

SENEGAL



HIGHLIGHTS

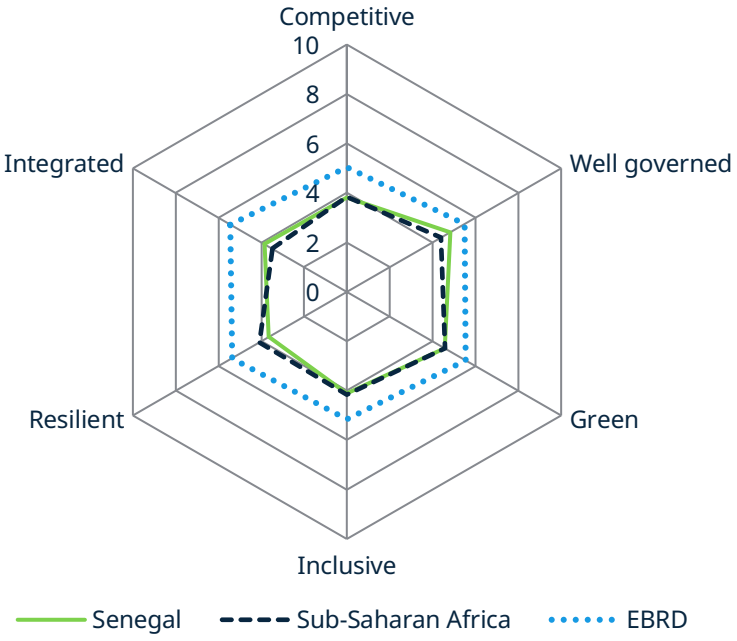
- **Senegal remains under significant fiscal and debt pressure**. The fiscal deficit narrowed to 6.4 per cent of gross domestic product (GDP) in 2025 from 13.4 per cent of GDP in 2024, but debt-servicing needs are high, and financing constraints remain considerable. Moody's Ratings downgraded Senegal to Caa2 in August and S&P Global Ratings followed suit in early September. On 1 September 2026 the authorities reached a staff-level agreement with the International Monetary Fund (IMF) on a US$ 2.2 billion (€1.9 billion) Extended Credit Facility.
- **Fiscal reforms aim to raise revenue and rationalise spending**. New taxes and higher duties have been approved, while the rationalisation of government agencies is aimed at easing spending pressures. An arrears clearance of CFA 300 billion (€460 million) scheduled for 2026 is intended to support private suppliers.
- **The investment framework has been modernised**. The 2025 Investment Code broadens incentives, introduces environmental, social and governance (ESG) requirements and strengthens provisions for local participation in investment projects under the Senegal 2050 agenda.

For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.

KEY PRIORITIES FOR 2027

- **Restore fiscal credibility while protecting priority spending.** To restore confidence in debt sustainability, Senegal will need to continue reducing the deficit, control spending more tightly, increase domestic revenues, and manage oil and gas revenues more transparently. The IMF-supported programme should anchor the adjustment, while gradual reform of energy subsidies and faster settlement of domestic arrears should ease fiscal pressures without putting further strain on vulnerable domestic firms.
- **Make private-sector-led growth and job creation the core economic objectives.** Because of the country's limited fiscal space, delivering on Senegal 2050 will increasingly depend on private investment. The authorities should focus on improving the business environment, widening access to finance and creating more predictable regulation. Electricity sector reforms will also be important to lower generation costs and improve competitiveness.
- **Raise agricultural productivity and resilience.** Support should focus more on irrigation, storage, logistics, extension services and agro-processing, as well as strengthening resilience to droughts, floods and volatile rainfall, including El Niño-related risks.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



For more on reforms and transition qualities, see Chapter 5 of the EBRD Transition Report 2026-27.

KEY REFORMS AND POLICY DEVELOPMENTS[1]

Investment Code reform

- In September 2025 parliament replaced the 2004 Investment Code with Law No. 2025-16, supplemented by Decree No. 2026-754 of 2 April 2026. The reform fundamentally modernises the incentive framework for private investment in Senegal within the context of the Senegal 2050 agenda.

1 From the fourth quarter of 2025 to October 2026.

- It also formalises ESG obligations in investments, introduces an incentive framework that covers all sectors, with the exception of some strategic areas, such as finance, telecoms and the extractive industries, and promotes local private-sector participation in strategic deals.

Rationalisation of public bodies and arrears clearance

- The government announced the closure of 19 public and para-public agencies (and the restructuring of 10 more), with about 1,000 staff being redeployed (rather than losing their jobs). This is projected to save CFA 55 billion (€84 million) over three years – a small amount relative to the CFA 1,245 billion (€1.9 billion) annual budget deficit.
- The 2026 Finance Law earmarked CFA 300 billion (€457 million) to clear domestic arrears, against a full stock of state arrears of CFA 1,956 billion (€2.98 billion). Payment criteria are still being finalised, with small and medium-sized enterprises (SMEs) expected to be prioritised.

Climate adaptation measures

- On 30 December 2025 the authorities formally approved Senegal's sector-specific National Adaptation Plan for Floods, marking a shift from a reactive to a prevention-based approach to flood risk. This followed a participatory process dating back to 2015.
- A review of the 2025 rainy season by the National Flood Management Committee set out a 2026 roadmap instructing operational agencies – including the sanitation utility, the roads agency and the urban modernisation programme – to accelerate flood-prevention works and strengthen early-warning monitoring.

Digitalisation and governance

- In July 2026 the Treasury launched the Observatory of Local Finances, with support from the World Bank and the French Development Agency. The digital platform brings together previously fragmented budget and accounting data for Senegal's 601 territorial authorities, allowing users to track revenue, spending, investment, debt and self-financing capacity in near real time.
- The initiative builds on the World Bank-backed PACASEN municipal reform programme and is framed around the Senegal 2050 agenda's transparency goals. To be effective, however, local authorities will need to supply reliable data consistently, and decision-makers will need to use those data to shape budgets rather than treat them as a reporting exercise.

IFAD-backed food sovereignty programme

- In July 2026 the government launched the Programme to Support Senegal's Food Sovereignty Strategy (PASS) – a CFA 150 billion (€228 million) initiative backed by the International Fund for Agricultural Development (IFAD) that aims to secure and diversify agricultural production, increase the value of agricultural products through local markets and strengthen sectoral governance.
- Implementation will be the key test of the programme's credibility. In late June 2026, the state still owed CFA 87 billion (€132.6 million) to fertiliser and seed suppliers for the 2026 farming season. This points to a wider problem of the government launching new programmes faster than it can settle existing agricultural payment obligations.