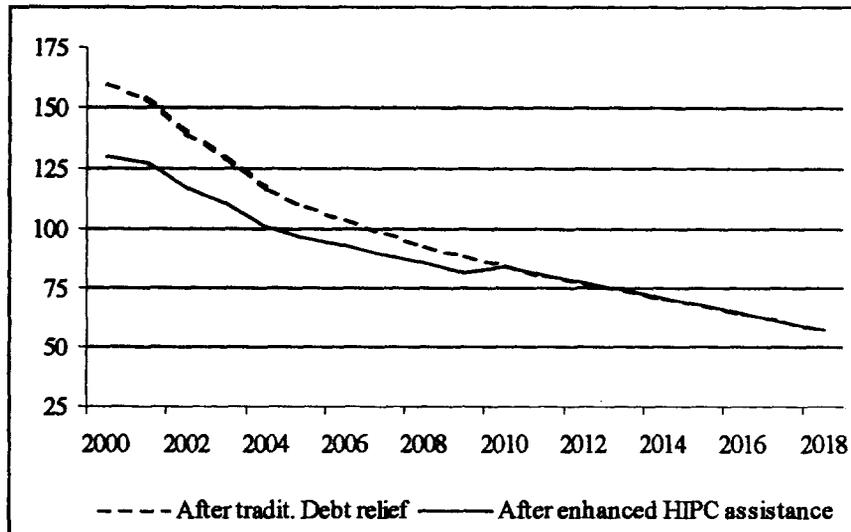
<sup>14</sup> Defined as the projected current and capital expenditures.

**Figure 2. Senegal**

**NPV of Debt to Revenue Ratio After Traditional Debt Relief  
and Enhanced HIPC Assistance**



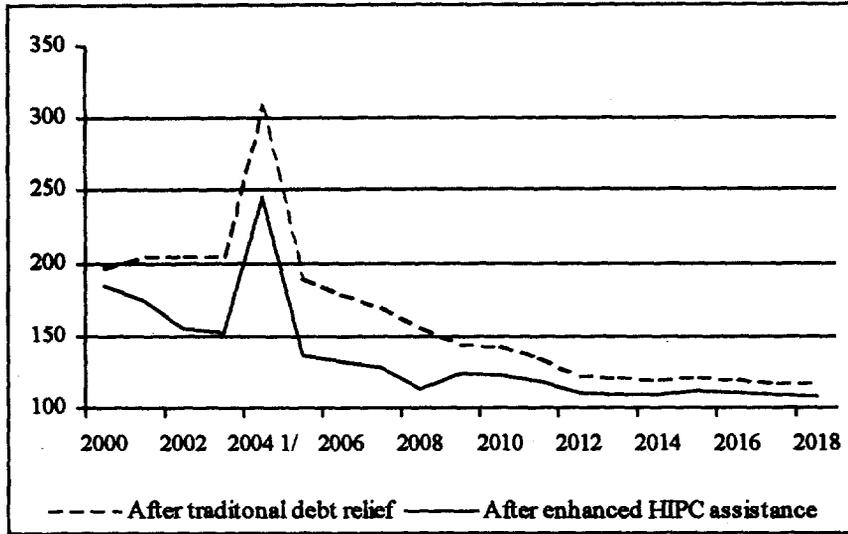
**NPV of Debt to Exports Ratio After Traditional Debt Relief  
and Enhanced HIPC Assistance**



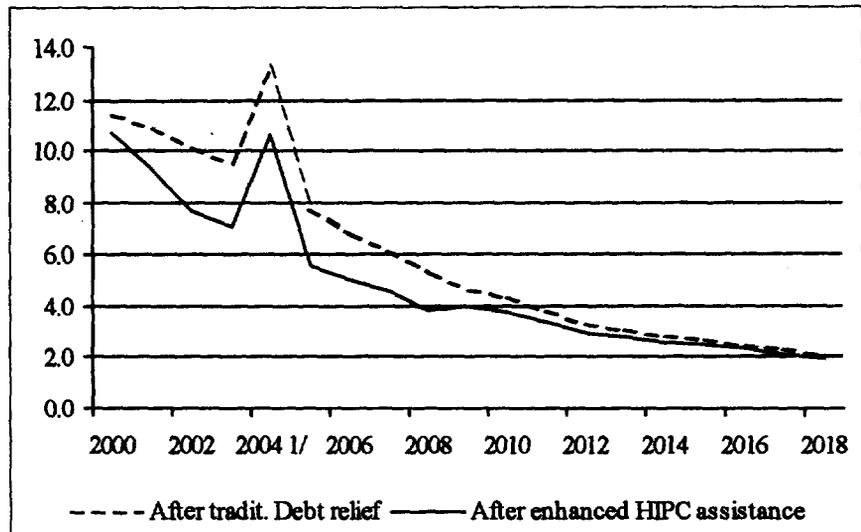
Sources: Senegalese authorities; and staff estimates.

**Figure 3. Senegal**

**Debt Service Before and After Enhanced HIPC Assistance  
(In millions of U.S. dollars)**



**Debt Service Before and After Enhanced HIPC Assistance  
(In percent of exports)**



Sources: Senegalese authorities; and staff estimates.

1/ Reflects a one-shot principal repayment of a loan from Kuwait.

## V. MODALITIES AND CONDITIONS FOR HIPC ASSISTANCE

42. The delivery of assistance under the enhanced HIPC Initiative is predicated upon satisfactory performance in the areas of macroeconomic management, structural reform and poverty alleviation in accordance with objectives and programs already discussed and agreed with the Fund and IDA.

43. **The economic and financial program** of Senegal for the years 2000-2001 builds upon the positive results achieved in the period 1994-99. It aims at reducing poverty in the context of strong and sustained growth underpinned by domestic and external financial viability. To that end, the government will continue to focus on consolidating its fiscal position, liberalizing the trade regime and deepening structural reforms with respect to privatization and sector policies in energy, transport and agriculture. At the same time, it will modernize the public administration, establish an environment that is propitious for private sector development and continue its efforts for the development of human resources as an instrument for poverty reduction.

44. The broad parameters of the government's economic strategy are to maintain an average annual rate of GDP growth of at least 5 percent, keep inflation below 3 percent and the external current account deficit (excluding official transfers) below 6 percent of GDP. This would provide a viable context for a significant improvement in social indicators and lasting poverty reduction. An effective reduction in poverty will also depend upon decisive action to lower the rate of unemployment. That, in turn, can only be achieved by higher levels of savings and investment leading to higher growth. The ratio of investment to GDP is projected to increase from about 18.5 percent in 1998 to 20.1 percent in 2001, and the corresponding increase in domestic savings is estimated to be from below 13 percent in 1998 to about 15 percent in 2001, coming mostly from the private sector.

45. Implementation of this macroeconomic program will be monitored within the context of an ongoing PRGF. A number of quantitative macroeconomic and structural performance criteria will be monitored, including those indicated in Box 2 which are of particular relevance to the poverty reduction objectives of the HIPC Initiative.

## **Box 2. Senegal: Conditions for Achieving the Floating Completion Point**

### **Macroeconomic and Structural**

**Maintain a stable macroeconomic environment**, as evidenced by satisfactory performance under a program supported by an arrangement under the PRGF.

**Public Savings.** The basic fiscal surplus for government financial operations (excluding grants and foreign-financed investment expenditures) is targeted at no less than 1.0 percent of GDP in 2000 and 2.2 percent of GDP in 2001 (excluding the investments that the Government will undertake as part of its Poverty Reduction Strategy).

**Bank Credit.** To ensure sound fiscal management net bank credit to the central government will be capped.

**Private Sector Development.** The government is to privatize 11 public sector enterprises as planned, so as to reduce the public sector ownership to about one fourth of the original portfolio; it will reduce the legal and administrative hurdles and other policy distortions that slow down private initiative and domestic production and demand, in particular for the small enterprises in the informal sector.

**Energy.** To eliminate remaining distortions in the vital energy sector and to enhance the overall competitiveness of the economy, partial liberalization of the petroleum sector is to be completed in accordance with the agreed schedule and monitored under existing agreements with IDA.

**Taxation.** To reinforce the government's capacity at mobilizing domestic resources to finance its fight against poverty, the use of a single taxpayer identification number in all revenue collection agencies will be generalized, and a large-taxpayers unit will be set up.

### **Poverty Reduction**

Preparation of a PRSP through a participatory process.

Improvement of the poverty database and monitoring capacity by implementing a household budget survey and the establishment of poverty lines and indicators based thereon.

#### **Education.**

Keep on track with the following targets under the IDA-supported Quality Education for All Program:

- Teachers will continue to be recruited at the rate of 2,000 a year.
- Employment would be on a contract basis and the parallel recruitment of teachers into the civil-service structure would be eliminated.
- Maintain budgetary increases for primary education as a percentage of the education budget, which are planned to increase from 40 percent in 1998 to 44 percent in 2003.

#### **Health.**

Keep on track with the following targets under the IDA Integrated Health Sector Credit:

- Maintain increases in the rate of child immunization against the three most prevalent communicable childhood diseases, which are planned to increase from 68 percent in 1999 to 72 percent in 2000 and 76 percent in 2001.
- Continue to increase the proportion of pregnant women receiving pre-natal care, which are planned to be raised from 56 percent in 1999 to 64 percent in 2000 and 72 percent in 2001.
- Maintain planned increases in the utilization of primary health care centers, from 48 percent in 1999, to 52 percent in 2000, and 56 percent in 2001.

### **Other**

Satisfactory financing assurances from Senegal's external creditors.

Endorsement by the Executive Directors of the overall approach set out in the PRSP as a suitable context for continued assistance from IDA and the Fund.

46. In parallel to the program of macroeconomic and reform measures, the **poverty reduction program** of Senegal is now entering a critical phase as the government embarks upon a participatory process with civil society to produce a PRSP. While the completion of a full PRSP would be one of the requirements for reaching a completion point, an important preliminary step will be to establish an accurate database for monitoring poverty in Senegal and, to that end, a new and comprehensive household survey is to be undertaken before end-2000.

47. **Social sector programs in education and health** will continue to be implemented alongside the preparation of a comprehensive PRSP. As more up-to-date and accurate information on poverty becomes available, the sector programs in education and health may be targeted even more effectively to the most vulnerable groups. In education, the focus will be on continued systematic implementation of QEFA. In the health area, the main focus of attention would continue to be on primary health care, child immunization, pre-natal care coverage, and preventable endemic diseases all of which are of particular importance in addressing the needs of the poor.

48. In an **Interim PRSP** the Government has committed to the following three measures.

- Full implementation of the common external tariff of WAEMU without recourse to supplementary distortions in the trade regime through excessive use of the safeguard mechanisms adopted as part of the common regional external tariff.
- To increase the gross enrollment rate for primary education to 68 percent in 2000 compared with 65.5 percent in 1999 and to increase the gross enrollment rate for girls to 60 percent in 2000 compared with 55.5 percent in 1999.
- To increase employment opportunities for vulnerable groups, particularly women and youths by enhancing the supply of credit for local projects.

## VI. CONCLUSION

49. The staff and management of the IMF and the World Bank believe that Senegal's track record, supported by consecutive ESAF arrangements since 1994, its performance under the current program supported by a second annual PRGF arrangement and the **Interim Poverty Reduction Strategy Paper** presented by the government justify an early decision point under the enhanced HIPC Initiative. They recommend approval of a decision point in June 2000, based on the discussions by the Executive Boards of the IMF and IDA. Interim assistance under the HIPC Initiative will be contingent upon the continued implementation of strong macroeconomic and structural policies that will be monitored through reviews under the PRGF arrangement. In parallel, the ongoing IDA lending and technical assistance program will monitor progress in implementing social sector structural reforms. The timing of the **completion point** will depend on the successful implementation of a range of reform objectives. These combined indicators of macroeconomic stability established under the PRGF arrangement with structural and social development measures agreed in the policy

dialogue between IDA and the authorities, as summarized in Box 2 above. The Senegalese authorities expect that they will have completed a full Poverty Reduction Strategy Paper for a completion point and satisfied other conditions by end-2001.

## VII. ISSUES FOR DISCUSSION

50. Executive Directors may wish to focus on the following issues and questions:

51. **Eligibility and decision point.** The staff and management believe that Senegal is eligible for relief under the enhanced HIPC Initiative and recommend approval of a decision point. Do Executive Directors agree?

52. **Amount and delivery of assistance.** Senegal meets the revenue and openness thresholds for qualification under the fiscal window. In order that the ratio of the NPV of end-1998 debt and central government revenue may be reduced to 250 percent, total assistance under the enhanced HIPC Initiative would amount to US\$452 million in 1998 NPV terms. Of that total amount, US\$116.1 million would be provided by the International Development Association and US\$42.3 million by the International Monetary Fund. Do Executive Directors agree?

53. **Completion point.** The staff and management believe that Senegal has achieved macroeconomic stability and is designing a comprehensive policy to fight poverty. In view of this track record, they recommend a floating completion point which would be reached when the conditions specified in Box 2 above have been met. Do the Executive Directors agree with this recommendation?

54. **Creditor Participation.** Some multilateral institutions may require bilateral financial support in order to deliver their share of assistance under the enhanced HIPC Initiative assistance to Senegal. Do Directors agree that the staffs of the Bank and the Fund continue working with other multilateral creditors toward securing their participation?

## **Senegal: Past Reforms and Future Milestones**

### **1. Agriculture**

#### **a. Reforms**

- Introduction of a rolling Agricultural Sector Investment Program encompassing broad rural development objectives (1994)
- Establishment of inter-ministerial committee to monitor program implementation (1995)
- Eliminate transport subsidies for broken rice (1995)
- Removal of all subsidies on fertilizers and other inputs (1996)
- Liberalize import and domestic marketing of rice at producer and consumer level (1996)
- Liberalize import and domestic marketing of wheat flour (November 1995)
- Liquidation the Price Stabilization Fund (CPSP) which previously managed wheat and rice markets (December 1995)
- Restructuring of SODEFITEX, the Cotton Development Agency (1998)
- Introduction of new fisheries code to enhance preservation of fishery resources (June 1998)

#### **b. Future Milestones**

- Action Plan for Agriculture to be drawn up through a national consultative process (2000)
- Privatization of SONACOS, the National Groundnut Oil Company

### **2. Energy**

#### **a. Reforms**

- Privatization of SENELEC, the power company (1999)
- Liberalization of power generation, transmission and distribution (April 1998)
- Partial liberalization of the import and distribution of petroleum products and the introduction of a new price structure with automatic adjustment of sales prices in line with international prices (April 1998), though this adjustment has been temporarily frozen in February 2000.

#### **b. Future milestones**

- Full liberalization of the market for petroleum products (2000-2006)
- Gradual elimination of surtax on imported refined petroleum products

### **3. Transport**

#### **a. Reforms**

- Abolition of monopoly previously given to the national shipping company for 40 percent of maritime transport (1995)
- Privatization of road maintenance (1996)
- Implementation of staff reduction plan for SNCS, the national railway company (1998)
- Reduction of port tariffs and rationalization of billing procedures (1997)
- Privatization of urban transport (1998)

#### **b. Future milestones**

- Privatization of Dakar/Bamako railway operations

### **4. Exchange Rate**

#### **a. Reforms**

- CFA franc devalued zone-wide from FF1=CFAF50 to FF1=CFAF100 (1994)
- CFAF pegged to Euro (1999)

#### **b. Future milestones**

- Maintain competitive real effective exchange rate

### **5. Finance & Banking**

#### **a. Reforms**

- Wide-ranging financial sector restructuring with the closure of six banks (1989-91)
- Shift in policy of the West Africa Monetary Union (WAMU) from direct to indirect instruments of regional monetary policy (1989-94)
- Establishment of a regional Banking Commission within WAMU (1990)
- Establishment of a loan recovery institution (1991)
- Tightening of prudential norms for the financial sector (January 2000)

#### **b. Future milestones**

- Main issues: further improve the instruments for indirect management of money and credit, and fostering a dynamic and sound banking sector

- Issuance of treasury bills to offset the elimination of BCEAO statutory advances (2001)
- Strengthening of Senegalese banks' compliance with prudential norms

**6. Fiscal Policy**

**a. Reforms**

- Establishment of authorized tax management centers (Centres des Services Fiscaux) countrywide (1995)
- Employer and employee contributions to the National Retirement Fund increased as a first step to restoring financial equilibrium to the Fund (December 1995)
- Upgrading the computer system of the customs administration and extending it to the airport customs office (1995-96)
- Establishment of a unit to monitor VAT and social security taxes paid by the two hundred largest firms (1996)
- Introduction of a single taxpayer registration system (1997)
- Streamlining petroleum product taxation and replacing the price stabilization mechanism by excise taxes (1998)

**b. Future milestones**

- **Main issues:** achieve and maintain a revenue level in line with regional WAEMU guidelines and contain current outlays in order to free up resources for promoting productive investment and alleviating poverty
- Introduction of 18 percent single rate VAT by July 1, 2000 with only limited exemptions
- Adopt a single tax ID number to all revenue collection agencies during fiscal year 2000
- Reform of National Retirement Fund to guarantee its financial viability (January 2001)

**7. Water Supply**

**a. Reforms**

- Partition of SONES, the national water supply company into three separate units: (i) a state asset-holding company; (ii) an operating company; and (iii) a national office to manage urban sanitation (1996)
- Privatization of the operating company (1996)

**b. Future milestones**

- Transformation of SONES from an asset holding company to a regulatory agency

**8. Public Administration**

a. Reforms

- Audit of Civil Service (July 1995)
- Settlement of cross-debts between public enterprises (1995-96)
- Survey of extra-budgetary payments arrears (1996)
- User survey on quality of public services, followed by a national conference on the quality of the public service (1999-2000)
- Adoption of merit-based promotion system (2000)

b. Future milestones

- Main issues: reform of the civil service to improve service delivery, efficiency, and accountability for the use of public funds
- Continued efforts to restrain expansion of the civil service payroll

**9. Private Sector**

a. Reforms

- Firms allowed to adjust work force according to market requirements (1994)
- Many price controls lifted (1994)
- Adoption of an action plan to reduce obstacles faced by private investors following the recommendations of the Foreign Advisory Service (FIAS) report (1999)
- Restructuring and privatization of state enterprises to be completed by end-2000  
Enterprises already privatized include:
  - (i) SONATEL (telecommunications)
  - (ii) Air Senegal
  - (iii) SDE water company operations
  - (iv) SENELEC power company

b. Future milestones

- Privatization of 11 remaining companies in public portfolio
- Implementation of the action plan to reduce obstacles faced by private investors (2000)

**10. Legal and Judicial Reforms**

a. Reforms

- Set up of a commercial arbitration court at the Dakar Chamber of Commerce (1999)

- **Adoption and implementation of the eight Uniform Acts of Organization for the Harmonization of Business Law in Africa (OHADA) (1998–1999)**
- **Establishment of collective procedures for the settlement of liabilities and arbitration law.**

**b. Future Milestones**

- **Main issues: in-depth reform of the judiciary in order to promote transparent rules and enforcement of laws propitious for private investment**
- **Adoption of the law setting forth new provisions with respect to paralegals (by end-2000)**
- **Pursue the modernization of the commercial chamber of the Dakar regional court**
- **Further reforms relating to international commercial arbitration, procedures for foreclosing on collateral, and a banking charter**
- **Adoption of an integrated program for modernizing the judiciary**

### **Senegal: Debt Management Issues**

The Direction de la Dette et de l'Investissement (DDI) is the department in the Ministry of the Economy and Finance responsible for public debt management in Senegal. The principal functions of the small public debt division within the DDI are: (i) to project debt service payments; (ii) to insure, together with the Treasury and the Central Bank, payment of debt service due; (iii) to follow the evolution of public debt; (iv) to produce statistics and analysis on Senegal's debt; (v) to prepare and execute contracts of guarantee and on-lending; (vi) to implement rescheduling and debt reduction operations; and (vii) to provide policy advice on new borrowing and debt reduction operations.

The main obstacle for effective debt management in Senegal is the current mainframe system used for debt recording. This system needs to be replaced as it cannot provide adequate projections for debt data, is prone to data-entry error, is not user-friendly, and requires a substantial amount of training to use. Officials from the Ministry are currently working on creating a new computerized debt database. However, the country would like to acquire the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS). In order to do this, the DDI would have to find financing for the start-up costs involved in making CS-DRMS operational, including the funding of software, equipment, installation and training.

A further issue that needs to be addressed is the present level of staffing for the Public Debt Division. The staffing complement of the division has been reduced by approximately three-quarters in recent years to its present level of just three officials. In addition to recruiting extra personnel for the division, capacity-building measures would require a training program for new and existing staff. Although officials from the public debt division have participated in regional debt management workshops organized by Debt Relief International (DRI), a comprehensive debt management training program remains to be established.

The officials of the DDI have identified the measures necessary for debt management capacity building in Senegal.<sup>15</sup>

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<sup>15</sup> As discussed in detail in "Note à l'Attention du Ministre de l'Economie, des Finances et du Plan – Proposition de Réorganisation de la Division de la Dette Publique, DDI."

Table 1. Senegal: Public Finances and Social Expenditures, 1996-2001<sup>1</sup>

	1998 Act.	1999 Prel.	2000 Projections	2001
(in billion of CFA francs)				
Total revenue and grants	541.9	568.4	634.3	661.0
Revenue	460.1	506.8	549.6	591.0
Tax revenue	438.9	491.2	528.3	567.4
Nontax revenue	21.2	15.6	21.3	23.6
Grants	81.8	61.6	84.7	70.0
Budgetary	18.7	4.1	14.7	0.0
Budgeted development projects	63.1	57.5	70.0	70.0
Total expenditure and net lending	550.6	609.9	686.5	687.0
Current expenditure	310.1	351.1	399.7	399.8
Wages and salaries	162.6	166.6	177.4	188.0
Interest due	34.8	42.5	47.5	52.6
Of which: external	27.8	32.3	40.5	39.4
Other current expenditure	112.7	142.0	174.8	159.1
Capital expenditure	196.9	242.3	257.1	270.0
Domestically financed	78.5	111.3	105.7	120.0
Externally financed	118.4	131.0	151.4	150.0
Treasury special accounts and correspondents (net)	8.3	11.2	19.7	3.7
Net lending	35.3	5.3	10.0	13.6
Overall fiscal balance (commitment basis, including grants)	-8.7	-41.5	-52.2	-26.0
Basic fiscal balance	71.9	50.3	30.5	74.0
Overall fiscal balance (cash basis, including grants)	-11.4	-41.5	-52.2	-26.0
Financing	11.4	41.5	52.2	26.0
External financing	50.3	22.9	72.1	34.4
Domestic financing <sup>2</sup>	-38.9	18.6	-19.9	-8.4
(in billion of CFA francs)				
Current social expenditure	111.0	118.2	136.1	147.0
Education	90.4	95.1	108.0	116.0
Health	19.8	22.3	27.1	30.0
Other (including promotion of women)	0.8	0.8	1.0	1.0
Capital expenditure (domestically financed)	7.5	14.4	15.9	17.5
Education	4.8	9.4	10.0	11.0
Health	2.1	3.7	4.5	5.0
Other (including promotion of women)	0.6	1.3	1.4	1.5
Capital expenditure (externally financed)	24.8	25.7	28.5	31.5
Education	14.1	14.3	16.0	18.0
Health	10.7	11.4	12.5	13.5
Other (including promotion of women)	0.0	0.0	0.0	0.0
(in percent of total current expenditure)				
Current social expenditure	35.8	33.7	34.1	36.8
Education	29.2	27.1	27.0	29.0
Health	6.4	6.4	6.8	7.5
Other (including promotion of women)	0.3	0.2	0.3	0.3
(in percent of total capital expenditure)				
Capital expenditure	16.4	16.5	17.3	18.1
Education	9.6	9.8	10.1	10.7
Health	6.5	6.2	6.6	6.9
Other (including promotion of women)	0.3	0.5	0.5	0.6
(in percent of GDP)				
Current social expenditure	4.0	4.0	4.3	4.4
Education	3.3	3.2	3.4	3.4
Health	0.7	0.8	0.9	0.9
Other (including promotion of women)	0.0	0.0	0.0	0.0
Capital expenditure	1.2	1.4	1.4	1.5
Education	0.7	0.8	0.8	0.9
Health	0.5	0.5	0.5	0.5
Other (including promotion of women)	0.0	0.0	0.0	0.0
Total social expenditure	5.2	5.4	5.7	5.8
Memorandum items:				
Gross domestic product (in billions of CFA francs)	2,752.9	2,956.0	3,173.0	3,377.3
Gross domestic product (in millions of U.S. dollars)	4,896.6	4,526.8	5,143.7	5,553.2

Sources: Senegalese authorities; and staff estimates and projections.

<sup>1/</sup> Before HIPC assistance.<sup>2/</sup> Including financing gap and error and omissions.

Table 2. Senegal: Balance of Payments, 1998-2018 1/

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1999-2008	2009-2018
	Actual	Estimate				Projections						Averages	
	(In millions of U.S. dollars)												
Trade balance	-274.1	-316.4	-287.3	-262.4	-273.1	-277.9	-283.8	-292.6	-296.6	-309.6	-325.1	-292.5	-370.3
Exports, f.o.b.	970.5	984.8	1122.2	1239.2	1347.3	1458.3	1572.4	1685.6	1801.7	1924.4	2048.1	1518.4	3010.3
Of which: fish products	290.8	294.6	264.1	280.5	300.9	328.2	359.0	386.4	415.5	446.7	477.0	355.3	696.7
Imports, f.o.b.	-1244.6	-1301.3	-1409.5	-1501.7	-1620.4	-1736.2	-1856.2	-1978.2	-2103.3	-2234.0	-2373.2	-1811.4	-3380.6
Of which: petroleum	-137.8	-174.4	-202.5	-191.3	-198.6	-211.3	-226.2	-238.0	-249.8	-262.1	-274.8	-222.9	-359.9
Services (net)	-69.9	-57.6	-73.5	-68.2	-67.2	-66.5	-65.8	-66.6	-77.2	-82.1	-82.9	-70.8	-89.4
Non-factor services (net)	6.1	14.7	10.8	13.0	12.4	10.9	9.5	7.5	7.5	7.4	7.0	10.1	-7.7
Factor services (net)	-76.0	-72.3	-84.2	-81.3	-79.5	-77.4	-75.3	-74.1	-89.7	-89.5	-89.9	-81.3	-81.7
Unrequited transfers (net)	264.1	206.3	214.8	217.0	219.6	221.6	223.4	222.5	224.5	226.5	228.5	220.5	240.5
Private (net)	37.2	36.3	35.5	35.4	35.3	34.7	33.9	33.3	34.3	35.4	36.4	35.1	43.0
Public (net)	226.9	170.0	179.4	181.6	184.3	186.9	189.5	189.2	190.1	191.1	192.1	185.4	197.5
Current account balance (deficit -)	-79.9	-167.8	-145.9	-113.6	-120.7	-122.8	-126.2	-136.6	-159.4	-165.3	-179.5	-143.8	-219.2
Current account balance (excluding gross official transfers)	-322.1	-352.8	-340.4	-310.9	-321.2	-326.5	-333.1	-343.5	-367.5	-374.6	-390.0	-346.1	-436.8
Capital account	109.4	201.9	203.3	151.3	158.6	174.3	190.7	178.6	171.3	167.5	180.0	177.7	222.4
Public sector (net) 2/	99.9	43.7	121.9	61.5	58.3	64.0	70.0	40.7	33.4	29.5	24.8	54.8	39.7
Of which: new official borrowing	200.6	131.2	221.0	164.4	167.1	169.8	172.4	172.4	189.7	189.7	189.7	176.7	205.2
Other capital 3/	9.5	158.2	81.4	89.8	100.3	110.3	120.7	137.9	137.9	137.9	155.2	123.0	182.8
Overall balance (deficit -)	29.6	34.2	57.4	37.7	37.9	51.5	64.5	42.0	11.9	2.2	0.5	34.0	3.2
Financing 4/	-29.6	-34.2	-57.4	-37.7	-37.9	-51.5	-64.5	-42.0	-11.9	-2.2	-0.5	-34.0	-3.2
Net foreign assets (BCEAO)	-25.0	-34.2	-71.0	-37.7	-37.9	-51.5	-64.5	-42.0	-11.9	-2.2	-0.5	-35.3	-3.2
Operations account and other	-8.5	-21.1	-86.9	-48.0	-8.6	-11.9	-21.9	9.3	32.4	23.2	4.5	-12.9	-3.2
Net use of Fund resources	-11.8	-13.1	15.9	10.4	-29.3	-39.6	-42.6	-51.3	-44.3	-25.4	-5.0	-22.4	0.0
Payments arrears (reduction -)	-4.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	(In percent of GDP)												
Memorandum items:													
Current account													
Including gross official transfers	-1.7	-3.5	-2.8	-2.0	-2.0	-1.9	-1.8	-1.8	-1.9	-1.9	-1.9	-2.2	-1.7
Excluding gross official transfers	-6.9	-7.3	-6.6	-5.6	-5.3	-5.0	-4.7	-4.5	-4.5	-4.3	-4.2	-5.2	-3.3
Exports of goods and nonfactor services	33.0	32.4	33.5	33.7	33.4	33.0	32.5	32.4	32.2	32.0	31.8	32.7	31.0
Export unit growth 5/	5.8	3.9	13.0	8.5	6.0	5.7	5.3	5.3	4.9	4.8	4.4	6.2	4.9
Import unit growth 5/	10.8	6.0	5.1	5.0	4.5	4.3	4.4	4.2	3.9	3.8	3.8	4.5	3.8
Term of trade change 5/	4.8	-1.1	-2.1	0.3	-0.7	-0.3	0.0	-0.5	-0.5	-0.5	-0.4	-0.6	-0.4

Sources: Senegalese authorities; and staff estimates.

1/ After June 1998 stock-of-debt operation on Naples terms (67 percent NPV reduction) on all eligible debt.

2/ Excludes debt service on revolving line of credit of the Kuwaiti Fund of 30 million Kuwaiti Dinar (US\$ 99.4 million).

3/ Includes private capital and errors and omissions; the large amount for 1999 reflects privatization inflows and a capital increase at the Industries Chimiques du Sénégal.

4/ For 2000, includes a financing gap of US\$ 13.6 million.

5/ Change in total volume in constant prices (Paseche index).

Table 3. Senegal: Nominal and NPV Debt Outstanding, End-December 1998 1/

	Nominal Debt			NPV Debt 2/			NPV Debt after traditional relief 3/		
	US\$ millions	Percent of total debt	Percent of multilateral debt	US\$ millions	Percent of total debt	Percent of multilateral debt	US\$ millions	Percent of total debt	Percent of multilateral debt
<b>Total</b>	<b>3,762.6</b>	<b>100.0</b>		<b>2,549.1</b>	<b>100.0</b>		<b>2,498.1</b>	<b>100.0</b>	
<b>Multilateral creditors</b>	<b>2,361.7</b>	<b>62.8</b>	<b>87.6</b>	<b>1,433.6</b>	<b>56.2</b>	<b>83.7</b>	<b>1,433.6</b>	<b>57.4</b>	<b>83.7</b>
World Bank	1,314.6	34.9	55.7	641.6	25.2	44.8	641.6	25.7	44.8
<i>Of which</i>									
IDA	1,304.2	34.7	55.2	631.1	24.8	44.0	631.1	25.3	44.0
IMF	292.5	7.8	12.4	233.4	9.2	16.3	233.4	9.3	16.3
AfDB	409.4	10.9	17.3	295.2	11.6	20.6	295.2	11.8	20.6
European Union	114.4	3.0	4.8	79.2	3.1	5.5	79.2	3.2	5.5
Islamic Development Bank	72.8	1.9	3.1	55.3	2.2	3.9	55.3	2.2	3.9
West African Development Bank	27.7	0.7	1.2	28.1	1.1	2.0	28.1	1.1	2.0
BADEA	30.0	0.8	1.3	26.3	1.0	1.8	26.3	1.1	1.8
BCEAO	27.0	0.7	1.1	23.0	0.9	1.6	23.0	0.9	1.6
IFAD	36.9	1.0	1.6	18.8	0.7	1.3	18.8	0.8	1.3
ECOWAS	15.1	0.4	0.6	16.2	0.6	1.1	16.2	0.6	1.1
OPEC Fund	14.8	0.4	0.6	13.5	0.5	0.9	13.5	0.5	0.9
Nordic Fund	6.5	0.2	0.3	3.0	0.1	0.2	3.0	0.1	0.2
<b>Bilateral creditors</b>	<b>1,400.9</b>	<b>37.2</b>		<b>1,115.5</b>	<b>43.8</b>		<b>1,064.5</b>	<b>42.6</b>	
<b>Paris Club</b>	<b>782.0</b>	<b>20.8</b>		<b>618.0</b>	<b>24.2</b>		<b>618.0</b>	<b>24.7</b>	
France	272.8	7.2		258.7	10.1		258.7	10.4	
Germany	152.5	4.1		79.2	3.1		79.2	3.2	
Italy	95.1	2.5		76.1	3.0		76.1	3.0	
Japan	67.9	1.8		68.1	2.7		68.1	2.7	
Spain	90.3	2.4		47.8	1.9		47.8	1.9	
United States	21.3	0.6		23.1	0.9		23.1	0.9	
Norway	27.0	0.7		23.0	0.9		23.0	0.9	
Denmark	26.1	0.7		17.4	0.7		17.4	0.7	
Netherlands	11.1	0.3		11.9	0.5		11.9	0.5	
Belgium	12.2	0.3		7.8	0.3		7.8	0.3	
Canada	2.7	0.1		2.4	0.1		2.4	0.1	
Sweden	2.3	0.1		1.7	0.1		1.7	0.1	
United Kingdom	0.8	0.0		0.9	0.0		0.9	0.0	
<b>Non-Paris Club</b>	<b>615.9</b>	<b>16.4</b>		<b>494.6</b>	<b>19.4</b>		<b>443.6</b>	<b>17.8</b>	
Kuwait	228.0	6.1		173.6	6.8		165.0	6.6	
Saudi Arabia	164.9	4.4		122.0	4.8		112.0	4.5	
China	100.6	2.7		76.5	3.0		72.0	2.9	
Taiwan, Province of China	80.0	2.1		58.5	2.3		58.5	2.3	
United Arab Emirates	26.6	0.7		23.9	0.9		20.5	0.8	
Algeria	9.2	0.2		22.1	0.9		9.2	0.4	
Oman	6.3	0.2		17.9	0.7		6.3	0.3	
Iraq	0.3	0.0		0.3	0.0		0.3	0.0	
<b>Commercial debt</b>	<b>2.9</b>	<b>0.1</b>		<b>2.9</b>	<b>0.1</b>		<b>2.9</b>	<b>0.1</b>	

Sources: Data provided by the Senegalese authorities; and World Bank and Fund staff estimates.

1/ Includes non-guaranteed debt owed by three public enterprises where government is the majority shareholder.

2/ NPV of debt reflects Paris Club stock-of-debt operation on Naples terms in June 1998.

3/ Includes Paris Club stock-of-debt operation on Naples terms in June 1998 and comparable treatment by other official bilateral creditors at the end of 1998.

Table 4. Senegal: Projected Assistance Under the HIPC Initiative 1/

<u>EXPORT CRITERION</u>					<u>FISCAL CRITERION</u>					<u>Memorandum Items</u>	
NPV of debt-to-exports-target 150 (In percent)	Total HIPC Initiative assistance based on end-1998 data 2/				Common reduction factor at the decision point 4/	NPV of debt-to-revenue-target 250 (In percent)	Total HIPC Initiative assistance based on end-1998 data 2/			Common reduction factor at the decision point 4/	Required NPV debt reduction on bilateral debt based on com- parable treatment of overall exposure 5/
	Total	Bilateral 3/	Multilateral	(In millions of US dollars)			Total	Bilateral 3/	Multilateral		
Assistance	192	82	110		7.7%	Assistance	452	193	259	18.1%	
NPV of debt 6/	2,498	1,065	1,434			NPV of debt 6/	2,498	1,065	1,434		
Multilateral institutions	1,434					Multilateral institutions	1,434				
Paris Club	618					Paris Club	618				73%
Of which: pre-cutoff-non ODA debt	336					Of which: pre-cutoff-non ODA debt	336				78%
Non-Paris Club bilaterals	444					Non-Paris Club bilaterals	444				73%
Of which: pre-cutoff-non ODA debt	16					Of which: pre-cutoff-non ODA debt	53				118%
Commercial creditors (reschedulable)	3					Commercial creditors (all reschedulable)	3				
3-year average of exports 7/	1,538					Government revenue	818				
Current-year exports	1,613					Exports-to-GDP ratio 8/	33%				
NPV of debt-to-exports ratio 7/	162					Revenue-to-GDP ratio 8/ 9/	17%				
						NPV of debt-to-revenue ratio	305				

Sources: Senegalese authorities and staff estimates and projections.

1/ The proportional burden sharing approach is described in "HIPC Initiative - Estimated Costs and Burden Sharing Approaches" (EBS/97/127, 7/7/97) and IDA/SEC M 97-306, 7/7/97).

2/ Includes a stock-of-debt operation on Naples terms (June 1998) and assumed comparable treatment by other official bilateral creditors at the end of 1998.

3/ Includes official bilateral creditors and commercial debt.

4/ Each creditor's NPV reduction in percent of its exposure at the decision point.

5/ Includes action under traditional relief mechanisms.

6/ Based on latest data available at decision point after full application of traditional debt relief mechanisms.

7/ Based on the three-year export average (backward-looking average) ending in the year preceding the base year (i.e., 1996-1998).

8/ Simple historical three-year averages (1996-1998).

9/ Based on central government revenue, excluding grants.

Table 5. Discount Rate and Exchange Rate Assumptions, End-December 1998

	Discount Rates 1/ 2/ (In percent per annum)	Exchange Rates (Currency per U.S. dollar)
<b>Currency</b>		
African Development Bank Unit of Account 2/	5.25	0.71
African Development Fund Unit of Account 2/	5.25	0.76
Belgian Franc	5.59	34.57
CFA Francs 3/	5.36	562.21
Chinese Yuan 2/	5.25	8.28
Danish Krone	5.64	6.39
European Currency Unit	5.00	0.86
French Franc	5.36	5.62
German Mark	5.16	1.67
Iraqi Dinar 2/	5.25	0.31
Irish Punt	5.33	0.67
Islamic Development Bank Dinar 2/	5.25	0.71
Italian Lira	5.58	1,653.10
Japanese Yen	2.22	115.60
Kuwaiti Dinar 2/	5.25	0.30
Netherland Guilder	5.78	1.89
Norwegian Krone	6.54	7.60
Saudi Arabian Riyal 2/	5.25	3.75
SDR	5.25	0.71
Spanish Peseta	5.31	142.61
U.K. Pound	6.81	0.60
U.A.E. Dirhams 2/	5.25	3.67
U.S. Dollar	6.23	1.00

Sources: OECD and IMF, International Financial Statistics.

1/ The discount rates used are the average Commercial Interest Reference Rates (CIRRs) for the respective currencies over the six-month period ending December 1998.

2/ For all currencies for which the CIRRs are not available - with the exception of the CFA Franc - the SDR discount rate is used as the proxy.

3/ For the CFA Franc, the French Franc CIRRs is used as a proxy.

Table 6. Senegal: Net Present Value of External Debt After Rescheduling, 1998-2018

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1999-2008	2009-2018
	Actual	Estimate	Projections										Averages
(In millions of U.S. dollars, unless otherwise indicated)													
<b>I. After traditional debt relief 1/</b>													
1. NPV of total debt (2+5) 2/	2,498.1	2,494.8	2,563.4	2,598.2	2,605.2	2,612.0	2,517.4	2,528.5	2,546.4	2,557.4	2,574.8	2,559.8	2,781.2
2. NPV of outstanding debt (3+4)	2,498.1	2,414.2	2,345.6	2,265.7	2,180.7	2,091.3	1,896.2	1,807.4	1,724.9	1,647.0	1,578.9	1,995.2	1,272.6
3. Official bilateral and commercial	1,064.5	1,043.8	1,025.6	1,001.3	971.4	945.4	820.8	794.4	763.1	727.5	695.3	878.9	552.5
3a. Paris Club	618.0	606.8	595.0	576.9	555.2	533.0	509.9	490.4	471.3	452.7	437.5	522.9	377.7
3b. Other official bilateral	443.6	437.0	430.6	424.4	416.2	412.4	310.8	304.0	291.8	274.8	257.8	356.0	174.8
3c. Commercial	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Multilateral	1,433.6	1,370.3	1,320.0	1,264.4	1,209.3	1,145.9	1,075.5	1,013.0	961.8	919.5	883.6	1,116.3	720.1
Of which													
World Bank Group	641.6	647.9	652.7	657.8	663.1	666.9	669.3	669.3	666.7	661.7	653.3	660.9	562.7
IMF	233.4	210.6	196.4	175.9	154.9	122.9	81.9	48.0	23.6	7.2	0.0	102.2	0.0
African Development Bank	295.2	277.6	262.1	246.7	231.4	217.5	203.6	189.8	176.4	164.6	152.0	212.2	109.5
Others	263.4	234.2	208.8	184.0	160.0	138.6	120.6	105.8	95.2	85.9	78.3	141.1	47.9
5. NPV of new borrowing	...	80.6	217.9	332.4	424.5	520.6	621.2	721.1	821.5	910.4	995.9	564.6	1,508.7
<b>Memorandum items:</b>													
NPV of debt-to-GDP ratio (percent)													
Total debt (2+4)	51.0	55.1	49.8	46.8	43.2	40.0	35.5	33.4	31.5	29.6	27.9	39.3	21.2
Outstanding debt (3+4)	51.0	53.3	45.6	40.8	36.2	32.0	26.7	23.9	21.3	19.1	17.1	31.6	10.0
NPV of debt-to-exports ratio (percent) 3/													
Total debt (2+4)	162.5	165.2	160.1	153.9	139.3	129.6	116.5	109.6	103.7	98.1	93.1	126.9	72.7
Outstanding debt (3+4)	162.5	159.9	146.5	134.2	116.6	103.8	87.8	78.4	70.3	63.2	57.1	101.8	34.2
NPV of debt-to-revenue ratio (percent)													
Total debt (2+4)	305.3	321.4	287.7	267.4	244.2	225.7	200.6	188.7	177.9	167.3	157.8	223.9	119.9
Outstanding debt (3+4)	305.3	311.1	263.3	233.2	204.4	180.7	151.1	134.9	120.5	107.8	96.8	180.4	56.6
<b>II. After expected enhanced HIPC assistance 4/</b>													
1. NPV of total debt (2+5) 2/	2,498.1	2,494.8	2,545.4	2,149.1	2,186.1	2,225.8	2,172.0	2,218.7	2,270.1	2,314.6	2,364.0	2,294.1	2,600.3
2. NPV of outstanding debt (3+4)	2,498.1	2,414.2	2,327.5	1,816.6	1,761.6	1,705.1	1,550.9	1,497.6	1,448.6	1,404.1	1,368.1	1,729.5	1,091.6
3. Official bilateral and commercial	1,064.5	1,043.8	1,025.6	809.5	780.2	755.0	636.9	612.6	583.9	551.6	522.7	732.2	383.2
3a. Paris Club	618.0	606.8	595.0	468.5	448.5	428.3	407.6	391.1	375.6	361.4	350.4	443.3	297.1
3b. Other official bilateral	443.6	437.0	430.6	340.9	331.7	326.8	229.3	221.5	208.3	190.3	172.3	288.9	86.1
3c. Commercial	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Multilateral	1,433.6	1,370.3	1,301.9	1,007.2	981.4	950.1	913.9	885.0	864.7	852.5	845.4	997.3	708.4
Of which													
World Bank Group	641.6	647.9	642.7	546.2	561.5	576.9	592.4	607.5	622.2	636.7	650.5	608.5	560.3
IMF	233.4	210.6	193.1	136.8	120.7	96.1	64.5	38.5	19.7	7.2	0.0	88.7	0.0
African Development Bank	295.2	277.6	257.4	196.0	185.3	175.6	166.1	156.6	147.4	139.6	131.1	183.3	103.5
Others	263.4	234.2	208.8	128.3	114.0	101.5	90.9	82.3	75.3	69.0	63.8	116.8	44.7
5. NPV of new borrowing	...	80.6	217.9	332.4	424.5	520.6	621.2	721.1	821.5	910.4	995.9	564.6	1,508.7
<b>Memorandum items:</b>													
NPV of debt-to-GDP ratio (percent)													
Total debt (2+4)	51.0	55.1	49.5	38.7	36.3	34.0	30.6	29.3	28.1	26.8	25.6	35.4	19.8
Outstanding debt (3+4)	51.0	53.3	45.2	32.7	29.2	26.1	21.9	19.8	17.9	16.3	14.8	27.7	8.6
NPV of debt-to-exports ratio (percent) 3/													
Total debt (2+4)	162.5	165.2	158.9	127.3	116.9	110.5	100.6	96.2	92.5	88.8	85.5	114.2	67.9
Outstanding debt (3+4)	162.5	159.9	145.3	107.6	94.2	84.6	71.8	64.9	59.0	53.9	49.5	89.1	29.5
NPV of debt-to-revenue ratio (percent)													
Total debt (2+4)	305.3	321.4	285.7	221.2	204.9	192.3	173.1	165.6	158.6	151.5	144.9	201.9	112.0
Outstanding debt (3+4)	305.3	311.1	261.2	186.9	165.1	147.3	123.6	111.7	101.2	91.9	83.8	158.4	48.6
<b>III. After enhanced HIPC assistance at the reference year 5/</b>													
1. NPV of total debt (2+5) 2/	2,046.2	2,019.2	2,077.1	2,149.1	2,186.1	2,225.8	2,172.0	2,218.7	2,270.1	2,314.6	2,364.0	2,199.7	2,752.6
2. NPV of outstanding debt (3+4)	2,046.2	1,938.5	1,859.2	1,816.6	1,761.6	1,705.1	1,550.9	1,497.6	1,448.6	1,404.1	1,368.1	1,635.1	1,243.9
3. Official bilateral and commercial 6/	872.1	841.6	812.5	809.5	780.2	755.0	636.9	612.6	583.9	551.6	522.7	690.7	535.5
3a. Paris Club	509.6	492.6	474.5	468.5	448.5	428.3	407.6	391.1	375.6	361.4	350.4	419.9	369.4
3b. Other official bilateral	359.6	349.0	338.0	340.9	331.7	326.8	229.3	221.5	208.3	190.3	172.3	270.8	166.1
3c. Commercial	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Multilateral	1,174.1	1,096.9	1,046.8	1,007.2	981.4	950.1	913.9	885.0	864.7	852.5	845.4	944.4	708.4
Of which													
World Bank Group	525.5	525.4	531.6	546.2	561.5	576.9	592.4	607.5	622.2	636.7	650.5	585.1	560.3
IMF	191.2	166.2	152.5	136.8	120.7	96.1	64.5	38.5	19.7	7.2	0.0	80.2	0.0
African Development Bank	241.7	221.4	206.8	196.0	185.3	175.6	166.1	156.6	147.4	139.6	131.1	172.6	103.5
Others	215.7	184.0	155.9	128.3	114.0	101.5	90.9	82.3	75.3	69.0	63.8	106.5	44.7
5. NPV of new borrowing	...	80.6	217.9	332.4	424.5	520.6	621.2	721.1	821.5	910.4	995.9	564.6	1,508.7
<b>Memorandum items:</b>													
NPV of debt-to-GDP ratio (percent)													
Total debt (2+4)	41.8	44.6	40.4	38.7	36.3	34.0	30.6	29.3	28.1	26.8	25.6	33.4	21.0
Outstanding debt (3+4)	41.8	42.8	36.1	32.7	29.2	26.1	21.9	19.8	17.9	16.3	14.8	25.8	9.7
NPV of debt-to-exports ratio (percent) 3/													
Total debt (2+4)	133.1	133.7	129.7	127.3	116.9	110.5	100.6	96.2	92.5	88.8	85.5	108.2	71.8
Outstanding debt (3+4)	133.1	128.4	116.1	107.6	94.2	84.6	71.8	64.9	59.0	53.9	49.5	83.0	33.3
NPV of debt-to-revenue ratio (percent)													
Total debt (2+4)	250.0	260.2	233.1	221.2	204.9	192.3	173.1	165.6	158.6	151.5	144.9	190.5	118.4
Outstanding debt (3+4)	250.0	249.8	208.7	186.9	165.1	147.3	123.6	111.7	101.2	91.9	83.8	147.0	55.0

Sources: Data provided by the Senegalese authorities; and World Bank and Fund staff estimates and projections.

1/ Reflects the external debt situation after the implementation of the June 1998 Paris Club stock-of-debt operation on Naples terms (67 percent NPV reduction), with the assumption of at least comparable treatment from other official bilateral creditors in 1998.

2/ Discounted on the basis on currency-specific average commercial interest reference rates (CIRRs), over the six-month period June-December 1998.

3/ In terms of simple historical three year average of exports of goods and nonfactor services.

4/ After assumed assistance under the enhanced HIPC initiative (see text for detailed assumptions).

5/ Shows the hypothetical impact of the enhanced HIPC assistance, had it been delivered at end-1998, on which basis the debt sustainability for the decision point has been calculated.

6/ After enhanced HIPC assistance, the portion of official bilateral debt that is defined as official development assistance (ODA) is estimated at US\$ 554.2 million in NPV terms at end-1998, of which US\$ 92.1 million is pre-cut off date debt.

Table 7. Senegal: External Debt Service After Rescheduling, 1999-2018

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1999-2008	2009-2018
	Estimate				Projections				Averages			
	(In millions of U.S. dollars, unless otherwise indicated)											
<b>Total debt service</b>	216.3	196.9	204.7	205.3	205.5	306.6	190.0	178.9	170.3	156.3	203.1	126.3
<b>after traditional debt relief 1/</b>												
<b>Multilateral</b>	139.6	123.3	125.8	122.3	127.7	131.3	119.6	104.7	93.4	84.7	117.2	69.4
<i>Of which</i>												
World Bank Group	28.2	30.0	29.9	30.0	31.6	33.3	35.9	38.1	40.6	43.7	34.1	50.1
IMF	35.1	25.3	30.8	30.3	40.1	47.4	38.2	27.0	17.7	7.6	29.9	0.0
African Development Bank	33.1	30.1	29.2	28.3	26.0	25.3	24.5	23.5	21.0	21.3	26.2	11.9
Others	43.2	37.9	35.9	33.8	29.9	25.3	21.1	16.2	14.2	12.1	27.0	7.3
<b>Official Bilateral</b>	73.6	73.6	78.9	82.9	77.8	175.2	70.5	74.2	76.9	71.7	85.5	56.9
<b>Paris Club</b>	42.9	43.0	48.7	51.3	50.9	50.7	45.9	44.7	43.1	39.0	46.0	31.8
<i>Of which</i>												
ODA	17.2	20.8	22.8	21.9	21.5	21.6	22.3	21.2	19.6	15.0	20.4	8.3
Non-Paris Club	30.7	30.6	30.2	31.7	26.9	124.6	24.5	29.5	33.7	32.7	39.5	25.1
<i>Of which</i>												
ODA	24.3	24.2	21.4	21.9	19.8	18.1	17.8	22.8	26.9	25.8	22.3	18.2
<b>Commercial</b>	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total debt service</b>	216.3	184.9	173.6	154.9	152.3	244.9	136.1	132.2	127.9	113.1	163.6	113.6
<b>after enhanced HIPC assistance 3/</b>												
<b>Multilateral</b>	139.6	111.3	99.6	82.8	85.6	86.5	77.6	70.5	64.0	54.2	87.2	65.6
<i>Of which</i>												
World Bank Group	28.2	23.3	15.5	14.9	15.7	16.5	17.8	18.9	20.1	21.7	19.3	50.1
IMF	35.1	23.7	26.3	25.2	31.4	34.9	27.1	22.4	17.7	7.6	25.1	0.0
African Development Bank	33.1	26.3	21.9	21.2	19.6	19.0	18.4	17.6	15.8	16.0	20.9	9.8
Others	43.2	37.9	35.9	21.5	18.9	16.2	14.3	11.6	10.4	9.0	21.9	5.7
<b>Official Bilateral</b>	73.6	73.6	74.0	72.1	66.7	158.4	58.5	61.7	63.9	58.9	76.1	48.0
<b>Paris Club</b>	42.9	43.0	47.1	43.8	43.1	42.5	37.3	35.6	33.6	29.7	39.9	27.5
<i>Of which</i>												
ODA	17.2	20.8	22.8	21.9	21.5	21.6	22.3	21.2	19.6	15.0	20.4	7.6
Non-Paris Club	30.7	30.6	26.9	28.3	23.6	115.9	21.2	26.1	30.3	29.2	36.3	20.5
<i>Of which</i>												
ODA	24.3	24.2	21.4	21.9	19.8	18.1	17.8	22.8	26.9	25.8	22.3	18.2
<b>Commercial</b>	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0
<b>Memorandum Items:</b>												
Exports of goods and nonfactor services	1,466.5	1,724.6	1,872.3	2,014.0	2,158.5	2,307.9	2,453.0	2,604.6	2,764.7	2,928.0	2,229.4	4,165.3
Debt-service ratio after traditional debt relief 2/	14.7	11.4	10.9	10.2	9.5	13.3	7.7	6.9	6.2	5.3	9.6	3.2
Debt-service ratio after HIPC assistance 2/	14.7	10.7	9.3	7.7	7.1	10.6	5.5	5.1	4.6	3.9	7.9	2.8

Sources: Data provided by the Senegalese authorities; and World Bank and Fund staff estimates and projections.

1/ Reflects the external debt situation after the implementation of June 1998 Paris Club stock-of-debt operation on Naples terms (67 percent NPV reduction), with the assumption of at least comparable treatment from official bilateral creditors at the end of 1998.

2/ Debt service in percent of current-year exports of goods and nonfactor services.

3/ After assumed assistance under the enhanced HIPC Initiative (see text for detailed assumptions).

Table 8. Senegal: Key Public External Debt-Sustainability Indicators, 1998-2018

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1999-2008	2009-2018
	Actual	Estimate				Projections						Averages	
	(In percent)												
<b>Key ratios after traditional debt relief 1/</b>													
Debt to GDP ratio	76.8	79.9	67.9	60.3	53.2	46.8	39.6	35.2	31.4	27.9	24.9	46.7	13.9
NPV of debt to GDP ratio	51.0	55.1	49.8	46.8	43.2	40.0	35.5	33.4	31.5	29.6	27.9	39.3	21.2
NPV of debt to exports ratio 2/	162.5	165.2	160.1	153.9	139.3	129.6	116.5	109.6	103.7	98.1	93.1	126.9	72.7
NPV of debt to revenues ratio	305.3	321.4	287.7	267.4	244.2	225.7	200.6	188.7	177.9	167.3	157.8	223.9	119.9
Debt service ratio 3/	11.1	14.7	11.4	10.9	10.2	9.5	13.3	7.7	6.9	6.2	5.3	9.6	3.2
Debt service to revenue ratio	21.9	27.9	22.1	21.1	19.2	17.8	24.4	14.2	12.5	11.1	9.6	18.0	5.6
<b>Memorandum items:</b>													
NPV of debt after traditional debt relief	2,498.1	2,494.8	2,563.4	2,598.2	2,605.2	2,612.0	2,517.4	2,528.5	2,546.4	2,557.4	2,574.8	2,559.8	2,781.2
Debt Service after traditional debt relief	179.3	216.3	196.9	204.7	205.3	205.5	306.6	190.0	178.9	170.3	156.3	203.1	126.3
<b>Key ratios after enhanced HIPC assistance 4/</b>													
Debt to GDP ratio	76.8	79.9	67.9	54.9	48.2	42.3	35.5	31.5	27.9	24.8	22.0	43.5	12.1
NPV of debt to GDP ratio	41.8	44.6	40.4	38.7	36.3	34.0	30.6	29.3	28.1	26.8	25.6	33.4	21.0
NPV of debt to exports ratio 2/	133.1	133.7	129.7	127.3	116.9	110.5	100.6	96.2	92.5	88.8	85.5	108.2	71.8
NPV of debt to revenues ratio	250.0	260.2	233.1	221.2	204.9	192.3	173.1	165.6	158.6	151.5	144.9	190.5	118.4
Debt service ratio 3/	11.1	14.7	10.7	9.3	7.7	7.1	10.6	5.5	5.1	4.6	3.9	7.9	2.8
Debt service to revenue ratio	21.9	27.9	20.8	17.9	14.5	13.2	19.5	10.2	9.2	8.4	6.9	14.8	5.0
<b>Memorandum items:</b>													
NPV of debt after HIPC assistance	2,046.2	2,019.2	2,077.1	2,149.1	2,186.1	2,225.8	2,172.0	2,218.7	2,270.1	2,314.6	2,364.0	2,199.7	2,752.6
Debt Service after HIPC assistance	179.3	216.3	184.9	173.6	154.9	152.3	244.9	136.1	132.2	127.9	113.1	163.6	113.6
Nominal Debt before HIPC assistance	3,762.7	3,618.7	3,490.1	3,350.3	3,206.2	3,058.4	2,805.8	2,666.4	2,535.2	2,410.0	2,296.3	2,943.7	1,762.9
Nominal Debt after HIPC assistance	3,762.7	3,618.7	3,490.1	3,048.1	2,907.0	2,762.5	2,519.2	2,384.5	2,258.7	2,139.9	2,032.5	2,716.1	1,522.4
GDP	4,896.6	4,526.8	5,143.7	5,553.2	6,027.0	6,538.0	7,090.6	7,571.6	8,085.4	8,634.0	9,219.8	6,839.0	13,465.4
Exports of goods and nonfactor services 5/	1,537.7	1,510.1	1,601.5	1,687.8	1,870.3	2,014.9	2,160.1	2,306.5	2,455.2	2,607.4	2,765.8	2,098.0	3,917.3
Exports of goods and nonfactor services 6/	1,613.5	1,466.5	1,724.6	1,872.3	2,014.0	2,158.5	2,307.9	2,453.0	2,604.6	2,764.7	2,928.0	2,229.4	4,165.3
Central government revenue	818.4	776.1	890.9	971.8	1,066.9	1,157.3	1,255.0	1,340.2	1,431.1	1,528.2	1,631.9	1,204.9	2,383.4

Sources: Data provided by the Senegalese authorities; and World Bank and Fund staff estimates and projections.

1/ Reflects the external debt situation after the implementation of June 1998 stock-of-debt operation on Naples terms (67 percent NPV reduction), with the assumption of at least comparable treatment from official bilateral creditors in 1998.

2/ In terms of a simple historical three-year average of exports of goods and nonfactor services.

3/ In terms of current year exports of goods and nonfactor services.

4/ Assuming that the full amount of enhanced HIPC assistance is delivered at the reference year on which basis the debt sustainability for the decision point has been calculated.

5/ Simple historical three-year average of exports of goods and nonfactor services.

6/ Current year exports of goods and nonfactor services.

Table 9. Senegal: Proposed Schedule of Delivery of IMF Assistance under the HIPC Initiative 1/

(In millions of US dollars, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Delivery schedule of IMF assistance (in percent of total assistance)	5.0	10.0	10.0	15.0	25.0	25.0	10.0	0.0	0.0
Debt Service due on current IMF obligations 2/ <i>of which: Principal</i>	16.2	30.5	30.0	39.3	46.2	41.3	30.6	21.8	12.2
<i>Interest</i>	14.3	28.1	27.7	37.3	44.4	39.6	29.2	20.5	10.9
	1.9	2.4	2.2	2.0	1.8	1.6	1.4	1.3	1.2
IMF assistance—deposits into Senegal's account 1/ <i>Interim assistance</i>	2.1	4.2							
<i>Completion point assistance</i>		35.9 3/							
IMF assistance under the HIPC Initiative—drawdown schedule 4/ <i>of which: IMF assistance without interest</i>	1.6	4.7	5.4	9.2	13.2	11.7	4.8	0.0	0.0
<i>Estimated interest earnings</i>	1.6	4.7	4.2	6.3	10.6	10.6	4.2	0.0	0.0
	0.0	0.0	1.2	2.9	2.7	1.1	0.6	0.0	0.0
Debt service due on current IMF obligations after IMF assistance 5/	14.5	25.7	24.6	30.1	33.0	29.6	25.8	21.8	12.2
Share of debt service due on current IMF obligations covered by IMF assistance (in percent) 4/	10.2	15.5	18.0	23.4	28.7	28.3	15.7	0.0	0.0
<i>Memorandum items:</i>									
Proportion of each repayment falling due during the period to be paid by HIPC assistance from the principal deposited in Senegal's account	11.5	16.7	15.2	17.0	23.8	26.7	14.5	0.0	0.0
Total debt service due 6/	207	216	215	215	319	212	205	186	159
Share of total debt service covered by IMF assistance (in percent) 4/	0.8	2.2	2.5	4.3	4.2	5.5	2.3	0.0	0.0
Debt service due on current IMF obligations after IMF assistance 4/ (in percent of exports)	0.8	1.4	1.2	1.4	1.4	1.2	1.0	0.8	0.4

1/ Total IMF assistance under the HIPC Initiative is US\$ 42.3 million calculated on the basis of data available at the decision point, excluding interest earned on Senegal's account and on committed but undisbursed amounts as described in footnotes 3 and 4.

2/ As of May 31, 2000, using the latest US\$/SDR exchange rate available.

3/ Disbursement is projected at the assumed completion point in December 2001; the interest rate calculation reflects this.

4/ Includes estimated interest earnings on: (1) amounts held in Senegal's account; and (2), up to the completion point, amounts committed but not yet disbursed.

It is assumed that these amounts earn a rate of return of 5.25 percent in U.S. dollar terms; actual interest earnings may be higher or lower.

Interest accrued on (1) during a calendar year will be used toward the first repayment obligation(s) falling due in the following calendar year except in the final year, when it will be used toward payment of the final obligation(s) falling due in that year.

Interest accrued on (2) during the interim period will be used toward the repayment of obligations falling due during the three years after the completion point.

The completion point is assumed to be in 2001.

5/ Total obligations less HIPC Initiative assistance.

6/ After traditional debt relief mechanisms.

Table 10. Senegal: Possible Delivery of IDA HIPC Assistance, 2000-2008

(In millions of U.S. dollars, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt service before enhanced HIPC assistance	30.00	29.87	30.00	31.64	33.27	35.86	38.12	40.60	43.71	44.67
Savings on debt service to IDA 1/	6.70	14.39	15.11	15.94	16.76	18.07	19.20	20.45	22.02	-
Debt service after enhanced HIPC relief	23.30	15.48	14.88	15.70	16.51	17.79	18.91	20.14	21.69	44.67
<b>Memorandum item:</b>										
IDA Debt relief as a percentage of IDA debt service due (in percent)	25.57	50.38	50.38	50.38	50.38	50.38	50.38	50.38	50.38	0.00
Interim Assistance 2/	20.10									
Interim relief as percent of total 2/	17.30									

Sources: Senegalese authorities; and IDA staff estimates.

1/ Translates into US\$ 116.1 million in NPV terms, using end-1998 discount and exchange rates.

2/ In net present value (NPV) terms.

Table 11. HIPC Initiative: Status of Country Cases Considered Under the Initiative  
May 2000

Country	Decision Point	Completion Point	NPV of Debt-to-Export Target (in percent)	Assistance Levels 1/ (in millions of U.S. dollars, present value)				World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (in millions of U.S. dollars)	Satisfactory Assurances from Other Creditors
				Total	Bilateral	Multi-lateral	IMF				
Completion point reached under enhanced framework											
Uganda				1,003	183	820	160	517	40	1,950	
original framework	Apr. 97	Apr. 98	202	347	73	274	69	160			Received
enhanced framework	Feb.00	May 00	150	656	110	546	91	357			Being sought
Decision point reached under enhanced framework											
Bolivia				1302	425	876	84	194	30	2,060	
original framework	Sep. 97	Sep. 98	225	448	157	291	29	53			Received
enhanced framework	Feb.00	Floating	150	854	268	585	55	141			Being sought
Mauritania	Feb.00	Floating	137 3/	622	261	361	47	100	30	1,200	Being sought
Mozambique				1,970	1,235	736	141	434	72	4,300	
original framework	Apr. 98	Jun. 99	200	1716	1076	641	125	381			Received
enhanced framework	Apr. 00	Floating	150	254	159	95	16	53			Being sought
Tanzania	Apr. 00	Floating	150	2,026	1,006	1,020	120	695	54	3,000	Being sought
Completion point reached under original framework											
Guyana	Dec. 97	May 99	107 3/	256	91	165	35	27	24	410	Received
Decision point reached under original framework											
Burkina Faso	Sep. 97	Apr. 00	205	115	21	94	10	44	14	200	Being sought
Côte d'Ivoire	Mar. 98	Mar. 01	141 3/	345	163	182	23	91	6 4/	800	Being sought
Mali	Sep. 98	Spring 00	200	128	37	90	14	44	10	250	Being sought
Total assistance provided/committed				7,767	3,422	4,344	634 5/	2,146		14,310	
Preliminary HIPC document issued 6/											
Cameroon	...	...	150	1,466	1,047	358	41	197	30	2,700	...
Ethiopia	...	...	200	636	225	411	22	214	23	1,300	...
Guinea	...	...	150	638	256	383	37	173	34	1,148	...
Guinea-Bissau	...	...	200	300	148	153	8	73	73	600	...
Honduras	...	...	137 3/	569	208	361	18	85	18	1,024	...
Nicaragua	...	...	150	2,507	1,416	1,091	32	188	66	5,000	...
No assistance required under original framework—to be reassessed under enhanced framework											
Benin	Jul. 97	...	...	...	...	...	...	...	...	...	...
Senegal	Apr. 98	...	...	...	...	...	...	...	...	...	...

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.

2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.

3/ Eligible under fiscal criteria; figures provided show the ratios of debt-to-exports that correspond to the targeted debt-to-revenue ratio. For Guyana and Côte d'Ivoire, a 280 percent NPV of debt-to-revenue ratio was targeted at the completion point; for Honduras and Mauritania a 250 percent ratio was targeted at the decision point.

4/ Nonreschedulable debt to non-Paris Club official bilateral creditors and the London Club, which was already subject to a highly concessional restructuring, is excluded from the NPV of debt at the completion point in the calculation of this ratio.

5/ Equivalent to SDR 472 million at an SDR/USD exchange rate of 0.744.

6/ Figures are based on preliminary assessments at the time of the issuance of the preliminary HIPC document; and are subject to change.

Assistance levels for Ethiopia and Guinea-Bissau were based on the original framework and applied at the completion point; for Nicaragua, Tanzania, Guinea, and Honduras, targets are based on the enhanced framework and assistance levels are at the decision point.