INTERNATIONAL MONETARY FUND AND
INTERNATIONAL DEVELOPMENT ASSOCIATION

SENEGAL

Enhanced Heavily Indebted Poor Countries (HIPC) Initiative Completion Point Document

Prepared by the Staffs of the International Monetary Fund
and International Development Association

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Summary and Conclusions

HIPC Completion Point. The staffs of the IMF and IDA are of the view that Senegal has broadly met the conditions needed to reach the completion point and benefit from full and irrevocable debt relief under the enhanced HIPC Initiative. It has maintained a stable macroeconomic environment since the decision point. A track record of policy implementation under the new PRGF arrangement has been established, both through the completion of the first review and subsequent performance that should allow consideration of the second review by the Executive Board in May 2004. Senegal has implemented most of the floating completion point conditions: it has put in place policies which reduce legal and administrative hurdles for the private sector, reinforced capacity in taxation administration, met the privatization targets, has developed a poverty database and monitoring capacity, and achieved the targets with respect to education services. It has also secured sufficient financing assurances and its overall approach to poverty reduction as set out in the PRSP has been endorsed by IDA and the IMF.

Waiver request. The staffs support the authorities' request for three waivers, two of which are in the area of health services where the authorities recognize that progress has been slow. The child immunization targets could not be reached and the utilization rates of primary health care centers were below target as well. With the support of the World Bank and donors, the Senegalese authorities have redefined the health care program with the aim of improving outcomes in order to enhance chances of meeting the respective MDG goals. In the area of public savings, the target for the basic fiscal balance (which was set in 2000) could not be met in the strict legal sense, as the target itself was modified in the context of a Fund-supported program subsequent to that date.

Creditor assurances for HIPC. Financing assurances regarding the enhanced HIPC Initiative assistance represent a little over 81 percent of the total assistance approved at the time of the decision point. In addition, a few non-Paris creditors may be willing to consider providing HIPC assistance at the completion point. The authorities are making best efforts to obtain such relief.

Debt sustainability. Senegal qualified for enhanced HIPC assistance under the fiscal window. At the completion point, after enhanced HIPC relief, the ratio of the NPV of debt-to-revenues is estimated at about 151 percent, well below the HIPC threshold of 250 percent and below the ratio projected at the time of the decision point. External borrowing since the decision point has been moderate and below the levels projected at the time of the decision point. Given this performance and the relatively low debt ratios at the completion point, Senegal is set to exit from the enhanced HIPC Initiative with significantly improved chances to maintain sustainable external debt levels over the medium and long run.

Recommendation. The staffs of the IMF and IDA recommend to Executive Directors to determine that most of the conditions for reaching the completion point under the enhanced HIPC Initiative have been met and to grant the requested waivers for the above noted three conditions.

Public Disclosure Authorized

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I. INTRODUCTION

1. In June 2000, the Executive Boards of the IDA and the IMF agreed that Senegal had met the conditions for a decision point under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative and defined a set of conditions for Senegal to reach the completion point.[1] This paper discusses Senegal's progress and proposes Board approval of the completion point under the enhanced HIPC Initiative framework.

2. Debt relief under the enhanced HIPC Initiative framework estimated in August 2000 amounted to US$488.3 million in end-1998 net present value (NPV) terms, calculated to bring the NPV of debt to the equivalent of 250 percent of fiscal revenue at end-1998.[2] This relief represents a reduction of 19.3 percent of the debt in NPV terms at end-1998 after the full use of traditional debt-relief mechanisms. At the same time, the Boards of the Fund and the IDA also agreed to deliver interim debt relief until Senegal reached the completion point. During the period from the decision point (June 2000) to end-December 2003, the IMF extended interim debt relief of SDR 13.244 million (about US$17.5 million) in nominal terms and approved an additional SDR 1.066 million (about US$1.4 million) for February-April 2004. During the same period, IDA provided interim relief of US$45.5 million by reducing a portion of debt service as it fell due. Senegal has also benefited from interim assistance granted by the African Development Bank (AfDB), the European Union (EU), and the West African Development Bank (BOAD), as well as Paris Club creditors. The total interim assistance extended to Senegal amounted to US$11.2 million in 2000, US$30 million in 2001, US$36 million in 2002, and US$76 million in 2003, and is projected to reach about US$15 million in the first four months of 2004.

3. **The Boards agreed that Senegal could reach the completion point on the basis of a full poverty reduction strategy paper (PRSP) and sound macroeconomic policies, as well as specific structural and social reforms set out in the decision point document. In the opinion of the staffs, Senegal has satisfied almost all these conditions**, as its government endorsed its full PRSP in June 2002, maintained a satisfactory macroeconomic framework under the previous and the current Poverty Reduction and Growth Facility (PRGF)-supported programs, implemented the planned reforms—albeit with delays in several areas, and reinforced its efforts over the past 1½ years to attain the completion point conditions in the education sector. In the case of public savings, while a strong basic fiscal balance has been maintained since 2000, in 2001 a one-off exceptional budget transfer (equivalent to 3.1 percent of GDP) was made to two parastatals in the context of the PRGF-

[1] A paper describing a revised debt sustainability analysis and indicating revised amounts of debt relief and interim assistance committed at the decision point was submitted to the Boards of the Fund and IDA at end-August 2000 (EBS/00/184; 8/30/00) for approval on a lapse of time basis.

[2] Senegal qualified under both the debt-to-export and the debt-to-fiscal revenue criteria, but elected to use the fiscal window, where more assistance was required. As of end-1998, the NPV of debt-to-revenue ratio was estimated at 310 percent, compared with a ratio of the NPV of debt-to-exports of 165 percent.

supported program so as to regularize that financial situation after several years of accumulated losses. This transfer was not anticipated at the time of the decision point, and thus the basic fiscal balance recorded a deficit of 0.6 percent of GDP, deviating clearly from the targeted surplus of 2.2 percent of GDP in 2001. Concerning health care services, where progress has been lagging and waivers will also be needed, the authorities have defined a new sectoral approach, with a view to boosting the rates of immunization and utilization of health centers, with the support of several donors and creditors, including the World Bank and the EU.

4. The paper is organized as follows: Section II assesses Senegal's performance in meeting the requirements for reaching the completion point under the enhanced HIPC Initiative, as set out in the decision point document; Section III reviews the status of creditor participation and the delivery of debt relief to Senegal under the enhanced HIPC Initiative and updates the results of the debt sustainability analysis (DSA)—assessing also the sensitivity of debt indicators to changes in macroeconomic variables; and Sections IV and V present conclusions and propose issues for Board discussion, respectively.

II. Assessment of Requirements for Reaching the Completion Point

5. The **conditions for reaching the completion point**, as set out in the decision point document, comprise: (i) preparation of the PRSP through a participatory process, and concurrent improvements in the poverty database and poverty-monitoring capacity; (ii) maintenance of a stable macroeconomic environment, as evidenced by a satisfactory performance under PRGF-supported programs, as well as compliance with specific targets for macroeconomic variables; (iii) implementation of key structural reforms; and (iv) implementation of critical social service measures and achievement of key social objectives, particularly in the health and education sectors.

6. **By end-December 2003, policy reforms and objectives envisaged for the floating completion point under the enhanced HIPC Initiative had been broadly achieved (Box 1).** The remainder of this section reviews Senegal's progress in meeting these conditions, as well as the government's agenda in improving the management of public expenditure, including for the purpose of tracking poverty-reducing spending.

Box 1. Senegal: Summary of Conditions for Achieving the Floating Completion Point	
Conditions	**Status**
Macroeconomic Environment	
Maintain a stable macroeconomic environment as evidenced by a program supported by an arrangement under the PRGF.	**Implemented**. Macroeconomic outcomes under successive PRGF-supported programs have been positive, despite uneven progress. Performance under the new PRGF arrangement, approved in April 2003, has been satisfactory. In the interim period between arrangements (April 2002-April 2003), financial policies were prudent and the pace of structural reforms recovered.
Public savings: The basic fiscal surplus for government financial operations (excluding grants and foreign 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 government will undertake as part of its Poverty Reduction Strategy).	**Partially implemented**. A strong basic fiscal balance was maintained in 2000-03. The surplus was 1.3 percent of GDP in 2000, followed by a deficit of 0.6 percent of GDP in 2001 (implying a surplus of 2.5 percent, excluding one-off exceptional assistance to public enterprises that was required under a Fund-supported program subsequent to the decision point), and again a surplus of 2.1 percent in 2002. For 2003, a surplus of 1 percent of GDP has been targeted.
Bank credit: To ensure sound fiscal management net bank credit to the central government will be capped.	**Implemented**. Over the period 2000-03, government restrained its access to credit by a larger amount than initially targeted.
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.	**Implemented**. The government has privatized 11 enterprises, 6 of which have been sold and the other 5 public enterprises liquidated. One parastatal (SONACOS) was offered for sale in January 2004. These enterprises are operating in a broad range of sectors (including a.o. insurance, transport, real estate, groundnuts, and textiles). The value of the remaining public sector ownership is close to one-fourth of its original portfolio.
The government 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 sectors.	**Implemented.** The government has been active in reducing entry barriers through creating a one-stop shop facility and implementing regulatory reforms in customs and tax administration. In 2003, the regulatory system was simplified in line with recommendations of the newly established Presidential Investors' Council. In January 2004, new laws that simplify business income taxation (also for small businesses, now paying only a flat tax) and streamline the investment code were adopted.

Box 1. Senegal: Summary of Conditions for Achieving the Floating Completion Point	
Conditions	**Status**
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.	**Implemented**. The partial liberalization was achieved as envisaged by the following actions: the oil exploration function was removed from PETROSEN and it is now carried out by the private sector through risk exploration and participation contracts with the government. Monopolies for downstream oil activities and commercialization of petroleum products have been abolished. Domestic prices for petroleum products reflect international crude oil prices following the rationalization of the price system, which had been based on a complex set of subsidies and surcharge fees.
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.	**Implemented.** A single taxpayer number is in use since January 2002. The large tax payer unit was established in February 2001.
Poverty Database and Monitoring Capacity	
Preparation of a PRSP through a participatory process.	**Implemented.** In June 2002, the government completed the PRSP which was the result of an extensive participatory process involving civil society, donors, and local administrations.
Improvement of the poverty database and monitoring capacity by implementing a household budget survey and the establishment of poverty lines and indicators based thereon.	**Implemented**. The household budget survey was completed in 2003. Updated poverty estimates for 2001-02 show a substantial decrease in poverty at the national level, particularly in Dakar and other urban areas.
Education: Keep on track with the following targets ur	er the IDA-supported Quality Education for All Programs
• Teachers will continue to be recruited at the rate of 2,000 a year.	**Implemented**. Reflecting significant government efforts, the number of newly recruited teachers in primary and secondary schools averaged 3,800 per year during 2000-03, exceeding the original target.
• Employment would be on a contract basis and the parallel recruitment of teachers into the civil-service structure would be eliminated.	**Implemented**. Recruitment has been on a contractual basis, except for a small number of teachers who had to be hired directly into civil status because of arrangements between government and labor unions that preceded the time of the decision point. The share of civil servants hired averaged 9 percent in 2000-03, declining to 5 percent by 2003.

Box 1. Senegal: Summary of Conditions for Achieving the Floating Completion Point	
Conditions	**Status**
• 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.	**Implemented**. The share of the budget allocated to primary education exceeded 44 percent in 2003, up from below 40 percent in 1999, reflecting the gradual allocation of HIPC Initiative resources toward primary education.
Health: Keep on track with the following targets under the IDA Integrated Heath 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.[1/]	**Not implemented**. This target has not been met consistently, even though recent efforts have produced significant increases in the immunization coverage from 44.7 percent in 2001 to 60 percent in 2002.
• Continue to increase the proportion of pregnant women receiving prenatal care which is planned to be raised from 56 percent in 1999 to 64 percent in 2000 and 72 percent in 2001.	**Implemented**. The prenatal coverage rate has increased from 56 percent in 1999 to 82 percent in 2001 and 2002. Based on the information provided by the authorities and according to the assessment made by the World Bank on this condition, the completion point trigger was met since the rate increased to 82 percent from 56 percent since 1999, which is more than targeted.
• Maintain planned increases in utilization of primary health centers, from 48 percent in 1999 to 52 percent in 2000 and 56 percent in 2001.	**Not implemented**. This target has not been met as the primary health center (PHC) utilization rates only increased to 49 percent in 2002 because of the persistent low quality of primary health care, and high financial barriers to access, in particular for the poorest segments of the population. Under the new health sector development program, improvements in basic health care services are underway.
Other	
Satisfactory financing assurances from Senegal's external creditors.	**Implemented.** As of March 2004, creditor participation in enhanced HIPC assistance for Senegal amounts to 81.4 percent of its debt. The authorities are making efforts to obtain debt relief under the HIPC Initiative from non-Paris Club 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.	**Implemented.** In December 2002, the Executive Boards of the Fund and IDA welcomed the PRSP as a sound basis for poverty reduction and concessional financing.

1/ The immunization rate for 1999 was revised downward by the government to 42 percent, as a result of the review of the expanded Program for Immunization in 2000, which was endorsed by all donors. This revision made the targets set at the decision point unachievable.

A. Macroeconomic Performance in 2001–03

7. **Macroeconomic performance over the period 2001–03 was satisfactory, albeit uneven**. Real GDP growth averaged a little under 5 percent per annum over 2000–03, dropping to 1.1 percent in 2002 on account of a weather-related fall in agricultural output. Excluding 2002 (which was weather-affected) real GDP growth averaged 5.8 percent. Inflation remained low, averaging less than 2 percent over 2000–03. The external current account deficit (including official grants), declined from 6.3 percent of GDP in 2000 to a range of 5–5⅔ percent in 2001–02, reflecting good export performance and a surge in private transfers. The deficit is likely to have risen to 6.6 percent in 2003, reflecting mainly the effect on the trade balance of poor agricultural crops in 2002.

8. **Fiscal performance was generally adequate, sustained by efforts in tax revenue administration and expenditure restraint**. As envisaged under the PRGF-supported program in 2001, the basic fiscal balance (excluding HIPC Initiative-related spending) shifted temporarily to a deficit of 0.6 percent of GDP from a surplus of 1.3 percent in 2000 because of a large budgetary transfer to cover accumulated losses of two parastatals (SONACOS, the groundnut processing company, and SENELEC, the electric utility) (Table 2).[3] In 2002, higher revenues, together with the absence of extraordinary budgetary transfers and tight control on current spending, generated scope for a significant increase in domestically financed capital spending while securing a basic fiscal surplus of 2.1 percent of GDP. In 2003, this surplus was targeted to narrow by 1 percent of GDP because of accelerated (domestically financed) capital spending and a drought-related emergency program. Over 2000–03, the government maintained a prudent external borrowing policy (see below) and tight control over domestic financing. Net bank credit to the central government evolved along a declining trajectory, and at end-2003, net bank credit was 60 percentage points below the level outstanding at end-2000.[4]

9. **Overall, Senegal has achieved positive results under Fund-supported economic programs since the mid-1990s, but progress has been uneven at times**. Following the initial years of macroeconomic stabilization and liberalization, the government began to tackle, in 2000 and 2001, some long-standing structural issues, with the liquidation of the groundnut marketing company, reforms of the parameters of the pension system, and the strengthening of the finances and management of the postal agency. However, deteriorating finances of some public enterprises at end-2001 and lack of adequate progress in implementing agreed reforms in the groundnut sector and the pension system led to the expiration of the PRGF arrangement in April 2002 without the conclusion of the final review.

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[3] If this one-off transfer (3.1 percent of GDP) is excluded, the basic balance was at a surplus of 2.5 percent of GDP.

[4] As against a HIPC Initiative condition that capped total net credit to government at its 2000 level.

10. For the remainder of 2002, the government stayed the course of prudent financial management, and concurrently preparations for further structural reforms gained momentum. Senegal's PRSP was considered by the Boards of the IMF and IDA in December 2002. On April 28, 2003, the Executive Board of the IMF approved Senegal's request for a new three-year arrangement under the PRGF, establishing the reference framework for Senegal's efforts at reestablishing its track record for the completion point.[5]

11. **Performance under the new PRGF arrangement in 2003 has been broadly satisfactory.**[6,7] Notwithstanding technical hurdles and capacity constraints which slowed some reform steps behind the program's schedule,[8] overall program implementation has been good. Financial policies have remained in line with program objectives. Progress in delivering on the government's structural reform agenda has been significant. Major reforms have been advancing in the energy and groundnut sectors, and in the postal and pension systems; institutional improvements in public financial management towards better controls and transparency have been made and are continuing; and the private sector environment has been made more business friendly through reforms of the corporate income tax system, the investment code, and the regulatory framework.

B. Key Structural Reforms

12. **In the late 1990s, the government began preparing a private sector development strategy geared toward achieving and sustaining steady private-sector-based GDP growth**. The components of the strategy followed three themes: (i) improving the investment climate, notably through legal and judicial capacity building, removal of administrative barriers, tax reforms, trade facilitation, improved infrastructure regulation, and a stronger private-public consultative process; (ii) raising productivity, through increased private sector

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[5] See the Chairman's summing up of the Executive Board discussion of the HIPC Progress Report of March 2002 (Selected Decisions, 27th Issue, p. 143, para. 4).

[6] See EBS/04/9; 1/30/04: Senegal—First Review Under the Poverty Reduction and Growth Facility Arrangement, and Request for Waivers of Performance Criteria and for Additional Interim Assistance Under the Enhanced Initiative for Heavily Indebted Poor Countries. The first review established that all quantitative performance criteria (PCs) were met at end-June 2003. There was a subsequent lapse in respect of the PC on external nonconcessional debt, and there were delays in enacting some key structural reform measures, two of which required a waiver (see (i) and (ii) of footnote 8).

[7] The report for the second review under the PRGF is expected to be submitted to the Executive Board of the Fund before end-May 2004. Performance through end-2003 was in line with the macroeconomic framework of the first program review.

[8] More specifically, technical preparations for the tender documents for (i) granting a private Independent Power Producer (IPP) concession and (ii) the privatization of the groundnut company SONACOS were more complicated and time consuming than anticipated; furthermore, capacity constraint at the treasury and the Supreme Audit Court compounded by lack of agreed submission procedures, prevented the timely submission and processing of the backlog of budgetary and treasury accounts for the years 1999 to 2002.

participation in economic activity; and (iii) stimulating investment, both domestic and foreign, through reforms in the pension system, postal services, and the information technology, energy and edible oil sectors. The decision point document referred to some of these key elements of the government's reform agenda, emphasizing privatization, the elimination of administrative hurdles faced by private investors, the partial liberalization of the energy sector, as well as greater efficiency in tax administration.

13. **Notwithstanding the central role of privatization in the government strategy, technical difficulties, strategic obstacles, but also sometimes lack of resolve, have caused delays in the process of reducing the state's role in some of the targeted sectors.** By January 2004, the government had privatized eleven public enterprises by selling six parastatals[9] and liquidating five companies;[10] and it had offered SONACOS for sale to three pre-qualified bidders. In mid-March 2004, after the bidders' visit to SONACOS data room, the format of all elements of the bidding documents was agreed between the government and the bidders. In May 2004, final offers are to be submitted and the winning bidder to be selected. The attempted privatization of SENELEC was unsuccessful in 2002 because of changes in the world energy market.[11] Instead, a new strategy of eliciting private investment in the Senegalese energy sector is being implemented successfully with the support of the World Bank. As a result of the government's disengagement from these enterprises, its ownership has been reduced to close to one-fourth of its original portfolio.

14. **Barriers to entry faced by investors were significantly reduced by a series of administrative and institutional reforms over the past few years**. The creation of the "*Agence de promotion de l'investissement privé et des grands travaux*" (APIX) has streamlined the procedures faced by enterprises investing and operating in Senegal. As a result, the number of days needed to register a company declined from 82 days in 1999 to 69 days in 2002. Similarly, simplified customs clearance procedures have facilitated trade. The government plans to address soon obstacles to accessing land and obtaining building permits, in the context of an assistance strategy agreed with IDA.

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[9] SENRE (insurance; 2000), SONAFOR (drilling contractor; 2000), SERAS (livestock; 2001), SONAGRAINES (groundnut marketing; 2001), SNCS (Dakar-Bamako railway; 2003), SODEFITEX (textiles; 2003).

[10] SIDEC (Cinematography; 2000), SONADIS (commerce; 2001), SONEPI (industrial promotion; 2001), SEPROT (transport; 2002), SODIDA (management services company; 2003).

[11] Since 1998, the government has attempted twice to privatize SENELEC but failed, principally due to structural changes in the international electricity market (and the non-fulfillment of an agreed commitment by one of the private companies during the first attempt). As a result, the government has revised its strategy and decided to introduce private sector participation in this sector through concessions for energy generation. This revised strategy has been endorsed by the World Bank.

15. **The partial liberalization of the petroleum sector has been achieved**. The oil exploration function was shifted from PETROSEN—the publicly owned company—to the private sector. Monopolies for downstream oil activities and commercialization of petroleum products have been abolished. Prices for petroleum products reflect international crude oil prices and commercialization is subject to cap prices. Subsidies for LPG and for fuels for power generation have been eliminated.

16. **Over the past several years, the government has strengthened tax revenue collection.** The value-added tax (VAT) was streamlined in September 2001, with the unification of various rates at a single rate of 18 percent for most goods. A large taxpayer unit, established in February 2001, now oversees over 650 enterprises generating about 80 percent of indirect tax revenues. In customs administration, the emphasis has been on computerization and the fight against corruption. Furthermore, the authorities have begun to systematically use the single taxpayer identification number in all revenue collection agencies, and in 2003, its application has been extended to the social security administration and the pension funds. Furthermore, tax reform was one of the four topics for rapid follow-up selected during the first meeting in November 2002 of the Presidential Investor Council (PIC), an instrument of high-level public/private partnership and dialogue supported by both Bretton Woods institutions. In January 2004, parliament approved the reform of the corporate income tax and the investment code. The streamlining of taxation and improvements in revenue administration have helped raise the share of tax revenue to GDP from 17.3 percent in 2000 to 17.9 percent in 2002.

C. Poverty Reduction and Social Sector Policies

17. **The finalization of the PRSP in June 2002 was an important step forward in launching a comprehensive development strategy focused on poverty reduction**. The PRSP embraces the following objectives: (i) reduction of poverty by half by 2015 as stated in the Millennium Development Goals (MDGs), especially through improvements in health and education; (ii) development of basic infrastructure; (iii) good governance, including peace-building and conflict prevention; (iv) promotion of agriculture and rural development; (v) capacity building through the use of new information technologies; (vi) promotion and defense of African culture; and (vii) increased market access in the industrial nations. Within these broad orientations, the PRSP relies on four pillars: (i) wealth creation through economic reform and private sector development; (ii) capacity building and development of social services; (iii) improvements in the living conditions of the poor; and (iv) implementation of the strategy and monitoring of its outcomes. However, as noted in the joint staff assessment (December 3, 2002), the implementation of the PRSP suffered from some shortcomings, which the authorities have addressed during the first year of strategy implementation. In particular, the government has been working on defining more concretely how it will improve social services in rural areas. The authorities expect to complete a first-year progress report of PRSP implementation in April 2004.

18. **Social sector spending has been sustained since the decision point of June 2000 (Appendix II).** Health and education spending has increased as shares of both GDP and total spending. Moreover, primary education spending has increased as a share of the education budget. Since the decision point, Senegal has tended to allocate HIPC resources through supplementary budgets.

19. **With respect to poverty diagnosis, the government completed a household budget survey in 2001–02.** The new data provide a basis for reestimating poverty lines and measuring the quantitative impact of some PRSP actions in terms of poverty alleviation. The government, with IDA support, is finalizing a poverty assessment, using this new data set (Appendix III).

Basic education

20. **As part of government policy, human and financial resources for primary education have been increased**. The goal is to overcome the poor quality of education in Senegal, which is principally reflected in the low number of students who complete primary education and in weak management of schooling at all levels. Accordingly, the government has allocated an increasing share of its budget toward primary education, up from 40 percent in 1998 to 42.2 percent in 2002 and 44.9 percent in 2003; notwithstanding this shift, budgetary allocations still remain strongly biased toward tertiary education. A significant effort was also made to recruit—on a contractual basis—new teachers for primary and secondary schools: a total of about 3,800 teachers per year were recruited over the period 2000–03, well above the targeted rate of an annual average of 2,000 for the completion point.[12] Concurrently, a marginal number of teachers from the pool of contractuals and graduating instructors were converted to civil servants status, owing to long-standing arrangements between government and labor unions.[13] Moreover, the significant increase in teaching personnel masks the existing problems of inequalities in the deployment of these recruits, as the more experienced teachers tend to leave the schools with greatest needs to seek positions in more attractive areas. To stem this development, the government has renewed its commitment to support education quality and access through decentralized structures, and in 2004 it has allocated increasing budgetary and donor funds to the regional and local administrations, and even directly to some schools. With the improvements in the implementation of the ten-year education plan (PDEF), and with the continued improvements in the indicators for the MDGs, Senegal now would be eligible for consideration under the Education-for-All-Fast-Track Initiative.

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[12] Annual recruitment was 1,830 in 2000; 4,326 in 2001; 4,469 in 2002; and 4,908 in 2003.

[13] These arrangements also applied to the recruitment of new teachers and obliged the government to give civil servant contracts to a small share of the new recruits (see Box 1).

Health

21. **Improving health services continues to be one of the main objectives of the government.** Expenditures allocated to this sector increased from 1.3 percent of GDP in 2000 to 1.5 percent of GDP in 2002; however, they declined to 1.2 percent of GDP in 2003, when a large amount of HIPC-related resources were allocated to other PRSP priorities (in particular rural road infrastructure, agriculture, and social development). Progress has varied among the different health services over the past few years. The number of functioning primary health care facilities increased from 733 in 1997 to 888 in 2001; however, the utilization rate did not increase as much as anticipated at the decision point. Other improvements were made in health indicators such as the antenatal coverage rate—up from 56 percent in 1999 to 82 percent in 2002—and in the proportion of deliveries attended by skilled health personnel, which rose from 40 percent in 1997 to 59 percent in 2001. Since the external review of the immunization programs in 2000, the government has added resources and launched a broad immunization campaign. The DPT3 coverage increased in 2002 to 60 percent, up from 44.7 percent in 2001, reversing the decline observed during the late 1990s, but coverage in 2001 still was below the completion point target. Measles coverage increased from 43 percent in 1997 to 50 percent in 2001 and polio coverage jumped to 99.8 percent, both exceeding targets.

22. **In order to improve the chances of meeting the health targets under the MDGs, the government is reformulating its health-sector program (Box 2)**. Therefore, under a donor-supported health sector development program, the government intends to strengthen its commitment to health reforms and to the provision of basic health care services. The four main components of the program are: (i) adequate access to services leading to a decline in infant and maternal mortality rates, malnutrition, and the incidence and severity of transmittable diseases; (ii) availability of human resources and of essential supplies in remote areas; (iii) strengthening of the administrative and management capacities at all levels of the health system; and (iv) improved participation of beneficiaries and protection of the income of the poor.

D. Public Expenditure Management and Tracking

23. **Since the time of the decision point, the government, with the support of the donor community, has increasingly focused on improving its ability to use public resources effectively, and to monitor their impact on outcomes (Appendix II)**. It has also recognized that severe limitations in its recruiting and remuneration policies have posed a major challenge to the adequate delivery of core basic services, especially outside Dakar. The government has given priority to improvements in these areas, as it has become evident that shortcomings in public sector performance are among the main constraints on economic development and poverty reduction in Senegal.

Box 2. Senegal: The Government's New Strategy for the Health Sector

The government has been fully aware of the mixed performance in the health sector over the past few years. For this reason, improving health services, notably in remote areas, has been selected as a priority in the government's PRSP. The authorities are currently finalizing the new health sector policy, with the support of donors, including the World Bank.

This new strategy will account for the lessons that have emerged from the relatively weak implementation of the first phase of the national health development program since 1997. It will support the government's effort to address both sectoral and cross-cutting issues in the health sector and also target a few specific activities that are expected to produce the maximum outcome for the Senegalese population living in unhealthy conditions. The main objectives can be summarized as follows:

- Improve coverage and quality of health services of children and women, especially in underserved areas;
- Scale up priority health interventions/programs such as HIV/AIDS, malaria, TB and reproductive health and promote change of consumer behavior ;
- Improve the availability and efficiency of health care personnel;
- Promote partnerships with the private sector, the civil society and other government agencies involved in the financing, the development of human resources, and the delivery of health services;
- Strengthen the implementation capacity of the Ministry of Health and its decentralized units;
- Develop a good monitoring and evaluation system; and
- Implement a pro-poor financing structure by mans of transparent administrative and budgetary processes to ensure more efficient public spending within the sector.

These objectives are consistent with the PRSP and the MDGs. The World Bank plans to support them through its proposed PRSC in FY05. They are also in line with the proposed budgetary support by the EU and additional investment projects in this sector funded by other donors.

24. On the basis of several diagnostic studies, including the Country Financial Accountability Assessment (CFAA) and the Country Procurement Assessment Report (CPAR) conducted by the World Bank and the IMF Report on Observance of Standards and Codes (ROSC), a detailed action plan was approved by the Prime Minister in July 2003 and was subsequently endorsed by all donors in Senegal. The main reforms aim to do the following:

- improve budgetary planning and preparation with the establishment of a medium-term expenditure framework;

- strengthen budgetary execution, including the financial decentralization of key administrative functions and procurement procedures to line ministries;

- increase budgetary controls, with a focus on the role of external and independent audits; and

- modernize information systems in the public administration.

25. Several reforms have been launched and important progress has been made in the following key areas: computerization of budget execution has begun; several successful pilot projects in fiscal decentralization have been launched; new intergovernmental information systems have been designed; and good progress was realized in defining the parameters of the recruiting strategy for 2003–05. Still, much more work remains. The authorities' efforts are and will continue to be supported by the donor community, including through a Multi-Donor Trust Fund, the forthcoming PRSC, and the current PRGF-supported program.

III. Delivery of Debt Relief and Longer-Term Debt Sustainability

A. Data Reconciliation

26. **Assistance to Senegal under the enhanced HIPC Initiative, calculated at US$488 million at the decision point, is confirmed on the basis of the review carried out at the completion point reference year by the staffs of the Bank and the Fund with the authorities.**[14] The review revealed the need for some changes in the composition of the 1998 stock-of-debt estimates,[15] but the overall impact was small. Therefore, there were no reasons for revising the 1998 debt relief estimated at the decision point, or the associated common reduction factor.[16] Senegal's debt relief of US$488 million, calculated according to the fiscal criterion, would bring the ratio of debt-to-fiscal revenue well below the 250 percent threshold.[17]

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[14] The debt stock estimates were revised upward by US$36 million in August 2000 compared with the original decision point document, due to information that Senegal's debt to Japan was higher. The revision was endorsed by the Board on a lapse of time basis in August 2000. See "Senegal—Enhanced Initiative for Heavily Indebted Poor Countries—Revised Debt Sustainability Analysis and Interim Assistance," EBS/00/184 and "Senegal—HIPC Debt Initiative: President's Memorandum and Recommendation and Decision Point Document Corrigendum" IDA/R2000-103/1. Regarding completion point debt data multilateral creditors and Paris Club creditors could be considered as reconciled by the authorities. These claims represent 82 percent of the NPV of debt as at end-2002.

[15] With respect to bilateral debt, a loan from Taiwan Province of China for the amount of US$80 million had been double counted in the original estimates. A credit from France was left out in the original estimate. With respect to multilateral debt, several loans directly contracted from BOAD by SENELEC and SOLES were only recently included in the authorities' central database. This was the result of a recent survey launched for tracking borrowing by state owned enterprises. Based on the authorities' data, it has been estimated that the stock of debt for BOAD as of December 31, 1998 should have been US$40.5 million, compared with US$28.1 million estimated at the decision point.

[16] The revision would have implied a small downward adjustment. Under the 2002 information reporting framework in the context of the HIPC Initiative, downward adjustments can only be made with the consent of the authorities, and revisions of estimates are only to be made in the case that data revisions would lead to a change in assistance of more than 1 percent of the targeted NPV of debt (in U.S. dollar terms) after HIPC Initiative relief.

[17] While qualifying under both criteria, Senegal would obtain more relief under the fiscal window. See Table 16. The reference year of the DSA calculated at the completion is 2002, as Senegal was expected to reach completion point in November 2003. In the event, a few more months were needed.

27. **The staffs of the IMF and IDA, together with the Senegalese authorities, also updated the end-2002 debt stock.** To update the debt sustainability analysis (DSA), the external debt database at end-2002 was assessed with a view to reconciling the authorities' data with bilateral and multilateral creditor statements.[18] By end-2002, the NPV of multilateral debt after traditional debt relief had increased to US$1.6 billion, from US$1.4 billion at end-1998, while the NPV of bilateral debt after traditional relief had decreased to US$1 billion from US$1.1 billion at end-1998 (Table 6).[19] The NPV of total debt stock at end-2002 before HIPC assistance, at US$2.5 billion and US$2.6 billion, in terms of 1998 and 2002 parameters, respectively, was little changed from the debt stock at the decision point.

28. **Debt indicators for Senegal at the completion point, after HIPC Initiative assistance, were below the established HIPC thresholds, in part due to lower-than-projected increases in borrowing after the decision point**. The NPV of debt-to-exports ratio and the NPV of debt-to-revenue ratio, at 144 percent and 194 percent, respectively (after HIPC assistance), would be below the 150 percent NPV of debt-to-exports ratio and the 250 percent NPV of debt-to-revenue ratio used for the provision of debt relief under the HIPC Initiative (Table 6 and Box 3). The combined effects of changed parameters, i.e., exchange rates and discount rates on the NPV of debt-to-export and revenue ratios were small (-2.0 percent and -3.5 percent, respectively), with the upward impact of a lower discount rate on both ratios being offset by the impact of the exchange rate (Box 3).

29. **Borrowing between the decision point and completion point was lower than projected at the decision point.**[20] However, despite the lower-than-expected borrowing, the ratio of the NPV of debt to exports at end-2002 at about 144 percent was still above the 118 percent that had been projected at the decision point (Box 3). The gains from the lower NPV of debt relative to the decision point projections (due to lower borrowings relative to the decision point and data revisions) were more than offset by the effect of lower-than-projected exports, implying a deterioration in the ratio of about 26 percentage points (Box 3). The shortfall stemmed mainly from lower-than-projected exports of nonfactor services and reflected the combined effect of some downward historical revisions and also a reclassification of some items into the income category.[21]

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[18] The exchange rates and interest rates used for the calculation are documented in Table 4.

[19] A part of the decline in bilateral debt was due to the removal of the US$80 million loan from Taiwan Province of China which had been double counted in the original statistics.

[20] New official borrowing between 1999 and 2002 alone is estimated to have been about US$139 million lower than that projected at the decision point, with some of this shortfall possibly due to program interruption. During this period Paris Club donors also began to give grants instead of loans.

[21] These reclassifications were for purposes of conforming with the *Balance of Payments manual* (5th ed.)

30. **Lower levels of borrowing relative to projections at the decision point improved the debt burden indicators in terms of revenues, which were generally in line with projections**. The lower ratio of the NPV of debt-to-fiscal revenue at end-2002, by 13 percentage points compared with projections, i.e., to 194.3 percent compared with 207.6 percent, is largely due to lower-than-projected NPV of the stock of debt (Box 3).

Box 3: Senegal: Decomposition of Projected vs. Actual Debt-to-Export and Revenue Ratios at End-2002

	Decision point document	Completion point DSA actuals
	After e-HIPC Relief 1/	After e-HIPC Relief
I. NPV of debt-to-export ratio (in percent) 1/		
Decision point projection (end-1998 parameters) 2/	118.4	
Outturn (end-2002)		143.9
Difference		**25.5**
II. NPV of debt-to-revenue ratio		
Decision point projection (end-1998 parameters) 2/	207.6	
Outturn (end-2002)		194.3
Difference		***-13.2***
III. Explanatory factors of changes in debt-ratios		
A. Effect of unanticipated new borrowing		
NPV of unanticipated new borrowing as share of exports		***-3.3***
NPV of unanticipated new borrowing as share of revenue		***-5.7***
B. Effect of revisions 3/		
NPV of revisions a share of exports		***-4.6***
NPV of revisions a share of revenues		***-8.0***
C. Effect of changed parameters		
Effect of changed parameters on debt-to-exports		***-2.0***
Of which: exchange rate		*-11.0*
discount rate		*9.0*
Effect of changed parameters on debt-to-revenue		***-3.5***
Of which: exchange rate		*-15.6*
discount rate		*12.1*
D. Effect of lower exports		
Effect of change in exports on debt-to-exports ratio		***35.1***
E. Effect of lower revenue		
Effect of change in revenue on debt-to-revenue ratio		***4.0***

Source: Enhanced Initiative for Heavily Indebted Poor countries (EBS/00/184).
1/ Simple historical three-year average.
2/ The projected ratios of end-2002 in the Decision Point document did not take into account the full impact of HIPC assistance. The ratios shown here would have been the correct projected ratios for end-2002.
3/ This revision relates to an upward data revision of a number of BOAD loans to state-owned enterprises, which were not included at the Decision Point, and a downward revision of bilateral loans due to some data correction.

B. Status of Creditor Participation

31. **Creditor participation in enhanced HIPC Initiative assistance for Senegal at 81.4 percent is sufficient to reach the completion point**. Based on proportional burden sharing, multilateral creditors need to provide 56.6 percent of the overall assistance, and bilateral creditors would contribute 43.4 percent (25.8 percent would be from Paris Club creditors) (Table 13). Participation and provision of HIPC Initiative debt relief for Senegal has already been assured by all Paris Club creditors; all but one of the multilateral development banks have also, in principle, agreed to participate. The Economic Community of West African States (ECOWAS) representing less than 0.6 percent of total assistance due, declined, in 2000, to participate in the HIPC Initiative because of concerns about its financial integrity. The modalities for the provision of relief differ among creditors, and still have to be defined for a few creditors, including the Central Bank of the West African States (BCEAO) (Table 13). According to the Senegalese authorities, two non-Paris Club creditors, Kuwait and the United Arab Emirates, are likely to deliver debt relief at the completion point; however, no agreements have been signed to date with Senegal with any of the non-Paris Club or commercial creditors. The inclusion of these two non-Paris club creditors would raise financial assurances to 88 percent.

32. **Participation by multilateral creditors is high. The modalities of the delivery of HIPC Initiative assistance vary**.

- The largest single creditor in this category is **IDA** with a level of assistance equal to about US$124 million in 1998 NPV terms. In nominal terms, this amounts to US$163.8 million in debt-service reduction over a ten-year period. IDA's debt relief is being provided through a 50 percent reduction of debt service due from September 2000 to August 2009 on IDA credits disbursed and outstanding at end-1998. IDA's interim assistance was exhausted in September 2003 when the one-third ceiling of the initial NPV relief target (US$45.4 million) had been reached. IDA will be resuming delivery of HIPC Initiative assistance after completion point and proposes to extend the original schedule through March 2010, in order to deliver its full share of debt relief.

- The debt relief from the **IMF** amounted to US$45 million in 1998 NPV terms or SDR 33.8 million in nominal terms, of which SDR 13.2 million has been delivered as at end-December 2003. The assistance is extended through a grant to cover debt service due to the Fund. The share of debt service due on current IMF obligations covered by IMF assistance averages 24 percent over 2000–06.

- The **AfDB group,** a major multilateral creditor to Senegal, has committed to providing its HIPC Initiative assistance amounting to about US$57 million in NPV terms. It has granted interim relief to Senegal amounting to about US$22.8 million by end-2003. After the completion point, the AfDB is expected to continue providing the required relief through an 80 percent reduction on debt-service payments falling due until mid-2006.

- Other **multilateral creditors,** which together account for about 11 percent of the 1998 debt stock in NPV terms, would provide debt relief in varying modalities. These include the EU, IFAD, the IsDB, BADEA, BOAD, the OPEC Fund, and the Nordic Development Fund. The EU and BOAD are providing interim HIPC Initiative relief of US$1.9 million and US$2.8 million in NPV terms, respectively. All other multilaterals have indicated that they would provide HIPC relief at the completion point.

33. On October 24, 2000, the **Paris Club** concluded a debt relief agreement, granting a Cologne flow rescheduling (90 percent debt reduction in NPV terms) during the interim period. The agreement also contained a goodwill clause whereby participating countries agreed to meet at the completion point to consider actions that may be necessary to help Senegal achieve debt sustainability in the context of equitable burden sharing among the creditors, provided that Senegal maintains satisfactory relations with the participating creditor countries. Many Paris Club members have also indicated that, at the completion point, they would provide Senegal with additional amounts of bilateral relief beyond that offered under the HIPC Initiative. Such additional assistance could amount to about US$400 million of additional relief in NPV terms.

34. As regards **non-Paris Club members, which would account for 17.5 percent of debt relief committed,** comparable treatment was assumed in the decision and completion point calculations. However, no agreements have been signed to date. Some non-Paris club creditors such as Algeria, Kuwait, Saudi Arabia, and the United Arab Emirates—which would account for about 12 percent of the US$488 million of debt relief committed in NPV terms—have agreed to deliver debt relief on the claims of some HIPC countries; however, to date, no agreement has been reached. The remaining 5 percent of debt relief of non-Paris Club creditors stems from claims by China, Taiwan Province of China, and Iraq and these creditors have not agreed to the provision of HIPC relief to Senegal.

C. Long-Term Macroeconomic Framework

35. **In the context of updating the DSA, the authorities and the staffs of the IMF and IDA have revised the underlying long-term macroeconomic framework (compared with the one presented in the decision point document).** The revisions were informed by (i) Senegal's strong growth performance over the past five years, during which total GDP growth and nonagricultural growth averaged 4.6 percent and 5.2 percent, respectively, notwithstanding the weather-induced shock in 2002;[22] and (ii) the government's decision to adopt an ambitious, wide-ranging policy reform agenda, laid out in the PRSP of June 2002. Consequently, the revised framework envisages slightly higher economic growth, a

[22] Since the devaluation of CFA franc in 1994, Senegal's economy has been on a firm growth trajectory, with real GDP growing at an annual average of 5.0 percent (5.5 percent excluding 2002), and non-agricultural GDP rising by an annual average of 5.3 percent over the period 1995-2003. By comparison, annual real GDP growth in sub-Saharan Africa during this period averaged around 3 percent.

stronger—albeit still moderate—shift towards the production of tradables, which is reflected in moderately higher export growth and slower import growth. The fiscal stance remains similar to that of the decision point document (Box 4). Assuming unchanged demographic trends (in particular, a stable rate of population growth close to 2.7 percent), annual real per capita GDP growth should be in the range of 2.5 to 3.5 percent, implying moderate long-term gains in poverty reduction. Such a robust growth scenario should provide a basis for Senegal moving towards the MDGs with the support of other complementary measures, such as an improvement in the quantity and quality of public spending on health, primary education, and infrastructure, especially water and sanitation.

Box 4. Senegal: Main Assumptions in the Updated DSA

Key assumptions underlying the long-term macroeconomic framework for the period 2004–22 are:

Growth and inflation

- **Real GDP growth** accelerates from a drought affected GDP growth of 1.1 percent in 2002 to about 6 percent in 2003 and is projected to remain steady at that level until 2010, when it slows to 5.5 percent during the remaining projection period. Real GDP growth averages 5.7 percent over the projection period. **Inflation** would remain stable throughout the period, at about 2 percent per annum.

Exports and imports

- **Export** growth (volume), for the same reasons as in the case of GDP, recovers from intermittently weaker rates in the earlier years to an average of 6 percent in 2004 and 2005 and stays around 5.8 percent until 2008 before slowing in the latter half of the projection period in line with real GDP growth. Over the projection period the volume of export growth averages 5.6 percent.
- **Import** growth (volume) is projected to average 5.4 percent over the projection period and follow the trend in real GDP growth.

Fiscal policy

- **The overall fiscal deficit, including grants,** would remain in the range of 1 to 1.5 percent of GDP after 2004, with gradually strengthening tax revenue compensating for a diminishing ratio of foreign grant funding/GDP.

Capital account and external borrowing

- **Direct investment** is at about 2 percent of GDP. **Budgetary support loans** are expected to taper off within a decade, while **project grants and loans** are assumed to slowly decrease in relation to GDP from close to 4 percent in the early years, i.e, 2000 to 2004, towards 1½ percent by the end of the projection period. In the projection period, 90 percent of the borrowing is assumed to be contracted on highly concessionary IDA terms.

36. **The economic performance described in this framework would be underpinned by a persistent good economic policy stance**, including (i) the pursuit of sound financial policies, allowing Senegal to sustain its strong record of macroeconomic stability;

(ii) continued efforts at removing, through structural reforms, critical distortions that impinge on efficiency; and (iii) moderate but sustained gains in the quality of public institutions, supporting improvements in public spending effectiveness, particularly in social programs, and in the environment for the private sector. The authorities agree that such policies are critical to achieving a slow but steady improvement in external competitiveness, to supporting an expansion of human capital and consistent gains in social outcomes, and to creating a more attractive environment for foreign investment. They shared the view that the key challenge—also underlying the government's PRSP—was to direct and pace reform policies towards developing the growth potential of the rural economy and making Senegal more attractive for investors.

37. **Average real GDP growth would temporarily accelerate to 6 percent per annum, reflecting the yield from PRSP-related investment in public infrastructure and social services, as well as efficiency gains from structural reforms.** In the longer run, real GDP growth is projected to be sustained at 5½ percent per annum by higher private investment, more efficient public investment, and growth in human capital. In the discussions with the authorities, IMF and IDA staffs cautioned against benchmarking the baseline scenario in the outer years on a higher growth rate that would hinge on persistently accelerating productivity. The authorities acknowledged that such an assumption might outpace the likely speed of diversification of the economy (which would reduce its vulnerability to weather-related shocks) and also overstretch Senegal's development capacity given the institutional impediments to fast growth—for example, the legal and informational foundations for a vibrant financial sector can be built only gradually. Consistent with the assumption of a gradual but steady improvement in external competitiveness, export growth is projected to be in line with real GDP growth, while slightly lower import growth would attest to the economy's increasing ability to produce competitive importable goods.[23]

38. **Fiscal policy** would contain total expenditure in the range of 23–24 percent of GDP, while revenue would increase moderately, by 2 percentage points, reaching about 21 percent of GDP at the end of the projection period. Over the next 20 years, domestic revenue would partially substitute for a gradual decrease in foreign assistance in relation to GDP.[24] Current expenditure would gradually increase relative to capital expenditure, to allow for adequate spending on operations and maintenance. Foreign assistance (grants and loans) is assumed to remain broadly stable in nominal terms, implying a gradual decrease from about 6 percent of

[23] The average growth of exports (volume) over the projection period of 5.6 percent is slightly higher than that assumed at decision point (5.2 percent). Export prices are expected to rise at an annual rate of about 2.2 percent (compared to 1.7 percent assumed in the decision point document "Senegal—Enhanced Heavily Indebted Poor Countries Initiative–Decision Point Document," EBS/00/97; 6/2/00).

[24] Steady real growth and improvement in tax administration should support a broadening of the tax base. The scenario envisages neither a large increase in the rate of formalization of the economy nor significant changes in tax policy.

GDP in 2003 to 2 percent of GDP by the end of the projection period. There would be little recourse to domestic financing, with the domestic public debt falling as a ratio to GDP.

39. **The external current account deficit (excluding current official transfers) is projected to decline slowly from a range of about 7-6½ percent of GDP in the early years, to about 3.5 percent by the end of the projection period in 2022**, as growth in domestic savings eventually outpaces the increase in investment. Gross domestic private investment would gradually edge up from about 11 percent of GDP in 2002 to 15 percent by the end of the projection period, with public investment reaching the lower bound of its range of 8–9 percent of GDP by 2022. Private domestic saving would gradually increase from its low current level (about 3 percent of GDP) to an average of about 9½ percent by the end of the projection period; this is a conservative assumption in light of the historical experience of countries in the relevant income range (about US$1,000 per capita in 2002 dollars) and the steady rate of growth in the scenario. Mirroring the lower emphasis on foreign assistance in the long run, public sector-related flows in the capital account would gradually decline. Foreign financing of the private sector is projected to come mainly in the form of direct investment. The overall balance of payments is projected to register small surpluses, sustaining official reserves at a level of 3 to 3½ months of imports.

D. Updated Debt Sustainability Analysis

40. **Senegal is set to exit from the enhanced HIPC Initiative with significantly improved chances to maintain sustainable external debt levels over the medium and long run**. Based on the macroeconomic framework described above, debt sustainability indicators show considerable improvement upon delivery of HIPC assistance. The NPV of debt-to-export ratio and the NPV of debt-to-GDP ratio before HIPC relief stood at about 179 percent and 50 percent, respectively, in 2002 (Table 9); assuming the full delivery of HIPC assistance, the former would have stood at 144 percent, or 6 percentage points below the HIPC threshold of 150 percent. Both ratios, after the delivery of HIPC assistance, would fall sharply in 2004 (to 115 percent and 29 percent, respectively); they compare favorably with non-HIPC low-income countries, and are below the average ratios expected for all HIPC countries at the completion point.[25,26] Provided Senegal adheres to its economic policy reform strategy and secures borrowing predominantly on IDA terms, the ratio of NPV of debt-to-exports and the ratio of NPV of debt-to-GDP would continue to improve steadily, dropping to about 102 percent and 26 percent, respectively, in 2007 and average 73 percent and 17 percent, respectively, in the final years of the projection period (Table 9).

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[25] In 2001, the average NPV of debt-to-exports in non-HIPC low-income countries stood at 143 percent and the NPV of debt-to-GDP ratio at 39 percent (Global Development Finance, World Bank 2003 and various HIPC documents). The average ratios expected for HIPC countries at the completion point are 128 percent and 30 percent (Heavily Indebted Poor Countries (HIPC) Initiative-Status of Implementation, SM/03/294; 8/18/03).

[26] The sharp drop in the ratio reflects the drop in the NPV of debt in 2004 but also some rebound in exports after the weather-related weakness in exports in some of the earlier years.

41. **Senegal's debt servicing capacity would also improve and allow for some future additional borrowing to deal with unexpected shocks**. The debt service-to-export ratio and the debt service-to-revenue ratios improve in parallel with the stock indicators, as exports grow and the tax base expands. The debt-service ratios (debt service-to-exports and to-revenues, respectively) decline gradually from above 10 percent and 15 percent in the initial years (2003 to 2005) to an average of 4 percent and 5 percent, respectively, in the second half of the projection period (Table 9). If Senegal continues with its measured borrowing policy as in the recent past, and adheres to the policy assumptions underlying these projections, it would be in a position to mitigate the domestic impact of exogenous shocks by temporarily deviating from the borrowing path assumed in this scenario, without endangering overall debt sustainability.

42. **The improvements in the stock indicators would be even greater after taking into account the delivery of additional bilateral assistance committed by Paris Club creditors**. Simulations taking into account additional bilateral debt relief beyond HIPC Initiative (estimates based on Table 14) suggest further reductions (beyond the delivery of HIPC assistance) in the NPV of the debt-to-export ratio of about 10 percentage points by 2010 (Table 9).

E. Sensitivity Analysis and Long-Term Sustainability

43. **Alternative scenarios illustrate that the delivery of HIPC relief would leave Senegal with a debt situation that is more resilient to future exogenous shocks.**[27] **Four** alternative assumptions relative to those included in the baseline scenario presented above were undertaken to illustrate the following:

- **The first scenario (scenario 1 in Table 10) assumes a change in the mix of foreign assistance, with a fall in grants financed by increased borrowing at concessional (i.e., IDA-like) terms**. Relative to the path of foreign assistance in the baseline scenario, grants fall by half and it is assumed that Senegal closes the funding gap with borrowing on concessional terms in order to minimize the impact on public spending. Given the concessional nature of the borrowing (with a backloaded repayment profile), the impact on debt servicing capacity would be only about half a percentage point in terms of the ratios of debt service-to-exports and debt service-to-revenue (assuming that lower grants have no impact on export performance and revenue generation). The NPV of the stock of debt, however, would be higher by about 3 percentage points in the short term and by 10 percentage points by 2022, but it would still be kept at prudent levels and below the average ratios in non-HIPC developing countries.

- **Borrowing at less than concessional terms however would have significant negative implications for Senegal's debt servicing capacity (scenario 2 in Table 10).**

[27] In the alternative scenarios, the effects of the shocks are assumed to start in 2006.

In order to illustrate this point, the mix of borrowing presented in Scenario 1 above was changed by assuming that half of the new borrowing would be undertaken at nonconcessional terms.[28] Such borrowing would double the ratios of debt service-to-exports and debt service-to-revenues to levels of around 8 percent and 10 percent, respectively, thus removing some of the gains made immediately after the provision of HIPC debt relief. The NPV of debt-to-export ratio would jump in the medium term by 5 to 7 percentage points above the level reached in the scenario with concessional borrowing. In the longer term, the debt stocks would converge due to a more rapid pay down required of nonconcessional borrowing.

- **The delivery of HIPC debt relief and its impact on the initial conditions for debt would also allow Senegal greater flexibility in dealing with possible terms of trade shocks (scenario 3 in Table 10).** Senegal's economy is not overly dependent on exports of few key commodities. Past terms of trade shocks have been of shorter duration and less deep than those faced by countries which are dependent on a few commodity exports. Scenario 3 illustrates a temporary 10 percent terms of trade shock of three year duration where the financing shortfalls are financed by temporary additional borrowing.[29] This borrowing—at concessional terms—leaves the NPV of debt-to-exports ratio higher by about 7 percentage points by 2010 (Table 10). The debt servicing capacity is affected only marginally given the concessional terms of the borrowing. Overall, the impact on the debt indicators in terms of both debt stock and debt servicing capacity is more favorable than in the case of Scenario 1, where a permanent shift away from grants was financed by additional concessional borrowing. Thus, the impact of a temporary negative terms of trade shock, financed through additional borrowing, would still leave Senegal with debt ratios that are manageable relative to other low-income countries, provided the additional borrowing is financed on concessional terms.

- **The importance of maintaining the momentum of structural reforms is illustrated by the impact of slower growth in export volume and real GDP.** In scenario 4 (Table 10), possibly as a result of weak reforms, the growth rates of real GDP and export volume slow to about 4.25 and 3.75 percent, respectively (compared to 5.7 and 5.5 percent, respectively, in the base case scenario). It is assumed that the authorities attempt to mitigate the effect of slower growth on private sector demand by government making additional transfers, increasing other spending, and by reducing its domestic indebtedness so as to ease conditions for credit to the private sector. The resulting additional financing requirement is covered by higher government borrowing from abroad, and the widening external current account deficit reflects the weaker export

[28] A grace period of one year, and a 6 percent interest rate was assumed for half of the additional borrowing.

[29] The shock was assumed to affect export prices for groundnuts, fish, and phosphates which are Senegal's three major export commodities. The three-year terms of trade shock (starting in 2006), increases borrowing requirements by about US$60 million in each of the three years.

performance and the accommodating fiscal stance. It is assumed that a lower share of such borrowing (75 percent as opposed to 90 percent in the base case scenario) will be financed at highly concessional IDA terms given the slow pace of reform implementation. The NPV of debt-to-exports rises by 10 percentage points until 2010 and reaches 30 percentage points above the base case by the end of the projection period, imposing a significant burden on debt service capacity. Contrary to the baseline scenario, the NPV of debt-to-exports does not decline steadily, but remains close to 100 percent as a result of the additional borrowing. The debt-service ratios (debt service-to-exports and debt service-to-revenue) worsen relative to the base case, with the debt service-to-revenue ratio being almost twice as high by the end of the period. Although the debt ratios do not exceed the HIPC threshold levels, the rapid deterioration illustrates how fast gains from HIPC relief could be unwound by weak policy implementation.

IV. Conclusions

44. The staffs of the Fund and IDA consider that **Senegal's performance with respect to meeting the conditions for reaching the completion point under the enhanced HIPC Initiative has been satisfactory**. Following some slippages in reform implementation in 2001 and 2002, a satisfactory track record of performance has been established under the new PRGF-supported program and has increased disbursement rates under IDA programs. Most social indicators have improved, and the government is addressing problems in areas where progress has been slower. Senegal's poverty reduction strategy, laid out in its PRSP, is grounded in a broad-ranging agenda of comprehensive reforms which is embedded in a realistic macroeconomic framework. Adherence to this macroeconomic trajectory over the longer run suggests that Senegal should be able to successfully pursue the objectives of fiscal and external sustainability. Achieving persistently strong economic growth will require that Senegal implement its comprehensive reform agenda at a firmer and more steady pace than in the past.

45. **Senegal's external creditors have provided sufficient assurances regarding their participation in the enhanced HIPC Initiative.** The commitments from almost all of the multilateral creditors and the Paris Club would represent financing assurances for slightly over 80 percent of the total of assistance approved at the time of the decision point. The Senegalese authorities are in communication with some non-Paris Club members for the provision of debt relief. The staffs will work with the Senegalese authorities to facilitate the provision of debt relief under the enhanced HIPC Initiative by the remaining creditors.

46. **The staffs of the IMF and IDA have noted that maintaining external debt sustainability will require prudent macroeconomic and debt policies, and a sound response to external or domestic shocks**. Senegal should continue to pursue aggressively structural reforms that enhance its external competitiveness, foster emerging export diversification, and thereby reduce its exposure to external shocks. Furthermore, the staffs have stressed, and the authorities have agreed, that, notwithstanding Senegal's sovereign bond rating, significant use of access to nonconcessional external finance over the next

decade would be premature, unduly exposing Senegal to risks of weakening its prospects for maintaining external debt sustainability.

47. In light of the above, the staffs of **the IMF and IDA recommend that the Executive Directors determine that Senegal has met most of the conditions for reaching the completion point under the enhanced HIPC Initiative, and that they grant waivers for (i) not attaining the targeted surplus of the basic fiscal balance in 2001 (because of a reform-related one-off transfer to parastatals); and (ii) the two conditions in the health care sector where, notwithstanding major efforts, it was not possible to date to fully attain the specified target for immunization** and utilization of private health care centers, respectively, on the basis that the authorities are making best efforts under a new strategy to this end.

V. Issues for Discussion

48. The staffs seek guidance from the Directors on the following points:

- Do Directors agree that Senegal should reach the completion point at this time?
- Do Directors agree that Senegal should continue to seek debt relief from its non-Paris Club creditors with the framework of the HIPC Initiative and that staffs should monitor the delivery of such debt relief?
- Do Directors agree that the debt relief as provided at the decision point (revised) will provide Senegal with a sound basis for debt sustainability?
- Do Directors agree that Senegal has met most of the conditions for reaching the completion point under the enhanced HIPC Initiative framework, as established at the time of the decision point? And do Directors agree to grant waivers for the one condition related to public savings and the two conditions in the health care sector that could not be fully met?
- Do Directors agree that Senegal's PRSP and expenditure-tracking mechanism provide assurance that enhanced HIPC Initiative assistance and other resources will further poverty reduction efforts?

VI. PROPOSED DECISION

The following draft decision is proposed for adoption by the Executive Board:

1. The Fund, as Trustee (the "Trustee") of the Trust for Special PRGF Operations for the Heavily Indebted Poor Countries and Interim PRGF Subsidy Operations (the "Trust") established by Decision No. 11436-(97/10), adopted February 4, 1997, decides that Senegal has reached the completion point, notwithstanding that the conditions with respect to:

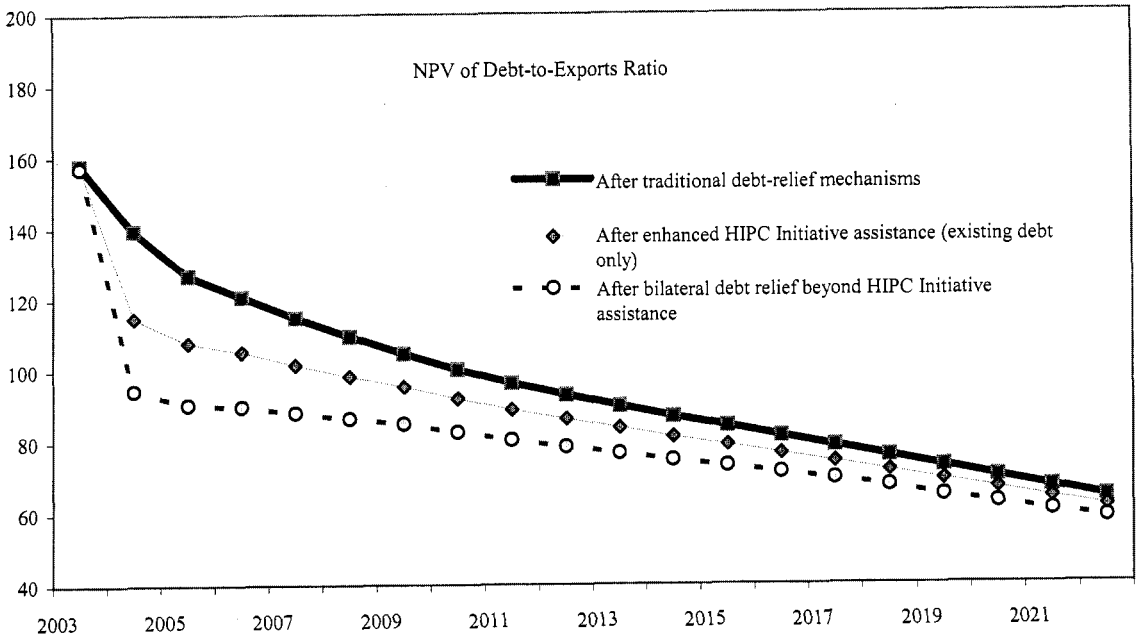
(a) the basic fiscal surplus for government financial operations;

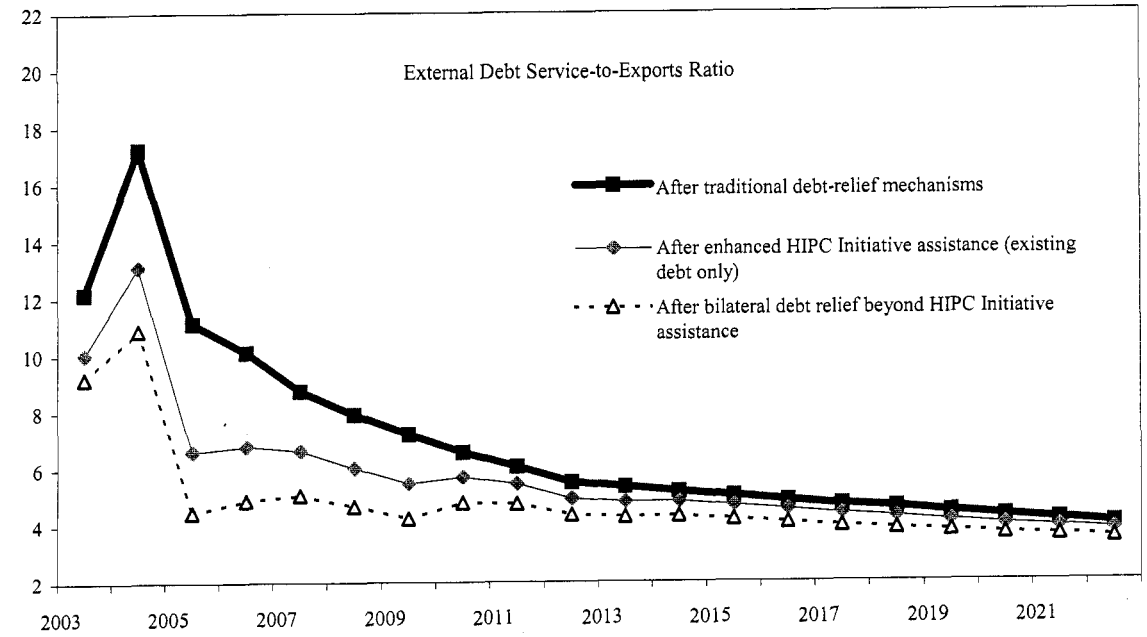
(b) maintaining increases in the rate of child immunization against the three most prevalent communicable childhood diseases; and

(c) maintaining planned increases in utilization of primary health centers as referenced in paragraph (ii)(b) of Decision No. 12216 – (00/61), adopted June 21, 2000, have not been fully met.

2. Accordingly, the Trustee confirms that, in accordance with Section III, paragraphs 3(e) and 3(f) of the PRGF-HIPC Trust Instrument, the balance of the grant committed at the decision point, as amended by Decision 12294-(00/91), adopted September 5, 2000, in an amount equivalent of SDR 33.8 million that has not been disbursed as interim assistance, together with interest calculated at the average rate of return per annum on investment of the resources held by or for the benefit of the Trust, shall be made available to Senegal in the form of a grant to an account for the benefit of Senegal established and administered by the Trustee in accordance with Section III, paragraph 5(b) of the Instrument. The proceeds shall be used by the Trustee to meet Senegal's debt-service payments on its existing debt to the Fund as they fall due, in accordance with the schedule specified in Table 12 (EBS/04/--, --/--/04).

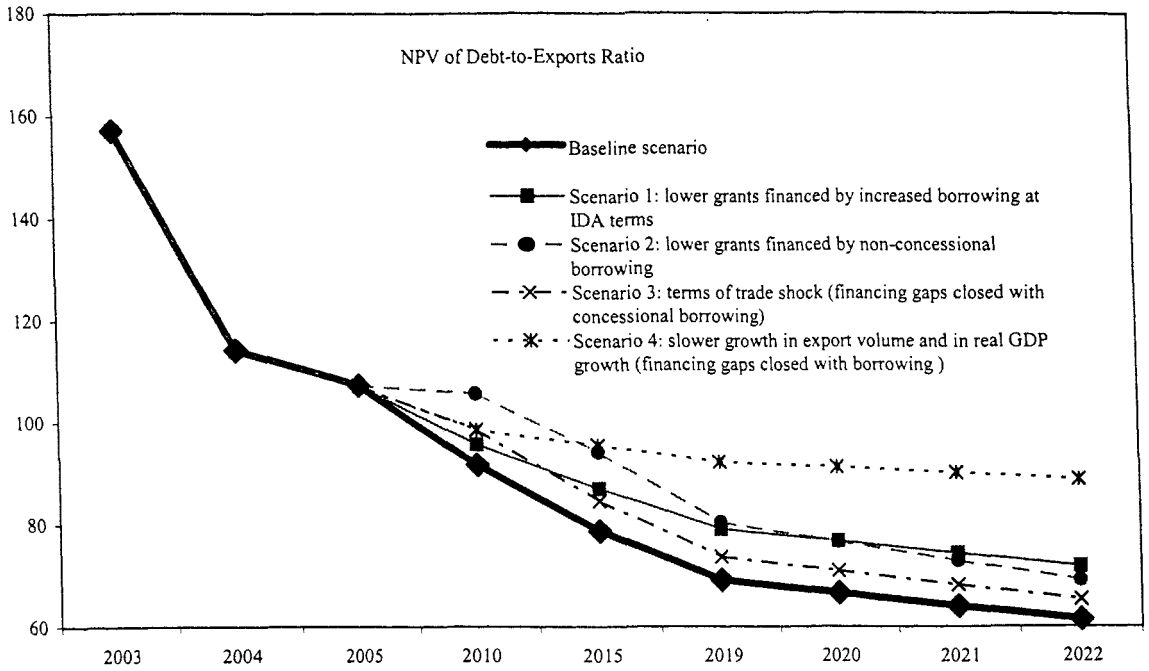
Figure 1. Senegal: External Debt and Debt-Service Indicators for Medium- and Long-Term Public Sector Debt, 2003-22
(In percent)

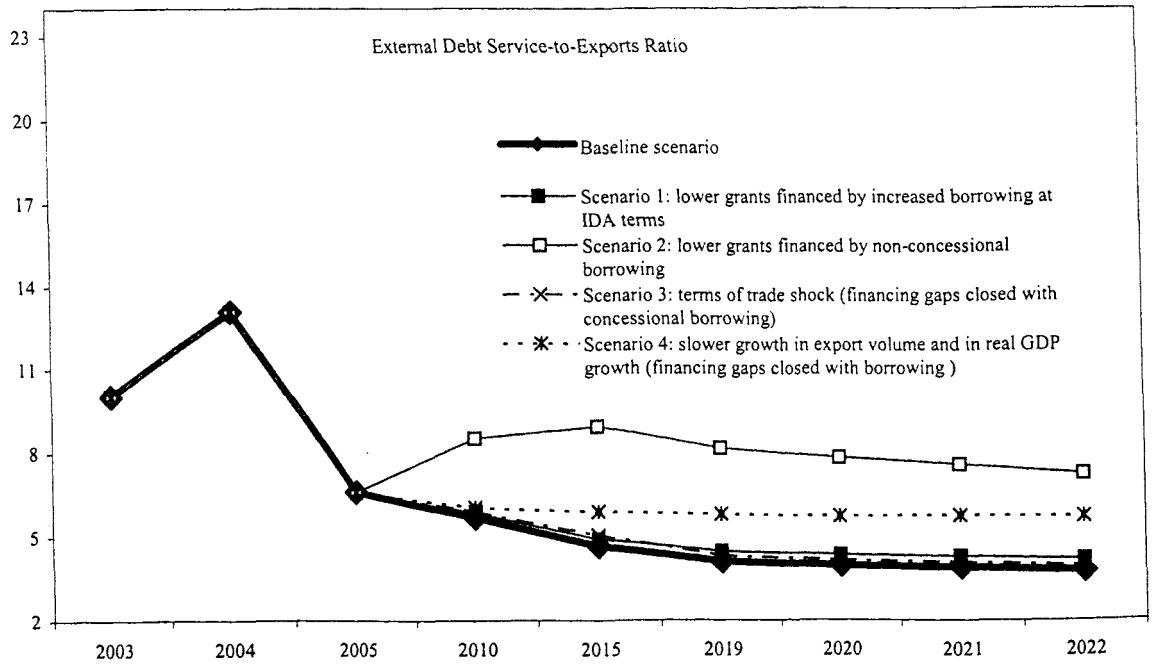




Sources: Senegalese authorities; and Bank and Fund staff estimates and projections.
1/ The large increase in the debt service- to- export ratio in 2004 reflects in large part the principal repayment on a loan from Kuwait.

Figure 2. Senegal: Sensitivity Analysis, 2003-22
(In percent)





Sources: Senegalese authorities; and Bank and Fund staff estimates and projections.

Table 1. Senegal: Selected Economic and Financial Indicators, 2000-22

	2000	2001	2002 Act.	2003 Est.	2004	2005	2006	2007	2008	2009	2010	2011	2012	2017	2022	2002-12 Average	2013-22 Average
	Projections																
	(Annual percentage change, unless otherwise indicated)																
National income and prices																	
Nominal GDP	6.5	8.5	-1.1	7.2	7.4	7.4	7.8	8.2	8.3	8.3	8.2	8.1	8.0	7.8	7.8	7.1	7.8
GDP at constant prices	5.6	5.6	1.1	6.3	6.0	5.8	6.0	6.0	6.0	6.0	5.9	5.8	5.7	5.5	5.5	5.5	5.5
Of which: nonagriculture GDP	4.2	4.7	4.7	4.2	5.4	5.8	6.0	6.1	6.1	6.1	6.0	5.9	5.8	5.6	5.6	5.7	5.6
Real per capital consumption	...	...	-0.4	4.8	1.0	1.5	1.6	2.3	2.4	2.7	2.5	2.4	2.4	2.2	2.4	2.1	2.3
Consumer prices (annual average)	0.7	3.0	2.3	0.1	1.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.8	2.0
External sector																	
Exports, f.o.b. (in CFA francs)	1.5	12.3	3.1	0.8	2.2	8.1	6.8	7.5	7.8	7.8	7.8	7.8	7.8	7.7	7.8	6.2	7.7
Imports, f.o.b. (in CFA francs)	12.6	10.0	6.7	5.6	0.5	6.8	6.2	7.8	7.7	7.2	7.3	7.3	7.2	7.2	7.1	6.4	7.2
Export volume	-5.2	10.7	3.8	-0.1	2.7	8.9	5.7	5.8	5.9	5.9	5.9	5.8	5.7	5.5	5.3	5.1	5.5
Import volume	1.6	13.4	7.6	7.2	1.4	5.5	5.8	6.1	6.0	5.6	5.7	5.6	5.6	5.5	5.4	5.6	5.5
Terms of trade (deterioration -)	-3.7	5.3	-0.2	2.1	0.3	-1.9	0.7	0.0	0.2	0.3	0.3	0.3	0.3	0.5	0.7	0.2	0.6
	(In percent of GDP)																
Government financial operations																	
Revenue	18.1	17.8	18.9	19.2	19.3	19.4	19.4	19.6	19.8	19.9	20.1	20.2	20.3	20.9	21.1	19.7	20.8
Grants	2.1	1.8	1.8	2.5	2.1	2.7	2.7	2.5	2.4	2.2	2.1	2.0	2.0	1.6	1.2	2.3	1.5
Total expenditure and net lending 1/	20.0	21.7	22.0	23.6	23.9	23.5	23.1	23.3	23.4	23.5	23.5	23.6	23.6	23.8	23.4	23.4	23.7
Overall fiscal surplus or deficit (-) 2/	-2.0	-3.9	-3.1	-4.4	-4.6	-4.1	-3.6	-3.7	-3.6	-3.5	-3.5	-3.4	-3.3	-3.0	-2.3	-3.7	-2.9
Commitment basis, excluding grants	0.1	-2.0	-1.3	-1.9	-2.5	-1.4	-1.0	-1.2	-1.3	-1.3	-1.3	-1.4	-1.4	-1.4	-1.2	-1.4	-1.4
Commitment basis, including grants	1.2	-0.8	1.9	0.0	-0.1	0.2	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.3	0.0	0.5	0.3
Basic fiscal balance 3/	1.3	-0.6	2.1	1.0	1.3	1.7	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.5	0.2	1.0	0.5
Excluding temp. costs of structural reforms and HIPC Initiative	18.5	18.1	19.7	20.2	20.9	21.4	21.7	22.2	22.6	22.6	22.6	22.7	22.8	23.3	23.4	21.8	23.3
Gross domestic investment	6.2	6.4	9.1	9.1	9.1	9.1	9.1	9.3	9.4	9.4	9.3	9.3	9.3	9.0	8.4	9.2	8.9
Government	12.3	11.7	10.6	11.1	11.8	12.3	12.6	12.9	13.2	13.2	13.3	13.4	13.5	14.3	15.0	12.5	14.3
Nongovernment	8.6	8.6	9.1	8.5	10.5	11.3	12.0	12.5	13.1	13.4	13.7	14.1	14.4	16.0	17.1	12.1	16.1
Gross domestic saving	5.9	3.3	7.0	6.1	6.6	6.7	6.6	6.6	6.7	6.6	6.6	6.7	6.7	6.6	6.5	6.6	6.6
Government	2.7	5.2	2.1	2.4	4.0	4.6	5.4	5.9	6.4	6.7	7.1	7.4	7.7	9.5	10.7	5.4	9.5
Nongovernment	12.3	13.3	14.0	13.6	15.2	16.1	16.7	17.0	17.3	17.5	17.7	18.0	18.2	19.4	20.3	16.5	19.4
Gross national saving																	
External current account deficit (-)	-8.5	-6.5	-7.2	-8.5	-7.4	-7.1	-6.6	-6.5	-6.4	-6.1	-5.8	-5.5	-5.3	-4.3	-3.4	-6.6	-4.2
Excluding current official transfers	-6.3	-4.9	-5.7	-6.6	-5.7	-5.3	-5.1	-5.3	-5.3	-5.1	-4.9	-4.8	-4.6	-3.9	-3.1	-5.3	-3.8
Including current official transfers	69.3	65.2	64.9	58.8	46.4	44.7	43.4	41.9	40.3	38.8	37.1	35.6	34.3	28.3	22.3	44.2	27.7
External public debt 4/																	
	(In percent of exports of goods and nonfactor services, unless otherwise indicated)																
External public debt service 5/	12.5	9.3	9.6	8.3	9.2	9.1	6.9	6.5	6.0	5.5	5.8	5.5	4.9	4.4	3.8	7.0	4.3
In percent of government revenue	20.7	15.8	15.2	12.3	13.0	12.6	9.5	8.8	8.0	7.2	7.5	7.0	6.1	5.3	4.4	9.7	5.2
GDP at current market prices (in billions of CFA francs)	3,114	3,380	3,511	3,762	4,041	4,340	4,676	5,062	5,483	5,939	6,427	6,948	7,505	10,938	15,928	5,245	11,624

Sources: Senegalese authorities; and staff estimates and projections.

1/ Includes foreign-financed capital expenditure.

2/ Includes additional expenditures linked to the HIPC Initiative interim assistance debt relief.

3/ Defined as revenue minus total expenditure and net lending, excluding externally financed capital expenditure and on-lending.

4/ Assumes that 75 percent of undistributed HIPC Initiative spending in 2002-03 will be investment, and includes accumulation of stocks of CFAF 37 billion in 2000 and 2001 and decumulation of these stocks in 2002 and 2003.

5/ Projection assumes a reduction in the stock of debt in 2003 owing to Senegal's reaching the completion point under the HIPC Initiative.

Table 2. Senegal: Medium- and Long-Term Government Financial Operations, 2000-22

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2017	2022	2002-12	2013-22
			Act.	Est.	Projections											Average	Average
					(In percent of GDP)												
Total revenue and grants	20.1	19.7	20.7	21.7	21.4	22.1	22.1	22.1	22.2	22.2	22.2	22.2	22.3	22.4	22.2	21.9	22.3
Revenue	18.1	17.8	18.9	19.2	19.3	19.4	19.4	19.6	19.8	19.9	20.1	20.2	20.3	20.9	21.1	19.7	20.8
Tax revenue	17.3	17.1	17.9	18.3	18.5	18.6	18.7	18.8	19.0	19.1	19.3	19.4	19.5	20.1	20.3	18.8	20.0
Nontax revenue	0.8	0.8	1.0	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Grants	2.1	1.8	1.8	2.5	2.1	2.7	2.7	2.5	2.4	2.2	2.1	2.0	2.0	1.6	1.2	2.3	1.5
Budgetary	0.5	0.0	0.1	0.5	0.3	0.5	0.4	0.3	0.3	0.2	0.1	0.1	0.1	0.0	0.0	0.3	0.0
Budgeted development projects	1.6	1.8	1.7	2.0	1.8	2.2	2.2	2.2	2.1	2.0	2.0	1.9	1.9	1.6	1.2	2.0	1.5
Total expenditure and net lending	20.0	21.7	22.0	23.6	23.9	23.5	23.1	23.3	23.4	23.5	23.5	23.6	23.6	23.8	23.4	23.4	23.7
Current expenditure	13.2	15.3	13.6	14.1	13.8	13.7	13.7	13.7	13.8	13.9	13.9	14.0	14.1	14.6	14.8	13.9	14.6
Interest due	1.5	0.9	1.1	1.2	1.1	1.0	0.9	0.8	0.7	0.7	0.6	0.6	0.5	0.4	0.3	0.8	0.4
Of which: external 1/	1.3	0.7	1.0	1.0	1.0	0.8	0.7	0.7	0.6	0.5	0.5	0.4	0.4	0.3	0.2	0.7	0.3
Capital expenditure	6.2	6.4	9.1	8.5	8.8	8.6	8.8	9.0	9.1	9.1	9.1	9.1	9.1	8.9	8.3	8.9	8.8
Domestically financed	3.4	3.5	4.2	4.5	4.7	4.7	4.9	5.2	5.3	5.4	5.4	5.5	5.5	5.9	6.2	5.0	5.9
Externally financed	2.8	2.9	4.8	4.0	4.1	3.9	3.9	3.9	3.8	3.7	3.7	3.6	3.6	3.0	2.2	3.9	2.9
Others 2/	0.6	0.0	-0.7	0.0	0.9	0.4	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.1
Overall fiscal balance (including grants)	0.1	-2.0	-1.3	-1.9	-2.5	-1.4	-1.0	-1.2	-1.3	-1.3	-1.3	-1.4	-1.4	-1.4	-1.2	-1.4	-1.4
Overall fiscal balance (excluding grants)	-2.0	-3.9	-3.1	-4.4	-4.6	-4.1	-3.6	-3.7	-3.6	-3.5	-3.5	-3.4	-3.3	-3.0	-2.3	-3.7	-2.9
Basic fiscal balance 3/	1.2	-0.8	1.9	0.0	-0.1	0.2	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.3	0.0	0.5	0.3
Excluding temp. costs of structural reforms and HIPC Initiative	1.3	-0.6	2.1	1.0	1.3	1.7	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.5	0.2	1.0	0.5
Financing	-0.1	2.0	1.3	1.9	2.5	1.4	1.0	1.2	1.3	1.3	1.3	1.4	1.4	1.4	1.2	1.4	1.4
External financing	0.5	1.6	3.2	1.9	3.4	1.7	1.6	1.8	1.6	1.6	1.3	1.3	1.3	1.0	0.5	1.9	0.9
Drawings	2.5	3.1	4.4	2.6	4.1	2.4	2.6	2.5	2.4	2.3	2.2	2.2	2.1	1.7	1.2	2.7	1.7
Program loans 4/	1.2	1.8	1.2	0.2	1.4	0.3	0.6	0.4	0.3	0.2	0.2	0.1	0.1	0.0	0.0	0.4	0.0
Project loans	1.3	1.3	3.2	2.4	2.7	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.7	1.2	2.2	1.7
Amortization due	-2.1	-1.9	-2.3	-1.9	-3.3	-1.8	-1.5	-1.4	-1.2	-1.2	-1.1	-1.1	-1.0	-0.9	-0.8	-1.6	-0.9
Debt relief and HIPC Initiative interim assistance	0.1	0.5	1.0	1.2	2.4	1.0	0.5	0.7	0.5	0.5	0.2	0.2	0.1	0.1	0.1	0.8	0.1
Domestic financing (including errors and omissions)	-0.7	0.4	-1.8	-0.1	-0.9	-0.3	-0.6	-0.6	-0.4	-0.2	0.0	0.1	0.0	0.5	0.7	-0.4	0.5
Financing gap	0.0	0.0	0.0	0.0	0.0	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 billions of CFA francs)												
Memorandum items:																	
Gross domestic product	3,114	3,380	3,511	3,762	4,041	4,340	4,676	5,062	5,483	5,939	6,427	6,948	7,505	10,938	15,928	5,245	11,624
Total Revenues and Grants	626	664	727	816	865	961	1,034	1,121	1,215	1,316	1,426	1,545	1,673	2,451	3,542	1,154	2,595
Tax revenues	537	577	629	688	749	809	872	954	1,043	1,137	1,239	1,348	1,467	2,194	3,231	994	2,333
Total expenditures	623	733	773	887	967	1,020	1,080	1,180	1,284	1,394	1,512	1,639	1,775	2,607	3,728	1,228	2,751
Current expenditure	411	517	478	532	557	596	639	695	756	824	896	975	1,060	1,599	2,365	728	1,700
Capital expenditure	193	217	318	318	355	375	413	457	499	541	585	633	684	973	1,328	471	1,017
Of which: domestically financed	107	119	148	168	190	204	229	262	291	319	348	380	414	641	981	268	688
Basic fiscal balance	37	-26	65	0	-4	11	29	26	28	32	35	39	45	35	6	28	32
Overall balance (incl. grants)	3	-69	-46	-71	-102	-59	-45	-60	-69	-78	-86	-94	-102	-157	-185	-74	-156
Overall balance (excl. grants)	-61	-130	-108	-166	-186	-176	-170	-186	-198	-210	-222	-236	-249	-326	-371	-192	-326

Sources: Senegalese authorities; and staff estimates and projections.

1/ External debt service includes all debt directly contracted by the government and part of the government-guaranteed debt serviced by the budget.

2/ Include treasury special accounts and correspondent accounts, net lending, and temporary costs of structural reforms.

3/ Defined as total revenue minus total expenditure and net lending, excluding externally financed capital expenditure and lending.

4/ Include also treasury bills issued in the West African Economic and Monetary Union (outside Senegal).

Table 3. Senegal: Medium-Term Balance of Payments, 2000-22

(In millions of dollars, unless otherwise indicated)

	2000	2001	2002 Act.	2003 Est.	2004	2005	2006	2007	2008	2009	2010	2011	2012	2017	2022	2002-12 Average	2013-22 Average
					Projections												
Current account	-275	-224	-287	-423	-394	-388	-397	-440	-474	-491	-510	-529	-547	-648	-730	-444	-654
Balance on goods	-418	-426	-517	-708	-690	-711	-738	-792	-843	-886	-934	-983	-1035	-1332	-1683	-803	-1372
Exports, f.o.b.	922	1004	1091	1303	1330	1422	1505	1601	1710	1829	1956	2092	2236	3115	4348	1643	3281
Traditional exports	413	457	495	541	561	605	638	674	715	760	807	856	908	1214	1624	687	1267
Other exports	509	547	595	763	734	781	826	884	947	1019	1095	1177	1265	1813	2600	917	1920
Imports, f.o.b.	-1340	-1430	-1608	-2011	-2020	-2133	-2242	-2394	-2553	-2715	-2890	-3075	-3271	-4447	-6032	-2447	-4653
Services and incomes (net)	-109	-103	-119	-164	-154	-154	-144	-138	-131	-120	-108	-96	-83	-7	100	-128	8
Credits	474	466	504	606	632	650	679	711	744	781	820	860	903	1153	1476	717	1194
Of which : tourism	144	175	193	225	241	250	262	275	289	304	319	336	353	454	583	277	470
Debits	-583	-569	-624	-770	-786	-804	-822	-849	-875	-901	-928	-957	-986	-1161	-1376	-846	-1187
Of which : interest on public debt 1/	-61	-45	-54	-69	-68	-61	-57	-55	-52	-51	-50	-49	-49	-51	-52	-56	-51
Unrequited current transfers (net)	252	305	350	449	449	477	485	490	500	515	532	551	571	691	853	488	711
Private (net)	162	236	277	332	343	356	373	390	409	429	450	472	495	628	793	393	648
Public (net)	90	69	73	117	106	121	112	100	91	86	82	78	76	63	60	95	63
Of which : budgetary grants	20	0	3	34	20	38	35	28	23	18	15	12	9	0	0	21	0
Capital and financial account	249	308	419	367	355	392	454	486	516	545	577	608	645	756	804	488	752
Capital account	78	117	90	132	129	164	178	186	195	205	215	226	236	279	298	178	278
Private capital transfers	3	3	4	4	4	4	4	6	7	9	10	12	13	21	27	7	21
Project grants	74	114	87	128	124	160	173	180	188	196	205	214	223	258	271	171	257
Financial account	171	192	329	235	227	228	276	300	321	340	362	382	409	477	506	310	474
Direct investment and portfolio investment	76	53	44	117	110	122	132	144	157	170	181	192	204	274	370	143	287
Public sector (net)	36	74	120	44	67	54	92	104	113	120	131	143	161	179	140	104	167
Of which : disbursements	124	159	230	164	290	184	212	215	221	230	240	253	267	306	294	228	299
Private sector (net) and errors and omissions	58	64	164	74	49	51	52	52	51	50	49	47	44	24	-4	62	20
Overall balance	-26	84	133	-50	-35	4	57	46	42	54	67	79	98	107	73	45	98
Financing	26	-84	-132	50	32	-3	-57	-46	-42	-54	-67	-79	-98	-107	-73	-45	-98
Net foreign assets (BCEAO and deposit money banks)	22	-110	-158	-11	-107	-49	-121	-104	-89	-99	-88	-97	-116	-121	-86	-94	-112
Payments arrears (reduction -)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Exceptional financing 2/	4	26	26	69	155	45	63	57	47	45	22	17	18	13	12	51	14
Residual financing gap	0	0	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0
Memorandum items:																	
Current account balance																	
As percentage of GDP (incl. current official transfers)	-6.3	-4.9	-5.7	-6.6	-5.7	-5.3	-5.1	-5.3	-5.3	-5.1	-4.9	-4.8	-4.6	-3.9	-3.1	-5.3	-3.8
As percentage of GDP (excl. current official transfers)	-8.5	-6.5	-7.2	-8.5	-7.4	-7.1	-6.6	-6.5	-6.4	-6.1	-5.8	-5.5	-5.3	-4.3	-3.4	-6.6	-4.2
Exports of goods and nonfactor services (in percent of GDP)	29.9	30.4	30.1	28.4	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.7	28.5
Imports of goods and nonfactor services (in percent of GDP)	-39.8	-39.9	-40.7	-40.0	-39.4	-39.4	-39.4	-39.4	-39.4	-39.4	-39.4	-39.4	-39.4	-39.4	-39.4	-39.6	-39.4
Gross official reserves	273.3	339.3	403.7	406.9	445.6	437.6	500.5	553.0	596.2	645.1	687.0	733.4	791.3	1102.6	1295.1	564	1103
(in months of imports of GNFS)	2.6	3.0	3.4	3.2	3.5	3.3	3.5	3.6	3.6	3.7	3.7	3.7	3.7	3.8	3.2	3.5	3.6
Nominal GDP (in billions of CFA francs)	3,114	3,380	3,511	3,762	4,041	4,340	4,676	5,062	5,483	5,939	6,427	6,948	7,505	10,938	15,928	5,245	11,624

Sources: Central Bank of West African States (BCEAO); and staff estimates and projections.

1/ Interests and amortization of public debt can be slightly different from those presented in the fiscal table, owing to a different treatment of the operations account debt at the BCEAO.

2/ Interim HIPC Initiative debt relief is recorded as a grant for the IMF, and as exceptional financing for the World Bank, the African Development Bank, and the Paris Club.

Table 4. Senegal: Discount Rate and Exchange Rate Assumptions

	Discount Rates 1/2/ (In percent per annum)		Exchange Rates 3/ (Per U.S. dollar)	
	Decision point	Completion point	Decision point	Completion point
African Development Bank unit of account 2/	5.25	4.82	0.71	0.74
Belgian franc	5.59	5.55	34.57	38.47
CFA franc	5.36	5.55	562.21	625.50
Chinese yuan	5.25	4.82	8.28	8.28
Danish krone	5.64	5.78	6.39	7.08
European currency unit	5.00	...	0.86	...
Euro	...	5.55	...	0.95
French franc	5.36	5.55	5.62	6.25
Deutsch mark	5.16	5.55	1.67	1.87
Iraqi dinar	5.25	4.82	0.31	0.31
Irish pound	5.33	5.55	0.67	0.75
Islamic Development Bank unit of account 2/	5.25	4.82	0.71	0.74
Italian lira	5.58	5.55	1,653.10	1,846.35
Japanese yen	2.22	1.75	115.60	119.90
Luxembourg franc	5.59	5.55	34.57	38.47
Norwegian krone	6.54	7.76	7.60	6.97
Kuwaiti dinar	5.25	4.82	0.30	0.30
Saudi Arabian ryal	5.25	4.82	3.75	3.75
Special drawing rights	5.25	4.82	0.71	0.74
Spanish peseta	5.31	5.55	142.61	158.66
U.A.E. dirham	5.25	4.82	3.67	3.67
U.K. pound sterling	6.81	5.84	0.60	0.62
U.S. dollar	6.23	5.12	1.00	1.00
Memorandum item:				
Paris Club cutoff date is January 1st, 1983				

Sources: OECD; and IMF, *International Financial Statistics*.

1/ The discount rates are the average commercial interest reference rates (CIRRs) for the respective currencies over the six-month period ending December 1998 for the decision point;and for the six-month period ending December 2002 for the completion point.

2/ For all currencies for which the CIRRs are not available, the SDR discount rate is used.

3/ As of end-December 1998 for the decision point; end-December 2002 for the completion point.

Table 5. Senegal: Nominal and Net Present Value of External Debt Outstanding at End-2002 1/

	Legal Situation 2/				NPV of Debt After Full Application of Traditional Debt Relief 3/	
	Nominal debt		NPV of debt			
	Millions of U.S. dollars	Percent of total	Millions of U.S. dollars	Percent of total	Millions of U.S. dollars	Percent of total
Total	**3,703.3**	**100.0**	**2,538.3**	**100.0**	**2,526.4**	**100.0**
Multilateral institutions	2,524.7	68.2	1,576.2	62.1	1,576.2	62.4
IDA	1,598.9	43.2	869.3	34.2	869.3	34.4
IMF	255.8	6.9	219.7	8.7	219.7	8.7
AfDB Group	366.1	9.9	253.5	10.0	253.5	10.0
BADEA	38.4	1.0	35.1	1.4	35.1	1.4
European Union/European Investment Bank	76.9	2.1	51.0	2.0	51.0	2.0
Islamic Development Bank (IsDB)	67.6	1.8	54.8	2.2	54.8	2.2
International Fund for Agricultural Development (IFAD)	46.5	1.3	26.2	1.0	26.2	1.0
West African Development Bank (BOAD)	36.7	1.0	37.2	1.5	37.2	1.5
Nordic Development Fund (NDF)	13.2	0.4	6.9	0.3	6.9	0.3
OPEC	9.7	0.3	9.2	0.4	9.2	0.4
BCEAO	7.7	0.2	6.8	0.3	6.8	0.3
ECOWAS	4.7	0.1	4.9	0.2	4.9	0.2
EU-IDA administered	2.6	0.1	1.5	0.1	1.5	0.1
Official bilateral creditors	1,165.8	31.5	948.9	37.4	937.0	37.1
Paris Club	737.7	19.9	585.5	23.1	600.4	23.8
Pre-cutoff date	442.2	11.9	360.6	14.2	375.5	14.9
ODA	43.1	1.2	35.3	1.4	35.3	1.4
Non-ODA	399.1	10.8	325.3	12.8	340.2	13.5
Post-cutoff date	295.5	0.0	224.9	8.9	224.9	8.9
ODA	294.4	8.4	224.0	8.8	224.0	8.9
Non-ODA	1.1	8.4	0.9	0.0	0.9	0.0
France	311.9	8.4	278.4	11.0	289.3	11.4
Germany	107.1	2.9	55.9	2.2	55.9	2.2
Japan	88.5	2.4	92.9	3.7	92.9	3.7
Spain	101.7	2.7	58.1	2.3	59.6	2.4
Italy	55.2	1.5	44.9	1.8	45.6	1.8
Norway	34.5	0.9	26.4	1.0	28.2	1.1
Denmark	16.7	0.5	11.7	0.5	11.7	0.5
Belgium	8.0	0.2	5.1	0.2	4.6	0.2
Netherlands	4.2	0.1	4.2	0.2	4.5	0.2
United States	3.5	0.1	3.1	0.1	3.3	0.1
Canada	3.1	0.1	2.2	0.1	2.3	0.1
United Kingdom	2.3	0.1	1.5	0.1	1.6	0.1
Sweden	1.1	0.0	0.9	0.0	0.9	0.0
Non-Paris Club	428.1	11.6	363.5	14.3	336.6	13.3
Kuwait	163.1	4.4	144.1	5.7	142.6	5.6
Saudi Arabia	125.9	3.4	96.7	3.8	76.6	3.0
Taiwan Province of China	83.5	2.3	74.5	2.9	74.5	2.9
Algeria	24.5	0.7	20.4	0.8	17.4	0.7
Oman	10.6	0.3	10.4	0.4	6.3	0.2
United Arab Emirates	11.6	0.3	10.8	0.4	12.8	0.5
China	8.9	0.2	6.5	0.3	6.5	0.3
				0.0		0.0
Commercial loans	12.8	0.3	13.2	0.5	13.2	0.5

Sources: Senegalese authorities; and Bank/Fund staff estimates.

1/ Figures are based on reconciled data at end-2002.

2/ Reflects the external debt situation as of end-2002, and includes the 1998 Paris Club stock-of-debt operation under Naples terms and the interim assistance (i.e., Cologne flow) for the period 2000-02.

3/ After full use of traditional debt-relief mechanism, and comparable treatment from non-Paris Club creditors.

Table 6. Senegal: Comparison of Net Present Value Between Decision Point and Completion Point
(In millions of U.S. dollars, unless otherwise indicated)

	Stock at End-1998		Stock at End-2002				
	Decision point DSA 1/		Decision point DSA (Projection)		Completion point DSA 2/		
	After traditional debt relief 3/	After enhanced HIPC relief	After traditional debt relief	After enhanced HIPC relief	After traditional debt relief	After enhanced HIPC relief 4/	After additional bilateral relief 4/
NPV of debt in 1998 terms	2,534	2,046	2,634	2,215	2,579	2,068	1,627
Multilateral 6/	1,434	1,157	1,481	1,281	1,576	1,341	1,341
Official bilateral and commercial	1,101	889	1,153	933	1,003	727	286
NPV of debt in 2002 terms 4/	...	...	...	...	2,526	2,031	1,635
Multilateral	...	...	...	...	1,576	1,342	1,342
Official bilateral and commercial	...	...	...	...	950	688	293
NPV of debt-to-exports ratio in percent 7/							
Using end-1998 parameters	165	133	141	118	...	...	...
Using end-2002 parameters	...	...	...	...	179	144	116
NPV of debt-to-revenue ratio in percent 8/							
Using end-1998 parameters	310	250	247	208	...	...	...
Using end-2002 parameters	...	...	...	...	242	194	156
Memorandum items:							
NPV of enhanced HIPC assistance 4/ 9/							
Using end-1998 parameters 10/	...	488	...	...	...	511	...
Using end-2002 parameters	...	...	...	...	...	496	...
Exports of goods and services 7/							
Decision point	1,538	1,538	1,870	1,870	...	...	...
Completion point	...	...	...	...	1,411	1,411	1,411
Government revenue 8/							
Decision point	818	818	1,067	1,067	...	...	...
Completion point	...	...	...	...	1,045	1,045	1,045

Sources: Senegalese authorities; and Bank/Fund staff estimates.

1/ Based on stock of debt reconciled as of end-1998.

2/ Based on stock of debt reconciled as of end-2002.

3/ After the 1998 Paris Club stock-of-debt operation under Naples terms and comparable treatment by other bilateral and commercial creditors.

4/ Assuming the entire HIPC Initiative assistance is fully delivered as of end-2002.

5/ After debt relief beyond HIPC offered by some of the Paris Club creditors.

6/ The estimate of the NPV of debt after Enhanced HIPC Relief for 2002 as of the decision point had to be revised downwards.

7/ Based on a three-year simple average of exports on the previous year (e.g., export average over 1996-98 for NPV of debt-to-exports ratio in 1998).

8/ Revenue is defined as central government revenue, excluding grants.

9/ The value of assistance under the enhanced HIPC framework was determined at its June 2000 decision point, namely US$488 million in NPV terms, using end-1998 parameters (exchange rates and discount factors). The corresponding value for enhanced HIPC relief expressed as of end-2002 is provided for information only.

10/ The estimate of US$547 million expresses the value of the agreed assistance (US$488 million) plus estimated interest between decision and completion points.

Table 7. Senegal: Net Present Value of External Debt, 2002-22 1/
(In millions of U.S. dollars, unless otherwise indicated)

	Actual	Est.	Projections											Averages	
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2017	2022	2002-12	2013-22
Before traditional debt relief 2/															
1. NPV of total debt	2,553.2	2,515.7	2,433.0	2,401.1	2,389.8	2,397.1	2,417.3	2,448.1	2,488.7	2,540.5	2,607.9	2,996.1	3,106.1	2,472.0	2,914.8
2. NPV of outstanding debt	2,553.2	2,447.1	2,237.7	2,121.9	2,011.4	1,914.7	1,824.9	1,740.9	1,663.2	1,593.1	1,537.1	1,245.8	672.9	1,967.8	1,097.1
3. Nominal stock of total debt	3,702.6	3,690.3	3,701.7	3,705.5	3,744.1	3,800.7	3,869.6	3,950.7	4,043.9	4,151.6	4,278.9	4,994.2	5,586.7	3,876.3	5,032.5
After Full Traditional relief 3/															
1. NPV of total debt (2+6)	2,526.4	2,496.1	2,420.6	2,396.1	2,392.3	2,407.2	2,433.0	2,469.6	2,517.9	2,577.7	2,652.3	3,068.1	3,431.3	2,480.8	3,094.9
2. NPV of outstanding debt (3+4)	2,526.4	2,427.6	2,225.4	2,116.9	2,013.8	1,924.8	1,840.6	1,762.4	1,692.4	1,630.3	1,581.5	1,317.8	998.1	1,976.6	1,277.3
3. Official bilateral and commercial	950.2	915.3	779.1	735.6	693.3	657.0	624.8	593.3	568.6	548.8	530.5	430.3	325.2	690.6	417.9
3a. Paris Club	600.4	571.4	540.0	505.4	474.6	451.0	430.1	409.2	394.5	384.2	375.5	314.6	235.3	466.9	303.8
3b. Other official bilateral	336.6	333.0	230.6	223.9	214.6	204.1	193.9	184.1	174.1	164.6	155.0	115.6	89.9	219.5	114.1
3c. Commercial	13.2	10.9	8.6	6.3	4.1	1.9	0.8	0.0	0.0	0.0	0.0	0.0	0.0	4.1	0.0
4. Multilateral	1,576.2	1,512.3	1,446.3	1,381.3	1,320.5	1,267.8	1,215.8	1,169.1	1,123.8	1,081.5	1,051.0	887.5	672.9	1,286.0	859.4
IDA	869.3	877.1	883.6	887.5	888.5	886.7	880.1	871.1	858.1	841.2	822.5	702.1	524.3	869.6	677.2
AfDB Group	253.5	240.7	228.0	215.4	203.2	192.9	181.9	171.0	159.9	148.4	146.7	135.8	118.1	194.7	133.2
IMF	219.7	183.1	143.7	107.5	76.6	52.5	31.0	15.8	5.8	1.2	0.0	0.0	0.0	76.1	0.0
Others	233.7	211.5	191.0	170.8	152.2	135.7	122.9	111.2	100.0	90.7	81.9	49.6	30.5	145.6	49.1
5. Nominal stock of total debt	3,703.4	3,700.0	3,720.2	3,732.9	3,780.2	3,845.6	3,921.1	4,008.8	4,110.3	4,226.4	4,361.0	5,100.0	5,689.5	3,919.1	5,134.6
After enhanced HIPC assistance 4/															
1. NPV of total debt (2+6)	2,513.7	2,494.5	1,994.5	2,037.6	2,084.2	2,129.5	2,185.4	2,252.4	2,312.9	2,378.7	2,460.1	2,893.5	3,284.5	2,258.5	2,926.0
2. NPV of outstanding debt (3+4)	2,513.7	2,425.9	1,799.3	1,758.4	1,705.8	1,647.2	1,593.0	1,545.2	1,487.4	1,431.3	1,389.3	1,143.2	851.3	1,754.2	1,108.3
3. Official bilateral and commercial	962.1	913.6	529.6	494.4	459.2	427.0	399.0	371.6	351.0	334.7	320.1	243.3	171.3	505.7	235.8
3a. Paris Club	585.5	556.9	411.9	382.6	355.2	332.8	313.6	294.7	282.3	273.7	266.9	222.2	167.9	466.9	303.8
3b. Other official bilateral	363.5	345.9	109.1	105.5	100.0	92.4	84.7	76.9	68.7	61.0	53.3	21.1	3.4	219.5	114.1
3c. Commercial	13.2	10.9	8.6	6.3	4.1	1.9	0.8	0.0	0.0	0.0	0.0	0.0	0.0	4.1	0.0
4. Multilateral	1,551.5	1,512.3	1,269.7	1,264.1	1,246.6	1,220.1	1,193.9	1,173.6	1,136.4	1,096.6	1,069.1	900.0	680.0	1,248.5	872.5
IDA	858.7	877.1	791.2	808.6	824.9	840.4	853.4	865.7	858.1	841.2	822.5	702.1	524.3	840.2	677.2
AfDB Group	249.9	240.7	201.3	205.9	201.8	191.5	180.5	169.7	158.7	147.2	145.5	134.8	117.3	190.2	132.3
IMF	213.1	183.1	122.2	99.9	76.6	52.5	31.0	15.8	5.8	1.2	0.0	0.0	0.0	72.8	0.0
Others	229.8	211.5	155.0	149.7	143.2	135.7	129.0	122.4	113.8	107.1	101.2	63.0	38.4	145.3	63.1
5. Nominal stock of total debt	3,703.3	3,684.0	3,387.8	3,411.5	3,468.8	3,540.9	3,623.2	3,717.7	3,826.1	3,948.3	4,089.4	4,866.3	5,503.6	3,672.8	4,907.3
After unconditional delivery of enhanced HIPC assistance 5/															
1. NPV of total debt (2+6)	2,030.6	2,021.7	1,994.5	2,037.6	2,084.2	2,129.5	2,185.4	2,252.4	2,312.9	2,378.7	2,460.1	2,893.5	3,284.5	2,171.6	2,926.0
2. NPV of outstanding debt (3+4)	2,030.6	1,953.1	1,799.3	1,758.4	1,705.8	1,647.2	1,593.0	1,545.2	1,487.4	1,431.3	1,389.3	1,143.2	851.3	1,667.3	1,108.3
3. Official bilateral and commercial	688.2	660.0	529.6	494.4	459.2	427.0	399.0	371.6	351.0	334.7	320.1	243.3	171.3	457.7	235.8
3a. Paris Club	459.0	438.2	411.9	382.6	355.2	332.8	313.6	294.7	282.3	273.7	266.9	222.2	167.9	346.4	215.2
3b. Other official bilateral	216.0	210.9	109.1	105.5	100.0	92.4	84.7	76.9	68.7	61.0	53.3	21.1	3.4	107.1	20.5
3c. Commercial	13.2	10.9	8.6	6.3	4.1	1.9	0.8	0.0	0.0	0.0	0.0	0.0	0.0	4.1	0.0
4. Multilateral	1,342.4	1,293.1	1,269.7	1,264.1	1,246.6	1,220.1	1,193.9	1,173.6	1,136.4	1,096.6	1,069.1	900.0	680.0	1,209.6	872.5
IDA	764.9	778.6	791.2	808.6	824.9	840.4	853.4	865.7	858.1	841.2	822.5	702.1	524.3	822.7	677.2
AfDB Group	211.2	200.6	201.3	205.9	201.8	191.5	180.5	169.7	158.7	147.2	145.5	134.8	117.3	183.1	132.3
IMF	181.0	149.4	122.2	99.9	76.6	52.5	31.0	15.8	5.8	1.2	0.0	0.0	0.0	66.8	0.0
Others	185.3	164.5	155.0	149.7	143.2	135.7	129.0	122.4	113.8	107.1	101.2	63.0	38.4	137.0	63.1
After bilateral debt relief beyond HIPC assistance 6/															
1. NPV of total debt (2+6)	2,501.8	2,483.2	1,641.6	1,710.7	1,781.8	1,847.7	1,921.5	2,006.8	2,078.8	2,152.9	2,240.0	2,709.2	3,116.7	2,033.3	2,735.3
1b. NPV of total debt after full delivery 5/	1,635.1	1,645.3	1,641.6	1,710.7	1,781.8	1,847.7	1,921.5	2,006.8	2,078.8	2,152.9	2,240.0	2,709.2	3,116.7	1,878.4	2,735.3
2. NPV of outstanding debt (3+4)	2,501.8	2,414.7	1,446.4	1,431.5	1,403.4	1,365.3	1,329.1	1,299.5	1,253.3	1,205.5	1,169.2	959.0	683.5	1,529.1	917.6
3. Official bilateral and commercial	950.3	902.4	176.7	167.4	156.8	145.2	135.1	125.9	116.9	108.9	100.1	59.0	3.4	280.5	45.1
3a. Paris Club	573.6	545.6	59.1	55.6	52.8	51.0	49.7	49.1	48.3	47.8	46.8	37.9	0.0	143.6	24.5
3b. Other official bilateral	363.5	345.9	109.1	105.5	100.0	92.4	84.7	76.9	68.7	61.0	53.3	21.1	3.4	132.8	20.5
3c. Commercial	13.2	10.9	8.6	6.3	4.1	1.9	0.8	0.0	0.0	0.0	0.0	0.0	0.0	4.1	0.0
4. Multilateral	1,551.5	1,512.3	1,269.7	1,264.1	1,246.6	1,220.1	1,193.9	1,173.6	1,136.4	1,096.6	1,069.1	900.0	680.0	1,248.5	872.5
IDA	858.7	877.1	791.2	808.6	824.9	840.4	853.4	865.7	858.1	841.2	822.5	702.1	524.3	840.2	677.2
AfDB Group	249.9	240.7	201.3	205.9	201.8	191.5	180.5	169.7	158.7	147.2	145.5	134.8	117.3	190.2	132.3
IMF	213.1	183.1	122.2	99.9	76.6	52.5	31.0	15.8	5.8	1.2	0.0	0.0	0.0	72.8	0.0
Others	229.8	211.5	155.0	149.7	143.2	135.7	129.0	122.4	113.8	107.1	101.2	63.0	38.4	145.3	63.1
5. Nominal stock of total debt	3,703.3	3,684.0	2,963.8	3,017.2	3,102.6	3,198.5	3,301.9	3,417.5	3,540.4	3,673.5	3,822.9	4,648.1	5,304.7	3,402.3	4,678.5
Memorandum items:															
6. NPV of new borrowing	...	68.58	195.25	279.19	378.43	482.34	592.42	707.23	825.53	947.36	1,070.81	1,750.27	2,433.23	504.3	1,817.6
Official bilateral	...	10.25	29.25	41.98	57.08	72.97	89.88	105.21	116.72	126.31	133.50	160.70	174.78	71.2	160.1
Multilateral	...	58.32	166.00	237.21	321.35	409.37	502.54	602.03	708.80	821.05	937.31	1,589.57	2,258.45	433.1	1,657.6

Sources: Senegalese authorities; and Bank/Fund staff estimates and projections.

1/ Refers to public and publicly guaranteed external debt only. NPVs are discounted on the basis of the average commercial interest reference rate for the respective currency, derived over the six-month period prior to the latest date for which actual dat

2/ Includes the 1998 Paris Club stock-of-debt operation on Naples terms.

3/ Includes the 1998 Paris Club stock-of-debt operation on Naples terms (67 percent NPV reduction), and at least comparable action by other official bilateral and commercial creditors.

4/ Assuming that completion point is reached in 2004.

5/ NPV of total debt assuming the entire HIPC Initiative assistance is fully delivered as of end-2002.

6/ After debt relief beyond HIPC offered by some of the Paris Club creditors.

Table 8. Senegal: External Debt-Service Projections, 2003-22
(In millions of U.S. dollars, unless otherwise indicated)

									Projections												Averages	
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2003-12	2013-22
Total debt service before traditional debt relief mechanisms 1/	**230.0**	**330.5**	**228.3**	**219.0**	**201.4**	**191.7**	**186.1**	**182.7**	**179.0**	**172.1**	**177.8**	**183.0**	**187.3**	**190.6**	**192.8**	**201.2**	**206.4**	**212.7**	**219.4**	**225.6**	**212.1**	**199.7**
Multilateral	138.0	137.2	133.1	125.8	115.0	111.9	104.1	100.5	95.6	81.7	80.5	79.4	79.8	79.2	78.4	79.9	80.4	80.7	82.5	81.4	114.3	80.2
Official bilateral	87.9	187.3	88.1	84.7	76.6	69.7	67.8	62.2	55.7	52.2	50.6	50.5	49.8	47.2	43.8	43.9	41.7	40.5	35.2	30.0	83.2	43.3
Commercial	3.0	2.9	2.7	2.6	2.4	1.2	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.0
Total debt service after traditional relief 1/ 2/	**221.5**	**322.3**	**220.3**	**211.3**	**193.9**	**186.6**	**181.2**	**176.1**	**172.6**	**166.8**	**172.6**	**177.9**	**183.8**	**189.3**	**195.0**	**203.6**	**209.1**	**215.7**	**222.6**	**228.1**	**205.3**	**199.8**
Multilateral	138.0	137.2	133.1	125.8	115.0	111.9	104.1	100.5	95.6	81.7	80.5	79.4	79.8	79.2	78.4	79.9	80.4	80.7	82.5	81.4	114.3	80.2
IDA	34.3	35.9	38.9	41.9	44.7	49.5	51.5	55.1	58.3	59.4	59.8	60.1	62.0	63.2	63.3	65.1	65.7	65.9	67.5	66.9	47.0	64.0
AfDB Group	22.2	21.6	21.1	20.3	18.1	18.5	17.9	17.7	17.9	7.6	7.8	7.9	7.9	8.0	7.8	8.3	8.4	8.6	9.3	9.5	18.3	8.4
IMF	47.2	48.2	43.1	36.1	27.8	24.0	16.7	10.8	4.9	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.0	0.0
Others	34.3	31.5	30.0	27.4	24.3	19.8	18.0	16.9	14.4	13.5	12.8	11.4	9.9	8.0	7.2	6.6	6.2	6.2	5.6	5.0	23.0	7.9
Official bilateral	79.3	179.1	80.1	77.0	69.2	64.6	62.9	55.6	49.3	46.9	45.4	45.4	46.3	45.9	45.9	46.3	44.4	43.4	38.4	32.5	76.4	43.4
Paris Club	59.1	60.2	62.0	56.6	47.9	44.3	43.4	36.4	31.1	29.1	29.5	30.1	31.0	31.7	32.6	33.5	31.8	31.8	29.5	27.1	47.0	30.9
Of which:																						
Official Development Assistance	30.7	30.4	30.6	30.1	27.4	23.2	21.9	14.4	11.3	8.6	8.5	8.3	8.4	8.4	8.3	8.3	6.6	6.6	6.2	6.0	22.9	7.6
Other official bilateral	20.2	118.9	18.1	20.4	21.2	20.4	19.5	19.2	18.2	17.8	15.9	15.3	15.4	14.2	13.4	12.8	12.6	11.7	8.9	5.4	29.4	12.5
Of which:																						
Official Development Assistance	19.3	17.9	17.8	20.1	20.8	19.9	19.1	18.7	17.7	17.3	15.3	14.7	14.7	13.5	12.6	11.9	11.7	10.7	7.9	5.4	18.9	11.9
Commercial	3.0	2.9	2.7	2.6	2.4	1.2	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.0
Total debt service after enhanced HIPC assistance 1/	**182.9**	**245.0**	**131.0**	**142.5**	**147.5**	**142.1**	**137.7**	**152.4**	**155.5**	**149.4**	**155.7**	**165.8**	**171.2**	**177.1**	**182.0**	**189.1**	**194.4**	**200.4**	**208.7**	**215.9**	**158.6**	**186.0**
Multilateral	112.4	84.3	65.4	77.0	85.1	83.7	76.7	92.8	93.6	79.6	78.3	81.9	83.0	82.5	82.0	82.0	82.2	82.1	84.1	82.5	85.1	82.1
IDA	23.2	25.1	20.9	22.8	24.4	27.6	28.9	49.4	58.3	59.4	59.8	60.1	62.0	63.2	63.3	65.1	65.7	65.9	67.5	66.9	34.0	64.0
AfDB Group	18.5	6.8	3.1	11.9	18.1	18.5	17.9	17.7	17.9	7.6	7.8	7.9	7.9	8.0	7.8	8.3	8.4	8.6	9.3	9.5	13.8	8.4
IMF	40.3	34.4	28.2	28.1	27.8	24.0	16.7	10.8	4.9	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.6	0.0
Others	30.4	18.0	13.3	14.2	14.8	13.6	13.2	14.9	12.5	11.3	10.6	13.9	13.0	11.4	10.8	8.6	8.1	7.6	7.2	6.1	15.6	9.7
Official bilateral	66.3	154.6	58.5	57.0	52.6	48.2	46.8	39.6	34.3	31.7	30.7	30.7	30.6	30.4	29.4	29.7	27.8	26.7	22.9	19.2	59.0	27.8
Paris Club	37.6	48.2	49.5	46.2	40.0	35.9	34.8	27.5	23.2	20.9	21.1	21.3	21.9	22.4	22.9	23.4	21.8	21.7	20.3	18.7	36.4	21.6
Of which:																						
Official Development Assistance	30.7	30.4	30.6	30.1	27.4	23.2	21.9	14.4	11.3	8.6	8.5	8.3	8.4	8.4	8.3	8.3	6.6	6.6	6.2	6.0	22.9	7.6
Other official bilateral	28.7	106.4	9.0	10.8	12.6	12.3	12.0	12.0	11.1	10.8	9.6	9.4	8.7	8.0	6.5	6.3	6.1	5.0	2.6	0.5	22.6	6.3
Of which:																						
Official Development Assistance	25.6	12.8	9.0	10.8	12.6	12.3	12.0	12.0	11.1	10.8	9.6	9.4	8.7	8.0	6.5	6.3	6.1	5.0	2.6	0.5	12.9	6.3
Commercial	3.0	2.9	2.7	2.6	2.4	1.2	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.0
Total debt service after bilateral debt relief beyond HIPC 1/ 3/	**167.4**	**203.6**	**88.5**	**102.4**	**112.5**	**110.4**	**106.5**	**128.6**	**135.7**	**132.4**	**138.6**	**148.6**	**153.6**	**159.3**	**163.9**	**170.7**	**177.9**	**184.2**	**192.7**	**200.1**	**128.8**	**168.9**
Multilateral	112.4	84.3	65.4	77.0	85.1	83.7	76.7	92.8	93.6	79.6	78.3	81.9	83.0	82.5	82.0	82.0	82.2	82.1	84.1	82.5	85.1	82.1
Official bilateral	50.8	113.3	16.0	17.0	17.6	16.6	15.6	15.8	14.4	14.6	13.6	13.5	13.0	12.5	11.3	11.3	11.3	10.5	6.9	3.4	29.2	10.7
Paris Club	22.1	6.9	7.0	6.1	5.0	4.3	3.6	3.7	3.3	3.8	4.0	4.1	4.3	4.5	4.7	5.0	5.2	5.5	4.3	2.9	6.6	4.5
Of which:																						
Official Development Assistance	20.5	2.7	2.4	2.3	2.3	1.7	1.1	1.0	0.9	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.0	0.8	3.6	1.2
Other official bilateral	28.7	106.4	9.0	10.8	12.6	12.3	12.0	12.0	11.1	10.8	9.6	9.4	8.7	8.0	6.5	6.3	6.1	5.0	2.6	0.5	22.6	6.3
Commercial	3.0	2.9	2.7	2.6	2.4	1.2	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.0
Memorandum items:																						
Debt service on new debt	1.1	3.2	4.4	5.9	7.4	8.9	13.3	20.0	27.7	38.1	46.7	53.2	57.6	64.3	70.7	77.4	84.3	91.5	101.8	114.2	13.0	76.2
Nominal HIPC relief	38.6	77.3	89.3	68.8	46.4	44.5	43.5	23.7	17.0	17.4	16.9	12.1	12.6	12.2	13.0	14.5	14.7	15.3	13.9	12.1	46.7	13.7

Sources: Senegalese authorities; and Bank/Fund staff estimates and projections.
1/ Includes debt service on projected new debt (shown in the memorandum items).
2/ Includes Naples stock of debt operation and at least comparable treatment by other bilateral creditors.
3/ After debt relief beyond HIPC offered by some of the Paris Club creditors.

Table 9. Senegal: External Debt Indicators, 2002–22 1/

	Actual	Projections												Averages	
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2017	2022	2002-12	2013-22
	(In percent)														
After traditional debt relief mechanisms 2/															
NPV of debt-to-GDP ratio	50.0	38.9	35.2	32.8	30.7	28.8	27.2	25.7	24.4	23.3	22.3	18.5	14.8	28.9	18.1
NPV of debt-to-exports ratio 3/ 4/	179.0	157.9	139.3	126.8	120.8	114.9	109.6	104.7	100.2	96.3	93.1	78.7	64.2	116.4	77.1
NPV of debt-to-revenue ratio 5/	241.8	203.1	182.9	169.5	158.6	147.4	137.6	129.2	121.9	115.6	110.3	88.8	70.3	147.6	87.3
Debt service-to-exports ratio 3/	...	12.2	17.2	11.1	10.1	8.8	7.9	7.2	6.6	6.1	5.5	4.7	4.0	9.3	4.7
Debt service-to-revenue ratio 5/	...	18.0	24.4	15.6	14.0	11.9	10.6	9.5	8.5	7.7	6.9	5.6	4.7	12.7	5.6
After enhanced HIPC assistance															
NPV of debt-to-GDP ratio	49.8	38.9	29.0	27.9	26.7	25.5	24.4	23.4	22.4	21.5	20.7	17.4	14.1	26.0	17.1
NPV of debt-to-exports ratio 3/ 4/	178.1	157.7	114.8	107.8	105.3	101.7	98.4	95.4	92.1	88.9	86.3	74.2	61.5	104.9	72.8
NPV of debt-to-exports ratio (existing debt only)	178.1	153.4	103.6	93.0	86.2	78.6	71.8	65.5	59.2	53.5	48.8	29.3	15.9	81.4	28.7
NPV of debt-to-exports ratio after full delivery in 2002 3/ 4/ 6/	143.9	127.9	114.8	107.8	105.3	101.7	98.4	95.4	92.1	88.9	86.3	74.2	61.5	101.9	72.8
NPV of debt-to-revenue ratio 5/	240.6	202.9	150.7	144.1	138.2	130.4	123.6	117.8	112.0	106.7	102.3	83.8	67.3	132.9	82.3
NPV of debt to revenues ratio after full delivery in 2002 5/ 6/	194.3	164.5	150.7	144.1	138.2	130.4	123.6	117.8	112.0	106.7	102.3	83.8	67.3	129.0	82.3
Debt service-to-exports ratio 3/	...	10.1	13.1	6.6	6.8	6.7	6.0	5.5	5.7	5.5	4.9	4.4	3.8	7.1	4.3
Debt service-to-revenue ratio 5/	...	14.9	18.5	9.3	9.4	9.0	8.0	7.2	7.4	7.0	6.2	5.3	4.4	9.7	5.2
After bilateral debt relief beyond HIPC assistance 7/															
NPV of debt-to-GDP ratio	...	38.7	23.9	23.4	22.9	22.1	21.4	20.8	20.1	19.4	18.9	16.3	13.4	23.2	15.9
NPV of debt to exports ratio 3/ 4/	...	157.0	94.5	90.5	90.0	88.2	86.6	85.0	82.8	80.5	78.6	69.5	58.3	93.4	67.9
NPV of debt to exports ratio after full delivery in 2002 3/ 4/ 6/	115.8	104.0	94.5	90.5	90.0	88.2	86.6	85.0	82.8	80.5	78.6	69.5	58.3	88.1	67.9
NPV of debt-to-revenue ratio 5/	...	202.0	124.1	121.0	118.1	113.2	108.7	105.0	100.7	96.6	93.1	78.5	63.8	118.2	76.8
NPV of debt to revenues ratio after full delivery in 2002 5/ 6/	156.5	133.9	124.1	121.0	118.1	113.2	108.7	105.0	100.7	96.6	93.1	78.5	63.8	111.4	76.8
Debt service-to-exports ratio 3/	...	9.2	10.9	4.5	4.9	5.1	4.7	4.2	4.8	4.8	4.4	4.0	3.5	5.7	3.9
Debt service-to-revenue ratio 5/	...	13.6	15.4	6.3	6.8	6.9	6.2	5.6	6.2	6.1	5.5	4.7	4.1	7.9	4.7
	(In millions of U.S. dollars)														
Memorandum items:															
NPV of debt after enhanced HIPC assistance	2,514	2,495	1,995	2,038	2,084	2,130	2,185	2,252	2,313	2,379	2,460	2,894	3,285	2,233	2,926
Debt service after enhanced HIPC assistance	...	183	245	131	142	147	142	138	152	156	149	182	216	159	186
GDP	5,052	6,415	6,881	7,308	7,796	8,355	8,959	9,627	10,334	11,083	11,875	16,627	23,259	8,863	17,516
Exports of goods and services 3/	1,522	1,819	1,871	1,980	2,089	2,216	2,355	2,509	2,672	2,846	3,030	4,145	5,684	2,339	4,350
Exports of goods and services (3-year moving avg.) 3/	1,411	1,581	1,737	1,890	1,980	2,095	2,220	2,360	2,512	2,676	2,850	3,898	5,342	2,190	4,090
Government revenue 5/	1,045	1,229	1,323	1,414	1,509	1,633	1,768	1,911	2,065	2,230	2,405	3,453	4,883	1,749	3,640

Sources: Senegalese authorities; and Bank/Fund staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated.

2/ Reflects the 1998 Paris Club stock-of-debt operation on Naples terms and assumes comparable treatment from other official bilateral and commercial creditors.

3/ As defined in IMF, *Balance of Payments Manual*, 5th edition, 1993.

4/ Based on a three-year average of exports on the previous year (e.g.. export average over 2000-02 for NPV of debt-to-exports ratio in 2002).

5/ Revenue is defined as central government revenue, excluding grants.

6/ Assuming full delivery of HIPC assistance at end-2002.

7/ Some Paris Club creditors have agreed to extend additional debt relief beyond HIPC assistance.

Table 10. Senegal: Debt Sensitivity Analysis, 2003-22
(Ratios in percent, unless otherwise indicated)

	2003	2004	2005	2010	2015	2019	2020	2021	2022	Average 2003-15	Average 2016-22
Baseline scenario											
NPV of debt to exports	157.1	114.2	107.3	91.6	78.7	69.1	66.6	64.0	61.4	99.0	69.0
Debt service to exports	10.0	13.1	6.6	5.7	4.7	4.1	4.0	3.9	3.8	6.5	4.1
Debt service to revenue	14.9	18.5	9.2	7.4	5.7	4.9	4.7	4.6	4.4	8.8	4.9
Memorandum items :											
NPV of debt (millions of U.S. dollars)	2,484.3	1,984.0	2,027.0	2,301.4	2,707.3	3,053.4	3,133.7	3,208.7	3,279.3	2,313.4	3,046.8
Of which: new debt	68.6	195.2	279.2	825.5	1,467.3	2,031.2	2,170.1	2,305.0	2,433.2	733.4	2,027.1
Debt service (millions of U.S. dollars)	182.7	244.8	130.6	152.0	170.1	193.3	199.4	207.9	215.1	159.3	194.4
Of which: new debt	1.1	3.2	4.4	20.0	57.6	84.3	91.5	101.8	114.2	22.1	86.3
Scenario 1: Lower grants financed by increased borrowing at IDA terms											
NPV of debt to exports	157.1	114.2	107.3	95.7	87.0	79.1	76.8	74.3	71.8	102.3	78.8
Debt service to exports	10.0	13.1	6.6	5.9	4.9	4.5	4.4	4.3	4.2	6.6	4.5
Debt service to revenue	14.9	18.5	9.2	7.6	6.0	5.3	5.1	5.0	4.9	8.8	5.3
Memorandum items :											
NPV of debt (millions of U.S. dollars)	2,484.3	1,984.0	2,027.0	2,403.1	2,991.6	3,495.2	3,614.3	3,727.6	3,836.0	2,413.8	3,488.0
Of which: new debt	68.6	195.2	279.2	943.3	1,763.7	2,482.7	2,659.7	2,832.1	2,997.5	843.6	2,477.9
Debt service (millions of U.S. dollars)	182.7	244.8	130.6	156.6	179.4	210.6	218.8	229.4	238.8	160.9	211.9
Of which: new debt	1.1	3.2	4.4	21.8	67.1	101.9	111.2	123.6	138.2	24.6	104.1
Scenario 2: Lower grants financed by non-concessional borrowing											
NPV of debt to exports	157.1	114.2	107.3	105.7	94.2	80.4	76.6	72.9	69.1	108.7	80.2
Debt service to exports	10.0	13.1	6.6	8.5	8.9	8.2	7.9	7.6	7.3	8.6	8.2
Debt service to revenue	14.9	18.5	9.2	11.0	10.9	9.6	9.2	8.8	8.4	11.4	9.6
Memorandum items :											
NPV of debt (millions of U.S. dollars)	2,484.3	1,984.0	2,027.0	2,655.3	3,238.5	3,552.3	3,608.4	3,654.8	3,693.3	2,583.1	3,534.8
Of which: new debt	68.6	195.2	279.2	1,195.4	2,010.6	2,539.8	2,653.9	2,759.4	2,854.7	1,015.1	2,524.7
Debt service (millions of U.S. dollars)	182.7	244.8	130.6	227.8	327.0	384.7	394.1	404.5	412.6	221.9	383.3
Of which: new debt	1.1	3.2	4.4	93.1	214.6	276.0	286.5	298.7	312.0	85.6	275.4
Scenario 3: Terms of trade shock (financing gaps closed with concessional borrowing)											
NPV of debt to exports	157.1	114.2	107.3	98.6	84.6	73.6	70.9	68.1	65.3	103.5	73.6
Debt service to exports	10.0	13.1	6.6	5.9	5.0	4.3	4.2	4.1	4.0	6.6	4.4
Debt service to revenue	14.9	18.5	9.2	6.7	5.5	4.7	4.5	4.4	4.3	8.2	4.8
Memorandum items :											
NPV of debt (millions of U.S. dollars)	2,484.3	1,984.0	2,027.0	2,477.2	2,908.3	3,254.4	3,338.2	3,416.6	3,490.8	2,437.1	3,249.3
Of which: new debt	68.6	195.2	279.2	1,017.4	1,680.4	2,241.9	2,383.6	2,521.2	2,652.2	869.1	2,239.2
Debt service (millions of U.S. dollars)	182.7	244.8	130.6	157.6	184.4	203.3	209.5	218.1	225.4	162.5	206.5
Of which: new debt	1.1	3.2	4.4	22.9	72.0	94.6	101.9	112.2	124.8	26.2	98.6
Scenario 4: Slower growth in export volume and in real GDP growth (financing gaps closed with borrowing)											
NPV of debt to exports	157.1	114.2	107.3	98.5	95.5	92.2	91.2	90.1	88.9	105.2	92.0
Debt service to exports	10.0	13.1	6.6	6.0	5.9	5.8	5.8	5.8	5.7	6.8	5.8
Debt service to revenue	14.9	18.5	9.2	7.7	6.9	6.5	6.4	6.3	6.2	9.1	6.5
Memorandum items :											
NPV of debt (millions of U.S. dollars)	2,484.3	1,984.0	2,027.0	2,397.1	3,058.3	3,693.4	3,867.8	4,045.8	4,229.5	2,421.4	3,704.9
Of which: new debt	68.6	195.2	279.2	937.3	1,830.4	2,680.9	2,913.2	3,150.4	3,391.0	853.4	2,694.8
Debt service (millions of U.S. dollars)	182.7	244.8	130.6	155.3	199.0	246.0	258.3	274.0	288.5	164.1	248.4
Of which: new debt	1.1	3.2	4.4	20.6	86.7	137.2	150.8	168.2	187.9	27.8	140.5

Sources: Senegalese authorities and Bank /Fund staff estimates and projections.

Table 11. Senegal: Possible Delivery of IDA HIPC Assistance, 2000-11 1/

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt service before HIPC assistance	26.20	28.56	30.00	31.64	33.27	35.86	38.12	40.60	43.71	44.67	47.78	48.79
Savings on debt service to IDA 2/ 3/	4.99	14.32	15.04	11.07	10.82	17.98	19.12	20.36	21.92	22.55	5.70	-
Debt service after HIPC assistance	21.20	14.24	14.95	20.56	22.45	17.88	19.00	20.24	21.79	22.12	42.08	48.79
Memorandum item:												
IDA debt relief as a percentage of IDA debt service due (in percent)	17.48	47.74	47.55	33.28	30.17	47.18	47.09	46.57	49.07	47.21	11.68	0.00
Interim assistance 4/	41.40											
Interim relief as percent of total 4/	33.49											

Sources: Senegalese authorities; and IDA staff estimates.

1/ Numbers in this table differ from those shown in Table 10, as this table presents numbers using discount and exchange rates as of end-1998 and not as of end-2002.
2/ Translates into US$123.6 million in NPV terms, using end-1998 discount and exchange rates.
3/ The drop in savings on debt service to IDA in the years 2003 and 2004 is due to the exhaustion of interim relief.
Interim relief was exhausted when the accumulated interim relief reached one-third of the total target of IDA relief
As a consequence of the exhaustion of interim relief before the completion point, IDA debt relief will be extended by six months into 2010.
4/ In net present value (NPV) terms.

Table 12. Senegal: Delivery of IMF Assistance under the Enhanced HIPC Initiative, 2000-08 1/
(In millions of SDRs, unless otherwise indicated)

	Actual								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Delivery schedule of IMF assistance (in percent of total assistance)	4.2	9.9	10.0	15.0	25.0	25.0	10.8	0.0	0.0
Debt service due on IMF obligations 2/	10.6	22.9	18.2	21.7	28.7	30.9	23.0	16.3	9.1
Principal	9.0	21.1	16.8	20.3	27.3	29.7	21.9	15.3	8.2
Interest	1.5	1.8	1.4	1.4	1.4	1.2	1.1	1.0	0.9
IMF assistance--deposits into Senegal's account	1.690	3.087	3.387	5.080	1.066				
Interim assistance					19.490				
Completion point assistance 3/									
IMF assistance--drawdown schedule 4/	1.4	3.4	3.4	5.1	10.1	11.0	5.9	--	--
IMF assistance without interest	1.4	3.3	3.4	5.1	8.450	8.5	3.7	--	--
Estimated interest earnings	--	0.0	0.0	0.0	1.7	2.5	2.3	--	--
Debt service due on current IMF obligations after IMF assistance	9.1	19.6	14.8	16.6	18.6	20.0	17.0	16.3	9.1
Share of debt service due on IMF obligations covered by IMF assistance (in percent)	13.6	14.7	18.9	23.5	35.3	35.5	25.8	--	--
Proportion (in percent) of each repayment falling due during the period to be paid by IMF Initiative assistance from the principal deposited in Senegal's account	15.9	15.9	20.2	25.0	30.9	28.4	16.7	--	--
Memorandum items:									
Total debt service due (in millions of U.S. dollars) 5/	171	167	198.4	221.5	322.3	220.3	211.3	193.9	186.6
Debt service due on IMF obligations (in millions of U.S. dollars)	13.7	29.6	23.1	47.2	48.2	43.1	36.1	27.8	24.0
Debt service due on current IMF obligations after IMF assistance	11.9	25.2	18.7	40.3	34.4	28.2	28.1	27.8	24.0
(in percent of exports)	0.9	1.8	1.2	2.2	1.8	1.4	1.3	1.3	1.0
Share of total debt service covered by IMF assistance (in percent)	0.8	2.0	1.7	2.3	3.1	5.0	2.8	--	--

Sources Senegalese authorities; and Fund staff estimates.

1/ Total IMF assistance under the enhanced HIPC Initiative is SDR33.8 million, calculated on the basis of data available at the decision point, reached on June 21, 2000, excluding interest earned on Senegal's account and on committed but undisbursed amounts as described in footnote 4.

2/ Forthcoming obligations estimated based on rates and principal schedules in effect as of end-May 2000. Interest obligations include net SDR charges and assessments. Data for 2000 are from September onward, and data for 2002 and 2003 are from May through December, and for 2004-from February through December as approved by the Board in 2000-04.

3/ A final disbursement of assistance in the amount of SDR 19.49 million plus accumulated interest income accrued during the interim period is to be disbursed into Senegal's account at the assumed completion point in April 2004.

4/ Includes estimated interest earnings on (1) amounts held in Senegal's account and (2) amounts committed but not yet disbursed up to the completion point. It is assumed that these amounts earn a rate of return of 5 percent in SDR 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.

5/ After traditional debt-relief mechanisms.

Table 13. Senegal: Status of Creditor Participation Under the Enhanced HIPC Initiative

	Debt relief in NPV terms (US$ millions) 1/	Percentage of total assistance	Satisfactory reply	Modalities to deliver debt relief
IDA	123.5	25.3	Yes	IDA relief is being provided over ten years (2000-10). Interim assistance has been provided equivalent to a 50.15 percent reduction on Senegal's debt service to IDA. As of mid-September 2003, interim assistance was exhausted, as the ceiling of one-third of total NPV relief had been reached. After completion point, assistance will resume in the same manner as interim relief. In order to compensate for the interruption of relief, provision of relief after completion point will have to be extended by seven months with a reduction factor of 51.04 percent for these additional months.
IMF	44.9	9.2	Yes	IMF assistance will be delivered through grants from the PRGF/HIPC Trust Fund to the member's umbrella account. These resources, plus accrued interest, will be used to reduce the payments falling due. Interim assistance of about US$19 million has been provided.
AfDB	57.0	11.7	Yes	Interim assistance of US$22.8 million in NPV terms has been provided. Debt service relief modalities for irrevocable delivery of debt relief at the completion point have been agreed with the Senegalese authorities. The total of debt relief is expected to be delivered by May 2006.
EIB-EU	15.2	3.1	Yes	From completion point onward, EU assistance will be delivered through a buyback of specific EIB and EDF loans. Interim assistance of US$1.9 million in NPV terms has already been delivered.
IFAD	3.6	0.7	Yes	Assistance will be delivered at the completion point, through a reduction of debt service payments on eligible debt by up to 100 percent until the target in NPV terms is reached. Modalities for delivery of assistance remain to be specified. Preliminary estimates show that IFAD's relief could be delivered over 4 years.
OPEC Fund	2.6	0.5	Yes	The OPEC Fund provided assistance by means of a new concessional US$6.9 million loan whose resources will be used to meet the debt service payments due to the OPEC Fund until the resources are exhausted. The loan is estimated to provide the equivalent of US$2.4 million in NPV terms of the total targeted reduction of US$2.6 million.
NDF	0.6	0.1	Yes	Assistance will be delivered at the completion point, through a reduction of debt service payments on eligible debt by up to 100 percent until the target in NPV terms is reached. Preliminary estimates show that NFD's relief could be delivered over three years.
IsDB	10.6	2.2	Yes	Has agreed in principle to participate in the initiative, but still has to agree on specific delivery modalities for Senegal.
ECOWAS	3.1	0.6	No	Has yet to agree to participate in the HIPC Initiative.
BADEA	5.1	1.0	Yes	Has agreed in principle to participate in the initiative, but still has to agree on specific delivery modalities for Senegal.
BCEAO	4.4	0.9	No	Has agreed in principle to participate in the initiative, but still has to agree on delivery of assistance in the case of Senegal.
BOAD	5.4	1.1	Yes	Interim assistance of US$2.8 million has been delivered through the HIPC Trust Fund. Interim relief was exhausted after May 2003 as the 40 percent ceiling of total relief (in NPV terms) was reached. Modalities of further delivery after completion point remain to be specified. Preliminary projections suggest that the remainder of relief will be delivered over three years.
Total multilateral	276.0	56.5	n.a.	

Table 13. Senegal: Status of Creditor Participation Under Enhanced HIPC Initiative (concluded)

	Debt relief in NPV terms (US$ millions) 1/	Percentage of total assistance	Satisfactory reply	Modalities to deliver debt relief
Paris Club creditors	126.1	25.8	Yes	Interim assistance has been provided through a flow rescheduling under Cologne terms. The remaining HIPC Initiative assistance will be provided at the completion point.
Non-Paris Club creditors	85.4	17.5		
Of which:				
Algeria	1.8	0.4	No	No agreement signed.
China	13.8	2.8	No	No agreement signed.
Iraq	0.0	0.0	No	
Kuwait	31.8	6.5	No	No agreement. Has indicated willingness to consider providing relief.
Oman	1.2	0.2	No	No agreement. Has indicated willingness to consider providing relief.
Saudi Arabia	21.6	4.4	No	No agreement signed.
Taiwan Province of China	11.3	2.3	No	
United Arab Emirates	3.9	0.8	No	No agreement. Has indicated willingness to consider providing relief.
Commercial creditors	0.6	0.1	No	
Total bilateral and commercial	212.1	43.5		
Total	488.1	100.0		

Sources : Senegalese authorities; and Bank and Fund staff estimates.

Table 13. Senegal: Status of Creditor Participation Under Enhanced HIPC Initiative (concluded)

	Debt relief in NPV terms (US$ millions) 1/	Percentage of total assistance	Satisfactory reply	Modalities to deliver debt relief
Paris Club creditors	126.1	25.8	Yes	Interim assistance has been provided through a flow rescheduling under Cologne terms. The remaining HIPC Initiative assistance will be provided at the completion point.
Non-Paris Club creditors	85.4	17.5		
Of which:				
Algeria	1.8	0.4	No	No agreement signed.
China	13.8	2.8	No	No agreement signed.
Iraq	0.0	0.0	No	
Kuwait	31.8	6.5	No	No agreement. Has indicated willingness to consider providing relief.
Oman	1.2	0.2	No	No agreement. Has indicated willingness to consider providing relief.
Saudi Arabia	21.6	4.4	No	No agreement signed.
Taiwan Province of China	11.3	2.3	No	
United Arab Emirates	3.9	0.8	No	No agreement. Has indicated willingness to consider providing relief.
Commercial creditors	0.6	0.1	No	
Total bilateral and commercial	212.1	43.5		
Total	488.1	100.0		

Sources : Senegalese authorities; and Bank and Fund staff estimates.

Table 14. Senegal: Paris Club Creditors' Delivery of Debt Relief Under Bilateral Initiatives Beyond the Enhanced HIPC Initiative

	Countries Covered	ODA (In percent)		Non-ODA (In percent)		Provision of Relief	
		Pre-COD	Post-COD	Pre-COD	Post-COD	Decision Point (In percent)	Completion Point
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Australia	HIPCs	100	100	100	100 1/	1/	1/
Austria	HIPCs (case-by-case)	Case-by-case (100)	Case-by-case (100)	Case-by-case (100)	-	Case-by-case	Case-by-case
Belgium	HIPCs	100	100	Case-by-case (100)	-	flow	Stock
Canada	HIPCs 2/	- 3/	- 3/	100	100	100 flow	Stock
Denmark	HIPCs	100	Case-by-case (up to 100)	-	-	-	Stock
France	HIPCs	100	100	100	-	100 flow 4/	Stock
Finland	HIPCs	95	98	-	-	-	-
Germany	HIPCs	100	100	100	-	100 flow	Stock
Ireland	-	-	-	-	-	-	-
Italy	HIPCs	100	100 5/	100	100 5/	100 flow	Stock
Japan	HIPCs	100	100	100	-	-	Stock
Netherlands	HIPCs	100	100	100	-	90-100 flow 6/	Stock 6/
Norway 7/	-	-	-	-	-	-	-
Russia	Case-by-case	-	-	-	-	-	Stock
Spain	HIPCs	100	Case-by-case	Case-by-case	Case-by-case	-	Stock
Sweden	Case-by-case	- 3/	- 3/	Case-by-case (100)	-	-	Stock
Switzerland	HIPCs	- 3/	- 3/	Case-by-case	Case-by-case	Case-by-case, flow	Stock
United Kingdom	HIPCs	100	100	100	100 8/	100 flow 8/	Stock
United States	HIPCs	100	100	100	100 9/	100 flow	Stock

Source: Paris Club Secretariat.

Note: Columns (1) to (7) describe the additional debt relief provided following a specific methodology under bilateral initiatives and need to be read as a whole for each creditor. In column (1), "HIPCs" stands for eligible countries effectively qualifying for the HIPC process. A "100 percent" mention in the table means that the debt relief provided under the enhanced HIPC Initiative framework will be topped up to 100 percent through a bilateral initiative.

1/ Australia: post-cutoff date non-ODA relief to apply to debts incurred before a date to be finalized; timing details for both flow and stock relief are to be finalized.
2/ Canada: countries covered include all HIPCs and Bangladesh. Canada has granted a moratorium of debt service as of January 2001 on all debt disbursed before end-March 1999 for 11 out of 17 HIPCs with debt service due to Canada. The debt will be written off at the completion point. The countries to be covered are: Benin, Bolivia, Cameroon, Ethiopia, Guyana, Honduras, Madagascar, Mali, Senegal, Tanzania, and Zambia.
3/ 100 percent of ODA claims have already been cancelled on HIPCs, with the exception of Myanmar's debt to Canada.
4/ France: cancellation of 100 percent of debt service on pre-cutoff date commercial claims as they fall due starting at the decision point. Once countries have reached their completion point, debt relief on ODA claims will go to a special account and will be used for specific development projects.
5/ Italy: cancellation of 100 percent of all debts (pre- and post-COD, ODA and non-ODA) incurred before June 20, 1999 (the Cologne Summit). At decision point cancellation of the related amounts falling due in the interim period. At completion point cancellation of the stock of remaining debt.
6/ The Netherlands: ODA: 100 percent of pre- and post-cutoff date debt will be cancelled at decision point; for non-ODA: in some particular cases (Bolivia, Burkina Faso, Mali, Ethiopia, Nicaragua, and Tanzania), the Netherlands will write off 100 percent of the consolidated amounts on the flow at decision point; all other HIPCs will receive interim relief up to 90 percent reduction of the consolidated amounts. At completion point, all HIPC countries will receive 100 percent cancellation of the remaining stock of the pre-cutoff date debt.
7/ The Norwegian authorities have informed the staff of the Fund and the World Bank that assistance beyond the HIPC Initiative will be formalized after completion point.
8/ United Kingdom: "beyond 100 percent" full write-off of all debts of HIPCs as of their decision points, and reimbursement at the decision point of any debt service paid before the decision point.
9/ United States: 100 percent post-cutoff date non-ODA treated on debt assumed prior to 06/20/99 (the Cologne Summit).

Table 15. Senegal: HIPC Initiative: Status of Country Cases Considered Under the Initiative, End-January 2004

Country	Decision point	Completion point	Target NPV of Debt-to- Exports (in percent)	Target NPV of Debt-to- Gov. revenue (in percent)	Assistance Levels 1/ (In millions of U.S. dollars, present value) Total	Bilateral	Multi-lateral	IMF	World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
Completion point reached under enhanced framework											
Benin	Jul. 00	Mar. 03	150		265	77	189	24	84	31	460
Bolivia					1,302	425	876	84	194		2,060
Original framework	*Sep. 97*	*Sep. 98*	*225*		*448*	*157*	*291*	*29*	*54*	*14*	*760*
Enhanced framework	*Feb. 00*	*Jun. 01*	*150*		*854*	*268*	*585*	*55*	*140*	*30*	*1,300*
Burkina Faso					553	83	469	57	231		930
Original framework	*Sep. 97*	*Jul. 00*	*205*		*229*	*32*	*196*	*22*	*91*	*27*	*400*
Enhanced framework	*Jul. 00*	*Apr. 02*	*150*		*195*	*35*	*161*	*22*	*79*	*30*	*300*
Topping-up	...	*Apr. 02*	*150*		*129*	*16*	*112*	*14*	*61*	*24*	*230*
Guyana					591	223	367	75	68		877
Original framework	*Dec. 97*	*May 99*	*107*	*280*	*256*	*91*	*165*	*35*	*27*	*24*	*440*
Enhanced framework	*Nov. 00*	*Dec-03*	*150*	*250*	*335*	*132*	*202*	*40*	*41*	*40*	*437*
Mali					539	169	370	59	185		895
Original framework	*Sep. 98*	*Sep. 00*	*200*		*121*	*37*	*84*	*14*	*43*	*9*	*220*
Enhanced framework	*Sep. 00*	*Mar. 03*	*150*		*417*	*132*	*285*	*45*	*143*	*29*	*675*
Mauritania	Feb. 00	Jun. 02	137	250	622	261	361	47	100	50	1,100
Mozambique					2,023	1,270	753	143	443		4,300
Original framework	*Apr. 98*	*Jun. 99*	*200*		*1,717*	*1,076*	*641*	*125*	*381*	*63*	*3,700*
Nicaragua	Dec. 00	Jan. 04	150		3,308	2,175	1,134	82	191	73	4,500
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54	3,000
Uganda					*1,003*	*183*	*820*	*160*	*517*		*1,950*
Original framework	*Apr. 97*	*Apr. 98*	*202*		*347*	*73*	*274*	*69*	*160*	*20*	*650*
Enhanced framework	Feb. 00	May 00	150		656	110	546	91	357	37	1,300
Decision point reached under enhanced framework											
Cameroon	Oct. 00	Floating	150		1,260	874	324	37	179	27	2,000
Chad	May. 01	Floating	150		170	35	134	18	68	30	260
Congo, Democratic Rep. of	Jul. 03	Floating	150		6,311	3,837	2,474	472	831	80	10,389
Ethiopia	Nov. 01	Floating	150		1,275	482	763	34	463	47	1,930
Gambia, The	Dec. 00	Floating	150		67	17	49	2	22	27	90
Ghana	Feb. 02	Floating	69	250	2,186	1,084	1,102	112	781	56	3,700
Guinea	Dec. 00	Floating	150		545	215	328	31	152	32	800
Guinea-Bissau	Dec. 00	Floating	150		416	212	204	12	93	85	790
Honduras	Jul. 00	Floating	110	250	556	215	340	30	98	18	900
Madagascar	Dec. 00	Floating	150		814	457	357	22	252	40	1,500
Malawi	Dec. 00	Floating	150		643	163	480	30	331	44	1,000
Niger	Dec. 00	Floating	150		521	211	309	28	170	54	900
Rwanda	Dec. 00	Floating	150		452	56	397	44	228	71	800
São Tomé and Príncipe	Dec. 00	Floating	150		97	29	68	-	24	83	200
Senegal	Jun. 00	Floating	133	250	488	193	259	45	124	19	850
Sierra Leone	Mar. 02	Floating	150		600	205	354	123	122	80	950
Zambia	Dec. 00	Floating	150		2,499	1,168	1,331	602	493	63	3,850
Preliminary HIPC document issued											
Côte d'Ivoire	Mar. 98 3/	...	141	280	345	163	182	23	91	6 4/	800
Total assistance provided/committed					**31,475**	**15,489**	**15,815**	**2,517** 5/	**7,230**		**51,781**
Côte d'Ivoire 6/	...	...	91	250	2,569	1,027	918	166	438	37	3,900

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/ Côte d'Ivoire reached its decision point under the original framework in March 1998. The total amount of assistance committed thereunder was US$345 million in NPV terms.
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 NPVof debt at the completion point in the calculation of this ratio.
5/ Equivalent to SDR 1,695 million at an SDR/USD exchange rate of 0.6732, as of February 2, 2004.
6/ It is suggested that enhanced HIPC relief for Côte d'Ivoire overtake the commitments made under the original HIPC framework.

Table 16. Senegal: Projected Assistance Under the HIPC Inititiative at the Decision Point 1/

SCENARIO I: EXPORT CRITERION					SCENARIO II: FISCAL CRITERION					Memorandum Items
	Total Assistance at the completion point on the basis of decision point data 2/ (In millions of US dollars)					Total Assistance at the completion point on the basis of decision point data 2/ (In millions of US dollars)				
NPV of debt-to-exports-target (in percent)	Total	Bilateral 3/	Multilateral	Common Reduction Factor at the decision point 4/	NPV of debt-to-revenue-target (in percent)	Total	Bilateral 3/	Multilateral	Common Reduction Factor at the decision point 4/	Required NPV debt reduction on bilateral debt based on comparable treatment of overall exposure 5/
150	228	99	129	9.0%	250	488	212	276	19.3%	
NPV of debt 5/	2,534	1,101	1,434		NPV of debt 5/	2,534	1,101	1,434		
Multilateral institutions	1,434				Multilateral institutions	1,434				73%
Paris Club	655				Paris Club	655				79%
Of which: pre-cutoff non-ODA debt	336				*Of which:* pre-cutoff non-ODA debt	336				73%
Non-Paris Club bilaterals	443				Non-Paris Club bilaterals	443				121%
Of which: pre-cutoff non-ODA debt	53				*Of which:* pre-cutoff non-ODA debt	53				
Commercial creditors (all reschedulable)	3				Commercial creditors (all reschedulable)	3				
3-year average of exports 6/	1,538	...	...		Government revenue	818	...	...		
Current-year exports	1,613	...	...		Exports-to-GDP ratio 7/	33%	...	...		
NPV of debt-to-exports ratio 6/	165	...	...		Revenues-to-GDP ratio 7/ 8/	17%				
					NPV of debt-to-revenue ratio	310	...	...		

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 hypothetical appropriate 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 preceeding the base year (i.e., 1996-98)
8/ Simple historical three-year averages (1996-98).
9/ Based on central government revenue, excluding grants.

External Debt Management[30]

1. **The responsibility for debt management rests with the Ministry of Finance and Economic Affairs (MoF), specifically through its debt unit** (*Direction de la Dette et de l'Investissement* (DDI). The DDI monitors public and publicly guaranteed debt, although coordination of debt management is shared by national agencies, notably the *Direction Générale de la Comptabilité Publique et du Trésor* (DGCPT) and the *Banque Centrale des Etats de l'Afrique de l'Ouest* (BCEAO). Coordination among the various agencies has posed some challenges at times but has improved in the recent past, as evidenced by Senegal's ability to remain current in debt servicing and generally avoid payment delays (or technical arrears). A Coordination Committee has been established to address some of the weaknesses in information transmission among the agencies. The committee will seek to reinforce information sharing between the unit in charge of managing public debt and those involved in the design of the macroeconomic framework.

2. **Although borrowing has been prudent on the part of government and its public enterprises, steps to consolidate the policy stance of prudent borrowing were taken recently**. In particular, over recent years, state enterprises have been subjected to the same restrictions on direct borrowing at nonconcessional terms as those imposed on the government. To ensure compliance, a government circular letter was sent to all concerned public institutions on November 24, 2003, instructing them to seek authorization from the Ministry of Finance prior to contracting external liabilities. The Coordination Committee, as part of its role of monitoring and conducting surveillance on debt-management issues, will closely watch the external borrowing practices of state enterprises. This will be done by a unit at the Cabinet level which is charged with monitoring compliance of the government circular.

3. **In recent years, efforts have been made to address identified shortcomings in debt management, particularly in the area of human and technical resources**. The number of personnel assigned to debt management has been increased, more training given, user skills improved, procedure manuals elaborated, and the in-house software upgraded. However, the number and qualifications of staff need to be strengthened further. Additionally, work appears to be unevenly distributed among existing staff. Further training is desirable in order to enhance analytical skills and broaden the base of expert staff, as is the additional upgrading of the in-house software so as to make it more suitable for high quality debt analysis. Furthermore, the currently available locations and the work organization could be further improved in order to gain efficiency, improve information sharing for the Coordination Committee, and to facilitate better archiving of documents.

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[30] The assessment is based partly on updated responses to the questionnaire on debt management that was undertaken for purposes of the Board paper dated 3/22/02 and titled "External Debt Management in Heavily Indebted Poor Countries." The authorities are also giving consideration to some key recommendations from Debt Relief International for purposes of improving debt management practices.

4. **There is also a need to improve the coverage of state enterprise debt**. Ad hoc surveys of borrowing by state enterprises were undertaken at the time of the completion point, but more frequent and regular surveys would need to be undertaken to improve the database to allow for closer monitoring of ongoing borrowing activity and to improve debt sustainability analysis with better and more up-to-date information. Other improvements could include regular debt sustainability analyses, comprehensive annual assessment of the impact of public debt on the budget, and comprehensive evaluations of the impact of new borrowing on the overall public debt portfolio and interest rates.

Public Expenditure Tracking

1. This appendix describes how tracking of public expenditures in Senegal (including HIPC-related expenditures) has evolved in recent years and summarizes the main findings of the Assessment and Action Plan Mission (AAP) that visited Dakar in February 2004. The description refers to all government expenditures, and not only to HIPC related funds, since, as noted by the Boards of the IMF and the World Bank, a country could easily offset HIPC assistance earmarked for poverty-reducing programs by lowering its own spending on those programs.[31]

I. Public Expenditure Tracking in Senegal

2. **Since early 2002, significant progress has been realized in the tracking of public expenditure in Senegal. The main achievement has been the implementation of a software that is capable of tracking, by broad categories of spending, all nonwage current expenditures and capital expenditures financed with domestic resources.** This software is operative at the *General Directorate of Finance* (Direction des Operations Financieres), the *Budget Directorate* and the *Debt and Investment Directorate*. However, the connection of this software to the wage bill has been delayed because of technical difficulties. In the course of discussions for the second review under the PRGF, the authorities confirmed their plans to connect, during the first half of 2004, not only the wage bill but also the information on capital expenditures financed with external resources to the software that monitors the expenditure chain.

3. The current system can only track expenditures during the administrative phase of the expenditure chain (i.e., from *engagement* to *ordonnancement*) and does not cover the payment stage. The authorities are fully aware of this caveat and plan to remedy it in the next few months by **linking the treasury to the data-sharing system used by the Budget Directorate and the Debt and Investment Directorate.** Once the treasury is fully connected to the system, it will be possible to monitor the entire expenditure chain and to issue monthly reports, by broad category of expenditures, on (a) the amounts of expenditures for which the commitment has been made, and (b) the amounts that have been paid.

4. To solve the difficulties described above, the government received technical assistance from Côte d'Ivoire and has decided to install a new software (SIGFIP) that will replace the current software (GESDEP). **This new software will have the ability to track all current and capital expenditures from the commitment to the payment stage**. The new software is technically more efficient than the current one, can better handle compatibility issues associated with the nomenclature used by each type of expenditure and will also be compatible with the software (ASTER) that will be installed at the treasury with

[31] See Board Paper Actions to Strengthen the Tracking of Poverty-Reducing Public Spending in Heavily Indebted Poor Countries. (SM/02/30).

technical assistance from France. It is expected that SIGFIP will be put in place by the end of July 2004.

II. Exceptional Budget Execution Procedures

5. The stock of operations paid through exceptional procedures (*Avances de Trésorie (AT) and Paiements par Anticipation (PA)*) has been reduced significantly and during 2003 remained well below CFAF 28.2 billion that were set as a target by the PRGF-supported program. This decline contributes to increase transparency of budget execution since ATs and PAs do not follow normal expenditure procedures.

III. Tracking of HIPC-Related Expenditures

6. **The tracking of HIPC-related expenditures is carried out by a special committee** (*Comite de Suivi des resources de l'Initiative PPTE*) **within the Debt and Investment Directorate** (DDI). This committee follows the mobilization of resources associated with the partial cancellation of external debt associated with the HIPC initiative. Each year HIPC-related savings are deposited in an account at the BCEAO and are then utilized in accordance with a spending plan approved under a supplementary budget law (Loi de Finance Rectificative).

7. **During 2003, CFAF 43.7 billion of HIPC resources were authorized to be spent by a *Loi de finance rectificative*.** Due to capacity constraints, it was expected that no more than CFAF 32.8 billion (about 75 percent of the authorized amount) would be executed in 2003, and the rest in 2004. In the event, actual HIPC expenditures committed in 2003 reached CFAF 28.3 billion,[32] the remaining resources accumulated in the government's account at the BCEAO.

[32] Of these CFAF 28.3 billion, CFAF 1.3 billion were resources remaining from the *Loi de finance rectificative* of 2001.

increase in social expenditures is accounted for by the evolution of expenditures on education. Between 2000 and 2003 total expenditures on health actually declined from 1.3 to 1.1 percent of GDP, and from 6.4 to 5.1 percent of total expenditures.

Table 2. Evolution of Health and Education Expenditures in Senegal, 2000-03

	2000	2001	2002	2003
	(In billions of CFA francs)			
Education	114.0	126.5	136.0	181.4
Current	94.7	109.5	115.6	138.0
Capital	19.3	17.0	20.4	43.4
Domestically Financed	9.2	8.9	9.9	11.4
Externally Financed	10.1	8.1	10.5	32.0
Health	40.1	42.1	54.2	43.5
Current	22.1	25.0	28.1	12.4
Capital	18.0	17.1	26.1	31.1
Domestically Financed	5.6	6.4	9.9	9.0
Externally Financed	12.4	10.7	16.2	22.1
Total Expenditures	623.1	733.0	730.3	850.0
GDP	3114.0	3379.6	3510.6	3768.8
	(In percent of GDP)			
Education	3.6	3.7	3.9	4.8
Health	1.3	1.2	1.5	1.2
Total Social	4.9	4.9	5.4	5.9
	(In percent of total expenditure)			
Education	18.3	17.2	18.6	21.3
Health	6.4	5.7	7.4	5.1
Total social	24.7	23.0	26.0	26.5

Sources: Senegalese authorities; and staff estimates.

V. MAIN FINDINGS ON THE ASSESSMENT AND ACTION PLAN (AAP) MISSION

9. The joint IMF/World Bank mission found that Senegal has made significant progress in public expenditure management since the last assessment conducted in 2001. On a preliminary basis, it is proposed that of the sixteen indicators chosen in the assessment and action plan, Senegal now meets 7 of the established benchmarks (against 4 at the time of the last mission).

10. The most important progress has occurred in the areas of tracking of public expenditures, notably in priority areas defined in the PRSP, internal controls, and the preparation of budgets. However, significant improvements are still needed in audits and external controls, which suffer from serious shortcomings. The coordination between the

Table 1. Allocation of HIPC Expenditures				
	2000	2001	2002	2003
	(In billions of CFA francs)			
Current Expenditures	4.2	4.2	0.0	0.0
Capital Expenditures				
Health and Nutrition	-	0.0	0.6	0.9
Education	-	0.0	1.2	0.3
Social Development	-	0.0	0.3	7.9
Transport	-	1.4	3.6	5.4
Rural Aid/Agriculture	-	0.0	0.0	5.9
Water Supply	-	0.0	5.7	1.4
Others	-	0.0	0.0	4.1
Total	4.2	5.6	11.4	25.9

Sources: Senegalese authorities; and Staff estimates. Expenditure tracking is based on movements in the HIPC account at the Central Bank. Data are therefore not directly comparable with information from the fiscal tables (TOFE) in the staff reports, where data are recorded on a commitment basis.

IV. Evolution of Public Social Expenditures[33]

8. **Since 2001, the government has put an increasing emphasis on sectors defined as priorities in its PRSP. Aggregate government expenditures on health and education have increased in real terms, as a percentage of GDP, and as a percentage of total public expenditures.**[34] The share of public expenditures allocated to these two sectors increased from 23 percent of total public expenditures in 2001 to 26.5 percent in 2003. During the same period the ratio of social expenditures to GDP increased from 5 to 6 percent of GDP. Although these might indeed seem small increases, they point in the right direction. However, most of these increases were in the form of current expenditures. Greater efforts are needed, for example, to increase the importance of capital expenditures in the social sector. This is especially important for capital expenditures financed domestically, which did not increase significantly between 2000 and 2003. In addition, there are important differences between the evolution of expenditures in the education and health sectors. In fact, the entire

[33] For the purposes of this section, public social expenditures are defined as current and capital expenditures on health and education.

[34] 2001 is a good benchmark year for comparison. Although the full PRSP was not produced until the end of 2002, work had been ongoing since 2000 (with the preparation of the Interim PRSP). Hence, it is reasonable to assume that by 2002, the impact (if any) of the new priorities for the social sectors emphasized in the PRSP would be felt.

treasury and the *Cour des Comptes* has to be improved on an urgent basis. There is also a need to reinforce the internal capacity of this last institution, with the technical and financial support of donors. Lastly, the procurement system is not fully effective, despite the recent changes in the legal framework. The authorities have endorsed the reforms identified in the recent Country Procurement Assessment Report (CPAR) action plan.

Poverty Assessment

1. **A Poverty Assessment report for Senegal**, prepared in collaboration with the Senegalese authorities, is under completion at the World Bank. This annex presents preliminary estimates of the recent trend in poverty in Senegal, as well as the main areas of analysis discussed in the report.

2. **Poverty trends.** In the early 1990s, Senegal suffered from an overvalued exchange rate, resulting in significant external imbalances and a low average annual GDP growth rate of 1.0 percent. The 1994 devaluation of the CFA franc, combined with a stable macroeconomic environment in the second half of the 1990s generated higher real GDP growth, averaging at 4.9 percent per annum during 1994-2000. Preliminary estimates of poverty based on the 1994-95 and 2001 household surveys suggest that growth had a significant impact on poverty. As shown in Table 1, the share of the population living in poverty decreased from 67.9 percent in 1994 (61.4 percent of households) to 57.1 percent in 2001 (48.5 percent of households). The decrease was largest in Dakar and other urban areas, while two-thirds of the population remains poor in rural areas.

Table 1: Poverty Trend in Senegal, 1994-2001

	National	Dakar	Other urban	Rural
Share of households				
Headcount index 1994	61.4%	49.7%	62.6%	65.9%
Headcount index 2001	48.5%	33.3%	43.3%	57.5%
Share of population				
Headcount index 1994	67.9%	56.4%	70.7%	71.0%
Headcount index 2001	57.1%	42.0%	50.1%	65.2%

Sources: DPS; and World Bank (2003).

3. Beyond the above estimates of the trend in poverty, the report analyzes the challenge of reducing poverty, first from a macroeconomic point of view (by discussing growth, taxation, and public spending) and then from a microeconomic point of view (by analyzing households' perceptions of poverty and their priorities as well as household-level determinants of poverty). A special attention is given to education and health, including the role of improvements in service delivery for these two sectors, notably through the decentralization process initiated over the past few years.

4. **The realism of the poverty reduction targets and spending scenarios in the PRSP are discussed from a macroeconomic point of view**. Since poverty is reduced when the economy grows (and when inequality is reduced), Senegal's past growth performance and future growth potential is evaluated in terms of recent reductions in poverty and simulations of future reductions. The links between growth, taxation, and public spending, with a brief look at the impact of taxation and public spending on the poor are also examined. Increasing spending on the social sectors will require reallocations within the budget, which is not easy especially in a country with high debt levels. This also means that apart from spending more, it will be necessary to increase the quality of spending in order to reach the targets put

forward in the PRSP. Finally, the last section looks at the debt and fiscal sustainability of the scenarios proposed in the PRSP.

5. **Households' perceptions of poverty and their priorities for public action also matter for identifying policy actions.** Some interesting results emerge from this analysis, including the fact that the priorities of communities and households are not necessarily the same. Another interesting finding is that generating employment for young people and reducing the prices of consumption goods are high on the population's agenda. Household's size, structure, education, land, livestock, and employment affect significantly its level of consumption on its probability of being poor. The returns to education appear to be low, suggesting that the education provided in Senegal is largely of low quality. Also, poverty is associated with unemployment and low quality employment, hence the high priority that the population puts on creating employment opportunities.

6. **Education, the access to and its quality, is a one of the major determinants of poverty in Senegal**. In 1998, after extensive consultation with donors, educational organizations, and members of the public, the government of Senegal (GOS) introduced a Ten-Year Education and Training Program with the aim of achieving universal coverage of primary education by 2010. Progress toward this objective was to be facilitated by reorganizing the education budget to favor primary education. Today, however, spending on education remains highly unequal, with a relatively small minority of students reaping the majority of the benefits. The challenge remains to promote basic education while at the same time meeting the needs of a modernizing economy and remaining within a limited budget. One way to move towards these combined goals would be to increase both equity and efficiency in public spending, in order to improve access and quality. Increasing equity involves ensuring that all population groups have an equal opportunity to participate in and benefit from schooling. This objective will require correcting the imbalance in public spending that favors higher education at the expense of primary education. Efficiency refers to the use of resources to achieve better outcomes within each cycle. Gains in efficiency, and also in quality, could be achieved by better allocating existing resources within each cycle in the context of decentralization.

7. **Health issues, especially those that affect the poor, will determine Senegal's ability to reach its Millennium Development Goals**. While the levels of health indicators are not far from what could be expected for a country at Senegal's level of development, the inequality in the indicators is greater than expected, especially across regions. Some indicators have actually deteriorated in recent years, focusing specifically on vaccination rates, and on the determinants of these rates. Reorganizing this sector appears to be a top priority, including aspects related to decentralization and service delivery at the local level.

8. **Decentralization affects the delivery of education and health services**. Greater financial resources will be needed at the local level to enable local governments to carry out in full the functions for which they have been responsible by law since 1996. Indeed, the funds allocated to local governments have been insufficient, and few resources have been earmarked for funding the transition from central governance to decentralization. The system for transferring resources from the central government to local governments suffers from inefficiencies and needs to be made simpler. This will require significant training and

capacity building at the local levels so that the central government will feel confident that the funds will be well used once they have been released. However, decentralization will also require a continued political will on the part of the central government to expand the delegation of resources.