

BENIN



COUNTRY ASSESSMENTS

HIGHLIGHTS

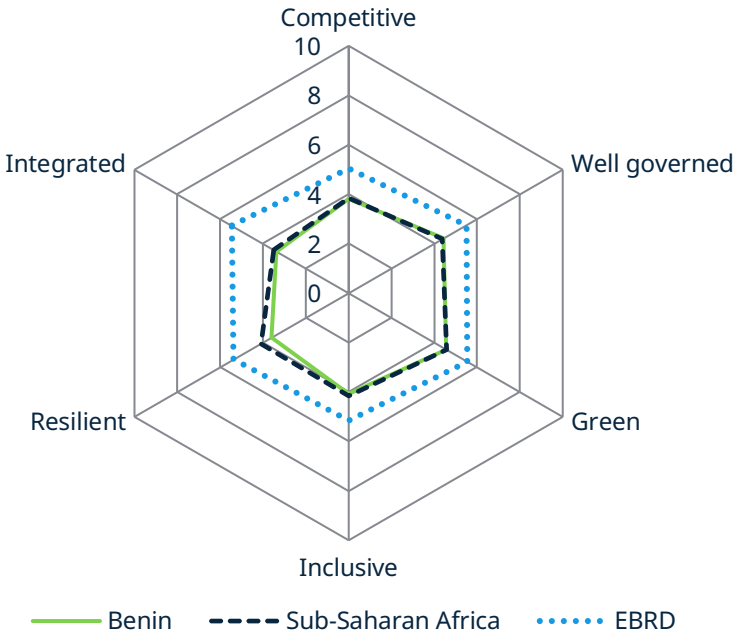
- **Despite a deteriorating international environment, the economy has remained resilient, supported by recent reforms**. Growth reached 7.5 per cent in 2025, driven by special economic zone (SEZ)-led exports and services, while inflation was contained at 1.1 per cent. Fuel subsidy reform and the new import-pricing mechanism reduced exposure to oil-price volatility, while the April 2026 presidential election provided policy continuity.
- **Benin successfully stabilised the economy**, completing its International Monetary Fund (IMF)-supported programme in February 2026. The fiscal deficit narrowed to 2.9 per cent of gross domestic product (GDP) and the country regained access to international markets. In January 2026 it issued West Africa's first international sovereign sukuk and reopened its 2038 Eurobond, with combined orders exceeding US$ 7 billion (€6.2 billion).
- **Structural reforms continued, particularly in the water and energy sectors.** New tariff frameworks for major state-owned enterprises (SOEs) aim to strengthen financial sustainability and address chronic underinvestment. Implementation depends on SOEs completing their outstanding audits.

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

KEY PRIORITIES FOR 2027

- **Accelerate implementation of the National Development Plan.** The 2026-35 strategy seeks to mobilise US$ 20 billion (€17.2 billion) for industrialisation, with around half expected from public-private partnerships (PPPs). However, private investment fell short of expectations under the previous development framework, highlighting the need to speed up business environment reforms, increase investor confidence and improve the execution of PPP projects.
- **Strengthen public-sector capacity and coordination.** Government institutions need to improve planning, procurement and project management to deliver successful large-scale infrastructure, industrialisation and PPP projects.
- **Maintain macroeconomic stability while expanding private-sector participation.** To attract both domestic and foreign investors, the government will need to strengthen fiscal sustainability, improve access to finance and enhance regulatory predictability. Progress on land administration, trade facilitation and energy reliability could further improve competitiveness, support industrial development and increase confidence among private-sector partners.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



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

KEY REFORMS AND POLICY DEVELOPMENTS[1]

Vision 2060 and the National Development Plan

- Vision Benin 2060 (Benin 2060 Alafia), effective from January 2026, is a legally established framework built around four pillars, nine strategic orientations and 15 objectives, with digital transformation as a cross-cutting priority.
- The first implementation phase, the 2026-35 National Development Plan, approved in May 2026, targets an increase in industry's share of GDP from 17.5 to 21.1 per cent, a reduction in the Gini index from 34.4 to 30.0, and an improvement in the rule-of-law index from 0.48 to 0.52, building on the Glo-Djigbé Industrial Zone.

1 From the fourth quarter of 2025 to October 2026.

SOE reform

- The authorities have published unaudited 2022-24 financial statements for four major SOEs: Port Autonome de Cotonou (PAC), electricity producer SBPE, electricity distributor SBEE and water utility SONEB. Together, they accounted for 56 per cent of total SOE revenues in 2024. While solvency was generally strong, only the port showed healthier liquidity and profitability.
- Transparency remains limited across the public-enterprise sector, which includes 34 SOEs and 137 public agencies, with SOE revenues equal to 7 per cent of GDP. Gaps remain in the SOE registry and audit coverage, and audited statements are yet to be published.

Electricity tariff reform

- Within electricity tariff and fossil-fuel subsidy reform, Benin's electricity regulator, ARE, approved new 2026-27 tariff structures for electricity distributor SBEE and producer SBPE in October 2025.
- Implementation was conditional on SBEE completing external audits of its 2022-24 accounts, linking tariff reform to stronger SOE governance and transparency.

Water tariff reform

- The authorities introduced a new mechanism for setting urban water tariffs, frozen since 2009. The first adjustment is planned for 2026, subject to improved services in the country’s largest city, Cotonou.
- The sector was also restructured, with infrastructure investment moving to SoBIE, created in April 2024, and distribution staying with a restructured SONEB. SoBIE is required to conduct a tariff study in 2026 and set cost-reflective rates from 2027, based on audited accounts.

Climate measures

- The authorities launched a nationwide agricultural insurance scheme – covering drought, extreme heat and flooding – for rice, cotton and livestock farmers. Building on a pilot scheme reaching more than 100,000 farmers, the country-wide scheme aims to cover around 200,000, with 80 per cent of premiums subsidised by the government and development partners.
- The authorities finalised a climate transition taxonomy in January 2026 covering energy, agriculture, waste and forestry alongside a climate data mechanism. Both are intended to help attract climate finance after acceding to the European Union's International Platform on Sustainable Finance.

Social protection

- Mandatory health insurance under the ARCH programme was rolled out, with premiums fully covered for the poorest households. The World Bank-backed GBESSOKÉ cash transfer programme was launched in September 2025, reaching 20,000 households, with a planned expansion to 150,000 in 2026.
- Institutional fragmentation remains a major challenge. A January 2026 mapping found around 40 per cent of social programmes were underfunded. The single social registry has remained unchanged since 2021 and only 5 per cent of programmes use it to target beneficiaries.



CÔTE D'IVOIRE



HIGHLIGHTS

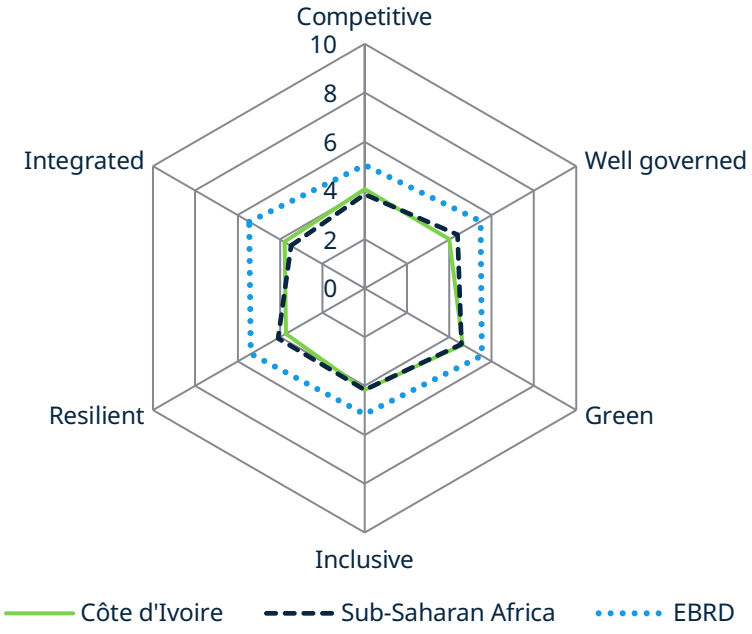
- **Growth remains robust despite the difficult international environment**. Real gross domestic product (GDP) grew 6.5 per cent in 2025, while inflation remained very low at 0.1 per cent. Growth is moderating in 2026 as lower cocoa prices weigh on household income and higher global oil prices raise energy costs. Mining, oil and services remain supportive of growth.
- **Côte d'Ivoire completed its International Monetary Fund (IMF) programmes in June 2026 and secured strong sovereign funding**, boosting market confidence. The country's debt sustainability rating was upgraded to low risk, Côte d'Ivoire currently being the only country in sub-Saharan Africa with a "low risk of debt distress". The country also secured its first sustainability-linked loan. Its 2026-30 National Development Plan attracted CFA 47,820 billion (€72.9 billion) in pledges.
- **The authorities continue to pursue important sectoral reforms**, including a new 15-year mining and energy strategy, and efforts to move cocoa activities up the value chain.

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

KEY PRIORITIES FOR 2027

- **Preserve fiscal and debt sustainability while protecting priority spending.** The authorities should maintain their revenue mobilisation and prudent debt management efforts, particularly as higher oil prices and efforts to limit any pass-through to consumers could put pressure on fuel-tax revenues and the fiscal balance.
- **Accelerate private-sector-led growth and economic transformation.** The strong financial backing for the National Development Plan 2026-30 provides a solid platform for investment. The priority now will be to translate commitments into projects on the ground, particularly by improving the business environment and crowding in private capital.
- **Increase agricultural productivity and resilience.** Reforms should focus on the cocoa and cashew nut sectors. They should include measures to improve productivity, marketing and domestic processing, while supporting diversification into other agricultural value chains and strengthening resilience to climate and commodity-price shocks.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



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

KEY REFORMS AND POLICY DEVELOPMENTS[1]

National Development Plan 2026-30

- In February 2026 the government formally adopted the National Development Plan 2026-30, built around four pillars – economic transformation, human capital, resilience to climate and geopolitical shocks, and governance. This ambitious plan targets average annual growth of 7.2 per cent, as well as an increase in the investment rate from 25.4 per cent to 34.5 per cent of GDP by 2030. The plan has a total estimated cost of CFA 114.8 trillion (€175 billion), 70 per cent of which is expected to come from the private sector.

1 From the fourth quarter of 2025 to October 2026.

- To help close the financing gap, Côte d'Ivoire signed a US$ 1 billion (€860 million) Sustainable Development Cooperation Framework with the United Nations in April 2026 (around 40 per cent of which was already secured or in the pipeline at signing). It secured pledges of CFA 47,820 billion (€72.9 billion), roughly four times its original request, from 49 partner countries at a Consultative Group meeting in Abidjan in July 2026.

Revenue mobilisation

- The 2026 Finance/Tax Annex introduced several domestic revenue measures: shifting property tax to a market-value assessment basis; the nationwide rollout of the Standardised Electronic Invoice to all taxpayers; and a new 30 per cent digital tax on foreign e-commerce platforms without a local presence, applicable once remote sales to Ivorian consumers exceed CFA 50 million (€76,000) a year.
- These measures form part of the country's broader Medium-Term Revenue Mobilisation Strategy, which aims to raise tax revenue from around 15 per cent of GDP in 2025 to 18-20 per cent medium term.

Sustainability-linked loan

- In September 2025 Côte d'Ivoire issued its first sustainability-linked loan, a €433 million facility with Standard Chartered, backed by the first-ever combination of World Bank International Bank for Reconstruction and Development (IBRD) and Multilateral Investment Guarantee Agency (MIGA) guarantee products. The issue ties borrowing costs to measurable climate targets that increase the share of non-hydro renewable energy and reduce deforestation.
- The loan builds on the Sustainability-Linked Finance Framework launched in July 2025 and the same policy-based guarantee platform that supported Côte d'Ivoire's earlier debt-for-development swap.

Integrated Mineral Resources and Energy Policy

- In December 2025 the government adopted the Integrated Mineral Resources and Energy Policy, a 15-year strategic framework for the mining, hydrocarbon and energy sectors, with an estimated cost of CFA 38 trillion (€57.9 billion). It replaces previously siloed sectoral planning with a single reference framework for state, private-sector and international partner initiatives.
- The policy aims to double the sector's contribution to GDP from 7 per cent to 14 per cent by 2040, positioning mining and energy as the economy's second pillar after agriculture. Priorities include boosting local processing over raw exports and raising the share of renewables in the energy mix.



GHANA



HIGHLIGHTS

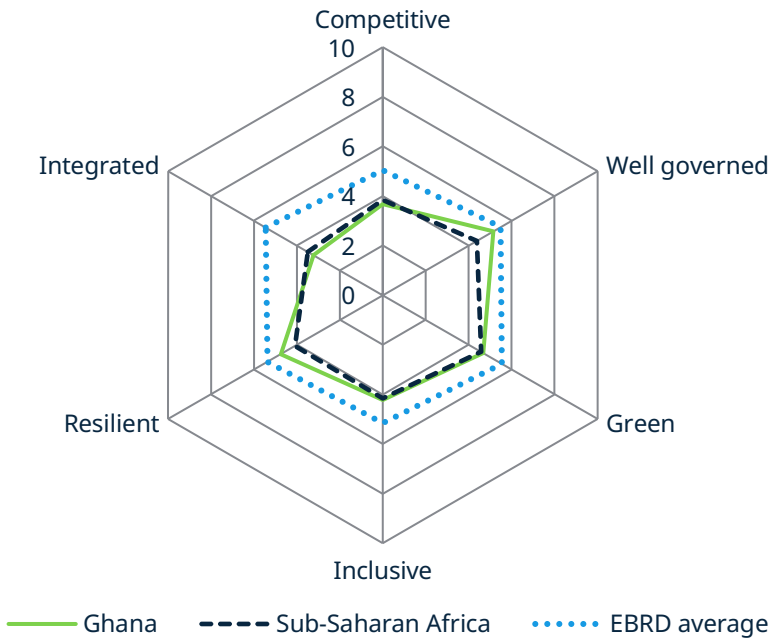
- **Ghana has stabilised its economy**, largely completing debt restructuring and concluding its International Monetary Fund (IMF)-supported programme. The country has transitioned to a 36-month Policy Coordination Instrument (PCI) and the IMF has lowered the country's debt distress rating from "high" to "moderate".
- **The economy remains resilient in a difficult international environment**, supported by stronger public finances. Inflation fell sharply in 2025, reaching 5.4 per cent at the end of the year and declining further to 3.2 per cent in March 2026, before rising to 5.3 per cent in June as higher oil prices fed through to transport and energy costs. Temporary fuel relief has helped to contain the impact on households and businesses.
- **The authorities are advancing structural reforms.** Key reforms include cocoa financing and farmer pricing, the Ghana Gold Board (GoldBod)-led formalisation of the gold trade, state-owned enterprise (SOE) reform and energy-sector measures to improve cost recovery and financial sustainability.

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

KEY PRIORITIES FOR 2027

- **Consolidate macroeconomic stability and safeguard debt sustainability.** Maintaining fiscal discipline, increasing revenue collection and finalising any remaining creditor agreements will be crucial. The new IMF PCI should help anchor reforms while preserving space for social and development spending.
- **Restore the financial viability of the energy sector.** Reforms should build on improved collections by the Electricity Company of Ghana and the halt in new arrears to independent power producers. The focus should now be on stronger sector governance, lower fiscal risks and progress with planned private participation in electricity distribution.
- **Strengthen rural and climate resilience**. Building on efforts to tackle cocoa disease and illegal mining, priorities include raising agricultural productivity and rural incomes. Improving climate resilience, promoting sustainable resource management and adding value locally are also important.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



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

KEY REFORMS AND POLICY DEVELOPMENTS[1]

New IMF PCI

- In July 2026 Ghana completed the sixth and final review of its US$ 3 billion (€2.6 billion) Extended Credit Facility programme, unlocking a final US$ 371 million (€320 million) disbursement, and moved to a 36-month, non-financing PCI to anchor reforms beyond the financing programme and maintain policy credibility.
- The PCI focuses on fiscal and debt sustainability, fiscal governance, monetary and financial reforms, and inclusive growth, helping Ghana to reach its 45 per cent debt-to-GDP target by 2034.

1 From the fourth quarter of 2025 to October 2026.

External debt restructuring

- Ghana has made substantial progress in restructuring its external debt, signing debt-relief agreements with more than half of its bilateral creditors under the G20 Common Framework, reaching agreements in principle with over half of its commercial creditors, and restructuring around US$ 750 million (€647 million) owed to the African Export-Import Bank.
- By the end of June 2026, around 97 per cent of covered public debt had been treated or was subject to agreed terms, contributing to a lowering of Ghana's debt-distress rating from "high" to "moderate".

Banking-sector recapitalisation

- The government completed the recapitalisation of the Agricultural Development Bank of Ghana, Consolidated Bank Ghana and National Investment Bank by the end of 2025, restoring their capital adequacy ratios to the 13 per cent regulatory minimum. In July 2026 the Bank of Ghana enforced full compliance at the two remaining undercapitalised banks.
- Regulatory forbearance introduced after the domestic debt exchange was fully withdrawn by the end of 2025, and the Bank of Ghana has approved divestment of its holdings in two state banks.

Electricity-sector reform

- Energy reforms advanced with quarterly tariff adjustments and stronger revenue collection. In May 2026 the government hired an adviser to structure private-sector participation in electricity distribution.
- Financial pressures in the energy sector remain substantial. Net payables to power producers and fuel suppliers declined from US$ 2.1 billion (€1.85 billion) at the end of 2024 to US$ 1.7 billion (€1.5 billion) in March 2026, but the sector still faces an estimated US$ 1.1 billion (€970 million) financing shortfall in 2026, reflecting high losses, costly contracts and legacy arrears.

Ghana Cocoa Board Bill

- The Ghana Cocoa Board (Cocobod) Bill 2026, passed in August 2026, replaces the Ghana Cocoa Board Law 1984 and puts Cocobod under the Ministry of Finance. It allows domestic financing through commercial paper and cedi-denominated bonds after the loss of offshore syndicated loans. Cocobod plans to raise around US$ 1 billion (€890 million) before the 2026-27 season.
- The bill guarantees farmers at least 70 per cent of the export price and reserves 50 per cent of production for local processors. Implementation risks remain, given Cocobod's high debt and uncertainty over the domestic market's capacity to absorb large issuances.

GoldBod reforms

- From July 2026 large-scale miners must sell 30 per cent of gold output locally to GoldBod, replacing the previous voluntary 20 per cent arrangement. The gold is intended to be refined domestically, supporting plans for an accredited Ghanaian refinery by 2030.



KENYA



COUNTRY ASSESSMENTS

HIGHLIGHTS

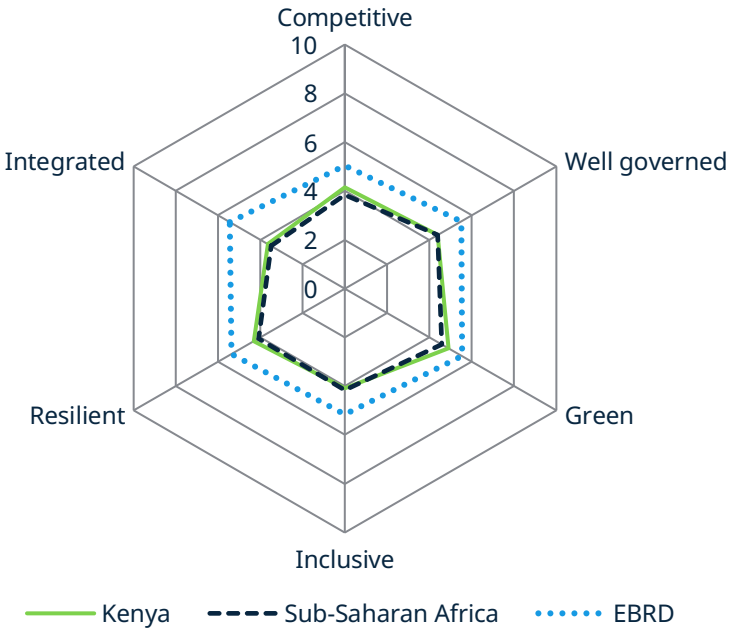
- **Kenya's economy has come under pressure in 2026.** Real gross domestic product (GDP) growth strengthened to 5.3 per cent year on year in the first quarter of 2026, before the conflict in the Middle East raised fuel import costs and fertiliser supply risks, driving up inflation to 6.6 per cent in August 2026. Fiscal pressures have persisted, with public debt at 70 per cent of GDP and the fiscal deficit at 6.1 per cent of GDP in FY 2025/26. Moreover, no successor arrangement has been agreed for the International Monetary Fund (IMF) programme that lapsed in April 2025.
- **The authorities have advanced privatisation to ease fiscal pressure, but early results are mixed**. The Kenya Pipeline Company initial public offering (IPO) raised funds for the National Infrastructure Fund, but the sale of a 15 per cent stake in Safaricom was nullified by the High Court in September 2026, creating uncertainty over its fiscal benefits pending appeal. The public-private partnership (PPP) pipeline has delivered below its headline value.
- **Kenya has sought to diversify sovereign financing and expand access to sustainable finance**, publishing a Sovereign Sustainability-Linked Financing Framework in 2026 to support sustainability-linked borrowing and improve financing terms.

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

KEY PRIORITIES FOR 2027

- **Restore fiscal credibility without undermining inclusion.** Following revenue shortfalls and the withdrawal of the 2024 Finance Bill, consolidation should focus on improving tax administration, introducing greater fiscal transparency, reducing exemptions and delivering more efficient spending, while protecting targeted social support.
- **Use competition and privatisation reforms to unlock more inclusive private-sector growth and formal jobs.** Building on the Kenya Pipeline Company IPO and planned state-asset divestments, reforms should strengthen competition and reduce key costs for firms, while improving opportunities for small and medium-sized enterprises, young people and women to participate in the formal economy.
- **Increase agricultural productivity, resilience and rural inclusion.** Greater investment in irrigation, agricultural value chains and rural infrastructure would help raise smallholder productivity and incomes while strengthening resilience to droughts, floods and El Niño-related risks.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



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

KEY REFORMS AND POLICY DEVELOPMENTS[1]

Sovereign Wealth Fund and National Infrastructure Fund

- In 2026 Kenya established two investment vehicles: the Sovereign Wealth Fund, financed by ring-fenced mineral and petroleum revenue, and the National Infrastructure Fund, an equity-only vehicle barred from raising debt and seeded with KES 55 billion (€370 million) from four state energy companies.

1 From the fourth quarter of 2025 to October 2026.

- Both funds face credibility questions: three of the Sovereign Wealth Fund's seven board seats are held by political appointees; the revenue base is small (mining royalties were 0.15 per cent of government revenue in 2024/25); and the National Infrastructure Fund's legal status remains disputed.

Privatisation of state-owned enterprises

- The government has advanced privatisations, targeting up to KES 600 billion (€4 billion) in state-asset sales. The October 2025 Privatisation Act centralised sales under the National Treasury and ring-fenced proceeds for infrastructure.
- Early results are mixed. The oversubscribed Kenya Pipeline Company IPO raised KES 106.3 billion (€710 million) for the National Infrastructure Fund. The reduction in the state's stake in Safaricom from 35 per cent to 20 per cent raised KES 245 billion (€1.63 billion) but gave Vodacom a 55 per cent controlling stake. However, the High Court nullified the transaction in September 2026 and ordered the shares restored to state ownership. The ruling remains in force pending appeal, creating uncertainty over the transaction's fiscal implications.

Kenya Vision 2030 and the PPP pipeline

- The PPP pipeline under Kenya Vision 2030 grew from 36 to 51 projects in 2026, worth about KES 1.7 trillion (€11 billion), or 10 per cent of GDP.
- However, only one project reached financial close during the year – a KES 12.5 billion (€83 million) irrigation scheme – and the total funded value was just 1 per cent of GDP. The largest PPP – a KES 192.6 billion (€1.28 billion) highway – proceeded only after being split and re-tendered. Two housing and hospital projects faced bidding or financing delays.

National Sanitation Management Policy

- In February 2026 Kenya launched its first National Sanitation Management Policy, setting minimum service standards and targeting "safely managed sanitation for all" by 2030. Although around 92 per cent of Kenyans have basic sanitation access, non-sewered systems, such as pit latrines and septic tanks, remain poorly regulated and monitored outside major cities.

Sovereign Sustainability-Linked Financing Framework

- In June 2026 Kenya published its Sovereign Sustainability-Linked Financing Framework, an instrument backed by the World Bank that ties government borrowing to two climate targets: reducing deforestation and expanding rural electricity access. Under the framework, Kenya plans to raise US$ 500 million (€430 million) through its first sovereign sustainability-linked bond.

National Carbon Registry and Article 6 trading

- On 17 February 2026 Kenya launched its National Carbon Registry, managed by the National Environmental Management Authority, to track carbon projects, verify emissions reductions and authorise transfers, including credits under Article 6 of the Paris Agreement.
- The registry addresses double-counting risks and strengthens sovereign oversight. It builds on the Climate Change (Amendment) Act 2023 and 2024 Climate Change (Carbon Markets) Regulations, which require 25 per cent of carbon-credit proceeds to go directly to local community projects.

KENYA



NIGERIA



HIGHLIGHTS

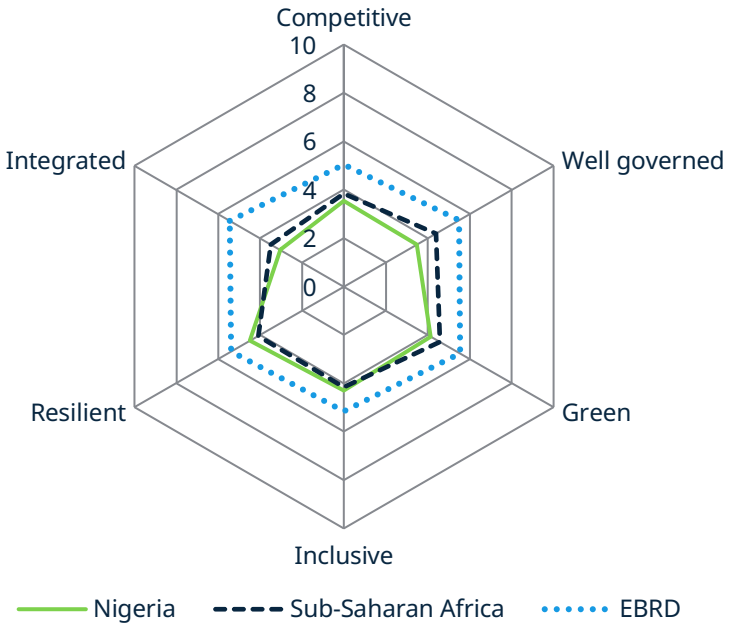
- **Macroeconomic reforms are yielding results.** Headline inflation fell from a 34.8 per cent peak in December 2024 to 15.4 per cent in July 2026, allowing the Central Bank of Nigeria (CBN) to continue easing its policy rate. Foreign-exchange reforms supported a build-up of external reserves, which exceeded US$ 53 billion (€45.6 billion) in August 2026.
- **The banking sector completed a landmark recapitalisation.** Most licensed banks had met the CBN's significantly higher minimum capital requirements by the 31 March 2026 deadline, collectively raising NGN 4.65 trillion (€3 billion) in new capital and materially strengthening the sector's resilience.
- **Nigeria was removed from the Financial Action Task Force's (FATF) grey list in October 2025.** This followed the completion of a two-year, 19-point anti-money-laundering and countering-the-financing-of-terrorism (AML/CFT) reform programme. The FATF identified some remaining gaps in the oversight of high-risk non-financial sectors, underscoring the need for continued implementation and effective supervision.

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

KEY PRIORITIES FOR 2027

- **Consolidate fiscal and monetary reforms.** The authorities should raise revenue, control spending and improve fiscal transparency while maintaining a credible disinflationary stance, exchange-rate flexibility and targeted social protection. Ahead of the 2027 elections, containing spending pressures will help preserve stability and investor confidence.
- **Improve the business environment to support stronger private sector-led growth and economic diversification.** Further efforts are needed to ease regulatory and administrative burdens, improve trade and logistics infrastructure, and expand access to finance and foreign currency. Lower operating costs would encourage investment, diversification and productivity gains across the manufacturing, agriculture and services sectors.
- **Accelerate electricity reforms to improve access and reliability, reduce fiscal pressures and support private-sector growth.** Crucial reforms are needed to improve metering, collections and operational performance, and to gradually align tariffs with costs while protecting vulnerable consumers. A financially stronger sector would reduce arrears and fiscal pressures, attract private investment and support more reliable generation, transmission and distribution.

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]

Banking-sector recapitalisation

- Nigeria largely completed its two-year banking sector recapitalisation by the 31 March 2026 deadline, with 33 of 37 banks meeting the CBN's revised minimum paid-in capital requirements and around US$ 3.4 billion (€2.9 billion) being raised. The new thresholds range from NGN 50 billion (€32.5 million) for regional commercial banks to NGN 500 billion (€325 million) for internationally authorised banks.

1 From the fourth quarter of 2025 to October 2026.

- Vulnerabilities remain as banks adjust to the withdrawal of regulatory forbearance and higher provisioning requirements. Non-performing loans rose above the prudential threshold in 2025, while capital buffers came under some pressure.

Monetary and foreign-exchange policy normalisation

- The CBN launched a revised foreign-exchange manual in May 2026 to consolidate recent regulatory changes and support a more transparent and market-driven foreign-exchange framework. This built on earlier exchange-rate unification measures and improvements in foreign-exchange trading infrastructure, although a fully articulated framework is still needed.

FATF grey-list removal

- Nigeria was removed from the FATF's grey list on 24 October 2025, following a two-year, 19-point reform effort to strengthen its AML/CFT framework.
- The FATF's assessment, however, was conditional. It urged the authorities to continue working with the Inter-Governmental Action Group against Money Laundering in West Africa and flagged unresolved gaps in AML/CFT oversight in high-risk non-financial sectors such as real estate, legal services and accounting services.

Electricity-sector decentralisation

- In February 2026 a new law came into force giving states clearer powers to regulate electricity generation, transmission, distribution and retail supply within their borders. By mid-2026, around a third of Nigeria’s 36 states had assumed regulatory oversight from the federal regulator, NERC.
- The amendment gave NERC stronger enforcement powers. It can now compel core investors to recapitalise underperforming distribution companies or face sanctions. However, implementation challenges persist, including a large unmetered customer base, funding constraints at distribution companies and a major grid collapse in late 2025.

Tax reform

- The Nigeria Tax Act and Nigeria Tax Administration Act both came into force on 1 January 2026, consolidating and harmonising the tax framework, simplifying administration and broadening the tax base. They also provide more support for lower-income households and small businesses, including a personal income-tax exemption of up to NGN 800,000 (€520) and a zero corporate income-tax rate for qualifying small companies.
- Implementation progressed during the first half of 2026, with the authorities issuing new personal income-tax guidelines in April and guidance in June to clarify the treatment of existing liabilities, incentives and reporting obligations under the new regime. The reforms also make tax administration and compliance easier by introducing greater digitalisation and better coordination between federal and subnational revenue authorities.



SENEGAL



HIGHLIGHTS

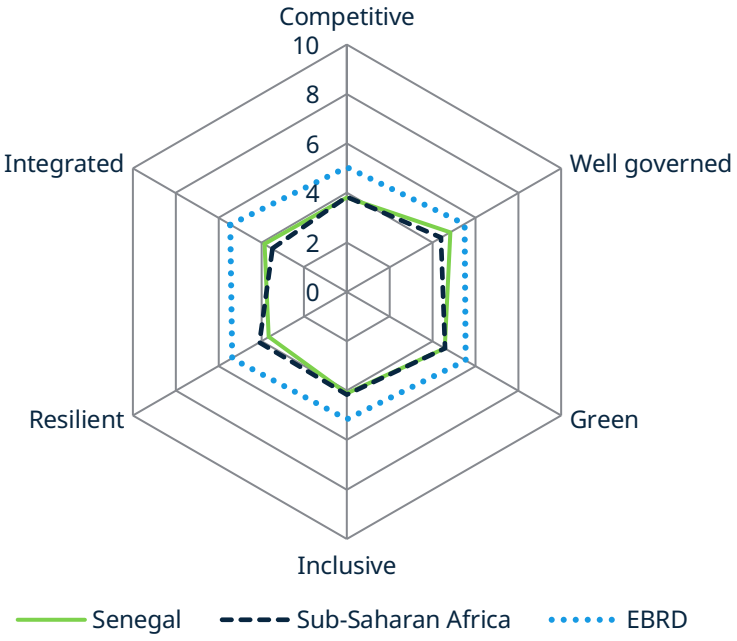
- **Senegal remains under significant fiscal and debt pressure**. The fiscal deficit narrowed to 6.4 per cent of gross domestic product (GDP) in 2025 from 13.4 per cent of GDP in 2024, but debt-servicing needs are high, and financing constraints remain considerable. Moody's Ratings downgraded Senegal 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.