IMPORTANT

You must read the following before continuing. The following applies to the Prospectus following this page, and you are therefore required to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS PROSPECTUS MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES AND WITHIN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" (QIBs) AS DEFINED IN AND PURSUANT TO RULE 144A OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT) (RULE 144A). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THE ATTACHED DOCUMENT.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT TO QIBs PURSUANT TO RULE 144A.

Confirmation of your Representation: In order to be eligible to view this Prospectus or make an investment decision with respect to the securities, you must be a person who is outside the United States unless you are a QIB in the United States. By accepting the email and accessing this Prospectus, you shall be deemed to have represented to the Republic of Senegal, BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Natixis, Société Générale and Standard Chartered Bank that you and any customers you represent, unless you are QIBs, are not in the United States; the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the U.S., its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia unless you are a QIB in the United States; and that you consent to delivery of such Prospectus by electronic transmission.

You are reminded that this Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Prospectus to any other person.

Any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the potential offering be made by a licensed broker or dealer and any underwriter or any affiliate of any underwriter is a licensed broker or dealer in that jurisdiction, any offering shall be deemed to be made by the underwriter or such affiliate on behalf of the Issuer in such jurisdiction.

This Prospectus is being distributed only to and directed only at (i) persons who are outside the United Kingdom, (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or (iii) those persons to whom it may otherwise lawfully be distributed (all such persons together being referred to as **relevant persons**. This Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Republic of Senegal, BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Natixis, Société Générale, Standard Chartered Bank, any person who controls any such persons, or any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Natixis, Société Générale or Standard Chartered Bank.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

NOT FOR GENERAL CIRCULATION IN THE UNITED STATES

THE REPUBLIC OF SENEGAL

US$1,000,000,000 6.750% AMORTISING NOTES DUE 2048
ISSUE PRICE: 100%

EUR1,000,000,000 4.750% AMORTISING NOTES DUE 2028
ISSUE PRICE: 100%

The US$1,000,000,000 6.750% Amortising Notes due 2048 (the **USD Notes**) and the EUR1,000,000,000 4.750% Amortising Notes due 2028 (the **Euro Notes** and, together with the USD Notes, the **Notes**, and each a **Series**) are issued by the Republic of Senegal (the **Republic** or **Senegal**). The Notes will bear interest on their outstanding principal amount from time to time. Interest on the USD Notes will be paid on 13 March and 13 September in each year. The first payment of interest will be made on 13 September 2018 for the period from and including 13 March 2018 to but excluding 13 September 2018. The USD Notes will, unless previously redeemed or cancelled, be redeemed in three instalments of US$333,333,333.33 on 13 March 2046, US$333,333,333.33 on 13 March 2047 and US$333,333,333.34 on 13 March 2048. See *"Conditions of the USD Notes—7, Redemption and Purchase"*. Interest on the Euro Notes will be paid on 13 March in each year. The first payment of interest will be made on 13 March 2019 for the period from and including 13 March 2018 to but excluding 13 March 2019. The Euro Notes will, unless previously redeemed or cancelled, be redeemed in three instalments of EUR333,333,333.33 on 13 March 2026, EUR333,333,333.33 on 13 March 2027 and EUR333,333,333.34 on 13 March 2028. See "*Conditions of the Euro Notes—7, Redemption and Purchase*". The USD Notes initially will be sold to investors at a price equal to 100% of the principal amount thereof. The Euro Notes initially will be sold to investors at a price equal to 100% of the principal amount thereof. For a more detailed description of the Notes, see "*Conditions of the USD Notes*" beginning on page 23 and "*Conditions of the Euro Notes*" beginning on page 45.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the Securities Act) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Notes are being offered, sold or delivered: (a) in the United States only to qualified institutional buyers (*QIBs*) (as defined in Rule 144A (*Rule 144A*) under the Securities Act) in reliance on, and in compliance with, Rule 144A; and (b) outside the United States in reliance on Regulation S (*Regulation S*) under the Securities Act. Each purchaser of the Notes will be deemed to have made the representations described in "*Plan of Distribution*" and is hereby notified that the offer and sale of Notes to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or Regulation S.

The Notes have not been and will not be registered under the regulations of the West African Economic and Monetary Union (the *Union Economique et Monétaire Ouest Africaine* or **WAEMU**) or Senegalese financial regulations. Unless they are registered and authorised by the financial regulators of WAEMU and Senegal, the Notes cannot be issued, offered or sold in these jurisdictions.

This prospectus (the **Prospectus**) has been approved by the Central Bank of Ireland, as competent authority under the **Prospectus Directive**. For the purposes of this Prospectus, the expression Prospectus Directive means Directive 2003/71/EC (as amended, including by the Directive 2010/73/EU), and includes any relevant implementing measures in a relevant Member State of the European Economic Area). The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to Notes that are to be admitted to trading on the regulated market (the **Main Securities Market**) of the Irish Stock Exchange plc (the **Irish Stock Exchange**) or on another regulated market for the purposes of Directive 2014/65/EU (as amended, **MiFID II**) or that are to be offered to the public in any member state of the European Economic Area (**EU Member States**). Application has been made to the Irish Stock Exchange for the Notes of each Series to be admitted to the Official List (the **Official List**) and trading on its regulated market. This Prospectus constitutes a prospectus for the purpose of the Prospectus (Directive 2003/71/EC) Regulations 2005 (the **Prospectus Regulations**) (which implement the Prospectus Directive in Ireland). Reference in this Prospectus to being listed (and all date references) shall mean that the Notes of each Series have been admitted to trading on the regulated market of the Irish Stock Exchange.

The Notes are expected to be rated on issuance Ba3 by Moody's Investors Service Limited (**Moody's**) and B+ by Standard & Poor's Credit Market Services Europe Limited (**Standard & Poor's**). Each of Moody's and Standard & Poor's is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such each of Moody's and Standard & Poor's is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

The USD Notes will initially be represented by two global certificates in registered form (the **USD Global Certificates**), one of which will be issued in respect of the Notes offered and sold in reliance on Rule 144A (the **USD Restricted Global Certificate**) and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (**DTC**) and the other of which will be issued in respect of the Notes offered and sold in reliance on Regulation S (the **USD Unrestricted Global Certificate**) and will be registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**).The Euro Notes will initially be represented by two global certificates in registered form (the **Euro Global Certificates** and, together with the USD Global Certificates, the **Global Certificates**), one of which will be issued in respect of the Notes offered and sold in reliance on Rule 144A (the **Euro Restricted Global Certificate**) and the other of which will be issued in respect of the Notes offered and sold in reliance on Regulation S (the **Euro Unrestricted Global Certificate**). The Euro Global Certificates will be registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg. It is expected that delivery of the Global Certificates will be made on 13 March 2018 or such later date as may be agreed (the **Closing Date**) by the Republic and the Joint Lead Managers (as defined under "*Plan of Distribution*").

Prospective investors should be aware that none of the statistical information in this Prospectus has been independently verified.

AN INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO THE FACTORS DESCRIBED UNDER THE HEADING "*RISK FACTORS*" ON PAGE 9.

Joint Lead Managers & Joint Bookrunners

BNP PARIBAS	**CITIGROUP**	**DEUTSCHE BANK**
NATIXIS	**SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING**	**STANDARD CHARTERED BANK**

The date of this Prospectus is 9 March 2018.

The Republic accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Republic (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the best of the knowledge and belief of the Republic, the information contained in this Prospectus is true and accurate in every material respect and is not misleading in any material respect and this Prospectus, insofar as it concerns such matters, does not omit to state any material fact necessary to make such information not misleading. The opinions and intentions expressed in this Prospectus with regard to the Republic are honestly held by the Republic, have been reached after considering all relevant circumstances and are based on reasonable assumptions.

The Joint Lead Managers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Republic in connection with the offering of the Notes. No Joint Lead Manager accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Republic in connection with the offering of the Notes or their distribution.

No person is or has been authorised by the Republic to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Republic or any of the Joint Lead Managers.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Republic or any of the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase the Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Republic. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Republic or any of the Joint Lead Managers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Republic is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers expressly do not undertake to review the financial condition or affairs of the Republic during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

Each potential investor in the Notes must determine the suitability of that investment generally in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus;
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the potential investor's currency is not US dollars;
- understands thoroughly the terms of the Notes and is familiar with financial markets; and
- is able to evaluate changes in economic conditions, interest rates and other factors that may affect its investment and its ability to bear the applicable risks.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Republic and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Republic or the Joint Lead Managers which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of the Notes in the United States, the United Kingdom and the Republic of Senegal, see "*Plan of Distribution*".

STABILISATION

IN CONNECTION WITH THE ISSUE OF THE NOTES, CITIGROUP GLOBAL MARKETS LIMITED AS STABILISATION MANAGER (THE *STABILISATION MANAGER*) (OR PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE CLOSING DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE THE FOREGOING AUTHORITIES REVIEWED OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

This Prospectus is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Each purchaser or holder of interests in the Notes will be deemed, by its acceptance or purchase of any such Notes, to have made certain representations and agreements as set out in "*Plan of Distribution*".

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Prospectus, as well as written and oral statements that the Republic and its representatives make from time to time in reports, filings, news releases, conferences, teleconferences, web postings or otherwise, are or may be deemed to be forward-looking statements. Statements that are not historical facts, including, without limitation, statements about the Republic's beliefs and expectations, are forward-looking statements. These statements are based on current plans, objectives, assumptions, estimates and projections. When used in this Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should", in each case, their negative or other variations or comparable terminology or in relation to discussions of strategy, plans, objectives, goals, future events or intentions, and any similar expressions generally identify forward-looking statements. Therefore, undue reliance should not be placed on them. The Republic has based these forward-looking statements on its current view with respect to future events and financial results. Forward-looking statements speak only as of the date on which they are made and the Republic undertakes no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. The Republic cautions that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement.

In addition to the factors described in this Prospectus, including those discussed under the "*Risk Factors*", the following factors, among others, could cause future results to differ materially from those expressed in any forward-looking statements made herein:

- Adverse external factors, such as:
    - changes in international commodity prices or prevailing interest rates, which could adversely affect Senegal's balance of payments and budgetary expenditures;
    - changes in the monetary policy applicable in WAEMU countries which could affect inflation and/or growth rates; or
    - recession or low economic growth in Senegal's trading partners or changes in the terms on which multilateral lending institutions provide financial assistance to Senegal or fund new or existing projects which could decrease exports, adversely affect Senegal's economy and, indirectly, reduce tax and other public sector revenues, so adversely affecting the state budget.
- Adverse domestic factors, such as:
    - a decline in foreign direct investment, increases in domestic inflation, high domestic interest rates, exchange rate volatility or an increase in the level of domestic and external debt, which could lead to lower economic growth or a decrease in Senegal's international reserves; or
    - trade and political disputes between Senegal and its trading partners and other political factors in Senegal, which could affect the timing and structure of economic reforms, the climate for foreign direct investment and the pace, scale and timing of privatisations.

GLOSSARY AND CONVENTIONS

The following terms are used to refer to economic concepts that are discussed in this Prospectus:

- Gross domestic product (**GDP**) means the total value of goods and services produced inside a country during the relevant period. Unless otherwise stated references to GDP are to real, rather than nominal, GDP. All historic GDP data presented in this Prospectus is presented on a 1999 basis, except as specifically noted. See *"Economy of Senegal—Gross Domestic Product—GDP Rebasing Project" and "Presentation of Economic and Other Information"*.
- Imports comprise all goods and services imported from abroad intended either for consumption or for inward processing. Exports comprise all goods and services exported from Senegal, which originate from domestic production or internal trade.
- The inflation rate is measured by the year-on-year percentage change in the consumer price index (**CPI**), unless otherwise specified. The CPI measures inflation based on the price of a basket of approximately 740 goods and services weighted according to the Household Budget Survey and retail sales data. Year-on-year rates are calculated by comparing the average of the twelve monthly indices for the later period against the average of the twelve monthly indices for the prior period.
- The budget deficit is consolidated revenues minus consolidated expenditures of the general government. This is the principal measure of fiscal balance for countries participating in the European Economic and Monetary Union.
- General government debt (**General Government Debt**) consists of the sum of: (i) central government debt; (ii) extra budgetary debt (of government funds and agencies); and (iii) local government debt.

Capitalised terms which are used but not defined in any particular section of this Prospectus will have the meaning attributed thereto in **Conditions of the USD Notes** and **Conditions of the Euro Notes** (together, the **Conditions**) or any other section of this Prospectus.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments; accordingly figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

References to a billion are to a thousand million.

In addition to the concepts and terms discussed above and in "*Presentation of Economic and Other Information*", in this Prospectus:

- **ACP Group** means the African, Caribbean and Pacific Group of States;
- **ADF** means the African Development Fund;
- **ADSL** means Asymmetric Digital Subscriber Line;
- **AFD** means the *Agence Française de Développement*;
- **AfDB** means the African Development Bank;
- **AFP** means the *Alliance des Forces de Progrès*;
- **AFRIG** means the African Investment Group;
- **AFRISTAT** means the *Observatoire Economique et Statistique d'Afrique Subsaharienne*;
- **AIBD** means the *Aéroport International Blaise Diagne*;
- **AILSS** means the *Aéroport International Léopold Sédar Senghor*;
- **AML** means anti-money laundering;
- **ANAM** means the *Agence Nationale des Affaires Maritimes*;
- **ANSD** means the *Agence Nationale de la Statistique et de la Démographie*;
- **APIX** means the *Agence Nationale Chargée de la Promotion des Investissements et des Grands Travaux*;
- **APR** means the *Alliance pour la République*;
- **ARTP** means the *Agence de Régulation des Télécommunications et des Postes*;
- **ASER** means the *Agence Sénégalaise d'Electrification Rurale*;
- **AU** means the African Union;

- **BADEA** means the *Banque Arabe pour le Développement Economique en Afrique*;
- **BAP** means the Banking Accounting Plan;
- **BEAC** means the *Banque des Etats de l'Afrique Centrale*;
- **BBY** means *Bennoo Bokk Yakaar*;
- **BCEAO** means the *Banque Centrale des Etats de l'Afrique de l'Ouest*;
- **BMCC** means Baobab Mining and Chemicals Corporation SA;
- **BNDE** means the *Banque Nationale de Développement Economique*;
- **BOAD** means the *Banque Ouest Africaine de Développement*;
- **BOS** means the *Bureau Opérationnel de Suivi du PSE*;
- **BOT** means Build-Operate-Transfer;
- **BRT** means the Bus Rapid Transit;
- **BRVM** means the *Bourse Régionale des Valeurs Mobilières*;
- **CEMAC** means the Central African Economic and Monetary Community;
- **CENTIF** means *Cellule Nationale de Traitement des Informations Financières*;
- **CET** means the Common External Tariff scheme agreed on by the member nations of WAEMU;
- **CFCE** means the *Contribution Forfaitaire à la Charge des Employeurs*;
- **CHU** means the *Centre Hospitalier Universitaire*;
- **CIA** means the Central Intelligence Agency;
- **CIA World Factbook** means the Central Intelligence Agency World Factbook as at January 2018;
- **CIMA** means the *Conférence Inter-Africaine des Marchés d'Assurance*;
- **CMU** means the *Couverture Maladie Universelle*;
- **CNDP** means the *Comité Nationale de la Dette Publique*;
- **CNO** means the *Centre National d'Oncologie*;
- ***Conseil Constitutionnel*** means the Constitutional Council of the Republic of Senegal;
- **Constitution** means the Constitution of the Republic of Senegal, as adopted on 7 January 2001 (as amended);
- **COSOP** means the IFAD's Country Strategic and Opportunities Program;
- ***Cour des Comptes*** means the Court of Auditors of the Republic of Senegal;
- ***Cour Suprême*** means the Supreme Court of the Republic of Senegal;
- **CREI** means the *Cour de Répression de l'Enrichissement Illicite*;
- **CREPMF** means the *Conseil Régional de l'Epargne Publique et des Marchés Financiers*;
- **CSM** means the *Conseil Supérieur de la Magistrature*;
- **DDP** means the Directorate of Public Debt;
- **DFS** means the Decentralised Financial System;
- **DGCPT** means the General Directorate of Public Accounting and Treasury;
- **Definitive Notes** has the meaning ascribed to it in the Agency Agreements;
- **DGD** means the *Direction Générale des Douanes*;
- **DGID** means the *Direction Générale des Impôts et Domaines*;
- **DGPEE** means the *Direction de la Prévision et des Etudes Economiques*;
- **DHS** means Demographic and Health Survey;
- **DOB** means the *débat d'orientation budgétaire*;

- **DPRE** means the *Direction de la Planification et de la Réforme de l'Education*;
- **DSA** means Debt Sustainability Analysis;
- **DSP** means *délégations de services publics*;
- **DSPRV** means the *Directorate of Balance, Pensions and Life Annuities*;
- **DTF** means the *Directions des Transports Ferroviaires*;
- **ECOWAS** means the Economic Community of West African States;
- **EDF** means the European Development Fund;
- **EIB** means the European Investment Bank;
- **EMI** means the electronic money issuers;
- **Eramet** means Eramet SA;
- **ESPS** means the *Enquête de Suivi de la Pauvreté au Sénégal*;
- **ESRC** means the Electricity Sector Regulatory Commission;
- **EU** means the European Union;
- **EURIBOR** means the Euro Interbank Offered Rate;
- **FDI** means Foreign Direct Investment;
- **FDSUT** means the *Fonds de Développement du Service Universel des Télécommunications*;
- **FERA** means the *Fonds d'Entretien Routier Autonome*;
- **Fortesa** means Fortesa International Corporation;
- **FONSIS** means the *Fonds Souverain d'Investissements Stratégiques*;
- **FONGIP** means the *Fonds de Garantie des Investissements Prioritaires*;
- **FSE** means the *Fonds de Soutien à l'Energie;*
- **FSF** means the *Fonds de Stabilité Financière*;
- **FSIPP** means the *Fonds de Sécurisation des Importations de Produits Pétroliers*;
- **FTT** means Financial Transactions Tax;
- **GATT** means the General Agreement on Tariffs and Trade;
- **GAVI** means the Global Alliance for Vaccines and Immunisation;
- **GCO** means Grande Côte Opérations S.A.;
- **GDP** means Gross Domestic Product;
- **GNI** means Gross National Income;
- **Government** means the Prime Minister, his ministers and their respective ministries;
- **GTA** means the gas field Grand Tortue/Ahmeyim;
- **GTI** means GTI Dakar;
- **Haute Cour de Justice** means the High Court of Justice of the Republic of Senegal;
- **HDI** means Human Development Index;
- **HID** means the *Hôpital International de Dakar*;
- **HIV-AIDS** means Human immunodeficiency virus infection and acquired immune deficiency syndrome;
- **HIPC** means Heavily Indebted Poor Countries;
- **ICS** means the *Industries Chimiques du Sénégal*;
- **ICT** means Information and Communications Technology;
- **IDA** means the International Development Association;

- **IDB** means the Islamic Development Bank;
- **IFAD** means the International Fund for Agricultural Development;
- **IFC** means the International Finance Corporation;
- **IFFCO** means the Indian Farmers Fertiliser Cooperative Limited;
- **IMCEC** means the *Institutions Mutualistes et Coopératives d'Epargne et de Crédit*;
- **IMF** means the International Monetary Fund;
- **IRENA** means the International Renewable Energy Agency;
- **ISO** means International Organisation for Standardisation;
- **ISP** means Internet Services Providers;
- **IT** means Information Technology;
- **LONASE** means the *Loterie Nationale Sénégalaise*;
- **LTE** means the Long Term Evolution;
- **MCA** means the Millennium Challenge Account;
- **MCC** means the Millennium Challenge Corporation;
- **MDG** means Millennium Development Goals;
- **MDL** means Mineral Deposits Limited;
- **MDRI** means the Multilateral Debt Relief Initiative;
- **MDG** means the Millennium Development Goals;
- **MDL** means MDL (Australia) Pty Ltd;
- **MFDC** means the *Mouvement des Forces Démocratiques de la Casamance*;
- **Miferso** means the *Société des Mines de Fer du Sénégal Oriental*;
- **MIGA** means the Multilateral Investment Guarantee Agency;
- **MM4P** means Mobile Money for the Poor, a programme of the UNCDF;
- **MPIDTE** means the *Ministère de la Promotion des Investissements, des Partenariats et du Développement des Téléservices de l'Etat*;
- **NEPAD** means the New Partnership for Africa's Development;
- **NPL** means Non-performing Loan;
- **NQP** means the National Quality Policy;
- **OECD** means the Organisation for Economic Co-operation and Development;
- **OFAC** means the Office of Foreign Assets Controls of the U.S. Department of the Treasury;
- **OFNAC** means the National Office against Fraud and Corruption;
- **OFOR** means *Office des Forages Ruraux*;
- **OHADA** means the *Organisation pour l'Harmonisation en Afrique du Droit des Affaires*;
- **OIC** means the Organisation of Islamic Cooperation;
- **OMVG** means the *Organisation pour la mise en valeur du fleuve Gambie*;
- **OPEC** means the Organisation of the Petroleum Exporting Countries;
- **PADAER** means the *Programme d'Appui au Développement Agricole et à l'Entreprenariat Rural*;
- **PAEN** means the *Projet d'Appui à l'Education Numérique*;
- **PAMA** means the *Programme d'Appui à la Modernisation de l'Administration*;
- **PAP** means the Priority Actions Plan;
- **PATMUR** means the *Projet d'Appui au Transport et à la Mobilité Urbaine*;

- **PDS** means the *Parti Démocratique Sénégalais*;
- **PEFA Report** means the Public Expenditure and Financial Accountability Report;
- **PEPAM** means the *Programme d'Eau Potable et d'Assainissement du Millénaire*;
- **PETROSEN** means *Société des Pétroles du Sénégal*;
- **PNBSF** means the *Programme National de Bourses de Sécurité Familiale*;
- **PNER** means the *Programme National d'Electrification Rurale*;
- **PIC** means the Presidential Investment Council;
- **Port** means the Port of Dakar;
- **PPP** means Public-Private Partnership;
- **PRACAS** means the *Programme de Relance et d'Accélération de la Cadence de l'Agriculture Sénégalaise*;
- **PRADELAIT** means the *Projet d'Appui au de Développement et à la Modernisation de la filière lait*;
- **PRAESC** means the *Programme de Relance des Activités Economiques et Sociales en Casamance*;
- **PREAC** means the *Programme de Réformes de l'Environnement des Affaires et de la Compétitivité ;*
- **President** means the President of the Republic of Senegal from time to time;
- **PRGF** means the Poverty Reduction and Growth Facility;
- **PRGT** means the Poverty Reduction and Growth Trust;
- **PROMOVILLES** means the *Programme de Modernisation des Villes du Sénégal*;
- **PRS** means the Poverty Reduction Strategy;
- **PRSP** means the Poverty Reduction Strategy Paper;
- **PS** means the *Parti Socialiste*;
- **PSE** means the *Plan Sénégal Emergent*;
- **PSI** means the Policy Support Instrument;
- **PTIP** means the *Programme Triennal d'Investissements Publics*;
- **PUDC** means the *Programme d'Urgence de Développement Communautaire*;
- **Republic** or **Senegal** means the Republic of Senegal;
- **RGE** means the *Recensement Général des Entreprises*;
- **RGT** means the General Revenue Office of the Treasury;
- **RMA** means the *Revenu Maximum Autorisé*;
- **SAPCO** means the *Société d'Aménagement et de Promotion des Côtes et Zones Touristiques*;
- **SAR** means the *Société Africaine de Raffinage*;
- **SB** means structural benchmark;
- **SCA** means the *Stratégie de Croissance Accélérée*;
- **SDDS** means the Special Data Dissemination Standard;
- **SDE** means *Sénégalaise des Eaux*;
- **SDG** means the Sustainable Development Goals;
- **SDR** means Special Drawing Rights, an international type of monetary reserve currency, created by the IMF, which operates as a supplement to the existing reserves of member countries;
- **SEFICS** means the *Société d'Exploitation Ferroviaire des ICS*;
- **SENELEC** means the *Société Nationale d'Electricité du Sénégal*;
- **SENTEL** means the Sentel GSM S.A.;
- **SEPHOS** means SEPHOS SENEGAL SA;

- **SEZ** means the Special Economic Zone;
- **SFD** means the Saudi Fund for Development;
- **SGP** means the Sabodala Gold Project;
- **SMEs** means small and medium-sized enterprises;
- **SMI** means small and medium-sized industries;
- **SNA** means the System of National Accounts adopted by the United Nations;
- **SN La Poste** means SN La Poste Group;
- **SOCOCIM** means Sococim Industries;
- **SOMIVA** means the *Société Minière de la Vallée du Fleuve Sénégal*;
- **SONACOS** *means* the *Société Nationale de Commercialisation des Oléagineux du Sénégal*;
- **SONATEL** *means* the *Société Nationale des Télécommunications du Sénégal*;
- **SONES** means the *Société Nationale des Eaux du Sénégal*;
- **SRIF** means the *Stratégie Régionale d'Inclusion Financière*;
- **STA** means Single Treasury Account;
- **SUNIR** means the Iranian company Power & Water Export Company;
- **TAF** means the Technical Assistance Fund of the AfDB;
- **TAM** means the *Taux d'Ajustement Maximum*;
- **TER** means the *Train Express Régional*;
- **TEU** means twenty foot equivalent container units;
- **UA** means Units of Accounts;
- **UK** means the United Kingdom of Great Britain and Northern Ireland;
- **UN** means the United Nations;
- **UNCDF** means the United Nations Capital Development Fund;
- **UNDP** means the United Nations Development Programme;
- **UNESCO** means the United Nations Educational, Scientific and Cultural Organisation;
- **UNICEF** means the United Nations Children's Fund;
- **UPS** means the *Union Progressiste Sénégalaise*;
- **URD** means the *Union pour le Renouveau Démocratique;*
- **US** means the United States of America;
- **USAID** means the United States Agency for International Development;
- **VAT** means Value Added Tax;
- **WAEMU** means the West African Economic and Monetary Union;
- **WHO** means the World Health Organisation;
- **WTO** means the World Trade Organisation; and
- **ZFID** means the *Zone Franche Industrielle de Dakar*.

PRESENTATION OF ECONOMIC AND OTHER INFORMATION

Annual information presented in this Prospectus is based upon 1 January to 31 December periods (which is the fiscal year for the Republic), unless otherwise indicated. Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be the sum of the figures which precede them. Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies and ministries of the Republic and by the Central Bank of West African States (BCEAO). Some statistical information has also been derived from information publicly made available by the International Monetary Fund (IMF), the World Bank, the ANSD, the DGPEE, the APIX, and other third parties. The Republic confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Similar statistics may be obtainable from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, statistics and data published by a ministry or an agency of the Republic may differ from similar statistics and data produced by other agencies or ministries due to differing underlying assumptions or methodology.

Certain historical statistical information contained herein is based on estimates that the Republic and/or its agencies believe to be based on reasonable assumptions. The Republic's official financial and economic statistics are subject to review as part of a regular confirmation process. Accordingly, financial and economic information may be subsequently adjusted or revised. With respect to GDP figures, the DGPEE releases "preliminary estimates" of GDP figures for year *N-1* during the first quarter of a given year *N*. Then, during the second half of year *N*, the ANSD releases (i) "provisional estimates" for year *N-1* (adjusting or revising the DGPEE's "preliminary estimates" for year *N-1* as necessary), (ii) "semi-definitive estimates" for year *N-2* (adjusting or revising the ANSD's "provisional estimates" for year *N-2* as necessary) and (iii) "final figures" for year *N-3* (adjusting or revising the ANSD's "semi-definitive estimates" for year *N-3* as necessary). With respect to foreign trade and balance of trade figures, the BCEAO begins releasing estimates for year *N-1* in January of a given year *N*. By the end of year *N*, the BCEAO will release final figures for year *N-1*. While the Government does not expect revisions deriving from these confirmation processes to be material, no assurance can be given that material changes will not be made.

The Republic is a subscriber to the IMF's Special Data Dissemination System (**SDDS**), which is designed to guide subscribing members that have, or might seek, access to international capital markets in the provision of their economic and financial data to the public. Both the General Data Dissemination System (**GDDS**) and the SDDS are expected to enhance the availability of timely and comprehensive statistics and therefore contribute to the pursuit of sound macroeconomic policies; the SDDS is also expected to contribute to the improved functioning of financial markets. The SDDS requires subscribing members to provide schedules indicating, in advance, the date on which data will be released, the so-called "Advance Release Calendar". For the Republic, precise dates or "no later dates" for the release of data under the SDDS are disseminated no later than three months in advance through the Advance Release Calendar, which is published on the Internet under the IMF's Dissemination Standards Bulletin Board. Senegal's metadata may be found on the IMF's website at http://dsbb.imf.org/pages/sdds/CtyCtgList.aspx?ctycode=SEN.

The BCEAO website (https://www.bceao.int) contains information, relevant legislation, press releases, publications, including statistics, research papers, guidelines and regulations and speeches.

Information contained in the above-mentioned websites is not incorporated by reference in this Prospectus and, therefore, is not part of this Prospectus.

All references in this Prospectus to **CFA**, **CFA franc** or **XOF** are to the currency of the member states of WAEMU (of which Senegal is one), all references in this Prospectus to **US$, U.S. dollars** and **USD** are to the currency of the United States of America and all references in this Prospectus to **EUR, Euro** and **€** are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

In March 2017, Senegal announced that it has decided to update the base year in its national accounts from 1999 to 2014. This change of base year resulted in a 30% increase in GDP for 2014 to XOF 9,789 billion, compared to XOF 7,555 billion using the 1999 base. The Government is currently in the process of preparing a restatement of the 2015 national accounts using the 2014 base year. In 2018, the restated 2016 and 2017 national accounts will be prepared, as well as a retropolation of accounts prior to 2014. *All GDP figures used in this Prospectus are based on constant 1999 prices and all GDP and GDP-based data is presented on a 1999 reference year basis, notwithstanding the Government's plan to change the base year for GDP going forward.*

EXCHANGE RATE HISTORY

The "CFA franc" may designate two different currencies – "XOF" and "XAF" – controlled by two separate central banks (BCEAO and BEAC) but both with same exchange rate versus the Euro. Senegal's currency is the Franc of the African Financial Community (*Franc de la Communauté Financière Africaine*, symbol "XOF"), which is shared by the eight countries of the Western Africa Economic & Monetary Union (WAEMU), while the Franc of the Financial Cooperation in Central Africa (*Franc de la Coopération Financière en Afrique centrale*, symbol "XAF") is shared by the six countries of the Central African Economic and Monetary Community (CEMAC). Both CFA franc zones operate under a number of key operating principles:

- a fixed parity against the Euro, adjustable if required by economic reasons after consultation with the French government and unanimous decision of all member countries within each monetary area, namely the CEMAC of which the member countries are Cameroon, the Central African Republic, Chad, Congo (Brazzaville), Equatorial Guinea and Gabon, and the WAEMU, which consists of Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo;
- convertibility of the CFA franc to Euros without any fluctuation margins, at a rate of XOF/XAF 655.957 = €1.00 as of 1 January 1999, which is equivalent to the rate of XOF/XAF 100 = 1 French franc prevailing before that;
- guarantee of convertibility by France through the establishment by each regional central bank of an operations account with the French treasury with market-related yields or charges (these accounts can have a positive or negative balance thus providing an, in principle, unlimited overdraft facility to each central bank);
- free capital mobility between the WAEMU and France and the CEMAC and France; and
- the pooling of the foreign exchange reserves of each regional monetary area.

Solely for convenience, this Prospectus contains historical conversions of certain Euro amounts into U.S. dollars at specified rates. These conversions are solely illustrative, and you should not expect that a Euro amount actually represents a stated U.S. dollar amount or that it could be converted into U.S. dollars at the rate suggested, or any other rate. The following table shows the historical period-end, average, high and low noon buying rates in New York City for cable transfers in foreign currencies as certified by the Federal Reserve Bank of New York for the Euro, expressed in U.S. dollars per one Euro, for the periods and dates indicated.

	U.S. dollar/Euro			
Month	**Period end**	**Average rate(1)**	**High**	**Low**
August 2017	1.1894	1.1813	1.2025	1.1703
September 2017	1.1813	1.1913	1.2041	1.1747
October 2017	1.1648	1.1755	1.1847	1.1580
November2017	1.1898	1.1743	1.1936	1.1577
December 2017	1.2022	1.1836	1.2022	1.1725
January 2018	1.2428	1.2197	1.2488	1.1922
February 2018	1.2211	1.2340	1.2482	1.2211
March (through 2 March 2018)	1.2314	1.2265	1.2314	1.2216

	U.S. dollar/Euro			
Year	**Period end**	**Average rate(1)**	**High**	**Low**
2013	1.3779	1.3281	1.3816	1.2774
2014	1.2101	1.3297	1.3927	1.2101
2015	1.0859	1.1096	1.2015	1.0524
2016	1.0552	1.1072	1.1516	1.0375
2017	1.2022	1.1301	1.2041	1.0416
2018 (through 2 March 2018)	1.2314	1.2265	1.2488	1.1922

(1) The average of the Noon Buying Rates on the last business day of each month (or portion thereof) during the relevant period for annual averages; on each business day of the month (or portion thereof) for monthly average.

Source: Federal Reserve Bank.

ENFORCEMENT OF CIVIL LIABILITIES

The Republic is a sovereign state. Consequently, it may be difficult for investors to obtain or realise upon judgments of courts in jurisdictions outside Senegal (including judgments predicated upon civil liability provisions of the securities laws of the United States or any state or territory within the United States) against the Republic without compliance with the enforcement procedure for foreign judgments in Senegal. The Republic will irrevocably appoint the Ambassador Extraordinary and Plenipotentiary of the Republic of Senegal to the Court of St. James' as its authorised agent on whom process may be served in any action arising out of or based on the Notes in an English court. The Notes of each Series are governed by English law and disputes in respect of the Notes of each Series may be settled under the Arbitration Rules of the London Court of International Arbitration in London, England. In addition, the Republic will irrevocably submit to, and accept the exclusive jurisdiction of the courts of England with respect to any suit, action or proceeding arising out of or based on the Notes of each Series and has waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

To the extent that the Republic may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Republic or its assets or revenues, the Republic agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction (and consents generally for the purposes of the State Immunity Act 1978 to the giving of any relief or the issue of any process in connection with any Proceedings). The Republic does not hereby waive such immunity from execution or attachment in respect of (a) property, including any bank account, used by a diplomatic or consular mission of the Republic or its special missions or delegations to international organisations, (b) property of a military character and under the control of a military authority or defence agency of the Republic or (c) property dedicated to a public or governmental use by the Republic (as distinct from property which is for the time being in use or intended for use for commercial purposes within the meaning of the State Immunity Act 1978).

Subject to international conventions, enforcement of foreign court judgments in Senegal is subject to the following conditions:

- the foreign courts rendering the relevant judgment must offer reciprocal treatment to judgments obtained in the courts of Senegal; if such reciprocal treatment is not offered by the foreign court where the judgment is obtained, Senegalese courts will re-examine the merits of the case;
- the Senegalese courts are not exclusively competent to hear the dispute, and the foreign courts are shown to have been competent to hear the dispute in accordance with their own respective laws;
- the foreign procedures were fully respected and the parties to the dispute were duly notified and properly represented in the proceedings;
- the dispute was properly resolved according to proper facts which were raised in the dispute;
- the foreign judgment is final, non-appealable, conclusive and enforceable in accordance with relevant law; and
- the foreign judgment does not conflict with a prior final, non-appealable and enforceable Senegalese judgment on the same subject matter and is not contrary to public order in and public law principles in Senegal.

There is no treaty between the Republic of Senegal and the United Kingdom relating to the enforcement of foreign court judgments that would satisfy the first criterion above. However, the Republic of Senegal is a contracting State (since October 1994) to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, also known as the "New York Convention", under which the Republic is bound to recognise arbitral awards as binding and enforce them in accordance with the rules and procedures of the territory in which the award is relied upon, under the conditions set out in the New York Convention.

The enforcement of foreign arbitration awards in Senegal is subject to the following conditions:

- the existence of the foreign award is duly established by the claimant who must produce the original of the award with the arbitral convention and all documents necessary to prove the authenticity of the award; and
- the foreign award is not contrary to international public policy.

The Senegalese Courts may refuse to grant “exequatur” if the respondent gives proof that:

- the parties to the arbitration agreement were, under the law applicable to them, legally incapacitated or such agreement is deemed invalid under the governing law chosen by the parties or in the absence of a governing law, under the law of the country in which the arbitral award was made; or
- the party against whom the arbitral award is invoked was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings; it has been impossible for another reason for such party to present its case; or
- the arbitral award relates to a dispute not contemplated in the agreement or not specified within the arbitration clause; however, if the provisions of the arbitral award relating to matters submitted to arbitration can be separated from those relating to matters not submitted to arbitration, the former may be recognised and enforced; or
- the constitution of the arbitral tribunal or the arbitral procedure was not in accordance with the agreement between the parties or, failing such agreement, was not in accordance with the law of the country in which the arbitration took place; or
- the arbitral award has not yet become binding on the parties or has been set aside or suspended by a competent authority of the country in which, or under the law of which, the award was made.

The recognition and enforcement of an arbitral award may also be refused if the President of the Regional Court declares that:

- according to Senegalese law, the dispute is not capable of settlement by arbitration; or
- the recognition and enforcement of the arbitral award would be contrary to public policy in Senegal.

CONTENTS

OVERVIEW

The following is an overview of certain information contained elsewhere in this Prospectus. It does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus. Prospective investors should also carefully consider the information set forth in "Risk Factors" prior to making an investment decision. Capitalised terms not otherwise defined in this overview have the same meaning as elsewhere in this Prospectus. See "Republic of Senegal", "Economy of Senegal", "Foreign Trade and Balance of Payments", "Public Finance", "Public Debt" and "Monetary System", among others, for a more detailed description of the Republic.

Overview of the Republic

General

Senegal is located on the westernmost point of the African continent on the Atlantic coast and had a population of approximately 13.51 million people in 2013 (estimated at 15.3 million in 2017 and projected at 15.7 million in 2018). The Republic has an area of 196,722 km^2 and it is bordered in the north by Mauritania, in the east by Mali, in the south by Guinea and Guinea-Bissau, in the west by The Gambia and by the Atlantic Ocean on a 531 km coastline.

Senegal achieved independence from France in 1960. President Macky Sall was elected in 2012 with 65.8% of the vote. Senegal's Parliament currently comprises a unicameral chamber known as the National Assembly. The National Assembly has 165 seats, and its members are elected by universal suffrage (105 by majority vote and 60 by proportional vote) for five years. The next presidential election is due to be held in 2019. Parliament is in session once a year, from October to June.

Economy

Senegal is the second largest economy in the WAEMU zone in terms of GDP after that of Côte d'Ivoire, according to the BCEAO. With the Government's adoption of the *Plan Sénégal Emergent* (PSE) in January 2014, Senegal has emerged from a long period of relatively slow growth. The objective of the PSE is to accelerate Senegal's economic development in order to transform Senegal into an emerging economy by 2035. From 4.1% in 2014, Senegal's real GDP growth rate progressed to 6.5% in 2015 and 6.7% in 2016 and is estimated at 6.8% in 2017 according to the Government, with a projection by the Government of 7.0% in 2018.

The DGPEE estimates that Senegal's nominal GDP for 2017 was at XOF 9,531.6 billion. The economy has historically been heavily reliant on agriculture, in particular groundnut production. However, in recent years Senegal has managed to maintain a relatively diverse economy. The services (tertiary) sector is now the largest sector of Senegal's economy, accounting for 44.8% of nominal GDP in 2017 as a result of its continued dynamism and growth, with the secondary sector and the primary sector accounting for 20.5% and 15.4% of nominal GDP, respectively, and the contribution of the Public Administration accounting for the remaining 19.3%. The economic growth recorded by Senegal under the PSE reflects the positive performance of the extractive industries, manufacturing of chemical products, oil refining, construction, transportation, telecommunications, housing services and financial services.

Plan Sénégal Émergent

In January 2014, the Government adopted a new development plan designed to promote accelerated development and transform Senegal into an emerging economy by 2035. The plan is based on three pillars:

- higher and sustainable growth and structural economic transformation aimed at making Senegal a regional hub through improved infrastructure and increased private investment focused on targeted sectors;
- human development, with a focus on key social sectors and expanding the social safety net; and
- better governance, peace and security.

As part of the PSE, the Government has identified, and has been pursuing various projects in five main focus areas, which the Government expects to drive cross-sector economic growth over the medium-term:

- Agriculture: the PSE aims to modernise the agricultural sector and targets both subsistence agriculture, to render it less vulnerable to shocks, market production and containment of rural depopulation.

- Tourism: the PSE aims to boost tourism by turning Senegal into a regional airline hub, developing micro-tourism, diversifying the offer within the tourism sector, and by creating zones of integrated tourism.
- Electricity: the PSE promotes projects introducing new production capacity, upgrading transmission and distribution, moderating demand growth, and diversifying supply sources. Specific objectives under the PSE include reducing production costs, and increasing the role of coal, gas, and renewable energy in the national power mix, improving rural electrification and achieving universal access to electricity by 2025.
- Mining: the PSE aims to enhance the role that the mining sector plays in Senegal's economy, both through its contribution to exports and in helping to diversify the national economy.
- Transport: the PSE envisages a range of investments to raise Senegal's regional stature as a logistics and transportation hub. For instance, the recently opened Blaise Diagne International Airport (AIBD) aims to serve major routes between Africa and the rest of the world and the road network is also being upgraded.

Senegal is committed to creating the conditions for realising the growth potential of these key areas by adopting the structural reforms needed to improve economic governance and public financial management within the public sector and to improve the business climate with a view to unlocking private investment through FDI and SMEs. Senegal was in the top ten reformers in the World Bank *Doing Business* rankings for both 2015 and 2016, which rankings include countries that have implemented the highest number of measures to improve their respective business environment. Senegal was ranked 140 out of 190 economies surveyed in the World Bank 2018 *Doing Business* report.

Senegal has a common currency with other members of WAEMU, the CFA franc, which is pegged to the Euro at 1 Euro = XOF 655.957. The central bank of WAEMU, the BCEAO, manages monetary policy.

Statistical Data

In March 2017, Senegal announced that it has decided to update the base year in its national accounts from 1999 to 2014. This change of base year resulted in a 30% increase in GDP for 2014 to XOF 9,789 billion, compared to XOF 7,555 billion using the 1999 base. The Government is currently in the process of preparing a restatement of the 2015 national accounts using the 2014 base year. In 2018, the restated 2016 and 2017 national accounts will be prepared, as well as a retropolation of accounts prior to 2014. *All GDP figures used in this Prospectus are based on constant 1999 prices and all GDP and GDP-based data is presented on a 1999 reference year basis, notwithstanding the Government's plan to change the base year for GDP going forward.*

The following selected economic information is qualified in its entirety by, and should be read in conjunction with, the detailed information appearing elsewhere in this Prospectus:

	2014	2015	2016	2017
	(in XOF billions unless otherwise indicated)			
Domestic Economy				
Nominal GDP(1)	7,554.7	8,067.8	8,707.6	9,531.6
Real GDP(1)	5,585.0	5,945.6	6,346.5	6,777.2
Real GDP growth rate (%)	4.1%	6.5%	6.7%	6.8%
Balance of Payments				
Trade balance(2)	(1,383.2)	(1,274.5)	(1,164.7)	(1,555.8)
Exports (free on board)(2)	1,472.7	1,669.1	1,703.5	1,901.2
Imports (free on board)(2)	(2,856.0)	(2,943.6)	(2,868.2)	(3,457.0)
Public Finance				
Total revenue and grants	1,927.0	2,026.1	2,334.6	2,376.8
Total expenditure and net lending(3)	2,318.7	2,411.5	2,703.9	2,839.3
Overall fiscal balance (including grants)	(391.7)	(385.4)	(369.3)	(362.5)
Public Debt				
External Debt	3,047.5	3,318.0	3,714.4	4,668.6
Domestic Debt	1,065.5	1,279.7	1,597.8	1,302.2
External Debt / Nominal GDP (%)	40.3%	41.1%	42.7%	49.0%

(1) Figures for 2014 are "semi-definitive estimates" of the ANSD that are subject to revision by the ANSD. Figures for 2015 are "provisional estimates" of the ANSD that are subject to revision by the ANSD. Figures for 2016 and 2017 are "preliminary estimates" of the DGPEE that are subject to revision by the ANSD. See "*Presentation of Economic and other Information*".

(2) Figures for 2017 are BCEAO estimates that are subject to revision by the BCEAO. See "*Presentation of Economic and other Information*".

(3) Excludes project-related wages and salaries included in capital spending, the salaries of autonomous agencies and health and education contractual workers included in transfers and subsidies.

Sources: Ministry of Economy, Finance and Planning/DGPEE/DGCPT; ANSD; BCEAO and IMF.

Overview of Risk Factors relating to the Republic, the Notes and the Market Generally

An investment in the Notes involves significant risks, including (among others):

- The growth outlook of the Senegalese economy is conditioned upon successful implementation of reforms to improve economic governance;
- The growth of the Senegalese economy since 2014 has been highly dependent on public investment and may slow down if reforms to boost private sector investments and FDI flows are not successful;
- Senegal is highly dependent on foreign imports of food and crude oil, which in an environment of rising prices may lead to unplanned budgetary outlays and inflation;
- Senegal's economy and security may be negatively affected by regional considerations;
- Senegal is highly dependent on foreign aid and an important share of PSE-related public investments is provided by development partners;
- Senegal may continue to suffer from low FDI flows, which could hamper its economic growth prospects;
- Senegal's growth prospects are contingent on continued improvements of the performance of the electricity sector;
- Senegal's economic growth is dependent on the successful completion of a number of infrastructure projects for which financing has not been obtained or committed in full to date;
- Senegal's economic growth prospects are contingent on the performance of a number of sectors that are highly vulnerable to various volatility factors;
- A significant portion of Senegal's economy is not recorded;
- Senegal relies on high levels of remittance flows, which are vulnerable to economic and political developments in countries in which Senegalese immigrants reside;
- Failure to adequately address actual and perceived risks of corruption may adversely affect Senegal's economy and its ability to attract foreign direct investment;
- Senegal's membership in the BCEAO may affect its ability to react to stresses in its economy and may subject it to economic policies that are not in its best interests;
- Any adjustment to, or ending of, the CFA Franc's currency peg could negatively affect Senegal;
- Senegal's Casamance region is politically unstable;
- Senegal's debt levels are rising. High levels of debt could have a material adverse effect on Senegal's economy and its ability to service its debt, including the Notes;
- Senegal has in the past and continues to trade with certain sanctioned countries;
- Investing in securities involving emerging markets generally involves a higher degree of risk than more developed markets;
- Senegal is a sovereign State. Consequently, it may be difficult for investors to obtain or realise judgments against Senegal handed down by courts and arbitral bodies in other countries;
- Statistics published by Senegal may be more limited in scope, published less frequently and differ from those produced by other sources;
- Comparability of 1999-based GDP data published in this Prospectus and GDP data to be released in the future on the basis of the new 2014 base year
- Event of Default;
- Definitive Notes not denominated in an integral multiple of the relevant minimum specified denomination or its equivalent may be illiquid and difficult to trade;
- While a Senegalese court will recognise and give effect to the choice of English law as the law governing the Notes, the enforcement of foreign judgments will be governed by Senegalese law;
- Fluctuations in exchange rates and interest rates may adversely affect the value of the Notes;
- The Notes have amortising redemption features;

- The Republic's credit ratings are subject to revision or withdrawal, either of which could adversely affect the trading price of the Notes;
- As a result of the collective action clause contained therein, the terms of the Notes of each Series may be modified or waived without the consent of all the holders of the Notes of such Series;
- A change of law could affect the Notes;
- The Notes may be negatively affected by events in other emerging markets, including those in sub-Saharan Africa;
- There is no established trading market for the Notes and any trading market which develops may be volatile;
- There may be interest rate risks that affect the Notes; and
- Legal investment considerations may restrict certain investments.

Overview of the Terms and Conditions of the Offering

Issuer:	The Republic of Senegal
Description of Notes:	US$1,000,000,000 6.750% Amortising Notes due 2048 (the **USD Notes**) and EUR1,000,000,000 4.750% Amortising Notes due 2028 (the **Euro Notes** and, together with the USD Notes, the **Notes**, and each a **Series**), to be issued by the Issuer on 13 March 2018 (the **Issue Date**).
Joint Lead Managers:	BNP Paribas Citigroup Global Markets Limited Deutsche Bank AG, London Branch Natixis Société Générale Standard Chartered Bank
Fiscal Agent:	Citibank, N.A., London Branch
Registrar:	Citigroup Global Markets Deutschland AG
Issue Price:	USD Notes: 100% Euro Notes: 100%
Issue Date:	13 March 2018
Maturity Date:	USD Notes: 13 March 2048 Euro Notes: 13 March 2028
Interest:	USD Notes: 6.750% per annum payable semi-annually in arrear on 13 March and 13 September in each year. Euro Notes: 4.750% per annum payable annually in arrear on 13 March in each year.
Yield:	USD Notes: 6.750% Euro Notes: 4.750%
Redemption:	The Republic will redeem the USD Notes in three instalments of US$333,333,333.33 on 13 March 2046, US$333,333,333.33 on 13 March 2047 and US$333,333,333.34 on 13 March 2048. See "*Conditions of the USD Notes—7. Redemption and Purchase*". The Republic will redeem the Euro Notes in three instalments of EUR333,333,333.33 on 13 March 2026, EUR333,333,333.33 on 13 March 2027 and EUR333,333,333.34 on 13 March 2028. See "*Conditions of the Euro Notes—7. Redemption and Purchase*".
Events of Default:	In respect of each Series, the applicable Conditions will permit the acceleration of the relevant Notes following the occurrence of certain events of default. *See "Conditions of the USD Notes—10. Events of Default" and "Conditions of the Euro Notes—10. Events of Default".*

Negative Pledge: So long as any of the Notes remains outstanding (as defined in the relevant Agency Agreement), the Republic will not create or permit to subsist any Security (other than a Permitted Security) upon the whole or any part of its present or future assets, undertakings or revenues to secure: (i) any of its Public External Indebtedness; (ii) any Guarantees in respect of Public External Indebtedness; or (iii) the Public External Indebtedness of any other Person; without at the same time or prior thereto securing the Notes equally and rateably therewith or providing such other arrangement (whether or not comprising Security) as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreements).

See "Conditions of the USD Notes—4. Negative Pledge" and "Conditions of the Euro Notes—4. Negative Pledge".

Cross Acceleration: In respect of each Series, an Event of Default will occur when:

(i) any other Indebtedness of the Republic becomes due and payable prior to the stated maturity thereof by reason of default; or

(ii) any such Indebtedness is not paid at maturity; or

(iii) any Guarantee of such Indebtedness is not honoured when due and called upon

and, in the case of (ii) or (iii), that failure continues beyond any applicable grace period; PROVIDED THAT the amount of Indebtedness referred to in (i) and/or (ii) and/or the amount payable under any Guarantee referred to in (iii) individually or in the aggregate exceeds US$ 20,000,000 (or its equivalent in any other currency or currencies).

See "Conditions of the USD Notes—10. Events of Default" and "Conditions of the Euro Notes—10. Events of Default".

Status of the Notes: The Notes of each Series are direct, unconditional and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Republic and rank and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness (as defined in the applicable Conditions) of the Republic, from time-to-time outstanding, provided, further, that the Republic shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the relevant Notes and vice versa. See "*Conditions of the USD Notes—3. Status" and "Conditions of the Euro Notes—3. Status".*

Meetings of Noteholders: The Conditions of each Series contain provisions for calling meetings of Noteholders of the relevant Series and, in certain circumstances, holders of other debt securities of the Issuer, to consider matters affecting their interests generally. These provisions permit defined majorities (which may, in certain circumstances, be formed of holders of debt securities of the Issuer other than the relevant Notes) to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. See "*Conditions of the USD Notes—13. Meetings of Noteholders; Written Resolutions" and "Conditions of the Euro Notes—13. Meetings of Noteholders; Written Resolutions"*.

Modification: The Conditions of each Series contain a provision permitting the relevant Notes, Conditions, Agency Agreement and Deed of Covenant of such Series to be amended without the consent of the relevant Noteholders to correct a manifest error or to make any modification, which is of a formal, minor or technical nature or which is not materially prejudicial to the interests of the Noteholders of such Series. See "*Conditions of the USD Notes—13.8 Manifest Error, etc.*" *and*

	"Conditions of the Euro Notes—13.8 Manifest Error, etc".
Taxation:	All payments in respect of each Series by or on behalf of the Republic shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction (as defined in the applicable Conditions), unless the withholding or deduction of the Taxes is required by law. In that event, the Republic will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders of the relevant Series after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes of such Series in the absence of the withholding or deduction, subject to certain exceptions set out under "*Conditions of the USD Notes—8. Taxation", "Conditions of the Euro Notes—8. Taxation"* and "*Taxation*".
Listing and admission to trading:	Application has been made to the Irish Stock Exchange for the Notes of each Series to be admitted to the Official List and trading on its regulated market.
Governing Law:	The Agency Agreements, the Deeds of Covenant and the Notes and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, English law.
Form:	The USD Notes will be issued in registered form in denominations of US$ 200,000 and integral multiples of US$ 1,000 in excess thereof. USD Notes offered and sold in reliance upon Regulation S will be represented by beneficial interests in the USD Unrestricted Global Certificate in registered form, without interest coupons attached, deposited with the Common Depositary and registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg and USD Notes offered and sold in reliance upon Rule 144A will be represented by beneficial interests in the USD Restricted Global Certificate in registered form, without interest coupons attached, registered in the name of Cede & Co., as nominee for DTC. The Euro Notes will be issued in registered form in denominations of EUR100,000 and integral multiples of EUR1,000 in excess thereof. Euro Notes offered and sold in reliance upon Regulation S will be represented by beneficial interests in the Euro Unrestricted Global Certificate and Euro Notes offered and sold in reliance upon Rule 144A will be represented by beneficial interests in the Euro Restricted Global Certificate, each in registered form, without interest coupons attached, deposited with the Common Depositary and registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg. Except in limited circumstances, certificates for the Notes of each Series will not be issued to investors in exchange for beneficial interests in the relevant Global Certificates.
Credit Ratings:	The Notes are expected to be rated on issuance Ba3 by Moody's and B+ by Standard & Poor's. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. Credit ratings included or referred to in this Prospectus have been or, as applicable, may be, issued by Moody's and Standard & Poor's, each of which is established in the EU and is registered under the CRA Regulation.
Selling Restrictions:	The Notes have not been and will not be registered under the Securities Act and are subject to certain restrictions on transfers. See "*Plan of Distribution*" below.
Concurrent Tender Offer	On 26 February 2018, the Republic launched a tender offer (the "**Tender Offer**") for its outstanding US$500,000,000 8.75% Notes due 2021 (the

"**2021 Eurobonds**"). The Tender Offer expired at 5:00 p.m. New York City time on 5 March 2018 (the "Expiration Date") and is expected to settle on the next business day after the settlement of the USD Notes unless extended, reopened, amended or terminated by the Republic. The Tender Offer is subject to the terms and conditions set forth in the tender offer memorandum dated 26 February 2018 prepared by Senegal. Whether Senegal will settle the purchase of the 2021 Eurobonds pursuant to the Tender Offer is subject (unless such condition is waived by the Republic in its sole discretion) without limitation, to the successful closing (in the sole determination of the Republic) of the offering of the Notes pursuant to this Prospectus. On 6 March 2018, the Republic announced that it has accepted (subject to the successful closing (in the sole determination of the Republic) of the offering of the Notes pursuant to this Prospectus) US$200,000,000 in aggregate principal amount of 2021 Eurobonds validly tendered pursuant to the Tender Offer and the pro-ration factor applied. See *"Use of Proceeds"*.

Use of Proceeds: The net proceeds of the issue of the USD Notes will be used by the Republic: (i) to repay in full the 2018 Bridge Loan; (ii) to repay in full the CS Loan; (iii) to repay in full the outstanding amount of the Afreximbank Loan; (iv) to finance the purchase by Senegal of the final aggregate principal amount of the 2021 Eurobonds agreed to be purchased pursuant to the Tender Offer; and (v) to finance projects primarily related to infrastructure, transport services, energy sector and sanitation included in the 2018 Finance Law.

The net proceeds of the issue of the Euro Notes will be used by the Republic for the same purposes as the net proceeds of the issuer of the USD Notes.

	Unrestricted Global Certificates	**Restricted Global Certificates**
USD Notes:	ISIN: XS1790134362	ISIN: US81720TAD72
	Common Code: 179013436	Common Code: 179010968
	—	CUSIP: 81720TAD7
Euro Notes:	ISIN: XS1790104530	ISIN: XS1790105180
	Common Code: 179010453	Common Code: 179010518

RISK FACTORS

An investment in the Notes involves a high degree of risk. Accordingly, prospective investors should carefully consider, among other things, the risks described below, as well as the detailed information set out elsewhere in this Prospectus, and reach their own views before making an investment decision. The risks and uncertainties described below are not the only risks and uncertainties the Republic faces. Additional risks and uncertainties not presently known to the Republic, or that the Republic currently believes are immaterial, could also impair its ability to make payments on the Notes. If any of the following risks actually materialises, the Republic's financial condition or prospects could be materially adversely affected. If that were to happen, the trading price of the Notes could decline, the Republic could become unable to make payments due on the Notes, and investors may lose all or part of their investment.

Risks related to the Republic of Senegal

The growth outlook of the Senegalese economy is conditioned upon successful implementation of reforms to improve economic governance

In January 2014, the Government adopted the PSE as its strategy to promote accelerated development and transform Senegal into an emerging economy by 2035. The PSE sets forth certain benchmarks for the Republic's economic and social policies over the medium and long term, with the objective of effecting a structural transformation of the economy and diversifying sources of economic growth. Driven by PSE-related public investments, Senegal's real GDP reached a growth rate of 6.5% in 2015, 6.7% in 2016 and an estimated 6.8% in 2017. The Government expects dynamic economic activity to continue, bringing the growth rate to 7.0% in 2018 and an average of 7.4% over the 2019-2022 period. According to the IMF (January 2017 Article IV Report), Senegalese GDP growth must be sustained at 7-8 % per year over 20 years for Senegal to achieve emerging market status by 2035.

While the IMF's most recent debt sustainability analysis (December 2017) notes that Senegal is currently at low risk of debt distress, that conclusion assumes the implementation of reforms, and the IMF notes in its analysis that lack of progress on reforms and a return to the anaemic growth of the past would put Senegal's debt on an unsustainable path. The IMF has noted that current growth levels can only be sustained over the medium to long term if Senegal improves its economic governance. This is required in order for Senegal to continue to be able to mobilise sufficient fiscal resources to finance the share of the State in PSE-related projects, and to enhance the economy's resilience to internal shocks as well as external shocks in a context of insecurity within the sub-region. In particular, reforms are needed to strengthen public financial management, preserve Senegal's low risk of debt distress, improve public wage bill management, improve project management and facilitate PSE implementation by strengthening public sector governance. In the short term, while the Government is currently targeting achieving the WAEMU target budget deficit of 3% of GDP during the 2019-2022 period, achieving the WAEMU target budget deficit of 3% of GDP by 2019 will require significant efforts to achieve satisfactory revenue collection and effective control of current expenditure.

In March 2016, Prime Minister Mahammed Dionne and key ministers identified a set of 11 fundamental reforms as required to spur growth and stability, reflecting the Government's commitment to step up the pace of implementation of PSE-related projects and reforms. A number of these reforms relate to public sector governance and are designed to allow increased investment expenditure to support economic growth. See "*Public Finance—Economic Governance*". Moreover, as a broad-reaching multi-year plan focused on achieving emerging market status by 2035, achieving the PSE's objectives will require sustained Government commitment to reforms. The upcoming Presidential election in 2019 could increase spending pressures or make reforms more difficult to implement as the election approaches, and any future changes in government could result in changes to the PSE or the pace of reforms. Satisfactory performance under the PSE will depend on the pace of the reform agenda and the ability of the Government to overcome resistance in areas where change has been blocked by entrenched interests that have proved hard to overcome. If the PSE policies and reforms necessary to provide the structural change needed to sustain the current growth momentum over the medium-term do not materialise at the required pace, this could result in slower rates of economic growth than anticipated and could have an adverse effect on the Government's revenues and affect its ability to service its debt, including the Notes.

The growth of the Senegalese economy since 2014 has been highly dependent on public investment and may slow down if reforms to boost private sector investments and FDI flows are not successful

Senegal has experienced several episodes of increased growth over the past three decades, but none have been sustained because they were largely public sector driven. According to the IMF, the current growth trend can only be sustained over the medium-term if Senegal also improves its business environment to foster private sector investments, in addition to improving its economic governance.

Senegal must also accelerate the pace of reforms to improve the business environment so as to remove the constraints slowing private sector development and create the conditions for the development of private investments both from local SMEs and through FDI. This requires removing obstacles created by entrenched interests, which benefit from rent seeking and anti-competitive situations. It further requires that the business environment be made more rules-based and transparent. A number of the measures included in the 11 reform agenda defined by the Government in March 2016 are geared to facilitating the emergence of SMEs, attracting productive FDI and accelerating the development of the financial sector by facilitating the access of SMEs to credit. Senegal ranks 142 in "getting credit" in the 2018 World Bank *Doing Business* report, which is below the Sub-Saharan Africa average of 115. The Government has created several institutions to provide guarantees and direct lending to SMEs (FONGIP, FONSIS and BNDE), but more progress on reforms is needed to boost private sector investment. Furthermore, deficient and costly electricity supply remains an important impediment to doing business in Senegal, and continued public and private sector investment in the electricity sector is needed to further diversify sources, reduce costs and improve distribution and reliability. See "*—Senegal's growth prospects are contingent on continued improvements of the performance of the power sector*."

Although Senegal has made progress in improving its business environment, its business environment is still considered by the IMF to be relatively poor and steadfast implementation of reforms is needed. Senegal's low level of FDI flows relative to peers is evidence that, despite its stability and favourable geographical position in the region, it has been unable to attract investment in line with its potential.

There can be no assurance that Senegal will be successful in executing and sustaining the reforms necessary to boost local private sector investments and FDI flows. If Senegal fails to secure appropriate external and domestic private sector investments in a timely manner to support the State's public investment efforts, it could adversely affect economic growth and Senegal's ability to service its debt, including the Notes.

Senegal is highly dependent on foreign imports of food and crude oil, which in an environment of rising prices may lead to unplanned budgetary outlays and inflation

Senegal suffers from a chronic deficit in its balance of payments, primarily due to its reliance on imports of food and crude oil. In recent years, Senegal has experienced growth in the agricultural sector as well as improved harvests and has thereby managed to reduce its reliance on imports of grains and cereals but its efforts to achieve self-sufficiency in grains such as rice have not yet been fully successful. See "*Economy of Senegal—Principal Sectors of the Economy—Primary Sector—Agriculture, Livestock, Farming and Hunting, Forestry and Fishing—Programme d'Accélération de la Cadence de l'Agriculture Sénégalaise (PRACAS)*". The country will continue to rely heavily on food imports in the near future. In addition, any future droughts or other adverse weather conditions may affect Senegal's internal production of food and, therefore, increase Senegal's dependence upon foreign imports. Senegal's high reliance on food imports in an environment of rising prices may lead to significant increases in inflation, which could have a negative impact on the economy or potentially lead the Government to increase or create new subsidies.

Senegal does not produce any crude oil and relies on imports for all of its crude oil needs. In addition to the transport and infrastructure sectors' requirements for crude oil, Senegal's electricity sector, in particular the national electricity company SENELEC, relies on hydrocarbon imports for a significant portion of its power generation. If oil prices rise and SENELEC seeks to raise the rates it charges customers to offset those increases, failure by the Government to approve the rate increases may give rise to an obligation under SENELEC's concession agreement for the State to compensate SENELEC for a portion of the resulting losses. In addition, Senegal imports significant amounts of crude oil for refining activities carried out by SAR, which is partially State-owned. In 2017, oil and oil derivatives were Senegal's largest category of imports, representing XOF 856.1 billion in imports, a 34.3% increase compared to the prior year. As a result, continued volatility in the price of crude oil and other commodities could have an adverse effect on Senegal's economy.

While promising oil and gas discoveries were recently made off the coast of Senegal, initial estimates suggest that production would start no sooner than 2021-2022 for gas and two years later for oil. Numerous factors could delay or prevent production from these resources. However, until a reputable international firm sets a date and production targets, production and earnings from oil and gas will not be integrated into Senegal's macroeconomic framework. No assurance can be given as to when or whether the new oil and gas discoveries will be developed or the level of production they will represent.

Despite its intention to avoid subsidies, in case of rising prices of foodstuffs and/or crude oil, the Government may face pressure to grant potentially significant subsidies to affected sectors resulting in unplanned budgetary outlays and inflation. Any such budgetary outlays or excessive inflation could adversely impact Senegal's economy and its ability to make payments under the Notes. See "*—Senegal's growth prospects are contingent on continued improvements of the performance of the electricity sector*".

Senegal's economy and security may be negatively affected by regional considerations

Senegal has a number of regional trading partners upon which its economy heavily relies. In 2016, according to BCEAO estimates, over 48.2% of Senegal's exports were to (mostly West) African countries, with 19.5% of Senegal's exports going to Mali, and 17% of its imports came from (mostly West) African countries, with 7.7% of such imports coming from Nigeria to meet the country's oil needs. Senegal is also an active member of the West African regional organisations, such as WAEMU and the Economic Community of West African States (ECOWAS), which foster more economic integration among their member countries. Political instability, social unrest, epidemics and/or increased fragility are common in the West African region which, among other effects, could result in a reduction in Senegal's exports to, and imports from, those countries or in regional contagion.

The West African region has been subject to on-going political and security concerns. In particular, the ongoing conflict and political instability in Mali, a neighbour of Senegal and an important trade partner, has been the subject of significant international attention and intervention, and its impact and resolution are difficult to predict. Any further escalation of this conflict or a more aggressive stance by parties to the conflict could be a further destabilising factor for the region. The perception of regional instability and insecurity caused by the ongoing Mali conflict has been exacerbated by the presence of Boko Haram in northeast Nigeria and the terrorist attacks by Daesh and Boko Haram and groups claiming affiliation with them in Mali, Côte d'Ivoire, Burkina Faso and Niger in 2015, 2016 and 2017.

The continuation of such events, or the outbreak of new events in the region could further strain political stability and security in the region and the Government's finances. These events could have a material adverse impact on the Senegalese economy, including declines in tourism flows (which have historically been an important source of income and are targeted for significant growth) or disruptions on Senegal's exports and imports to and from the partner countries involved. Any of the foregoing could also lead to the diversion of Government resources towards increased military and security spending, which may reduce overall economic growth and increase Senegal's budget deficit. For example, as a result of the regional environment, Senegal increased its defence and security budget by 19.8% for 2018 to XOF 133.3 billion, from XOF 111.3 billion in 2017; the security budget was XOF 62.3 billion in 2016 and XOF 51.1 billion in 2015.

These regional threats and fragility among Senegal's neighbours and partner countries could have an adverse effect on Senegal's growth prospects, which could affect its ability to meet its financial obligations.

Senegal is highly dependent on foreign aid and an important share of PSE-related public investments is provided by development partners

Senegal has significant exposure to concessional public debt from multilateral institutions and foreign governments, equivalent to approximately 31.86% of its nominal GDP in 2017. In addition, Senegal benefits from donations from a small number of large-scale donors including the USAID, the World Bank, the European Investment Bank (EIB), the Islamic Development Bank (IDB), the African Development Bank (AfDB) and the *Agence Française de Développement* (AFD). The Government estimates that, in 2015, Senegal received a total of XOF 404.8 billion in foreign aid, of which XOF 204 billion (50.4%) was in the form of drawings on concessional loans and XOF 200.8 billion was in the form of grants. In 2016, this total amount is estimated to have increased by 7.2% to reach XOF 434 billion. In 2017, foreign aid received amounted to XOF 560.0 billion and includes loans in the amount of XOF 344.9 billion and subsidies in the amount of XOF 215.1 billion. International financial aid thus plays a critical role in Senegal's public finance. Furthermore, the Government's 2018-2020 PTIP (three-year public investment programme) provides for an amount of XOF 3,002.4 billion to be funded from international financial aid for financing public investments, which represents 48.0% of the total XOF 6,257.8 billion investment amount provided in the 2018-2020 PTIP.

The continuation of such aid is dependent on the Republic's ability to comply with certain restrictions and covenants contained in the relevant donor programme documentation, as well as the ability or the willingness of foreign donors to maintain current and future financial commitments. For example, in the case of the United States of America, domestic political developments towards isolationism may lead to budget cuts to foreign aid by the administration of President Donald Trump. In addition, an increasing share of foreign aid received by Senegal comes from China and Gulf Arab States, but this could be impacted by economic developments in those countries, such as an economic slowdown or financial market volatility affecting China, or an oil price shock affecting Gulf Arab States.

If Senegal's foreign donors become unwilling or unable to continue to provide significant amounts of aid to the country, Senegal could face significant difficulties in, among other things, repaying public debt, providing social services and subsidies to key industries and implementing public works programmes, any of which could adversely affect economic growth or adversely affect Senegal's ability to make payments under the Notes.

Senegal may continue to suffer from low FDI flows, which could hamper its economic growth prospects

Foreign direct investment, which comprises equity capital, re-invested earnings and other capital inflows, increased from XOF 241.9 billion in 2015 to XOF 280 billion in 2016 and to XOF 291.4 billion in 2017, or the equivalent of about 3.1% of nominal GDP in 2017.

Foreign direct investment, which is necessary for Senegal to meet its ambitious PSE growth objectives, remains low for a country the size of Senegal. Senegal was ranked 140 out of 190 economies surveyed in the World Bank 2018 *Doing Business* report, signalling a need for the Government to continue its efforts to reform the economic and business environment. Absent a decrease in the perceived risks associated with investing in Senegal, including those described herein, there may not be any appreciable increase in foreign direct investment, which could adversely affect the Senegalese economy and limit sources of funding for infrastructure and other projects which are dependent on significant investment from the private sector. If the reforms needed to improve the business climate are not successfully implemented, existing levels of foreign direct investment may also fall further, thereby significantly impeding the progress of sectors important to economic growth such as the infrastructure, financial and energy sectors.

In addition, the levels of FDI flows into Senegal are vulnerable to events affecting the countries of origin of these investments. For example, an economic slowdown or market or political developments affecting such countries may adversely affect the strategies of international investors currently active or potentially interested in Senegal, who may reduce or withdraw FDI flows to Senegal either in order to meet domestic constraints applicable to them or as a result of a higher sensitivity to the risks associated to investing in Senegal compared to other investment opportunities available to them.

Senegal's growth prospects are contingent on continued improvements of the performance of the electricity sector

The Government is pursuing an electricity production plan based on a policy of diversifying the sources of energy production, introducing more cost-effective production technologies and improved efficiency at SENELEC, and encouraging private investment in the electricity sector. The Government's efforts have led to the launch of several new projects in the electricity sector. The Government is working with development partners (including with the IFC, through the Scaling Solar initiative) to increase the role of the private sector in electricity generation and distribution and this has resulted in the commissioning of several power plants, thus significantly reducing the chronic electricity shortages experienced by Senegal in the past. *See* "*Economy of Senegal—Principal Sectors of the Economy—Secondary Sector—Energy—Electricity*".

According to the IMF, however, the implementation of the electricity production plan is mixed. Progress has been made on accessing low cost energy and improvements in energy infrastructure are underway. However, despite the decision of the Head of State to reduce electricity prices by an average of 10% effective 1 May 2017, electricity prices remain very high for end-users, reducing private sector competitiveness and SENELEC needs to pursue its reform plan to deal with inefficiencies and reduce the contingent fiscal liability it generates.

Deficient electricity supply also remains an important impediment to the Senegalese private sector development. The importance of tackling electricity availability and cost is highlighted by Senegal's rank of 118 out of 190 in "getting electricity" in the 2018 *Doing Business* report. Some progress has been made in increasing supply through greater private sector involvement in generation and distribution and accessing lower cost sources of energy, including the creation of two new generation facilities. With regards to grid access, there has been a streamlining of the application review process for new electricity connections and excavation permits and a reduction of the amount needed for a security deposit. However, electricity generation remains extremely costly and the rural electrification plan has undergone delays.

Failure to secure further investment or to effectively address existing problems in Senegal's power generation, transmission and distribution infrastructure may lead to continued lack of reliable and competitively priced electricity supply. See "*—The growth of the Senegalese economy since 2014 has been highly dependent on public investment and may slow down if reforms to boost private sector investments and FDI are not successful*". This would continue to have an adverse effect on the development of the Senegalese private sector businesses and Senegal's economic growth, and consequently its ability to service its debt.

Moreover, pursuant to SENELEC's concession agreement, SENELEC's rates are subject to periodic adjustments under a formula that takes a number of factors into account, including oil prices. If the Government declines to approve a requested rate increase that complies with the formula, the Government must compensate SENELEC for the shortfall. In October 2017, the Commission for the Regulation of the Energy Sector determined that the compensation amount due to SENELEC for 2017 was XOF 1.7 billion, reflecting rising oil prices and the Government's decision to require a 10% rate decrease. Further increases in oil prices or decisions to reduce rates could lead to higher compensation amounts due from the Government to SENELEC, which could give rise to a need to issue more debt.

Senegal's economic growth is dependent on the successful completion of a number of infrastructure projects for which financing has not been obtained or committed in full to date

As a result of the inadequate state of Senegal's infrastructure, Senegal's current economic growth rate may not be sustainable without considerable investment and the completion of existing improvement plans. Pursuant to the PSE, the Government is currently pursuing a number of infrastructure projects to support economic growth. See "*Public Finance—Investment Programmes—Infrastructure Investments*". These infrastructure projects require significant funding over a number of years, and as of the date of this Prospectus some of these projects have not yet been completed and will not be completed unless additional financing is contributed by the Government, the private sector, development partners and/or other sources of financing. There is no assurance that the various external finance partners in these infrastructure projects will remain able to meet their financing commitments. See "*—Senegal is highly dependent on foreign aid and an important share of PSE-related public investments is provided by development partners*". There also is no assurance that the Government will be able to contribute its share in the financing of the infrastructure projects. See "*—The growth outlook of the Senegalese economy is conditioned upon successful implementation of reforms to improve economic governance*."

Infrastructure projects involve a number of execution risks, including delays due to construction difficulties, suspensions in scheduled fund disbursements from external sources of financing due to restrictions related to donor oversight programmes or failure to meet the benchmarks stipulated in donor agreements, changes in commitment or resources from donor sources, bottlenecks introduced by environmental impact studies or other audit reviews which slow project completion, relocation of populations or other political, legislative or social resistance to policies required for project completion. For example, the recently opened AIBD airport project began in 2007 and had undergone several years' delay before it finally became operational on 7 December 2017. See *"Economy of Senegal—Plan Sénégal Emergent (PSE)*" and "*Public Finance—International Financial Aid*".

No assurance can be given that Senegal's infrastructure projects will be financed and/or completed as anticipated. Failure to finance or complete these projects as scheduled could lead to slower than expected economic development in the country and adversely affect Senegal's ability to meet GDP growth objectives and, in turn, its ability to meet its financial commitments, including with respect to the Notes.

Senegal's economic growth prospects are contingent on the performance of a number of sectors that are highly vulnerable to various volatility factors

Agriculture. Senegal remains reliant on its agricultural sector which accounted for 6.6% of nominal GDP in 2014, 7.9% of nominal GDP in 2015, 8.0% of nominal GDP in 2016 and an estimated 8.4% of nominal GDP in 2017. Agricultural production in Senegal is highly vulnerable to weather conditions and, in particular, drought and rainfall amounts, which can vary significantly from year to year. For example, the agricultural sector saw growth in real GDP of an estimated 10.4% in 2017 and 6.3% in 2016 compared to 25.2% in 2015 due to an abrupt halt in rainfall in certain areas of the country. The agriculture sector's vulnerability to seasonal fluctuations in rainfall is exacerbated by the fact that only 5.4% of Senegal's cultivated lands are irrigated. As this sector accounts for a significant contribution of GDP and represents an important part of the informal economy and a sizeable portion of employment, shocks to agricultural production can therefore seriously slow economic growth and increase the level of poverty in rural areas. For example, the production of groundnuts, which are the main cash crop of Senegal and are intended to generate income for small farmers and foreign exchange for the Government, has been volatile due to fluctuating levels of rainfall over the years and, despite recent improvements, production is still low and remains below the levels of the 1980s. Problems with quality and consistency of crops grown in Senegal such as rice have also meant that demand for imports of certain crops is far stronger than demand for such crops grown within Senegal. Consequently, despite investments and measures implemented to address these various challenges and a move toward self-sufficiency "*Economy of Senegal—Principal Sectors of the Economy—Primary Sector—Agriculture, Livestock, Farming and Hunting, Forestry and Fishing—Programme d'Accélération de la Cadence de l'Agriculture Sénégalaise (PRACAS)*", Senegal may not be able to overcome the volatility affecting its agricultural sector, which would therefore not provide the expected contribution to PSE growth objectives. In addition, any such failure could adversely affect the Government's finances by increasing food import needs. See "*—Senegal is highly dependent on foreign imports of food and crude oil, which in an environment of rising prices may lead to unplanned budgetary outlays and inflation".*

Tourism. As part of the PSE, the Government has identified tourism as one of the five key sectors (along with agriculture, manufacturing for export, mining, and housing) that are expected to drive growth over the medium to long term. See "*Economy of Senegal—Principal Sectors of the Economy—Tertiary Sector—Tourism*". However, there are a number of challenges facing tourism in Senegal, including undiversified and insufficiently competitive supply, poor service quality, a failure to promote Senegal as a destination, and coastal erosion resulting in loss of beaches located at Saly, the country's biggest seaside resort, or in the UNESCO World Heritage town of Saint-Louis. Resort areas such as Saly and Cap-Skirring require rehabilitation and upgrading and the potential of newly identified sites like Pointe Sarene, Joal, Grande Côte and Pays Bassari has yet to be developed. Realising this potential will require significant investment in addition to successfully implementing the subsector reform agenda, improving the quality of services and the workforce, improving the marketing of Senegal as an attractive tourist destination, and improving connectivity with target markets. There can be no assurance that the Government will be able to meet these requirements in a timely manner to fully develop tourism in Senegal, especially as performance in this subsector is highly contingent on the economic growth in target countries and heightened international competition. In addition, tourism in Senegal is highly vulnerable to external, regional, and domestic risks, including economic slowdown in the countries of origin of the tourists such as France and other European countries, the negative perception of security associated with the political instability of the Casamance region (see "*—Senegal's Casamance region is politically unstable*"), potential terrorist attacks targeting tourist sites and escalating regional geopolitical risks. See "*—Senegal's economy and security may be negatively affected by regional considerations*".

Mining. Mining accounted for approximately 2.0% of nominal GDP in 2014, 2.3% of nominal GDP in 2015, 2.8% of nominal GDP in 2016 and 2.9% of nominal GDP in 2017. Enhancing the role that the mining sector plays in Senegal's economy, both through its contribution to exports and in helping to diversify the national economy, is an important objective of the PSE. See "*Economy of Senegal—Principal Sectors of the Economy—Secondary Sector—Mining*". Mining made an important contribution to the real GDP growth recorded by Senegal in 2015 (+30.5%), in 2016 (+33.7%) and in 2017 (+9.5%), but has experienced and remains vulnerable to considerable volatility due to its sensitivity to fluctuating commodities prices and production levels. For example, the sharp contraction of the mining sector in 2013 (-12.1%) primarily reflected lower gold and phosphate prices, decreased gold production and the impact of a strengthening of the Euro against the U.S. dollar. In addition, the Falémé iron ore project awarded to ArcelorMittal in 2007 was terminated in May 2014 because ArcelorMittal decided to withdraw from the project on the grounds that it was no longer economically viable in light of falling commodity prices. There can be no assurance that mining will maintain or increase its contribution to the growth of Senegal's economy.

A significant portion of Senegal's economy is not recorded

A significant portion of Senegal's economy is comprised of the informal, or shadow, economy. The Government estimates that the informal economy accounts for 97% of the recorded economic units in the country. See "*Economy of Senegal—Informal Economy"*.

The informal economy is not recorded and, therefore, cannot be effectively taxed, resulting in not only a lack of revenue for the Government but also ineffective regulation, unreliability of statistical information (including the understatement of GDP and the contribution of various sectors to GDP) and the inability to monitor or otherwise regulate a large portion of the economy. Failure to bring these sectors of the shadow economy into the real economy may adversely affect the Government's tax revenue forecasts (leading to a worsening of the budget deficit), which in turn may adversely affect Senegal's ability to make payments under the Notes.

Senegal relies on high levels of remittance flows, which are vulnerable to economic and political developments in countries in which Senegalese immigrants reside

Workers' remittances are a major source of financing for the economy of Senegal (see "*Foreign Trade and Balance of Payments—Remittances")*. In 2017 remittances accounted for 12.3% of Senegal's nominal GDP. The main countries of origin of these inflows are France, Italy, Spain and other European countries but also the United States and certain Central African countries. Domestic consumption in Senegal is reliant on these high levels of remittances, which also help support the domestic services industry and the informal sector. Economic volatility in origin countries could negatively affect the size and stability of remittance flows into Senegal, potentially impacting Senegal's economic performance. Recent political developments in Europe and the United States towards restrictions on immigration from African countries, including Senegal, could adversely affect the high levels of remittances received by Senegal during the past several years, which in turn could increase the level of poverty and impact Senegal's growth performance.

Failure to adequately address actual and perceived risks of corruption may adversely affect Senegal's economy and its ability to attract foreign direct investment

As is the case with other emerging market issuers, there have been allegations of corruption and misuse of funds by public officials in Senegal in recent years. For example, the Mayor of Dakar, the capital city, was arrested in March 2017 on grounds of embezzlement of public funds and his trial is underway as of the date of this Prospectus.

Senegal has implemented and continues to pursue major initiatives to prevent and fight corruption and unlawful enrichment. Since his election in 2012, President Macky Sall has made good governance and transparency in the management of public affairs a priority. President Sall created a new Ministry of Good Governance in order to strengthen the mechanisms of regulation and the oversight of good governance. In May 2012, President Sall appointed the members of the Court of Suppression of Illegally Acquired Assets, or *Cour de Répression de l'Enrichissement Illicite* (CREI), thus reactivating the law against unlawful enrichment enacted in 1981 under President Abdou Diouf. The CREI has investigated allegations of corruption by several former Government officials or high ranking civil servants, including Mr. Karim Wade, the son of former President Abdoulaye Wade who served in his father's government. In 2014, President Sall also created a national anti-corruption body (*Office National de lutte contre la Corruption* or OFNAC), whose mission is to fight corruption, embezzlement of public funds and fraud. See "*Public Finance—Transparency and Anti-corruption Measures"*.

While the efforts of the Government of Senegal have resulted in a significant improvement in the ranking of Senegal in Transparency International's Corruption Perceptions Index (from 77 out of 94 in 2012 and 61 out of 168 in 2015 to 64 out of 176 in 2016), continued corruption in the public sector and any future allegations, or perceived risk, of corruption in Senegal could have an adverse effect on the economy and may have a negative effect on Senegal's ability to attract foreign investment.

Senegal's membership in the BCEAO may affect its ability to react to stresses in its economy and may subject it to economic policies that are not in its best interests

Senegal is a member of the BCEAO, which sets interest rates and banking policies for all of the member states of WAEMU to protect the union from fluctuations in the global market and pegs the CFA franc currency to the Euro. The BCEAO makes interest rate policy decisions on the basis of WAEMU-wide considerations. This means that Senegal is unable to revise its interest rate unilaterally and requires the BCEAO to do so across the union for any rate changes to become effective. In the event that it is in the interests of Senegal to revise the interest rates upwards or downwards in order to stabilise its economy, for example to combat inflation, then it may be unable to do so in a timely manner, or at all. Senegal's membership of the BCEAO also means that it may be adversely affected by events in other member states, such as the previous political situation in Côte d'Ivoire, more severely than would otherwise be the case. This exposure to circumstances in other member states that are out of its control may adversely affect the position of the Senegalese economy and Senegal's ability to make payments under the Notes.

In addition, the BCEAO makes policy decisions on the basis of the best interests of WAEMU as a whole and is unable to make jurisdiction-specific decisions other than the amendment to national reserve requirements. As a result, the BCEAO may take action which is not in the interests of the Senegalese economy. This may have an adverse effect on Senegal's economy and its ability to make payments under the Notes.

Any adjustment to, or ending of, the CFA Franc's currency peg could negatively affect Senegal

Senegal shares a common currency with the other WAEMU member States, the CFA franc (or XOF), within the scope of a longstanding monetary cooperation between France and the WAEMU member States. This cooperation provides, among other things, for a guarantee by the French Treasury of unlimited convertibility of the CFA franc and a fixed peg. In exchange for this convertibility guarantee, the BCEAO has the obligation to deposit at least 50% of its currency reserves on an operational account with the French Treasury. The peg of the XOF to the French franc was replaced by a peg to the Euro as from 1 January 1999 at a fixed exchange rate of: 1 Euro = XOF 655.957. Although there is no evidence as of the date of this Prospectus of any plan to change this situation or of any difficulties affecting the monetary cooperation between France and the WAEMU member States, there is no assurance that the French Treasury and the WAEMU member States will be able or willing to continue to maintain the peg in the future. For example, the French Treasury's support of the CFA franc peg arrangement could be altered or abandoned due to changing political developments in France and certain activists in Senegal have advocated an exit from the mechanism on the grounds that it is a vestige of colonialism. Any future change or abandonment of France's commitment to the convertibility of the CFA franc or an abandonment of the Euro by France would create uncertainty for the future of the exchange rate arrangement, its ability to support macroeconomic stability, and its status as a credit support. If a stable exchange rate or the peg to the Euro cannot be maintained, this could reduce confidence in Senegal's economy, reduce foreign direct investment and adversely affect Senegal's finances and economy.

In addition, because of the peg to the Euro, Senegal does not have any flexibility to devalue the CFA franc to stimulate Senegal's exports, and the BCEAO's ability to independently manage interest rates is constrained. Furthermore, Senegal does not control the BCEAO, which is a common institution that has regard to the interests of the WAEMU as a whole and not those of any particular member State. See *"—Senegal's membership in the BCEAO may affect its ability to react to stresses in its economy and may subject it to* *economic policies that are not in its best interests*". This lack of flexibility could have an adverse effect on Senegal's foreign trade and, in turn, on its economy.

The CFA franc peg to the Euro could be subject to devaluation risk under certain macroeconomic conditions. A structural propensity towards a positive inflation differential between the CFA franc zone and the euro area could lead to real exchange rate appreciation for the CFA franc. If WAEMU member countries collectively agree that devaluation would be an appropriate measure to address real effective exchange appreciation in order to enhance competitiveness, boost exports, and support growth for the region (similar to the 50% devaluation in 1994), then the potential effect could put pressure on Senegal's ability to make repayments on foreign-currency denominated debt. Senegal has a significant amount of debt denominated in foreign currency, including the US Dollar and the Euro. Any negative variation of the peg would increase the burden of servicing and repaying this debt, which could also increase Senegal's risk of debt distress. For example, the IMF's most recent debt sustainability analysis (December 2017) shows several breaches of the debt-service-to-revenue ratio under a stress scenario involving a 30% devaluation of the currency. See "*—Senegal's debt levels are rising. High levels of debt could have a material adverse effect on Senegal's economy and its ability to service its debt, including the Notes*" above.

Senegal's Casamance region is politically unstable

Casamance is the southern region of Senegal and is largely separated geographically from the rest of the country by The Gambia. Since 1982, the separatist *Mouvement des Forces Démocratiques de Casamance* (MFDC) has been fighting for an independent Casamance, first through popular protest, then since 1990 through a guerrilla war. Despite ceasefires and peace accords throughout the 1990s as well as improved security conditions in general, lasting peace has not been achieved. The peace accord signed between the Government and the MFDC in 2004 put a stop to terrorist action for a time. Renewed violence in 2009 and again in early 2011 between the MFDC and the Senegalese military led to further displacement of civilians and political instability in the region. In March 2011, the Government returned land to the people of the Casamance region following internationally financed clearing of land mines in those areas. Several Senegalese soldiers were killed in Senegal's Casamance region following separatist rebel attacks on army bases between 2011 and 2013.

Since his election to office, President Sall has made peace in the south a top priority for his government and has been seeking to resolve the Casamance problem through enhanced cooperation with the governments of The Gambia and of Guinea-Bissau, who share borders with Casamance. The Government has also made the economic development of the Casamance region a key policy objective and has involved several international partners in this effort (see "*Republic of Senegal—Instability in the Casamance Region*"). In the view of the Senegalese authorities, the regime change that took place in The Gambia following the December 2016 presidential elections and the defeat of Mr. Yahya Jammeh, who was suspected of supporting the Casamance separatists, and the assumption of power in January 2017 of President-elect Mr. Adama Barrow with the help of ECOWAS and the Senegalese armed forces, is a promising development for the pacification of the Casamance region. Unrest in the Casamance region has diminished and in October 2016 the French authorities withdrew the Casamance region from their official red list of insecure tourist zones. However, there can be no assurance that violent insurgency will not continue. On 6 January 2018, Casamance experienced an incident of violence involving the killing of 14 people by armed men in the protected forest of Bofa-Bayotte, near Ziguinchor, following which the Senegalese army initiated a series of military operations in Casamance. Violent acts arising from and leading to instability and unrest in Casamance have had in the past, and could continue to have in the future, an adverse impact on tourism flows to Casamance, a region with good tourism potential, and, more generally, on foreign direct investment and the performance of the Senegalese economy.

Senegal's debt levels are rising. High levels of debt could have a material adverse effect on Senegal's economy and its ability to service its debt, including the Notes

Senegal's public debt has been increasing since 2006, following the joint World Bank-IMF initiatives, the Heavily Indebted Poor Countries Initiative (HIPC) and the Multilateral Debt Relief Initiative (MDRI). As a share of nominal GDP, Senegal's public debt increased from 20.9% in 2006 to 45.6% in 2013, to further increase to 61.0% in 2016, a level higher than the one in 2003, pre-HIPC completion point. At the end of 2017, debt is estimated at 62.6% of GDP according to the Government. While the proportion of domestic debt declined in 2017 compared to 2016 following the issuance of a US$ 1.1 billion Eurobond in May 2017, much of the increase of public debt in recent years was driven by domestic borrowing. Domestic debt almost doubled between 2011 and 2016. At the same time, the share of concessional borrowing has declined. This shift has led to an increase in the average cost of borrowing, since Treasury bills and Treasury bonds were issued at rates that were higher than the average interest rate on foreign borrowing during the same period. *See* "*Public Debt—Overview*".

Financing significant infrastructure projects relying on commercial external borrowing (See "*Use of Proceeds*") would put further pressure on debt sustainability, raising debt service costs in the medium-term. According to the Government, debt service on total public debt reached 28% of government revenues in 2016 and it is projected to reach 33.7% in 2017 and 32.5% in 2018, largely because of the additional relatively expensive domestic borrowing (which includes the securities subscribed by WAEMU banks) undertaken in 2016. While debt levels are still below the relevant IMF debt sustainability analysis thresholds, the adverse debt dynamics could signal future risks for debt sustainability in the absence of corrective action.

In the view of the IMF expressed in its most recent debt sustainability analysis in December 2017, Senegal remains at a low risk of debt distress, but maintaining this low risk is contingent on sustaining the high levels of growth envisaged under the PSE. This will require improving fiscal policy and economic governance and ensuring rapid progress in fostering private investment. The challenge of meeting infrastructure development objectives without undermining debt sustainability will require continuing efforts to improve the quality of investment while pursuing a prudent debt strategy that keeps the cost of borrowing at reasonable rates. As part of its debt management, Senegal has launched a tender offer through which it accepted for purchase US$ 200 million in aggregate principal amount of its 2021 Eurobonds that it intends to finance through the issuance of the Notes contemplated by this Prospectus.

With the implementation of the PSE and the investments associated therewith, the increase in public debt may continue in the coming years. Failure to strengthen debt management and master Treasury operations may also jeopardise the rating of low risk of debt distress. See "*Public Finance—Budget Execution Issues and Related Reforms"*. Uncontrolled or high levels of indebtedness resulting from continued borrowing or decreasing GDP may negatively impact Senegal's sovereign credit rating and impair Senegal's ability to service the Notes.

The Government also guarantees the payment obligations of certain public agencies and of SENELEC. See "*Public Debt—Guarantees"*. The number and potential amount of the guarantees granted by the Government with respect to the contractual purchase obligations of SENELEC under power purchase agreements are expected to increase as a result of the ongoing implementation of the Yeesal SENELEC 2020 Plan. *See* "*Economy of Senegal—Principal Sectors of the Economy—Secondary Sector—Energy—Electricity*". Although these guarantees are not recorded in Senegal's public debt, they affect Senegal's debt sustainability and, in the event of default by the relevant public agencies or SENELEC, could have a material negative impact on Senegal's ability to meet its financial obligations, including with respect to the Notes.

Senegal has in the past and continues to trade with certain sanctioned countries

In the past and on an ongoing basis, Senegal has had trade relations with certain countries subject to sanctions administered by the Office of Foreign Assets Controls of the U.S. Department of the Treasury ("OFAC"), the EU and other member states of the EU. The Government believes that these trade relations have not violated, and do not violate, existing U.S., EU, UK, UN or other sanctions, and confirms that none of the proceeds of the issue of the Notes will be used to fund activities or persons that are subject to sanctions introduced by the U.S. and the EU. The application of the relevant regulations by OFAC, the EU and other member states of the EU, in particular in circumstances in respect of sovereigns, is to a degree situational and discretionary, and likely to be related to foreign policy considerations. Senegal has maintained a strong and longstanding partnership with the United States and the EU, UK and UN. The existence of the sanctions regimes, however, leaves open the possibility of interpretations or actions that could adversely affect Senegal's trade flows with such sanctioned countries and/or Senegal's ability to attract third party financing.

Investing in securities involving emerging markets generally involves a higher degree of risk than more developed markets

Generally, investing in securities of emerging market issuers, such as Senegal, is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. Investors are urged to consult their own legal and financial advisers before making an investment. Such risks include, but are not limited to, higher volatility and more limited liquidity in respect of the Notes, greater political risk, a narrow export base, budget deficits, increasing debt levels, lack of adequate infrastructure necessary to accelerate economic growth and changes in the political and economic environment. Emerging markets may also experience more instances of corruption by government officials and misuse of public funds than do more mature markets, which could affect the ability of governments to meet their obligations under issued securities. Further, because international investors' reactions to events occurring in one emerging market country sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavoured by international investors, Senegal could be adversely affected by negative economic or financial developments in other emerging market countries.

Investors should also note that emerging markets such as Senegal are subject to rapid change and that the information set out in this Prospectus may become outdated relatively quickly.

Senegal is a sovereign State. Consequently, it may be difficult for investors to obtain or realise judgments against Senegal handed down by courts and arbitral bodies in other countries

Senegal is a sovereign State. As a result, it may be difficult for investors to obtain judgment against Senegal in foreign or Senegalese judicial or arbitral courts or to enforce foreign judgments, including judgments predicated upon civil liabilities under the securities laws of the United States or any state or territory within the United States against Senegal. Although Senegal will consent in the Terms and Conditions of the Notes to the giving of any relief or the issue of any process in connection with proceedings in England arising out of any dispute arising from or connected with the Notes and will agree to waive any immunity it may have in a suit, execution, attachment or other legal process in respect of any such proceedings, the waiver or immunity does not extend to any other proceedings and excludes from its scope certain diplomatic, military and other government properties. Moreover, the enforcement of foreign judgments and arbitral awards is subject to the conditions and limitations described under "*Enforcement of Civil Liabilities*" and such limitations and conditions may make it difficult for investors to obtain or realise upon judgments handed down by courts or arbitral bodies outside Senegal.

Statistics published by Senegal may be more limited in scope, published less frequently and differ from those produced by other sources

A range of government institutions produce statistics relating to Senegal and its economy. Senegal adheres to the GDDS and subscribes to the SDDS. However, these statistics may be less reliable, more limited in scope and published less frequently than in the case of other countries such that adequate monitoring of key fiscal and economic indicators may be difficult. Statistical data appearing in this Prospectus has, unless otherwise stated, been obtained from public sources and documents. Similar statistics may be obtainable from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. There can be no assurance that the statistics published by Senegal are as accurate or as reliable as those published by more developed countries.

Comparability of 1999-based GDP data published in this Prospectus and GDP data to be released in the future on the basis of the new 2014 base year

In March 2017, Senegal announced its decision to update the base year in its national accounts from 1999 to 2014. This change of base year resulted in a 30% increase in GDP for 2014 to XOF 9,789 billion, compared to XOF 7,555 billion using the 1999 base (see "*Economy—Gross Domestic Product—GDP Rebasing Project*"). In terms of implementation, the Government is currently in the process of preparing the accounts for 2015 and 2016 restated for the new base year. However, there is no guarantee that the restatement and retropolation exercise will not take more time than anticipated. Accordingly, unless otherwise noted, all GDP figures used in this Prospectus are based on constant 1999 prices and all GDP and GDP-based data is presented on a 1999 reference year basis, notwithstanding the Governmental project to change the base year for GDP going forward. As a result of the change of base year, GDP-related data published in this Prospectus based on the 1999 reference year will not be comparable to data published in future periods that is based on 2014-rebased GDP. It should be emphasised that an initial revision of the growth rate was carried out on the basis of the 2014 base year, but this revision only accounted for the 2014 results. Furthermore, the economic trends for the 2014-2016 period shown on the basis of 1999-based GDP data may be different when presented on a 2014-GDP basis and the restatement may result in the weight of the sectors in the economy being different from what is described in this Prospectus.

Risks related to the Notes

Event of Default

The Conditions of each Series contain a provision which, if an Event of Default occurs, allows the holders of at least 25% in aggregate principal amount of the outstanding Notes of the relevant Series to declare all the Notes of such Series to be immediately due and payable by providing notice in writing to Senegal, whereupon the Notes of such Series shall become immediately due and payable, at their principal amount with accrued interest, without further action or formality.

The Conditions of each Series also contain a provision permitting the holders of at least 50% in aggregate principal amount of the outstanding Notes of the relevant Series to notify Senegal to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn. Upon such notification, Senegal shall give notice thereof to the Noteholders of the relevant Series, whereupon the relevant declaration shall be withdrawn and shall have no further effect.

Definitive Notes not denominated in an integral multiple of the relevant minimum specified denomination or its equivalent may be illiquid and difficult to trade

The USD Notes have denominations consisting of a minimum of US$ 200,000 plus integral multiples of US$ 1,000 in excess thereof and the Euro Notes have denominations consisting of a minimum of EUR100,000 plus integral multiples of EUR1,000 in excess thereof (each referred to as the Authorised Denomination of a Note). It is possible that the Notes of each Series may be traded in amounts in excess of the relevant Authorised Denomination that are not integral multiples of the Authorised Denomination of such Series. In each such case a holder who, as a result of trading such amounts, holds an amount which is less than the Authorised Denomination of such Series in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of the relevant Notes at or in excess of the relevant Authorised Denomination of such Series such that its holding amounts to the relevant Authorised Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the Authorised Denomination of such Series in his account with the relevant clearing system at the relevant time may not receive a certificate in respect of such holding (should certificates be printed) and would need to purchase a principal amount of Notes of the relevant Series such that its holding amounts to at least the Authorised Denomination of such Series.

If certificates are issued, holders should be aware that certificates which have a denomination that is not an integral multiple of the Authorised Denomination of such Series may be illiquid and more difficult to trade than Notes of such Series denominated in an integral multiple of the Authorised Denomination of such Series.

While a Senegalese court will recognise and give effect to the choice of English law as the law governing the Notes, the enforcement of foreign judgments will be governed by Senegalese law

The Notes of each Series are governed by English law and Senegal has submitted to the exclusive jurisdiction of the courts of England to settle any disputes that may arise out of or in connection with any Note. In respect of any proceedings between (i) Senegal and a Senegalese natural or legal person (which proceedings also include a non-Senegalese natural or legal person) or (ii) Senegal and a non-Senegalese natural or legal person, a Senegalese court will recognise and give effect to the choice of English law as the law governing the Notes of each Series except that all matters concerning authorisation and execution by the Republic, as well as the bringing of any actions and the enforcement of any judgments against the Republic in the courts of Senegal, will be governed by Senegalese law. Once recognised, the foreign judgment is equal to the judgment of a Senegalese court and is capable of enforcement in Senegal.

Fluctuations in exchange rates and interest rates may adversely affect the value of the Notes

The Issuer will pay principal and interest on the USD Notes in US$ and the Euro Notes in EUR. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the Investor's Currency) other than US$ or EUR, as applicable. These include the risk that exchange rates may significantly change (including changes due to devaluation of the US$ or EUR, as applicable, or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to US$ or EUR, as applicable, would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes of the relevant Series and (3) the Investor's Currency equivalent market value of the Notes of the relevant Series.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal. In addition, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

The Notes have amortising redemption features

The Notes are amortising obligations. The principal on the USD Notes is scheduled to be repaid in three instalments of US$333,333,333.33 on 13 March 2046, US$333,333,333.33 on 13 March 2047 and US$333,333,333.34 on 13 March 2048. The principal on the Euro Notes is scheduled to be repaid in three instalments of EUR333,333,333.33 on 13 March 2026, EUR333,333,333.33 on 13 March 2027 and EUR333,333,333.34 on 13 March 2028.

Holders of Notes may only be able to reinvest monies they receive upon such amortisation in lower-yielding securities than the Notes.

The Republic's credit ratings are subject to revision or withdrawal, either of which could adversely affect the trading price of the Notes

The Notes are expected to be rated on issuance Ba3 by Moody's and B+ by Standard & Poor's. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed herein, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. The Republic has no obligation to inform Noteholders of any revision, downgrade or withdrawal of its current or future sovereign credit ratings. A suspension, downgrade or withdrawal at any time of a credit rating assigned to the Issuer may adversely affect the market price of the Notes. Credit ratings included or referred to in this Prospectus have been issued by Moody's and Standard & Poor's, each of which is established in the European Union and is registered under the CRA Regulation.

As a result of the collective action clause contained therein, the terms of the Notes of each Series may be modified or waived without the consent of all the holders of the Notes of such Series

The Conditions of each Series contain provisions for calling meetings of Noteholders of the relevant Series to consider matters affecting their interests generally and for the passing of written resolutions of Noteholders of such Series without the need for a meeting. Such provisions are commonly referred to as "collective action clauses". These provisions permit defined majorities to bind all Noteholders of the relevant Series including Noteholders of such Series who did not attend and vote at the relevant meeting or sign the relevant written resolution and Noteholders of such Series who voted in a manner contrary to the majority.

In the future, the Issuer may issue debt securities which contain collective action clauses in the same form as the collective action clauses in the Conditions of each Series. If this occurs, the Notes of the relevant Series could be capable of aggregation with any such future debt securities, meaning that a defined majority of the holders of such debt securities (when taken in the aggregate) would be able to bind all holders of all the relevant aggregated series of debt securities, including the Notes of such Series.

Any modification or actions relating to any Reserved Matter (as defined in the Conditions of each Series), including in respect of payments and other important terms, may be made (a) to the Notes of the relevant Series with the consent of the holders of 75% of the aggregate principal amount of the outstanding Notes of such Series, and (b) to multiple series of debt securities which may be issued by the Issuer (including the Notes of such Series) with the consent of both (i) the holders of at least two thirds of the aggregate principle amount of all outstanding debt securities being aggregated and (ii) the holders of at least 50% in aggregate principal amount of the outstanding debt securities of each series being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable condition (as more particularly described in the Conditions of each Series), any such modification or action relating to any Reserved Matter may be made to multiple series of the Issuer's debt securities (including the Notes of the relevant Series) with the consent of 75% of the aggregate principal amount of the outstanding debt securities of all affected series, without requiring a particular percentage of the holders of any individual affected debt securities to vote in favour of or approve any proposed modification or action. Any modification or action proposed by the Issuer may, at the option of the Issuer, be made in respect of certain series of the Issuer's debt securities only and, for the avoidance of doubt, the collective action provisions may be used for different groups of two or more debt securities simultaneously. At the time of any proposed modification or action, the Issuer will be obliged, inter alia, to specify which method or methods of aggregation will be used by the Issuer.

There is therefore a risk that the Conditions of each Series may be amended, modified or waived in circumstances whereby the holders of debt securities voting in favour of or signing a written resolution in respect of an amendment, modification or waiver may be holders of different series of debt securities and, as such, the majority of Noteholders of the relevant Series would not necessarily have voted in favour of or signed a written resolution in respect of such amendment, modification or waiver. In addition, there is a risk that the provisions allowing for aggregation across multiple series of debt securities may make the Notes of each Series less attractive to purchasers in the secondary market on the occurrence of an Event of Default or in a distress situation.

The Conditions of each Series also contain a provision permitting the Notes and the Conditions of the relevant Series to be amended without the consent of the Noteholders of such Series to correct a manifest error, or where the modification is of a formal, minor or technical nature or is not materially prejudicial to the interests of the Noteholders of such Series.

Any such amendment, modification or waiver in relation to the Notes of each Series may adversely affect the trading price of the Notes of the relevant Series.

A change of law could affect the Notes

The Conditions of each Series are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes of each Series and any such change could materially adversely impact the value of the Notes affected by it.

Risks relating to the Market Generally

The Notes may be negatively affected by events in other emerging markets, including those in sub-Saharan Africa

Economic distress in any emerging market country may adversely affect prices of securities and the level of investment in other emerging market countries as investors move their money to more stable, developed markets. Financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Senegal, adversely affect the Senegalese economy or adversely affect the trading price of the Notes. In addition, during such times, companies that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn. Thus, even if the Senegalese economy remains relatively stable, economic distress in other emerging market countries could adversely affect the trading price of the Notes and the availability of foreign funding sources for the Government or private sector borrowers.

The disruptions experienced in the international capital markets in recent years have also led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in financing being unavailable for certain entities. Emerging markets may be particularly susceptible to disruptions in the capital markets and the reduced availability of credit or the increased cost of debt, which could result in them experiencing financial difficulty. See "*—Senegal's debt levels are rising. High levels of debt could have a material adverse effect on Senegal's economy and its ability to service its debt, including the Notes*" above**.** In addition, the availability of credit within emerging markets is significantly influenced by levels of investor confidence in such markets as a whole and so any factors that impact market confidence (for example, a decrease in credit ratings or state or central bank intervention) could affect the price or availability of funding within any of these markets.

Adverse developments in other countries in sub-Saharan Africa, in particular, may have a negative impact on Senegal if investors perceive risk that such developments will adversely affect Senegal or that similar adverse developments may occur in Senegal. Risks associated with sub-Saharan Africa include political uncertainty, civil unrest and conflict, increasing terrorism risk, corruption, the outbreak of disease and poor infrastructure. Investors' perceptions of certain risks may be compounded by incomplete, unreliable or unavailable economic and statistical data on Senegal, including elements of the information provided in this Prospectus. See "*—Risks related to the Republic of Senegal—Statistics published by Senegal may be more limited in scope, published less frequently and differ from those produced by other sources*".

There is no established trading market for the Notes and any trading market which develops may be volatile

Application has been made to the Irish Stock Exchange for the Notes of each Series to be admitted to the Official List and trading on its regulated market. However, there will not be an established trading market for the Notes of each Series when issued and one may never develop. If a market does develop it may not be very liquid. Therefore, investors may not be able to sell their Notes of the relevant Series easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severe adverse effect on the market value of the Notes of such Series.

Any market which develops for the Notes of each Series will be influenced by economic and market conditions in Senegal and, to varying degrees, interest rates, currency exchange rates and inflation rates in other countries, such as the United States, European Union Member States and elsewhere. Events in Senegal, in Africa or elsewhere may cause market volatility, which could adversely affect the liquidity or the price of the Notes of each Series. If the Notes of each Series are traded after their initial issuance, they may trade at a discount to their offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of Senegal. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors.

There may be interest rate risks that affect the Notes

An investment in the Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Notes of each Series, this will adversely affect the value of the Notes of the relevant Series.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are suitable legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk based capital or similar rules.

CONDITIONS OF THE USD NOTES

The following is the text of the Conditions of the USD Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the USD Notes:

The U.S.$1,000,000,000 6.750 per cent. Amortising Notes due 2048 (the **USD Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the USD Notes) of The Republic of Senegal (the **Republic** or **Senegal**) are issued subject to and with the benefit of an agency agreement dated 13 March 2018 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Republic, Citigroup Global Markets Deutschland AG as registrar (the **Registrar**), Citibank, N.A., London Branch as fiscal agent and principal paying agent (the **Fiscal Agent**) and the other initial paying agents named in the Agency Agreement (together with the Fiscal Agent, the **Paying Agents**) and the other agents named in it (together with the Fiscal Agent, the Registrar and the other Paying Agents, the **Agents**). The holders of the USD Notes (the **USD Noteholders**) are entitled to the benefit of a Deed of Covenant (the **USD Deed of Covenant**) dated 13 March 2018 and made by the Republic. The original of the USD Deed of Covenant is held by the Common Depositary.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the USD Agency Agreement. Copies of the USD Agency Agreement and the USD Deed of Covenant are available for inspection during normal business hours by the USD Noteholders at the specified office of each of the Paying Agents. The USD Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the USD Agency Agreement and the USD Deed of Covenant applicable to them. References in these Conditions to the Fiscal Agent, the Registrar, the Paying Agents and the Agents shall include any successor appointed under the USD Agency Agreement.

*The owners shown in the records of Euroclear Bank SA/NV (**Euroclear**), Clearstream Banking, S.A. (**Clearstream, Luxembourg**) and the Depository Trust Company (**DTC**) of book-entry interests in USD Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the USD Agency Agreement applicable to them.*

1. FORM, DENOMINATION, REGISTER AND TITLE

1.1 Form and Denomination

The USD Notes are issued in registered form in amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (referred to as the **Authorised Denomination** of a Note). The USD Notes will be represented by beneficial interests in global note certificates (the **USD Global Certificates**) in registered form without interest coupons. The USD Global Certificates will be exchangeable for Certificates in definitive, fully registered, form (the **Certificates** and each a **Certificate**) without coupons, in the circumstances specified in the USD Global Certificates. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of USD Noteholders (the **Register**) which the Republic will procure to be kept by the Registrar.

The USD Notes are not issuable in bearer form.

1.2 Title

Title to the USD Notes passes only by registration in the Register. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership or any writing on it, or the previous theft or loss of, the Certificate issued in respect of it) and no Person will be liable for so treating the **holder**. In these Conditions **USD Noteholder** and (in relation to a Note) holder, means the Person in whose name a Note is registered in the Register.

The USD Notes initially offered and sold in reliance on Rule 144A (the **Rule 144A USD Notes**) will be represented by interests in a USD Restricted Global Certificate. The USD Notes initially offered and sold in reliance on Regulation S (the **Regulation S USD Notes**) will be represented by interests in the USD Unrestricted Global Certificate. The USD Restricted Global Certificate will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (**DTC**). The USD Unrestricted Global Certificate will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**).

Ownership of beneficial interests in the USD Global Certificates will be limited to persons that have accounts with DTC. Euroclear or Clearstream, Luxembourg (as the case may be) or Persons that may hold interests through such participants. Beneficial interests in the USD Global Certificates will be shown on, and transfers thereof will be effected through, records maintained in book entry form by DTC, Euroclear, Clearstream, Luxembourg and their participants, as applicable.

For a description of the procedures for transferring title to book-entry interests in the USD Notes, see "The USD Global Certificates".

2. TRANSFERS OF NOTES AND ISSUE OF CERTIFICATES

2.1 Transfers

Subject to Conditions 2.4 (*Transfers of USD Notes and Issue of Certificates—Closed Periods*) and 2.5 (*Transfers of USD Notes and Issue of Certificates—Regulations*) below, a Note may be transferred in whole or in part in an Authorised Denomination by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the Agents provided, however, that a Note may not be transferred unless the principal amount of USD Notes transferred and (where not all of the USD Notes held by a Holder are being transferred) the principal amount of the balance of USD Notes not transferred are Authorised Denominations. Where not all the USD Notes represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the USD Notes will be issued to the transferor.

For a description of certain restrictions on transfers of interests in the USD Notes, see "The USD Global Certificates".

2.2 Delivery of new USD Certificates

Subject to Conditions 2.4 (*Transfers of USD Notes and Issue of Certificates—Closed Periods*) and 2.5 (*Transfers of USD Notes and Issue of Certificates—Regulations*) below, each new Certificate to be issued upon transfer of USD Notes will, within five business days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition 2, **business day** shall mean a day on which banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located.

Except in the limited circumstances described herein (see "The USD Global Certificates—Exchange and Registration of Title"), owners of interests in the USD Notes will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of USD Notes are subject to compliance by the transferor and transferee with the certification procedures described above and in the USD Agency Agreement and, in the case of Restricted USD Notes, compliance with the Securities Act Legend.

Where some but not all of the USD Notes in respect of which a Certificate is issued are to be transferred a new Certificate in respect of the USD Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the USD Notes not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

2.3 Formalities free of charge

Registration of transfer of USD Notes will be effected without charge by or on behalf of the Republic or any Agent but upon payment (or the giving of such indemnity as the Republic or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed Periods

No USD Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for any payment of principal, premium (if any) or interest on that Note.

2.5 Regulations

All transfers of USD Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of USD Notes scheduled to the USD Agency Agreement. The regulations may be changed by the Republic with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any USD Noteholder who requests one.

3. STATUS

The USD Notes are direct, unconditional and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Republic and rank and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness (as defined below) of the Republic, from time-to-time outstanding, *provided further*, that the Republic shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the USD Notes and vice versa.

External Indebtedness means any present or future Indebtedness (as defined below) expressed or denominated or payable or which, at the option of the relevant creditor may be payable, in any currency other than the lawful currency from time to time of the Republic of Senegal.

4. NEGATIVE PLEDGE

4.1 Negative Pledge

So long as any of the USD Notes remains outstanding (as defined in the USD Agency Agreement), the Republic will not create or permit to subsist any Security (other than a Permitted Security) upon the whole or any part of its present or future assets, undertakings or revenues to secure: (i) any of its Public External Indebtedness, (ii) any Guarantees in respect of Public External Indebtedness, or (iii) the Public External Indebtedness of any other Person, without at the same time or prior thereto securing the USD Notes equally and rateably therewith or providing such other arrangement (whether or not comprising Security) as shall be approved by an Extraordinary Resolution (as defined in the USD Agency Agreement).

4.2 Interpretation

In these Conditions:

Guarantee means any obligation of a Person to pay the Indebtedness of another Person including, without limitation: an obligation to pay or purchase such Indebtedness; an obligation to lend money or to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness; an indemnity against the consequences of a default in the payment of such Indebtedness; or any other agreement to be responsible for such Indebtedness.

Indebtedness means any obligation (whether present or future) for the payment or repayment of money which has been borrowed or raised (including money raised by acceptances and leasing).

Public External Indebtedness means any present or future Indebtedness (i) expressed or denominated or payable or which, at the option of the relevant creditor may be payable, in any currency other than the lawful currency from time to time of the Republic of Senegal, and (ii) which is in the form of, or is represented by, bonds, notes or other securities with a stated maturity of more than one year from the date of issue which are, or are capable of being, quoted, listed or ordinarily purchased or sold on any stock exchange, automated trading system, over the counter or other securities market.

Permitted Security means:

(i) any Security upon property to secure (A) Public External Indebtedness of the Republic or (B) any Guarantee by the Republic of Public External Indebtedness of any other Person, in either case incurred for the purpose of financing the acquisition or construction of such property and any renewal and extension of such Security which is limited to the original property covered thereby and which (in either case) secures any renewal or extension of the original secured financing;

(ii) any Security securing (A) Public External Indebtedness of the Republic or (B) any Guarantee by the Republic of Public External Indebtedness of any other Person, in either case incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project; provided that (X) the holders of such Public External Indebtedness or Guarantee expressly agree to limit their recourse to the assets and revenues of such project or the proceeds of insurance thereon as the sole source of repayments of such Public External Indebtedness and

(Y) the property over which such Security is granted consists solely of such assets and revenues; and

(iii) any Security securing the Public External Indebtedness of the Republic or any Guarantee by the Republic of Public External Indebtedness of any other Person which was in existence on 13 March 2018 and any renewal of such Security which is limited to the original property covered thereby and which secures any renewal or extension of the original financing, provided that the principal amount of the Public External Indebtedness secured thereby is not increased.

Person means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or any other juridical entity, any state or agency of a state or other entity, whether or not having separate legal personality.

Security means any mortgage, pledge, lien, hypothecation, security interest, deed of trust, charge or other encumbrance including, without limitation, anything analogous to the foregoing under the laws of any jurisdiction.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

The USD Notes bear interest on their outstanding principal amount from time to time from and including 13 March 2018 to but excluding the Maturity Date (as defined in Condition 7.1 (*Redemption*)) at the rate of 6.750 per cent. per annum, payable semi-annually in arrear on 13 March and 13 September in each year (each an **Interest Payment Date**) commencing on 13 September 2018.

5.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) seven days after the date on which the full amount of the moneys payable in respect of such USD Notes has been received by the Fiscal Agent or the Registrar, as the case may be, and notice to that effect has been given to the USD Noteholders in accordance with Condition 12 (*Notices*).

5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full six months, it shall be calculated by applying the rate of 6.750 per cent. per annum to each U.S.$1,000 Authorised Denomination of USD Notes (the **Calculation Amount**) and on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days. The resultant figure shall be rounded to the nearest cent, half a cent being rounded upwards. The interest payable in respect of a Note shall be the product of such rounded figure and the amount by which the Calculation Amount is multiplied to reach the denomination of the relevant Note, without any further rounding.

6. PAYMENTS

6.1 Payments in respect of USD Notes

Payment of principal and interest will be made by transfer to the registered account of the USD Noteholder or by U.S. dollar cheque drawn on a bank that processes payments in U.S. dollar and mailed to the registered address of the USD Noteholder by uninsured first class mail (airmail if overseas) if it does not have a registered account. Payments of principal and premium (if any) and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Agents. Interest on USD Notes due on an Interest Payment Date will be paid to the holder shown on the Register at the close of business on the date (the **record date**) being the fifteenth day before the relevant Interest Payment Date.

For the purposes of this Condition, a USD Noteholder's registered account means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollar, details of which appear on the Register at the close of business, in the case of principal and premium (if any), on the second Business Day (as defined below) before the due date for payment and, in the case of interest, on the relevant record date, and a USD Noteholder's registered address means its address appearing on the Register at that time.

6.2 Payments subject to Applicable Laws

Payments in respect of principal and interest on the USD Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*).

6.3 No commissions

No commissions or expenses shall be charged to the USD Noteholders in respect of any payments made in accordance with this Condition 6.

6.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Business Day preceding the due date for payment or, in the case of a payment of principal and premium (if any) or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

USD Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the USD Noteholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

In this Condition 6, **Business Day** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and New York and, in the case of presentation of a Note Certificate, in the place in which the Note Certificate is presented.

6.5 Partial Payments

If the amount of principal, premium (if any) or interest which is due on the USD Notes is not paid in full, the Registrar will annotate the Register with a record of the amount of principal, premium (if any) or interest in fact paid.

6.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Republic reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

(a) there will at all times be a Fiscal Agent and a Registrar; and

(b) so long as the USD Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be an Agent (which may be the Fiscal Agent) having a specified office in the place required by the rules and regulations of the relevant stock exchange or any other relevant authority.

Notice of any variation, termination, appointment and/or of any changes in specified offices will be given to the USD Noteholders promptly by the Republic in accordance with Condition 12 (*Notices*).

7. REDEMPTION AND PURCHASE

7.1 Redemption

Unless previously redeemed, or purchased and cancelled, the Republic will redeem the USD Notes in three instalments on each amortisation date specified in column A below (each an **Amortisation Date**) at the related amortisation amount specified in column B below (each an **Amortisation Amount**) payable as provided in Condition 6 (*Payments*). The outstanding principal amount of the USD Notes shall be reduced by the Amortisation Amount for all purposes with effect from the relevant Amortisation Date such that the outstanding aggregate principal amount of the USD Notes following such reduction shall be as specified in column C below, unless the payment of the relevant Amortisation Amount is improperly withheld or refused. In such a case, the relevant principal amount will remain outstanding until whichever is the earlier of (a) the day on which all sums due in respect of such USD Notes up to that day are received by or on behalf of the relevant USD Noteholders and (b) the Business Day after the Fiscal Agent has given notice to the USD Noteholders of receipt of all sums due in respect of all sums due in respect of all USD Notes up to that Business Day (except to the extent that there is any subsequent default in payment in accordance with these Conditions). The USD Notes shall be finally redeemed on 13 March 2048 (the **Maturity Date**) at their final Amortisation Amount payable as provided in Condition 6 (*Payments*).

Amortisation Date (A)	**Amortisation Amount (B)**	**Outstanding Aggregate Principal Amount of the USD Notes (C)**
Interest Payment Date falling on 13 March 2046	U.S.$333,333,333.33	U.S.$666,666,666.67
Interest Payment Date falling on 13 March 2047	U.S.$333,333,333.33	U.S.$ 333,333,333.34
Maturity Date	U.S.$333,333,333.34	U.S.$0

In these Conditions, references to **principal** shall, unless the context requires otherwise, be deemed to include any Amortisation Amount and references to the **due date** for payment shall, unless the context requires otherwise, be deemed to include any Amortisation Date.

7.2 Purchases

The Republic may at any time purchase USD Notes in any manner and at any price. All USD Notes which are purchased by or on behalf of the Republic may be cancelled, held or resold. Any USD Notes which are cancelled may not be re-issued.

8. TAXATION

8.1 Payment without Withholding

All payments in respect of the USD Notes by or on behalf of the Republic shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Republic will pay such additional amounts as may be necessary in order that the net amounts received by the USD Noteholders after the withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the USD Notes in the absence of the withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Note:

(a) the holder of which is liable for Taxes in respect of such Note by reason of such holder having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or

(b) presented or surrendered for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting or surrendering the same for payment on the last day of such period of 30 days assuming that day to have been a Business Day (as defined in Condition 6 (*Payments*)); or

(c) presented or surrendered for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by complying with any certification, identification, documentation or other reporting requirements concerning its nationality, residence, identity or connection with the Relevant Jurisdiction; provided that (x) such declaration of non-residence or other claim or filing for exemption or relief is required by the applicable law of the Relevant Jurisdiction (including for the purposes of any applicable double tax treaty to which the Relevant Jurisdiction is a party) as a precondition to exemption or relief from the requirement to deduct or withhold all or a part of any such Taxes and (y) at least 30 days prior to the first payment date with respect to which such declaration of non-residence or other claim or filing for exemption or relief is required under the applicable law of the

Relevant Jurisdiction, the relevant holder at that time has been notified by the Republic or any other Person by or through whom payments in respect of the USD Notes may be made that such certification, identification, documentation or other reporting requirement is required to be made; or

(d) where such withholding or deduction is imposed as a result of any combination of (a) through (c) above.

8.2 Interpretation

In these Conditions:

(a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the USD Noteholders by the Republic in accordance with Condition 12 (*Notices*); and

(b) **Relevant Jurisdiction** means The Republic of Senegal or any political subdivision or any authority thereof or therein having power to tax.

8.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the USD Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition.

9. PRESCRIPTION

Pursuant to applicable Senegalese law, any money paid by the Republic to the Fiscal Agent for payment due under any Note that remains unclaimed at the end of five years after the due date for that payment will be repaid to the Republic, and the holder of such Note shall thereafter look only to the Republic for payment.

Claims against the Republic in respect of principal and interest shall become void unless made within a period of five years from the appropriate Relevant Date in the case of interest, and 10 years from the appropriate Relevant Date in the case of principal.

10. EVENTS OF DEFAULT

10.1 Declaration of Acceleration

If any of the following events (each an **Event of Default**) shall have occurred and be continuing:

(a) if default is made in the payment of any principal, premium or interest due in respect of the USD Notes or any of them and the default continues for a period of 30 calendar days in the case of principal or premium or 30 Business Days (as defined in Condition 6 (*Payments*)) in the case of interest; or

(b) the Republic fails to perform any other obligations in respect of the USD Notes, and such failure continues for 45 days after any USD Noteholder has given written notice thereof to the Republic to remedy the failure and gives a copy of such notice to the Fiscal Agent; or

(c) (i) any other Indebtedness of the Republic becomes due and payable prior to the stated maturity thereof by reason of default; or

(ii) any such Indebtedness is not paid at maturity; or

(iii) any Guarantee of such Indebtedness is not honoured when due and called upon and, in the case of (ii) or (iii), that failure continues beyond any applicable grace period; PROVIDED THAT the amount of Indebtedness referred to in (i) and/or (ii) and/or the amount payable under any Guarantee referred to in (iii) individually or in the aggregate exceeds U.S.$ 20,000,000 (or its equivalent in any other currency or currencies); or

(d) the Republic ceases to be a member of the International Monetary Fund (**IMF**) or becomes ineligible to use the resources of the IMF; or

(e) the Republic declares a general moratorium on the payment of principal of or interest, premium, if any, or any additional amounts in respect thereof on all or any part of its Indebtedness; or

(f) for any reason whatsoever, (i) it shall become unlawful for the Republic to perform or comply with all or any of its obligations set out in the USD Notes, including, without limitation, the payment of interest on the USD Notes, as a result of any change in law or regulation in The Republic of Senegal or (ii) the Republic's obligations under the USD Notes are declared by a court of competent jurisdiction to be no longer binding on, or no longer enforceable against, the Republic;

(g) if the Republic or any of its political sub-divisions acting on behalf of the Republic contests the validity of the USD Notes; or

(h) if the Republic shall deny any of its obligations under the USD Notes (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise); or

(i) if any authorisation, consent of, or filing or registration with, any governmental authority necessary for the performance of any payment obligation of the Republic under the USD Notes, when due, ceases to be in full force and effect or remaining valid and subsisting.

then the holders of at least 25 per cent. in aggregate principal amount of the outstanding USD Notes may, by notice in writing to the Republic (with a copy to the Fiscal Agent), declare all the USD Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other USD Noteholders by the Republic.

10.2 Withdrawal of Declaration of Acceleration

If the Republic receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the outstanding USD Notes to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Republic shall, give notice thereof to the USD Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Republic gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any USD Noteholder in relation thereto.

10.3 Interpretation

For the purposes of this Condition:

Guarantee shall have the meaning given to it in Condition 4 (*Negative Pledge*); and

Indebtedness shall have the meaning given to it in Condition 4 (*Negative Pledge*).

11. REPLACEMENT OF USD CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Republic may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. NOTICES

12.1 Notices to the USD Noteholders

All notices to the USD Noteholders will be valid if: (A) mailed to them by first class mail or (if posted to an address overseas) by airmail to the holders (or the first of any joint named holders) at their respective addresses in the Register and (B) published in a leading English language newspaper having general circulation in London (which is expected to be the *Financial Times*). The Republic shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the USD Notes are for the time being listed. Any such notice will be deemed to have been given on the fourth day after being so mailed or on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

So long as any of the USD Notes are represented by the USD Global Certificates, notices required to be published in accordance with Condition 12 (Notices) may be given by delivery of the relevant notice to DTC, Euroclear and Clearstream, Luxembourg for communication by them to the relevant accountholders.

13. MEETINGS OF USD NOTEHOLDERS; WRITTEN RESOLUTIONS

13.1 Convening Meetings of USD Noteholders; Conduct of Meetings; Written Resolutions

(a) The Republic may convene a meeting of the USD Noteholders at any time in respect of the USD Notes in accordance with the USD Agency Agreement. The Republic will determine the time and place of the meeting. The Republic will notify the USD Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

(b) The Republic or the Fiscal Agent will convene a meeting of USD Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding USD Notes (as defined in the USD Agency Agreement and described in Condition 13.9 (*USD Notes controlled by the Republic*)) have delivered a written request to the Republic or the Fiscal Agent (with a copy to the Republic) setting out the purpose of the meeting. The Fiscal Agent will agree the time and place of the meeting with the Republic promptly. The Republic or the Fiscal Agent, as the case may be, will notify the USD Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.

(c) The Republic (with the agreement of the Fiscal Agent) will set the procedures governing the conduct of any meeting in accordance with the USD Agency Agreement. If the USD Agency Agreement does not include such procedures, or additional procedures are required, the Republic and the Fiscal Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Republic proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.

(d) The notice convening any meeting will specify, inter alia;

i. the date, time and location of the meeting;

ii. the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;

iii. the record date for the meeting, which shall be no more than five business days before the date of the meeting;

iv. the documentation required to be produced by a USD Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the USD Noteholder's behalf at the meeting;

v. any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the USD Notes are traded and/or held by USD Noteholders;

vi. whether Condition 13.2 (*Modification of this Series of USD Notes only*), or Condition 13.3 (*Multiple Series Aggregation – Single limb voting*), or Condition 13.4 (*Multiple Series Aggregation – Two limb voting*) shall apply and, if relevant, in relation to which other series of debt securities it applies;

vii. if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;

viii. such information that is required to be provided by the Republic in accordance with Condition 13.6 (*Information*);

ix. the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 13.7 (*Claims Valuation*); and

x. any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.

(e) In addition, the USD Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to Condition 13.1 (*Convening Meetings of USD Noteholders; Conduct of Meetings; Written Resolutions*) shall also be provided, mutatis mutandis, in respect of Written Resolutions.

(f) A "record date" in relation to any proposed modification or action means the date fixed by the Republic for determining the USD Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.

(g) An **Extraordinary Resolution** means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.

(h) A **Written Resolution** means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.

(i) Any reference to **debt securities** means any notes (including the USD Notes), bonds, debentures or other debt securities (which for these purposes shall be deemed to include any sukuk or other trust certificates representing the credit of the Republic) issued by, or on behalf of, the Republic in one or more series with an original stated maturity of more than one year.

(j) **Debt Securities Capable of Aggregation** means those debt securities which include or incorporate by reference this Condition 13 (*Meetings of USD Noteholders; Written Resolutions*) and Condition 14 (*Aggregation Agent; Aggregation Procedures*) or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

13.2 Modification of this Series of USD Notes only

(a) Any modification of any provision of, or any action in respect of, these Conditions or the USD Agency Agreement in respect of the USD Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

(b) A **Single Series Extraordinary Resolution** means a resolution passed at a meeting of USD Noteholders duly convened and held in accordance with the procedures prescribed by the Republic and the Fiscal Agent pursuant to Condition 13.1 (*Convening Meetings of USD Noteholders; Conduct of Meetings; Written Resolutions*) by a majority of:

(i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding USD Notes; or

(ii) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding USD Notes.

(c) A **Single Series Written Resolution** means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:

(i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding USD Notes; or

(ii) in the case of a matter other than a Reserved Matter more than 50 per cent. of the aggregate principal amount of the outstanding USD Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more USD Noteholders.

(d) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all USD Noteholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

13.3 Multiple Series Aggregation – Single limb voting

(a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.

(b) A **Multiple Series Single Limb Extraordinary Resolution** means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Republic and the Fiscal Agent pursuant to Condition 13.1 (*Convening Meetings of USD Noteholders; Conduct of Meetings; Written Resolutions*), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).

(c) A **Multiple Series Single Limb Written Resolution** means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more USD Noteholders or one or more holders of each affected series of debt securities.

(d) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all USD Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.

(e) The **Uniformly Applicable** condition will be satisfied if:

(i) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms for (i) the same new instrument or other consideration or (ii) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or

(ii) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to different currency of issuance).

(f) It is understood that a proposal under Condition 13.3(a) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).

(g) Any modification or action proposed under Condition 13.3(a) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 13.3 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

13.4 Multiple Series Aggregation – Two limb voting

(a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

(b) A **Multiple Series Two Limb Extraordinary Resolution** means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Republic and the Fiscal Agent pursuant to Condition 13.1 (*Convening Meetings of USD Noteholders; Conduct of Meetings; Written Resolutions*), as supplemented if necessary, which is passed by a majority of:

(i) at least two thirds of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

(c) A **Multiple Series Two Limb Written Resolution** means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

(i) at least two thirds of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more USD Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(d) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all USD Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.

(e) Any modification or action proposed under Condition 13.4(a) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 13.4 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

13.5 Reserved Matters

In these Conditions, **Reserved Matter** means any proposal:

(a) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the USD Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the USD Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the USD Notes on any date;

(b) to change the currency in which any amount due in respect of the USD Notes is payable or the place in which any payment is to be made;

(c) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of USD Noteholders or the number or percentage of votes required to be cast, or the number or percentage of USD Notes required to be held, in connection with the taking of any decision or action by or on behalf of the USD Noteholders or any of them;

(d) to change this definition, or the definition of **Extraordinary Resolution**, **Single Series Extraordinary Resolution**, **Multiple Series Single Limb Extraordinary Resolution**, **Multiple Series Two Limb Extraordinary Resolution**, **Written Resolution**, **Single Series Written Resolution**, **Multiple Series Single Limb Written Resolution** or **Multiple Series Two Limb Written Resolution**;

(e) to change the definition of **debt securities** or **Debt Securities Capable of Aggregation**;

(f) to change the definition of **Uniformly Applicable**;

(g) to change the definition of **outstanding** or to modify the provisions of Condition 13.9 (*USD Notes controlled by the Republic*);

(h) to change the legal ranking of the USD Notes or other specified substantive covenants as appropriate, to be determined on a case-by-case basis;

(i) to change any provision of the USD Notes describing circumstances in which USD Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 10 (*Events of Default*);

(j) to change the law governing the USD Notes, the courts to the jurisdiction of which the Republic has submitted in the USD Notes, any of the arrangements specified in the USD Notes to enable proceedings to be taken or the Republic's waiver of immunity, in respect of actions or proceedings brought by any USD Noteholder, set out in Condition 18 (*Governing Law and Submission to Jurisdiction*);

(k) to impose any condition on or otherwise change the Republic's obligation to make payments of principal, interest or any other amount in respect of the USD Notes, including by way of the addition of a call option;

(l) to modify the provisions of this Condition 13.5;

(m) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the USD Notes or to change the terms of any such guarantee or security; or

(n) to exchange or substitute all the USD Notes for, or convert all the USD Notes into, other obligations or securities of the Republic or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the USD Notes for, or the conversion of the USD Notes into, any other obligations or securities of the Republic or any other person, which would result in the Conditions as so modified being less favourable to the USD Noteholders which are subject to the Conditions as so modified than:

    (i) the provisions of the other obligations or debt securities of the Republic or any other person resulting from the relevant exchange or substitution or conversion; or

    (ii) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

13.6 Information

Prior to or on the date that the Republic proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 13.2 (*Modification of this Series of USD Notes only*), Condition 13.3 (*Multiple Series Aggregation – Single limb voting*) or Condition 13.4 (*Multiple Series Aggregation – Two limb voting*), the Republic shall publish in accordance with Condition 14 (*Aggregation Agent; Aggregation Procedures*), and provide the Fiscal Agent with the following information:

(a) a description of the Republic's economic and financial circumstances which are, in the Republic's opinion, relevant to the request for any potential modification or action, a description of the Republic's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;

(b) if the Republic shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement. Where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;

(c) a description of the Republic's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and

(d) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the USD Noteholders in Condition 13.1(d)(vii) (*Convening Meetings of USD Noteholders; Conduct of Meetings; Written Resolutions*).

13.7 Claims Valuation

For the purpose of calculating the par value of the USD Notes and any affected series of debt securities which are to be aggregated with the USD Notes in accordance with Condition 13.3 (Multiple Series Aggregation – Single limb voting) and Condition 13.4 (Multiple Series Aggregation – Two limb voting), the Republic may appoint a Calculation Agent. The Republic shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the USD Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the USD Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

13.8 Manifest error, etc.

The USD Notes, these Conditions and the provisions of USD Agency Agreement may be amended without the consent of the USD Noteholders to correct a manifest error. In addition, the parties to the USD Agency Agreement may agree to modify any provision thereof, but the Republic shall not agree, without the consent of the USD Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the USD Noteholders.

13.9 USD Notes controlled by the Republic

For the purposes of (i) determining the right to attend and vote at any meeting of USD Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution and (ii) this Condition 13 (Meetings of USD Noteholders; Written Resolutions) and (iii) Condition 10 (Events of Default), any USD Notes which are for the time being held by or on behalf of the Republic or by or on behalf of any person which is owned or controlled directly or indirectly by the Republic or by any public sector instrumentality of the Republic shall be disregarded and be deemed not to remain outstanding, where:

(a) **public sector instrumentality** means the BCEAO, the Ministry of Economy, Finance and Planning of the Republic, any other department, ministry or agency of the Republic or any corporation, trust, financial institution or other entity owned or controlled by the Republic or any of the foregoing; and

(b) **control** means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued or previously become due and payable at maturity or otherwise and the Republic has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of USD Noteholders, or in connection with any Written Resolution, the Republic shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 14.4 (*Certificate*), which includes information on the total number of USD Notes which are for the time being held by or on behalf of the Republic or by or on behalf of any person which is owned or controlled directly or indirectly by the Republic or by any public sector instrumentality of the Republic and, as such, such USD Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of USD Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

13.10 Publication

The Republic shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 14.7 (*Manner of publication*).

13.11 Exchange and Conversion

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Republic's option by way of a mandatory exchange or conversion of the USD Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the USD Notes is notified to USD Noteholders at the time notification is given to the USD Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all USD Noteholders.

14. AGGREGATION AGENT; AGGREGATION PROCEDURES

14.1 Appointment

The Republic will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of USD Notes, and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the USD Agency Agreement in respect of the USD Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Republic.

14.2 Extraordinary Resolutions

If an Extraordinary Resolution has been proposed at a duly convened meeting of USD Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding USD Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

14.3 Written Resolutions

If a Written Resolution has been proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding USD Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

14.4 Certificate

For the purposes of Condition 14.2 (*Extraordinary Resolutions*) and Condition 14.3 (*Written Resolutions*), the Republic will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 13.2 (*Modification of this Series of USD Notes only*), Condition 13.3 (*Multiple Series Aggregation – Single limb voting*) or Condition 13.4 (*Multiple Series Aggregation – Two limb voting*), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

(a) list the total principal amount of USD Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and

(b) clearly indicate the USD Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 13.9 (*USD Notes controlled by the Republic*) on the record date identifying the holders of the USD Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

14.5 Notification

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 14 (*Aggregation Agent; Aggregation Procedures*) to be notified to the Fiscal Agent and the Republic as soon as practicable after such determination. Notice thereof shall also promptly be given to the USD Noteholders.

14.6 Binding nature of determinations; no liability

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 14 (*Aggregation Agent; Aggregation Procedures*) by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Republic, the Fiscal Agent, the USD Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

14.7 Manner of publication

The Republic will publish all notices and other matters required to be published pursuant to the USD Agency Agreement including any matters required to be published pursuant to Condition 13 (*Meetings of USD Noteholders; Written Resolutions*), this Condition 14 (*Aggregation Agent; Aggregation Procedures*) and Condition 10 (*Events of Default*):

(i) through DTC, Euroclear and Clearstream, Luxembourg and/or any other international or domestic clearing system(s) through which the USD Notes are for the time being cleared;

(ii) in such other places and in such other manner as may be required by applicable law or regulation; and

(iii) in such other places and in such other manner as may be customary.

15. FURTHER ISSUES

The Republic may from time to time without the consent of the USD Noteholders create and issue further notes, having terms and conditions the same as those of the USD Notes, or the same except for the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding USD Notes.

The Republic does not currently intend to issue further notes forming a single Series with the USD Notes that have more than a *de minimis* amount of original issue discount (**OID**) for U.S. federal income tax purposes unless (i) such issuance would constitute a “qualified reopening” of the USD Notes for U.S. federal income tax purposes, or (ii) the USD Notes and the further notes have no more than a *de minimis* amount of OID. However, the determination regarding whether to proceed with any proposed further issue will be made at the time of such further issue and the Republic may decide to proceed, provided, however, that unless any further USD Notes are part of the same “issue” for U.S. federal income tax purposes or are issued pursuant to a “qualified reopening” for U.S. federal income tax purposes, such further USD Notes will have a separate CUSIP, ISIN or Common Code (as applicable) so that they are distinguishable from such USD Notes.

16. INDEMNITY OF THE FISCAL AGENT AND OTHER AGENTS

The USD Agency Agreement contains provisions for the indemnification of the Fiscal Agent and the other Agents and for their relief from responsibility. The Fiscal Agent and each other Agent is entitled to enter into business transactions with the Republic without accounting for any profit. The Fiscal Agent and the other Agents are agents of the Republic and none of them is a trustee or fiduciary for any of the holders of the USD Notes, except in the limited circumstances expressly provided for in the USD Agency Agreement.

17. CURRENCY INDEMNITY

The U.S. dollar is the sole currency of payment for all sums payable by the Republic under or in connection with the USD Notes. Any amount received or recovered in a currency other than U.S.

dollars (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any USD Noteholder in respect of any sum expressed to be due to it from the Republic shall only constitute a discharge of the Republic to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Note, the Republic shall indemnify such recipient against any loss sustained by it as a result. In any event, the Republic shall indemnify the recipient against the cost of making any such purchase. These indemnities constitute separate obligations, independent from the Republic's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any USD Noteholder and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any judgment or order.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing Law

The USD Agency Agreement, the USD Deed of Covenant and the USD Notes and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, English law.

18.2 Submission to Jurisdiction

a) Subject to Condition 18.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the USD Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the USD Notes (a **Dispute**) and each of the Republic and any USD Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

b) For the purposes of this Condition, the Republic waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

c) To the extent allowed by law, the USD Noteholders may, in respect of any Dispute or Disputes, take (i) any suit, action or proceedings (including any proceedings relating to any non-contractual obligations arising out of or in connection with the USD Notes) (together referred to as **Proceedings**) in any other court with jurisdiction; and (ii) concurrent Proceedings in any number of jurisdictions.

18.3 Appointment of Process Agent

The Republic irrevocably appoints the Ambassador Extraordinary and Plenipotentiary of the Republic of Senegal to the Court of St. James's as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that in the event of such agent being unable or unwilling for any reason to act, it will immediately appoint another person as its agent for service of process in England in respect of any Disputes. The Republic agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this Condition shall affect the right to serve process in any other manner permitted by law.

18.4 Sovereign Immunity

The Republic consents generally in respect of any Disputes to the giving of any relief or the issue of any process in connection with such Disputes including (without limitation but subject as provided in the following paragraph) the making, enforcement or execution against any property whatsoever of any order or judgment which is made or given in such Disputes.

To the extent that the Republic may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Republic or its assets or revenues, the Republic agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction (and consents generally for the purposes of the State Immunity Act 1978 to the giving of any relief or the issue of any process in connection with any Disputes). The Republic does not hereby waive such immunity from execution or attachment in respect of (a) property, including any bank account, used by a diplomatic or consular mission of the Republic or its special missions or delegations to international organisations, (b) property of a military character and under the control of a military authority or defence agency of the Republic or (c) property dedicated to a public or governmental use by the Republic (as distinct from property which is for the time being in use or intended for use for commercial purposes within the meaning of the State Immunity Act 1978).

18.5 Other Documents

The Republic has in the USD Agency Agreement and the USD Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, in terms substantially similar to those set out above. In addition, the Republic has, in such documents, waived certain rights to sovereign immunity and other similar defences which it may have, on terms substantially similar to those set out in Condition 18.4 (*Sovereign Immunity*).

19. ARBITRATION

Any Disputes arising from or connected with these Conditions (including a Dispute regarding the existence, validity or termination of these Conditions) shall be referred to and finally resolved by arbitration under the Arbitration Rules (the **Rules**) of the London Court of International Arbitration (the **LCIA**).

In relation to any Disputes being resolved by arbitration, the arbitral tribunal shall consist of three arbitrators. The claimant(s), irrespective of number, shall nominate jointly one arbitrator; the respondent(s), irrespective of number, shall nominate jointly the second arbitrator; and a third arbitrator, who shall serve as Chairman, shall be appointed by the LCIA as soon as possible, preferably within 15 days of the appointment of the second arbitrator. If all the parties to an arbitration so agree, there shall be a sole arbitrator appointed by the LCIA as soon as possible, preferably within 15 days of such agreement. The seat of arbitration shall be London, England and the language of the arbitration shall be English. The parties exclude the jurisdiction of the courts under Sections 45 and 69 of the Arbitration Act 1996. Where disputes arise under these Conditions, which, in the reasonable opinion of the first tribunal to be appointed in any of the disputes (the **First Tribunal**), are so closely connected that it is expedient for them to be resolved in the same proceedings, the First Tribunal shall have the power to order that the proceedings to resolve the dispute before it shall be consolidated with those to resolve any of the other disputes (whether or not proceedings to resolve those other disputes have yet been instituted), provided that no date for the final hearing of the first arbitration has been fixed. If the First Tribunal so orders, the parties to each dispute which is a subject of its order shall be treated as having consented to their dispute being finally decided:

(a) by the First Tribunal unless the LCIA decides that it would not be suitable or impartial (in which case by a replacement tribunal appointed in accordance with the Rules) and

(b) in accordance with the procedure, at the seat and in the language specified in the arbitration agreement in the contract under which the First Tribunal was appointed, save as otherwise agreed by all parties to the consolidated proceedings or, in the absence of such agreement, ordered by the tribunal in the consolidated proceedings.

Before an arbitrator has been appointed by a USD Noteholder to determine a Dispute, a USD Noteholder may, by notice in writing to the Republic, require that all Disputes or a specific Dispute be heard by a court of law. If a USD Noteholder gives such notice, the Dispute or Disputes to which such notice refers shall be determined in accordance with Condition 18.2 (*Submission to Jurisdiction*) hereof. For the avoidance of doubt, this Condition 19 is for the sole benefit of the USD Noteholders.

20. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

THE USD GLOBAL CERTIFICATES

The USD Global Certificates contain the following provisions which apply to the USD Notes in respect of which they are issued whilst they are evidenced by the USD Global Certificates, some of which modify the effect of the Conditions. Terms defined in the Conditions have the same meaning in paragraphs 1 to 9 below.

1. FORM OF USD NOTES

The Regulation S USD Notes will be represented by interests in a global note, in fully registered form, without interest coupons attached (the **USD Unrestricted Global Certificate**) which will be deposited on or about the Closing Date with a common depositary for, and registered in the name of the common depositary for the accounts of Euroclear and Clearstream, Luxembourg.

The Rule 144A USD Notes will be represented by interests in a global note in fully registered form without interest coupons attached (the **USD Restricted Global Certificate** and together with the USD Unrestricted Global Certificate, the **USD Global Certificates**) which will be registered in the name of Cede & Co., as a nominee for DTC. The USD Restricted Global Certificate (and any Certificates (as defined below) issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of each such Note as set forth below.

The USD Unrestricted Global Certificates will each have an ISIN number and a Common Code.

The USD Restricted Global Certificates will each have a CUSIP, ISIN number and Common Code.

For the purposes of the USD Restricted Global Certificate and the USD Unrestricted Global Certificate, any reference in the Conditions to **Certificate** or **Certificates** shall, except where the context otherwise requires, be construed so as to include the relevant USD Restricted Global Certificate or, as the case may be, the relevant USD Unrestricted Global Certificate and interests therein.

Except in the limited circumstances described below, owners of interests in an USD Global Certificate will not be entitled to receive physical delivery of individual note certificates.

2. ACCOUNTHOLDERS

For so long as any of the USD Notes are evidenced by the USD Global Certificates, each person (other than another clearing system) who is for the time being shown in the records of DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of the USD Notes (each an **Accountholder**) (in which regard any certificate or other document issued by DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such USD Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of such aggregate principal amount of such USD Notes (and the expression **USD Noteholders** and references to **holding of USD Notes** and to **holder of USD Notes** shall be construed accordingly) (the **Accountholder's Holding**) for all purposes other than with respect to payments on such USD Notes for which purpose the Registered Holder shall be deemed to be the holder of such aggregate principal amount of the USD Notes in accordance with and subject to the terms of the USD Global Certificates. Each Accountholder must look solely to DTC or Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Registered Holder.

3. CANCELLATION

Cancellation of any Note following its purchase by the Republic will be effected by reduction in the aggregate principal amount of the USD Notes in the Register.

4. PAYMENTS

For so long as the Registered Holder is shown in the Register as the holder of the USD Notes evidenced by the USD Global Certificate, the Registered Holder shall (subject as set out above under 'Accountholders') in all respects be entitled to the benefit of such USD Notes and shall be entitled to the benefit of the USD Agency Agreement. Payments of all amounts payable under the Conditions in respect of the USD Notes as evidenced by this USD Global Certificate will be made to the Registered Holder pursuant to the Conditions.

Distributions of amounts with respect to book-entry interests in the Unrestricted USD Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Fiscal Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Holders of book-entry interests in the Restricted USD Notes holding through DTC will receive, to the extent received by the Fiscal Agent, all distribution of amounts with respect to book-entry interests in such USD Notes from the Fiscal Agent through DTC. Distributions in the United States will be subject to relevant U.S. tax laws and regulations.

Upon any payment of any amount payable under the Conditions the amount so paid shall be entered by the Registrar on the Register, which entry shall constitute prima facie evidence that the payment has been made.

For the purposes of Condition 6.1 (*Payments in respect of USD Notes*), so long as the USD Notes as evidenced by the USD Global Certificate are held on behalf of Euroclear and/or Clearstream, Luxembourg, the record date in respect of the USD Notes shall be the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date.

5. INTEREST CALCULATION

For so long as USD Notes are evidenced by a USD Global Certificate, interest payable to the Registered Holder will be calculated by applying the rate of 6.750 per cent. per annum to the outstanding principal amount of the USD Notes evidenced by the USD Global Certificate and on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days. The resultant figure is rounded to the nearest cent (half a cent being round upwards).

6. NOTICES

So long as the USD Notes are evidenced by a USD Global Certificate and such USD Global Certificate is held on behalf of a clearing system, notices to USD Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by Condition 12 (*Notices*) *provided that*, so long as the USD Notes are listed on any stock exchange, notices shall also be published in accordance with the rules of such exchange. Any such notice shall be deemed to have been given to the USD Noteholders on the day after the day on which such notice is delivered such clearing system.

Whilst any of the USD Notes are evidenced by a USD Global Certificate, notices to be given by a USD Noteholder may be given by such USD Noteholder (where applicable) through the applicable clearing system's operational procedures approved for this purpose and otherwise in such manner as the Fiscal Agent and the applicable clearing system may approve for this purpose.

7. RECORD DATE

Notwithstanding Condition 6.1, each payment in respect of a USD Global Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the **Record Date**) where **Clearing System Business Day** means a day on which each clearing system for which the USD Global Certificate is being held is open for business.

8. EXCHANGE AND REGISTRATION OF TITLE

The USD Global Certificate will be exchangeable (free of charge to the holder) in whole but not in part for Certificates only upon the occurrence of an Exchange Event. An Exchange Event means that:

a) an Event of Default (as defined in Condition 10 (*Events of Default*)) has occurred and is continuing; or

b) the Republic has been notified by DTC that DTC is unwilling or unable to continue to act as depositary with respect to the USD Global Certificate and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the U.S. Securities Exchange Act of 1934, as amended, *or* that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or

c) the Republic has or will become subject to adverse tax consequences which would not be suffered were the USD Notes evidenced by Certificates in definitive form.

The Republic will promptly give notice to the USD Noteholders in accordance with Condition 12 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC or its custodian, Euroclear and/or Clearstream, Luxembourg, as the case may be, acting on the instructions of any Accountholder may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the Republic may also give notice to the Registrar requesting exchange. Any exchange shall occur no later than ten days after the date of receipt of the first relevant notice by the Registrar.

Exchanges will be made upon presentation of the USD Global Certificate at the office of the Registrar by or on behalf of the Registered Holder on any day on which banks are open for general business in Germany and will be effected by the Registrar (a) entering each Accountholder in the Register as the registered holder of the principal amount of USD Notes equal to such Accountholder's Holding (as defined below) and (b) completing, authenticating and dispatching to each Accountholder a Certificate evidencing such Accountholder's Holding. The aggregate principal amount of the USD Notes evidenced by Certificates issued upon an exchange of the USD Global Certificate will be equal to the aggregate outstanding principal amount of the USD Notes evidenced by the USD Global Certificate.

The Registrar will not register title to the USD Notes in a name other than that a nominee for DTC, Euroclear and/or Clearstream Luxembourg acting as common depositary for a period of 15 calendar days preceding the due date for any payment of principal, premium (if any) or interest in respect of the USD Notes.

If only one of the USD Global Certificates (the **Exchanged USD Global Certificate**) becomes exchangeable for Certificates in accordance with the above paragraphs, transfers of USD Notes may not take place between, on the one hand, persons holding Certificates issued in exchange for beneficial interests in the Exchanged USD Global Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other USD Global Certificate.

In the event that (a) the USD Notes as evidenced by the USD Global Certificate (or any part of it) have become due and repayable in accordance with the Conditions or that the maturity date of the USD Notes has occurred and, in either case, payment in full of the amount due has not been made to the Registered Holder, or (b) following an Exchange Event, the USD Global Certificate is not duly exchanged for Certificates by the day provided in the USD Global Certificate, then from 8.00 p.m. (London time) on such day each Accountholder will become entitled to proceed directly against the Republic on, and subject to, the terms of the USD Deed of Covenant executed by the Republic on 13 March 2018 in respect of the USD Notes and the Registered Holder will have no further rights under the USD Global Certificate (but without prejudice to the rights any person may have under the USD Deed of Covenant).

9. TRANSFERS

Transfers of book-entry interests in the USD Notes will be effected through the records of Euroclear, Clearstream, Luxembourg and DTC and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and DTC and their respective direct and indirect participants.

CONDITIONS OF THE EURO NOTES

The following is the text of the Conditions of the Euro Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the Euro Notes:

The EUR1,000,000,000 4.750 per cent. Amortising Euro Notes due 2028 (the **Euro Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Euro Notes) of The Republic of Senegal (the **Republic** or **Senegal**) are issued subject to and with the benefit of an agency agreement dated 13 March 2018 (such agreement as amended and/or supplemented and/or restated from time to time, the **Euro Agency Agreement**) made between the Republic, Citigroup Global Markets Deutschland AG as registrar (the **Registrar**), Citibank, N.A., London Branch as fiscal agent and principal paying agent (the **Fiscal Agent**) and the other initial paying agents named in the Euro Agency Agreement (together with the Fiscal Agent, the **Paying Agents**) and the other agents named in it (together with the Fiscal Agent, the Registrar and the other Paying Agents, the **Agents**). The holders of the Euro Notes (the **Euro Noteholders**) are entitled to the benefit of a Euro Deed of Covenant (the **Euro Deed of Covenant**) dated 13 March 2018 and made by the Republic. The original of the Euro Deed of Covenant is held by the Common Depositary. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Euro Agency Agreement. Copies of the Euro Agency Agreement and the Euro Deed of Covenant are available for inspection during normal business hours by the Euro Noteholders at the specified office of each of the Paying Agents. The Euro Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Euro Agency Agreement and the Euro Deed of Covenant applicable to them. References in these Conditions to the Fiscal Agent, the Registrar, the Paying Agents and the Agents shall include any successor appointed under the Euro Agency Agreement.

*The owners shown in the records of Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**) of book-entry interests in Euro Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Euro Agency Agreement applicable to them.*

1. FORM, DENOMINATION, REGISTER AND TITLE

1.1 Form and Denomination

The Euro Notes are issued in registered form in amounts of EUR100,000 and integral multiples of EUR1,000 in excess thereof (referred to as the **Authorised Denomination** of a Euro Note). The Euro Notes will be represented by beneficial interests in global note certificates (the **Euro Global Certificates**) in registered form without interest coupons. The Euro Global Certificates will be exchangeable for Certificates in definitive, fully registered, form (the **Certificates** and each a **Certificate**) without coupons, in the circumstances specified in the Euro Global Certificates. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Euro Noteholders (the **Register**) which the Republic will procure to be kept by the Registrar.

The Euro Notes are not issuable in bearer form.

1.2 Title

Title to the Euro Notes passes only by registration in the Register. The holder of any Euro Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership or any writing on it, or the previous theft or loss of, the Certificate issued in respect of it) and no Person will be liable for so treating the holder. In these Conditions **Euro Noteholder** and (in relation to a Euro Note) holder, means the Person in whose name a Euro Note is registered in the Register.

The Euro Notes initially offered and sold in reliance on Rule 144A (the **Rule 144A Euro Notes**) will be represented by interests in a Euro Restricted Global Certificate. The Euro Notes initially offered and sold in reliance on Regulation S (the **Regulation S Euro Notes**) will be represented by interests in the Euro Unrestricted Global Certificate. The Euro Global Certificates will each be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**).

Ownership of beneficial interests in the Euro Global Certificates will be limited to persons that have accounts with Euroclear or Clearstream, Luxembourg or Persons that may hold interests through such participants. Beneficial interests in the Euro Global Certificates will be shown on, and transfers thereof will be effected through, records maintained in book entry form by Euroclear, Clearstream, Luxembourg and their participants, as applicable.

For a description of the procedures for transferring title to book-entry interests in the Euro Notes, see "The Euro Global Certificates".

2. TRANSFERS OF NOTES AND ISSUE OF CERTIFICATES

2.1 Transfers

Subject to Conditions 2.4 (*Transfers of Euro Notes and Issue of Certificates—Closed Periods*) and 2.5 (*Transfers of Euro Notes and Issue of Certificates—Regulations*) below, a Euro Note may be transferred in whole or in part in an Authorised Denomination by depositing the Certificate issued in respect of that Euro Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the Agents provided, however, that a Euro Note may not be transferred unless the principal amount of Euro Notes transferred and (where not all of the Euro Notes held by a Holder are being transferred) the principal amount of the balance of Euro Notes not transferred are Authorised Denominations. Where not all the Euro Notes represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Euro Notes will be issued to the transferor.

For a description of certain restrictions on transfers of interests in the Euro Notes, see "The Euro Global Certificates".

2.2 Delivery of new Certificates

Subject to Conditions 2.4 (*Transfers of Euro Notes and Issue of Certificates—Closed Periods*) and 2.5 (*Transfers of Euro Notes and Issue of Certificates—Regulations*) below, each new Certificate to be issued upon transfer of Euro Notes will, within five business days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Euro Note to the address specified in the form of transfer. For the purposes of this Condition 2, **business day** shall mean a day on which banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located.

Except in the limited circumstances described herein (see "The Euro Global Certificates—Exchange and Registration of Title"), owners of interests in the Euro Notes will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Euro Notes are subject to compliance by the transferor and transferee with the certification procedures described above and in the Euro Agency Agreement and, in the case of Restricted Euro Notes, compliance with the Securities Act Legend.

Where some but not all of the Euro Notes in respect of which a Certificate is issued are to be transferred a new Certificate in respect of the Euro Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Euro Notes not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

2.3 Formalities free of charge

Registration of transfer of Euro Notes will be effected without charge by or on behalf of the Republic or any Agent but upon payment (or the giving of such indemnity as the Republic or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed Periods

No Euro Noteholder may require the transfer of a Euro Note to be registered during the period of 15 days ending on the due date for any payment of principal, premium (if any) or interest on that Euro Note.

2.5 Regulations

All transfers of Euro Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Euro Notes scheduled to the Euro Agency Agreement. The regulations may be changed by the Republic with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Euro Noteholder who requests one.

3. STATUS

The Euro Notes are direct, unconditional and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Republic and rank and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness (as defined below) of the Republic, from time-to-time outstanding, *provided further*, that the Republic shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Euro Notes and vice versa.

External Indebtedness means any present or future Indebtedness (as defined below) expressed or denominated or payable or which, at the option of the relevant creditor may be payable, in any currency other than the lawful currency from time to time of the Republic of Senegal.

4. NEGATIVE PLEDGE

4.1 Negative Pledge

So long as any of the Euro Notes remains outstanding (as defined in the Euro Agency Agreement), the Republic will not create or permit to subsist any Security (other than a Permitted Security) upon the whole or any part of its present or future assets, undertakings or revenues to secure: (i) any of its Public External Indebtedness, (ii) any Guarantees in respect of Public External Indebtedness, or (iii) the Public External Indebtedness of any other Person, without at the same time or prior thereto securing the Euro Notes equally and rateably therewith or providing such other arrangement (whether or not comprising Security) as shall be approved by an Extraordinary Resolution (as defined in the Euro Agency Agreement).

4.2 Interpretation

In these Conditions:

Guarantee means any obligation of a Person to pay the Indebtedness of another Person including, without limitation: an obligation to pay or purchase such Indebtedness; an obligation to lend money or to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness; an indemnity against the consequences of a default in the payment of such Indebtedness; or any other agreement to be responsible for such Indebtedness.

Indebtedness means any obligation (whether present or future) for the payment or repayment of money which has been borrowed or raised (including money raised by acceptances and leasing).

Public External Indebtedness means any present or future Indebtedness (i) expressed or denominated or payable or which, at the option of the relevant creditor may be payable, in any currency other than the lawful currency from time to time of the Republic of Senegal, and (ii) which is in the form of, or is represented by, bonds, notes or other securities with a stated maturity of more than one year from the date of issue which are, or are capable of being, quoted, listed or ordinarily purchased or sold on any stock exchange, automated trading system, over the counter or other securities market.

Permitted Security means:

(i) any Security upon property to secure (A) Public External Indebtedness of the Republic or (B) any Guarantee by the Republic of Public External Indebtedness of any other Person, in either case incurred for the purpose of financing the acquisition or construction of such property and any renewal and extension of such Security which is limited to the original property covered thereby and which (in either case) secures any renewal or extension of the original secured financing;

(ii) any Security securing (A) Public External Indebtedness of the Republic or (B) any Guarantee by the Republic of Public External Indebtedness of any other Person, in either case incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project; provided that (X) the holders of such Public External Indebtedness or Guarantee expressly agree to limit their recourse to the assets and revenues of such project or the proceeds of insurance thereon as the sole source of repayments of such Public External Indebtedness and (Y) the property over which such Security is granted consists solely of such assets and revenues; and

(iii) any Security securing the Public External Indebtedness of the Republic or any Guarantee by the Republic of Public External Indebtedness of any other Person which was in existence on 13 March 2018 and any renewal of such Security which is limited to the original property covered thereby and which secures any renewal or extension of the original financing, provided that the principal amount of the Public External Indebtedness secured thereby is not increased.

Person means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or any other juridical entity, any state or agency of a state or other entity, whether or not having separate legal personality.

Security means any mortgage, pledge, lien, hypothecation, security interest, deed of trust, charge or other encumbrance including, without limitation, anything analogous to the foregoing under the laws of any jurisdiction.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

The Euro Notes bear interest on their outstanding principal amount from time to time from and including 13 March 2018 (the **Issue Date**) to but excluding the Maturity Date (as defined in Condition 7.1 (*Redemption*)) at the rate of 4.750 per cent. per annum, payable annually in arrear on 13 March in each year (each an **Interest Payment Date**) commencing on 13 March 2019.

5.2 Interest Accrual

Each Euro Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Euro Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Euro Note have been paid; and

(b) seven days after the date on which the full amount of the moneys payable in respect of such Euro Notes has been received by the Fiscal Agent or the Registrar, as the case may be, and notice to that effect has been given to the Euro Noteholders in accordance with Condition 12 (*Notices*).

5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full Interest Period, it shall be calculated by applying the rate of 4.750 per cent. per annum to each EUR1,000 Authorised Denomination of Euro Notes (the **Calculation Amount**) and the day count fraction applied to calculate the amount of interest payable in respect of each Euro Note shall be the number of days in the relevant period, from and including the date from which interest begins to accrue, to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) and rounding the resulting figure to the nearest cent, half a cent being rounded upwards. The interest payable in respect of a Euro Note shall be the product of such rounded figure and the amount by which the Calculation Amount is multiplied to reach the denomination of the relevant Euro Note, without any further rounding.

In these Conditions, each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is called an **Interest Period**.

6. PAYMENTS

6.1 Payments in respect of Euro Notes

Payment of principal and interest will be made by transfer to the registered account of the Euro Noteholder or by Euro cheque drawn on a bank that processes payments in Euro and mailed to the registered address of the Euro Noteholder by uninsured first class mail (airmail if overseas) if it does not have a registered account. Payments of principal and premium (if any) and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Agents. Interest on Euro Notes due on an Interest Payment Date will be paid to the holder shown on the Register at the close of business on the date (the **record date**) being the fifteenth day before the relevant Interest Payment Date.

For the purposes of this Condition, a Euro Noteholder's registered account means the Euro account maintained by or on behalf of it with a bank that processes payments in Euro, details of which appear on the Register at the close of business, in the case of principal and premium (if any), on the second Business Day (as defined below) before the due date for payment and, in the case of interest, on the relevant record date, and a Euro Noteholder's registered address means its address appearing on the Register at that time.

6.2 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Euro Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*).

6.3 No commissions

No commissions or expenses shall be charged to the Euro Noteholders in respect of any payments made in accordance with this Condition 6.

6.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Business Day preceding the due date for payment or, in the case of a payment of principal and premium (if any) or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

Euro Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Euro Noteholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

In this Condition 6, **Business Day** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and a day on which the Trans European Automated Real Time Gross Settlement Express Transfer System (TARGET2) is operating and, in the case of presentation of a Euro Note Certificate, in the place in which the Euro Note Certificate is presented.

6.5 Partial Payments

If the amount of principal, premium (if any) or interest which is due on the Euro Notes is not paid in full, the Registrar will annotate the Register with a record of the amount of principal, premium (if any) or interest in fact paid.

6.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Republic reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

(a) there will at all times be a Fiscal Agent and a Registrar; and

(b) so long as the Euro Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be an Agent (which may be the Fiscal Agent) having a specified office in the place required by the rules and regulations of the relevant stock exchange or any other relevant authority.

Notice of any variation, termination, appointment and/or of any changes in specified offices will be given to the Euro Noteholders promptly by the Republic in accordance with Condition 12 (*Notices*).

7. REDEMPTION AND PURCHASE

7.1 Redemption

Unless previously redeemed, or purchased and cancelled, the Republic will redeem the Euro Notes in three instalments on each amortisation date specified in column A below (each an **Amortisation Date**) at the related amortisation amount specified in column B below (each an **Amortisation Amount**) payable as provided in Condition 6 (*Payments*). The outstanding principal amount of the Euro Notes shall be reduced by the Amortisation Amount for all purposes with effect from the relevant Amortisation Date such that the outstanding aggregate principal amount of the Euro Notes following such reduction shall be as specified in column C below, unless the payment of the relevant Amortisation Amount is improperly withheld or refused. In such a case, the relevant principal amount will remain outstanding until whichever is the earlier of (a) the day on which all sums due in respect of such Euro Notes up to that day are received by or on behalf of the relevant Euro Noteholders and (b) the Business Day after the Fiscal Agent has given notice to the Euro Noteholders of receipt of all sums due in respect of all sums due in respect of all Euro Notes up to that Business Day (except to the extent that there is any subsequent default in payment in accordance with these Conditions). The Euro Notes shall be finally redeemed on 13 March 2028 (the **Maturity Date**) at their final Amortisation Amount payable as provided in Condition 6 (*Payments*).

Amortisation Date (A)	**Amortisation Amount (B)**	**Outstanding Aggregate Principal Amount of the Euro Notes (C)**
Interest Payment Date falling on 13 March 2026	EUR333,333,333.33	EUR666,666,666.67
Interest Payment Date falling on 13 March 2027	EUR333,333,333.33	EUR333,333,333.34
Maturity Date	EUR333,333,333.34	EUR0.00

In these Conditions, references to **principal** shall, unless the context requires otherwise, be deemed to include any Amortisation Amount and references to the **due date** for payment shall, unless the context requires otherwise, be deemed to include any Amortisation Date.

7.2 Purchases

The Republic may at any time purchase Euro Notes in any manner and at any price. All Euro Notes which are purchased by or on behalf of the Republic may be cancelled, held or resold. Any Euro Notes which are cancelled may not be re-issued.

8. TAXATION

8.1 Payment without Withholding

All payments in respect of the Euro Notes by or on behalf of the Republic shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Republic will pay such additional amounts as may be necessary in order that the net amounts received by the Euro Noteholders after the withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the Euro Notes in the absence of the withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Euro Note:

(a) the holder of which is liable for Taxes in respect of such Euro Note by reason of such holder having some connection with the Relevant Jurisdiction other than the mere holding of the Euro Note; or

(b) presented or surrendered for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting or surrendering the same for payment on the last day of such period of 30 days assuming that day to have been a Business Day (as defined in Condition 6 (*Payments*)); or

(c) presented or surrendered for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by complying with any certification, identification, documentation or other reporting requirements concerning its nationality, residence, identity or connection with the Relevant Jurisdiction; provided that (x) such declaration of non-residence or other claim or filing for exemption or relief is required by the applicable law of the Relevant Jurisdiction (including for the purposes of any applicable double tax treaty to which the Relevant Jurisdiction is a party) as a precondition to exemption or relief from the requirement to deduct or withhold all or a part of any such Taxes and (y) at least 30 days prior to the first payment date with respect to which such declaration of non-residence or other claim or filing for exemption or relief is required under the applicable law of the Relevant Jurisdiction, the relevant holder at that time has been notified by the Republic or any other Person by or through whom payments in respect of the Euro Notes may be made that such certification, identification, documentation or other reporting requirement is required to be made; or

(d) where such withholding or deduction is imposed as a result of any combination of (a) through (c) above.

8.2 Interpretation

In these Conditions:

(a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Euro Noteholders by the Republic in accordance with Condition 12 (*Notices*); and

(b) **Relevant Jurisdiction** means The Republic of Senegal or any political subdivision or any authority thereof or therein having power to tax.

8.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Euro Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition.

9. PRESCRIPTION

Pursuant to applicable Senegalese law, any money paid by the Republic to the Fiscal Agent for payment due under any Euro Note that remains unclaimed at the end of five years after the due date for that payment will be repaid to the Republic, and the holder of such Euro Note shall thereafter look only to the Republic for payment.

Claims against the Republic in respect of principal and interest shall become void unless made within a period of five years from the appropriate Relevant Date in the case of interest, and 10 years from the appropriate Relevant Date in the case of principal.

10. EVENTS OF DEFAULT

10.1 Declaration of Acceleration

If any of the following events (each an **Event of Default**) shall have occurred and be continuing:

(a) if default is made in the payment of any principal, premium or interest due in respect of the Euro Notes or any of them and the default continues for a period of 30 calendar days in the case of principal or premium or 30 Business Days (as defined in Condition 6 (*Payments*)) in the case of interest; or

(b) the Republic fails to perform any other obligations in respect of the Euro Notes, and such failure continues for 45 days after any Euro Noteholder has given written notice thereof to the Republic to remedy the failure and gives a copy of such notice to the Fiscal Agent; or

(c) (i) any other Indebtedness of the Republic becomes due and payable prior to the stated maturity thereof by reason of default; or

(ii) any such Indebtedness is not paid at maturity; or

(iii) any Guarantee of such Indebtedness is not honoured when due and called upon and, in the case of (ii) or (iii), that failure continues beyond any applicable grace period; PROVIDED THAT the amount of Indebtedness referred to in (i) and/or (ii) and/or the amount payable under any Guarantee referred to in (iii) individually or in the aggregate exceeds U.S.$ 20,000,000 (or its equivalent in any other currency or currencies); or

(d) the Republic ceases to be a member of the International Monetary Fund (**IMF**) or becomes ineligible to use the resources of the IMF; or

(e) the Republic declares a general moratorium on the payment of principal of or interest, premium, if any, or any additional amounts in respect thereof on all or any part of its Indebtedness; or

(f) for any reason whatsoever, (i) it shall become unlawful for the Republic to perform or comply with all or any of its obligations set out in the Euro Notes, including, without limitation, the payment of interest on the Euro Notes, as a result of any change in law or regulation in The Republic of Senegal or (ii) the Republic's obligations under the Euro Notes are declared by a court of competent jurisdiction to be no longer binding on, or no longer enforceable against, the Republic;

(g) if the Republic or any of its political sub-divisions acting on behalf of the Republic contests the validity of the Euro Notes; or

(h) if the Republic shall deny any of its obligations under the Euro Notes (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise); or

(i) if any authorisation, consent of, or filing or registration with, any governmental authority necessary for the performance of any payment obligation of the Republic under the Euro Notes, when due, ceases to be in full force and effect or remaining valid and subsisting.

then the holders of at least 25 per cent. in aggregate principal amount of the outstanding Euro Notes may, by notice in writing to the Republic (with a copy to the Fiscal Agent), declare all the Euro Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Euro Noteholders by the Republic.

10.2 Withdrawal of Declaration of Acceleration

If the Republic receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the outstanding Euro Notes to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Republic shall, give notice thereof to the Euro Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Republic gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Euro Noteholder in relation thereto.

10.3 Interpretation

For the purposes of this Condition:

Guarantee shall have the meaning given to it in Condition 4 (*Negative Pledge*); and

Indebtedness shall have the meaning given to it in Condition 4 (*Negative Pledge*).

11. REPLACEMENT OF EURO CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Republic may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. NOTICES

12.1 Notices to the Euro Noteholders

All notices to the Euro Noteholders will be valid if: (A) mailed to them by first class mail or (if posted to an address overseas) by airmail to the holders (or the first of any joint named holders) at their respective addresses in the Register and (B) published in a leading English language newspaper having general circulation in London (which is expected to be the *Financial Times*). The Republic shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Euro Notes are for the time being listed. Any such notice will be deemed to have been given on the fourth day after being so mailed or on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

So long as any of the Euro Notes are represented by the Euro Global Certificates, notices required to be published in accordance with Condition 12 (Notices) may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the relevant accountholders.

13. MEETINGS OF EURO NOTEHOLDERS; WRITTEN RESOLUTIONS

13.1 Convening Meetings of Euro Noteholders; Conduct of Meetings; Written Resolutions

(a) The Republic may convene a meeting of the Euro Noteholders at any time in respect of the Euro Notes in accordance with the Euro Agency Agreement. The Republic will determine the time and place of the meeting. The Republic will notify the Euro Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

(b) The Republic or the Fiscal Agent will convene a meeting of Euro Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Euro Notes (as defined in the Euro Agency Agreement and described in Condition 13.9 (*Euro Notes controlled by the Republic*)) have delivered a written request to the Republic or the Fiscal Agent (with a copy to the Republic) setting out the purpose of the meeting. The Fiscal Agent will agree the time and place of the meeting with the Republic promptly. The Republic or the Fiscal Agent, as the case may be, will notify the Euro Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.

(c) The Republic (with the agreement of the Fiscal Agent) will set the procedures governing the conduct of any meeting in accordance with the Euro Agency Agreement. If the Euro Agency Agreement does not include such procedures, or additional procedures are required, the Republic and the Fiscal Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Republic proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.

(d) The notice convening any meeting will specify, inter alia;

i. the date, time and location of the meeting;

ii. the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;

iii. the record date for the meeting, which shall be no more than five business days before the date of the meeting;

iv. the documentation required to be produced by a Euro Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Euro Noteholder's behalf at the meeting;

v. any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Euro Notes are traded and/or held by Euro Noteholders;

vi. whether Condition 13.2 (*Modification of this Series of Euro Notes only*), or Condition 13.3 (*Multiple Series Aggregation – Single limb voting*), or Condition 13.4 (*Multiple Series Aggregation – Two limb voting*) shall apply and, if relevant, in relation to which other series of debt securities it applies;

vii. if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;

viii. such information that is required to be provided by the Republic in accordance with Condition 13.6 (*Information*);

ix. the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 13.7 (*Claims Valuation*); and

x. any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.

(e) In addition, the Euro Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to Condition 13.1 (*Convening Meetings of Euro Noteholders; Conduct of Meetings; Written Resolutions*) shall also be provided, mutatis mutandis, in respect of Written Resolutions.

(f) A "record date" in relation to any proposed modification or action means the date fixed by the Republic for determining the Euro Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.

(g) An **Extraordinary Resolution** means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.

(h) A **Written Resolution** means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.

(i) Any reference to **debt securities** means any notes (including the Euro Notes), bonds, debentures or other debt securities (which for these purposes shall be deemed to include any sukuk or other trust certificates representing the credit of the Republic) issued by, or on behalf of, the Republic in one or more series with an original stated maturity of more than one year.

(j) **Debt Securities Capable of Aggregation** means those debt securities which include or incorporate by reference this Condition 13 (*Meetings of Euro Noteholders; Written Resolutions*) and Condition 14 (*Aggregation Agent; Aggregation Procedures*) or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

13.2 Modification of this Series of Euro Notes only

(a) Any modification of any provision of, or any action in respect of, these Conditions or the Euro Agency Agreement in respect of the Euro Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

(b) A **Single Series Extraordinary Resolution** means a resolution passed at a meeting of Euro Noteholders duly convened and held in accordance with the procedures prescribed by the Republic and the Fiscal Agent pursuant to Condition 13.1 (*Convening Meetings of Euro Noteholders; Conduct of Meetings; Written Resolutions*) by a majority of:

(i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Euro Notes; or

(ii) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding Euro Notes.

(c) A **Single Series Written Resolution** means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:

(i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Euro Notes; or

(ii) in the case of a matter other than a Reserved Matter more than 50 per cent. of the aggregate principal amount of the outstanding Euro Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Euro Noteholders.

(d) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Euro Noteholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

13.3 Multiple Series Aggregation – Single limb voting

(a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.

(b) A **Multiple Series Single Limb Extraordinary Resolution** means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Republic and the Fiscal Agent pursuant to Condition 13.1 (*Convening Meetings of Euro Noteholders; Conduct of Meetings; Written Resolutions*), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).

(c) A **Multiple Series Single Limb Written Resolution** means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Euro Noteholders or one or more holders of each affected series of debt securities.

(d) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Euro Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.

(e) The **Uniformly Applicable** condition will be satisfied if:

(i) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms for (i) the same new instrument or other consideration or (ii) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or

(ii) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to different currency of issuance).

(f) It is understood that a proposal under Condition 13.3(a) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).

(g) Any modification or action proposed under Condition 13.3(a) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 13.3 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

13.4 Multiple Series Aggregation – Two limb voting

(a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

(b) A **Multiple Series Two Limb Extraordinary Resolution** means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Republic and the Fiscal Agent pursuant to Condition 13.1 (*Convening Meetings of Euro Noteholders; Conduct of Meetings; Written Resolutions*), as supplemented if necessary, which is passed by a majority of:

(i) at least two thirds of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

(c) A **Multiple Series Two Limb Written Resolution** means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

(i) at least two thirds of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Euro Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(d) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Euro Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.

(e) Any modification or action proposed under Condition 13.4(a) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 13.4 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

13.5 Reserved Matters

In these Conditions, **Reserved Matter** means any proposal:

(a) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Euro Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Euro Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Euro Notes on any date;

(b) to change the currency in which any amount due in respect of the Euro Notes is payable or the place in which any payment is to be made;

(c) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Euro Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Euro Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Euro Noteholders or any of them;

(d) to change this definition, or the definition of **Extraordinary Resolution**, **Single Series Extraordinary Resolution**, **Multiple Series Single Limb Extraordinary Resolution**, **Multiple Series Two Limb Extraordinary Resolution**, **Written Resolution**, **Single Series Written Resolution**, **Multiple Series Single Limb Written Resolution** or **Multiple Series Two Limb Written Resolution**;

(e) to change the definition of **debt securities** or **Debt Securities Capable of Aggregation**;

(f) to change the definition of **Uniformly Applicable**;

(g) to change the definition of **outstanding** or to modify the provisions of Condition 13.9 (*Euro Notes controlled by the Republic*);

(h) to change the legal ranking of the Euro Notes or other specified substantive covenants as appropriate, to be determined on a case-by-case basis;

(i) to change any provision of the Euro Notes describing circumstances in which Euro Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 10 (*Events of Default*);

(j) to change the law governing the Euro Notes, the courts to the jurisdiction of which the Republic has submitted in the Euro Notes, any of the arrangements specified in the Euro Notes to enable proceedings to be taken or the Republic's waiver of immunity, in respect of actions or proceedings brought by any Euro Noteholder, set out in Condition 18 (*Governing Law and Submission to Jurisdiction*);

(k) to impose any condition on or otherwise change the Republic's obligation to make payments of principal, interest or any other amount in respect of the Euro Notes, including by way of the addition of a call option;

(l) to modify the provisions of this Condition 13.5;

(m) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Euro Notes or to change the terms of any such guarantee or security; or

(n) to exchange or substitute all the Euro Notes for, or convert all the Euro Notes into, other obligations or securities of the Republic or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Euro Notes for, or the conversion of the Euro Notes into, any other obligations or securities of the Republic or any other person, which would result in the Conditions as so modified being less favourable to the Euro Noteholders which are subject to the Conditions as so modified than:

    (i) the provisions of the other obligations or debt securities of the Republic or any other person resulting from the relevant exchange or substitution or conversion; or

    (ii) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

13.6 Information

Prior to or on the date that the Republic proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 13.2 (*Modification of this Series of Euro Notes only*), Condition 13.3 (*Multiple Series Aggregation – Single limb voting*) or Condition 13.4 (*Multiple Series Aggregation – Two limb voting*), the Republic shall publish in accordance with Condition 14 (*Aggregation Agent; Aggregation Procedures*), and provide the Fiscal Agent with the following information:

(a) a description of the Republic's economic and financial circumstances which are, in the Republic's opinion, relevant to the request for any potential modification or action, a description of the Republic's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;

(b) if the Republic shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement. Where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;

(c) a description of the Republic's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and

(d) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Euro Noteholders in Condition 13.1(d)(vii) (*Convening Meetings of Euro Noteholders; Conduct of Meetings; Written Resolutions*).

13.7 Claims Valuation

For the purpose of calculating the par value of the Euro Notes and any affected series of debt securities which are to be aggregated with the Euro Notes in accordance with Condition 13.3 (Multiple Series Aggregation – Single limb voting) and Condition 13.4 (Multiple Series Aggregation – Two limb voting), the Republic may appoint a Calculation Agent. The Republic shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Euro Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Euro Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

13.8 Manifest error, etc.

The Euro Notes, these Conditions and the provisions of Euro Agency Agreement may be amended without the consent of the Euro Noteholders to correct a manifest error. In addition, the parties to the Euro Agency Agreement may agree to modify any provision thereof, but the Republic shall not agree, without the consent of the Euro Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Euro Noteholders.

13.9 Euro Notes controlled by the Republic

For the purposes of (i) determining the right to attend and vote at any meeting of Euro Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution and (ii) this Condition 13 (Meetings of Euro Noteholders; Written Resolutions) and (iii) Condition 10 (Events of Default), any Euro Notes which are for the time being held by or on behalf of the Republic or by or on behalf of any person which is owned or controlled directly or indirectly by the Republic or by any public sector instrumentality of the Republic shall be disregarded and be deemed not to remain outstanding, where:

(a) **public sector instrumentality** means the BCEAO, the Ministry of Economy, Finance and Planning of the Republic, any other department, ministry or agency of the Republic or any corporation, trust, financial institution or other entity owned or controlled by the Republic or any of the foregoing; and

(b) **control** means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Euro Note will also be deemed to be not outstanding if the Euro Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued or previously become due and payable at maturity or otherwise and the Republic has previously satisfied its obligations to make all payments due in respect of the Euro Note in accordance with its terms.

In advance of any meeting of Euro Noteholders, or in connection with any Written Resolution, the Republic shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 14.4 (*Certificate*), which includes information on the total number of Euro Notes which are for the time being held by or on behalf of the Republic or by or on behalf of any person which is owned or controlled directly or indirectly by the Republic or by any public sector instrumentality of the Republic and, as such, such Euro Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Euro Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

13.10 Publication

The Republic shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 14.7 (*Manner of publication*).

13.11 Exchange and Conversion

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Republic's option by way of a mandatory exchange or conversion of the Euro Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Euro Notes is notified to Euro Noteholders at the time notification is given to the Euro Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Euro Noteholders.

14. AGGREGATION AGENT; AGGREGATION PROCEDURES

14.1 Appointment

The Republic will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Euro Notes, and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Euro Agency Agreement in respect of the Euro Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Republic.

14.2 Extraordinary Resolutions

If an Extraordinary Resolution has been proposed at a duly convened meeting of Euro Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Euro Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

14.3 Written Resolutions

If a Written Resolution has been proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Euro Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

14.4 Certificate

For the purposes of Condition 14.2 (*Extraordinary Resolutions*) and Condition 14.3 (*Written Resolutions*), the Republic will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 13.2 (*Modification of this Series of Euro Notes only*), Condition 13.3 (*Multiple Series Aggregation – Single limb voting*) or Condition 13.4 (*Multiple Series Aggregation – Two limb voting*), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

(a) list the total principal amount of Euro Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and

(b) clearly indicate the Euro Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 13.9 (*Euro Notes controlled by the Republic*) on the record date identifying the holders of the Euro Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

14.5 Notification

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 14 (*Aggregation Agent; Aggregation Procedures*) to be notified to the Fiscal Agent and the Republic as soon as practicable after such determination. Notice thereof shall also promptly be given to the Euro Noteholders.

14.6 Binding nature of determinations; no liability

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 14 (*Aggregation Agent; Aggregation Procedures*) by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Republic, the Fiscal Agent, the Euro Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

14.7 Manner of publication

The Republic will publish all notices and other matters required to be published pursuant to the Euro Agency Agreement including any matters required to be published pursuant to Condition 13 (*Meetings of Euro Noteholders; Written Resolutions*), this Condition 14 (*Aggregation Agent; Aggregation Procedures*) and Condition 10 (*Events of Default*):

(a) through Euroclear and Clearstream, Luxembourg and/or any other international or domestic clearing system(s) through which the Euro Notes are for the time being cleared;

(b) in such other places and in such other manner as may be required by applicable law or regulation; and

(c) in such other places and in such other manner as may be customary.

15. FURTHER ISSUES

The Republic may from time to time without the consent of the Euro Noteholders create and issue further notes, having terms and conditions the same as those of the Euro Notes, or the same except for the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Euro Notes.

The Republic does not currently intend to issue further notes forming a single Series with the Euro Notes that have more than a *de minimis* amount of original issue discount (**OID**) for U.S. federal income tax purposes unless (i) such issuance would constitute a "qualified reopening" of the Euro Notes for U.S. federal income tax purposes, or (ii) the Euro Notes and the further notes have no more than a *de minimis* amount of OID. However, the determination regarding whether to proceed with any proposed further issue will be made at the time of such further issue and the Republic may decide to proceed, provided, however, that unless any further Euro Notes are part of the same "issue" for U.S. federal income tax purposes or are issued pursuant to a "qualified reopening" for U.S. federal income tax purposes, such further Euro Notes will have a separate ISIN and Common Code so that they are distinguishable from such Euro Notes.

16. INDEMNITY OF THE FISCAL AGENT AND OTHER AGENTS

The Euro Agency Agreement contains provisions for the indemnification of the Fiscal Agent and the other Agents and for their relief from responsibility. The Fiscal Agent and each other Agent is entitled to enter into business transactions with the Republic without accounting for any profit. The Fiscal Agent and the other Agents are agents of the Republic and none of them is a trustee or fiduciary for any of the holders of the Euro Notes, except in the limited circumstances expressly provided for in the Euro Agency Agreement.

17. CURRENCY INDEMNITY

The Euro is the sole currency of payment for all sums payable by the Republic under or in connection with the Euro Notes. Any amount received or recovered in a currency other than Euro (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any

Euro Noteholder in respect of any sum expressed to be due to it from the Republic shall only constitute a discharge of the Republic to the extent of the Euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that Euro amount is less than the Euro amount expressed to be due to the recipient under any Euro Note, the Republic shall indemnify such recipient against any loss sustained by it as a result. In any event, the Republic shall indemnify the recipient against the cost of making any such purchase. These indemnities constitute separate obligations, independent from the Republic's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Euro Noteholder and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Euro Note or any judgment or order.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing Law

The Euro Agency Agreement, the Euro Deed of Covenant and the Euro Notes and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, English law.

18.2 Submission to Jurisdiction

a) Subject to Condition 18.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Euro Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Euro Notes (a **Dispute**) and each of the Republic and any Euro Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

b) For the purposes of this Condition, the Republic waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

c) To the extent allowed by law, the Euro Noteholders may, in respect of any Dispute or Disputes, take (i) any suit, action or proceedings (including any proceedings relating to any non-contractual obligations arising out of or in connection with the Euro Notes) (together referred to as **Proceedings**) in any other court with jurisdiction; and (ii) concurrent Proceedings in any number of jurisdictions.

18.3 Appointment of Process Agent

The Republic irrevocably appoints the Ambassador Extraordinary and Plenipotentiary of the Republic of Senegal to the Court of St. James's as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that in the event of such agent being unable or unwilling for any reason to act, it will immediately appoint another person as its agent for service of process in England in respect of any Disputes. The Republic agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this Condition shall affect the right to serve process in any other manner permitted by law.

18.4 Sovereign Immunity

The Republic consents generally in respect of any Disputes to the giving of any relief or the issue of any process in connection with such Disputes including (without limitation but subject as provided in the following paragraph) the making, enforcement or execution against any property whatsoever of any order or judgment which is made or given in such Disputes.

To the extent that the Republic may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Republic or its assets or revenues, the Republic agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction (and consents generally for the purposes of the State Immunity Act 1978 to the giving of any relief or the issue of any process in connection with any Disputes). The Republic does not hereby waive such immunity from execution or attachment in respect of (a) property, including any bank account, used by a diplomatic or consular mission of the Republic or its special missions or delegations to international organisations, (b) property of a military character and under the control of a military authority or defence agency of the Republic or (c) property dedicated to a public or governmental use by the Republic (as distinct from property which is for the time being in use or intended for use for commercial purposes within the meaning of the State Immunity Act 1978).

18.5 Other Documents

The Republic has in the Euro Agency Agreement and the Euro Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, in terms substantially similar to those set out above. In addition, the Republic has, in such documents, waived certain rights to sovereign immunity and other similar defences which it may have, on terms substantially similar to those set out in Condition 18.4 (*Sovereign Immunity*).

19. ARBITRATION

Any Disputes arising from or connected with these Conditions (including a Dispute regarding the existence, validity or termination of these Conditions) shall be referred to and finally resolved by arbitration under the Arbitration Rules (the **Rules**) of the London Court of International Arbitration (the **LCIA**).

In relation to any Disputes being resolved by arbitration, the arbitral tribunal shall consist of three arbitrators. The claimant(s), irrespective of number, shall nominate jointly one arbitrator; the respondent(s), irrespective of number, shall nominate jointly the second arbitrator; and a third arbitrator, who shall serve as Chairman, shall be appointed by the LCIA as soon as possible, preferably within 15 days of the appointment of the second arbitrator. If all the parties to an arbitration so agree, there shall be a sole arbitrator appointed by the LCIA as soon as possible, preferably within 15 days of such agreement. The seat of arbitration shall be London, England and the language of the arbitration shall be English. The parties exclude the jurisdiction of the courts under Sections 45 and 69 of the Arbitration Act 1996. Where disputes arise under these Conditions, which, in the reasonable opinion of the first tribunal to be appointed in any of the disputes (the **First Tribunal**), are so closely connected that it is expedient for them to be resolved in the same proceedings, the First Tribunal shall have the power to order that the proceedings to resolve the dispute before it shall be consolidated with those to resolve any of the other disputes (whether or not proceedings to resolve those other disputes have yet been instituted), provided that no date for the final hearing of the first arbitration has been fixed. If the First Tribunal so orders, the parties to each dispute which is a subject of its order shall be treated as having consented to their dispute being finally decided:

(a) by the First Tribunal unless the LCIA decides that it would not be suitable or impartial (in which case by a replacement tribunal appointed in accordance with the Rules) and

(b) in accordance with the procedure, at the seat and in the language specified in the arbitration agreement in the contract under which the First Tribunal was appointed, save as otherwise agreed by all parties to the consolidated proceedings or, in the absence of such agreement, ordered by the tribunal in the consolidated proceedings.

Before an arbitrator has been appointed by a Euro Noteholder to determine a Dispute, a Euro Noteholder may, by notice in writing to the Republic, require that all Disputes or a specific Dispute be heard by a court of law. If a Euro Noteholder gives such notice, the Dispute or Disputes to which such notice refers shall be determined in accordance with Condition 18.2 (*Submission to Jurisdiction*) hereof. For the avoidance of doubt, this Condition 19 is for the sole benefit of the Euro Noteholders.

20. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Euro Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

THE EURO GLOBAL CERTIFICATES

The Euro Global Certificates contain the following provisions which apply to the Euro Notes in respect of which they are issued whilst they are evidenced by the Euro Global Certificates, some of which modify the effect of the Conditions. Terms defined in the Conditions have the same meaning in paragraphs 1 to 9 above.

1. FORM OF EURO NOTES

The Regulation S Euro Notes will be represented by interests in a global note, in fully registered form, without interest coupons attached (the **Euro Unrestricted Global Certificate**) which will be deposited on or about the Closing Date with a common depositary for, and registered in the name of the common depositary for the accounts of Euroclear and Clearstream, Luxembourg.

The Rule 144A Euro Notes will be represented by interests in a global note in fully registered form without interest coupons attached (the **Euro Restricted Global Certificate** and together with the Euro Unrestricted Global Certificate, the **Euro Global Certificates**) which will be deposited on or about the Closing Date with a common depositary for, and registered in the name of a common depositary for the accounts of Euroclear and Clearstream, Luxembourg. The Euro Restricted Global Certificate (and any Certificates (as defined below) issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of each such Euro Note as set forth below.

The Euro Global Certificates will each have an ISIN number and a Common Code.

For the purposes of the Euro Restricted Global Certificate and the Euro Unrestricted Global Certificate, any reference in the Conditions to **Certificate** or **Certificates** shall, except where the context otherwise requires, be construed so as to include the relevant Euro Restricted Global Certificate or, as the case may be, the relevant Euro Unrestricted Global Certificate and interests therein.

Except in the limited circumstances described below, owners of interests in a Euro Global Certificate will not be entitled to receive physical delivery of individual note certificates.

2. ACCOUNTHOLDERS

For so long as any of the Euro Notes are evidenced by the Euro Global Certificates, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of the Euro Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Euro Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of such aggregate principal amount of such Euro Notes (and the expression **Euro Noteholders** and references to **holding of Euro Notes** and to **holder of Euro Notes** shall be construed accordingly) (the **Accountholder's Holding**) for all purposes other than with respect to payments on such Euro Notes for which purpose the Registered Holder shall be deemed to be the holder of such aggregate principal amount of the Euro Notes in accordance with and subject to the terms of the Euro Global Certificates. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Registered Holder.

3. CANCELLATION

Cancellation of any Euro Note following its purchase by the Republic will be effected by reduction in the aggregate principal amount of the Euro Notes in the Register.

4. PAYMENTS

For so long as the Registered Holder is shown in the Register as the holder of the Euro Notes evidenced by the Euro Global Certificate, the Registered Holder shall (subject as set out above under *'Accountholders'*) in all respects be entitled to the benefit of such Euro Notes and shall be entitled to the benefit of the Euro Agency Agreement. Payments of all amounts payable under the Conditions in respect of the Euro Notes as evidenced by this Euro Global Certificate will be made to the Registered Holder pursuant to the Conditions.

Distributions of amounts with respect to book-entry interests in the Euro Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Fiscal Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Upon any payment of any amount payable under the Conditions the amount so paid shall be entered by the Registrar on the Register, which entry shall constitute prima facie evidence that the payment has been made.

For the purposes of Condition 6.1 (*Payments in respect of Euro Notes*), so long as the Euro Notes as evidenced by the Euro Global Certificate are held on behalf of Euroclear and/or Clearstream, Luxembourg, the record date in respect of the Euro Notes shall be the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date.

5. INTEREST CALCULATION

For so long as Euro Notes are evidenced by a Euro Global Certificate, interest payable to the Registered Holder will be calculated by applying the rate of 4.750 per cent. per annum to the outstanding principal amount of the Euro Notes evidenced by the Euro Global Certificate and the day count fraction applied to calculate the amount of interest payable in respect of each Euro Note shall be the number of days in the relevant period, from and including the date from which interest begins to accrue, to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) and rounding the resulting figure to the nearest cent (half a cent being round upwards).

6. NOTICES

So long as the Euro Notes are evidenced by a Euro Global Certificate and such Euro Global Certificate is held on behalf of a clearing system, notices to Euro Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by Condition 12 (*Notices*) *provided that*, so long as the Euro Notes are listed on any stock exchange, notices shall also be published in accordance with the rules of such exchange. Any such notice shall be deemed to have been given to the Euro Noteholders on the day after the day on which such notice is delivered such clearing system.

Whilst any of the Euro Notes are evidenced by a Euro Global Certificate, notices to be given by a Euro Noteholder may be given by such Euro Noteholder (where applicable) through the applicable clearing system's operational procedures approved for this purpose and otherwise in such manner as the Fiscal Agent and the applicable clearing system may approve for this purpose.

7. RECORD DATE

Notwithstanding Condition 6.1, each payment in respect of a Euro Global Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the **Record Date**) where **Clearing System Business Day** means a day on which each clearing system for which the Euro Global Certificate is being held is open for business.

8. EXCHANGE AND REGISTRATION OF TITLE

The Euro Global Certificate will be exchangeable (free of charge to the holder) in whole but not in part for Certificates only upon the occurrence of an Exchange Event. An Exchange Event means that:

a) an Event of Default (as defined in Condition 10 (*Events of Default*)) has occurred and is continuing; or

b) the Republic has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available.; or

c) the Republic has or will become subject to adverse tax consequences which would not be suffered were the Euro Notes evidenced by Certificates in definitive form.

The Republic will promptly give notice to the Euro Noteholders in accordance with Condition 12 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg, as the case may be, acting on the instructions of any Accountholder may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the Republic may also give notice to the Registrar requesting exchange. Any exchange shall occur no later than ten days after the date of receipt of the first relevant notice by the Registrar.

Exchanges will be made upon presentation of the Euro Global Certificate at the office of the Registrar by or on behalf of the Registered Holder on any day on which banks are open for general business in Germany and will be effected by the Registrar (a) entering each Accountholder in the Register as the registered holder of the principal amount of Euro Notes equal to such Accountholder's Holding (as defined below) and (b) completing, authenticating and dispatching to each Accountholder a Certificate evidencing such Accountholder's Holding. The aggregate principal amount of the Euro Notes evidenced by Certificates issued upon an exchange of the Euro Global Certificate will be equal to the aggregate outstanding principal amount of the Euro Notes evidenced by the Euro Global Certificate.

The Registrar will not register title to the Euro Notes in a name other than that a nominee Euroclear and/or Clearstream Luxembourg acting as common depositary for a period of 15 calendar days preceding the due date for any payment of principal, premium (if any) or interest in respect of the Euro Notes.

If only one of the Euro Global Certificates (the **Exchanged Euro Global Certificate**) becomes exchangeable for Certificates in accordance with the above paragraphs, transfers of Euro Notes may not take place between, on the one hand, persons holding Certificates issued in exchange for beneficial interests in the Exchanged Euro Global Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Euro Global Certificate.

In the event that (a) the Euro Notes as evidenced by the Euro Global Certificate (or any part of it) have become due and repayable in accordance with the Conditions or that the maturity date of the Euro Notes has occurred and, in either case, payment in full of the amount due has not been made to the Registered Holder, or (b) following an Exchange Event, the Euro Global Certificate is not duly exchanged for Certificates by the day provided in the Euro Global Certificate, then from 8.00 p.m. (London time) on such day each Accountholder will become entitled to proceed directly against the Republic on, and subject to, the terms of the Euro Deed of Covenant executed by the Republic on 13 March 2018 in respect of the Euro Notes and the Registered Holder will have no further rights under the Euro Global Certificate (but without prejudice to the rights any person may have under the Euro Deed of Covenant).

9. TRANSFERS

Transfers of book-entry interests in the Euro Notes will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants.

USE OF PROCEEDS

The net proceeds of the issue of the USD Notes will be used by the Republic to :

(i) to repay in full the 2018 Bridge Loan;

(ii) to repay in full the CS Loan;

(iii) to repay in full the outstanding amount of the Afreximbank Loan;

(iv) to finance the purchase by Senegal of the final aggregate principal amount of the 2021 Eurobonds agreed to be purchased pursuant to the Tender Offer; and

(v) to finance projects primarily related to infrastructure, transport services, energy sector and sanitation included in the 2018 Finance Law.

The net proceeds of the issue of the Euro Notes will be used by the Republic for the same purposes as the net proceeds of the issue of the USD Notes.

For a description of each of the 2018 Bridge Loan, the CS Loan and the Afreximbank Loan, see "*Public Debt—External Debt*"

REPUBLIC OF SENEGAL

Location and Geography

Senegal is located on the westernmost point of the African continent on the Atlantic coast. The Republic occupies 196,722 km^2 and is bordered in the north by Mauritania, in the east by Mali, in the south by Guinea and Guinea-Bissau, in the west by The Gambia and by the Atlantic Ocean on a 531 km coastline. The capital city, Dakar, is on a peninsula situated on the western coast with a land area of approximately 500 km^2. The Republic's terrain is flat with sandy soil not exceeding 130 m in altitude with the exception of the south-eastern border near Guinea. The Republic's three major rivers (the Senegal River in the north (1,641 km in length), the Gambia River (1,120 km in length) and the Casamance River (300 km in length) in the south) flow from east to west. The climate is tropical, hot and humid with an average daily temperature of 17°C/63°F in the dry season (November to June) and 27°C/82°F in the wet season (July to October). The landscape is characterised by three types of vegetation: forest in the south, savannah in the interior and steppe in the north (all information from the January 2018 edition of the CIA World Factbook).

History

Archaeological findings indicate that Senegal has been inhabited since prehistoric times. Islam was established in the Senegal River valley in the 11th century and the country's inhabitants remain predominantly Muslim to this day. In the 13th and 14th centuries, the area came under the influence of the Mandingo empires to the east. Much of the region then came to be controlled by the Jolof Empire, which developed an organised political system that persisted well into the 15th century. Trade links with Europe began to be established around this time, initially by the Portuguese, who were soon followed by the Dutch, British and French. During the 17th and 18th centuries, the main trading activities were the export of slaves and of gum arabic. Groundnut cultivation, the foundation of Senegal's modern economy, began in the mid-19th century. The French expanded their occupation of Senegal and instituted colonial rule during the governorship of General Louis Faidherbe (1854-65). The French eventually incorporated Senegal into French West Africa, which had Dakar as a capital. In

1946, Senegal became a French overseas territory. On 4 April 1960, Senegal and the French Sudan (now Mali) were granted independence and formed the Federation of Mali, which became a sovereign state on 20 June 1960. However, on 20 August 1960, the Legislative Assembly of Senegal proclaimed Senegal's national independence and announced its withdrawal from the federation. On 5 September 1960, Mr. Léopold-Sédar Senghor was elected President and Mr. Mamadou Dia became Prime Minister.

Mr. Mamadou Dia was ousted by a motion of censure in 1962, marking the culmination of a political crisis opposing him to President Senghor. Mr. Senghor's power was consolidated as both the chief of state and head of the executive branch as a consequence of the reduction of the powers of the office of Prime Minister. After being re-elected three times, Mr. Senghor resigned as President at the end of 1980. Mr. Abdou Diouf, then Prime Minister, succeeded him by virtue of the Constitution.

Mr. Abdou Diouf was President from 1981 to 2000. Under President Diouf, Senegal formed with The Gambia the Confederation of Senegambia on 1 February 1982. However, the envisaged integration of the two countries was never carried out, and the union was dissolved in 1989. The conflict with the separatist movement MFDC in the southern region of Casamance also began during Mr. Diouf's presidency with sporadic outbreaks of violence in the region and suppression by the Senegalese army (See "*Risk Factors—Risks related to the Republic of Senegal—Senegal's Casamance region is politically unstable*").

President Diouf and the *Parti Socialiste* (PS), the political party that had dominated Senegal's political life since independence, were defeated in the presidential election of 2000 by opposition leader Mr. Abdoulaye Wade with 58.5% of the vote. President Wade and his *Parti Démocratique Sénégalais* (PDS) succeeded again in winning the presidential elections in 2007. During the 2012 presidential election, President Wade faced a presidential run-off, following the first ballot, against his former Prime Minister Macky Sall of the *Alliance pour la République* (APR) party, who won the run-off on 25 March 2012 with 65.8% of the vote.

Mr. Macky Sall took the oath of office as the fourth president of the Republic of Senegal on 2 April 2012 and appointed Mr. Abdoul Mbaye as Prime Minister, who assumed leadership of the government. In September 2013, Mrs. Aminata Touré, the outgoing Minister of Justice, replaced Mr. Abdoul Mbaye as Prime Minister. Following the ruling APR party's poor showing in the 29 June 2014 nationwide local elections, President Sall replaced Mrs. Touré as Prime Minister with Mr. Mahammed Dionne in July 2014, who had been previously in charge of the implementation of the PSE. Mr. Dionne was reappointed on 6 September 2017.

Population, Education and Health

Population

According to the latest census of the population conducted in 2013 by the *Agence Nationale de la Statistique et de la Démographie* (ANSD), the population of Senegal was approximately 13.51 million inhabitants in 2013 and had an annual growth rate of 2.5% over the 2002-2013 period. The next census is planned for 2023. According to the ANSD, the population of Senegal was estimated at 15.3 million inhabitants in 2017 and is expected to reach 15.7 million inhabitants in 2018.

Senegal is currently characterised by a very young population. According to the ANSD, in 2017, nearly half of Senegal's population was under the age of 18 (48.2%), while children under the age of 15 represented 41.8% of the total population. Individuals aged 65 years and over accounted for 3.6% of Senegal's total population. As a result, the dependency ratio is very high, corresponding to 83 inactive persons (people under 15 years and people of 65 years and over) for every 100 potentially active persons (people between 15 and 64 years).

According to the ANSD, in 2017, more than half of Senegal's population lived in rural areas (53.5%) as compared to 46.5% in urban areas. According to the ANSD, the population of the Dakar region was approximately 3.53 million in 2016, that is approximately one-fourth (23.1%) of the total population on only 0.3% of the territory. Other major cities include Thiès, Touba, Diourbel, Mbour, Fatick, Kaolack and Saint-Louis.

According to the January 2018 edition of the CIA World Factbook, approximately 95.3% of Senegal's population are Muslim, approximately 4.3% are Christian and approximately 0.4% hold indigenous beliefs. The Wolof and the Pular make up the largest ethnic groups, constituting approximately 38.6% and 26.6% of the population, respectively. The remaining population consists of Serer (14.9%), Mandinka (4.6%), Jola (4.1%), Soninke (2.3%), and other groups (including Europeans and persons of Lebanese descent) (8.9%).

In 2015, Senegal's Human Development Index (HDI) value was 0.494, in the low human development category, positioning the country at 162 out of 188 countries and territories recognised by the United Nations. Between 1990 and 2015, Senegal's HDI value increased from 0.367 to 0.494, an increase of 34.6%. The HDI is developed by the United Nations Development Programme (UNDP) and provides a summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life, access to education and a decent standard of living.

The table below sets out selected comparative macroeconomic and demographic statistics for 2016 (unless otherwise indicated) for Senegal and for certain other countries:

	Senegal	Côte d'Ivoire	Kenya	Nigeria	South Africa	United States
Gross national income (GNI) per capita (2011 PPP $)(1)(2)	2,250	3,163	2,881	5,443	12,087	53,245
GDP growth (annual %)	6.7	8.3	5.8	-1.6	0.3	1.5
Population growth (annual %)	2.9	2.5	2.6	2.6	1.6	0.7
Life expectancy at birth (years) (male/female)(2)	65/69	52/55	64/69	52/54	59/66	76/81
Expected years of schooling(2)	9.5	8.9	11.1	10	13	16.5
Average years of schooling(2)	2.8	5	6.3	6	10.3	13.2
Mortality rate, under-five (per 1,000 live births)	47	92	49	104	43	7

(1) Gross national income (GNI) per capita is the total income of an economy generated by its production and the factors of production it possesses, less the amounts paid for the use of production factors held by the rest of the world, converted to international dollars using the PPP rate and divided by the midyear population.
(2) Figures for 2015.
(3) Figures for 2012.
(4) Figures for 2010.
(5) Figures for 2005.
Source: World Bank, World Development Indicators database, 2018, and the UNDP, Human Development Report 2016.

According to the Government, the GDP per capita of Senegal (on the basis of constant 1999 prices) was estimated at US$ 991 (XOF 588,125) in 2016 and US$ 1,078 (XOF 1,078) in 2017.

Education

According to the UNDP, the literacy rate in Senegal for people over 15 years of age was 55.7% in 2015 (63.6% for women and 75.9% for men). Article 8 of the Constitution provides a right to education, which is compulsory from the ages of 6 to 16, but the provision of formal education in Senegal continues to be constrained by management and structural issues, as well as under-capacity. The Directorate for Education Planning and Reform (*Direction de la Planification et de la Réforme de l'Education*) (DPRE) estimates that, in 2015, 20.2% of primary school classrooms in Senegal were in private schools (as compared to 17.7% in 2014), the remainder being in free public schools.

Significant efforts have been made in recent years to improve education levels and develop skills among the population. Enrolment statistics have steadily improved, with increases in pre-primary, primary and secondary net and gross enrolment rates. Senegal's net primary school enrolment rate remained approximately 71.4% in 2015, according to the World Bank. According to the DPRE, Senegal's gross pre-primary enrolment rate increased from 8.0% in 2006 to 10.6% in 2013, 14.7% in 2014 and 16.5% in 2015. The gross primary school enrolment rate decreased from 86.8% in 2014 to 86.4% in 2015. The primary school completion rate remains relatively low at 60.9% in 2015 compared to 62.5% in 2014.

Suboptimal enrolment rates coupled with a high dropout rate (9.8% in 2016) represent obstacles to progress. While Senegal's pupil-teacher ratio in primary school has decreased significantly in recent years, from 50.9 pupils per teacher in 2000 to 32.1 pupils per teacher in 2015, according to World Bank estimates, it remains high. These figures are more than double those in most emerging countries, where the ratio in 2014 typically ranged between 15 and 25 pupils per teacher. Efforts to improve technical and vocational training remain insufficient.

In October 2013, as part of Government of Senegal's social policy, the General Delegation to Social Protection and National Solidarity (*Direction Générale à la Protection Sociale et à la Solidarité Nationale*) was charged with managing the *Programme National de Bourses de Sécurité Familiale* (PNBSF), a national scholarship programme conditioned upon enrolment of the beneficiary family's children in school and compliance with child vaccination schedules. This scholarship of XOF 25,000 per quarter for a term of 5 years targets the poorest households of the country. As of the date of this Prospectus, more than 300,000 families benefit from this scholarship.

Higher education has witnessed significant growth in student enrolment, which, in 2013, was estimated at approximately 147,957 students. The significant influx in enrolment has posed problems for public universities forced to accommodate growing numbers of students, notwithstanding the emergence of private institutions. Between 2015 and 2016, the number of students per 100,000 inhabitants increased from 1037 to 986, a decrease of 48 students.

Despite the creation of new public universities (Bambey, Thiès, Ziguinchor) designed to alleviate overcrowding at the existing public universities and the growth of Gaston Berger University, Cheikh Anta Diop University remains overcrowded. In 2013, 74,584 students were enrolled at the University of Dakar, representing 78.2% of the students officially enrolled in the four public universities in the country. Senegal's public university system continues to face difficulty accommodating the growing demand every year.

Education is one of the targets of the PSE initiative. The reforms planned under the PSE include (i) the alignment of higher education with the needs of the economy to provide businesses with workers that possess the skills they need, while improving the employment prospects of university graduates; (ii) accelerated development of technical and vocational training to address the need for technical and vocational skills; and (iii) the structuring and promotion of continuing education by identifying skills needed, expanding training options, improving financing for continuing education and promoting continuing education and certification programs. For more information, see "*Economy of Senegal—Plan Sénégal Emergent (PSE)—The PSE Priority Actions Plan*".

Health

Standards in the provision of medical and health services in Senegal are slowly improving under the direction of the Ministry of Health but generally fall significantly below the World Health Organisation's (WHO) recommendations, in particular with respect to medical infrastructure coverage and the availability of qualified practitioners. This problem is particularly acute in Senegal's rural areas, where the availability of medical and health services, including practitioners and facilities, remains substandard and inconsistent. The number of physicians in the public sector reported by the ANSD in 2015 was 833, state-employed nurses were 2,370 and state midwives were 953. In 2012, according to the ANSD, Senegal had 35 public hospitals. This equated to one public hospital for every 388,412 people. There were also 89 private hospitals (*cliniques*), or one private hospital for every 144,018 people, most of which are located in Dakar and the other large cities. Access to health care by the poorest segments of the population, who lack medical insurance, is thus a key issue facing Senegal.

According to the 2017 World Bank World Development Indicator database's estimates, in 2015 life expectancy at birth was approximately 65 years for men and 69 years for women. Malaria remains the leading cause of death in Senegal, despite a significant decline in the malaria morbidity rate in recent years due to significant efforts to combat the disease. Indeed, according to the WHO, the number of deaths from malaria decreased from 1,275 in 2000 to 526 in 2015, representing a 58.8% reduction. Cardiovascular disease, which has been largely neglected in favour of combatting communicable diseases, has become a major public health problem in Senegal.

According to World Bank estimates, the adult HIV/AIDS prevalence rate in Senegal was 0.4% in 2016, which is below the current average for other countries in West Africa. The Government has implemented programs providing for free access to antiretroviral drugs. Efforts in recent years have led to a consistent decrease estimated at 58% in the number of new infections since 2001. In 2011, Senegal adopted and implemented a national, multi-sector strategic plan to address HIV/AIDS for the 2011-2015 period, the main objectives of which were to provide universal access to prevention and treatment services, the elimination of mother-child transmission, the maintenance of a prevalence rate below 1%, and the provision of treatment to 80% of persons living with HIV/AIDS. In 2014, Senegal adopted a national strategic plan to combat HIV/AIDS for the 2014-2017 period. In anticipation of a potential explosion of the epidemic within the general population, this national strategic plan aimed, in particular, to prioritise coverage in the most vulnerable areas and assist (i) the groups most exposed to the risk of infection, (ii) the most vulnerable populations, and (iii) "stable" couples (among whom the most new infections develop). This strategic plan was structured in view of ridding Senegal of new infections, AIDS-related deaths and discrimination by 2030.

Child mortality rates, regardless of cause of death, have declined significantly since 2000. According to World Bank estimates, the mortality rate (children under 5) decreased from 134 per 1,000 live births in 2000 to 47 per 1,000 live births in 2016. This decrease is partly attributable to a significant improvement in national vaccination coverage, which increased from 59% of children aged 12-23 months in 2005 to 68% in 2015. According to the 2016 Continuous Demographic and Health Survey (2016 Continuous DHS), nearly one child in seven (14%, compared to 18% in 2010) is underweight and 2% are severely underweight (compared to 5% in 2010). According to the World Bank, the maternal mortality rate was 315 deaths per 100,000 live births in 2015, a decrease of 26.2% from 2005. However, this rate of decrease was insufficient to reach the Millennium Development Goals (MDG) target of 127 deaths per 100,000 live births by 2015. One of the 17 Sustainable Development Goals (SDGs) adopted by the United Nations Conference in Rio de Janeiro in 2012 as part of the new sustainable development plan for 2030 entails reducing the maternal mortality rate to below 70 per 100,000 live births by 2030. In addition, according to the 2016 Continuous DHS, the percentage of assisted births decreased from 65% in 2010-2011 to 55.9% in 2015-2016. This rate is below the SDG target for development with regard to maternal health improvement, which had been set at 90% for 2015.

According to the Ministry of Health, in 2012 only 13.6% of Senegalese citizens who were not eligible for compulsory medical coverage or otherwise recipients of public medical coverage (who comprise 80% of the Senegalese population) had private medical coverage through mutual health organisations, prompting the Government to launch, in September 2013, a universal healthcare initiative, the *Couverture Maladie Universelle* (CMU), designed to guarantee all Senegalese citizens access to a minimum level of healthcare. In order to reach this goal, the Government allocated to this programme nearly XOF 30 billion over the period 2013-2017 and budgeted XOF 13.7 billion in the 2018 finance law. The CMU, operated through mutual health organisations, will also provide free healthcare to children under five years old and the elderly through the renewed "Plan Sésame", a State-sponsored programme that aims to provide access to health care services to all citizens over age 60. Low-income families that benefit from the Government's "family safety" grant will participate in the health insurance plan at a rate of XOF 5,000 per family per year.

Amongst the projects planned under the PSE's Priority Actions Plan (*Plan d'Actions Prioritaires*) is the "Dakar Medical City" project, which aims to make Dakar the region's leading healthcare hub with an expected increase of 10,000 international patients per year. The components of the "Dakar Medical City" project in the implementation stage are the construction, equipping and operation of four hospitals in Touba, Kaffrine, Sédhiou and Kédougou, the *Centre Hospitalier Universitaire* (CHU) of Diamniadio, the *Centre National d'Oncologie* (CNO) in Diamniadio, the *Hôpital International de Dakar* (HID), the medical solutions production plant in Bayakh in the Thiès region, the *Centre de Chirurgie cardio-pédiatrique* in Dakar, the *Institut de recherche en santé de surveillance épidémiologique et formation* (IRESSEF) and the CHU in Saint Louis. For more information, see "*Economy of Senegal—Plan Sénégal Emergent (PSE)—Projects under the PSE*".

Political System

The first constitution of Senegal was adopted on 24 January 1959 on its integration into the Federation of Mali, but was later replaced after the dissolution of the Federation by the constitution of 26 August 1960. After the fallout in 1962 between then-President Senghor and then Prime Minister Mr. Mamadou Dia, the constitution was once again amended on 7 March 1963, removing the position of Prime Minister and establishing a presidential regime. As a result, Senegal became a de facto one-party state in the mid-1960s under the ruling *Union Progressiste Sénégalaise* (UPS), led by President Senghor. Through a series of amendments to the constitution, in 1974 multi-party politics was restored. The political system continued to be dominated by the UPS, renamed *Parti Socialiste* (PS), through the presidencies of President Senghor and President Diouf and the legislative elections in the 1970s and 1980s. The 1988 elections, won by the PS, triggered rioting in the capital, Dakar, amid allegations of electoral fraud. Opposition leader Mr. Abdoulaye Wade of the *Parti Démocratique Sénégalaise* (PDS) was arrested and briefly imprisoned. Political tensions eased in the following years and, under pressure from foreign governments, in 1991 President Diouf formed a multi-party coalition, which brought in several opposition leaders, including Mr. Wade. Although President Diouf was re-elected in 1993, political turmoil continued as the balance of power began to slowly shift away from the PS with the PDS increasing its representation in the National Assembly. In January 1994 rioting broke out in Dakar after the devaluation of the CFA franc led to sharp price increases.

A new unity government was formed in 1995, when Mr. Wade and several other opposition politicians were given ministerial posts. Prior to the May 1998 legislative election, former PS interior minister Djibo Ka left the PS to form the *Union pour le Renouveau Démocratique* (URD) party and around the same time Mr. Wade and his colleagues resigned from their ministerial posts. The opposition gained momentum from the splintering of the PS and rallied the electorate towards Mr. Wade's victory in the presidential election in 2000. After President Wade's election in 2000, a new Constitution was adopted by referendum (passing with a 94% majority) on 7 January 2001. The constitution was amended several times thereafter, in particular to increase the President's political influence. The Senate was abolished in 2001, re-established in 2007 and then abolished again in September 2012.

During the 2012 presidential election, President Wade faced a run-off, following the first ballot, against his former Prime Minister Macky Sall of the *Alliance Pour la République* (APR), who won the run-off on 25 March 2012 with 65.8% of the vote. Mr. Sall took the oath of office as the fourth President of the Republic of Senegal on 2 April 2012. The next presidential election will take place in March 2019.

On 20 March 2016, President Sall organised a referendum on proposed revisions to the constitution of Senegal. These revisions included, notably, the limitation of presidential mandates to two, the change of the term for the presidential mandate from seven to five years as from the end of the current presidential mandate, the promotion of local governance through the creation of a *Haut Conseil des Collectivités Territoriales* (High Council of Local Communities) to replace the Senate which was abolished in September 2012, the right for the Senegalese diaspora to elect members to the National Assembly, and certain measures designed to reinforce the powers of the National Assembly and the rights of the opposition vis-à-vis the Government. The constitutional amendments were approved by a majority of approximately 63%.

Senegal remains one of the most stable democracies in Africa, according to the January 2018 edition of the CIA World Factbook.

Political Parties

Although a multi-party system since the mid-1970s, Senegal's political scene has been dominated by two main political parties, the PDS and the PS. Since the transition of power from the PS to the PDS in the 2000 elections, the dominance of political parties has largely been supplanted by the politics of large coalitions.

During the legislative elections of July 2012, *Benno Bokk Yakaar* (BBY), a coalition comprising the APR of President Sall, the PS led by Mr. Ousmane Tanor Dieng and the *Alliance des Forces de Progrès* (AFP) led by Mr. Moustapha Niasse won against a sharply divided PDS. The BBY coalition claimed a large victory, winning 119 of 150 seats in the National Assembly. As a result of this victory, President Sall secured support within the National Assembly of the three-fifths majority required to approve amendments to the constitution. Former President Wade's PDS party won 12 seats, while the *Bokk Guiss Guiss* party, comprised of liberal dissidents, won four seats. On 30 July 2012, Mr. Moustapha Niasse was elected president of the National Assembly.

Shortly before the planned Senate elections in September 2012, President Sall decided on 28 August 2012 to introduce a draft constitutional law to abolish the Senate and return to a unicameral chamber. The draft, rejected at first reading by the Senate on 14 September 2012, was finally approved by the National Assembly on 19 September 2012, with immediate effect.

Executive Branch

The President

The President is elected by direct universal suffrage upon a majority vote in two rounds for a term which was seven years until the referendum held in March 2016, which changed it to five years (except that the current term of President Macky Sall will last for seven years). A two-term limit applies to the President. The current President, Mr. Macky Sall, was elected on 25 March 2012 with 65.8% of the votes for a 7-year term ending in 2019. In the event of the death of the President, the president of the National Assembly fulfils the role of President and must organise presidential elections between 60 and 90 days after the Constitutional Council (*Conseil Constitutionnel*) confirms the vacancy of the executive office.

Under the constitution, the President is vested with a number of duties and powers. Among other things, the President guarantees the operation of public institutions, national independence and the integrity of the territory. In furtherance of these duties, the President is commander-in-chief of the armed forces. In addition, the President appoints high ranking civil service employees.

The nation's policies are determined and its laws promulgated by the President. The Prime Minister is appointed and dismissed by the President, and the President appoints the members of the Government based on a proposal by the Prime Minister. The President and the Government develop specific policies together, while the Government has the power to propose laws to further such policies. If the laws are adopted by the Parliament, they are enacted by signature of the President.

The President appoints by decree the members of the Constitutional Council, the court responsible for validating the constitutionality of laws, for a non-renewable term of six years. The President also appoints the 80 members of the Economic, Social and Environmental Council.

The Government

The Government, consisting of the Prime Minister, his ministers and their respective ministries, is accountable to the President and the Parliament through written and oral questions and the censure right of the Parliament and conducts state policy in conjunction with the President. The Prime Minister is the head of the Government and is appointed by the President. The remaining ministers are proposed by the Prime Minister and appointed by the President. The Prime Minister supervises the work of the Government and the execution of Senegal's laws. The current Prime Minister, Mr. Mahammed Dionne, was appointed in July 2014 from his prior position as Minister in charge of monitoring the *Plan Sénégal Emergent* and was reappointed on 6 September 2017. The constitution prohibits the appointment of ministers who are members of Parliament and ministers are not permitted to conduct any other paid professional work in the public or private sector. The Government's primary purposes are to put into practice public policies and to apply the budget adopted by Parliament.

Legislative Branch

The National Assembly has 165 seats, and its members (known as deputies) are elected by universal suffrage (105 by majority vote and 60 by proportional vote) for five years. The latest legislative elections, initially scheduled on 2 July 2017, were held on 30 July 2017 and were won by a significant margin by the BBY, with

49.48% of the votes cast. In total, the coalition in power won 125 seats out of 165, 97 of which went to President Macky Sall's party alone.

The President of the National Assembly is elected for a term of five years by the members of the National Assembly. The current President of the National Assembly is Mr. Moustapha Niasse; he was re-elected on 14 September 2017.

Parliament is in session from October to June.

The current constitution, in force since 2001, has been amended numerous times. The most significant amendments include changes in 2006 to postpone the legislative elections to 2007 and increase the number of seats in the National Assembly from 120 to 150, and changes in 2008 to extend presidential terms from five to seven years. In March 2016, the constitution was further amended by way of referendum to grant the right for the Senegalese diaspora to elect members to the National Assembly (representing 15 deputies, increasing the number of seats from 150 to 165) and to establish certain measures designed to reinforce the powers of the National Assembly and the rights of the opposition vis-à-vis the Government (for other significant revisions, see "*—Political System"*).

Parliament monitors the Government's activities through written and oral questions and the National Assembly can also pass a vote of censure on its own initiative or a vote of no confidence at the request of the Prime Minister, in which case the Prime Minister must immediately tender his resignation to the President.

Passage of Laws

Both the Government and the Parliament have the authority to propose draft laws: bills (*projets de loi*) come from the Government and proposed legislation (*propositions de loi*) come from Parliament. The bills and proposed legislation are adopted pursuant to the same procedure. There are two principal types of law in Senegal. The constitution provides for organisational laws (*lois organiques*) which are intended to clarify or complete constitutional measures. They are a part of the constitutional order and are of a higher importance than ordinary laws (*lois ordinaires*). After a draft law is submitted, Parliament votes on it. Organisational laws must be approved in the National Assembly by more than 50% of all deputies, while ordinary laws must be approved by more than 50% of the deputies present and voting. Approval of three-fifths of the deputies is required for amendments to the constitution.

Following approval by Parliament, laws are then promulgated by the President. The President may refuse to promulgate a law and ask the National Assembly to re-examine certain provisions of a law. A law re-examined by the National Assembly must be approved by three-fifths of the members of the National Assembly. If the President still refuses to promulgate a law, the law is submitted to the Constitutional Council, which checks the conformity of the law with the Constitution. If the Constitutional Council decides that it conforms with the Constitution, then the President must promulgate such law.

Finance Laws

Following preparation by the Minister of Finance (see "*Public Finance—National Budget*"), Parliament discusses and approves the annual finance bill (including the national budget), which must be filed with the office of the National Assembly, on or prior to the first day of the ordinary session of Parliament. The Parliament has a maximum of sixty days to approve the draft finance laws. If, as a result of an absolute necessity, the President is not able to file the annual finance bill in sufficient time in order for the Parliament to meet the required deadline, the ordinary session of Parliament is automatically extended until the adoption of the finance law. The National Assembly must vote within thirty-five days after the filing of the draft law. When the text is adopted, the law is immediately passed on to the President for promulgation. This initial finance law (*loi de finances initiale*) may be amended, if needed, over the course of the year by one or more "*lois de finances rectificatives*".

If the annual finance law has not been promulgated before the beginning of the financial year, the President is authorised to prescribe the continuation of the collection of existing taxes and to renew by decree the services previously voted for.

Judicial Branch

The judicial system in Senegal is divided into the Constitutional Council (*Conseil Constitutionnel*), the Supreme Court (*Cour Suprême*), the Court of Auditors (*Cour des Comptes*), the High Court of Justice (*Haute Cour de Justice*) and the lower courts.

The Constitutional Council is, together with the Supreme Court, one of the highest courts of Senegal. It is responsible for the protection of constitutional and legal rights, for resolving jurisdictional disputes between the executive and the legislative branches and for regulating the election process. Decisions of the Constitutional Council cannot be appealed. A constitutional law dated April 2016 modified the number of judges (*sages*) from the Constitutional Council from five to seven judges appointed for six years. The President appoints the members of the Constitutional Council, of whom two members are selected from a list of four candidates provided by the President of the National Assembly. The terms of a maximum of two judges (not including the president and the vice-president of the Constitutional Council) can be renewed in any two year period. The members of the Constitutional Council cannot be removed prior to the expiration of their terms. The Constitutional Council has the power to determine the conformity of laws with the Constitution and can veto proposed laws that are deemed to be unconstitutional before they come into force. There are two ways in which the Constitutional Council may be called upon to engage in a constitutional review. First, it may be requested by the President, or a proportion exceeding 10% of the deputies of the National Assembly to review the constitutionality of a law or proposed law. Second, the Constitutional Council may hear judicial review cases brought by any person referred to it by the appeal courts.

The Supreme Court is the highest administrative and judicial court and forum for judicial review of activities of the President, the Government and other public bodies and the highest appeal court for litigation relating to electoral rolls and regional and municipal elections. It also has an advisory role, in that the President, Parliament and the Government may refer drafts of laws and regulations to it for legal advice. In addition, the Supreme Court reviews on appeal judgments handed down by the appeal courts and tribunals. The magistrates of the Supreme Court are professional judges appointed by the President after consultation with the *Conseil Supérieur de la Magistrature* (CSM).

The Court of Auditors is responsible for controlling public finances. It has the jurisdiction to audit the accounts of governmental and other public and quasi-public bodies. It adjudicates on all conflicts arising from the audits of these bodies, presents reports to Parliament and to the Government and may impose disciplinary sanctions and penalties on the relevant authorities, without prejudice to general criminal law investigations and prosecutions.

The High Court of Justice rules on allegations of treason or breach of oath made against the President and allegations of crimes or conspiracy against the security of the Republic made against the Prime Minister and the ministers. Its eight judges and eight substitute judges are elected by the National Assembly. The other members of the High Court of Justice are the president of the Supreme Court, who chairs the court, the president of the Criminal Division of the Supreme Court and a deputy chairman.

The lower courts comprise (i) the district courts (*tribunaux d'instance*) for small cases, (ii) the courts of first instance (*tribunaux de grande instance*) for larger cases or for cases appealing district court decisions, (iii) the commercial courts, (iv) the labour courts and (v) the courts of appeal. The courts of appeal hear appellate proceedings for decisions handed down by first instance courts (in civil, commercial, criminal, administrative and tax matters) and by the commercial courts and appellate proceedings for decisions handed down by district courts in criminal affairs specific to their jurisdiction and civil or direct actions brought in conjunction with public actions in such affairs.

Judicial Reform

Modernising the judicial system and its various services is one of the priorities of the PSE. In this context, the Government has sought to reorganise the public services associated with the judicial system to ensure better distribution, greater efficiency and improved performance. This led to the repeal of Decree No. 84-1194 of 22 October 1984, setting out the composition and jurisdiction of the courts of appeal, regional courts and departmental courts, and the adoption of Law No. 2014-26 of 3 November 2014, providing for a new organisation of the judicial system in Senegal.

In 2015, Decree No. 2015-1039 of 20 July 2015, setting out the organisation of the judicial system, and Decree No. 2015-1145 of 3 August 2015, establishing the composition and jurisdiction of the courts of appeal, courts of first instance and district courts, were adopted, allowing for the implementation, that same year, of a new judicial map which notably increased the jurisdiction of lower courts, with a view to allowing claimants to have claims heard in courts located within a reasonable distance. Regional and departmental courts were replaced with first instance and district courts, respectively. Changes in the names of lower courts, in line with the goal of dissociating them from the administrative organisation, were thus accompanied with a new distribution of jurisdictions in order to ensure more prompt treatment of cases and improved local access to justice. The new judicial organisation relies upon the following innovations: change of names of lower courts, new definition of the levels of the various appeals courts, creation of criminal chambers to replace criminal courts, new distribution of jurisdiction between courts and inclusion of registry administrators.

On June 28, 2017, Law No. 2017-24 on the creation, organisation and functioning of the commercial courts and commercial appeals chambers (*chambres commerciales d'appel*) was promulgated in an effort to strengthen the protection of investors and reduce delays in the implementation of agreements. The primary distinguishing feature of the commercial courts and commercial appeals chambers is that they are composed of judges, professional judges and consular judges. Consular judges are not career judges but rather businessmen or women (*commerçants*) appointed for a set period by the National Chamber of Commerce, Industry and Services (*Chambre Nationale de Commerce, d'Industrie et de Services*) and the Regional Chambers of Commerce, Industry and Services (*Chambres Régionales de Commerce, d'Industrie et de Services*) upon consultation with the legally constituted economic trade associations. The jurisdiction of a commercial court does not necessarily correspond to a particular district or to the jurisdiction of a district court or court of first instance. The establishment or removal of a commercial court depends on the commercial activity in each region. In regions where there is no commercial court, or pending the establishment of such a court, commercial cases are heard by the district and first instance courts. Appeals of commercial court decisions are heard by the commercial appeals chamber created within the court of appeal in the jurisdiction of the court that issued the disputed decision.

Local Authorities

Senegal is divided into 14 regions each administered by a governor. Each region is further divided into administrative departments (*départements*) which are sub-divided into districts. The administrative departments are administered by *préfets* and each district (*arrondissement)* is presided over by a *sous-préfet*. Villages, in rural areas, and neighbourhoods, in urban areas, constitute the smallest regions of administrative authority and are administered by village chiefs and neighbourhood chiefs, respectively. Governors, *préfets* and *sous-préfets* are appointed by the President, whilst village chiefs and neighbourhood chiefs are appointed or acknowledged by the *sous-préfets* and *préfets*, respectively.

Following a series of laws passed in 1996, there has been a gradual devolution of powers to these local authorities in the areas of education, health, public utilities and housing, subject to an obligation that the Government provide local authorities with financial resources at least equivalent to the financial obligations arising out of the transfer of power to local authorities. In practice, the financial resources have been attributed to local authorities through a subsidy in an amount equal to a certain percentage of the VAT collected by the state. The percentage is revised each year after taking into account the progress of the transfer of power (see "*Public Finance—The Budget Process—Local Authorities*"). However, many local authorities still do not have the resources necessary to exercise the functions transferred to them by the laws passed in 1996. As part of its programme of devolution of power to the localities, Senegal therefore intends to progressively increase the resources of local authorities in tandem with the increased needs of local authorities. Devolution is expected to benefit the public finances in the long-term as the cost of providing public services is transferred. The Government's *Programme de Renforcement et d'Equipment des Collectivités Locales*, aimed at strengthening the financial resources of local authorities, was substantially completed in 2013. The programme has cost XOF 87.2 billion, of which XOF 47 billion was funded by the World Bank and XOF 10 billion by the *Alliance Française de Développement* (AFD).

On 19 March 2013, the Republic launched the third phase of its decentralisation policy, known as the Third Act of Decentralisation (*Acte III de la Décentralisation*). The main objective of this reform is to organise Senegal into viable, competitive territories which encourage sustainable development at the local level. This reform has four key objectives: (i) anchoring territorial coherence for a transformed administrative architecture, (ii) clarifying the division of authority between the state and the local governments, (iii) developing the contractual arrangements between those two levels of decision-making and (iv) modernising public territorial management, specifically local finance oversight and human resources. Pursuant to Decree No. 2013- 581 dated 29 April 2013, a national steering committee has been launched in order to monitor the implementation of this reform. Law No. 2013-10 dated 28 December 2013 (which repeals and replaces Law No. 96-06, Law No. 96-07 and Law No. 96-09 dated 22 March 1996) also established a new *Code Général des Collectivités Locales*. Pursuant to this law, the organisation of regions into local authorities has been eliminated; instead, local authorities are created at the departmental level. Moreover, the allocation of powers between the departmental authority and the municipality has also been clarified.

Legal Framework

As a former French colony, Senegal inherited many of its fundamental legal texts and customs from the French civil law system. The primary sources of law in Senegal are the Constitution, international treaties, legislation passed by the Parliament and governmental decrees. The legal texts of Senegal are published in an official gazette, known as the *Journal Officiel de la République du Sénégal*, by the General Secretariat of the Government.

As in most former French colonies, the French Civil Code of 1804 is the basis for non-criminal aspects of the legal system. The civil code was introduced in French colonies in 1833. It comprises the basic family, inheritance, trust, tort and contract law and the basic rules regarding the status of persons and is the basis of a variety of different codes in Senegal today including the Family Code, the Nationality Code and the Code of Civil and Commercial Obligations.

Business law is also influenced by Senegal's membership in the Organisation for the Harmonisation of African Business Law (OHADA) which was created on 17 October 1993. With 17 member countries, the primary goal of OHADA is to harmonise laws in the area of business and commercial law. Senegal's law in these areas is derived directly from the OHADA regulation and therefore complies with OHADA's harmonisation requirements. In addition, the OHADA treaty has created a supranational court to ensure uniformity and consistent legal interpretation across the member countries. Senegalese companies are accordingly subject to the jurisdiction of this court. In the past few years, OHADA law has been undergoing various reforms aimed at modernising its rules and adapting them to the changing business environment in Senegal and other member countries.

Since 2012, the Government of President Sall has made good governance and transparency in the management of public affairs a priority. In 2013, President Sall created a Ministry of Good Governance (now the Ministry of Good Governance and Child Protection) in order to strengthen the mechanisms of regulation and the oversight of good governance. The Government reactivated Law No. 81-53 of 10 July 1981 against illicit enrichment enacted in 1981 under President Diouf to fight corruption among government officials and civil servants. As defined in the explanatory statement of the law of July 10, 1981, the offense of illicit enrichment is established, according to Article 163 bis of the Senegalese Criminal Code, when, upon receiving formal notice, a person implicated by the law is unable to provide proof of a legal source of the funds allowing him or her to possess an estate or maintain a lifestyle that is inconsistent with his or her legal income. The persons targeted by the law are, essentially, elected public officials, government workers, judges, civil servants, military officials, persons vested with any sort of public authority, public depositaries, public or ministerial officers and managers or any kind of agent of public establishments.

In May 2012, President Sall issued a decree appointing the members of the Court of Suppression of Illegally Acquired Assets, or *Cour de Répression de l'Enrichissement Illicite* (CREI), called for by the 1981 law. On the basis of allegations of serious corruption committed while President Wade was in office, the CREI initiated proceedings against several former government officials and high ranking civil servants, including Mr. Karim Wade, the son of former President Wade who served in his father's government. Mr Karim Wade was found guilty of corruption and sentenced to a 6-year prison term, but in June 2016, he received a presidential pardon after serving approximately three years in prison.

In addition, Law No. 2012-30 of 28 December 2012 provided for the creation of the National Office against Fraud and Corruption (*Office National de lutte contre la Fraude et Corruption*) (OFNAC), which is an independent administrative authority with financial autonomy. Its mission is to fight against corruption, the misappropriation of public funds and fraud. It has the power to commence investigations on its own initiative and is composed of twelve members appointed by decree. The establishment of the OFNAC allowed Senegal to meet the recommendation of the United Nations Convention against Corruption (UNCAC), which asks States Party to create one or more independent bodies to fight against corruption (Article 6).

On 3 January 2018, the Council of Ministers adopted a draft law on anti-money laundering and counter terrorist financing, transposing Directive No. 02/2015/CM/WAEMU on the fight against money laundering and terrorist financing in WAEMU member states.

Legal Proceedings

The only notable proceeding in which the State of Senegal is involved, as of the date of this Prospectus, is an arbitration before an ad hoc tribunal set up under the rules of the United Nations Commission on International Trade Law initiated in July 2015 by Mr. Ibrahim Abou Khalil against the State of Senegal, following his conviction for complicity with illicit enrichment by the CREI in March 2015, including a 5-year jail sentence and a XOF 138 billion fine. Mr. Khalil is requesting interim measures asking: (i) that the State cease all measures of restraint against him, (ii) that all civil and criminal enforcement measures against him, in direct or indirect relation to the subject of the dispute, be suspended (iii) that his freedom of movement no longer be prevented and (iv) that the provisional administration and sequestration of the investment pending the decision be definitively ceased or at least suspended. The potential amount of Mr Khalil's claim against Senegal is approximately €35.4 million, consisting of the following: (i) approximately €18.9 million for losses suffered as a result of the sequestration of Hardstand SA, (ii) approximately €5.1 million for sequestration of property and (iii) approximately €11.4 million for moral damages. Senegal has presented its defence before the arbitral tribunal, where the case is still ongoing.

As of the date of this Prospectus, there are no other judicial or arbitral procedures that could have, or recently have had, a significant impact on the economic and financial situation of the country.

Instability in the Casamance Region

Casamance is the southern region of Senegal and is largely separated from the rest of the country by The Gambia. The region is culturally, ethnically and historically distinct from the remainder of Senegal, in part as it was under Portuguese rule before being integrated into the French colony of Senegal in 1888.

A separatist movement has existed in Casamance both before and since Senegal gained independence from France in 1960. The separatists claim that Casamance accepted being subsumed into Senegal during independence in return for a promise by Léopold Senghor, the first President of Senegal, that after 20 years as part of Senegal, the region would become independent. In the early 1980s, when the Senegalese government refused to acknowledge these claims and it became clear that no move towards autonomy would be tolerated, independence demonstrations began. Since 1982, the MFDC has been fighting for an independent Casamance, first through popular protest, then since 1990 through a guerrilla war. Despite ceasefires and accords throughout the 1990s and improved security conditions, a lasting peace has not been achieved and over 60,000 civilians have been displaced.

A peace accord signed between the Government and the MFDC in 2004 quelled unrest for a time, however, some groups within the separatist movement saw the ceasefire as a betrayal and there was violence between two opposing factions within the MFDC for a brief period immediately thereafter. In December 2006, the situation deteriorated further with the murder of prominent political figure Oumar Lamine Badji, a close political ally of former President Wade. Renewed violence in the region in 2009 and again in December 2010 and early 2011 between the MFDC and the Senegalese military led to further displacement of civilians and political instability in the region. In March 2011, the Government returned significant lands to the people of the Casamance region following internationally financed clearing of land mines in those lands.

Since President Sall's election in 2012, unrest has diminished amid a general pacification effort in the Casamance region. Several initiatives have been launched by the Government under the *Programme de Relance des Activités Economiques et Sociales en Casamance* (PRAESC) in order to gradually secure a sustainable peace and reintegrate the population into a favourable economic and social environment that will promote long-term development, while respecting the particularities of the region. Such initiatives also include the launch of new development programmes in the region. In October 2016, the French authorities withdrew the Casamance region from their official red list of insecure tourist zones. In the view of the Senegalese authorities, the regime change that took place in The Gambia following the December 2016 presidential elections and the defeat of Mr. Yahya Jammeh, who was suspected of supporting the Casamance separatists, and the assumption of power in January 2017 of President-elect Mr. Adama Barrow with the help of ECOWAS and the Senegalese armed forces, is a promising development for the pacification of the Casamance region.

The dialogue between Senegal and the MFDC is continuing in the context of the improved diplomatic environment between Senegal and The Gambia. However, on 6 January 2018, Casamance experienced a notable incident of violence with the killing of 14 people by armed men in the protected forest of Bofa-Bayotte, near Ziguinchor. The Senegalese Government considers that this violence arose due to activities undertaken by organisations involved in illegal logging in Casamance. Following this incident, the Senegalese army initiated a series of military operations in Casamance. Two people, including a presumed "rebel," were killed by members of the Senegalese military on 14 and 20 January 2018. Over twenty suspects were arrested by the army, sixteen of which were referred to the prosecutor's office on 19 January 2018 for participation in a criminal association, murder, participation in an insurrectionary movement and possession of weapons without authorisation. See "*Risk Factors—Risks related to the Republic of Senegal—Senegal's Casamance region is politically unstable*".

Foreign Relations

Senegal's foreign policy is based on three fundamental principles: (i) the furtherance of Senegal's economic and social development, (ii) the promotion of peace between nations and (iii) the strengthening of international cooperation. These principles apply to the distinct areas of policy regarding Africa and the rest of the world.

Africa

Senegal has been actively involved in regional peacekeeping operations in the last three years, including in The Gambia, the Central African Republic, the Democratic Republic of Congo, Sudan and in Mali. While Senegal's relations with its neighbouring countries have at times been volatile, it currently maintains generally positive relations with its West African neighbours.

The Gambia

In January 2017, Senegal participated actively in the successful intervention of the ECOWAS aimed at ensuring that Mr. Yahya Jammeh, who had lost the presidential elections to Mr. Barrow in December 2016, effectively surrendered power. Under the auspices of the ECOWAS, the Senegalese armed forces were instrumental in creating the conditions for a peaceful inauguration of Mr. Barrow as President. President Barrow recently paid his first official visit to Senegal and has confirmed his intention to strengthen cooperation between Senegal and The Gambia. A Senegalese military contingent remains in The Gambia at President Barrow's request as part of the bilateral cooperation between Senegal and The Gambia.

Côte d'Ivoire

Côte d'Ivoire and Senegal share a strong commercial relationship reflecting their status as the largest and second largest economies in the WAEMU, respectively. According to BCEAO estimates, 4.7% of all Senegalese exports in 2017 were destined for Côte d'Ivoire, making it the second largest African recipient of Senegal's products after Mali. In 2017, it supplied approximately 1.8% of Senegal's imports.

Mauritania

After years of tense relations with Mauritania following a minor border incident in 1989 that led to riots in both countries in which hundreds of people died and thousands of Mauritanians were exiled from Senegal and Senegalese exiled from Mauritania, diplomatic relations between the two countries resumed in 1992. While tensions arose occasionally in subsequent years, Senegal's relationship with Mauritania has improved significantly since 2009, when, following a coup in Mauritania the previous year, Senegal hosted and successfully mediated negotiations that led to presidential elections. As part of the strengthening of the economic cooperation between Senegal and Mauritania, Senegal has increased its import capacity of gas generated electricity from Mauritania initially from 80 MW to 125 MW, with a medium-term objective of 250 MW through the construction of a high-voltage line from Nouakchott in Mauritania to Tobene in Senegal. However, the availability of SENELEC's power generation facilities, with the commissioning of Tobène Power and the ContourGlobal Cap des Biches plant, have significantly reduced energy imports.

In addition, a development programme aimed at strengthening the dairy product value chain, through extended access to solar energy in the milk-producing regions of Senegal and Mauritania, was implemented and financed by the European Union and the two countries' governments for a total of €6.9 million over a four-year period (2015-2018). It consists of providing farmers with solar energy systems for milk conservation, grinding, welding and lighting, support for the collection system and assistance in the development of the market for dairy products.

In February 2018, Senegal and Mauritania signed an inter-State cooperation agreement for the development and exploitation of the "Grand Tortue/Ahmeyim" gas field, which extends across both sides of the international maritime boundary between the two States, through cross-border unitisation. This agreement, which remains subject to ratification by both countries, provides for a 50-50 initial split of resources and revenues and a mechanism for future equity redeterminations based on actual production and other technical data.

The management of fishing activities is the subject of tensions between Senegal and Mauritania. The new Mauritanian fisheries code, promulgated in 2015, strengthened the conditions on foreigners fishing in the country. Moreover, the non-renewal in 2016 of the fisheries agreement entered into between the two countries in 2001 to regulate fishermen's activities in Mauritania added to the tension. On 27 January 2018, a young Senegalese fisherman was killed by the Mauritanian coast guard. Following a visit by President Macky Sall to Mauritania in February 2018, the two Heads of State discussed the conditions for the exploitation of fishery resources and gave instructions for closer cooperation in this area, with a view to signing a memorandum of understanding between the two countries by the end of March 2018.

Guinea-Bissau

In the past, relations with Guinea-Bissau have been complicated by the presence there of many refugees from Senegal's Casamance region, and by the Casamance separatists' use of Guinea-Bissau as a base of operations. However relations have improved since the 2012 coup in Guinea-Bissau, during which Senegal sent troops in to help stabilise the situation, and the subsequent presidential elections. In 2014, the newly elected president of Guinea-Bissau made an official visit to Senegal, during which he stressed the importance of close ties between the two countries and cooperation in the region.

On 26 April 1960, an agreement was concluded, through an exchange of correspondence, between France, in its own name and on behalf of the European Community, and Portugal, in order to define the maritime border between Senegal and Guinea-Bissau. After Senegal's and Guinea-Bissau's independence, a dispute arose between the two States regarding their maritime borders. On 12 March 1985, an arbitration agreement was signed and an arbitral tribunal was established in Geneva. On 31 July 1989, this tribunal rendered its ruling, which validated the agreement, the subject of the dispute between Senegal and Guinea-Bissau. Following the issuance of the arbitral ruling, Guinea-Bissau introduced a proceeding before the International Court of Justice. A management and cooperation agreement was signed on 14 October 1993 with respect to the maritime zone jointly used by Senegal and Guinea-Bissau. On 9 December 2014, Guinea-Bissau notified Senegal of its intention to denounce all the provisions governing the two countries' relations in the jointly-used maritime zone, the application of which was subject to renewal after a twenty-year period. Negotiations between the two States are underway.

Mali

Mali is Senegal's most active regional trade partner, with 19.8% of Senegal's exports in 2017 going to Mali according to BCEAO estimates. Dakar serves as the main gateway for Mali's exports and imports. These strong relations have been reaffirmed through productive diplomatic and military cooperation, particularly in the context of the 2012 conflict in northern Mali, when Senegal sent troops in to Mali under the African Union and UN banners. There are also growing agricultural ties between the two countries.

Rest of the World

Senegal's policy is to foster broad-based foreign relations with countries around the world. It has opened economic offices (*bureaux économiques*) within its embassies in Paris, Brussels, Madrid, Washington and Beijing as part of an initiative to improve economic links with these partner countries.

France

As a former French colony, Senegal has maintained strong ties with France since independence. France is Senegal's most significant European trading partner and one of its largest trading partners overall. According to the BCEAO estimates, in 2017, 14.7% of Senegal's imports came from France.

France has historically made an important contribution to the economic development of Senegal both through its official aid, and through institutions such as the BCEAO (See "*Monetary System—The BCEAO*") and the AFD or the investments of French enterprises in the country. During the Consultative Group held in February 2014, the AFD pledged approximately XOF 475 billion toward the financing of the PSE. New commitments announced by France to help finance the Priority Actions Plan (*Plan d'Actions Prioritaires*) (PAP) for the 2014-2018 period amount to XOF 282 billion. Since February 2014, Senegal has entered into 31 financing agreements with the AFD for a total amount of approximately XOF 713.9 billion. AFD funding is used in the areas of agriculture, energy, transportation infrastructure, education and training, and health. In particular, the AFD is actively involved in the financing of the AIBD, the toll road network of the Dakar agglomeration as well as the Express Regional Train AIBD-City of Dakar.

On 1 February 2018, President Macron visited Dakar, where he met with President Macky Sall. During this visit, the two Heads of State made several pledges to develop the bilateral cooperation between the two countries. For example, President Macron announced €25 million in aid for the restoration of the degraded historical heritage of the old city of Saint Louis, which is on the Unesco World Heritage List. He also announced €15 million in aid from the AFD to finance the construction of a sea wall against coastal erosion in Saint Louis. In addition, several agreements involving French companies active in Senegal were signed during the visit, including a pre-operating agreement between Senegal and the French SNCF-RATP group, whereby the operation and maintenance of the TER, which is to link Dakar to the AIBD, will be entrusted to them for a minimum period of five years. Air Senegal and Airbus signed a firm order for the acquisition by Senegal of two A330-900 NEO, the new remotorised version of the large A330 aircraft.

The United States

The United States is a key target in Senegal's attempts to diversify its international relations. The United States provides economic and technical assistance through different agencies such as the United States Agency for International Development (USAID) and the Millennium Challenge Corporation (MCC).

In September 2009, MCC signed a five-year, US$ 540 million compact with Senegal designed to reduce poverty and promote economic growth by unlocking the country's agricultural productivity and expanding access to markets and services, MCC funding has been used, in particular, in the rehabilitation of major national roads and strategic investments in irrigation and water resource management infrastructure, with a focus on the peripheral northern and southern regions of Senegal, thus contributing to facilitate two national priorities identified by the Government of Senegal: to reduce poverty in Senegal through economic growth and to increase the country's food security. The following projects were completed in 2015 through MCC financing: the rehabilitation of the Richard Toll Ndioum road, the construction of a new bridge at Ndioum, the development of the Delta hydraulic framework and the flood reservoirs at Podor in the northern region of Senegal, the rehabilitation of the Ziguinchor-Vélingara road and the construction of the Kolda bridge in the southern region of Senegal.

The Vice-Chairman of the MCC's Board of Directors recently informed the Senegalese authorities of Senegal's selection for the second phase of the MCC.

In 2010, the Government of Senegal and USAID signed a cooperation programme of US$ 777 million for the 2010-2015 period. This programme was designed to promote education (US$ 78 million), health (US$ 341 million), economic growth (US$ 321 million), and democracy, good governance and the peace process in Casamance (US$ 36 million). In 2013, USAID extended US$ 111 million to Senegal. In the field of education, the USAID programme extended reading training to over two million students and helped finance the construction of 17 academic establishments. Through its *Programme d'Eau Potable et d'Assainissement du Millénaire* (PEPAM), a XOF 611 billion drinking water and sanitation programme with specified objectives for both urban and rural areas to be achieved by 2015 and beyond. USAID helped, in particular, to install in the Tambacounda, Kolda, Sédhiou and Ziguinchor regions 350 manual pump wells, eight large multi-village hydraulic systems and 4,000 traditional latrines in 70 schools and 39 medical centres. See "*Economy of Senegal—Drinking Water, Sanitation"*.

In September 2015, the Government and USAID signed another cooperation programme of US$ 350 million for the 2015-2019 period to promote projects in the field of health, education, agriculture, hydro power and governance. Since 2015, USAID has introduced the "Government to Government" (G2G) approach that involves using national procedures to implement the projects financed by USAID in Senegal. This approach enhances the management role of technical ministries as well as local capacities to more effectively manage the resources of their sectors and promote the use of national resources.

China

Senegal's relations with China have improved significantly in recent years, in particular since the restoration of full diplomatic ties with China in October 2005. This improvement was illustrated by the official visit by President Sall to China in February 2014. China and Senegal have strengthened their relations by a series of investment agreements and China has pledged significant financial support to Senegal, becoming one of Senegal's leading financing partners. China is now Senegal's largest provider of funding and its second largest trading partner after the European Union. In 2013, China extended loans of approximately XOF 8 billion to finance the supplementary phase of construction of the "Boucle de Dakar" electricity network and approximately XOF 69 billion to help finance the Gouina hydroelectric project on the Senegal river. China also agreed to provide financing in respect of phase II of the e-Government project, the second phase of the national security network and the first phase of the extension of the electricity grid in Dakar and its suburbs.

Total financing approved by China for Senegal since 2005 exceeds XOF 1,206.7 billion. This financing is divided among concessional loans (XOF 1,039 billion), subsidies (XOF 117 billion) and interest-free loans (XOF 50.7 billion). Out of total Chinese financing of XOF 1,206.7 billion, nearly XOF 963.7 billion was approved between April 2012 and December 2017, which represents 80% in relative terms of the financing granted since diplomatic relations with China were re-established in 2005. This surge in Chinese financings reflects China Eximbank's major contribution to the financing of PSE infrastructure projects, such as the AIBD-Mbour toll road, the AIBD-Thiès toll road and the Thies-Touba toll road. See "*Public Finance—Infrastructure Investments*".

In February 2018, Senegal and China signed an economic and technical cooperation agreement for XOF 1 billion to finance the Chinese technical mission at the National Children's Hospital Center in Diamniadio (*Centre national hospitalier d'enfants de Diamniadio*), to acquire simultaneous translation equipment for the Economic, Social and Environmental Council and to support the installation of a satellite television system for 10,000 villages. The two countries also signed a framework agreement for XOF 87 billion to finance the "Smart Senegal" project, which aims to leverage information and communication technology to reduce the digital deficit and make Senegal a sub-regional hub in West Africa, particularly in the areas of security, education, health and tourism.

Iran

Prior to the diplomatic rupture in 2011, Senegal's commercial relations with Iran had gradually strengthened over the years and had led to the following two projects:

- the construction by Iran Khodro, an Iranian car manufacturer, of an assembly plant in Thiès called SENIRAN Auto, operational since 2008. The SENIRAN Auto plant has a capacity of 11,000 vehicles per annum and has diversified its production output to include tractors and minibuses in addition to cars.

- The construction by the Iranian company Power & Water Export Company (SUNIR) of a high voltage power line connecting Touba, Tobène and Kaolack pursuant to an agreement signed with SENELEC in January 2005. The line was commissioned in 2009. The cost of the project was €28,7 million and was financed by Senegalese bank CBAO with a guarantee by the Iranian Bank of Export and Development (EDBI). The loan was fully repaid by SENELEC.

Additionally, Iran and Senegal had initiated discussions to create a jointly-owned investment company as well as to open a branch of an Iranian commercial bank in Dakar, and numerous joint projects in the areas of infrastructure, energy, mines and agriculture, among others, were being contemplated. However, Senegal severed diplomatic ties with Iran in February 2011 upon the discovery of an illegal arms shipment to The Gambia, which was believed to be destined for the MFDC. This diplomatic rupture did not affect the private investment of Iran Khodro, but all other projects were suspended.

In 2013, the two countries restored diplomatic ties following discussions at the OIC summit in Cairo. Despite several expressions of interest on the part of the Iranian Authorities and businesses in strengthening the commercial relations and cultural cooperation with Senegal, no new project has been initiated and none of the projects suspended in 2011 have been resumed since the restoration of diplomatic relations 2013. This is due to the hostile relations between Iran and some of Senegal's Arab partners.

Saudi Arabia

Cooperation between Senegal and Saudi Arabia primarily involves the participation of the Saudi Fund for Development (SFD). Cooperation with the SFD began in 1978, with approximately 20 projects implemented since then, for a total amount of approximately XOF 190 billion, particularly in the sectors of agriculture, irrigation, road infrastructure, health and education. The SFD is involved through concessional loan funding, co-financed with other, generally Arabic, donors.

The SFD's projects in recent years are as follows:

- extending the Ouakam road: this project was approved by the OIC in Dakar in 2008 for a total cost of XOF 20.3 billion (US$ 45 million). The SFD's contribution to this project stands at XOF 15 billion (US$ 31 million);
- the rehabilitation of the Médina Gounass–Guinea border road: in 2008, the SFD provided support of XOF 5 billion (US$ 11 million) to the project for a total project cost of XOF 39 billion (US$ 87 million). This road establishes a permanent road connection with a high level of service between Senegal and Guinea and represents an important component in the creation of the southern corridor (Dakar-Guinea);
- construction work on the Dalal Diam hospital: two loan agreements were concluded in 2000 and 2007 with the SFD for a total amount of approximately SR 82.9 million (XOF 10 billion);
- the hydro-agricultural project for irrigated areas in Bakel: the SFD granted Senegal financing of XOF 3.5 billion;
- the Notto-Ndiosmone-Palmarin project: this project, which aims to improve the poor quality of groundwater resources in the area through the construction of a transport network from production boreholes located in Notto, is co-financed by the Arab Bank for Economic Development in Africa (BADEA); the SFD contributed XOF 4 billion; and
- the AIBD: the SFD contributed US$ 100 million.

In addition to these projects, two others were signed on 21 April 2017, in conjunction with the general meetings of the World Bank and IMF:

- an 80-km section of the Tamba-Goudiry road for an amount of US$ 57.5 million, with related developments including, in particular, the construction of 25 km of access roads, the development of three wells and the construction of two health clinics; and
- a rural well drilling project for an amount of US$ 8 million.

The Islamic Corporation for the Development of the private sector (ICD), to which Saudi Arabia is the largest contributor, is an important development partner of Senegal and provides the country with bilateral financial and technical assistance. ICD, which is a subsidiary of the IDB Group, enabled Senegal to raise US$ 100 billion and US$ 150 billion in 2014 and 2016, respectively.

Qatar

In 1996, the establishment of diplomatic relations between Senegal and the State of Qatar allowed the two countries to initiate bilateral cooperation. To date, this cooperation has involved commercial exchanges in the petrochemical field, scholarships granted to Senegalese students, the conclusion of professional contracts with high-level Senegalese athletes, and support granted to non-governmental organisations or Islamic associations involved in the construction of religious buildings. The two countries have expressed a strong willingness to strengthen their relations and take advantage of further opportunities for cooperation. However, the development of the cooperation between Senegal and the State of Qatar has been slowed down by the deterioration of the diplomatic relations between Saudi Arabia and Qatar, after Senegal expressed its support for Saudi Arabia in June 2017.

Membership of International Organisations

Senegal is dependent on international organisations for a large part of its annual financing. It has a number of framework agreements with large international organisations and less rigid agreements with other such organisations.

UN, World Bank, IMF and WTO

Senegal, along with a number of other newly independent former French colonies, became a member of the UN in 1960 and of the World Bank and the IMF in 1962. In October 2017, Senegal was elected to the Human Rights Council for the 2018-2020 period.

Senegal has also been a member of the IMF since 31 August 1962. Senegal has played a part in a number of regional peacekeeping missions under UN auspices (see "—Armed Forces"). It received its first funding from the World Bank in 1966 for a railroad project. See "*Public Debt—Relationship with Multilateral Lending Institutions and other External Creditors*" for information on Senegal's relationships with the World Bank and IMF. In addition, Senegal joined the WTO in 1995, having been a member of its predecessor, GATT, since 1963.

African Union

Senegal is one of 55 members of the African Union (AU), the successor to the Organisation of African Unity. The AU is modelled on the European Union and has had a common parliament since March 2004 when the Pan African Parliament was created. In addition, the AU aims to have a central bank, a court of justice, common defence and a single currency. Its day-to-day affairs are run by the AU Commission. All member states are supposed to pledge 0.5% of their GDP to fund the AU. This would allow the AU to double its staff and make headway with the implementation of the New Partnership for Africa's Development (NEPAD), a vision and strategic framework for Africa, designed to address issues such as escalating poverty levels and underdevelopment in Africa. However, few member states comply with the funding requirement and so expansion remains limited and the AU is reliant on donor support. In addition, many members are reluctant to make the necessary concessions regarding their sovereignty. The AU is however prepared to sanction military interventions which it does through its Peace and Security Council.

ECOWAS

Senegal is also a member of the ECOWAS, a regional grouping founded on 28 May 1975 with the signing of the Treaty of Lagos. ECOWAS is headquartered in Abuja, Nigeria and has 15 West African countries as members (Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo). Its mission is to promote economic integration in all fields of economic activity, particularly industry, transport, telecommunications, energy, agriculture, natural resources, commerce, monetary and financial questions, and social and cultural matters. It was founded to achieve "collective self-sufficiency" for the member states by means of economic and monetary union creating a single large trading bloc. The very slow progress towards this aim meant that the treaty was revised in Cotonou on 24 July 1993, towards a looser collaboration. The ECOWAS Secretariat and the ECOWAS Bank for Investment and Development are the two main institutions to implement policies.

The ECOWAS member states signed a non-aggression protocol in 1990 and two earlier agreements in 1978 and 1981. They also signed a Protocol on Mutual Defence Assistance, in Freetown, Sierra Leone, on 29 May 1981, which provided for the establishment of an Allied Armed Force of the Community.

The ECOWAS Community Court of Justice was created by a protocol signed in 1991 and included in Article 6 of the Revised Treaty of the Community that came into existence in 1993. The Court legally came into being when the 1991 protocol entered into force on 5 November 1996. The jurisdiction of the Community Court of Justice, laid out in Article 9, Article 10 and Article 76 of the Revised Treaty, mandates the Court to rule on disputes between states over interpretations of the Revised Treaty and provides the ECOWAS Council with advisory opinions on legal issues. The ECOWAS Community Court of Justice also has jurisdiction over breaches of fundamental human rights.

WAEMU and BCEAO

The WAEMU is an organisation consisting of eight West African states established to promote economic integration among countries that share a common currency, the CFA franc. The WAEMU was established by a treaty signed in Dakar, Senegal, on 10 January 1994 by the heads of state and governments of Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal, and Togo. On 2 May 1997, Guinea-Bissau, a former Portuguese colony, became its eighth (and only non-francophone) member state. The BCEAO is the common central bank of the eight member states which form the WAEMU. See "*Monetary System—The BCEAO*" for information on the BCEAO's role in the WAEMU.

The WAEMU is also a customs union and monetary union. Its objectives are greater economic competitiveness through open and competitive markets, rationalisation and harmonisation of the legal environment, convergence of macroeconomic policies and indicators (such as keeping inflation below 3% and debt below 70% of nominal GDP, maintaining the fiscal pressure rate at a minimum of 20% of nominal GDP), the creation of a common market, coordination of sectorial policies and harmonisation of fiscal policies.

ACP Group

Senegal is a member of the African, Caribbean, and Pacific Group of States (ACP Group), an organisation instituted in 1975 through the Georgetown Agreement. The ACP Group is composed of the African, Caribbean and Pacific States signatory to the Georgetown Agreement or the Partnership Agreement between the ACP and the European Union, officially known as the "ACP-EC Partnership Agreement", or the "Cotonou Agreement". The ACP Group was originally created with the aim of coordinating the cooperation between its members and the European Union, through joint negotiation and implementation of cooperation agreements. Today, the ACP Group has extended its scope of activity. The cooperation between its members now extends beyond development in conjunction with the European Union to include various commercial, economic, political and cultural concerns with different international authorities, such as the WTO.

Organisation of Islamic Cooperation

Historically, Senegal has maintained favourable relations with the Arab Gulf states, in part because of its involvement in the Islamic community. Senegal is a member of the OIC and in 2008 was the host country for its 11th annual summit. The OIC is an inter-governmental organisation founded on 25 September 1969 and located in Jeddah, Saudi Arabia. The OIC has a membership of 57 states and four observer members from four continents. The objectives of the OIC are stated to be the safeguarding and protection of the interests of the Muslim world in the spirit of promoting international peace and harmony.

IRENA

Senegal signed the Statutes of the International Renewable Energy Agency (IRENA), which was established in Bonn on 26 January 2009. As of the date of this Prospectus, 153 states are members of IRENA. IRENA aspires to become the main driving force for promoting a rapid transition towards the widespread and sustainable use of renewable energy on a global scale. This treaty was ratified by Senegal on 19 October 2010 through the deposit of its instrument of ratification with IRENA.

IMF and PSI Programme

Senegal participates in the IMF's Policy Support Instrument (PSI), a programme offering technical support to low-income countries that do not want, or need, IMF financial assistance. It is an adaptable tool that enables them to request IMF advice and support without having to enter into a borrowing arrangement. In particular, the PSI is intended for countries that show reasonable growth rates, low core inflation rates and an adequate level of foreign exchange reserves, and which have begun to demonstrate the viability of their net domestic and external debt. The PSI is designed to promote a close policy dialogue between the IMF and a member country, normally through semi-annual IMF assessments of the member's economic and financial policies. This support from the IMF also delivers clear signals to donors, creditors, and the general public about the strength of the country's economic policies. The PSI is available to all the countries which are eligible to the Poverty Reduction and Growth Trust (PRGT) with no current or prospective balance of payments need, that have broadly achieved and maintained a stable and sustainable macroeconomic position, consistent with strong and durable poverty reduction and growth, and that have institutions of sufficient quality to support continued good performance. The PSI is designed to support member countries in achieving the objectives of their Poverty Reduction Strategies (PRS). Countries have the flexibility to specify policy objectives and design reform strategies that are tailored to their own economic conditions. In general, policies aim to consolidate macroeconomic stability and push ahead with structural measures to boost growth and jobs. These include measures to improve public sector management, strengthen the financial sector, or build up social safety nets.

Following a first PSI programme for the 2011-2014 period, the Board of directors of the IMF approved a second three-year PSI programme for Senegal on 24 June 2015 for the 2015-2017 period. In 2017, the IMF extended this second programme until 24 June 2019. The PSI supports the implementation of a three-year macroeconomic reform programme designed to accompany the implementation of the PSE, which is the Government's strategy for promoting growth and reducing poverty, while safeguarding macroeconomic stability and the viability of the country's debt. On 19 September 2017, the IMF finalised the fifth review of the programme backed by the PSI, following a visit to Senegal, and noted that Senegal's macroeconomic situation was stable and that the results of the programme at the end of September 2017 were satisfactory. The IMF also noted that all of the evaluation criteria and indicative goals had been satisfied at the end of June 2017, with the exception of the indicative goal regarding tax revenues, due to oil revenues being lower than expected. Finally, according to the IMF, of the three structural benchmarks (SB) set out for this fifth review, two have been met, while additional efforts must be made with regard to the third SB relating to the full implementation of an information exchange platform for tax and customs authorities aiming to increase revenue collection. The IMF's next review is expected to take place between 26 April 2018 and 10 May 2018.

IMF and SDDS

The SDDS was established by the IMF in 1996 to promote the production and dissemination of exhaustive and high-quality statistics for countries wishing to gain access to international capital markets. On 20 November 2017, Senegal officially subscribed to the SDDS, making it the fourth Sub-Saharan African country to subscribe to this IMF standard.

Others

Senegal is a founding member of the Community of Sahel-Saharan States, a regional economic community which was established on 4 February 1998 in Tripoli together with Libya, Mali, Chad, Niger, Sudan and Burkina Faso. Senegal is also a member of the International Court of Justice.

Armed Forces

The Senegalese armed forces are divided into the Land Forces (*Armée de Terre*), the Navy (*Marine Nationale Sénégalaise*) and the Air Force (*Armée de l'Air du Sénégal*). According to the Stockholm International Peace Research Institute, Senegal's military spending represented 1.7% of GDP in 2016. The Senegalese armed forces have never attempted a coup d'état. Major engagements in the past include involvement in Operation Desert Storm and being invited into both The Gambia (in 1981) and Guinea-Bissau (in 1998) to help prevent coups. In January 2017, the Senegalese army participated actively in the successful intervention of the ECOWAS in Gambia aimed at ensuring that Mr. Yahya Jammeh, who had lost the presidential elections to Mr. Adama Barrow, effectively surrendered power to President-elect Barrow. The Senegalese armed forces have been actively involved in regional peacekeeping operations in the last three years, including in The Gambia, the Central African Republic, the Democratic Republic of Congo, Sudan and Mali, operating under mandates from the UN or the ECOWAS.

ECONOMY OF SENEGAL

Overview

Since 2014, Senegal's economy, the second largest in the WAEMU zone after that of Côte d'Ivoire, has emerged from a long period of relatively slow growth. Senegal's economy achieved real GDP growth rates of at least 6.5% in each of the three years ending 2017 and, for the first time since 1980, such growth has been achieved over three consecutive years. Real GDP growth was 6.5% in 2015, 6.7% in 2016 and is estimated at 6.8% for 2017, driven to a large extent by the PSE, which was launched in 2014. The Government expects this trend to continue in the near and medium-term, with a real GDP growth rate of 7.0% expected in 2018 and a targeted average of 7.4% over the 2019-2022 period. The Government expects future growth to be driven by a favourable domestic environment, reforms to improve the business climate and the implementation of large-scale projects under the PSE, particularly in the areas of agriculture, infrastructure, housing and energy.

Senegal's principal economic activities include agriculture, mining, chemical industries, tourism, telecommunications, construction, financial services and trade. The country's most significant imports in 2017 included, in descending order by cost, (i) crude oil and petroleum products; (ii) food products, including rice, wheat, sugar, dairy and other food products; and (iii) general machinery and equipment. Senegal's most significant exports in 2017 were, in descending order by revenue, (i) fishery products; (ii) non-monetary gold; (iii) petroleum products; (iv) cement; and (v) phosphoric acid.

Senegal's economy is relatively diversified: the contributions of its primary, secondary and tertiary sectors to the estimated nominal GDP in 2017 were 15.4%, 20.5% and 44.8%, respectively. Public administration accounted for 19.3% of estimated nominal GDP in 2017. The primary sector includes the production of raw materials and basic foodstuffs, fishing, livestock farming and forestry; the secondary sector includes mining, manufacturing and processing, construction, energy and chemical industries; and the tertiary sector is dominated by trade, tourism, financial services, real estate and telecommunications.

Over the period 2015-2017, the primary sector accounted for an average of 15.1% of estimated nominal GDP. In 2017, the sector accounted for 15.4% of estimated nominal GDP, of which 54.2% was contributed by agriculture. Livestock and hunting are estimated to have contributed 29.5% to the sector, ahead of fishing (10.9%) and forestry (5.4%). Growth in the primary sector is estimated at 8.0% in 2017 with increases of 10.4%, 5.2%, 4.0% and 3.5% in agriculture, livestock and hunting, fishing and forestry, respectively. The estimated real GDP growth rate of the primary sector stood at an average of 9.4% over the 2015-2017 period, an improvement over the 2012-2014 period, during which average growth stood at 4.3%.

In 2017, the secondary sector accounted for 20.5% of estimated nominal GDP. The construction industry accounted for 20.7% of the secondary sector contribution to nominal GDP in 2017, the mining industry accounted for 14.3%, and the electricity, gas and water sector contributed 11.0%. Manufacturing and other industries accounted for the remaining 54.0%. The estimated real GDP growth rate of the secondary sector stood at an average of 7.6% over the 2015-2017 period, an improvement over the 2012-2014 period, during which average growth stood at 3.7%. This upward trend in the secondary sector has been driven by growth in the chemical products manufacturing and petroleum refining industries, as well as the strong performance of the energy and construction industries recorded in 2016 and 2017. Looking ahead, the Government believes that prospects are favourable for an increase in the proportion of extractive industries, particularly given the expansion of zircon production and, in the medium term, the exploitation of offshore oil and gas deposits discovered in Senegal. In 2018, activity in the secondary sector is expected to remain solid and the Government expects the real GDP growth rate of the sector to reach 8.6%, driven by manufacturing of chemical products, oil refining, construction and construction materials and energy.

The services sector, or tertiary sector, is the largest sector in Senegal's economy, accounting for approximately 44.8% of estimated nominal GDP in 2017. The estimated real GDP growth rate of the tertiary sector stood at an average of 6.1% over the 2015-2017 period, an improvement over the 2012-2014 period, during which average growth stood at 4.6%. Strong growth has been seen in the transportation industry (driven by the renewal of the automobile fleet and improvement of the road network), in the telecommunications industry with the advent of 4G, in the financial services and in the real estate sectors.

As regards consumer prices, inflation stood at 1.3% in 2017 compared to 0.8% in 2016, well below the 3% WAEMU target limit on inflation. The increase of inflation in 2017 is linked to a rise in "food products and non-alcoholic beverages" (+3.4%), as well as "leisure and cultural activities" (+1.2%), "education" (+1.1%) and "restaurants and hotels" (+1.2%).

Plan Sénégal Emergent (PSE)

In January 2014, the Government adopted an ambitious new development plan designed to accelerate development and transform Senegal into an emerging economy by 2035. The plan is based on three pillars:

- higher and sustainable growth and structural economic transformation aimed at making Senegal a regional hub through improved infrastructure and increased private investment focused on targeted sectors;
- human development, with a focus on key social sectors and expanding the social safety net; and
- better governance, peace and security.

The PSE's main focus areas are the following:

- **Agriculture:** the PSE aims to modernise the agricultural sector. It targets both subsistence agriculture, to render it less vulnerable to shocks, and market production. It also aims to slow the pace of rural depopulation. A number of the PSE initiatives in this area are carried out in the context of a larger programme called the Programme for the Renewal and Acceleration of the Pace of Agriculture in Senegal (*Programme de Relance et d'Accélération de la Cadence de l'Agriculture Sénégalaise* (PRACAS)), which has targeted production gains aimed at achieving self-sufficiency in key sectors (see "*—Principal Sectors of the Economy—Primary Sector—Agriculture, Livestock, Farming and Hunting, Forestry and Fishing*");
- **Tourism:** the PSE aims to boost tourism by turning Senegal into a regional airline hub, developing micro-tourism, diversifying the offer within the tourism sector and by creating zones of integrated tourism, in order to increase the number of tourists to three million per year by 2023. (see "*—Principal Sectors of the Economy—Tertiary Sector—Tourism*");
- **Electricity:** the PSE promotes projects introducing new generation capacity, upgrading transmission and distribution, moderating demand growth and diversifying supply sources. Specific objectives under the PSE include reducing production costs and increasing the role of alternative sources such as coal, gas and renewable energy in the national power mix, improving rural electrification and achieving universal access to electricity by 2025 (see "*—Principal Sectors of the Economy—Secondary Sector—Energy—Electricity*");
- **Mining:** the PSE aims to enhance the role that the mining sector plays in Senegal's economy, both through its contribution to exports and in helping to diversify the national economy (see "*—Principal Sectors of the Economy—Secondary Sector—Mining*"); and
- **Transport:** the PSE envisages a range of investments to raise Senegal's regional stature as a logistics and transportation hub. For instance, the recently opened AIBD airport aims to serve major routes between Africa and the rest of the world (see "*Public Finance—Investment Programmes—Infrastructure Investments—Blaise Diagne International Airport and Other Airports Projects*"). The road network is also being upgraded (see "*Public Finance—Investment Programmes—Infrastructure Investments—Road Infrastructure*").

The PSE is based on a vision that projects itself over a twenty-year horizon and helps guide short- and medium-term strategic choices. The initial ten-year strategy (2014-2023) sets the course and defines objectives to be achieved to place Senegal on a sustainable growth trajectory. Over this initial period, the objective of the PSE is to effect a structural transformation of the economy, to diversify sources of economic growth, to place the economy on a sustainable growth trajectory of 7 to 8% per annum, to multiply per capita income by 1.5, to double the number of households living in the middle class and to triple exports. The PSE seeks to boost output from key sectors, including agriculture, fishing and agro-business as well as the mining and tourism sectors. The Government also plans to make Senegal a logistics hub for West Africa's market of approximately 300 million people. The Government estimates that the PSE created 234,000 jobs between 2012 and 2016.

The State is pursuing an active investment promotion strategy to stimulate the development of high-growth sectors and promote the completion of strategic projects through private funding or public-private partnerships. Additionally, the State is pursuing partnerships with large industrial groups and leading companies in strategic sectors, in addition to investment funds. With the aim of gaining the commitment of all stakeholders and a significant mobilisation of public and private financial resources, internally and externally, from both public and private partners, the Government successfully organised, with technical support from the World Bank and the UNDP, a Consultative Group meeting (a round table with donors) on the financing of the 2014-2018 Priority Actions Plan (*Plan d'Actions Prioritaires*) (PAP) under the PSE on 24 and 25 February 2014 at the headquarters of the World Bank in Paris. Since then, 205 financing agreements have been entered into with development partners as of 31 December 2017, for a total amount of XOF 4,834 billion, including XOF 4,363 billion in the form of loans and XOF 471 billion (9.7% of the total amount) in subsidies. For 2017, financing agreements entered into for PSE related projects amounted to US$2.8 billion.

The main contributors for funding the PSE are multilateral and regional banks, including the World Bank, AfDB, IDB and BOAD. China, France, the EU and the U.S. are also major bilateral donors. This financing has been targeted primarily at the transport infrastructure (33% of the financing), energy (14% of the financing), hydraulics and sanitation (12% of the financing), agriculture (12% of the financing), health and social protection (10% of the financing) and education and training (4% of the financing) sectors. These six sectors account for 85% of the amount financed under agreements entered into since the Consultative Group meeting was held.

The projects given immediate priority in the 2014-2018 PAP included energy development, electrification of rural areas, construction of housing with the development of new urban centres, improvement of rice production, restoration of railroads and airports, modernisation of ports, construction of warehouses and the development of tourism. A second Consultative Group meeting is scheduled to be held at the end of 2018 or early 2019 in order to review donors' commitments as part of the 2019-2023 PAP (PAP2).

The PSE Priority Actions Plan

The core of the PSE is the PAP, which includes a wide range of projects and programs, as well as a priority portfolio of 17 major reforms and 27 major projects to be implemented over the 2014-2018 period, for an estimated total cost of approximately US$19 billion. While the private sector is expected to contribute to the financing and implementation of the 27 major projects of the PSE, including, in a limited number of cases, through public-private partnerships (PPPs), a large part of the investment effort to date has been borne by the State. The PSE reaffirms the need to preserve fiscal sustainability and therefore endeavours to keep the fiscal deficit on a downward trend. Accordingly, the State is undertaking internal projects to increase revenue, streamline current expenditures and improve the efficacy of capital expenditures, while concurrently soliciting the financial support of bilateral and multilateral partners.

Progress made under the PSE flagship projects and reforms is measured through the *Bureau Opérationnel de Suivi du PSE* (BOS) monitoring mechanism. Quantitative objectives are established for each project and completion levels are monitored by the BOS. Thus, at the beginning of each annual period, a target completion level is set in agreement with the project manager and the relevant Minister. At the end of each quarter, an evaluation is made and the completion level is reported. At the end of the year, an evaluation review workshop is organised with all stakeholders to agree on the completion level achieved and set the target completion level for the following year.

The 17 major reforms of the PAP are the following:

Sectors	Reforms
Business climate and regulations	Establish the *Fonds Sénégal Emergent d'appui à la mise en œuvre du PSE*, a special fund specially dedicated to the PSE, designed to finance its implementation and the support missions for its landmark projects
	Improve Senegal's attractiveness ratings by identifying reforms to improve the business environment and prioritizing these reforms
	Optimise the management of State-owned businesses and investments by establishing a dedicated entity in charge of managing State interests and implementing strategic recovery plans for struggling state-owned businesses
	Create Special Economic Zones (with attractive customs, tax and labour frameworks) and develop attractive investor presentations for landmark projects
	Accelerate the process of making land available for housing and agricultural development projects by designating an entity in charge of taking an inventory of public landholdings, as well as assisting teams working on landmark projects
	Create a favourable environment for real estate development by simplifying access to land, setting clear objectives for social housing developers, creating favourable financing, tax and administrative frameworks for development, establishing an inventory of available public land and granting preferential conditions to developers
	Maximise value from mining opportunities, by revising the mining code to more effectively address the State's strategic interests and the implementation of a plan for the promotion of local content
	Provide social protection coverage to workers in the informal economy by establishing mandatory, progressive and simplified regime (the Simplified Regime for Small Taxpayers), partially subsidised financing, and the implementation of incentive measures to encourage participation
	Reforming the regulatory framework for road transport through a series of reforms of industry standard and rules and implementing of initiatives specific to each sub-sector
Infrastructure	Define an integrated five-stage national infrastructure development plan, identifying future needs, prioritising construction projects, developing detained project financing plans and promoting a new, simple and attractive PPP framework
Human capital	Align higher education with the needs of the economy to provide businesses with workers that possess the skills they need, while improving the employment prospects of university graduates
	Accelerate the development of technical and vocational training to address the need for technical and vocational skills

	Structure and promote continuing education by identifying skills needed, expanding training options, improving financing for continuing education and promoting continuing education and certification programs
Digital economy	Facilitate the rapid and efficient spread of digital technology throughout the economy by creating a "Digital Economy Council" with public and private sector leaders and defining and implementing sector-specific strategies for the development of a digital economy
Financing the economy	Facilitate access to financing for SMEs and very small businesses, by establishing a credit bureau, improving access to leasing, creating commercial courts, and improving the legal and contractual framework for debt recovery
	Improve access to real estate financing by creating a favourable long term refinancing environment, improving risk management, increasing access by promoting financing options for the informal sector, and reducing costs and processing time for the delivery of real estate deeds and mortgages
	Improvement bank account access for the low-income population through the development of low income banking and the improvement of access to micro-finance

Out of the 17 major reforms included in the PAP, to which an additional reform entitled "Modernisation of Public Service" was added, 13 reforms have been initiated, 11 of which are in the implementation phase, and two (the adoption of the new mining code and the finalisation of the legal framework and governance of the Special Economic Areas (SEAs)) have been completed. Among the 13 reforms that have been launched, the main achievements are as follows:

Business Climate and regulations:

- *Recovery in attractiveness and upgrade of the business environment rankings*: the Reform Programme for the Improvement of the Business Climate and Competitiveness (*Programme de Réformes de l'Environnement des Affaires et de la Compétitivité*) (PREAC) 1 (2013-2015), which included an initial set of 56 reforms, showed a 96% completion rate at the end of 2016. The PREAC 2, which was finalised in 2017 and approved during the Presidential Investment Council meeting in November 2017, constitutes the new roadmap for strengthening Senegal's competitiveness. Over the course of 2017, several measures have already been implemented as part of the PREAC 2. These include: (i) the establishment of the Commercial Court of Dakar, (ii) a 10% reduction in the price of electricity, (iii) a decrease in property transfer costs from 22% to 8% of the value of the property, (iv) the adoption of a new legislative and institutional framework for the deployment of SEAs, (v) the implementation of major investments in the digital sector and (vi) the dematerialisation of numerous administrative procedures. Overall, since the implementation of the PSE, Senegal has risen from 178th place in Doing Business 2014 to 140th place in Doing Business 2018, and from 41st to 21st in Africa between 2014 and 2018;

- *Public service reform*: the strategy was elaborated and a roadmap has been adopted. The first stage of the roadmap includes the implementation of eight flagship measures, including (i) the adoption of the master scheme for modernisation of the public administration (*Schéma Directeur de Modernisation de l'Administration Publique*), (ii) the adoption of the Charter of Deconcentration (*Charte de la Déconcentration*), (iii) the adoption of the Code of Conduct, (iv) a procedures audit, (v) the elaboration and implementation of a Charter of Quality (*Charte Qualité*), (vi) the standardisation of remuneration and (vii) the update of the legal framework governing the functioning and the organisation of ministerial cabinets, general secretariats and directions of central administration. The other aspect of this roadmap concerns the modernisation of 50 Public Sector priority procedures. In addition, 2017 marked the establishment of the programme for the modernisation of the administration (*Programme d'Appui à la Modernisation de l'Administration* – PAMA), the implementation of which is scheduled to be completed by 2023. The PAMA has three main lines of action: reorganising the administration; improving services for users and strengthening human resources;

- *Special Economic Zones and investor packages*: laws on Special Economic Zones (SEZs), their governance and applicable incentive schemes were promulgated on 6 January 2017, and the related implementing decrees have been issued. To date, three SEZs have been legally created: the Diamniadio, Diass and Sandiara SEZs;

- *Optimisation of State-owned enterprises and State holdings*: a strategy to manage the State's portfolio has been prepared and adopted; the legislative framework is being reviewed and training for public administrators is being provided in an effort to optimise yield for the State as a stakeholder. Certain state-owned companies have been successfully revived, following the positive example of SENELEC and ICS (ICS being 15% held by the State) (see "*—Principal Sectors of the Economy—Secondary Sector—Energy—Electricity*)";

- *Senegal Emergent Fund*: this fund was established by Decree No. 2014-695 of 27 May 2014 and is the subject of an annual allocation of XOF 1 billion from the State budget. It is being used to (i) strengthen the capacities of ministries, particularly by recruiting talent and organising training programs, (ii) finance support actions of the delivery units, and (iii) finance support actions required for flagship projects;

- *Reform of the mining code*: the detailed rules for the application of this new legislative provision are laid down by Decree No. 2017-459 dated 20 March 2017, laying down the procedure for implementing the law 2016-38 providing for the new mining code, which was adopted on 8 November 2016. These new provisions are expected to more effectively address the State's concerns (promote a win-win partnership between the State, investors and local communities, including better redistribution of income from mining and better management of local communities and rationalisation of artisanal gold mining) while supporting the development of Senegal's mining potential (see "*—Principal Sectors of the Economy—Secondary Sector—Mining*"); and
- *Facilitation of the accelerated availability of real estate*: nearly 5,300 hectares (53% of the goal for 2018) have been legally secured for housing projects. In the agricultural sector, 40,600 hectares (58% of the goal for 2018) have been legally secured and 100% of the applications in the energy, health and infrastructure sectors have been granted.

Human capital:

- *Aligning higher education with the needs of the economy*: more than 250 out of the 387 courses have been aligned in public higher education programs. In addition, the Senegalese Programme for Youth Entrepreneurship was launched with the aim of creating 200 businesses each year by encouraging young graduates to take on business projects in priority economic sectors. The mapping of the economy's future needs is also currently being developed; and
- *Accelerated development of technical and vocational training*: this reform aims to (i) improve access to technical, vocational and apprenticeship training, (ii) improve the quality of teaching and learning systems, (iii) improve institutional governance and (iv) strengthen mechanisms for employment insertion. In this context, the framework law on professional and technical training was adopted on 6 January 2015 and decree no. 2016-777 establishing the applicable rules for internship and apprenticeship contracts was signed. The Vocational Training for Employment and Competitiveness programme (*Formation Professionnelle pour l'Emploi et la Compétitivité* – FPEC) contributes to these objectives through the development of training in the priority sectors of poultry farming, tourism and horticulture. Providing further financing for vocational and technical training by leveraging employer social contribution taxes (*Contribution Forfaitaire à la Charge des Employeurs* – CFCE), fully dedicated to this sector, also contributes to Senegal's efforts to develop technical and professional skills for potential growth sectors of the economy.

Projects under the PSE

Despite delays in implementing certain aspects of the 2014-2018 PAP, Senegal has recorded significant progress in several areas of the economy, including the energy, construction, infrastructure, services, mining and agriculture sectors. These achievements have moved Senegal into higher growth momentum of over 6%, closer to the 7-8% target of the PSE, and given a positive outlook to its economy.

The table below highlights certain PSE-related achievements of Senegal since the launch of the PSE:

PSE-related achievements	**2012**	**2015**	**2017 (estimated)**
Rice production (tonnes)...	405,824	906,348	1,015,334
Fruit and vegetable production (tonnes)………………..	905,000	1,133,430	1,320,399
Fruit and vegetable exports (tonnes)	56,778	90,635	106,200
Housing (units)	5,000	7,800	4,425
	1960-2012	**2013-2016**	**2017 (estimate)**
Electricity (additional capacity – MW)	+573	+245	+80
	1960-2012	**2016**	**2017 (estimate)**
Solar Production (MW)..	0	40	80
	1960-2012	**2013-2016**	**2017 (estimate)**
Rural electrification (additional villages)	+1,648	+1,525	+553
	2012	**2016**	**2017 (estimate)**
Toll road network (total length – km)	35	71	106
	2000-2012	**2013-2016**	**2017 (estimate)**
Railways (projects launched – km)	0	57	0

Source: Bureau Opérationnel de Suivi du PSE (BOS).

The 27 flagship projects are the following:

Areas of development	Sectors	Landmark projects
Employment and social inclusion drivers	Agriculture, seafood and agri-food products	Create 100-150 aggregation projects (agricultural farms) for export and local consumption, targeting high value added sectors (fruits and vegetables) and livestock sectors (e.g. milk, cattle)
		Develop three cereal corridors ("granary zones") aimed at the development and intensification of irrigated agricultural basins for rice/millet/maize production
		Establish 150-200 "micro-projects" to support family farming designed to be implemented at the local level and development of a value proposal for social investors
		Restructure the groundnuts sector by developing national seed production, increasing productivity and the value of groundnuts and stimulating national and international end-markets
		Accelerate aquaculture development through the simultaneous development of technical and productivity skills, production centres and promoting the development of an integrated aquaculture industry
		Create three agri-food processing centres with defined purposes combining infrastructures and shared services, an attractive and simplified incentive framework and specific services and infrastructures
		Create three integrated industrial centres dedicated to the processing of seafood products with higher added value, including more sophisticated product development (diversification and upmarket)
	Social Habitat and Ecosystem Construction	Accelerate construction of social housing, including the creation of urban development centres by supporting solvency of households, promoting rapid deployment through PPPs and making land more readily available
		Develop the national construction ecosystem by developing domestic supply channels for construction materials and structuring of the construction ecosystem around a "low cost" model
		Create 20 centres for the development of crafts through areas dedicated to arts and crafts, service centres grouping resources and strengthening the working conditions and know-how of craftsmen
	Gradual modernisation of the social economy	Implement sectorial pilot plan for arts and crafts through the structuring of promising sectors for arts and crafts, improving access to the market through the creation of specialised centres in tourist areas and the eventual extension of the pilot plan to other types of crafts
		Implement micro-tourism sector development plan using tourism as a vector of social and territorial development by promoting the creation of tourism micro-businesses centred around cultural, sports and recreation offers
		Develop commercial infrastructure by creating favourable zoning rules, structuring and formalizing wholesale markets and modernising retail trade
Export and FDI drivers	Mines and fertilisers	Relaunch the integrated Falémé/Axe Sud iron ore project through the construction of the necessary infrastructure for the exploitation of the deposit and establishing a long-term partnership with an industrial mining company to ensure effective and rapid exploitation
		Develop the phosphates and fertiliser industry by defining a national, integrated strategy for the development of the industry, through the stimulation of development in the sector and the eventual creation of a national champion to coordinate the exploitation and export of phosphates
		Accelerate exploitation of zircon through the accelerated development of the Diogo and Niafourang deposits, continued exploitation of deposits already in progress, the production and commercialisation of other heavy mineral deposits and the intensification of exploration efforts
		Accelerated exploitation of the gold sector through accelerated exploitation of untapped deposits, intensified and improved exploration efforts and regulation of small-scale gold mining
		Regulation and promotion of artisanal mines through the establishment of a regulatory framework and definition of zones for promotion and formalisation of small-scale gold mining
		Develop a regional mining hub through the establishment of an ecosystem to attract well-known known mining service providers to Dakar
	Logistical and Industrial Regional Hub	Create two to three integrated industrial platforms by accelerating the development of existing industries
		Promote the development of one to two new high value added integrated industrial initiatives
		Develop an integrated logistical hub by rehabilitating the Dakar-Bamako rail corridor, increasing the container capacity of the Dakar port and constructing transit and storage platforms for domestic transport and construction materials
	Multi-service and tourism regional hub	Develop the digital economy by creating two zones dedicated to export services
		Create a mixed business park for regional headquarters (multinational companies, international organisations) and their executives in the region
		Develop Dakar Medical City, which aims to offer international quality medical care to patients in the region
		Develop the “Dakar Regional Campus” offering a quality higher education offer, an integrated campus and a “Knowledge City” to strengthen support for innovation

		Implement three to six integrated and targeted tourism offers centred around well-defined segments
		Positioning Dakar as a major airline hub and upgrading airport infrastructure in order to become the region's leading airline hub
Prerequisite	Strategic recovery of the energy sector	Implement an integrated electricity recovery plan that offers reliable, low-cost and ample electricity supply through an increased and balanced energy mix, demand management and control, upgrading of the transmission and distribution network, restructuring of SENELEC, and attracting private investors by ensuring transparency with respect to the organisation of the electricity sector
		Develop a petroleum supply strategy in order to secure supply, lower costs and position Senegal as a hub for the sub-region
		Accelerate access to electricity to converge towards full coverage (100%) of the population

Of the 27 projects planned under the PAP, highlights include the following:

Agriculture, Seafood and Agri-food products Sector:

- The Project for the Support, Growth and Modernisation of the Dairy Industry (*Projet d'Appui au Développement et à la Modernisation de la filière lait* (PRADELAIT)) is aimed at achieving sustainable milk production by modernising farming infrastructure. The first stage was launched in 2015 and is expected to be completed in 2020. PRADELAIT has been revised over the period 2017-2026 and has an estimated budget of around XOF 24 billion. By 2017, the project's progress is satisfactory at 46%, according to the BOS, with 255 million litres of milk produced in 2017 and a target of 555 million litres in 2025. The current completion rate reflects gaps in the availability of public resources and the delay in implementing reforms, notably the revision of taxation applicable to locally produced milk and the structuring of the dairy sector;
- The development of three cereal corridors aimed at reducing the trade balance deficit for three cereals (rice, millet and maize) by 50%. By the end of 2017, the completion rate was 63.5% for rice production at 1,015,334 tonnes out of a production target of 1,600,000 tonnes. In addition, with the production of 891,069 tonnes of millet and 417,259 tonnes of maize in 2017, the completion rates were 89% for millet and 104.3% for maize, according to the BOS;
- The development of the aquaculture industry through the enhancement of technical skills and productivity, implementation of production farms and promotion of an integrated industry. The project has reached a completion level of 4% according to the BOS. The project was launched in July 2014 and is targeted to be completed in 2023, with a total estimated budget of approximately XOF 50 billion. The low completion level to date reflects the low level of public funding allocated to the project, weak performance of other public programmes expected to contribute to the project and delays in the implementation of the Aquapoles project relating to the establishment of two continental and marine industrial farms; and
- Certain PSE-related agricultural initiatives have been implemented as part of PRACAS (see "*—Principal Sectors of the Economy—Primary Sector—Agriculture, Livestock, Farming and Hunting, Forestry and Fishing – Programme d'Accéleration de la Cadence de l'Agriculture Sénégalaise (PRACAS)*" below).

Mining and Fertilisers sector:

- Development of zircon production in Diogo by *Grande Côte Opérations S.A.* (GCO) aimed at the exploitation of heavy minerals, including zircon with a target output of 85,000 tonnes of zircon and 493,600 tonnes for other heavy minerals in 2017. The construction of the zircon processing plant was launched in July 2012 and completed in 2014 for a total estimated budget of approximately XOF 340 billion. At the end of 2017, according to the BOS, production was estimated to be 82,500 tonnes of zircon, representing a 97% completion rate (compared to the long-term production target of 85,000 tonnes) and 526,000 tonnes of other heavy minerals, a 106.6% completion rate;
- Increase of gold production by Sabadola Gold Operations, which produced 7.2 tonnes of gold in 2016 and 7.18 tonnes in 2017, reaching a completion level of 77% according to the BOS for a total estimated budget of approximately XOF 95 billion;
- Development of the phosphate industry (Gadde Bissik project undertaken by Baobab Mining and Chemicals Corporation SA (BMCC), formerly known as Atlas Resources SA) after the discovery of estimated resources of 130 million tonnes and the construction of a phosphoric acid production plant. The project has reached a completion level of 33% according to the BOS; it was launched in 2015 with a total estimated budget of approximately XOF 200 billion; and

- Other projects in this sector (and their completion level as assessed by the BOS) include:
  - Phosphate production in Ndiendoury by *Société Minière de la Vallée du Fleuve Sénégal* (SOMIVA) (57% completion rate and a production of 679,175 tonnes in 2017);
  - Gold exploration and the construction of the gold mine in Mako by Mako Exploration Company (100% completion rate);
  - Phosphate production in Lam Lam by SEPHOS SENEGAL S.A., which is 81% owned by IFCOM (Senegal) and 19% by FERTINAGRO NUTRIENTES (grupo TERVALIS, Spain) (completion rate of 29% corresponding to a production of 116,963 tonnes with an objective of 400,000 tonnes);
  - Phosphate production by *Industries Chimiques du Sénégal*, of 1.4 million of tonnes out of the 2.8 million of tonnes initially expected (70% completion rate corresponding to a production of 1.4 million tonnes in 2017 for a long-term target rate of 2 million tonnes); and
  - Zircon exploration in Niafourang by Astron Limited (67% completion rate). Astron has not yet entered the mining phase, although it has completed all stages of the research phase.

Logistical and Industrial Regional Hub sector:

- Integrated Industrial Platform of Diamniadio, which includes, on 13 hectares, the construction of three warehouses of 7,200 m^2, one warehouse of 3,200 m^2, one administrative building offering 4,910 m^2 of office space in Phase 1 and the construction of 16 other warehouses on 40 hectares in Phase 2. Phase 1 is 100% complete and Phase 2 has achieved a completion level of 24%, according to the BOS. The project's launch date was in March 2015 (with a Phase 1 completion date initially scheduled for the first quarter of 2017) with a total estimated budget of approximately XOF 25 billion, and is expected to be completed in December 2019;
- Thiès-Touba Highway (Ilaa Touba highway), which includes the construction of 113 km of highway to allow for rapid connections between Senegal's primary growth areas. According to the BOS, the project, with a cost of USD 812 million, is 70% complete. It was launched in January 2015 and roadwork is expected to be completed at the end of 2018. The installation of toll and video surveillance equipment will follow;
- Dakar-AIBD Regional Express Train (TER), which consists of the construction of a 57 km railway under international standards between Dakar and the AIBD. The express train will reach speeds of 160 km/h, using a dual electric and fuel mode, and is expected to transport 115,000 passengers per day. The BOS estimates that the project has achieved a completion level of 21.5%. It was launched in December 2016 and the first section of 36 km (Dakar-Diamniadio) is expected to be completed in January 2019. It has an estimated budget of approximately XOF 568 billion; and
- Other projects in this sector include:
  - Three projects in the study phase: (i) the construction of a multifunctional port in Ndayane (whose pre-project design studies are 35% complete); (ii) the Saloum port project (whose preliminary design study has been completed); and (iii) the project for the rehabilitation and development of the Port of Saint-Louis (whose pre-project design studies are complete);
  - Eleven projects in the implementation phase: (i) the Diamniadio and Lac Rose urban centre project (*Pôle Urbain de Diamniadio* – PUD) which provides for the completion of 15,000 accommodations in 2019 and 40,000 accommodations in 2025, is 39% completed at the end of 2017; (ii) the urban centre (*Pôle Urbain*) project of the *Direction de l'Urbanisme et de l'Habitat* (DUA) in Dagga Kholpa, whose legal creation was registered in 2017 (11% completed), Yenne in Bambilor and Déni Birame Ndao; (iii) the Maritime Infrastructure and Equipment Project (MIEP 2) is 42% completed; (iv) the housing project of the *Société Nationale des Habitations à Loyer Modéré* (SN-HLM) is 29% completed; (v) the housing project of the SICAP (formerly *Société Immobilière du Cap-Vert*) is 29% completed; (vi) the housing project of the *Caisse des Dépôts et Consignations* (CDC) in Bambilor is 41% completed; (vii) the City of Emergence (*Cité de l'Emergence*); (viii) the *Voie de Dégagement Nord 2ème section* road project in Dakar (VDN2, for XOF 37.9 billion) is 75% completed; (ix) the Foundiougne bridge construction project is 23% completed; (x) the Dakar high service bus project (Bus Rapide Transit project (BRT)) is 13% completed; and (xi) the Ziguinchor port development project is 50% completed; and
  - Six projects in the operational phase or near operational phase: (i) the *Voie de Dégagement Nord 3ème section* road project in Dakar (VDN3) which has been operational since July 2016

(XOF 30.7 billion for a completion level of 100%); (ii) the Emergence bridge, which was put in service in July 2016 (XOF 7.5 billion for a completion level of 100%); (iii) the AIBD-Mbour-Thiès highway (US$470 million for an overall completion level of 70%) of which the AIBD-Sindia section has been completed and put into service in October 2016 and the section AIBD-Thiès is nearing completion); and (iv) the Maritime Infrastructure and Equipment Project (MIEP1, Ndakhonga), which is 95% completed and expected to be put in service in 2018.

Multiservice and Tourism Regional Hub:

- The Blaise Diagne International Airport (AIBD) has replaced the former Léopold Sédar Senghor International Airport (AILSS) as of 7 December 2017 for a total cost of XOF 424 billion compared to an initial estimated cost of XOF 377 billion (completion rate of 100%). AIBD was initially expected to be put in service in May 2015. AIBD includes a 42,000 m^2 terminal and a 3,500 m by 75 m main runway designed for all types of aircraft, including existing and future high capacity aircraft. AIBD is equipped with a modular passenger terminal with a minimum 3-million passenger capacity, which can be extended to up to 10 million passengers. It is capable of handling 50,000 tonnes of freight per year. AILSS is now reserved for the Senegalese army. Other projects within the landmark "regional airline hub" initiative are (i) the creation of a national airline, Air Senegal (an air carrier licence has been issued to Air Senegal S. A. and the air operator's licence (*permis d'exploitation aérienne*) is in the process of being granted), the progress rate of which is 84% and (ii) the rehabilitation of seven regional airports with a completion rate of 40%.

- The Integrated Tourist zone of Pointe Sarène, which aims to make Senegal one of Africa's top five tourist destinations (currently ranked 15th in Africa in terms of international tourist arrivals in 2015 according to the 2017 report of the United Nations World Tourism Organisation), increasing the number of tourists to three million with an interim objective of 2 million tourists by 2018 from 1.0 million in 2016. One of the key aims is the development of a seaside destination at Pointe Sarène. According to the BOS, the project has achieved a completion rate of 27% for a total budget of approximately XOF 141 billion;

- The development of micro-tourism with the objective of creating and promoting micro-tourism businesses and turning the tourism sector into a vector of social and territorial development by creating four micro-tourism incubators and training 750 micro-tourism entrepreneurs, establishing a support fund, creating special areas in 10 major tourism zones and improving communication around offers. The completion rate for this project is 41%; and

- Dakar Medical City project, with the aim of making Dakar the region's leading healthcare hub with an expected increase of 10,000 international patients per year. The components of the "Dakar Medical City" landmark project in the implementing stage are:

  - The construction, equipping and operation of four public hospitals in Touba, Kaffrine, Sédhiou and Kédougou, launched in the first quarter of 2016 to be completed in 2020, for a total estimated budget of approximately XOF 97 billion, with a completion rate of 35%;

  - The *Centre Hospitalier Universitaire* (CHU) of Diamniadio (completion rate of 21%) and in Saint-Louis (completion rate of 20%);

  - The *Centre National d'Oncologie* (CNO) in Diamniadio (completion rate of 20%);

  - The *Hôpital International de Dakar* (HID), the first private hospital, which will provide Senegal and the sub-region with a superior medical surgical unit (completion rate of 80%);

  - The medical solutions production plant in Bayakh in the Thiès region, with the developer "PARENTERUS" (completion rate of 84%);

  - The *Centre de Chirurgie cardio-pédiatrique* in Dakar (Cuomo Centre), which has been built and is currently operational; 136 children have undergone surgery, 2,652 children have been given consultations and 187 children have been admitted to intensive care as at 31 December 2017; and

  - The *Institut de recherche en santé de surveillance épidémiologique et formation* (IRESSEF), inaugurated in June 2017.

Strategic recovery of the energy sector:

- The rural electrification rate nationwide stood at 40% in 2017 compared to 33.2% in 2016 and 30.5% in 2015, but disparities remain between the various regions.
- Several projects are in the operational stage: the optimisation of production sources led to the commissioning of new plants, such as the Cap des Biches plant (83 MW) in June 2016, Bokhol (20 MW) in August 2016, Contour Global (82 MW, HFO and natural gas) and Malicounda (20 MW) in October 2016 and Tobène Power (105 MW, 70MW and 35MW extension) in December 2016. The Taiba Ndiaye 70 MW oil-fired plant was commissioned in 2017. Four other solar power plants were commissioned: Santhiou and Mekhé (the largest solar power plant in Western Africa with 92,000 solar panels) in June 2017 (30 MW each), Ten Merina in the City of Merina Dakhar in January 2018 (20 MW) and Kahone (20 MW) in February 2018, thus bolstering rural electrification.
- The implementation stage of the National Emergency Programme for Rural Electrification (*Programme National d'Urgence d'Electrification Rurale* – PNUER) which has received XOF 14.9 billion in financing for Phase 1, corresponding to approximately 157 villages, and XOF 60 billion for Phase 2, corresponding to approximately 700 villages, 1,100 km of Medium Voltage lines (20 backbone lines) and 1,329 towns. The completion rate is 100% for Phase 1 and 42% for Phase 2 as of 31 December 2017.
- In addition, electricity production is also expected to increase as a result of the commissioning of the Sendou coal-fired plant (125 MW in May 2018) for a total estimated budget of XOF 134 billion (completion rate: 80%). Also of note is the 46-wind turbine power plant of Taiba Ndiaye (151.8 MW), with a completion level of 8% estimated by the BOS. It was launched in December 2013 and is expected to be completed in July 2019 for a total estimated budget of XOF 185 billion. Lastly, another project in the implementation stage is the "218 villages" project for an amount of XOF 7,066 billion, which aims to provide electricity for 218 villages throughout Senegal, for which, according to BOS, the completion rate is 32%.

The Project Bank

In an effort to improve the quality of public expenditure, the Government of Senegal has committed itself to *ex-ante* evaluations of all new projects and programmes. The list of approved projects will be appended to the finance law each year. This undertaking is aimed at ensuring both the efficiency of public spending and increased returns on investment through a more strategic allocation of resources for public investments.

To support this mission and to improve the efficiency of public investment projects, the Government developed a bank of projects (*Banque de Projets*) during the course of 2017. The *Banque de Projets* includes investment projects readily available for implementation that have undergone technical, financial and economic feasibility studies (following the reception of the project ideas and programme priorities from ministries prior to their *ex ante* evaluation) and will use technology to improve overall planning, programming, budgeting, monitoring and evaluation of projects. This *Banque de Projets* is expected to accelerate the implementation of the projects and improve their efficiency, while enhancing transparency. The *Banque de Projets* has evaluated 50 projects to date. In the original 2018 finance law alone, 27 ex-ante evaluation reports of projects and programmes were appended.

The PAP2 (2019-2023)

As the first phase of the PSE (2014-2018) draws to a close, the Government intends to shift in the PSE's next phase to consolidating the gains that have been achieved, finalising projects that have been started, and pursuing the implementation of strategies to create dynamic industrial sectors and economic centres across the country.

With the support of a consulting firm, the Government plans to prepare a detailed analysis of the potential and challenges of each region, to assemble a detailed portfolio of projects for the 2019-2023 phase and the related costs, prepare a matrix of key reforms, establish an operational action plan to achieve the plan objectives; develop a financing strategy to enable the implementation of the projects; and define the mechanism for implementing and evaluating the plan.

PAP2 will be developed to outline the projects and reforms to be implemented over the 2019-2023 period to achieve the Government's stated objectives in terms of growth, well-being and jobs, among others. The process of developing the PAP2 is underway and the Government expects it to be finalised in the second half of 2018. As it develops the PAP2, the Government expects to gather and take into account the input of key players in private sector, community members, technical and financial partners, academics and elected officials.

An Extensive Reform Agenda

A continuing challenge for the success of the PSE is maintaining the confidence of partner countries and other international actors, particularly given the cost of the development plan and the dependence on multilateral and bilateral financing sources. This will require the ability to rapidly demonstrate the efficacy of the implementation of the PSE, which in turn will necessitate accelerated improvement of public sector governance. In this respect, administrative reforms continue, specifically those concerning fiscal governance and those concerning entities charged with defining the State's economic policy. Moreover, to accommodate additional investments while keeping the fiscal deficit in check, substantial current expenditure streamlining will be needed. Finally, keeping to the implementation schedule of key projects poses a further challenge. In the context of the 2015-2018 IMF PSI-supported economic and financial programme, Senegal has adopted several reforms, particularly in relation to public finance, which should contribute to the reduction of the budget deficit through proper recovery of budget revenues, combined with better management of government spending.

To ensure continued growth momentum, the Government must also step up its efforts to rapidly implement the critical mass of reforms that are expected to unlock private investment through FDI and SMEs, to allow the private sector to relieve the State budget's expenditure burden. These reforms must, in particular, facilitate broad-based growth of credit to the private sector, reduce costs and improve service provision in the electricity sector, strengthen the business climate and enhance competitiveness.

Gross Domestic Product

GDP is a measure of the total value of final products and services produced in a country in a specific year. Nominal GDP measures the total value of final production and services at current prices. Real GDP measures the total value of final production and services at constant prices of a particular year, thus allowing historical GDP comparisons that exclude the effect of inflation. Real GDP figures used herein are based on constant 1999 prices and all GDP data is presented on a 1999 reference year basis, notwithstanding the Governmental project to change the base year of GDP going forward (see "—*Gross Domestic Product—GDP Rebasing Project*").

The DGPEE estimates that Senegal's nominal GDP and real GDP for 2017 were XOF 9,531.6 billion and XOF 6,777.2 billion, respectively. Real GDP grew by 4.4% on average between 2002 and 2007; the real GDP growth rate subsequently fell from 3.7% in 2008 to 2.4% in 2009 due in large part to the impact of the global economic downturn, but nevertheless remained positive. Despite its minimal exposure to the international financial markets, Sub-Saharan Africa and Senegal in particular were not spared by the global economic downturn. The region was affected by the decline in prices for raw materials, decreased demand for metal and mineral exports, the decrease in remittances and in tourism activity.

However, in 2010 the level of real GDP growth rebounded to 4.2% as a result of the recovery in global demand and raw material prices, before falling to 1.8% in 2011 due primarily to decreased agricultural production attributable to the effects of a severe drought in the Sahel. In 2012, despite a difficult international context marked by both the debt crisis in the Euro zone, a slowdown in the emerging markets and socio-political instability in Mali, real GDP growth rebounded to 4.4%. In 2013, real GDP growth reached 3.5%, due mostly to the primary and tertiary sectors, despite a slowdown in the secondary sector and low production rates in the mining industry. In 2014 and 2015, the real GDP growth rate increased to 4.1% and 6.5%, respectively, as a result of the performance of agriculture, the secondary sector and, to a lesser extent, the tertiary sector. In 2016, the growth rate of real GDP is estimated at 6.7%. The real GDP growth rate for 2017 is projected at 6.8% by the Government and the IMF[1]. The 2015-2017 period is the first time since 1980 that real GDP growth has reached the level of 6.5% for three consecutive years. GDP growth over the period was driven mostly by activities in the mining industry, manufacturing of chemical products, oil refining, construction, transportation, telecommunications, housing services and financial services.

GDP Rebasing Project

In June 2015, in conjunction with the general company census (*Recensement Général des Entreprises*, RGE) (see "—*Structure of the Senegalese economy*" below), the Government launched the National Accounts Review Project (*Projet de Revue des Comptes Nationaux*), a project led by the ANSD (the "GDP Rebasing Project"), with the support of development partners, in particular, the UN Economic Commission for Africa, AFRISTAT, the IMF and a financial support of the Delegation of the European Union to Senegal. This project consists of changing the base year for Senegal's national accounts in order to:

- take into account changes to the most recent System of National Accounts adopted by the United Nations (the SNA 2008, which replaced the SNA 93, the prior reference for preparing national accounts) so as to follow the trend established at the continental level for the implementation of the

[1] Definitive estimates for 2017 have not yet been finalised.

SNA 2008 by countries such as South Africa (rebased in 2016 to 2010), Cameroon (rebased in 2017 to 2005), Kenya (rebased in 2014 to 2009), and Nigeria (rebased in 2014 to 2010);

- take into account the structural evolution of economic activity, resulting from the development of new kinds of businesses and products and the disappearance of others, changes in consumer, production and marketing habits and changes in the quality of products; and
- improve the quality of national accounts, weakened by the distance from the base year (1999).

As a result of the GDP Rebasing Project, the Government announced in March 2017 that 2014 would serve as the new base year for the national accounts of Senegal, replacing the 1999 base year. This change of base year resulted in an increase for 2014 of 30% of nominal GDP to XOF 9,789 billion, compared to XOF 7,555 billion according to the 1999 base. The overhaul of the national accounts was driven by several factors, including (i) the age of the base year given that international recommendations are to revise the base year every five years in economically developed countries and every ten years maximum; (ii) the structural changes to economy due to the development of new information and communications technology; (iii) the need for better economic coverage; and (iv) furthering the dynamic for the implementation of the SNA 2008 initiated at a continental level.

This increase in 2015 nominal GDP is primarily due to an improvement in the coverage of economic activity, in particular in connection with the implementation of the RGE, taking into account activities such as mining, inland fishing and aquaculture, rural hydraulics and the implementation of changes introduced by the SNA 2008. Excluding exports and imports, all other economic aggregates for 2014 increased following rebasing. For example, final consumption and investment increased by 22% and 18%, respectively, compared to the 1999 base. Significant progress has been made in the reform of the annual national accounts, and the 2015 and 2016 accounts are currently being prepared. The retropolation of the GDP is expected to be ready in 2018.

The table below highlights certain changes in the principal macroeconomic indicators for the 2014 national accounts post rebasing compared to the amounts calculated using the 1999 base year:

Macroeconomic indicators	1999 base	New 2014 base	Absolute change	Percentage change
Aggregates (XOF billion)				
GDP at market prices	7,555	9,789	2,234	30%
Actual final consumption	7,160	8,731	1,572	22%
Gross fixed capital formation	1,931	2,281	350	18%
Aggregates per resident				
GDP (XOF 1,000)	542	703	160	30%
GDP (US dollars)	1,099	1,424	325	30%

Source: ANSD

In terms of allocation of the GDP by sector, the share of the tertiary sector in the rebased 2014 nominal GDP increased slightly from 46.1% when calculated using the 1999 base to 54% following rebasing. The weight of this sector is enhanced by taking into account products from research and development. The respective shares of the primary and secondary sectors remained relatively stable at 15.6% and 20.0%, respectively.

In addition, the share of tax revenues decreased and amounted to 10.8% of GDP compared to 12.8% with the 1999 base, due to the effects of a more significant re-evaluation of GDP.

Furthermore, the change of base year has helped to establish a new structure of the economy. Inflows that are part of the production process have been updated for every business segment. Consequently, products such as electricity and telecommunication services increase in scale in the share of production units.

The change in GDP has a direct impact on Senegal's performance-tracking indicators. The increase in GDP, following the change of base year, improves Senegal's ranking in the WAEMU convergence criteria for 2014 with respect to the budgetary deficit set at 3% of GDP. However, its performance for 2014 according to the tax pressure indicator is lower. Ultimately, the change of base year is expected to provide a better reference to evaluate the economic policies implemented by the Government.

The table below presents changes in the convergence indicators for 2014:

Convergence indicators	1999 base	New 2014 base	WAEMU targets
Budget deficit / GDP	(5.1%)	(4.0%)	<= (3.0%)
Tax pressure rate (tax revenue excluding FSE) / GDP	19.6%	15.1%	>= 20%
Debt ratio (public debt / GDP)	54.4%	41.9%	<= 70%

Source: ANSD

In terms of implementation, the Government plans to prepare the accounts for 2015 and 2016 restated for the new base year by March 2018. Accordingly, all GDP figures used in this Prospectus are based on constant 1999 prices and all GDP and GDP-based data is presented on a 1999 reference year basis, notwithstanding the Governmental project to change the base year for GDP going forward. As a result of the change of base year, GDP-related data presented in this Prospectus based on the 1999 reference year will not be comparable to data published in future periods that is based on 2014-rebased GDP. It should be emphasised that an initial revision of the growth rate was carried out on the basis of the 2014 base year, but this revision only accounted for the 2014 results. However, the next revision of the macroeconomic framework scheduled for March 2018 will present 2014, 2015, 2016 and 2017 GDP data based on the new base year.

Structure of the Senegalese economy

During 2015, the ANSD completed the first RGE in connection with the GDP Rebasing Project (see "—*Gross Domestic Product—GDP Rebasing Project*" above), with the help of Senegal's development partners. The RGE sought to record every economic unit with premises or offices within the formal and informal sectors, in addition to farms, small-scale fishing (registered fishers), professional and employers' organisations and Economic Interest Groups (*Groupements d'Intérêt Economique*).

The RGE recorded 407,882 economic units throughout the country, with significant concentration in the Senegal's western and central-western regions: Dakar (39.5%), Thiès (11.5%), Diourbel (9.4%) and Kaolack (5.9%). These economic units employ 844,268 individuals throughout the country, of which 72.4% are permanent residents and 66.7% are men. Individuals represent 96.8% of recorded economic units, but companies, which represent only 3.2% of recorded units, generate 80.0% of overall revenue generated by all recorded economic units. The Dakar region hosts over a third of such units (160,963, or 39.5%) and 51.7% of employees. At the national level, 33.3% of employees and 31.3% of entrepreneurs are women, predominantly in the hotel, bar and restaurant segment (72.8%). The average age of individual entrepreneurs is 46. The average age of male entrepreneurs is 38 and the median age of female entrepreneurs is 40. Economic units that are between five and ten years old account for 26.7% of the total. Most enterprises in Senegal operate in the trade sector (52.1%) (see "—*Principal Sectors of the Economy—Tertiary Sector*").

Overall, 97.0% of the recorded economic units are informal. The informal sector dominates every business segment except for segments relating to services provided to companies (12.3%), buildings and public works (5.6%) and food industries (41.4%). Revenue of all recorded companies amounted to XOF 11,349.7 billion in 2014, with the trade sector generating the largest share of this overall revenue (40.3%). While representing 97.0% of recorded units, the informal sector contributes only 16.3% of overall revenue generated by all Senegalese economic units.

The main challenges cited by units in the formal sector pertain to taxes and duties, which are considered too high (17.2%). In the informal sector, economic units are confronted by problems relating to sales of products (30.5%) and lack of suitable premises (25.1%).

Gross Domestic Product by Sector

NOMINAL GROSS DOMESTIC PRODUCT BY SECTOR

The following table sets out nominal GDP figures across the different sectors of the economy for the periods indicated (based on constant 1999 prices):

	2013	2014(1)	2015(1)	2016(1)	2017(1)
			(*in XOF billions*)		
Primary sector	**1,004.6**	**1,017.0**	**1,191.8**	**1,323.0**	**1,469.6**
Agriculture	501.1	498.8	637.4	698.8	796.3
of which Subsistence Agriculture	386.1	383.1	501.5	563.4	639.6
of which Industrial and Export Agriculture	115.0	115.7	135.9	135.5	156.7
Livestock and Hunting	317.0	348.3	372.3	406.0	439.9
Forestry	63.9	65.0	66.7	69.7	72.8
Fishing	122.5	104.9	115.5	148.5	160.6
Secondary sector	**1,525.7**	**1,576.5**	**1,677.6**	**1,764.6**	**1,955.7**
Mining	148.3	154.6	182.7	247.9	279.5
Other Industries(2)	879.0	872.3	944.5	966.5	1,056.4
Electricity, Gas and Water	200.0	215.9	202.3	191.5	215.5
Construction	298.4	333.7	348.1	358.7	404.3
Tertiary sector	**3,423.7**	**3,485.3**	**3,629.4**	**3,910.8**	**4,271.1**
Commerce	1,181.1	1,201.2	1,281.6	1,370.4	1,460.5
Transport, Post and Telecommunications	791.6	797.6	806.8	891.6	1,018.3
Education and Training	277.2	288.9	301.0	313.2	327.4
Health and Social Services	92.0	88.4	90.1	93.2	100.7
Other Services(3)	1,081.8	1,109.2	1,149.8	1,242.5	1,364.3
of which Accommodation and Restaurant Services	55.7	58.1	60.4	65.8	72.1
of which Financial Services	253.5	265.7	285.3	339.0	381.8
of which Real Estate Activities	399.3	394.5	403.7	439.0	472.5
Public administration	**1,380.7**	**1,475.9**	**1,569.0**	**1,709.2**	**1,835.3**
Nominal GDP	**7,334.8**	**7,554.7**	**8,067.8**	**8,707.6**	**9,531.6**

(1) Figures for 2014 are "semi-definitive estimates" of the ANSD that are subject to revision by the ANSD. Figures for 2015 are "provisional estimates" of the ANSD that are subject to revision by the ANSD. Figures for 2016 and 2017 are "preliminary estimates" of the DGPEE that will be subject to revision by the ANSD. See "*Presentation of Economic and other Information*".

(2) Other industries includes refining activities, processing of agricultural products, fatty foods, manufacturing and construction of transport materials, among other things.

(3) Other services includes tourism-related services, real estate, financial services and business services among other things.

Source: DGPEE, ANSD

PROPORTION OF TOTAL NOMINAL GROSS DOMESTIC PRODUCT BY SECTOR

The table below provides information regarding Senegal's output by sector as a proportion of its total nominal GDP for the years indicated (based on constant 1999 prices):

	2013	2014(1)	2015(1)	2016(1)	2017(1)
Primary sector	**13.7%**	**13.5%**	**14.8%**	**15.2%**	**15.4%**
Agriculture	6.8%	6.6%	7.9%	8.0%	8.4%
of which Subsistence Agriculture	5.3%	5.1%	6.2%	6.5%	6.7%
of which Industrial and Export Agriculture	1.6%	1.5%	1.7%	1.6%	1.6%
Livestock and Hunting	4.3%	4.6%	4.6%	4.7%	4.6%
Forestry	0.9%	0.9%	0.8%	0.8%	0.8%
Fishing	1.7%	1.4%	1.4%	1.7%	1.7%
Secondary sector	**20.8%**	**20.9%**	**20.8%**	**20.3%**	**20.5%**
Mining	2.0%	2.0%	2.3%	2.8%	2.9%
Other Industries(2)	11.9%	11.5%	11.7%	11.1%	11.0%
Electricity, Gas and Water	2.7%	2.9%	2.5%	2.2%	2.3%
Construction	4.1%	4.4%	4.3%	4.1%	4.2%
Tertiary sector	**46.7%**	**46.1%**	**45.0%**	**44.9%**	**44.8%**
Commerce	16.1%	15.9%	15.9%	15.7%	15.3%
Transport, Post and Telecommunications	10.8%	10.6%	10.0%	10.2%	10.7%
Education and Training	3.8%	3.8%	3.7%	3.6%	3.4%
Health and Social Services	1.3%	1.2%	1.1%	1.1%	1.1%
Other Services(3)	14.7%	14.7%	14.3%	14.3%	14.3%
of which Accommodation and Restaurant Services	0.8%	0.8%	0.7%	0.8%	0.8%
of which Financial Services	3.5%	3.5%	3.5%	3.9%	4.0%
of which Real Estate Activities	5.4%	5.2%	5.0%	5.0%	5.0%
Public administration	**18.8%**	**19.5%**	**19.4%**	**19.6%**	**19.3%**
Nominal GDP	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

(1) Figures for 2014 are "semi-definitive estimates" of the ANSD that are subject to revision by the ANSD. Figures for 2015 are "provisional estimates" of the ANSD that are subject to revision by the ANSD. Figures for 2016 and 2017 are "preliminary estimates" of the DGPEE that will be subject to revision by the ANSD. See "*Presentation of Economic and other Information*".
(2) Other industries includes refining activities, processing of agricultural products, fatty foods, manufacturing and construction of transport materials, among other things.
(3) Other services includes tourism-related services, real estate, financial services and business services among other things.
Source: DGPEE, ANSD

REAL GROSS DOMESTIC PRODUCT BY SECTOR

The table below provides information regarding Senegal's real GDP by sector for the years indicated (based on constant 1999 prices):

	2013	2014(1)	2015(1)	2016(1)	2017(1)
			(*in XOF billions*)		
Primary sector	**666.2**	**680.9**	**771.4**	**821.8**	**887.6**
Agriculture	345.6	351.5	440.1	468.0	516.9
of which Subsistence Agriculture	253.2	259.8	333.5	366.0	403.4
of which Industrial and Export Agriculture	92.4	91.7	106.6	102.1	113.5
Livestock and Hunting	225.8	236.5	235.6	249.3	262.2
Forestry	34.3	35.0	35.5	36.7	38.0
Fishing	60.5	57.9	60.2	67.7	70.4
Secondary sector	**1,119.9**	**1,159.3**	**1,257.2**	**1,341.6**	**1,445.1**
Mining	55.9	62.7	81.8	109.3	119.7
Other Industries(2)	673.6	670.9	724.7	751.9	801.4
Electricity, Gas and Water	140.7	148.3	150.6	159.3	169.2
Construction	249.7	277.4	300.1	321.1	354.8
Tertiary sector	**2,711.6**	**2,825.7**	**2,967.0**	**3,169.6**	**3,378.6**
Commerce	873.7	916.6	985.3	1,044.8	1,097.1
Transport, Post and Telecommunications	777.5	802.5	828.6	897.8	970.3
Education and Training	184.3	191.4	192.2	198.5	205.5
Health and Social Services	92.2	94.9	96.7	100.1	105.1
Other Services(3)	783.9	820.4	864.2	928.3	1,000.8
of which Accommodation and Restaurant Services	37.1	38.2	39.4	43.1	46.8
of which Financial Services	216.4	228.4	251.0	295.7	329.7
of which Real Estate Activities	278.9	288.6	302.2	327.8	344.2
Public administration	**868.6**	**919.0**	**949.9**	**1,013.5**	**1,065.8**
Real GDP	**5,366.3**	**5,585.0**	**5,945.6**	**6,346.5**	**6,777.2**

(1) Figures for 2014 are "semi-definitive estimates" of the ANSD that are subject to revision by the ANSD. Figures for 2015 are "provisional estimates" of the ANSD that are subject to revision by the ANSD. Figures for 2016 and 2017 are "preliminary estimates" of the DGPEE that will be subject to revision by the ANSD. See "*Presentation of Economic and other Information*".
(2) Other industries includes refining activities, processing of agricultural products, fatty foods, manufacturing and construction of transport materials, among other things.
(3) Other services includes tourism-related services, real estate, financial services and business services among other things.
Source: DGPEE, ANSD

PERCENTAGE CHANGE IN REAL GROSS DOMESTIC PRODUCT BY SECTOR

The table below provides information on percentage changes in Senegal's real GDP by sector as compared to the previous year, for the periods indicated (based on constant 1999 prices):

	2013	2014[(1)]	2015[(1)]	2016[(1)]	2017[(1)]
Primary sector	**1.8%**	**2.2%**	**13.3%**	**6.5%**	**8.0%**
Agriculture	0.5%	1.7%	25.2%	6.3%	10.4%
of which Subsistence Agriculture	1.0%	2.6%	28.4%	9.7%	10.2%
of which Industrial and Export Agriculture	(0.9)%	(0.7%)	16.2%	(4.3%)	11.2%
Livestock and Hunting	5.7%	4.7%	(0.4%)	5.8%	5.2%
Forestry	4.1%	2.0%	1.5%	3.4%	3.5%
Fishing	(5.4%)	(4.3%)	3.9%	12.5%	4.0%
Secondary sector	**4.0%**	**3.5%**	**8.4%**	**6.7%**	**7.7%**
Mining	(12.1%)	12.2%	30.5%	33.7%	9.5%
Other Industries[(2)]	2.8%	(0.3%)	8.1%	4.0%	6.6%
Electricity, Gas and Water	5.2%	5.4%	1.6%	5.7%	6.2%
Construction	11.7%	11.1%	8.2%	7.0%	9.5%
Tertiary sector	**4.9%**	**4.2%**	**5.0%**	**6.8%**	**6.6%**
Commerce	5.3%	4.9%	7.5%	6.0%	5.0%
Transport, Post and Telecommunications	7.5%	3.2%	3.3%	8.4%	8.1%
Education and Training	1.1%	3.8%	0.4%	3.3%	3.5%
Health and Social Services	1.5%	2.9%	1.9%	3.5%	5.0%
Other Services[(3)]	3.3%	4.7%	5.3%	7.4%	7.8%
of which Accommodation and Restaurant Services	9.9%	2.9%	3.1%	9.3%	8.5%
of which Financial Services	1.2%	5.5%	9.9%	17.8%	11.5%
of which Real Estate Activities	3.6%	3.5%	4.7%	8.5%	5.0%
Public administration	**(0.2%)**	**5.8%**	**3.4%**	**6.7%**	**5.2%**
Real GDP	**3.5%**	**4.1%**	**6.5%**	**6.7%**	**6.8%**

(1) Figures for 2014 are "semi-definitive estimates" of the ANSD that are subject to revision by the ANSD. Figures for 2015 are "provisional estimates" of the ANSD that are subject to revision by the ANSD. Figures for 2016 and 2017 are "preliminary estimates" of the DGPEE that are subject to revision by the ANSD. See "*Presentation of Economic and other Information*".

(2) Other industries includes refining activities, processing of agricultural products, fatty foods, manufacturing and construction of transport materials, among other things.

(3) Other services includes tourism-related services, real estate, financial services and business services among other things.

Source: DGPEE, ANSD

REAL GROSS DOMESTIC PRODUCT, CONSTANT PRICES ANNUAL PERCENTAGE CHANGE

The table below sets out real GDP growth percentages in Senegal, WAEMU, Sub-Saharan Africa and the world for the periods indicated (based on constant 1999 prices):

	2013	2014	2015	2016	2017
Senegal[(1)]	3.5%	4.1%	6.5%	6.7%	6.8%
WAEMU	5.5%	6.5%	6.6%	6.7%	6.8%
Sub-Saharan Africa	1.9%	5.0%	3.4%	1.4%	2.6%
World	3.0%	3.4%	3.2%	3.1%	3.6%

(1) Figures for 2014 are "semi-definitive estimates" of the ANSD that are subject to revision by the ANSD. Figures for 2015 are "provisional estimates" of the ANSD that are subject to revision by the ANSD. Figures for 2016 and 2017 are "preliminary estimates" of the DGPEE that will be subject to revision by the ANSD. See "Presentation of Economic and other Information".

Source: Senegal figures - DGPEE (Senegal figures); World and Sub-Saharan Africa figures - IMF World Economic Outlook (April 2017); WAEMU figures - BCEAO.

Outlook for 2018 and Beyond

The Government expects economic activity to remain dynamic and maintain its upward trend amid more favourable domestic conditions than in the past, but also due to structural improvements as part of the continued execution of the PSE. In addition, the implementation of reforms, particularly with regard to improving the business climate, is expected to bolster economic activity. Overall, the Government projects a real GDP growth rate of 7% in 2018, compared to 6.8% in 2017. This higher rate in 2018 is expected to be driven by the stable performance of the primary, secondary and tertiary sectors. To remove the constraints slowing private sector development, the Government intends to step up the pace of implementation of projects and reforms.

The Government expects 2018 to be particularly marked by a consolidation of achievements (the enhancement of social programs such as the Emergency Community Development Programme (*Programme d'Urgence de Développement Communautaire* – PUDC), the PNBSF, etc.) and the launch of new initiatives in the areas of health, education, vocational training, agricultural, fishing, craftsmanship, financing of SME, women and youth. All of these new initiatives are designed to promote job creation and the reduction of poverty.

The proceeds of the issue of the Notes described in this Prospectus will contribute in part to the financing of certain PSE-related priority projects in 2018 (see "*Use of Proceeds"*).

Recent oil and gas discoveries off the coast of Senegal could boost energy supply and provide positive benefits for public finances and GDP growth (see "*—Principal Sectors of the Economy—Secondary—Energy—Oil & Gas*" below). Initial estimates of the discoveries suggest that oil and gas resources could be significant, with production coming on line as early as 2021-2022 for gas and two years later for oil. Pending a reputable international firm setting a date and production targets, however, production and earnings from oil and gas have not yet been integrated into the country's macroeconomic framework.

Principal Sectors of the Economy

The primary sector of Senegal's economy, which includes agriculture, livestock and hunting, forestry and fishing, is currently in transition. It is shifting from traditional practices, based on fishing and cash crop exports, to a more diversified sector. According to the DGPEE, the sector contributed an estimated 15.4% of nominal GDP in 2017 and employed more than 50% of Senegal's working population (full-time). The sector is vulnerable to fluctuating weather conditions, and food security continues to be an issue, especially as Senegal remains heavily reliant on imports, leaving it susceptible to rising global food prices. Primary sector real GDP increased by 8.0% in 2017 compared to 6.5% in 2016. It is expected to remain strong in 2018 with the continuation of phase 2 of PRACAS and Government investment in the sector.

In the secondary sector, activity was strong in 2017, after having slowed in 2016. Real GDP growth in the sector is estimated at 7.7% in 2017 compared to 6.7% in 2016 and is projected at 8.6% in 2018, as a result of the solid performance, in particular, of the subsectors of food product manufacturing, building materials, chemical product refining and manufacturing, and sawmilling and planning of wood, combined with the strong performance of the building and public works and energy sectors. The sector's contribution to real GDP is estimated at around 21% of real GDP in 2016 and 2017, the same share is expected in 2018.

The tertiary sector's real GDP grew by 6.6% in 2017, a similar growth rate to that of 2016. Growth was driven by trade activities, transport, accommodation and restaurant services, financial services, information and communication services and real estate activity. The tertiary sector's contribution to real GDP in 2017 is estimated at 49.9%, along the same lines as the previous two years. The sector is estimated to account for 44.8% of nominal GDP along the same lines as the previous two years. In 2018, the tertiary sector's share of GDP is projected at 44.6%.

Informal Economy

Despite recent efforts to regulate working practices more closely and to expand the tax base, a large portion of the Senegalese economy does not form part of the Senegalese tax base and is made up of the informal economy, where activities remain unrecorded and, as a result, taxes cannot be assessed and remain unpaid. The informal economy includes all companies that do not prepare financial statements in accordance with accounting standards.

According to the RGE, carried out in 2015, the informal economy, which includes virtually all of the agricultural sector, trade and transportation services, accounts for approximately 97% of economic units but accounts only for 16.3% of the overall revenue generated by all Senegalese economic units.

Primary Sector

Agriculture, Livestock, Farming and Hunting, Forestry and Fishing

The Senegalese agricultural sector benefits from Senegal's very young population with an average age of 22.7 years and a median age of 18 years, which the Government believes represents favourable conditions for its success and competitiveness and ability to ensure food and nutrition security, as well as significant exports of high value added products. Almost half of households in Senegal are employed in the agricultural sector (49.5%).

Growth in the sector

The agricultural sector saw growth in real GDP of an estimated 10.4% in 2017, 6.3% in 2016 and 25.2% in 2015. The marked decrease in the rate of growth in 2017 and 2016 as compared to 2015 is attributable to lower levels of production in the agricultural sector due to an abrupt halt in rainfall in certain areas of the country. Such volatility reflects the agricultural sector's high dependency on weather conditions and, in particular, rainfall volumes, which can vary significantly from year-to-year. The agricultural sector is particularly vulnerable to seasonal fluctuations in rainfall given that only 5.4% of Senegal's cultivated lands are irrigated.

Subsistence agriculture showed estimated real GDP growth of 10.2% in 2017 compared to 9.7% in 2016 and 28.4% in 2015. The growth in 2016 was principally driven by an increase in grain and horticultural production.

Industrial agriculture estimated real GDP increased by 11.2% in 2017 compared to a decrease of 4.3% in 2016 and an increase of 16.2% in 2015. The decrease in 2016 was primarily due to a decrease of groundnuts and cotton production. In 2018, the growth of the agricultural sector is expected to be 8.9%, driven by subsistence and export agriculture, which are expected to record growth rates of 9.4% and 7.4%, respectively.

In the livestock farming and hunting sector, real GDP growth is estimated at 5.2% in 2017 compared to an increase of 5.8% in 2016 and a decrease of 0.4% in 2015. This growth was the result of an increase in poultry production, after setbacks in 2015 due to Marek's disease, caused by a highly contagious virus. In 2018, the livestock farming subsector is expected to remain strong with a projected growth rate of 5.5%.

The Government has identified fishing as one of the national economy's key potential growth areas in light of its importance to food self-sufficiency in Senegal. Key strategies within this area include sustainable management of resources, the modernisation of the traditional sector, the development of aquaculture and the further development of secondary industries, including processing and packaging. The sector showed estimated real GDP growth of 12.5% in 2016 compared to a 3.9% increase in 2015. This growth reflects an increase in small scale and industrial fish landings of 9.5% and 25.9%, respectively. In 2017, despite the delay in renewing fishing licences with Mauritania and the effect of overfishing on fishery resources, fishing activity remained dynamic with a growth of 7.1%, after an increase of 12.5% in 2016.

Agricultural Production. The table below sets out information regarding Senegal's agricultural production volumes (in tonnes) for some key crops for the periods indicated:

Agriculture (tonnes)	**2013**	**2014**	**2015**	**2016**	**2017 (est)**	**2013-2016 average**
Maize	225,902	178,732	304,296	346,030	417,259	263,740
White Rice	436,153	559,021	906,348	945,617	1,015,334	711,785
Sorghum	92,029	102,323	188,500	178,028	225,696	140,220
Millet	515,365	408,993	749,874	651,236	891,096	581,367
Manioc	146,030	254,983	439,571	701,263	760,455	385,462
Groundnuts	677,456	669,329	932,000	991,427	1,411,574	817,553
Cotton	32,250	26,565	20,295	15,160	20,000	23,568
Fonio	1,488	2,179	3,228	3,757	4,024	2,663

Source: DGPEE

Senegal's primary cash crop in terms of volumes produced is groundnuts, which account for approximately one-third of cultivated land in Senegal. The groundnuts industry is dominated by SONACOS, a national groundnuts oil production company and one of the world's largest groundnuts oil exporters, with an annual production capacity of approximately 105,000 tonnes of groundnuts oil and 135,000 tonnes of groundnuts cake (*tourteau d'arachide*). SONACOS, which the State bought back from the Advens Group (which had renamed it Suneor SA) in 2016 to improve its performance, exports more than 50% of its production on the global groundnuts oil market, mainly to Europe, the United States and, more recently, China. The groundnuts trade association, the *Comité National Interprofessionnel de l'Arachide*, determines the price paid to growers, taking into account the tax imposed on vegetable oils, as well as the local groundnuts oil prices. The price paid to groundnuts producers was set at XOF 210.0 per kilogramme for the 2016-2017 season, compared to an average price of XOF 146.9/kg globally. The same domestic price was reapplied for the 2017-2018 season. Groundnuts producers benefit from a State subsidy whereby losses they incur on the international markets are reimbursed. The reimbursement totalled XOF 9.3 billion in 2016 and approximately XOF 20.0 billion in 2017. Furthermore, 82,000 tonnes of seeds were subsidised in 2017, including 55,000 tonnes of certified seeds, as well as 30,000 tonnes of fertiliser. In addition to difficulties linked to economic conditions, groundnuts production levels are highly unstable, in part due to the sensitivity of the sector to low or unpredictable rainfall. In terms of volume, groundnuts production significantly increased, reaching 1,411,574 tonnes in 2017 (an increase of over 42% compared to 2016).

Senegal benefits from plentiful water resources and arable land that remain underexploited. However, of Senegal's 3.8 million hectares of arable land, only 2.6 million hectares are currently cultivated (rain-fed agriculture for the field crops) and only 140,000 hectares are irrigated. Senegal is attempting to diversify its agricultural sector away from a single crop-dominated system by encouraging cultivation of crops such as maize and manioc as well as fruit and vegetables to meet both domestic demand and for export. Reflecting such efforts, the production of fruits and vegetables increased by 9.4% in 2017, compared to 2016, continuing a growth trend begun several years ago.

Production forecasts for 2017 regarding indicate cereal production (millet, sorghum, maize, rice and fonio) of 2,553,409 tonnes, representing a 20.2% increase compared to 2016 and a 41.3% increase compared to the 2013-2016 period (1,806,960 tonnes). Production forecasts for key crops for 2017 are as follows:

(i) maize production of 417,259 tonnes, a 20.6% increase compared to 2016 (346,030 tonnes) and a 58.2% increase compared to the average for the 2013-2016 period (263,740 tonnes);

(ii) rice production of 1,015,334 tonnes, a 7.4% increase compared to 2016 (945,617 tonnes) and a 42.6% increase compared to the average for the 2013-2016 period (711,785 tonnes);

(iii) sorghum production of 225,696 tonnes, a 26.8% increase compared to 2016 (178,028 tonnes) and a 61.0% increase compared to the average for the 2013-2016 period (140,220 tonnes);

(iv) millet production of 891,096 tonnes, a 36.8% increase compared to 2016 (651,236 tonnes) and a 53.3% increase compared to the average for the 2013-2016 period (581,367 tonnes);

(v) manioc production of 760,455 tonnes, an 8.4% increase compared to 2016 (701,263 tonnes) and a 97.2% increase compared to the average for the 2013-2016 period (385,462 tonnes);

(vi) groundnuts production of 1,411,574 tonnes, a 42.4% increase compared to 2016 (991,427 tonnes) and a 72.7% increase compared the average for the 2013-2016 period (817,553 tonnes);

(vii) cotton production of 20,000 tonnes, a 32.0% increase compared to 2016 (15,160 tonnes) and a 15.1% decrease compared to the average for the 2013-2016 period (23,318 tonnes); and

(viii) fonio production of 4,024 tonnes, a 7.1% increase compared to 2016 (3,757 tonnes) and a 51.1% increase compared to the average for the 2013-2016 period (2,663 tonnes).

Programme d'Accélération de la Cadence de l'Agriculture Sénégalaise (PRACAS)

In 2014, Senegal began the implementation of its PRACAS, an initiative partly aimed at reducing Senegal's dependence on imported foodstuffs, developing its exports and generating new forms of employment and revenue. PRACAS' preliminary phase ran from 2014 to 2017 and cost a total of approximately XOF 342 billion over the course of this period, out of a total estimated cost of XOF 581 billion. PRACAS had four targets:

(1) Self-sufficiency in rice by 2017, with a national annual production of 1,600,000 tonnes (this was expected to cost XOF 424.7 billion, partially offset by a reduction of imports of rice of XOF 313.3 billion per year and a potential growth in GDP of 2%, resulting from substituting domestic production for rice imports);

(2) Self-sufficiency in onions by 2016, with a national annual production of 350,000 tonnes (this is expected to cost XOF 20.9 billion, partially offset by a saving to the economy of XOF 9.25 billion and increased revenues for onion producers);

(3) Optimisation of the groundnuts sector and the achievement of a national annual groundnuts production of 1 million tonnes, at a cost of XOF 92 billion; and

(4) Development of the out-of-season fruits and vegetables sectors through the achievement of a combined annual export volume of 157,500 tonnes, at a cost of XOF 43.5 billion.

The costs of implementing targets (3) and (4) were expected to be partially offset by a reduction in imports of natural oils and a XOF 28.5 billion income each year. The Government intended to meet PRACAS' targets by, among other things, intensifying agricultural production and improving water management, agricultural research and education and quality control. To date, only the objectives regarding self-sufficiency in rice and in the horticultural sector have not been reached.

While the PRACAS targets have not yet all been reached, Senegal has recorded strong performance with respect to each of them:

(1) Self-sufficiency in rice was targeted by 2017, with the target of a national annual production of 1,600,000 tonnes: at the end of 2017, production is estimated at 1,015,334 tonnes, compared to 945,617 tonnes in 2016, an increase of 7.4%. The failure to achieve target primarily reflects insufficient financing from the technical and financial partners and the State and the weak development of irrigation;

(2) Self-sufficiency in onions by 2016, with a national annual production target of 350,000 tonnes: the target was surpassed with a production of 432,548 tonnes in 2017. These results are primarily due to the State's support through subsidies for fertilisers, a freeze on imports, the financing of small projects by programmes and agencies, and training programmes on good horticultural practices. Although Senegal has become a major producer of onions in recent years, with local production exceeding imports, local production only covers demand for an eight-month period, thereby explaining the significant imports recorded in 2017, estimated at 142,389 tonnes. The continued increase in imports is primarily due to insufficient storage infrastructure;

(3) Optimisation of the groundnuts sector and the achievement of a national annual groundnuts production of 1,000,000 tonnes: in 2017, groundnuts production was 1,411,574 tonnes, a 42.4% increase compared to 2016. The State undertook numerous initiatives for the groundnuts sector,

including an increase in production areas, which amounted to 1,135,339 hectares in 2015, or an increase of 29.2% compared to 2014 (878,659 hectares); and

(4) Development of the off-season fruit and vegetable sector. The target export volume of fruits and vegetables is 157,000 tonnes. In 2017, the volume of fruit and vegetable exports is estimated at 106,200 tonnes compared to 91,105 tonnes in 2016, an increase of 16% between 2016 and 2017 and an increase of 38% compared to the average of the past five years. The leading horticultural products exported are sweet corn, mangos, melons, green beans, cherry tomatoes and flowers. Failure to reach export targets for fruits and vegetables mainly reflects inadequate logistical infrastructure (lack of adequate and suitable storage facilities and a non-functional freight terminal).

To support implementation of PRACAS, the following major reforms have been initiated or implemented:

- The establishment of Chambers of Agriculture;
- The finalisation, signing and publication of decree No.02243 MEFP/DGID of 19 February 2016 listing agricultural equipment eligible for exemption under the General Tax Code;
- The preparation and adoption of the national seed capital replenishment strategy for the 2016/2020 period;
- Support for cooperatives and private companies to promote their independence in producing and distributing selected seeds;
- The streamlining of agricultural input subsidies and continued pursuit of the targeting policy already in progress (SMS "E-intrant" programme);
- The participation of Producer Organisations in defining strategies for targeting sub-sectors to be subsidised;
- The restructuring and optimisation of performance in the groundnuts industry; and
- The reorganisation and strengthening of the Ministry of Agriculture and Rural Equipment's (*Ministère de l'Agriculture et de l'Equipement Rural*) (MAER) capacities, in particular through the recruitment of 400 workers (agricultural engineers, agricultural works engineers, agricultural technical staff, economists, planners, etc.).

Secondary Sector

Industries

The President of the Republic's objective is to make Senegal a regional industrial logistics hub by 2035, using the PSE as a driver. Senegal's industrial sector is mainly dominated by SMEs, which accounted for 92.5% of the sector on average over the 2010-2015 period, according to the RGE campaign for 2015. Most of these industrial companies are located in the Dakar region (91%), Thiès (5%), Saint-Louis (1%), Ziguinchor (1%).

The industrial sector represented on average 14.2% of Senegal's GDP over the 2010-2016 period. It decreased from 15% in 2002 to 13.9% in 2016 and 14% in 2017. In 2018, the share of the industrial sector is expected to reach 14.2% of GDP. The industrial sector employs approximately 43,109 persons. The turnover increased from approximately XOF 2,603 billion in 2010 to approximately XOF 3,500 billion in 2015, a 26% increase due to strong performances in agri-food and energy (28%), as well as chemicals (26%).

Among the actions undertaken in the industrial sector since 2014, the following are of particular note:

- The Diamniadio Integrated Industrial Park (P2ID) to be built in Diamniado on 53 hectares, the first phase of which was entirely financed by the State for XOF 25 billion, covering 13 hectares, and which was completed in the first quarter of 2017. Some 40 industrial companies have expressed their interest, and two have been approved after having obtained their reservation contracts;
- The development of the Diamniadio Industrial Estate, in which 18 companies are currently in production, 31 companies are nearing the production stage and 105 companies have expressed interest (this consolidation has led to the creation of more than 2,000 permanent jobs);
- The development of the Sandiara Industrial Estate which, with a surface area of 100 hectares, has recorded investments in an amount of XOF 21.5 billion (out of XOF 60 billion in expected investments) and currently comprises four companies in operation and 300 created jobs; it is expected to generate 10,000 jobs by 2025, including one thousand between 2017 and 2018. It was built in a SEZ in November 2017;
- The development of regional parks and industrial estates, such as the Goxu-Mbacc women's fish

processing complex in Saint-Louis, the industrial estates of Sédhiou and of Fatick;

- Construction and fitting of business hotels between 2016 and 2017 in Linguère, Gossas, Touba, Matam, Sandiara, Fatick and Sédhiou;
- The programme for the establishment of SMEs and the development of processing units for agricultural, livestock farming and fishing products, implemented as of March 2016, aims to establish 570 processing units depending on the local potential of Senegal's regions;
- The completion as of December 2016 of the National Multifunctional Platform Programme (PN-PTFM) for the fight against poverty (brainstorming for the development of a new Programme may begin in 2018), which started in 2009. Some of the achievements include 341 participatory feasibility studies, the granting of credit to 2,209 women, the construction of 11 artisanal bakeries and the establishment of 22 local resource processing units in the regions;
- The revival of certain distressed companies including (i) *Industries Chimiques du Sénégal* (ICS), which had been at a standstill since 2012, through a financial and shareholding restructuring completed in 2016, (ii) *Nouvelle Société de Textile de Thiès* (NSTS), (iii) SONACOS; (iv) the ongoing privatisation of SOTEXKA (the investments necessary for the company to become profitable and competitive have not yet been made; a working group comprising Teranga Gold, SODEFITEX, DOMITEXKA, AISSA DIONE TISSUS and the Ministry of Industry is working on an integrated relaunch of the company); and (iv) Senegal Airlines, the former national airline, which experienced numerous financial difficulties, including cumulative debt of approximately XOF 65 billion, resulting in its dissolution by Senegalese authorities on 2 April 2016 and the creation of a new company, Air Senegal SA;
- The adoption by the government of a National Quality Policy (NQP) linked to the ECOWAS Quality Policy set out in decree no.2017-461 of 21 March 2017; and
- The promotion of industrial property and technological innovation: the Senegalese Agency for Industrial Property and Technological Innovation (ASPIT) is ranked third worldwide (in the "low income" group of the World Bank Income Group Classification of July 2016) in the Global Innovation Index 2017 ranking of the World Intellectual Property Organisation.

As of the date of this Prospectus, the outlook for the industrial sector revolves mainly around: (i) the completion of the second phase of the Diamniadio Integrated Industrial Park (P2ID), which will be launched in 2018, (ii) the construction of two or three large integrated industrial platforms of significant size between 2018 and 2019, (iii) the continuation of the construction and industrial equipment programme set to be completed by 2019, (iv) the continuation of the NQP and (v) the creation and transfer of innovative technologies for the agrifood sub-sector.

Mining

Senegal has significant mining potential. The country's sedimentary basin is rich in phosphates, heavy minerals, attapulgites and resources used in building activities. The base also contains gold, manganese, iron and base metals. The sector's strengths are based primarily on the existence of a mining code, a mineral plan and various maps, an appraisal of requests for mining titles using software (Flexicadastre), as well as enhanced supervision of mining operations. The sector's weaknesses stem from very limited human resources, inadequate awareness of mining potential and a limited presence of domestic subcontractors and suppliers.

While mining currently accounts for a small portion of Senegal's GDP, 2.9% in 2017, new exploration techniques, increased foreign investment and the construction of a new industrial transport infrastructure are expected to allow the emergence of production of underexploited minerals. Mining promotional efforts based on the amended legal and regulatory framework and modernisation of geological and mining infrastructure have attracted significant investment flows toward the exploration and production of gold, iron, zircon and cement, amounting to nearly US$4 billion for the period 2009-2013. The country is one of the world's largest phosphate producers, but a number of other segments have begun to be developed, particularly gold and zircon (see "*Foreign Trade and Balance of Payments—Foreign Direct Investment*"). In addition, the State is taking an interest in natural resources located on the border between Senegal and neighbouring countries. The aim is to define common policies in order to pool the costs associated with setting up extraction projects.

In order to better rebalance the governance of Senegal's mineral resources, maintain the attractiveness of the national sector and ensure a certain balance so as to promote a mutually beneficial partnership between the State, the investor and local communities, a new mining code was adopted on 8 November 2016 and supplemented by Decree No. 2017-459 of 20 March 2017 laying down implementing rules.

These new provisions are intended to:

- Maximise mining revenues through (i) an increase in mining royalties (from 3% to 5%) and a change in the royalty calculation base; (ii) an increase in fixed fees for the allocation, transfer, renewal, extension and sale of mining rights; and (iii) a royalty of 0.5% of mining company revenues for local authorities (the maximum royalty of 5% is currently applied only to Sabodala Gold Operations (SGO) and GCO, the other companies remaining at the 3% rate guaranteed by their agreements with the State until the term of their agreements; mining royalties increased by 69% from XOF 9,667 billion in 2015 to XOF 16,300 billion in 2016);
- Better share mining benefits with 60% of taxes collected in the mining sector to the State budget, 20% to local authorities and 20% to the Ministry of Mines ;
- Better respect the environment with the creation of a related fund and better respect human rights with the prohibition of child labour in mining;
- Promote transparency and good governance through compliance with the Extractive Industries Transparency Initiative (EITI) standards and conflict of interest prevention;
- Define promotional zones to encourage investment in areas with high mining potential;
- Encourage research permit holders to carry out work and limit speculation by introducing a “use it or lose it” clause; and
- Analyse the possibility of reimbursement of historical costs to the State or national legal entity concerned.

In connection with the new mining code, the mining administration was reorganised and three Directorates were created: the Directorate of Mines and Geology, the Directorate of Control and Supervision of Mining Operations and the Directorate of Mining Prospection and Promotion.

In order to deepen knowledge of the mining sector, a support fund for the mining sector, which supports the State's exploration work, is provided for in the new mining code. The decree establishing and organising the fund is expected to be issued shortly. The new mining code thus provides that 20% of the revenues from mining operations are paid into the Equalisation and Support Fund for Local Authorities (*Fonds de péréquation et d’appui aux collectivités locales*), which will also receive a portion of the funds from the State if production is shared. Furthermore, article 115 of the code creates a new fund to support local development (*Fonds d’appui au développement local*) which is intended to contribute to the economic and social development of local communities located in the areas where mining companies operate and which is funded by 0.5% of the revenues excluding tax of the operating companies. Through this process, the State intends to attract investors more easily by making relevant information available.

The State benefits from a free shareholding of 10% of the capital in all mining companies and can negotiate the acquisition of an additional 25% of the capital, which it may transfer back to the Senegalese private sector in order to promote and/or develop their access to the mining sector.

Major projects in the mining sector concern: (i) the relaunch of the Falémé integrated iron ore project (production of 15 to 25 million tonnes per year of ore by 2020 with estimated investments between XOF 1,500 and 2,250 billion); (ii) the development of the phosphate and fertilisers sector (with the objective of making Senegal one of the top three phosphate producers in Africa by 2023, with more than three million tonnes per year), (iii) accelerating the exploitation of zircon deposits with an annual production of 90,000 tonnes by 2020 to rank Senegal among the top 3 or 4 producers in the world; (iv) accelerating gold mining with the objective of increasing production to 18 tonnes per year and placing Senegal among the top seven gold exporters in Africa; (v) supervising artisanal gold mining in Kédougou; and (vi) more generally, positioning Senegal as a regional mining industry hub.

The major mineral productions of Senegal are discussed below.

Phosphates. The exploitation of phosphates remains the main activity in the mining sector, with 2.4 million tonnes of phosphates produced in 2017. It was reinforced by the allocation of exploration permits to SEPHOS, African Investment Group (AFRIG) and BMCC and a small mine operating licence, as well as the start of operations of SOMIVA. The sector is comprised of the following enterprises and projects:

- *Industries Chimiques du Sénégal* (ICS), one of the world’s largest phosphate producers and owner of a mining concession in Senegal, operates the mine of Tobène in Taiba, whose natural resources are estimated to be in excess of 50 million tonnes. Management problems, poor investments and the lack of a reliable source of energy threatened ICS’ survival in 2006 and in 2008, led to the symbolic franc sale of a majority stake in ICS to a consortium led by IFFCO, an Indian company, with the State retaining a 15% stake until today. Ongoing difficulties experienced by ICS led the Government to proceed with the sale of the IFFCO stake to Indorama, an Indonesian group, in August 2014 with a view to recapitalising the ICS and modernising the industrial facilities and restoring the production capacities for an initial cost of US$ 225 million. The current shareholders are Indorama (78%), Senegal (15%), IFCCO (6.78%) and India (0.22%). As at 31 December 2015, the financial statements of ICS once again showed a profit. The rehabilitation works were finished in 2016, resulting in a return to full production capacity, with the completion of an autonomous electric power plant which should substantially reduce production costs. 2016 was marked by a return to normal production levels, which entered a positive trend and established the target of doubling production capacity to 2 million tonnes of phosphate ore and 467,950 tonnes of phosphoric acid in 2017. Phosphate production in 2017 stood at 1.4 million tonnes, representing a completion rate of 70%. Phosphoric acid production amounted to 480,000 tonnes, representing a completion rate of 80%. The installation of a new conveyor and congestion at the Dakar Autonomous Port contributed to the non-achievement of 2017 production targets.

- In May 2011, SEPHOS was awarded a phosphate mining permit concerning a small mine in Lam Lam, in the Baiti zone (Thiès region), with which it was able to discover a deposit of an estimated 40.5 million tonnes of concentrate in 2016. Target production is approximately 1.5 million tonnes of phosphate per year beginning in 2018 and for approximately thirty years. SEPHOS has undertaken to install a phosphoric acid manufacturing unit as well as a fertiliser plant;
- The Kébémer I deposit discovered in the region of Louga will be operated by AFRIG, and the exploitable resources are estimated at 44 million tonnes of phosphate concentrate.
- BMCC plans to continue its exploration work in 2018 in Chérif Lo-Ngakham and has just announced an increase in its resources. Moreover, the new world-class integrated industrial and chemical phosphate complex (total estimated cost of XOF 300 billion) for the large Gadde Bissik mine attributed to BMCC in the Diourbel region has entered the production test phase. Its annual production capacity is expected to be 1.5 million tonnes of phosphate concentrate and 400,000 tonnes of phosphoric acid. Inferred resources (1st estimate level) are estimated at 68 million. This extensive project is scheduled to launch in 2020. Gadde Bissik Operations SA, a BMCC subsidiary, operates a small deposit mine in the department of Bambey, from which 30,000 tonnes of phosphates were produced in 2016 during the test phase with a projected production in 2017 of approximately 500,000 tonnes of lime phosphates; and
- SOMIVA began its phosphate mining operations of the Ndendory (Matam region) phosphate deposit in the second half of 2014 and carried out its first experimental exports. 40 million tonnes were discovered, in addition to a potential for a further 135 million tonnes of high quality lime. The company has now fully entered the production stage with volumes of 410,000 tonnes of phosphates recorded in 2015 and 679,175 tonnes in 2017, representing a completion rate of 57%. A full-capacity production of 1.2 million tonnes is expected to be achieved in 2018.

Phosphates and phosphoric acid are estimated at 6.0% of the value of total exports of Senegal in 2017, a 2.4% decrease compared to a 8.4% share of exports in 2016. All of ICS's phosphoric acid production is exported to India, thereby shielding Senegal to a certain extent from fluctuations in the market.

India is the largest market for phosphoric acid producers. Its annual needs amount to approximately 8 million tonnes of phosphoric acid. All African producers (Morocco, South Africa, Tunisia) consider India as their main buyer of phosphoric acid. Prices are market-determined and are the same for all producers selling on the Indian market. Senegal supplied a volume of 418,576 tonnes of phosphoric acid in 2017 and ICS sells most of its phosphoric acid production to IFFCO (India) but the company also sells to other customers in India. In addition, ICS negotiates with potential customers to diversify its phosphoric acid sales geographically.

The phosphate and phosphoric acid markets differ because phosphate is a raw product with no added value, whereas phosphoric acid is a value added product. ICS no longer exports phosphate and converts all of its phosphate production into phosphoric acid.

Gold. Senegal's south-east African Birimian gold province holds some of the largest gold deposits in Africa. Exports amounted to XOF 206 billion in 2016 and increased by 2.4% to XOF 211 billion in 2017 due primarily to an increase in the price of gold on the international market. Senegal is estimated to have produced 7.4 tonnes of gold in 2017. Although several deposits have been discovered, the Sabadola gold project is currently the only large-scale gold mine to come into operation in Senegal, with a potential of 1.5 million ounces of gold.

- The project company exploiting the Sabadola project was initially established by Australia-based MDL, which commenced operations in Senegal in 2008. In late 2010, MDL divested its interest in the Sabadola project company to the Teranga Gold Corporation, a Canada-based company which is listed in Toronto and Australia. The stake of the State in the project company was not affected by the divestiture. The State enjoys a free carried interest of 10% in the company implementing the Sabadola project, a 5% royalty calculated on the value of gold shipments, and receives specified annual financial contributions toward local authority development, regional administration and training of the mines administration. Since February 2016, the Sabadola project has been granted an eight-year value-added tax exemption on goods and services acquired from local and international suppliers. Industrial exploitation of gold began in 2009 and the majority of production is exported.

- A deposit was discovered in 2008 at Massawa in Eastern Senegal by Randgold Resources, an Africa-focused British gold mining and exploration company, and exploration is underway. The main issue for the development of this project is the very high energy cost of processing refractory gold ore. The combination of the Massawa and Sofia deposits, which are within the perimeter of the Kanoumba permit, and for which resources are estimated at 2.6 million ounces in 2016, presents Randgold with solid mining prospects for these two deposits.
- Three additional deposits were recently discovered in: (i) Boto (by AGEM Senegal Exploration Suarl, a subsidiary of IAMGOLD Corporation; a 1.6 million ounce deposit); (ii) Mako (operated by Mako Exploration Company; a 1.6 million ounces deposit with a potential production of 140,000 ounces per year with the construction of infrastructure and a processing plant completed at the end of 2017 and the exploitation expected to start shortly for a 8-year period and an estimated production of 140,000 ounces per year); and (iii) Makabingui (operated by the WATIC/Bassari Resources partnership; a 1 million ounce deposit with a potential production of 50,000 ounces per year and mining operations scheduled to begin in in 2018).

Zircon. Zircon is a silicate mined primarily for its use in zirconium, but it is also a strong metal that resembles titanium and is highly resistant to corrosion. It is used in the jewellery, chemicals, textile and pharmaceutical industries. Zircon is a mineral of choice most often used in construction materials or high-tech industries such as aerospace. Senegal's zircon deposits occur in its coastal sand dunes and are mined by cutter suction dredging.

- MDL and Eramet developed the GCO consortium's zircon project to the north of Dakar. The GCO is 89,5% held by TIZIR MAURITIUS Ltd (the latter being 50% held by MDL and 50% held by Eramet), 10% held by Senegal with the remaining 0.5% held by individual investors. Its potential is estimated at 1.3 billion tonnes of sand with a 2% average content of heavy minerals. Annual output for the project is expected to be approximately 80,000 to 85,000 tonnes of ilmenite and 20,000 tonnes of rutile and leucoxene. This production level is equivalent to 25% of European consumption and 8% of the global market. The production of zircon and ilmenite (used in the production of paper and plastic) officially began in April 2014, and the exploitation of zircon is now gradually increasing to a steady production rate from a production of 9,040 tonnes in April 2014 to 82,500 tonnes in late 2017.
- Carnegie Corporation, which has become Astron Limited by acquisition, has completed its feasibility and environmental impact studies for the project concerning the exploitation of zircon and rutile deposits in Niafourang in Casamance, in the South of the country. Its potential is estimated at 544,000 tonnes of heavy minerals, including 74,000 tonnes of zircon. Annual production is estimated at 54,000 tonnes of processed sand. The start of production was scheduled for the first half of 2015 but was delayed due to resistance from local populations. An environmental impact study was approved following a public investigation and a certificate of environmental compliance was delivered to the company on 2 September 2016, which allowed the application for a small mine operating licence to proceed; it was granted to the company on 30 May 2017, suggesting favourable prospects for exploitation in 2018-2019.

Cement. The cement sector in Senegal is made up of three companies: Sococim, *Ciments du Sahel* and the Nigerian company Dangote Group:

- Sococim has been supplying the Senegalese market with cement since the 1950s. It was taken over by the Vicat Group, a French cement company, in 1999 and currently supplies cement to domestic markets in Senegal and neighbouring countries. The Sococim plant has a capacity of 3.5 million tonnes per annum. In the first eleven months of 2017, its total production came to approximately 2.4 million tonnes, representing a decrease of 4.8% compared to the same period in 2016.
- *Ciments du Sahel* is a smaller cement producer, with a capacity of 3 million tonnes per annum, mainly for the consumption of domestic markets. Its total production in the first eleven months of 2017 came to approximately 2.5 million tonnes, an increase of 9.4% compared to the same period in 2016.
- The Dangote Group owns and operates a cement plant with a capacity of 2.5 million tonnes per annum, which has been operational since December 2014. In the first eleven months of 2017, its total production amounted to approximately 1.1 million tonnes, representing an increase of 17.3% compared to the same period in 2016.

According to the DGPEE, based on the statistical data of the three producers (Sococim, *Ciments du Sahel* and Dangote Group), in 2017, total cement production was approximately 6.44 million tonnes compared to 6.28 million tonnes in 2016, an increase of 3.7% and approximately 162,637 tonnes in absolute terms. Local cement sales in 2017 are estimated to have been 3.86 million tonnes, compared to 3.29 million tonnes in 2016, an increase of 17.3%. Cement exports accounted for 40.0% of production in 2017 compared to 47.6% in 2016.

Iron Ore. Despite significant resources in the Kédougou region (Falémé project, in the south-east region of Senegal), no iron ore project has come into production in Senegal to date. Following the final settlement of its dispute with ArcelorMittal in May 2014 regarding a mining agreement signed in 2007, the State recovered its mining rights over the Falémé iron ore deposits. As part of the PSE, the Government intends to re-launch efforts to develop the Falémé iron ore mine by finding a long-term mining industry partner. The Falémé project involves the development of more than 750 million tonnes of iron with annual exports of between 12 and 25 million tonnes. The proposed investments (relating to the mining sector, railway and port infrastructures) are significant and are estimated at between XOF 1,500 and 2,250 billion with the creation of at least 20,000 direct jobs. The MIFERSO, the State-controlled company in charge of the promotion of the Falémé iron ore signed a two-year memorandum of understanding on 25 May 2016 with the South African group TRANSNET-NTONGA-BAKGHATLA RENAISSANCE under which the South African group must complete a bankable feasibility study for the project and undertakes to finance and carry it out with the State of Senegal. Two meetings of the steering committee were held in August 2016 and February 2017. The parties plan to meet in the near future to decide whether or not to proceed with the project.

Other Minerals. Other exploration projects include those for uranium, lithium and tin. The Government believes that its investments in upgrading the country's infrastructure will enhance development prospects for these resources.

Energy

Approximately two-third of the energy that Senegal consumes, representing 3,920 GW, comes from hydrocarbons and over 48% comes from wood and coal, mainly for use in domestic cooking, although efforts are being made to reduce reliance on wood and coal through the supply of gas stoves.

The main risks concerning Senegal's energy supply are the security of fuel supply, mainly due to logistical constraints: limited SAR production capacity, the dilapidated state of the only pipeline linking Mbao to Cap des Biches, and limited storage capacity at depots.
As regards the energy sector, the vision set out in the PSE targets access to products, best prices and universal access to modern services, while respecting the principles of social and environmental acceptability. These orientations have been translated into strategies in the Letter of Development Policy for the Energy Sector (*Lettre de Politique de Développement du Secteur de l'Energie*) (LPDSE 2013-2017) adopted by the Government in October 2012. The main objectives are:

- ensuring energy security and access to energy for all in order to promote economic growth and equitable development;
- developing an energy mix policy;
- promoting energy efficiency;
- pursuing and accelerating liberalisation by encouraging independent production and institutional reform of the sector;
- improving the sector's competitiveness in order to make energy accessible at the best price while ensuring profitability for energy service providers and to lead to a gradual decline in the State's financial support;
- strengthening the regulation of the sector and improving its governance;
- securing the country's hydrocarbon supply; and
- ensuring the quality of petroleum products and the safety conditions of activities.

The PSE places a particular emphasis on the plan for universal access to energy, which is designed to put an end to unequal access to energy services, and on the *Plan de Relance Intégré de l'Electricité* (Integrated Energy Restoration Plan) to support the restructuring of the economy.

Moreover, with regard to renewable energies, Senegal is pursuing a strategy to strengthen the energy mix through diversified sources of production. Some examples include (i) the "Improvement of the performance of the rural health sector in the Peanut Basin in Senegal" or the "ORIO program" for the solar electrification of 120 health facilities located in the Peanut Basin, which will soon be implemented; (ii) the second component of the Renewable Energy Development and Energy Efficiency Programme (*Programme de Développement des Energies Renouvelables et l'Efficacité Energétique*) which is currently being implemented with the installation of four mini-solar power plants; (iii) the solar electrification of 145 community infrastructures (school and health facilities, religious establishments, etc.), which was carried out by the National Renewable Energy Agency (*Agence Nationale des Énergies Renouvelables*); and (iv) the expansion of street lighting, which is envisaged through a national programme for the installation of 50,000 street lamps covering all 45 departments in the country.

The main activities in the energy sector are governed by the following laws and regulations:

- Law No. 98-29 of 14 April 1998 on the electricity sector, amended by Law No. 2002-01; supplemented by Law No. 2010-21 of 20 December 2010 on renewable energies;
- Law No. 98-31 of 14 April 1998 on the importation, refining, storage, transport and distribution of hydrocarbons;
- Law No. 98-05 of 8 January 1998 on the Petroleum Code; and
- Law 2010-22 of 15 December 2010 on the biofuels sector.

Work is under way to revise the oil code, develop a new PESDA for 2018-2022, develop a roadmap for electricity by 2035, and to develop an electricity code.

Electricity

The 2018 budget prepared by the Ministry of Oil and Energy is set at XOF 116.9 billion compared to XOF 97.0 billion in 2017, an increase of XOF 19.9 billion (+20.5%).

In 2017, total electricity production was 3,924.9 GWh compared to 3,431 GWh in 2016 and 3,280 GWh in 2015. Net electricity demand was 3,410 GWh compared to 3,266 GWh in 2015, an increase of 4.4%. The share of electricity produced by private producers under PPPs was 27.4% compared to 12.6% in 2015.

The variable cost of production was XOF 55.05/KWh at 31 December 2017 compared to XOF 45.41/kWh at 31 December 2016 and XOF 69.79/kWh at 31 December 2015. This increase of 21.2% is largely due to higher oil prices (33% on heavy fuel oil and 18% on diesel).

The reduction in the cost of production between 2015 and 2016 was due to the reduction in the cost of petroleum products, but also to the significant improvement of the generation fleet with the rehabilitation of existing equipment and the commissioning of new, more efficient capacities, notably the two Tobène Power and Contour Global power stations and the Taiba Ndiaye power station, but also to the import of energy from Mauritania (40 MW).

<u>SENELEC</u>

The transmission and distribution of electricity in Senegal is exclusively managed by SENELEC, Senegal's national electricity utility, which also produces a majority of the country's electricity. SENELEC purchases the remainder from private operators involved in rural concessions and two main independent producers, Contour Global and Kounoune Power. In this context, SENELEC plans to connect 88,118 clients in 2018 (66,871 people in urban areas and 21,247 people in rural areas). The commissioning of power plants (two of which were actually commissioned in 2017 out of the six commissioning expected: Senergy PV with 30 MW and Tenergie with 30 MW) is expected to improve SENELEC's production levels, which are estimated to be 3,815 GWh, for an own production of 2,074 GWh and 1,471 GWh purchased. The average production cost will be 49.71 XOF/kWh. SENELEC's budget is estimated at XOF 270.5 billion (of which operating services represent XOF 11.1 billion and investments XOF 259.3 billion). Studies are under way to define SENELEC's organisational structure, but no decision to privatise electricity distribution has yet been taken.

A prior attempt to privatise SENELEC in 1999 was unsuccessful, and the company was renationalised in 2001 (see *"—Privatisations and Public-Private Partnerships*"). As part of the Government's effort to help finance the required investments, a special energy sector support fund, the *Fonds de Soutien à l'Energie* (FSE), was set up in February 2011. In addition to its traditional missions, the FSE will pay compensation to SENELEC and rural electrification concession holders for shortfalls resulting from Government electricity price setting in amounts determined by the Electricity Sector Regulatory Commission (ESRC) (*Commission de Régulation du Secteur de l'Électricité*). The FSE is financed by public funds, special taxes and donations and is audited annually. The FSE budget in 2018 amounts to XOF 204 billion. The FSE ensures payment of the tariff compensation, the amount of which is fixed by the ESRC.

The ESRC fixed the tariff conditions applicable to SENELEC for the period 2014-2016 by decision N°2014-05 of 8 April 2014. Under the terms of this decision, SENELEC's Maximum Allowable Income (*Revenu Maximum Autorisé*) (RMA) for a given year is determined on the basis of an income control formula (*formule de contrôle des revenus*), taking into account the arithmetic average of the inflation indices, fuel prices and the XOF's exchange rate in relation to the euro, recorded during the 12 months of the year. The RMA is re-estimated quarterly based on prevailing economic conditions on 1 January, 1 April, 1 July and 1 October (rate indexation dates).

The Maximum Adjustment Rate (*Taux d'Ajustement Maximum*) (TAM) on a given indexation date is obtained by reference to the RMA of the year on that income indexation date to be collected by SENELEC during the year if the current rates are maintained. SENELEC may request an adjustment of its tariffs in accordance with the TAM (i) to the economic conditions of 1 January regardless of the TAM and (ii) to the economic conditions of 1 April, 1 July and 1 October if the TAM obtained is greater than 5% or less than -5%. When SENELEC requests an increase in its tariffs that complies with these formulas and the ESRC opposes it, income compensation is due by the State for the quarter beginning on the indexation date.

Following the Government's decision to reduce tariffs by 10% as of the first two-month period of 2017, SENELEC submitted to the ESRC a tariff schedule with differentiated tariff reductions according to customer categories and consumption bands. The ESRC adopted this new tariff schedule by decision No. 2017-04 of 16 February 2017. In its decision No. 2017-06 of 28 April 2017, the ESRC adopted a new version of the SENELEC tariff schedule applicable as of 1 May 2017 and in its decision No. 2017-08 of 29 December 2017, the ESRC adopted tariff schedule for the 2017-2019 period.

On 8 August 2017, SENELEC reported a revenue shortfall of XOF 20.0 billion corresponding to the difference between an RMA of XOF 356.0 billion and revenues to be collected of XOF 336.0 billion, i.e., a RMA of 5.9%. After analysis, the ESRC found that the State's share of the shortfall was XOF 1.7 billion. The Government having maintained the tariffs at their current level on such date, the ESRC, in its decision No. 2017-07, decided that the amount of compensation due by the State to SENELEC for the quarter beginning 1 July amounted to XOF 1.7 billion.

SENELEC's exclusive right to distribute electricity in Senegal expires in 2019. After that date, the exclusivity may be renewed or not. In addition, SENELEC's monopoly over electricity distribution in Senegal may be ended as part of the Government's plans to open up the distribution market to other players, which could cause a loss of revenue for SENELEC. In order to prepare for this market opening, an accounting separation that will determine the costs of energy transmission services is being prepared so as to allow SENELEC to bill the rights of way and draw additional revenues from them. The Government is also considering various measures designed to facilitate the transition.

Electricity production plans

In late 2010, the Government formulated an emergency plan for the 2010-2014 period, called Project Takkal, in an attempt to address SENELEC's insufficient structural generation capacity and precarious financial position, which were leading to chronic power shortages and adversely affecting economic growth, investments and domestic households. The recovery plan produced positive results overall, including a clear improvement in service quality and a gradual improvement in SENELEC's financial situation. In particular, so as to ensure the availability of sufficient quantities of electricity for its customers, SENELEC enhanced electricity generation through the lease of new power generators and the rehabilitation of existing ones. In addition, a performance contract was signed between SENELEC and the State of Senegal for a first period 2013-2015, which was renewed. In this contract, the State and SENELEC made firm commitments.

In January 2014, the Government approved a new electricity production plan for the 2014-2017 period, based on a policy of diversifying the sources of energy production, introducing more cost-effective production technologies and improved efficiency at SENELEC, and encouraging private investment in the electricity sector. Approximately 77% of electricity generated in Senegal originates from petroleum (the share of renewable energy in electricity production reaching 23%, compared to a 90% target), rendering the industry vulnerable to volatility in oil prices. The efforts of the Government in 2014 led to improved performance in the sector, which continued in 2015 as a result of increased availability of electricity in households and businesses and decreased electricity production costs, which decreased from 84 XOF/kWh to 69 XOF/kWh for the 2014-2015 period, due to a decrease in oil prices but also the renovation of SENELEC's production units and its maintenance program. Moreover, on 1 May 2017, the Head of State's decision to reduce prices by an average of 10% became effective. For customers in the commercial and industrial sectors, this 10% reduction in prices resulted in an approximate XOF 29.0 billion decrease in operating expenses for 2017.

In February 2017, a new plan (the Yeesal SENELEC 2020 Plan) was announced. It is expected to cost XOF 835.0 billion in investments, of which XOF 600.0 billion are already mobilized. The financing will be handled as follows: XOF 23.0 billion paid by SENELEC in respect of the State's shareholding, XOF 25.0 billion by the BOAD and XOF 25.0 billion by the World Bank. The rest of the funding is provided by other institutional and private partners. The strategic focus of the Yeesal SENELEC 2020 Plan is the optimal development of supply and demand management, the development and upgrading of transport infrastructure, revenue growth and customer satisfaction through quality service at lower cost, the restoration of financial profitability and diversification of activities and innovations. The plan is based on six pillars: (i) upgrading the organisation and management, (ii) human resources management reform, (iii) control and efficiency of the organisation of the procurement process, (iv) modernisation of the information system to improve productivity and provide high value-added services, (v) control of processes and risks in accordance with quality, safety and environmental requirements, and (vi) development of a management culture based on risk management and effective audit and control processes. The plan will revolve around three phases: a first phase known as “mobilisation” for 2016-2017, a second phase of “consolidation” for 2018-2019 and a “development” phase in 2020.

Electricity infrastructures and projects

To address the challenge of providing electricity in sufficient quantity and quality to households and businesses, the Government is pursuing its energy mix policy for 2025 through the injection of over 1,000 MW into the power grid. The increase in expected production capacity relies mainly on the following projects, which are at various stages of implementation as of the date of this Prospectus:

- The commissioning of the dual-fuel power plant of Tobène/Taiba Ndiaye (105 MW) and Cap des Biches (85 MW), which started production in 2016;
- The development of a coal-fired power station with an installed capacity of 125 MW in Bargny with an 80% completion rate and a coal-fired power plant with capacity of 270 MW in Mboro, for which work is scheduled to begin in 2018;
- The increase of import capacity of gas generated electricity from Mauritania initially from 40 MW to 125 MW and with a medium term objective of 250 MW through the construction of a high-voltage line from Nouakchott in Mauritania to Tobène in Senegal, for which work is expected to start soon. The construction has not yet begun and the bid analysis reports will be submitted in late February 2018;
- The launch of the solar energy plants of Bokhol (20 MW) and Malicounda (20 MW), which started production in 2016;
- The start of operations at solar power plants such as the Santhiou plant (30MW), the Merina Dakhar plant (20 MW) and the Mekhé plant (30 MW) occurred in 2017;
- The Sendou coal-fired power plant (125 MW) is expected to start operations in May 2018 and should be converted to gas as soon as it becomes available;
- Launches planned for 2018-2019 include: (i) Taiba Ndiaye wind power plant (151 MW) whose first phase is expected to be completed in December 2018, (ii) the Diass solar power plant (25 MW) and (iii) the Sakal solar power plant (20 MW);
- The Scaling Solar initiative, a programme sponsored by the World Bank Group: since February 2016, the Government of Senegal has been working with the IFC to develop up to 200 MW of solar power. Senegal is the second country to join the IFC’s Scaling Solar initiative which is initially expected to generate a combined total of 100 MW available from three sites: Touba, Kahone and Niakhar. Under the programme, the IFC helps organise competitive auctions, offers financing and provides some insurance against risk. Work has not yet begun, and the project is currently in the pre-selection phase. The Kahone and Touba sites have been validated and the procedures for acquiring title deeds are in progress. However, the third site is to be selected after the IFC decided that Niakhar site would not been selected due to flooding problems. Alternative sites are under consideration in Taiba Ndiaye and Sakal;
- The continuation of the "construction of the electricity highways" with the construction, already underway, of the 225 kV Tambacounda-Kolda-Ziguinchor, Kaolack-Fatick line and transport line projects (transmission lines each with a distribution component) with the *Organisation pour la mise en valeur du fleuve Gambie* (OMVG):
    - The 225 kV Tambacounda-Kolda-Ziguinchor line 225: the completion level of the transmission network works (airlines and 225 kV substations) at 31 January 2018 is 55.62%. The completion level of the distribution network works (extension and rehabilitation of distribution networks in the regions) is 54%;
    - Kaolack-Fatick project: the protocol with the Water and Forests Directorate (*Direction des Eaux et Forêts*) was a major constraint in the smooth running of the project. The Civil Engineering line is 91% completed and the Civil Engineering post of Fatick is 70% completed. As regards additional work on the foundations of the control building, the price is being negotiated; and
    - The OMVG Energy Project: all financing agreements are implemented. The contractors are mobilized and preparatory work is underway with the development of Resettlement Action

Plans (RAPs) for the release of the rights of way. The work is scheduled to be completed in the first quarter of 2019.

Furthermore, the national rural electricity programme (*Programme National d'Electrification Rurale* – PNER), which aims to attain a 60% rate of electricity coverage in rural areas by 2019 and universal access in 2025, is currently underway with the backing of the World Bank. The rate of rural electrification was 40% at the end of 2017. This represents an increase compared to 33.2% in 2016, 30.5% in 2015 and 24% in 2012. Disparities continue to be recorded between different regions. In order to reverse this trend, the Government has implemented measures to standardise urban and rural electricity prices. The costs of connection in rural areas to the SENELEC network were much lower than those set in rural electrification concessions, which had led to numerous complaints from users and impacted the penetration rate of concession holders in rural areas. The Government of Senegal is aware of the heterogeneity of the tariff system in rural areas and has decided to harmonise electricity tariffs in rural areas. A subsidy to operators has been established to compensate for such harmonisation. The number of villages with electricity increased from 3,091 in 2016 to 3,644 in 2017, an increase of 553 new villages, representing an increase of 17.9%. The number of connected households increased by 123.3%, from 6,800 in 2016 to 15,184 in 2017.

In order to attain this intermediary objective of a 60% rural electrification rate by 2019, the PNER was developed with XOF 110 billion for its implementation. Of this amount, XOF 43 billion was set aside for the rural electrification phase of the PUDC, which covers 463 villages, and the remaining XOF 67 billion was used by the Senegalese Rural Electrification Agency (*Agence Sénégalaise d'Electrification Rurale* – ASER) as part of a spontaneous application (XOF 60 billion) with respect to 1,329 communities and a rural electrification project for 218 villages (XOF 7.1 billion) financed by the Consolidated Investment Budget (*Budget Consolidé d'Investissement* – BCI). The PNER supplements the Priority Rural Electrification Programme (*Programme Prioritaire d'Electrification Rurale* – PPER) implemented by rural electrification distributors in the six allocated concessions with a cumulative target of 106,601 connected households in 1,525 villages to be electrified. Overall, these concessions show a 55.3% completion rate with 844 electrified villages. At the household connection level, an average rate of 15% is recorded corresponding to 15,184 households connected out of a target of 106,601.

The Government intends to continue reforming the electricity sector to accelerate its development, with particular emphasis on the diversification of sources in order to reduce production costs and, eventually, rates charged to households and firms. On the one hand, the Yeesal SENELEC 2020 Plan is founded on strategic pillars including the upgrade of industrial infrastructures to comply with relevant standards, modernisation through development and innovation, restoration of financial profitability and optimal development of supply and control of demand. SENELEC's efficiency gains and improved access to lower cost energy resulted in the absence of direct Government subsidies to SENELEC for 2016 (compared to XOF 16.3 billion in 2015, XOF 137.5 billion in 2013 and XOF 160 billion in 2012). As of 1 October 2017, subsidies are estimated at XOF 42.2 billion for 2018.

The Government has committed to implementing an energy efficiency policy in order to streamline consumption in public buildings. A noteworthy development in this respect was decree no. 2017-1411 of 13 July 2017 prohibiting the import, production and marketing of incandescent lamps in Senegal and promoting energy-efficient lamps, the provisions of which apply as of January 2018.

Other recent developments include the following:

- efforts made by the public authorities in terms of commissioning new power stations and investments to strengthen transmission and distribution networks have made a major contribution to improving the quality of service in electricity supply;

- the improvement in the quality of service was evidenced by the decrease in undistributed energy and, consequently, in the average shutdown time;

- improvements in generation capacity combined with the securing of SENELEC's fuel supply have reduced power outages the plant level. Today outages are rarely due to a lack of production or fuel. The cuts noted are mainly due to incidents in the transmission and distribution networks or group triggers; and

- with regard to rural electrification, the State and its partners have made major investments to improve access to electricity in rural areas. Thus the rate of rural electrification in terms of households connected rose from 33.2% in 2016 to 40% in 2017, the highest growth rate ever achieved over a period of one year in rural electrification.

Oil & Gas

Legislative framework

A project to revise the Petroleum Code is currently under way. It will reflect the lessons learned from the 1998 Petroleum Code. The improvement strategies will aim at both maximising and perpetuating the interests of the State but also for better transparency of the conditions for the attribution of mining rights of hydrocarbons, including:

- the (re)division of the exploration basin of Senegal into blocks of reasonable size and assigning to each a potential (probability of success of discovery), which will be the result of the analysis of existing data (seismic interpretations, drilling data, etc.);
- depending on the potential allocated to a block, a minimum amount of money (entrance fee) to be paid to the State before the allocation of the mineral hydrocarbon title will be fixed;
- the blocks will be open to competition through a call for expressions of interest; and
- the establishment of an independent commission composed of several members, which will examine the potential candidates and give its opinion.

Another innovation point is the addition of a definition of oil operation regulations.

In addition, a draft policy bill on the management and governance of oil and gas revenues is being prepared. The development of this law will be based, inter alia, on the benchmarking of best practices in resource management (including examples from Norway, Ghana, Trinidad and Tobago and East Timor).

Senegal is currently conducting a feasibility study on the establishment of an investment fund, a stabilisation fund and a future-generation fund, each of which will be funded by oil and gas revenues. The preliminary work planned the establishment of three funds:

- a domestic fund (currently the Strategic Investments Sovereign Fund (*Fonds Souverain d'Investissements Stratégiques* – FONSIS), which would be responsible for implementing local investments in priority areas of the economy, in accordance with the policy defined by the President;
- a stabilisation fund, which would protect the national economy from the volatility of international oil and gas prices and other external shocks. Because of these objectives, including short and medium term stabilisation, the investment horizon and liquidity objectives are often similar to those of central banks' foreign exchange reserves. This implies that a majority of the fund's assets would be invested in low-risk/return fixed income securities; and
- a generational fund that allows for the sharing of resources between generations, with diversified investments abroad in a variety of financial asset classes. This fund would have a long-term investment horizon, with a variety of stocks and other investments.

Oil prices are set by the National Hydrocarbons Committee (*Comité National des Hydrocarbures*) and petroleum products are not subsidised. However, a tariff equalisation scheme for transportation costs is implemented to ensure uniformity at the national level (only super, diesel, lamp oil and oil are concerned).

Production and Exploration

Senegal currently has no domestic crude oil production and only has a small resource of natural gas, although exploration initiatives have been launched in order to take advantage of the country's resources. The national oil company, PETROSEN, a public limited company with a 99% majority public participation by the State, controls the exploration process and is currently in partnership with five international oil & gas companies (BP, Kosmos Energy, Cairn Energy, Woodside Petroleum, CNOOC), with ten research and production sharing contracts in place. During the exploration phases, investments relating to the State shares held through PETROSEN (approximately 10%) are carried out by international companies. As a result, at this stage, no investment has yet been made by the State. The grant of exploration permits is currently suspended. Indeed, with a view to better securing oil profits for the benefit of the State, it was decided to revise the oil legislation. In this vein, the Minister in charge of Petroleum strongly recommends suspending all block grants under contract until the new law is promulgated, which will be in line with the preservation of Senegal's interests and in line with the standards and practices of the international petroleum industry.

Any onshore resources are expected to be relatively small, but could be commercially viable considering the dependence of the country's electricity on petroleum products.

Offshore resources have more potential, and Senegal has a historic financial interest in the Dome Flore bloc, which it shares with Guinea-Bissau. The bloc is believed to contain approximately one billion barrels of heavy crude oil, although Senegal's only refinery, *Société Africaine de Raffinage* (SAR), does not currently have the ability to process heavy crude oil. As things stand, the resources of this block of heavy crude oil are not yet exploitable. In 2013, a joint venture agreement was entered into between Cairn Energy (40%), ConocoPhillips (35%), FAR Limited (15%) and PETROSEN (10%) for the purpose of exploring three contiguous blocks offshore Senegal (Rufisque, Sangomar and Sangomar Deep). Since 2017, ConocoPhilips has sold its shares to Woodside Petroleum, which will become the operator of these blocks replacing Cairn Energy in 2018. The three blocks cover an area of more than 7,000 km^2 near shore to deep water exploration over the shelf. Exploration drilling began in the first half of 2014. All wells (totalling six) produced positive results and encountered hydrocarbon columns.

Large hydrocarbon discoveries were made off the coast of Senegal between 2014 and 2016, namely (i) a gas field (Grand Tortue/Ahmeyim (GTA)) located to the north and in the cross-border zone between Senegal and Mauritania, operated by BP and whose resources are estimated at approximately 20 TCF; (ii) two Yakaar and Teranga gas fields, estimated at 15 TCF and 5 TCF respectively, located on BP's Cayar Offshore licence; and (iii) an oil deposit on the Rufisque, Sangomar and Sangomar Offshore Deep offshore permits operated by Cairn Energy, with resources ranging from approximately 400 to 900 million barrels.

In 2014, Cairn Energy made two significant oil discoveries in Senegal, one of which (the SNE-1 well) was recognised as the largest global oil discovery in 2014. A first well, FAN-1, is located at 1,427 m water depth and approximately 100 km offshore in the Sangomar Deep block. The second well, SNE-1, is located at 1,100 m water depth and approximately 100 km offshore in the Sangomar Offshore block with a target depth of approximately 3,000 m. The Sangomar project's oil resources are estimated at between 75,000 and 125,000 barrels per day.

In 2015, Kosmos Energy, another joint venture partner of Petrosen, discovered Tortue whose gas resources are estimated at 20 TCF, or 520 billion m^3. Kosmos Energy owns 60% of the offshore gas field whereas Petrosen has a 10% stake in the project and Timis Corporation holds the remaining 30%. The required investment is estimated at approximately US$5 billion, of which US$1 billion is already committed for the construction of a new refinery. In addition, in 2016, Kosmos Energy made two significant other gas discoveries in Senegal: a first well, Guembeul-1, is located in the northern part of the Saint-Louis Offshore Profond licence area in approximately 2,700 m of water depth, and a second well, Teranga-1, is located in the Cayar Offshore Profond block approximately 65 km northwest of Dakar in nearly 1,800 m of water depth. Other significant gas and oil resources were discovered in 2016 and 2017 in Marsouin, VR-1, BEL-1.

Initial estimates of these discoveries suggest that oil and gas resources could be significant, with production coming on line as early as 2021-2022 for gas and two years later for oil. However, there is no certainty that these resources will come into production by those dates. According to BP and Kosmos Energy, estimated resources are 4,322 billion oil barrels and 33.8 TCF of gas and proven resources are 563 million oil barrels and 7.5 TCF of gas approximately. Estimates of project costs are underway but could be in the billions of US$.

A study of Senegal's gas roadmap on potential exploitation and production by 2022 is underway. The conclusions are expected by the end of the first half of 2018. This roadmap will provide answers to the questions of gas-to-power and the upstream and downstream oil exploitation strategy to be followed.

On 9 February 2018, Senegal and Mauritania signed an inter-State cooperation agreement for the development and exploitation of the GTA gas field, which extends across both sides of the international maritime boundary between the two States, through cross-border unitisation. This agreement, which remains subject to ratification by both States, provides for a 50-50 initial split of resources and revenues and a mechanism for future equity redeterminations based on actual production and other technical data. Other agreements will follow to allow for a final investment decision before the end of 2018. These include the Unitisation and Exploitation Agreement (*Accord d'unitisation et d'exploitation de l'unité*), the Tax Treaty Agreement (*Accord sur la convention fiscale*), the Gas Marketing Agreement (*Accord sur la commercialisation du gaz*).

Refining

SAR supplies the national market with approximately two-thirds of all refined products. As the sole refinery in Senegal, SAR is also the principal supplier of refined petroleum products for the export market. The SAR's daily production is estimated at 12 million tonnes of crude oil, all of which comes from. Its production does not fully cover the sub-region's needs for refined products. SAR is currently majority-owned by the private sector (34% by Locafrique, 6.72% by Total, 13.28% by Sahara Energy (5% are being sold to ITOC)). Petrosen owns 46% of the company. SAR's refining capacity is approximately 1,200,000 tonnes per year. SAR cannot refine crude oil with elevated sulphur content due to the lack of a hydro desulphurisation unit, and oil with low sulphur content is more expensive on the international market. The Government's objective is to reduce its participation in the capital of SAR by way of transfer of a portion of its interest but in the short- and medium-term, it intends to continue to be involved in oil refining, given the important role SAR currently plays in securing the country's supply of petroleum products. In light of this, an emergency programme designed to reduce technical problems at the refinery, which exposes the country to major incident risks that could compromise production, is expected to be implemented by 2019. This emergency programme includes the installation of fuel transfer pumps and a new furnace, which have been completed. It also provides for the replacement of pipelines that present safety problems. Studies are underway for the installation of a new refinery to produce at least 78,000 barrels per day. These studies will be carried out as part of the overall study of the oil and gas master plan.

Fuel prices within Senegal are currently subject to a price ceiling fixed by the Government based on international crude oil prices, plus the cost of freight, refining and a profit margin. Although companies are permitted to sell fuel at prices below such ceiling, most sales of fuel in Senegal are executed at the Government's set price. The Government has also established a petroleum product storage depot with a capacity of 164,000 m^3 at the Mbao site in conjunction with the DIPROM group through the creation of Senstock which is held by DIPROM (36.9%), Total (28.7%), Puma (18.0%) and SAR (16.4%).

In order to support SAR, the Government has created a fund (*Fonds de Sécurisation des Importations de Produits Pétroliers*) (FSIPP), by Decree No. 2006-953 of 26 September 2006, for the security of oil imports and granted a temporary support margin initially until 2016 but support will continue under new terms to be defined), which has enabled SAR to obtain financing from banks to repay trade receivables. However, no guarantee has been granted. This fund is financed by levies incorporated into the structure of petroleum products. In 2017, the resources mobilised under the FSIPP amounted to XOF 26.1 billion.

Natural Gas

Almost all natural gas production in Senegal is carried out on the onshore block by Fortesa, which produces approximately 50,000 m^3 per day. This production is sold on the local market mainly at SENELEC and SOCOCIM.

Construction and Real Estate

While much of the first decade of the 21st century saw rapid expansion in Dakar, overall nationwide growth in the construction sector diminished considerably during the 2008-2009 global economic downturn. Since then, however, Senegal's construction sector has largely recovered, growing by an estimated 5.7% in 2017 and 7.0% in 2016, reflecting the dynamism of economic drivers that have contributed to increased demand in recent years, including remittances from expatriates in order to prepare their return or take advantage of the strong demand, an emerging middle class, a sharp population increase and increasing urbanisation and rural exodus. Construction sector growth has also been stimulated by Government efforts, first and foremost through major projects designed to improve the country's infrastructure, such as the Dakar-Diamniadio toll highway, the *Ville Nouvelle de Diamniadio* (Diamniadio New City) project and the AIBD-Sindia, AIBD-Thiès and Thiès-Touba toll highways, as well as projects stemming from the Government's aim to provide housing for every Senegalese.

In May 2014, President Sall officially launched the development of the *Ville Nouvelle de Diamniadio* (Diamniadio New City) project, as a response to the overcrowding of Dakar and to create a new space for economic and social development at the epicentre of the Dakar-Thiès-Mbour triangle, served by modern infrastructure such as the AIBD, the toll motorway and the TER. Located 27 km from Dakar, the project is being built on approximately 1,644 hectares and entails the construction of 40,000 housing units, hotels, a new university and government buildings. The Government expects that the construction of the Diamniadio New City will create up to 75,000 jobs over the first four years. At the end of 2017, according to the BOS, several significant projects of the Diamniadio New City were completed or reached an advanced stage: several hundred housing units were completed; a portion of the Université Amadou Mahtar Mbow's buildings will be complete for the 2018 academic year to welcome an initial group of 6,000 students; a five-star hotel has been operating since December 2017; the first buildings of the administrative district, expected to welcome nearly 10,000 agents from a dozen ministries, are expected to be completed in 2018. The project is to reduce the Government footprint in Dakar and rationalise administration real estate, as such many ministries as well as international organisations hosted in government buildings will need to relocate.

In November 2014, the Government completed the construction of the Abdou Diouf International Conference Centre, which hosted the summit of the *Organisation Internationale de la Francophonie* on 29-30 November 2014.

Although seaside areas remain the most expensive real estate, new road development has enticed investors towards the Senegalese peninsula's interior. New infrastructure is encouraging businesses to look beyond the Plateau district of Dakar, which has long been the zone for high rise office, commercial and residential real estate. Several VDN projects are completed or in process and new projects are expected to commence along the Northern distribution road (*Voie de Dégagement Nord*), particularly in the middle market segment, and in areas near the completed highway leading to the AIBD. As these new road connections become operational, the geographic scope of middle and high-end real estate markets are expected to continue to grow. The Government believes the country's continued political stability means that Dakar will remain an attractive destination for high-end real estate investors seeking a foothold in West Africa.

Over the past several years, Dakar has faced a persistent housing shortage (like much of Senegal), exacerbated by the small property tax base and a lack of available land on which to build. Currently, the residential and business real estate market is experiencing strong growth. Construction sector growth in Dakar has been enhanced through increased investment from foreign real estate groups. The majority of private and public investments in housing in Senegal are concentrated in the Dakar region. However, this trend is expected to decrease with the development of the new Diamniadio platform and the closure of the AILSS.

The Government has been pursuing certain reforms aimed at encouraging deregulation, transparency and simplification of procedures within the construction industry. These include the following:

- The computerisation of delivery procedures for building permits and planning and compliance certificates. Applications can be made and processed online at teledac.gouv.sn. The average wait time for building approval is 40 days for complex applications requiring an environmental and civil protection assessment. In other cases, it is possible to obtain a building permit in less than 28 days, and compliance and planning certificates in an average of five days, at most;
- The Government has also recently facilitated the process of obtaining authorisations for land subdivision, which can be processed in two months, as opposed to the former four months;
- The establishment of cadastral identification numbers (NICAD), making it possible to obtain the same parcel reference, including for the sale of public land, through any administrative body, thus improving the quality of the real estate register, which is currently being computerised. As a result, the Dakar land register will eventually be accessible online, and the real estate register in general will be digitalised, making real estate acquisitions and sales more secure;
- Real estate transactions are completed with a notary in approximately 30 days through a combined procedure for the registration and publication of real estate rights;
- Real estate registration fees have been lowered from 15% to 5% of the purchase price;
- The establishment of special areas, such as the City of Diamniadio, the Diass economic area surrounding the new AIBD and the agropoles, as well as a new tourist area allowing benchmark investors immediate access to fully finished and safe real estate for the promotion or private development of structural development projects, reinforcing Senegal's position as a hub, particularly with regard to Grand Dakar (formerly the Cap Vert region);
- The establishment and maintenance of an inventory of the Republic's public and private assets; and
- The institution of a policy ensuring that each sale of State-owned land is completed in accordance with applicable laws and regulations and that the transactions are accounted for in the budget.

Alongside its efforts to improve real estate and building transactions, the Government is currently implementing fundamental reforms to real estate policies and legislation through a national commission on real estate reform aimed at reinforcing real estate rights, ensuring equal access to resources and promoting transparent and effective management of real estate rights. The Government expects real estate transactions to be significantly facilitated by the transformation of temporary and precarious land rights into proper land titles.

Tertiary Sector

Trade

According to the Business Nomenclature of Member States of AFRISTAT, trade (wholesale or retail) consists primarily of reselling merchandise. The Senegalese trade subsector is the most important segment of the tertiary sector and contributed XOF 1,460.5 billion to the national economy in 2017, which represents an approximate share of 15.3% of nominal GDP, compared to XOF 1,370.4 billion in 2016.

In 2017, business activities in this subsector increased by 5.2% compared to 2016. Growth was driven by wholesale (+4.5%), retail (+20.2%) and spare parts (+40.9%). Vehicle trade declined by 12.2% in 2017 compared to 2016.

This situation reflects increased demand over the period. In particular, wholesale trade benefited from a favourable market for agricultural products, consumer goods, pharmaceutical products and construction materials. The strong performance of spare parts is consistent with the increase of imports, due to the improving performance of automobile fleets, motor vehicles and tractors. Fuel vehicle sales continue to face challenges relating to debt collection.

Telecommunications and Information Technology

Telecommunications is one of the most rapidly growing sectors in Senegal. It is the engine of the digital economy, which represents a critical sector for Senegal's economic and social development. It is also a crucial lever that multiplies gains in the productivity and competitiveness of every sector of the economy, by providing digital goods and services. In 2017, telecommunications, together with the postal sector, are expected to contribute XOF 551.3 billion to the national economy, which represented a share of approximately 5.8% of nominal GDP, and had annual growth rates of 6.5% in 2017, much of it coming from the mobile phone segment and the advent of 4G.

The sector has developed due to the privatisation of the incumbent operator SONATEL, the creation of a regulatory authority and the opening of the market to two other global operators, SENTEL (Tigo) and SUDATEL (Expresso), a Sudanese telecommunication group, and the universal service operator CSU (Hayo). Their main areas of operations are the mobile telephone, fixed telephone and internet sectors. SONATEL and Expresso are involved in all three sectors while Tigo concentrates its activities on the mobile telephone and internet markets. According to ARTP, SONATEL's market share in the mobile telephone sector in terms of number of subscriptions was 53.4% in September 2017, compared to 24.4% for Tigo and 22.6% for Expresso.

SONATEL is a joint venture of France's Orange group and the Republic of Senegal, which own 42% and 28% of the company's shares, respectively. As of the date of the Prospectus, 24.5% of SONATEL shares are publicly traded on the BRVM. The remainder of the company's share capital is owned by current and former employees. Orange's stake in SONATEL has contributed to Senegal's telecommunications infrastructure and service offerings being relatively modern and reliable. For example, SONATEL started to deploy Senegal's first 4G LTE network in 2016. SONATEL controls telecommunications license operators in Mali (Orange Mali), in Guinea (Orange Guinea), in Guinea-Bissau (Orange Bissau) and in Sierra Leone (Orange Sierra Leone) and serves more than 26.2 million customers in the region. It is pursuing an equipment programme for rural zones.

The legislative and regulatory framework of the telecommunication sector, which complies with WAEMU and ECOWAS regulations, is under the responsibility of the Ministry of Communication, Telecommunications, Post Offices and the Digital Economy, which implements the Government's policies in the telecommunications/ICT sector and monitors the development of information and communication technologies. It facilitates the opening of the market to new participants, the attractiveness of private investment and fair and effective competition among stakeholders while ensuring users' digital trust. The ARTP (Telecommunications and Postal Service Regulation Authority), an independent administrative authority, monitors the application of legislation and regulations in the sector, ensures that there is healthy competition between market actors and manages the radio frequencies.

The mobile and internet sectors have been the most dynamic sectors in the past five years, as evidenced by the increase in growth rates during this period.

Despite a 0.23% year-on-year decrease in the number of fixed telephone line subscriptions in September 2017 and a total of 287,980 subscriptions in December 2017 according to the ARTP, the use of mobile phones is high in Senegal, with 15.6 million subscribers in September 2017 according to statistics published by the ARTP, compared to 16.0 million in September 2016, representing a 2.6% decrease. According to the latest ARTP report, the penetration rate decreased from 107.1% at the end of September 2016 to 105.1% at the end of September 2017.

Data collected from operators and the regulatory body also show that existing 2G and 3G mobile infrastructure covers nearly 64% of the Senegalese territory and ensures a coverage rate of 82% of inhabited areas and approximately 92% of the population. SONATEL started to deploy Senegal's first 4G LTE network in 2016. Internet use has significantly increased in recent years due to numerous ongoing initiatives to increase the penetration rate, in particular, the introduction of mobile internet. Internet services and penetration rates have significantly increased as costs continue to decrease both for services and equipment and the government has made improved penetration rates a priority. At the end of September 2017, Senegal had more than 9 million Internet subscribers, representing an increase of 17.6% compared to the previous year, and the penetration rate stood at 63.2%. By comparison, in 2010, the penetration rate was only 0.7%.

The country uses satellite transmissions and underwater cable transmissions to facilitate international communication. In addition, the Government seeks to leverage Senegal's strategic geographic position in order to establish a regional hub. Similarly, very high-speed Internet deployment is expected to stimulate opportunities for high-quality service and content offerings and prices adapted to the targeted population's income. Digital technology offers opportunities to modernise and promote socio-economic sectors with strong potential for growth, through production techniques and technologies as well as through the exchange of goods and services. Senegal plans to accelerate the spread of digital technology in the priority sectors identified in the PSE, promote access to basic social services (health, education, financial services), and significantly increase productivity by focusing on the increased use of digital technology in agriculture, livestock farming, fishing and trade.

In the continued pursuit of universal public service, the State of Senegal, through law no. 2001-15 on the Telecommunications Code, created the *Fonds de Développement du Service Universel des Télécommunications* (FDSUT) for the purpose of developing access/universal service and subsidising the expenses of any public service contributing to the development of telecommunications services and ICT (Information and Communications Technology).

The FDSUT adopted a strategic plan for the 2015-2017 period regarding two main themes: (i) general access to telecommunications for all areas of Senegal and (ii) more systematic use of ICT in the education sector to develop access to infrastructure and ICT equipment in schools and universities, training for teachers and the development of electronic teaching materials. The action plan adopted has been focusing on the continuation of ongoing projects and the launch of a strategic survey in view of equipping the country with digital equipment in an equitable manner to achieve, by 2020, (i) high-speed internet availability in all rural areas of Senegal, (ii) the acquisition and installation of solar stations in approximately 100 towns lacking electricity but covered by telecom networks and, (iii) the implementation of the second phase of the "*connecter les établissements scolaires*" project (connected classrooms).

As part of the general development of the sector, mobile number portability was introduced in Senegal on 1 September 2015. This option, considered essential, promotes competition in favour of consumers, who are able to migrate to another operator while retaining their telephone number. In addition, as part of the decrease in ADSL lines in favour of mobile internet, ARTP launched a complete unbundling campaign, making it possible for third-party operators to use all frequency bands on the copper pair, which is one of the major issues in developing competition and innovation in telecommunications, particularly on the high-speed market. With complete unbundling, all internet and telephone services are exclusively managed by alternative operators, rather than the historic operator and owner of the local network. The advantages of such an operation include, in particular (i) total freedom in the choice of plan, (ii) true competition in ADSL offers, (iii) the opportunity for more services, (iv) a dynamic market and (v) lower prices.

The telecommunications sector has experienced positive changes over the past ten years. The strong growth of the mobile customer base and outgoing communications traffic toward the end of the 2010s was due to, among others, the opening of the market to competition and innovative offers in the mobile market.

In recent years, growth rates have decreased in the fixed and mobile telephony market, while the Internet market has experienced significant growth.

As a result, one of the current challenges is to oversee continued investment in infrastructure, particularly broadband infrastructure. In addition to the infrastructure deployed by operators, the sector welcomes other participants, in particular infrastructure operators, to strengthen the supply of capacity and offer alternatives to different stakeholders (network operators, "company" segment, service providers, etc.). The second challenge is to ensure the strengthening of a suitable framework to encourage and promote innovation, in particular via the introduction of new participants—which is the purpose of the introduction of new Internet services providers (ISPs) (*Fournisseurs d'Accès Internet*)—but also via the use of any appropriate levers (spectrum resources, unbundling, infrastructure sharing, etc.) to improve the business climate. The third challenge is to balance the pricing scheme, i.e. to establish a general price level that allows operators to make the necessary investments in placing innovative products on the market and allowing different categories of consumers to be able to use services, adapted to their particular needs, under suitable economic conditions.

In 2016, on the basis of the priorities set by the PSE, the Government designed a strategy, "*Sénégal Numérique 2025*" (Digital Senegal 2025) for the digital economy sector through which it proposes to achieve universal digital access for all users by 2025. The ambition of the *Sénégal Numérique 2025* strategy with regard to the economy is to revitalise the sector by providing new sources of growth to industry participants, increase the share of digital services in the GDP to 10% by 2025 with the creation of 35,000 direct jobs, and increase the GDP by driving other key sectors with new digital capabilities to reach XOF 300 billion.

As part of the *Sénégal Numérique 2025* strategy, the Ministry of Communication, Telecommunications, Post Offices and the Digital Economy, has already launched two major reforms, the purpose of which is to establish a favourable environment for the sector's development:

- updating and strengthening the legal framework of the telecommunications sector through, in particular (i) the adoption of law no. 2017-13 amending law no. 2011-01 of 24 February 2011 establishing the Telecommunications Code and facilitating the entry of new ISPs with an authorisation regime; and (ii) the selection of a consulting firm in view of the preparation, currently underway, of final draft legislation that is expected to be submitted to a validation workshop with all participants during the first quarter of 2018; and

- facilitating access primarily through the selection of three ISPs and three Mobile Virtual Network Operators (MVNO), it being specified that these new participants will help strengthen competition, diversify service offerings and lower costs. Different achievements have already been reached such as (i) the deployment of a network of 6,000 km of optical fibre across the territory served by three underwater optical fibre cables allowing for international bandwidth of 45 gigabytes in 2017; (ii) an increase in the number of mobile telephony subscribers from 15,186,485 in December 2016 with a penetration rate of 102.61% to 15,556,649 with a penetration rate of 105.11% as of 30 September 2017; (iii) an increase in the Internet penetration rate from 58.79% in December 2016 to 61.32% in September 2017 (compared to a rate of 0.7% in 2010); and (iv) the implementation of the national cyber security strategy, for which the technical validation took place on 9 November 2017.

In addition, four major projects were developed with all of the sector's participants:

- the implementation of an Internet exchange point in Senegal, called SENIX, which will result in lower costs for the local population and which was inaugurated in August 2017;
- the development of the *Parc des Technologies Numériques* (PTN) project, which is a component of the "digital city" project of the PSE, at the *Pôle Urbain de Diamniadio* site over a surface area of 25 hectares;
- the reduction of gender disparity in internet access rates; and
- the launch in 2016 of the Digital Education Support Project (*Projet d'Appui à l'Education Numérique* – PAEN), whose pilot phase is planned over three years (2016-2018) and total State financing of XOF 300 million, i.e., XOF 100 million per year.

Postal Services

In the Senegalese postal sector, Société Nationale La Poste (SN La Poste), a state owned operator that provides universal postal services. SN La Poste also operates in the express segment where it competes with 13 private operators and license holders. As of May 2017, there were 574 access points, of which 218 belong to the longstanding operator, or 38% of access points. The ARTP ensures the regular publication of sectoral data via its Observatory. An analysis of market data reveals the existence of a number of factors favourable to growth of the sector, including

- the entry of new participants;
- the signing of strategic partnership agreements with foreign companies; and
- the size of investments.

Deliveries up to 500 grams have experienced a downward trend. This dynamic appears to be driven by the democratisation of Internet access insofar as these deliveries are primarily in the form of letters. Deliveries up to 2 kg (often packages) as well as postal packages represent an opportunity for the development of postal activities.

Electronic and postal communications are therefore both competing and complementary. While emails and letters perform identical functions, the Internet is becoming a means, through the rise of electronic trade, for the increase in the volumes of express packages.

Postal operators must therefore adopt new strategies to reinvent postal activities, built upon the basic principles of postal activities (proximity, simplicity and universality), while being innovative and open toward new technologies. This new dynamic should be supported by policies aiming to promote interoperability among operators given the significant revenues generated by international deliveries and to improve development conditions of electronic trade.

The restructuring of SN La Poste remains a government priority. With the support of partners such as the World Bank, strong but beneficial restructuring measures for both the State and the public service institution, based on a financial and operational diagnosis, will be taken and will essentially revolve around: (i) the recapitalisation by conversion of all or part of the balance of the State's outstanding claims on the SN La Poste Group arising from debt growth; (ii) the reconstitution of third party deposits; and (iii) the implementation of a business recovery plan through the rationalisation of operating expenses. At the request of the government, BCEAO has already carried out an audit of the financial flows of SN La Poste (see "*Public Finance—Budget Execution Issues and Related Reforms—SN La Poste Group*").

Tourism

Tourism is Senegal's third largest foreign currency earner and generates significant employment in the country, making it a vital sector of the Senegalese economy. In 2015, Senegal welcomed over one million tourists, an increase of 4.5% compared to 2014, and tourist receipts amounted to XOF 358 billion, an increase of 5.9% compared to 2014. In 2016, the number of tourists was estimated at 1,210,000. The Government believes that there is significant opportunity for growth within this sector.

Tourism in Senegal has traditionally relied on its tropical resort-style attractions, but in recent years has experienced some difficulty due to coastal erosion resulting in the loss of beaches located at Saly, the country's biggest seaside resort, and due to the competition with cheaper resort destinations that have benefitted from access to low cost airlines and, until 2011, lower VAT rates. The sector also suffered from regional instability and security concerns and, in 2015, from the Ebola crisis.

To regain lost market share and increase revenue, the Government included tourism in the *Stratégie de Croissance Accélérée* (Accelerated Growth Strategy). The resulting plan aimed to make tourism Senegal's primary foreign currency earner, modernise existing infrastructure, expand and diversify the industry's offerings and improve its marketing campaigns to attract additional visitors. Senegal's tourism promotion company, the *Société d'Aménagement et de Promotion des Côtes et Zones Touristiques du Sénégal* (SAPCO), in partnership with the country's infrastructure agency, has identified certain regions in the country which will be targeted for development and the Government has provided SAPCO with land and approximately XOF 8 billion for the commencement of the basic arrangements.

The Government is also seeking external private investment and is targeting southern European, South African and Gulf investors as the most likely investors for the sector. Investment incentives include a temporary exemption from VAT on construction materials and services for three years and access to import credit from the Government of up to 40% of the amount of the investment for the first five years. In 2011, the Government reduced VAT rates applicable to the tourism sector from 18% to 10%. In 2015, airport charges were reduced by 50% and the visa for a fee, implemented for a few months, was removed. A tourism and hotel credit of approximately XOF 5 billion financed by the State has also been implemented in order to uphold the renovation and the extension of the tourism sector. Additionally, the Government has launched a strategic tourism development plan for the 2014-2018 period which aims to attract two million tourists per year by 2018, promote job creation within the tourism industry, enhance infrastructure and logistic services, improve and rehabilitate existing resort areas while developing new areas and create conditions that encourage private-sector investment.

The tourism sector has experienced a relatively significant increase in activity over the past ten years due to the beginning of the implementation of the PSE. With this favourable trend accompanied by initiatives financed by the State with the support of development partners, the interim objective of 2 million tourists under the PSE could be attained in 2018, for an objective of 3 million tourists in 2023.

In addition, as part of the creation of a new seaside resort, renovation work on the Saly station was undertaken, technical studies for the restoration of beaches were validated and the development of the Pointe Sarène site and the work of the tourist development programme of Saint-Louis and its region was begun. In addition, credit capacity for hotels was granted in an amount of XOF 2 billion in 2016 with a budgetary allocation of XOF 3 billion in 2017, and managing bodies are currently being established.

To attain these objectives, the initiatives begun must be continued, through strengthening participants' capacities, introducing innovative products such as ecotourism in Fatick and Tambacounda, cultural and discovery tourism in Saint-Louis and Gorée, the development of the Dakar City Trip in support of business tourism and the recovery of tourism in Casamance as well as the implementation of micro-tourism projects.

SAPCO's diversification efforts are focusing on business, cultural, and eco-tourism. Business tourism is focused primarily in Dakar, where international hotels hold a variety of conferences and conventions. Cultural tourism is focussed on the city of Saint Louis, a UNESCO World Heritage site whose colonial architecture is being refurbished with the assistance of the international community. The city of Saint-Louis also has an annual jazz festival that attracts visitors from France and other West African countries. Finally, eco-tourism has been targeted as the most significant growth area for tourism in Senegal. The city has several natural parks and animal reserves, and the Government believes ecotourism will ensure sustainable development in rural areas that will protect the environment and the local populations from overdevelopment. At the same time, the economic benefits to such areas are expected to help reduce poverty and migration to urban centres.

- Through the PSE, Senegal aspires to promote ethical, responsible and competitive tourism. In order to obtain these results, three landmark projects have been put forward: (i) the Integrated Tourist Zone project; (ii) a sector-wide plan for the development of micro-tourism; and (iii) a regional airport hub. The Integrated Tourist Zone project involves the creation of three to six integrated tourist development zones through the development of a beach resort in Pointe Sarène; the renovation of the Saly Portudal beach resort; the development of the City Trip and business tourism in Dakar; the revival of cultural tourism and high-end adventure tourism in Saint-Louis and Gorée; the development of ecotourism/adventure tourism around the Niokolo Koba park and; the development of a high-end resort in Joal Finio. The project is expected to leverage an investment of XOF 1,110 billion and generate 120,000 jobs;

- The first initiatives carried out have contributed to building the Pointe Sarène tourist station and upgrading existing sites such as Saly Portudal and Cap Skiring;
- The sector-wide plan for the development of micro-tourism, launched in 2015, is estimated to cost XOF 21 billion and aims, in particular, to develop activities at the local level, coupled with “flight and hotel” offers, through: the implementation of a stimulus programme for tourist entrepreneurship; the creation of tailored financing solutions; the creation of areas reserved for micro-tourism in tourist centres; and the implementation of targeted communication and awareness measures;
- The first achievements of the micro-tourism flagship project relate to the technical validation of studies regarding the enhancement of the eco-tourist offer in Fatick and Tambacounda, the implementation of micro-company tourist incubators, the Dakar City Trip and the communications campaign. The draft decree for the implementation of a fund to promote tourism has been finalised. In addition, two micro-tourist incubators were created in Thiès and Ziguinchor and the incubator team was hired; and
- Finally, in terms of air travel, the goal is to reach a capacity of 5 million passengers by 2023 and 10 million by 2035. To meet the projected rise in air traffic, the commissioning of AIBD was completed in December 2017 (see “*Public Finance—Investment Programmes—Infrastructure Investments—Blaise Diagne International Airport and Other Airport Projects*”).

The Government is also encouraging international promotion of touristic areas of the country through the media, internet and tour operators as well as improved access through an increased number of domestic and international flights. The development of tourism in the Casamance region is a priority for the Government. Tourism companies implanted in the region can benefit from a tax exemption for ten years. In September 2016, France removed the region from its risk area list.

Financial Services

Banking

For a description of the banking sector in Senegal, see “*Monetary System—The Banking Sector*”.

Insurance

As of 31 December 2016, there were a total of 29 insurance companies in Senegal, of which 19 are property and casualty insurance providers and 10 are life insurance providers. The insurance sector generated revenues of approximately XOF 137 billion in 2016, up 13.65% from approximately XOF 121 billion in 2015. This increase is due to the dynamism of the two sectors with growth rates of 24.2% for life insurance and 9.5% for damage insurance.

According to the Ministry of Economy, Finance and Planning, penetration rates remain low, amounting to approximately 1.6% of GDP in 2016 against 1.5% in 2015. The failure to penetrate the market further is primarily due to the low per capita income and a dearth of insurance products aimed at low-income individuals. With the adoption in 2012 of a new regional regulation, insurance sector participants have, with the State’s support, begun to implement micro insurance in the agricultural sector in particular.

Senegal is a member of the CIMA, a regional African organisation that governs the insurance sector in 14 countries. Senegal is the third largest insurance market in the CIMA zone, after Côte d’Ivoire and Cameroon. Senegal’s insurance penetration rate (i.e., as a percentage of GDP) is above the CIMA zone average of 1%. According to Swiss Re, in 2014, the penetration rate on the African continent is 2.9%, while the global penetration rate is 6.2%.

Public spending on insurance amounted to 10.49% of total public expenditures in 2016 (10.54% in 2015) and related primarily to bank deposits, securities and rights *in rem* in immovable property.

Infrastructure

The development of Senegal’s infrastructure and transportation services is a key component of its strategy to reduce poverty and develop into an emerging economy. Senegal has a number of major infrastructure projects planned or in development, many of which are being implemented in connection with the PSE, which the Government believes are critical to the continued growth and development of the Senegalese economy. However, some of the projects are not fully financed and may not be completed within the timeframes discussed below.

Roads

While the cross-border road network in the region surrounding Senegal is of poor quality, the road system within Senegal meets or exceeds regional standards. Approximately 5,956 km of Senegal's 16,496-km national road network are fully paved. 77% of the classified paved network is in good or average condition according to the Ministry of Infrastructure, Ground Transport and Access Improvement (*Ministère des Infrastructures, des Transports Terrestres et du Désenclavement*).

There have been recent upgrades to the main roads leading in and out of Dakar. A substantial portion of foreign aid is dedicated to road expansion and heavy traffic is a problem for the routes to and from Dakar. The Dakar-Diamniadio toll road project, which was completed in August 2013, its extension to the AIBD and the AIBD-Sindia and AIBD-Thiès highway sections, finalised in 2016 and 2017, respectively, have significantly reduced traffic congestion in the Dakar region and provide an economic stimulus to the Dakar region. Introduction of the motorway has also allowed significant reductions in average travel times.

In addition to the toll road projects noted above, ten other projects were completed in 2017, representing 265 km of roads at a total cost of XOF 78.9 billion, including (i) the development of the Joal-Samba Dia-Djiffer road (49 km at a cost of XOF 12.5 billion), (ii) the rehabilitation of the Dahra-Linguère road (40 km at a cost of XOF 9.3 billion), (iii) the reconstruction of the Fatick-Kaolack road (38 km at a cost of XOF 16.0 billion), (iv) the rehabilitation of the Dinguiraye-Nioro-Keur Ayib road (46 km at a cost of XOF 12.0 billion), (v) the development of the Passy-Sokone road (25.5 km at a cost of XOF 10.2 billion) and (vi) the MCA projects (59 km at a cost of XOF 10.6 billion).

Major road infrastructure projects under the PAP of the PSE were launched or continued in 2017 (see "*Economy of Senegal—Plan Sénégal Emergent (PSE)—Projects under the PSE*"). In addition to the projects already mentioned, the following should also be noted: the Promovilles project (extended to 13 Senegalese municipalities and cities), the Priority Access Programme (Boucle du Boudier, Kédogou-Salémata), and the paving of the Lompoul-Léona-Potou-Gandiole road and the paving of streets in Dakar, as part of the second phase of the Transportation and Urban Mobility Support Project (*Projet d'Appui au Transport et à la Mobilité Urbaine* – PATMUR).

Other developments in 2017 include the renewal of the public transport fleet (Urban Transport Financing Group, *Association pour le Financement des Transports Urbains* – AFTU), the continuation of the BRT and the signing of a concession agreement for a project aiming to provide digitalized and secure transport passes and licences.

For a description of the Government's road infrastructure investment programme, see "*Public Finance—Investment Programmes—Infrastructure Investments—Road Infrastructure*.

Airports

Senegal accounts for a substantial proportion of air traffic in WAEMU and is the second busiest hub in West Africa after Nigeria. Senegal has 14 civil airports, of which five serve international flights.

Approximately 30 different airlines serve Senegal. The majority of routes from Dakar serve Europe and other West African capital cities. Air France, TAP Air Portugal, SN Brussels, Corsair and Iberia offer regularly scheduled services to Europe. As tourism increases, charter flights from Europe have also become more frequent. West African air traffic is dominated by regional carriers, and traffic between West African capitals and Dakar makes up the majority of daily departures and arrivals. Dakar also benefits from stop-over traffic between North America and Southern Africa. Under a special regulatory regime, passengers may embark aircraft in Senegal during a stop-over landing, which increases traffic on these routes and encourages airlines to use Dakar's main airport in this manner. The new AIBD airport, which opened and began operating on 7 December 2017, is a key part of the Government's strategy to promote Dakar as a regional airline hub.

Senegal Airlines, the former national airline, was inaugurated in January 2011, but experienced numerous financial difficulties, including cumulative debt of approximately XOF 65 billion, resulting in its dissolution by Senegalese authorities on 2 April 2016 and the creation of a new company, Air Senegal SA. Two ATR 72-600 aircraft were acquired by Air Senegal on the occasion of the Paris Air Show in June 2017, and a memorandum of understanding was signed on 16 November 2017 with Airbus for the acquisition of two A330-900neo aircrafts. These two aircrafts are expected to be put into service after January 2019. The Government expects this new airline company and the launch of the AIBD airport to enhance the position of Dakar as a regional transport hub.

The renovation of five regional airports, including Saint-Louis, Matam, Ziguinchor, Tambacounda and Kédougou, is planned.

For more information on the Government's airport investment programme, see "*Public Finance—Investment Programmes—Infrastructure Investments—Blaise Diagne International Airport and Other Airports Projects*".

Rail Transportation

Senegal's railroad infrastructure consists in a network of 1,057 km of primary tracks and 151 km of secondary tracks comprising three railway lines. The main railway junction is located in Thiès. Senegal and Mali jointly operate a 1,355 km international railroad line (of which 714 km are located in Senegal and 584 km are located in Mali) that runs between Dakar and Bamako and constitutes one of the main transportation corridors in Western Africa. The main rail operators are the SEFICS, GCO, the *Petit Train de Banlieue*, Dakar Bamako Ferroviaire (DBF) (the operator of the Dakar–Bamako railroad established by the two States in March 2016) and the Directorate of Railway Transportation (*Direction des Transports Ferroviaires* – DTF). Despite growing demand, Senegal's railroad sector is constrained by outdated tracks and rolling stock. The poor quality of tracks in the Senegalese portion of the Dakar-Bamako railroad considerably hampers Mali's business toward the Port of Dakar. The relatively high rate of derailments (0.45 derailments per one million UT) and the low reliability of locomotives (15 breakdowns of main lines locomotives for 100,000 km) underscore these problems.

In 2017, the Dakar-Bamako railroad entered its study phase and the TER project entered its implementation phase. With respect to the TER project, the financing of different plots is fully complete and the procurement process resulting in the selection of companies has been finalised. The studies were completed in 2017. However, station construction could not begin in 2017 as originally planned. In 2018, the objective is a 75% completion rate, i.e., at least 85% of the TER's infrastructure and systems will be carried out and the first train will be delivered. The TER project is expected to be completed in January 2019. See "*—Plan Sénégal Emergent (PSE)*".

To address the difficulties affecting the railroad sector, the Government is pursuing several plans to improve Senegal's rail network. See "*Public Finance—Investment Programmes—Infrastructure Investments—Improvements to Senegal's Rail Network*".

Ports

The *Port Autonome de Dakar* (the Port Authority) is the port authority for the Port of Dakar (the Port) and was created in 1987 as a national company. In 2005, the Port was recapitalised to better integrate its functions and support a more modern and efficient operating system. The Port is a deep water port accessed by a dredged channel at -13.5 m with a 200-metre wide entrance. Protected by the Island of Goree, the Port is calm with a low tidal range. The Port is continuously open 24 hours a day. It has two separate zones (northern and southern) that are divided by the fishing port, repair shops (Dakarnave) and a military area. According to the Port Authority, the piers in the Port's northern zone have depths of 5-13 m, and they specialise in containers, non-food solid bulk, hydrocarbon, conventional and wheat cargoes. The northern zone includes the container terminal, which has been operated, equipped and developed by Dubai's DP World under a concession since 2007. The container terminal covers an area of 24 hectares and approximately 700 m of linear quay with three berths dredged from 12 m to 13 m. The container terminal has four wharf gantry cranes (including two post-panamax), four Gottwald cranes on tyres, ten yard gantry cranes, 15 reach stackers and 400 plugs and sockets for reefer containers. The Port's southern zone handles general cargo, part of the container traffic (which accounts for approximately 20% of containers), the transit traffic from Mali, as well as passenger traffic.

The rapid evolution of traffic will require DP World to develop an alternative solution before 2022, to effectively address all of the needs of Senegal and the sub-region. Negotiations are currently under way between the Port and DP World regarding the transfer of all or part of the Port's current activities to the multifunctional port of Ndayane. Depending on the activities that will be transferred, investments ranging from XOF 212 billion (first version of the port of the future project) to XOF 1,000 billion of investments (transfer of all activities) are expected. This port, which is expected to receive 18-metre draught ships, is intended to be built in five phases, and the estimated duration of the project is five years, following the preparatory phase, which began in June 2017. In 2018, this involves ensuring the site's land management, approving the preliminary outline (*avant-projet sommaire*) and final design (*avant-projet définitif*) studies, finalising environmental and social impact studies, launching the bid invitation procedure and, finally, starting construction work. Overall, the completion rate targeted for the end of 2018 is 21% and full completion is expected in 2022.

The southern zone has three terminals for roll-on/roll-off traffic, 12 for general cargo and two tugs and pilot boats stations. The southern zone's piers have depths of 8.5-10 m. The Dakar International Maritime Station, commissioned in 2009 for national and international passengers, is also located in this zone. In 2015, the station received a quality-security-environmental global certification, in compliance with ISO 9001, BS OHSAS 18001 and ISO 14001 standards, respectively. Besides the container terminal, the Port has other specialised terminals under concession. They are the result of a terminal specialisation policy, which was accelerated beginning in 2013, with the objective of upgrading infrastructure and the technical platform. For example, the traffic terminal, under concession with Bollore; the bulk terminal, under concession with Necotrans; and the hydrocarbon terminal, under concession with Sea Invest.

According to the Port Authority, the Port was visited by 2,705 vessels in 2015, compared to 2,643 vessels in 2014. In 2015, the Port handled a total of approximately 15,188 thousand tonnes of cargo (including 11,273 thousand tonnes of imports), an increase of 13% over 2014. Cargo in transit reached 2,266 thousand tonnes in 2015, including 2,211 thousand tonnes for Mali, an increase of 17% compared to 2014. In 2017, total traffic exceeded 18 million tonnes.

In addition, dredging work has been finished (from 3.5 to 7.5 m) for the Ziguinchor port and the first foundations of the ore and bulk port of Bargny Sendou were laid on 27 November 2017.

Environment

In terms of the management of natural resources and the environment, the Government's major objective is to maintain the equilibrium of ecosystems in order to lay the foundations of sustainable economic and social development, and improve urban and rural quality of life.

As a result, sectoral strategies seek to confront the principal challenges relating to: (i) the proliferation of illegal dumping of personal and industrial waste; (ii) pollution and nuisances from the presence of chemical products; (iii) coastal erosion, soil degradation and the reduction of plant and wild animal resources; (iv) effects relating to climate change; (v) the conservation of biological diversity; (vi) the green economy through sustainable means of production and consumption, with key components such as growth and green jobs as well as the use of clean industries and technologies with a low carbon footprint. In this regard, four programmes were chosen by the Government: (i) the fight against deforestation and land degradation; (ii) the conservation biodiversity and management of protected air; (iii) the fight against pollution, pollutants and the adverse effects of climate change; and (iv) supervision, coordination, support for services, knowledge building and promotion of sustainable development.

In terms of reforms, the sector is marked, at the institutional level, in particular, by the strengthening of the sector's place in the Constitution and the implementation of the new 2016-2025 Sectoral Policy Letter of the Environment and Sustainable Development, which requires the establishment of an appropriate and favourable institutional framework. The Department has initiated a reform of the legal arsenal to promote and frame the sector's policy. For example, Law No. 2015/09 of 4 May 2015 on the prohibition of the production, import, possession, distribution and use of low micron plastic bags and the rational management of plastic waste was passed. The delays observed in the process of revision of legal texts can be explained in particular by the challenge of harmonizing the forest code and the environment code with the mining code and the Third Act of Decentralisation (*Acte III de la Décentralisation*). The implementation of the forestry, hunting and environmental code is expected to strengthen protection of the sector.

Employment and Labour

The majority of Senegal's labour force is made up of agricultural workers, although a sizable minority work as street sellers. The Constitution guarantees workers the right to unionise, but the union can legally exist only after registering with the Ministry of the Interior. The Constitution guarantees to all people the right to work.

The size of Senegal's informal economy makes accurate unemployment rates difficult to assess (see "—*Informal Economy*"). However, ANSD estimated the labour force participation rate in 2016 at 61.2% (as a percentage of all Senegalese over the age of 15) and the rate of unemployment in 2017 at 10.8% (as a percentage of the total labour force), compared to 13.4% in 2016 and 15.7% in 2015. This phenomenon is slightly higher in urban areas, where 13.8% of the working population is unemployed compared to 7.6% in rural areas. Unemployment affects women (16.5%) more than men (5.9%). A breakdown of the unemployed population by age group shows that it affects young people more. The highest rates are observed among young people, particularly in the 20-24 and 25-29 age groups (19.5% and 17.5% respectively). The phenomenon affects the other age groups less. The unemployment rate for persons in the 35-64 age group is estimated at 6.8%.

The proportion of the population living below the poverty line was 46.7% according to the latest poverty survey conducted in 2011 by ANSD. The World Bank estimates that only one person in four works on a full time basis, while three persons out of five work on a seasonal basis.

Even though Senegal has one of the best productivity rates in Africa, the formal sector lags behind that of other emerging countries. Annual productivity gains are low, which prevents the emergence of Senegalese businesses that are truly competitive at the international level. Average productivity in the informal sector is lower than that of the formal sector, while its share of total employment has increased sharply in the last decade.

Senegal ratified the priority agreement on work inspection and has a labour administration whose principal responsibilities are to oversee compliance with labour legislation, oversee the status of professional relations and promote health and safety at work.

Regarding the employment of young people, recent developments should be noted, in particular through two major reforms:

- the adoption of Decree No. 2016-263, which laid down the rules applicable to apprenticeship contracts and made it possible to better supervise the preparation of young people for professional integration; and
- the adoption of Law No. 2015-04 repealing and supplementing certain provisions of the Labour Code and Decree No. 2015-777 of 2 June 2015 laying down the rules applicable to the training contract which has made it possible to contribute to the employability of young graduates of general or technical and vocational education and thus to promote their professional integration; this reform also provides the trainee with more protection.

In addition, a National Framework Programme for the Fight against Child Labour (*Programme National-Cadre de Lutte contre le Travail des Enfants*) was established for the 2013-2016 period. The evaluation of this programme is planned for 2018 with a view to better directing the strategies of the next programme.

Despite the Government's efforts to address these problems, labour reform has been limited. Only 20% of workers in Senegal were registered with the social security system in 2015, only one-fourth of workers based in Dakar have an enforceable employment agreement and 91.2% of the working population claim to receive less than the legal minimum wage (XOF 209.10 an hour). In terms of salary levels, developments include (i) the conclusion of the collective agreement in the cleaning sector, which allowed the adoption of a new salary grid; (ii) the increase in the transport premium, by more than 25%, in the private sector since 1 May 2016, from XOF 16,500 to XOF 20,800; (iii) the signing of a new pact, in 2016, in the oil and gas sector which will allow a gradual increase in the income of workers in the sector for the period 2016-2018; (iv) the ongoing work of the Joint Committee for the upgrading of minimum wages (minimum wage (SMIG) and minimum wage in the agricultural sector (SMAG)); and (v) the collective agreements currently being negotiated, which will ultimately improve the incomes of workers in the sectors concerned (private security, media, oil and gas, bakery).

Women, who represent approximately 40% of the labour force, are employed primarily in the agricultural sector (50.6%), although they are well represented in small trade. Women merchants often join the African Network for the Promotion of Working Women (*Réseau Africain pour la Promotion des Femmes Travailleuses*), an organisation that provides employment training and support to women.

In 2017, work stoppages took place in the public sectors of Education and Health. In addition, work stoppages and labour conflict affected rail transport (Dakar Bamako Railways) in 2017.

The private sector generally experienced better labour relations, with very few major disruptions (one of the most recent work stoppages was that of air traffic controllers which lasted for 24 hours in December 2017).

In Senegal, trade unions have a mission to defend the interests of their members. They may, in the name of trade union freedom, file strike notices and observe strike movements in accordance with the law. However, the Government and the social partners traditionally favour consensus in decision-making affecting work. The signing of the Social Stability and Economic Emergence Pact reflects the fact that Senegal has opted for concerted and inclusive labour market governance.

Privatisations and Public-Private Partnerships

Privatisations

In the 1970s and 1980s, Senegal faced budgetary pressure due to the substantial operating costs of its State-owned businesses. In 1985, the Government reacted to this budgetary pressure by instituting a new economic policy on privatisation. Senegal's substantive privatisation programme began in 1987 with the passage of a law governing the sale of State interests in national companies. The objective of the Government's privatisation programme was to reduce the State's role in the economy, encouraging competitiveness of Senegalese companies both within WAEMU and on a global scale and improving public finances.

From the start of the privatisation programme through 2016, 33 state organisations were privatised. Over the past ten years, these include the State's sale of shares in AXA Assurances in 2009 for a total value of approximately XOF 1.33 billion, the sale of shares in the *Société d'Etudes et de Réalisation des Phosphates de Matam* (SERPM) in 2010 for approximately XOF 81.95 million, the sale of shares in the *Banque Nationale de Développement Economique* (BNDE) in 2013 to several buyers for a total amount of approximately XOF 5.18 billion and the sale of shares in the *Banque Islamique du Sénégal* (BIS).

As of December 2016, there are:

- 13 companies fully owned by the State, including the national lottery (LONASE), SN La Poste, SENELEC, SONES, the national water company, SOGIP (*Société de gestion des infrastructures publiques*) which was created in December 2015, SOTEXKA, PETROSEN and SONACOS which the State bought back from the Advens Group in 2016 to improve its performance;
- 10 companies in which the State owns a majority stake, including SAPCO and SODAGRI, *la Société de Développement Agricole et Industriel du Sénégal*; and
- 33 companies in which the State owns a minority stake, including SONATEL, ICS and BNDE.

As of the date of this Prospectus, the privatisations of the *Société des Nouvelles Conserveries du Sénégal* (SNCDS) and of SOTEXKA are underway. However, the privatisation of LONASE is no longer being considered by the Government, due to an on-going reorganisation of the company. LONASE had implemented a development strategic plan for the period 2017-2021 and has entered into a performance agreement with the State in order to increase its business and financial performance. The privatisation of the *Centre Expérimental de Recherches et d'Etudes pour l'Equipement*, a research agency has been suspended at the request of the Ministry in charge of infrastructure. On 12 April 2017, following the fourth review under the PSI, the IMF called on the Senegalese authorities to honour their commitment to privatise SONACOS and reduce the number of public agencies. Progress with other planned privatisations remains slow. No privatisations are expected in the 2018 Budget; any change in this position would require an amendment to the Budget Law.

Public-Private Partnerships

The Government considers public-private partnerships (PPPs) to be an important factor of growth and job creation, in particular in the context of the PSE. In addition to facilitating the realisation of major infrastructure projects, PPPs are expected to boost Senegalese production, particularly in the agricultural sector, to stimulate the core of local SMEs and to develop the private sector. Senegal first adopted a Build-Operate-Transfer (BOT) law in 2004, which allowed the development of the major infrastructure projects initiated by the Government of former President Wade, such as the AIBD or the Dakar–Diamniado toll road. To further capitalise on the country's strong potential to attract private investors and to realise such partnerships, Senegal adopted in February 2014 a new law on PPPs with a view to providing a new, more flexible framework, with a view to favour the financing of structuring investments and to extend the use of PPPs outside of the infrastructure sector, as in the health or education sectors.

In 2015, the Ministry of Investment Promotion, Partnerships and the Development of State Teleservices (*Ministère de la Promotion des Investissements, des Partenariats et du Développement des Téléservices de l'Etat* - MPIPDTE) began selecting and prioritising PPP portfolio projects, beginning with a preliminary analysis of 32 projects. This purpose of this analysis was to update the data by drafting a concept note for each project and to determine the potential interest of private investors on the basis of rigorously selected criteria. More detailed economic analysis was then carried out on a list narrowed down to six PPP projects. This process ultimately led to the selection of two projects. These two projects were the subject of a detailed report and economic, financial and legal analysis: the project for the reconstruction of the Aristide Le Dantec hospital and the project for express buses on reserved lanes (BRT):

- At the end of 2017, the completion rate of the BRT project was 13%, corresponding in particular to the completion of 91% of the financing estimated at a total XOF 260 billion, to the updating of the Detailed Preliminary Project Studies (DPS) and to the preparation of the tender documents (DAO). In 2018, in addition to finalising the mobilisation of financing, the main task will be to start construction work on the BRT infrastructure and to finalise the process of recruiting the private operator who will be responsible for operating the BRT; and
- As regards the reconstruction of the Aristide Le Dantec hospital, funding for the programme has not yet been mobilised. The proposals received came from private institutions and did not comply with Senegal's debt commitments.

A network of PPP focal points was also established in 2014. It was circulated to the various ministries and is coordinated by the Minister in charge of PPPs. This system facilitates the identification of difficulties encountered in implementing projects and the support needs of contracting authorities (full-time technical assistance provided by the MPIPDTE for the entire duration of the project). Numerous activities designed to improve efforts to raise awareness of PPPs have been organised for public project portfolio managers, as well as private sector and civil society participants.

In addition, in 2015, with the support of the World Bank group, a PPP "toolkit" (the first in Francophone Africa) went online. It includes a number of tools designed to aid in the decision-making process and the prior evaluation of planned PPP projects, as well as guidelines inspired by international best practices. To facilitate in identifying projects, a financial model for prior evaluation with a risk matrix was developed to aid contracting authorities in carrying out a comparative analysis of the various methods of financing their projects and orient them towards the most relevant, the least risk adverse and most advantageous contractual model. The toolkit (www.ppp.gouv.sn) also contains important information available to investors and the public on the legal and institutional framework of PPPs in Senegal, as well as the portfolio of planned projects.

Social Security

Senegal has ratified the International Labour Organisation's Social Security (Minimum Standards) Convention and put in place a modern system of social security. This key Government scheme aims to protect workers and their family members from various risks (excluding disease and unemployment) and to provide pensions. Benefits under the scheme include maternity allowances, child benefits and an "accident at work" benefit, which are all provided by the employer. According to IPRES, the changes to the benefits system from 2002 to 2017 have resulted in a rise in pension levels of 150% in value. Nonetheless, only a small proportion of Senegalese are covered by any form of social security. A reform of the legal framework and management system of Pension/Health Funds has been effective since 2013. Due to the size of the informal sector in the Senegalese economy, social security covers only a small portion of the population.

For the protection of vulnerable groups, the Government has implemented several projects in view of increasing the buying power of this portion of the population. The Government has also established a universal healthcare system through the 2013-2017 *Plan Stratégique de Développement de la Couverture Maladie Universelle* (PSD-CMU), which aimed at bringing the coverage rate of the population to 75% by the end of 2017. Data for 2017 are not yet available. However, the coverage rate rose from 46.0% in 2015 to 46.8% in 2016. Compared to the target, there was a 16.2% underperformance, which resulted from the late completion of the implementation of mutual health insurance schemes in 31 departments covering approximately 62% of the Senegalese population. The strategy is built around the following lines: the development of basic universal healthcare coverage through private health insurances; the reform of mandatory health insurance through the implementation of decree 2012–832 of 7 August 2012 on the organisation and operation of the *Institutions de Prévoyance Maladie* (IPM) (health insurance institutions); the strengthening of existing free service policies (*plan sésame*, caesarean, dialysis, etc.); and the implementation of new free healthcare initiatives for children aged 0 to 5 years old.

Combating poverty and reducing social inequality is an integral part of national priorities. In order to achieve these objectives, the General Delegation for Social Protection and National Solidarity (*Délégation Générale à la Protection Sociale et à la Solidarité Nationale* – DGPSN) was created, whose missions focus on: (i) the impetus and implementation of the social protection and national solidarity policies; (ii) the establishment of a system of social protection and solidarity; and an effective mechanism for State intervention in matters of social protection and national solidarity; (iii) coordination of all public social protection policies contributing to poverty and inequality reduction.

Housing

There are several challenges facing the housing market in Senegal. According to the World Bank, the proportion of the population living in urban centres has increased by an average annual rate of 3% since the early 1990s, with a consequent rise in the demand for housing in Senegal's largest cities. The CIA World Factbook estimates that the annual growth rate of urbanisation from 2015 to 2020 is 3.5%.

In May 2014, President Sall officially launched the development of the *Ville Nouvelle de Diamniadio* (Diamniadio New City) project, located 27 km from Dakar, near the AIBD in Diass. This project, which will cover approximately 2,000 hectares, involves the building of 40,000 housing units, hotels, a new university and government buildings. The Government estimates that the construction of the Diamniadio New City will create up to 75,000 jobs over the first four years. In November 2014, the Government completed the construction of the Abdou Diouf International Conference Centre, which hosted the summit of the Organisation Internationale de la Francophonie from 29 to 30 November 2014. At the end of 2017, according to the BOS, several significant projects of the Diamniadio New City have been finalised or have reached an advanced state: several hundreds of housing units finalised; part of the infrastructure of Amadou Mahtar Mbow University will be received at the beginning of the 2018 academic year to accommodate a first group of 6,000 students; the five-star hotel has been in operation since December 2017; the first buildings of the Administrative centre, planned to accommodate nearly 10,000 agents from a dozen ministries, will be completed in 2018.

The Government, in a change from previous housing policies, has implemented a vast social housing programme with the objective of building 150,000 homes per year over a period of 10 years. This effort reflects the State's commitment to (i) ensure better access to serviced, owned and suitable land, (ii) improve the quality of housing and life in urban and rural areas and (iii) eradicate slums and unstable housing and relocate all families living in flood zones. After nearly 4,500 housing units were made available to the population in 2017 under this programme, approximately 10,000 housing units will be completed by 2018, with in particular the development of the urban pole of Daga-Kholpa created in 2017, the continuation of work in the Zones d'Aménagement Concertée (ZACs) under development in the interior regions of Senegal, and the completion of the Voieries et Réseaux Divers (VRD) in the 700 ha of the initial area of the New City of Diamniadio.

Drinking Water, Sanitation

According to the WHO and UNICEF, in 2015 approximately 79% of the population in Senegal had access to "improved" drinking water sources (defined as sources that, by nature of their construction or through active intervention, are protected from outside contamination) and approximately 48% had access to "improved" sanitation (defined as sanitation that, from a hygiene viewpoint, separates human excreta from human contact). There is a considerable gap in levels of access to improved water and sanitation, which vary greatly between the urban population (93% and 65%, respectively) and the rural population (67% and 34%, respectively). In this context, the new 2016-2025 LPSD set out the Head of State's vision for the water and sanitation sector as follows: "abundant quality water for all, everywhere and for all uses, in a sustainable and clean living environment, for an emerging Senegal."

The efforts of the Government to address the current deficiencies in the domestic water supply are concentrated in particular on the USAID's PEPAM, a XOF 611 billion drinking water and sanitation programme mainly financed by the AfDB, AFD, IDB, BADEA, IDA, Belgium, Japan, Korea and Luxemburg. The PEPAM's goals included reaching 100% access to drinking water in urban areas in 2015 and 98% access to drinking water in rural areas in 2017, and 85% access to improved sanitation in urban areas and 70% access to improved sanitation in rural areas in each case in 2017.

According to the General Directorate of Finance, the following results could be noted in 2016:

- Overall access to drinking water: the overall access rate to drinking water is 94.6% in 2016 compared to 92.1% in 2015. This result can be explained by the construction of boreholes, water towers and multi-village water supply networks and the achievements of the PUDC;
- Declining access to drinking water in rural areas: the overall access rate in rural areas decreased to 86.6% in 2016 from 87.2% in 2015 (XOF 5.6 billion invested in 2016);
- Improved access to drinking water in urban areas: the overall access rate in urban areas rose to 100.0% in 2016 from 98.0% in 2015 (XOF 17.2 billion invested in 2016);
- Declining sanitation in rural areas: the overall access rate fell to 36% in 2016 from 36.7% in 2015; and
- Improved sanitation in urban areas: the overall access rate increased to 63.5% in 2016 compared to 62.2% in 2015.

The reforms and strategic direction of the water sector are organised around: (i) the reform of rural hydraulics with the creation of the Rural Drilling Agency (*Office des Forages Ruraux* – OFOR) (Rural Drilling Agency); (ii) the implementation of public service delegations (DSP) in rural areas; (iii) and the development of a national strategy for the improvement of water quality. The Government's efforts are concentrated on achieving universal access to drinking water services and facilitating access to the most disadvantaged populations by 2025. In addition, the right to water will be integrated into the sectorial legal corpus, particularly through the promulgation of a new Water Code. Moreover, emphasis is placed on the promotion of the Integrated Water Resources Management (*Gestion Intégrée des Ressources en Eau* – GIRE) as a strategic option in keeping with the African Water Vision for 2025 and international policies. In addition, policies in the sector will be oriented towards the strengthening of PPPs, DSPs, resource management and control of operations, but also the implementation of regulatory mechanisms for the effective management of interactions between all actors.

In the water sector, major projects have been launched since 2014, including:

- With regard to urban water systems: (i) the launch of flagship projects for the construction of a third drinking water production plant in Keur-Momar-Sarr (KMS III) and the construction of a seawater desalination unit at a cost of €465 billion, which should provide an additional 300,000 m^3/d of additional production from 2020 onwards; (ii) the implementation of the emergency drilling programme in 2015, which resulted in an additional production of 66,600 m^3/d, to which an additional 7,000 m^3/d in 2016 added and 29,240 m^3/d are expected to add with the completion of 6 boreholes currently being completed in Dakar and Pout; (iii) the 35,000 social connections programme launched in 2014, of which 14,000 are under construction and expected to be completed by 2018; and

- With regard to rural water systems: (i) the 300 boreholes programme launched in 2013, which integrates the flagship actions included in programmes such as the *Projet Sectoriel Eau et Assainissement* (PSEA), the *Programme d'Amélioration des Services de l'Eau Potable et de l'Assainissement en zone Rurale* (PASEPAR) and PEPAM UE, which resulted in the construction of 223 structures, including 210 boreholes and 13 pumping stations, that reached 630,000 people; (ii) the operational review of the PUDC's flagship programme, which, as of 31 May 2017, includes the delivery of 203 boreholes and 91 water towers to 499 villages with a total population of 200,000 people; (iii) the creation of OFOR, which gave new impetus to the reform of rural water systems with the gradual introduction of public service delegations (PSDs); and (iv) the construction of 66 new drinking water supply systems and the upgrading of 7 existing systems in 2016.

Positive developments have also taken place in the sanitation sector:

- In the field of urban sanitation, the Government mobilised approximately XOF 208 billion to implement flagship actions such as the 10-year flood control programme; in addition, new projects were launched such as (i) the sanitation programme for 10 cities (Cambérène, Pikine, Rufisque, Tivaouane, Louga, Saint Louis, Touba, Tamba, Matam and Kaolack); (ii) the North Dakar clean-up project; and (iii) the continuation of the Hann Bay clean-up project, which is expected to significantly improve the quality of life in and around the Bay; and
- In terms of rural sanitation, the Government has built 3,222 family latrines and 75 public toilets, in particular in the regions of Saint Louis and Thiès, at a cost of more than XOF 800 million.

In order to find lasting solutions to the problem of poor groundwater quality in certain rural areas of the country due to excessive levels of fluoride and salinity, which seriously compromises the supply of drinking water to the populations concerned, the State has committed to finding alternate solutions to motorised rural drilling in areas where the water quality is poor, including the transfer of drinking water and the treatment of surface water. In areas where the quality of groundwater is poor, the use of water treatment systems will be prescribed, including dilution procedures, treatment and purification techniques as well as long- and medium-distance water-transfer schemes.

Regarding water supply for industry and agriculture, Senegal identified irrigation and management of water resources as one of the two principal areas towards which it put the US$540 million received under the MCA for the years 2010 to 2015. The Government plans to permanently irrigate areas with strong potential for agricultural production in the delta and middle course of the Senegal River. The largest water supplier in the Republic is *Sénégalaise des Eaux* (SDE), a PPP which provides water to approximately five million people. In January 2011, SDE became the first African water supplier to be quality certified by the International Standards Organisation.

SMEs

SMEs are viewed by the Government as one of the most important drivers of economic growth for the future. The Government is spearheading a draft law relating to the development of small and medium-sized companies and the modernisation of the economy. For the purposes of this draft law, an SME means any autonomous natural or legal person, a trader or producer of goods and/or market-related services, whose revenue excluding annual taxes does not exceed XOF 2 billion.

According to the ANSD, in 2016, SMEs account for almost 99.8% of companies and 30.4% of total turnover. The key challenge in this area is a lack of access to financing adapted to the needs of SMEs. In its departmental policy letter of October 2010, the ministry in charge of SMEs outlined its vision for the sector: i.e. the improvement of the development and competitiveness for SMEs in a favourable business environment to ensure strong and sustainable economic growth. The general objective of the Government includes establishing support facilities and non-financial services for SMEs and ensuring a diversified financial sector which is able to adapt to the needs of SMEs. Under these general targets are specific policy objectives, which, for the target of diversification of the financial sector, include encouraging the development of new banking products for SMEs and educating SME owners about methods of financing. It is also worth noting the implementation of a financial education programme for SMEs, as well as the 2020-2025 Impact programme (*Programme Impact 2020-2025*).

In 2013, so as to help SMEs overcome constraints that they currently face when seeking access to funding, including high interest rates, the Government launched a system of financial support through the FONSIS, the National Bank for Economic Development, or *Banque Nationale de Développement Economique* (BNDE), and the Priority Investments Guarantee Fund, or *Fonds de Garantie des Investissements Prioritaires* (FONGIP). Senegalese SMEs can now apply for credit from the BNDE or the FONSIS and may obtain guarantees from the FONGIP on more attractive terms than before. Since its inception in 2013, the FONSIS has secured XOF 84.2 billion for the financing of productive projects. This support was made possible through innovative financial arrangements. The FONGIP invested XOF 17 billion to guarantee financing for SMEs and individuals to support production, particularly in the agriculture and agroindustry, livestock, fishing, and handicrafts sectors. Since its inception, the BNDE has mobilised XOF 71 billion in financial assistance for SMEs. These funds essentially benefited 492 SMEs. The resources provided by the Deposit and Consignment Office (*Caisse des Dépôts et Consignations*) further strengthen the system for financing SMEs.

SMEs have been at the heart of the actions undertaken in the sector since 2014 through, for example, (i) the construction and fitting, between 2016 and 2017, of business hotels in Linguère, Gossas, Touba, Matam and Sandiara designed to accommodate SMEs, (ii) the programme for the establishment of SMEs and the development of processing units for agricultural, livestock farming and fishing products, implemented since March 2016; and (iii) the development by the Institute of Food Technology (ITA) of innovations developed for the development of microenterprises and SMEs. The outlook for the sector relates among other things to (i) the setting up of the Support Fund for SMEs, financed by the State budget for 2018 for XOF 1 billion, which will make it possible to finance SMEs in agriculture, fisheries, livestock farming and agroforestry, or (ii) the continuation in 2018 and 2019 of the programme for SME implementation and the development of processing units for agricultural, livestock farming and fishing products, the objective of which is to establish more than 570 SMEs in all regions of Senegal.

FOREIGN TRADE AND BALANCE OF PAYMENTS

Introduction

Balance of Payments

The balance of payments is a statistical record that summarizes transactions between a country's residents and non-residents over a defined period of time. It is composed of three accounts:

- the current account, which comprises:
    - net exports of goods and services (the difference in value of exports minus imports);
    - net financial and investment income; and
    - net transfers;
- the capital account, which represents the balance of non-financial assets transfers and capital transfers between residents and non-residents; and
- the financial account, which accounts for the difference between financial inflows and outflows of direct investment, portfolio investment, financial derivatives and reserve assets.

Current Account

The current account retraces the flow of goods, services, and primary and secondary income between residents and non-residents. The balance of these accounts is known as the current account balance.

One of the most important components of the current account balance is the trade balance. The four primary factors that drive the trade balance are:

- the relative rate of economic growth of a country as compared to that of its trading partners generally: if a country's economy grows faster than that of its trading partners, its relative level of consumption of goods and services will tend to increase, and its level of imports will tend to increase more rapidly than its level of exports;
- the relative level of domestic prices against foreign prices, as reflected by the real exchange rate: generally, if a country's domestic prices increase relative to those of its trading partners, there is a tendency for the country's level of exports to decline, and for its level of imports to increase;
- changes in production costs, technology, and worker skills: more efficient production will tend to lower production cost, which in turn will tend to lower prices. As prices fall, a country's level of exports tend to increase; and
- changes in consumer tastes, which may affect the demand for a country's goods and services abroad, and the demand for foreign products in the domestic market.

Senegal's current account deficit was estimated at XOF 558.7 billion (6.9% of nominal GDP) in 2015, XOF 472.5 billion (5.4% of nominal GDP) in 2016 and XOF 898.7 billion (9.4% of nominal GDP) in 2017.

Capital Account

The capital account summarises (i) capital transfers receivable and payable between residents and non-residents and (ii) acquisitions and sales of non-financial non-produced assets between residents and non-residents.

Senegal receives close to XOF 200 billion in capital transfers for project grants each year (XOF 213.2 billion in 2014, XOF 196.2 billion in 2015, XOF 208.4 billion in 2016 and XOF 215 billion in 2017). These funds have been granted mainly by its development partners, including the United States, the European Union, China and multilateral financial institutions.

The sum of the current and capital account balances represents the economy's financing capacity (surplus) or need (deficit) with respect to the rest of the world.

Financial Account

The financial account describes the way in which the net financing capacity/need is allocated or financed. It serves to quantify foreign direct investments and monetary flows into and out of a nation's financial markets.

Foreign direct investment (FDI) inflows in recent years reflect foreign investors' interest in the Senegalese economy. For more information, see "*Economy of Senegal—Plan Sénégal Emergent (PSE)*"

Gross FDI inflows reached XOF 291.4 billion in 2017, compared to XOF 280.0 billion in 2016, XOF 241.9 billion in 2015 and XOF 199.0 billion in 2014. These investments were made mainly in the mining, chemicals, energy and financial sectors.

In 2017, net FDI inflows reached XOF 258.4 billion, a significant increase compared to the level of net FDI inflows in 2016, which amounted to XOF 147.3 billion. The lower net FDI inflows in 2016 primarily reflects FDI outflows from Senegal in 2016 in connection with the acquisition of a telecommunication licence in Sierra Leone by SONATEL; net FDI amounted to XOF 147.3 billion. Net FDI inflows reached XOF 223.4 billion in 2015, compared to XOF 185.4 billion in 2014.

In terms of net public sector investments, 2017 saw net investments in the public sector increase to XOF 398.1 billion from XOF 251.3 billion in 2016 and XOF 153.3 billion in 2015.

The increase in net public sector investments in 2017 (XOF 398.1 billion compared to XOF 251.3 billion) is the result of net loans with bilateral and multilateral partners principally in connection with PSE related projects. This amount does not include the 2017 Eurobonds, recorded in net portfolio investments (XOF 498.5 billion).

The total balance of payments showed a surplus of XOF 244.3 billion in 2017, XOF 50.2 billion in 2016, and XOF 275.9 billion in 2015.

Balance of Payments

As a member of WAEMU, Senegal's balance of payments accounts are compiled and disseminated by the BCEAO. The following table shows Senegal's balance of payments based on figures compiled by the BCEAO, the Government and the IMF:

	2013	2014	2015	2016	2017(1)
	(in XOF billions unless otherwise indicated)				
Current account	**(765.5)**	**(665.9)**	**(558.7)**	**(472.5)**	**(898.7)**
Trade Balance (net)	(1,471.0)	(1,383.2)	(1,274.5)	(1,164.7)	(1,555.8)
Exports (free on board)	1,422.5	1,472.7	1,669.1	1,703.5	1,901.2
Imports (free on board)	(2,893.5)	(2,856.0)	(2,943.6)	(2,868.2)	(3,457.0)
Services (net)	(55.9)	(65.6)	(68.5)	(72.8)	(119.1)
Credits	656.6	652.1	705.78	721.2	754.5
Of which: travel services	216.7	209.1	217.9	230.9	241.6
Debits	(712.5)	(717.7)	(774.2)	(794)	(873.6)
Of which: freight and insurance	(387.8)	(382.8)	(394.5)	(383.9)	(471.3)
Income (net)	(159.5)	(186.5)	(231.5)	(295.4)	(359.4)
Of which: interest on public debt	(51.9)	(57.4)	(84.3)	(97.7)	(131.8)
Unrequited current transfer (net)	920.9	969.4	1,015.8	1,060.4	1,135.6
Private (net)	878.4	885.9	963.8	1,029.2	1,099.4
Of which: migrants' remittances	815.1	889.3	971.4	1,103.8	1,176.7
Public (net)	42.5	83.5	52.0	31.2	36.2
Of which: budgetary grant	19.8	40.3	31.2	31.2	35.0
Capital and financial account	**733.3**	**879.2**	**714.5**	**518.5**	**1,143.0**
Capital account	181.5	216.1	202.7	214.8	221.3
Private capital transfers	7.3	8.1	8.1	9.0	8.5
Project grants	175.8	213.2	196.2	208.4	215.0
Debt cancellation and other transfer	(1.5)	(5.2)	(1.6)	0.0	0.0
Financial account	551.8	663.1	511.8	303.7	921.7
Foreign direct investment (net)	137.3	185.4	223.4	147.3	258.4
Portfolio investments	(5.3)	257.0	188.2	76.6	498.5
Other investments = (A)+(B)	419.7	220.8	100.3	232.9	164.9
Public sector (net) (A)	204.8	373.6	153.3	251.3	398.1
Amortisation	(51.9)	(56.1)	(87.8)	84.2	92.2
Other Sectors (B)	214.9	(152.8)	(53.0)	(18.4)	(233.2)
Overall balance	**(126.6)(2)**	**217.9(2)**	**275.9(2)**	**50.2(2)**	**244.3(2)**
Financing	126.6	(267.8)	(275.9)	(50.2)	(244.3)
Net foreign assets (BCEAO)	67.9	(163.6)	(94.4)	210.8	(169.8)
Deposit money banks	58.7	(104.2)	(181.4)	(261.0)	(74.5)
Residual financing gap	0.0	0.0	0.0	0.0	0.0
Memorandum items:					
Current account balance	(765.5)	(665.9)	(558.7)	(472.5)	(898.7)
Nominal GDP	7,334.8	7,554.7	8,067.8	8,707.6	9,531.6

(1) Figures for 2017 are BCEAO estimates that are subject to revision by the BCEAO. See "*Presentation of Economic and other Information*".
(2) Figures for indicated years do not include errors and omissions.
Source: BCEAO

Developments in 2015-2016

With respect to changes in the balance of payments, the trade balance stood at XOF 1,164.7 billion in 2016 compared to XOF 1,274.5 billion in 2015, a decrease in the deficit of XOF 109.8 billion compared to 2015 as a result of an increase in exports (+2.1% in 2016) and a decrease in imports (-2.5%). The deficit in the services account increased by XOF 4.3 billion. Despite a slight decrease in freight as a result of fewer imports and an improvement in travel services, the other services account experienced a decline due to a decrease in telecommunications revenues and an increase in specialized service payments.

The deficit in primary income was XOF 295.4 billion compared to XOF 231.5 billion in 2015, representing an increase of XOF 63.9 billion, due to a XOF 65.8 billion rise in investment income payments, particularly interest on public debt, which increased by XOF 13.4 billion.

However, the structural surplus of the balance of the unrequited current transfer solidified, due to the strength of migrants' remittances (+XOF 132.4 billion). The capital account balance increased by XOF 12.1 billion in 2016, reaching XOF 214.8 billion, due to an increase in capital transfers to public authorities.

Overall, financing needs (current account balance + capital account balance) in the amount of XOF 257.7 billion in 2016 were covered by capital inflows under foreign direct investment, portfolio investments and other investments. In total, transactions with non-residents resulted in a positive change in external assets of XOF 50.2 billion compared to XOF 275.9 billion in 2015.

Estimates for 2017

2017 estimates show a XOF 426.2 billion increase in the current account deficit, which stood at XOF 898.7 billion due mainly to an increase of energy and food costs, which, in turn, led to an increase in imports.

The increase in the current account deficit was driven by the increase in the trade deficit due to higher imports (oil products, food products, etc.) and an increase in the services deficit driven by payments linked to specialised services in the infrastructure and mining exploration sectors.

The trade deficit increased by XOF 391.1 billion, primarily reflecting an increase in oil (+10.7%) and food (+19.8%) imports. Food imports were affected by a rise in the volume of the rice (+21.2%) and wheat (+9.2%) imports.

Exports recorded an increase of 11.6% in connection with sales in fishing products (+4.7%), oil products (+50.5%) and mining products (+17.1%). These changes were partly offset by a decrease in exports of chemicals (-16.9%) and groundnut (-12.8%) products. The decrease in exports of groundnut products is linked to a drop in groundnut seed exports.

Imports increased by 20.5% in connection with a rise in oil costs (+34.3%) due to higher oil prices. In addition, imports of intermediary goods grew by 20.5%, while equipment goods rose by 13.7%.

The widening of the deficit in the services account is due primarily to freight (+22.8%) in connection with import trends and payments linked to specialised services in the infrastructure and mining sectors. The net income deficit increased by XOF 64 billion in connection with payments relating to interest on public debt, whereas the structural surplus of the balance of the unrequited current transfer increased by XOF 75.2 billion, due to the stability of migrants' remittances (+XOF 72.9 billion).

Overall, financing needs (XOF 677.4 billion), resulting from the current account balance (-XOF 898.7 billion) and capital account balance (+XOF 221.3 billion), were mainly covered by net capital inflows under FDI (+XOF 258.4 billion) and portfolio investments (+XOF 498.5 billion). The aforementioned amount (portfolio investments) takes account of the 2017 Eurobonds. Other net investments are estimated at XOF 164.9 billion, as a result of net commitments in the public sector of XOF 398.1 billion and private sector transactions with non-residents (-XOF 233.2 billion).

In total, transactions with non-residents resulted in a positive change in external assets of XOF 244.3 billion in 2017.

Foreign Trade

The table below sets out information regarding Senegal's exports and imports for the periods indicated:

	2013	2014	2015	2016	2017[1]
			(in XOF billions)		
Exports					
Groundnut products	33.5	29.5	86.5	75.5	65.4
Fishery products	205.0	232.9	265.0	286.1	299.3
Petroleum products	218.5	233.3	211.9	161.4	242.9
Phosphates	9.1	16.1	34.0	18.6	18.4
Non-monetary gold	190.5	182.7	168.6	216.4	246.6
Phosphoric acid	98.9	46.4	84.1	124.0	96.0
Cement	81.8	82.4	90.2	106.4	117.7
Salt	10.5	10.9	17.5	16.4	8.7
Fertilisers	5.7	15.7	6.3	10.8	18.9
Other	568.9	620.5	705.1	687.9	787.3
Total Exports	**1,422.4**	**1,470.4**	**1,669.2**	**1,703.5**	**1,901.2**
Imports					
Oil and oil derivatives	959.4	939.9	777.8	637.4	856.1
Rice	227.8	205.6	226.4	191.3	249.1
Wheat	95.2	88.2	88.8	78.3	89.2
Sugar	52.4	22.7	26.4	48.7	70.6
Dairy and other food products	265.7	281.9	288.1	300.1	358.8
Beverages and tobacco	49.9	51.3	55.1	53.4	56.1
Pharmaceutical and perfume products	124.9	137.1	140.3	142.2	164.5
Wood and paper	85.0	90.0	90.6	86.7	91.6
Textiles	87.7	87.7	98.0	115.3	101.1
Other consumer goods	10.6	6.6	14.1	18.6	19.9
General machinery and equipment	331.1	305.7	420.5	397.2	432.0
Transportation materials	226.6	217.6	249.7	287.9	294.0
Chemicals, fertilisers and other products	770.8	810.6	858.6	864.8	1,144.5
Total Imports	**3,287.1**	**3,244.9**	**3,334.4**	**3,221.9**	**3,927.5**

(1) Figures for 2017 are BCEAO estimates that are subject to revision.
Source: BCEAO

Exports

The main products exported by Senegal, which comprised over 51.3% of shipment value in 2017, are:

- fishery products (+4.6%; XOF 299.3 billion);
- non-monetary gold (+13.9%; XOF 246.6 billion);
- petroleum products (+50.5%; XOF 242.9 billion);
- cement (4.4%; XOF 117.7 billion); and
- phosphoric acid (-16.9%; XOF 96.0 billion).

An 11.6% increase in the value of exports is estimated for 2017, reaching XOF 1,901.2 billion, due in particular to a rise in global oil prices, which drove higher petroleum products exports, and to increased mining products exports driven by higher non-monetary gold exports. In 2016, exports increased in value by 2.1%, reaching XOF 1,703.9 billion.

The Republic of Senegal has made significant efforts to increase its exports by encouraging companies to base export driven operations in Senegal. In particular, Law No. 004-11 amending Article 1 of Law No. 95-34 of 29 December 1995 establishing the status of Duty-Free Export Companies grants duty-free export companies the following advantages:

- Exemption from tax on gains from securities deducted by the company from distributed dividends;
- Exemption from labour tax paid by the companies and in particular from employer-paid premiums;
- Exemption from registration fees and stamp taxes and in particular those paid when incorporating offshore export companies or modifying their articles of incorporation;
- Exemption from trade tax, from land taxes on developed land, and from licensing tax; and
- A 15% income tax rate.

Imports

Senegal's imports are mainly focused on the following products, which accounted for more than 75.2% of the total value of imports in 2017:

- oil and oil derivatives (+34.3%; XOF 856.1 billion);
- food products, comprising rice, wheat, sugar, dairy and other food products (+24%; XOF 767.7 billion); and
- general machinery and equipment (+13.6%; XOF 684.3 billion).

In 2017, the rise in oil prices led to an increase in oil expenses. Over the 2015-2016 period, oil imports were lower, primarily reflecting a fall in oil prices over the period. Food imports were higher in 2017 driven mainly by higher imports of rice, wheat, dairy and other food products. Imports of general machinery and equipment were also higher, reflecting infrastructure spending under the PSE.

Trading Partners

Senegal's principal trading partners are Mali, Côte d'Ivoire, France, Nigeria, India and China. The table below shows the destination of Senegal's exports and the origin of its imports for the periods indicated:

	2012	2013	2014	2015	2016	2017(1)
			(in *% of total*)			
Exports(2)						
Americas	**0.6**	**1.8**	**2.4**	**3.1**	**3.1**	**4.2**
United States	0.4	1.1	1.7	2.5	2.5	3.0
Europe	**25.6**	**27.9**	**28.7**	**26.6**	**27.2**	**26.9**
Of which: Switzerland	14.5	9.5	10.4	8.9	8.4	10.1
France	4.9	4.5	5.0	4.0	2.9	2.6
Africa	**51**	**51.8**	**50.5**	**49.7**	**48.2**	**46.3**
Benin	1.0	0.9	1.4	1.0	1.7	0.5
Burkina Faso	2.9	2.7	2.6	1.8	2.2	1.9
Côte d'Ivoire	4.2	4.2	4.0	5.2	5.5	4.7
Guinea-Bissau	3.1	3.8	3.8	3.2	2.9	1.9
Mali	19.3	19.3	19	17.3	19.5	19.8
Togo	1.3	1.6	1.2	1.1	1	0.8
The Gambia	4.0	4.1	3.6	3.4	3.0	3.6
Mauritania	3.5	2.9	2.8	2.0	3.1	2.6
Guinea	5.3	5.1	4.3	3.7	3.4	3.5
Cameroon	2.2	0.9	1.5	4.7	4.4	3.8
Asia	**22**	**17**	**15.1**	**19.5**	**20.6**	**17.4**
Of which: China	0.7	0.9	1.5	4.7	5	4.4
India	12.6	7.0	2.3	5.5	8.2	4.9
Imports						
Americas	**9.0**	**7.3**	**7.3**	**6.5**	**6.8**	**7.0**
United States	2.5	2.7	2.1	2.6	2.2	2.1
Brazil	2.0	2.0	1.2	1.6	1.8	2.0
Argentina	1.9	1.1	1.1	1.0	0.9	1.3
Europe	**46.7**	**48.0**	**49.2**	**47.1**	**45.2**	**46.7**
France	14.7	15.3	16.5	16.4	15.9	14.7
Africa	**20.7**	**19.8**	**17.9**	**19.5**	**17**	**16.7**
Nigeria	11.9	10.6	7.7	8.0	7.7	7.9
Côte d'Ivoire	3.5	2.2	2.3	2.3	2.3	1.8
Asia	**22.2**	**23.8**	**23.9**	**25.9**	**29.5**	**28.5**
China	5.9	7.5	7.3	9.7	10.3	9.7
Japan	2.1	2.2	2.1	2.3	2.3	1.8
Thailand	1.7	1.4	1.9	1.9	1.8	2.1
India	6.6	6.2	5.9	6.3	7.6	7.3
Australia	1.1	0.8	0.1	0.2	0.2	0.6

(1) Figures for 2017 are BCEAO estimates that are subject to revision by the BCEAO. See "*Presentation of Economic and other Information*".
(2) Export figures in table do not include exports to Australia, ships' stores (*provisions de bord*) exports and exported products whose destination is unknown.
Source: DGPEE, ANSD

In 2017, according to BCEAO estimates, 46.3% of Senegal's exports were directed to the African continent, compared to 48.2% in 2016, and WAEMU countries accounted for 27.7% of Senegal's exports in 2016 compared to 30.8% in 2012. Senegal's primary WAEMU partners are Mali and Côte d'Ivoire, which represented 19.8% and 4.7% of exports in 2017.

In value terms, Senegal strengthened its trade surplus within the WAEMU, which increased from XOF 184.8 billion in 2012 to XOF 300.4 billion in 2015 and XOF 324.8 billion in 2016. Senegal had a trade deficit with Benin, but Mali is significantly offsetting these as a key trading partner to Senegal, with a

XOF 207.6 billion surplus in 2016. The increase in trade surplus with regard to the WAEMU is linked to a rise in exports of oil and manufactured food products (broths, in particular) and cement.

The disparity between Senegal's WAEMU and overall trade balance figures can be attributed to increased West African demand, the success of regional Senegalese exporters and the proximity to the neighbouring markets.

In 2017, shipments to Europe represented 26.9% of the total, compared to 27.2% in 2016. On the Asian continent, they were mainly driven by India (4.9%) and China (4.4%). Exports to the Americas remain limited.

With regard to imports, 46.7% of Senegal's purchases came from Europe in 2017, largely from France (14.7%). The African continent accounted for 16.7%, due in particular to oil imports from Nigeria. Asia's share stood at 28.5% of total imports, led by China (9.7%) and India (7.3%). Over the past three years, imports rose by an average of 6.5%, primarily as a result of changes in oil and food product prices and higher imports of machinery in connection with PSE related infrastructure projects. Senegal has no particular dependency in terms of imports. However, it has special supply partnerships for crude oil (Nigeria) and rice (Thailand).

Trade Policy

Senegal's foreign trade regime is strongly influenced by a regional integration policy due to its membership in WAEMU and ECOWAS. The National Committee for International Trade Negotiations, chaired by the Minister for Commerce, actively monitors and participates in the multilateral WTO negotiations and on-going processes of regional integration. Senegal seeks easier access to foreign markets and is attempting to increase productivity to facilitate its integration into world trade.

In January 2000, Senegal put into effect a tariff scheme that conforms to the common external tariff (CET) scheme agreed on by member nations of WAEMU. Under this tariff structure, Senegal has four distinctive tariff rate categories: 0% on cultural and scientific goods, agricultural inputs, and capital goods and computer equipment not available from local production; 5% on raw materials, crude oil, and cereals for industry; 10% on semi-finished products, intermediate goods, diesel and fuel oil; and 20% on consumer goods, capital goods and computer equipment available from local production and vehicles. On 1 January 2015, the ECOWAS CET scheme replaced the WAEMU common external tariff. The ECOWAS CET scheme includes a fifth tariff rate category of 35%. This category applies to a wide range of products, with an emphasis on those already produced in the region. There also exists an array of other import tariffs, with a maximum combined rate of 52% and VAT of 18% applied to all imports.

Foreign Direct Investment

The table below sets out information regarding FDI flows into Senegal for the years indicated:

	2013	**2014**	**2015**	**2016**	**2017**[(1)]
	(in XOF billions, unless otherwise indicated)				
Private investments[(2)]	1,361.4	1,460.5	1,577.2	1,664.0	1,682.4
FDI inflows	153.8	199.0	241.9	280.0	291.4
Net FDI	137.3	185.4	223.4	147.3	258.4
Net FDI in portion of private investments (%)	10.1%	12.7%	14.2%	8.6%	15.4%

(1) The 2017 figures are estimates given by the BCEAO, which are subject to revision.
(2) Gross Fixed Capital Formation (GFCF).
Source: BCEAO/DGPEE

Net FDI flows, comprised of equity interests, reinvested earnings and net debts and loans between related companies, were estimated at XOF 258.4 billion in 2017, compared to XOF 147.3 billion in 2016, XOF 223.4 billion in 2015, XOF 185.4 billion in 2014 and XOF 137.3 billion in 2013. The decrease in net FDI in 2016 was due to outflows from Senegal towards investments abroad in the telecommunications sector in connection with an investment made by SONATEL in Sierra Leone, which reduced net FDI inflows. The increase in 2017 compared to 2016 also reflects financing obtained in the form of debt instruments in the mining, manufacturing and energy sectors, including shareholder loans granted by direct investors. The increase between 2014 and 2015 was due to the share of debt instruments, which increased by XOF 52.1 billion, with equity investments decreasing by XOF 14.2 billion. Capital raised was invested primarily in extractive industries and manufacturing as well as the financial and energy sectors. In terms of capital inflows, FDI stood at XOF 291.4 billion in 2017, compared to XOF 280 billion in 2016, XOF 241.9 billion in 2015 and XOF 199 billion in 2014, or changes of +4.1%, +21.6% and +15.7%, respectively.

There are significant levels of foreign investment in the Senegalese economy, especially from France, its former colonial power, which reflects a large number of local subsidiaries of French companies. However, the country is also increasingly developing links with other European countries, the United States, Middle Eastern countries, Asia (in particular, China and India) and Africa (in particular Nigeria, Morocco and South Africa). Senegal has a significant services sector (accounting for 44.8% of nominal GDP in 2017) and an emerging information economy is beginning to attract international investors. As a prominent centre for the French-speaking West African region, the capital, Dakar, is host to a number of regional institutions and branches of international organisations. Most sectors are open to 100% foreign investment, but there are some sectors, such as telecommunications, electricity, mining, oil and gas, and water, which require partnership with local firms or the State.

The principal sectors currently attracting foreign investment in Senegal include mining, telecommunications and chemicals. Senegal's Sabodala region, situated in the south-east of the country, close to the Malian border, has significant deposits of gold, Senegal's coastal dunes in Grande Côte contain zircon. Australia-based Mineral Deposits Limited (MDL) has made large investments in both areas, including through a joint venture with France-based Eramet SA for the investment in Grande Côte. Orange SA has a large interest in SONATEL SA, and Tigo Senegal, another telecommunications company operating in Senegal, is owned by Millicom International Cellular S.A., based in Luxembourg. Finally, ICS, which produces phosphates from its mine in Taiba, phosphoric acid and several fertilisers and operates a rail system and port facility for the transportation of its products, is majority owned by INDORAMA following a reorganisation that took place in August 2014. In addition, the recent oil and gas discoveries off the Senegalese coast (such as the Grand Tortue/Ahmeyim Field) present opportunities for important FDI flows in the short- to medium-term, based on initial estimates of the discoveries that suggest that oil and gas reserves could be significant. For more information, see "*Economy of Senegal—Principal Sectors of the Economy of Senegal—Secondary Sector—Energy—Oil & Gas*".

Senegal's Investment Code sets out tax incentives according to the size of the investment and the sector concerned. The minimum investment to qualify for favourable tax treatment is XOF 5 million and the creation of a minimum of three jobs for Senegalese workers. The common regime provides for the total exemption from direct and indirect taxes for three years and an exemption from duty on goods not produced locally. For SMEs the period is two years. Sectors covered by the Investment Code include manufacturing, tourism, mining and mineral exploitation, agriculture and fishing. Companies operating in these sectors are also eligible for a tax allowance in respect of re-invested profits.

Tax advantages are granted depending on the stage of the investment. During the construction or development phase for eligible investments, customs duties and VAT are waived on imports of materials which could not have been sourced in Senegal, and VAT is not payable on local supplies of goods or services necessary for the project. During the operational phase, the company is not required to pay lump-sum tax contributions for a period of eight years, it receives tax credits for investments attributable to the project for a period of five years, and is allowed to recruit workers on limited duration contracts for a period of up to five years. In addition, the Tax Code, which has been in the process of an overhaul since 2013, provides for incentive measures, such as exemptions from employer social contribution taxes (*Contribution Forfaitaire à la Charge des Employeurs* – CFCE) under certain conditions (including the creation of jobs), the right to offer fixed-term contracts for a limited period of 5 years, access to utility vehicles after having obtained approval for the operational phase, and tax credits under certain conditions.

In addition, there is a further incentive contained in the Investment Code which allows an investor investing over XOF 250 billion to negotiate the tax advantages that the project will receive as part of a framework agreement with the State.

Other tax incentives to induce investment include:

- the SEZs of Diamniadio, Diass and Sandiara, which were created following the adoption of the law on Special Economic Zones, their governance and the applicable incentive schemes and corresponding implementing decrees;
- the ZFID (*Zone Franche Industrielle de Dakar*), which has been in existence since 1974 and was modified in December 1995 to provide an exemption from all direct taxes (except on salaries), exemption from all taxes on equipment or materials used in the production of goods for export (applicable to companies that plan to export at least 60% of production), and an exemption from all taxes on export goods;
- industrial areas for SMEs in Dakar, Saint Louis, Kaolack, Thiès, and Ziguinchor. To be eligible, a foreign company must invest between XOF 5 million and XOF 200 million, create at least 100 jobs, and have at least 51% of its shares owned by Senegalese shareholders. The company would be exempt from the following taxes for a period of either five years (in Dakar) or seven years (in other areas): corporate tax, import duties and taxes on equipment and materials used in manufacture, and duties on acquisition of land and buildings, stamp duties and taxes on turnover payable for services rendered by management companies of the industrial area; and

- in October 1996, a law was adopted that declared the entire country an export-free zone. Accordingly, any company in Senegal that exports at least 80% of its output (irrespective of whether they are domestic or foreign) is eligible for a period of 25 years for certain tax reductions and relief on customs duties.

Finally, the Agency for Investment Promotion and Major Projects (*Agence nationale pour la promotion des investissements et des grands travaux* - APIX) provides continuous support in the completion of investment projects to facilitate communications between the authorities and the project promoters using a "One Stop Shop" approach.

Remittances

Inflows of migrants' remittances represent a line item of the unrequited current transfer balance, which is a component of the current account. For Senegal, the unrequited current transfer balance surplus is driven primarily by inflows of migrants' remittances, significantly contributing to the decrease in the structural deficit of the current account. However, it should be noted that as part of the BCEAO's annual investigation on migrants' remittances, which allowed a more detailed review of how these funds are used, remittances used for investment purposes (such as financing of projects or buildings) are recorded in the financial account, while remittances used for social purposes are recorded in unrequited current transfers.

Remittances recorded in unrequited current transfers continued to grow, rising by 6.6% to reach an estimated XOF 1,176.7 billion in 2017, after having increased by 13.1% to reach XOF 1,103.8 billion in 2016 compared to 2015, and after having increased by 9.2% in 2015 compared to 2014. The geographic distribution shows that more than 60% of remittances come from Europe, whereas remittances from the African and American continent are close in proportion, each standing at approximately 13%. In 2017, Senegal's remittances as a percentage of nominal GDP total 12.3%, as calculated by the BCEAO, compared to 0.9% for Côte d'Ivoire, 2.5% for Kenya, 2.4% for Benin, 4.9% for Nigeria, 7.0% for Ghana and 15.5% for Lebanon in 2016 (World Bank Development Indicators updated as of 16 February 2018).

The table below sets out information regarding remittances into Senegal as a proportion of the nominal GDP for the years indicated (based on constant 1999 prices):

	2013	**2014**	**2015**	**2016**	**2017[(1)]**
	(in XOF billions unless otherwise indicated)				
Remittances	815.1	889.3	971.4	1,103.8	1,176.7
Nominal GDP	7,334.8	7,554.7	8,067.8	8,707.6	9,531.6
Remittances/Nominal GDP	11.1%	11.8%	12.0%	12.6%	12.3%

(1) The 2017 data are estimates.
Source: BCEAO/DGPEE

PUBLIC FINANCE

Fiscal Policy

The Government is committed to a fiscal policy aimed at preserving debt sustainability while providing sufficient resources for priority social sectors and infrastructure investments. To this end, the Government is pursuing the following strategic goals:

- Strengthening macroeconomic stability through conservative fiscal policies and more efficient expenditure with the aim of fighting poverty;
- Improving the business climate in the country through structural reforms;
- Financing priority expenditures, particularly infrastructure, using increased public revenues; and
- Making further progress in relation to fiscal management.

Since 2011, the Government has pursued a fiscal policy focused on reducing the deficit through a growth-friendly strategy of widening the tax base by improving the effectiveness of tax collection and streamlining Government expenditure. As a result of these efforts, the fiscal deficit as a percentage of nominal GDP has decreased in the past years: from 5.5% in 2013, 5.1% in 2014, 4.8% in 2015, 4.2% in 2016 and 3.8% in 2017. It is targeted to drop to 3.5% in 2018 and the Government's objective is to reduce the fiscal deficit to under 3.0% over the 2019-2022 period to ensure compliance with the WAEMU convergence criteria.

The 2018 finance law provides for improvements in revenue collection through the revitalisation of the tax system. This will be driven by the modernisation of tax and customs administrations, in which the use of digital technologies has become more important and has been reflected in all procedures (base, liquidation, control, collection). The objective is to achieve a true digital transformation of the collection of taxes and customs duties while at the same time better equipping the tax and customs administrations to respond to sophisticated tax evasion and customs fraud. In 2013, the Government launched an e-tax filing platform, allowing taxpayers to file tax returns and pay taxes online. In January 2018, a new version of this platform was launched, to which 738 taxpayers (including 725 large companies) have already subscribed. In addition, as from 2018, e-filing and e-payment are compulsory for taxpayers reporting to the Directorate of large companies (*Direction des grandes entreprises*), in particular companies with an annual turnover of at least XOF 2.0 billion and companies operating in strategic sectors (such as banking, insurance, telecommunications, hydrocarbons and mining).

In terms of expenditure, the reform of public spending has been favourably impacted by the introduction, over the past three fiscal years, of a precautionary reserve in the budget, to which certain ministries may have access only if previously identified reforms are carried out in their sectors.

Cost savings efforts have focused on certain government expenditures, including: (i) civil servant wages, with a focus on wage moderation to offset the impact of new hiring (the ratio of total payroll to tax revenues is projected at 28.6% in 2018, 27.6% in 2019 and 27.3% in 2020; however, the ratio is projected at 39% for 2018 (i.e., above the WAEMU convergence criterion of 35%) when taking into account the total compensation in the public sector, including all staff other than public law contract employees and private law contract employees of the State, such as university professors and employees of public agencies); (ii) restructuring and streamlining government agencies, with an effort to close or combine certain of them and ensure better supervision; and (iii) reducing costs of utilities and other public services.

The Government is committed to improving the management of subsidies through the implementation of the recommendations of a working group delivered in September 2016, which proposed the reduction of subsidies to 0.5% of GDP in the 2017 budget. For 2018, these subsidies will be limited to improving productivity in the agriculture sector through high quality seeds and farm inputs, improved irrigation systems and increased mechanisation. In the 2018 budget, the Government did not provide for any direct subsidies to enterprises such as SENELEC (the state-owned electricity company), SAR and SONACOS. The budget does, however, anticipate that the Government will need to pay compensation to SENELEC for shortfalls from the minimum revenues guaranteed by its concession to the extent Government approved rates do not provide such revenue.

Regarding financing, the Government is focusing on a strategy involving long-term debt entailing lower interest payments (see "*Public Debt*"). The success and continuation of the State's efforts to streamline expenditures are a key component of the PSE, which requires an increase in public investments and continued fiscal deficit reduction.

Economic Governance

The Government of Senegal acknowledges that its growth has been largely driven by the public sector and that, for this growth to continue over the long term, it must improve its economic governance and create conditions for private investment (both through local SMEs and through FDI) to thrive.

Reforms aiming to improve the business environment are needed to create wealth and break with the status quo so that private initiatives can result in job creation and increased competitiveness. In March 2016, the State initiated 11 reforms regarding public finance management to spur growth and stability in Senegal that tackle areas where change is blocked by entrenched interests that have proved hard to overcome:

1. Encourage the emergence of economic areas with their own governance and with a tax regime that preserves the integrity of tax revenue;
2. Bring together the different structures responsible for planning, programming and financing of public investments;
3. Strengthen and empower the Public Debt Directorate and the National Council for Public Debt to improve debt management;
4. Implement a public sector remuneration medium-term strategy;
5. Strengthen the capacity of the line ministries' units in charge of reviewing, planning and defining sectoral strategies, projects and programme preparation and ex-ante evaluation;
6. Rehabilitate the function of selection of projects or investment programs and the compliance with the validation process of projects lifecycle;
7. Establish commercial courts for a rapid resolution of disputes between economic actors;
8. Strengthen competition in the market for goods and services, particularly with regard to sugar imports;
9. Diversify social protection programs;
10. Adopt a law designed to promote SMEs; and
11. Enhance the predictability of decision-making.

Senegal continues to make progress in improving its business environment and, as a result, has climbed seven places in the 2018 World Bank *Doing Business* rankings compared to 2017 to reach 140th place out of 190 economies. It is now among the top five reformers in sub-Saharan Africa, alongside Malawi, Djibouti, Zambia and Nigeria. As far as the private sector is concerned, the Government’s reforms are aimed at facilitating the emergence of SMEs, while attracting productive FDI, and accelerating the development of the financial sector while safeguarding the stability of the financial system. As far as the public and social sectors are concerned, the reforms aim to strengthen public financial management, preserve Senegal’s low risk of debt distress under the IMF’s DSA, improve wage bill management while creating additional fiscal capacity, improve project management, reduce poverty while promoting social inclusion, and to facilitate PSE implementation by strengthening public sector governance. Working groups are being established with the mandate to explicitly consider the political economy of these reforms and how to build coalitions that can overcome current resistance to change.

International Financial Aid

Senegal’s partner countries and institutions generally provide international financial aid in the form of grants or concessional loans for the funding of infrastructure projects and other public investment programmes.

In the context of financing the Priority Actions Plan of the PSE, since the Paris Consultative Group was held in February 2014, 205 financing agreements have been entered into with development partners as of 31 December 2017, for a total amount of XOF 4,834 billion, including XOF 4,363 billion in the form of loans and XOF 471 billion (9.7% of the total amount) in subsidies.

In 2017, 48 financing agreements were concluded with technical and financial partners for a total amount of approximately XOF 1,349 billion, 91.6% of which was in the form of loans. Bilateral agreements represent 43.3% of the total amount.

In 2017, the total amount of disbursements on development projects financed from external resources was approximately XOF 560.5 billion, with XOF 437.0 billion in expected drawdowns from the 2017 Consolidated Investment Budget (*Budget Consolidé d’Investissement*), *i.e.* a 128.2% performance rate. This 128.2% rate is explained in particular by significant disbursements in the portfolio of some donors such as the World Bank, India, the Islamic Development Bank (IDB), the AfDB and the European Union, for which expected drawdown amounts were surpassed.

Senegal receives financial aid from a small number of States and major bilateral and multilateral donors. Drawdowns are broken down into loans in the amount of XOF 344.9 billion and subsidies in the amount of XOF 215.1 billion. In 2017, loans were granted, in particular, by the World Bank through its subsidiaries (21.1%), India (16.7%), the IDB (15.0%) and the AfDB (14.9%). Grants came primarily from China (25.6%), the USAID (22.7%) and the European Development Fund (EDF) (14.7%), the World Fund (5.3%) and the GAVI Fund (2.7%). In addition to the aforementioned institutions and States, there are also donors, such as the World Bank through its subsidiaries, the United Nations and France (mainly through the French Development Agency (AFD)) (see "*Public Debt—Relationship with Multilateral Lending Institutions and other External Creditors*").

The table below presents the international financial aid by donor State/institution for the year 2017:

Technical and financial partners	**Amount of financial aid**	**Percentage**
	(*XOF billions*)	
World Bank	81.1	14.5%
People's Republic of China	72.7	13.0%
BADEA	64.0	11.4%
India	57.7	10.3%
IDB	51.6	9.2%
USAID	48.8	8.7%
France	38.5	6.9%
European Union/EDF	31.6	5.6%
BOAD	21.9	3.9%
Germany	12.3	2.2%
Global Fund to Fight AIDS, Tuberculosis and Malaria	11.5	2.2%
Spain	10.0	1.8%
Belgium	9.6	1.7%
Japan	8.0	1.4%
South Korea	6.1	1.1%
GAVI, The Vaccine Alliance	5.8	1.0%
Italy	5.3	1.0%
Luxembourg	4.8	0.9%
IFAD	4.5	0.8%
OPEC Fund for International Development	3.8	0.7%
Kuwait Fund for Arab Economic Development	3.8	0.7%
Canada	2.3	0.4%
Austria	2.1	0.4%
Abu Dhabi Fund for Development	1.1	0.2%
Saudi Fund for Development	0.8	0.0%
Nordic Development Fund	0.7	0.0%
United Nations System	0.1	0.0%
TOTAL	**560.5**	**100.0%**

Source: General Directorate of Finance

Each year, concurrently with the finance law, the State produces a rolling three-year public investment programme (*Programme Triennal d'Investissements Publics*, or PTIP), which lists all projects and programmes planned to be financed by the State and its technical partners over a period of three years. Senegal's public investment efforts, which are in its PTIP, have steadily increased. Total investments under the 2018-2020 PTIP amount to XOF 6,257.8 billion, an increase of XOF 1,466.1 billion, or 30.6%, compared to the 2017-2019 PTIP. This significant increase, compared to the one recorded between the 2017-2019 PTIP and the 2016-2018 PTIP, estimated at XOF 925.7 billion (or 23.9%, in relative terms) continues to reflect the progress of several important projects and programmes, in particular, those included in the PAP under the PSE. The projects of the PAP (including the second PAP for the period 2019-2023) are included in the PTIP, which is the instrument that operationalises the Government's orientations and lists all the projects and programmes financed by the State and its partners.

The 2018-2020 PTIP provides for an amount of XOF 3,009.4 billion in external financial aid for public investments, which represents 48.0% of the total XOF 6,257.8 billion investment amount provided for the 2018-2020 period, the remainder coming from the State (52.0%) for an amount of XOF 3,248.4 billion. The external financial aid is expected to be comprised of (i) grants in an amount of XOF 700.2 billion, representing 23.3% of the total financial aid, and (ii) concessional lending in the amount of XOF 2,309.2 billion, or 76.7% of the total financial aid. Commitments for 96.8% of the total financing planned for the 2018-2020 period had been acquired when the PTIP was designed in October 2017 (compared to 95% for the previous PTIP). The remaining 3.2% was concurrently under negotiation with technical and financial partners, and, for most of the projects concerned, the financing agreements have since been or are expected to be signed in 2018.

The table below presents the breakdown of projected financing (acquired and under advanced negotiation) under the 2018-2020 PTIP:

Source of 2018-2020 PTIP financing(1)	**Amount of financial aid** (in *XOF billions*)	**Percentage**
Republic of Senegal	3,177.4	50.8%
IDB	455.0	7.3%
AfDB	369.1	5.9%
People's Republic of China	334.1	5.3%
World Bank	305.0	4.9%
France	291.8	4.7%
European Union / EDF	243.3	3.9%
United States	192.9	3.1%
BOAD	150.0	2.4%
India	76.6	1.2%
Japan	69.3	1.1%
Germany	63.8	1.0%
Turkey	62.5	1.0%
EIB	57.4	0.9%
Kuwait Fund for Arab Economic Development	45.5	0.7%
Bank of Africa	40.0	0.6%
Brazil	38.5	0.6%
South Korea	28.7	0.5%
BADEA	28.3	0.5%
Italy	26.8	0.4%
HSBC Corporation	25.0	0.4%
Banque Nationale pour le Développement Economique (BNDE)	25.0	0.4%
Saudi Fund for Development	20.7	0.3%
Global Fund to Fight AIDS, Tuberculosis and Malaria	14.2	0.2%
CIDA	13.0	0.2%
Belgium	12.7	0.2%
OPEC Fund for International Development	12.5	0.2%
GAVI, the Vaccine Alliance	11.4	0.2%
IFAD	11.2	0.2%
Abu Dhabi	9.5	0.2%
Spain	9.3	0.2%
Global Environment Facility	6.9	0.1%
UNICEF	5.7	0.1%
Netherlands	4.1	0.1%
Senegalese private sector	4.0	0.1%
WAEMU	3.8	0.1%
UNDP	2.8	0.0%
UNFPA	2.2	0.0%
Luxembourg	1.7	0.0%
Société Nationale des Eaux du Sénégal	1.5	0.0%
ECOWAS	1.2	0.0%
WHO	1.0	0.0%
WFP	0.8	0.0%
Saudi Arabia	0.7	0.0%
Beneficiaries	0.5	0.0%
Nutrition International (formerly the Micronutrient Initiative)	0.2	0.0%
UNIDO	0.2	0.0%
TOTAL	**6,257.8**	**100.0%**

(1) The PTIP tracks all sources of financing of projects and programmes coming from the State, technical and financial partners, the national private sector and other beneficiaries (such as local authorities and populations), while amounts provided for in the finance law only take into account financing from the State and technical and financial partners for which the Treasury and the Directorate of Cooperation and External Financing (*Direction de la Coopération et des Financements Extérieurs*) are responsible.
Source: General Directorate of Budget/Ministry of Economy, Finance and Planning, October 2017.

Transparency and Anti-corruption Measures

The Government of Senegal is committed to pursuing efforts towards more fiscal transparency as a way of improving the quality of public investments and public spending. To this end:

- the modernisation of the Public Treasury is continuing, in particular through a process of digital transformation and automation of Treasury administration procedures;
- the Government is pursuing the implementation of the Single Treasury Account (STA) (*Compte Unique du Trésor*). Under the STA, all accounts held by the Government and its various public bodies (agencies, high authorities, public enterprises) in commercial banks were expected to be inventoried and the balances transferred to the Treasury. The identification and rationalisation of the accounts of public bodies opened with commercial banks is effective. However, instead of transferring the balances, the Government put in place a system of daily reporting of balances by the banks to the

general treasurer. The 75% target of daily reporting of balances by banks to the general treasurer has been achieved; and

- the Government is also pursuing the transition from a cash administration system to a cash management system allowing for identification of the sources of dispersion of current cash flows, including budgetary transactions initiated in previous fiscal years (deposit account credit balances), and budgetary or cash transactions in the current fiscal year that negatively affect free cash flow potential. For more information, see "*—Budget Execution Issues and Related Reforms*".

Efforts to promote transparency have included: (i) the adoption of a *Code des Marchés Publics* by the Council of Ministers in 2007, which was drawn up in a participative process involving the civil society, the private sector and donors; (ii) the adoption of measures necessary to implement the 2009 WAEMU transparency code directive; and (iii) the implementation of a system of oversight comprised of an audit court, state inspector-general and financial and ministry oversight function.

Since 2012, the Government of President Macky Sall has made good governance and transparency in the management of public affairs a priority. The Government reactivated Law No. 81-53 of 10 July 1981 against illicit enrichment enacted in 1981 under President Diouf to fight corruption among government officials and civil servants. As defined in the explanatory statement of the law of 10 July 1981, the offense of illicit enrichment is established, according to Article 163 bis of the Senegalese Criminal Code, when, upon receiving formal notice, a person implicated by the law is unable to provide proof of a legal source of the funds allowing him or her to possess an estate or maintain a lifestyle that is inconsistent with his or her legal income. The persons targeted by the law are, essentially, elected public officials, government workers, judges, civil servants, military officials, persons vested with any sort of public authority, public depositaries, public or ministerial officers and managers or any kind of agent of public establishments.

Furthermore, as part of this dynamic, the President created a ministry dedicated to the Promotion of Good Governance and Child Protection (formerly the Ministry of Good Governance) in order to strengthen the mechanisms of regulation and the oversight. In this context, several measures were adopted, including (i) the creation of a National Good Governance Strategy (*Stratégie Nationale de la Bonne Gouvernance*, SNBG) for public affairs, based on seven guiding principles (citizen participation and oversight, transparency, accountability, effectiveness/efficiency, gender equality, compliance with the law and rule of law and access to information and public services); (ii) Law No. 2014-17 of 2 April 2014 relating to declarations of assets by Government officials; (iii) the implementation of a transparency code for the management of public finances in December 2012; (iv) the reactivation of the Court of Suppression of Illegally Acquired Assets, or *Cour de Répression de l'Enrichissement Illicite* (CREI) in May 2012; and (v) the creation by Law No. 2012-30 of 28 December 2012 of the OFNAC, which has been operational since 2014 and is composed of twelve members appointed by decree and whose mission is to fight corruption, embezzlement of public funds and fraud, with the power of self-referral (own initiative investigation).

The World Bank has noted the positive evolution of Senegal's good governance indicators. In the 2016 World Bank Country Policy and Institutional Assessment, Senegal scored an overall average of 3.8 out of 6.0, where the overall average in Sub-Saharan Africa was 3.1; more specifically, Senegal scored an average of 4.2 in "Economic Management", 3.8 in "Structural Policies", 3.5 in "Policies for Social Inclusion /Equity" and 3.6 in "Public Sector Management and Institutions".

In addition, the 2017 Ibrahim Index of African Governance listed Senegal among the top ten highest scoring countries in Overall Governance in 2016, alongside Mauritius, Rwanda, Ghana and South Africa.

Senegal's anti-money laundering (AML) efforts are led by the *Cellule Nationale de Traitement des Informations Financières* (CENTIF). The CENTIF gathers and processes financial information provided by domestic institutions and by its foreign partners concerning financial transactions taking place in or involving Senegal. The Criminal Code and the Code of Criminal Procedure were reformed in November 2016 in order to take into account the fight against terrorist financing and money laundering.

In addition, the Republic of Senegal has transposed into its domestic law the primary legal instruments in the fight against corruption at the international and community level. The State, through Law No. 2015-16 of 6 July 2015, ratified ECOWAS anti-corruption Protocol A/P3/12/01, adopted in Dakar on 21 December 2001.

Transparency International's Corruption Perception Index for 2017 ranked Senegal 66 out of 180 countries, compared to 64 out of 176 countries in 2016 and 61 out of 168 in 2015. Senegal is ranked 8th in sub-Saharan Africa, 2nd among ECOWAS countries and 1st in the WAEMU area.

On 20 November 2017, Senegal adopted the IMF's SDDS. Senegal is the fourth sub-Saharan African country, after South Africa, Mauritius and the Seychelles, to have adopted this standard. The SDDS was created in 1996 by the IMF to help member countries—who have or would like access to international capital markets—to provide economic and financial data to the public.

National Budget

In 2009, Senegal introduced and implemented a new budgetary procedure under the IMF's guidance. The executive branch has the authority to initiate and propose the budget to Parliament, and the newly implemented procedure sets forth a series of deadlines for the Government as a whole (the President and ministers) with the goal of presenting the budget to the National Assembly as a draft law (*projet de loi*) no later than 15 October, when the annual parliamentary session begins. Once the budget has been approved, the Head of State must promulgate the budget into law within eight days. In addition, the budget for a particular year must be promulgated into law before the end of the preceding year. The initial budget may be amended, if needed, over the course of the year by one or more "*lois de finances rectificatives*".

The Budget Process

The budget process in Senegal is governed by the "Decree on Preparation of the Budget of the State" of 30 January 2009 (currently under revision) and the provisions of Organic Law No. 2016-34 of 23 December 2016, amended in order to take into account the transitional phase during which a shift is made to the programme budget. Pursuant to that decree, the preparation of the budget is the responsibility of the Ministry of Economy, Finance and Planning and—once the various budget preparation phases have been implemented with the other Ministries and governmental institutions—is approved by the National Assembly and then promulgated by the President of the Republic.

A summary of the budget process is set forth below:

Budget Planning

In the first quarter of each year, the budgetary and macroeconomic frameworks are prepared by the Ministry of Economy, Finance and Planning. The budgetary expenditure framework is an iterative exercise consisting of projecting the budgetary expenditure of all ministries and institutions over a three-year period. It captures the budgetary impact of annual policy decisions on future years. It is taken into account in the macro-economic framework for the following year. This framework sets out the growth assumptions and their effect on the financial position and economic prospects of the country at that time, as well as revenue and mass expenditure limits for the budgetary year in question and the two following years.

On the basis of this information, by 31 May, the Minister of Economy, Finance and Planning provides the Prime Minister with the macroeconomic framework and the Budgetary and Economic Programming Document (*document de programmation budgétaire et économique pluriannuelle* or DPBEP) for adoption by the Council of Ministers. The document is then sent to Parliament for the budget orientation debate (*débat d'orientation budgétaire* or DOB), which is held by 30 June at the latest, pursuant to the provisions of Article 56 of Organic Law No. 2011-15.

Concurrently with the development of the DPBEP, the Minister of Economy, Finance and Planning determines the allowances to be granted to the ministries and governmental institutions, in line with the Government's priorities.

After the DOB has been held, the budget envelopes, incorporating the comments of deputies, are stabilised and transmitted by 5 July at the latest to public institutions and ministries, which are asked to adjust their spending proposals for the following year. Each public institution or ministry must also prepare a multiannual expenditure programming document (*progammation pluriannuelle des dépenses*) and an annual performance project (*projet annuel de performance*), including a summary of the performance of the previous two years, in comparison with the budget, the future growth strategy and the sectoral priorities.

According to the orientations adopted in the circular letter setting out the arrangements for preparing the budget for the coming year, each ministry and governmental institution sets out its proposal, within the relevant spending limits.

Budget Conferences and Arbitration

Budget Conferences are held at which ministries and governmental institutions present their proposals to, and discuss them with, the relevant departments of the Ministry of Economy, Finance and Planning. Any disagreements can be submitted to the Ministry of Economy, Finance and Planning for pre-arbitration. Pre-arbitration sessions must be held with the Minister of Economy, Finance and Planning by 15 August, and thereafter any remaining disagreements are referred to arbitration by the Prime Minister by 31 August at the latest.

Following the completion of the arbitration process, the Minister of Economy, Finance and Planning must prepare the draft finance bill by 30 September.

Adoption of the Finance Bill

The draft finance bill is adopted by the Council of Ministers no later than the first week of October and then submitted to the National Assembly by the opening day of the session of Parliament at the latest.

The finance law must then be voted on by Parliament, passed into law by the President of the Republic and published by 31 December of the year in progress.

Local Authorities

Within the parameters of existing finance legislation, the Government's policy is to provide local authorities with a subsidy representing 5.5% of the VAT revenues from the previous year. Of this, 3.5% are given to the Endowment Fund for Decentralisation and 2% are given to the Local Authority Equipment Fund.

Budget Execution Issues and Related Reforms

In recent years, the need to finance the operations of the SN La Poste Group and the Civil Service Pension Fund (FNR) as well as the non-utilisation of previous budget allocations (the carry-overs of these appropriations, often linked to multiannual investment projects, are recorded in the Treasury's deposit accounts) have required additional funds in excess of the amount needed to finance the budget deficit. In its report published in January 2018 on Senegal's fifth economic performance review under the PSI, the IMF notes that, in order to keep Senegal at a low risk of debt distress, structural issues underlying the public sector overall borrowing requirement (which the headline budget deficit does not fully capture) need to be addressed by reforming the SN La Poste Group and the FNR and limiting the use of deposit accounts outside budget appropriations of the current fiscal year.

SN La Poste Group

The SN La Poste Group, a state-owned entity that provides postal and express mail services in Senegal, also offers banking services through its subsidiary Postefinances. Payment of postal checks drawn by third parties on their accounts owned at Postefinances are cleared through the BCEAO and guaranteed by the Treasury. Under the agreements governing this arrangement, Postefinances is obligated to repay the Treasury for any amounts paid by the Treasury pursuant to the guarantee. Over the course of a number of years, Postefinances has failed to pay the full amount due in respect to these payments.

In this context, an audit of the financial situation of Postefinances and other entities of the SN La Poste Group was carried out by the BCEAO in November and December 2017 for the purpose of assessing the SN La Poste Group's financial situation at 31 October 2017, as well as the amount of reimbursement due to the Treasury for postal checks paid by the Treasury pursuant to the guarantee. As part of the audit, unpaid amounts due to the Treasury in respect of the guarantee were determined to be XOF 171.9 billion at 31 October 2017. These unpaid amounts are estimated by the DGCPT to be nearly XOF 200 billion as at 31 December 2017.

A number of restructuring measures have been recommended in respect of SN La Poste Group, including: (i) a recapitalisation through a conversion into equity of the SN La Poste Group's debt to the Treasury, (ii) the reconstitution of third-party deposits, (iii) the implementation of a business recovery plan involving the reduction of operating expenses; (iv) the recovery of amounts due under loans made to personnel of SN La Poste; (v) improvements to SN La Poste's accounting systems and procedures and (vi) the signature of a cross-debt agreement to determine the net amounts due from SN La Poste to the Treasury. At the end of January 2018, the cross-debt agreement was finalised and signed with respect to debts outstanding as of 30 September 2017: it shows claims by the Treasury against the SN La Poste Group of approximately XOF 203.6 billion and claims by the SN La Poste Group against the Treasury of approximately XOF 29.3 billion, giving a net balance of approximately XOF 174.3 billion in the Treasury's favour, which will be used in whole or in part to recapitalise the SN La Poste Group.

The Memorandum of Economic and Financial Policies for 2015-18 provided to the IMF in November 2017 indicates that clearing transactions between SN La Poste Group and the Treasury will cease as of 31 December 2017, except for clearance of checks relating to Postefinances depositors, which will cease as of 31 March 2018. A restructuring plan for SN La Poste is expected to be prepared before the sixth review.

Civil Service Pension Fund (FNR)

The FNR is a special fund within the Public Treasury whose administrative management is carried out by the Directorate of Balance, Pensions and Life Annuities (DSPRV) and whose financial management is carried out by the General Directorate of Public Accounting and Treasury (DGCPT). The mandate of the DSPRV is to manage the pension payment system, whereas actual payments are made by the Treasury (DGCPT).

Although the amounts involved are low by international standards, the rapid increase in the FNR's expenditure in recent years has weakened the financial situation of the scheme and affected its financial viability. The number of recipients of civil service pension benefits has continued to grow at a fast pace, well above that of the contributors to the pension system, thus creating a financial imbalance. The FNR's total cumulative deficit amounted to approximately XOF 15.3 billion in 2015, XOF 14.8 in 2016 and XOF 14.6 in 2017. In 2015, the Minister of the Economy, Finance and Planning set up a technical committee to conduct an actuarial study of the FNR in order to correct the structural deficit observed. This study made four key recommendations: (i) the implementation of parametric reforms, the main objective of which is to ensure financial sustainability and the revaluation of pensions, (ii) the introduction of a compulsory supplementary scheme which will be a point-based scheme, (iii) the implementation of an optional pension plan and (iv) the implementation of an institutional reform designed to change the status of the FNR as a special earmarked account of the Public Treasury and make it evolve towards the status of an autonomous institution. In 2017, as part of the fifth IMF Review under the PSI, the Government committed itself to implementing the reform of the FNR by the end of 2018. In this regard, a draft law was adopted by the Council of Ministers on 31 January 2018. The option chosen by the Government is to increase contributions with the introduction of a supplementary pension with a contribution rate of 6%. On a full-year basis, the supplementary pension is expected to generate total contributions of approximately XOF 12.1 billion.

Deposit accounts

In connection with the allocation of budgeted funds to agencies and similar entities, the Treasury has established a system of making budgetary transfers to accounts called "deposit accounts" (*comptes de dépôts)* that are opened in the Treasury's books in the name of the agencies and similar entities and against which orders to make payments may be entered. Under this system, spending authorisations in the current year budget are credited in that year to the deposit accounts opened in the Treasury's books, and the agencies and similar entities in whose names those deposit accounts are opened are then entitled to issue payment instructions to the Treasury up to the amount shown in their respective accounts. Prior to 2007, most Government spending in Senegal was carried out directly by the technical services of the various Government ministries, which used a slower but more predictable process for requesting and making payments pursuant to budget allocations. Since 2007, the use of agencies and similar entities to execute Government initiatives has expanded significantly, driven in part by a desire to execute projects more quickly. From 48% of expenditure executed by agencies and similar entities in 2007, they rose to 56% in 2008, 62% in 2015 and 68% in 2017. This has been accompanied by an increase in the usage of the deposit account mechanism.

The use of the deposit account mechanism for funding agencies and similar entities has given rise to several issues. In particular, delays in executing projects can lead to situations in which spending originally intended for one fiscal period is delayed to a later fiscal period. Over time, the accumulation of these delays has led to an accumulation of balances in deposit accounts and an increase in spending in the later years of amounts allocated for prior year expenditures. This makes cash management and budgeting more difficult. In addition, when an agency or other entity delays spending funds allocated to it, those funds may be used to cover temporary funding shortfalls elsewhere. For example, the accumulation over time of unpaid balances by SN La Poste Group to the Treasury was in part made possible by the ability of the Treasury to use funds earmarked for deposit accounts of agencies and other entities pending receipt by the Treasury of payment orders from the applicable agencies and other entities controlling those accounts. Over time, this practice has made it more difficult for the Treasury to make payments when agencies holding deposit accounts make payment requests based on the balances in their deposit accounts.

Unspent amounts in deposit accounts of agencies and other entities had grown to almost XOF 350 billion as of 31 December 2017. The Government has therefore agreed with the IMF to finance the balances of deposit accounts amounting to XOF 75 billion per year between 2016 and 2018. An amount of XOF 150 billion was effectively paid as part of the 2016 and 2017 budgets. As a result, it is expected that the balance outstanding as of 31 December 2017 will be reduced to XOF 275 billion at the end of 2018. In the Memorandum of Economic and Financial Policies for 2015-18 provided to the IMF in November 2017 the Government indicated that starting with the 2018 fiscal year, credit balances on deposit accounts resulting from budgetary transfers will be subject to adjustment in the following year's budget. To this end, at the end of each fiscal year, the General Directorate of Public Accounting and the Treasury will transmit to the General Directorate of the Budget a financial statement showing the balances of deposit accounts (broken down by current vs. investment), net of outstanding checks and funds blocked for public contracts already being implemented. This will enable the General Directorate of the Budget to adjust new current and capital budget allocations to agencies and similar entities. Such adjustment will be made in accordance with the budgetary principles that limit the carry-over of investment credits to 5% of the unused amount allocated for the previous year and that forbid any carry-over of operating credits.

A report by the General Inspectorate of Finance on the audit of the credit balances of deposit accounts as at 31 December 2016 showed that, with the exception of XOF 3.1 billion, these balances pertained to ongoing investment projects or other sensitive administrative expenditure. However, the report did not provide any specific detail on the nature of these credit balances and the lifetime of the related projects, because the state of the information system did not allow this level of detail. In order to ensure a better treatment of these credit balances and to prevent their reconstitution in the future, the General Directorate of Public Accounts and Treasury has undertaken, within the framework of the PSI, to break them down between operating expenditure and investment expenditure and to monitor closely the payments corresponding to each category. Checks issued by the Treasury will henceforth only be made if supported by available funds in the corresponding category (operating expenditure or investment expenditure) and within the limits of such available funds.

Revenues and Expenses

The table below sets out certain information on the Government's financial operations for the periods indicated:

	2013	2014	2015	2016	2017
			(in XOF billions)		
Total revenue and grants	**1,659.0**	**1,927.0**	**2,026.1**	**2,334.6**	**2,376.8**
Revenue	1,471.4	1,673.5	1,794.1	2,090.3	2,112.3
Tax revenue	1,342.9	1,482.5	1,602.1	1,791.2	1,845.0
Non-tax revenue	90.2	92.2	106.7	103.5	0.0
Other revenue (including FSE)	38.4	98.8	85.3	195.6	267.3
Grants	187.5	253.5	232.0	244.4	264.5
Budget	19.8	40.3	31.2	38.0	49.5
Cost of project development	167.7	213.2	200.8	206.4	215.0
Total expenditure and net lending	**2,059.0**	**2,318.7**	**2,411.5**	**2,703.9**	**2,839.3**
Current expenditure	1,262.8	1,409.3	1,504.3	1,612.8	1636.6
Wages and salaries	464.7	485.4	526.1	572.3	599.9
Interest due(1)	113.2	131.0	159.7	187.7	233.9
Of which: external	55.4	62.7	126.1	139.9	178.3
Of which: internal	57.8	68.3	33.6	47.8	55.6
Other current expenditure	684.9	792.9	818.5	852.8	802.8
Transfers and subsidies	336.2	349.9	434.2	531.3	420.2
Goods and services	348.6	443.0	384.3	321.6	382.6
Capital expenditure	801.3	899.1	907.2	1091.0	1,101.7
Domestically financed (including HIPC, MDRI)	477.3	508.3	502.1	654.6	645.2
Externally financed	324.0	390.9	405.1	436.5	456.5
Net lending	(5.1)	10.3	0.0	0.0	101.0
Of which: On-lending	10.4	10.7	12.7	0.0	103.4
Primary fiscal balance(2)	**(287.2)**	**(260.7)**	**(225.6)**	**(181.6)**	**(229.6)**
Overall fiscal balance(3) (including grants)	**(400.4)**	**(391.7)**	**(385.4)**	**(369.3)**	**(362.5)**
Overall fiscal balance (excluding grants)	**(587.9)**	**(645.2)**	**(617.4)**	**(613.7)**	**(627.0)**
Underlying fiscal balance(4)	**(268.6)**	**(244.1)**	**(212.3)**	**(177.1)**	**(270.5)**
Financing	400.4	391.7	387.2	369.3	364.4
External financing	151.0	459.9	368.2	219.2	730.8
Drawings	219.9	205.1	233.4	259.4	321.3
Programme loans	53.2	19.7	29.4	29.3	79.8
Project loans	166.7	185.4	204.0	230.1	241.5
Amortisation due	(80.0)	(65.2)	(61.7)	(67.8)	(92.2)
Debt relief and HIPC	17.4	15.9	0.0	0.0	0.0
T-bills and bonds issued in WAEMU	(6.3)	(20.9)	182.9	(33.4)	(141.8)
Other loans	0.0	325.0	13.7	61.0	641.0
Domestic financing	250.7	(76.5)	14.3	147.9	(366.5)
Errors and omissions	(1.3)	0.6	4.7	2.2	2.3

(1) These amounts are calculated on a cash basis, taking into account any exchange rate fluctuations or valuation discounts recorded in connection with the debt issuances and treated as interests.
(2) This corresponds to: (Total revenue and grants) - ((Total expenditures and net lending) - (Interest due)).
(3) This corresponds to: (Total revenue and grants) - (Total expenditures and net lending).
(4) This corresponds to: (Total revenue (excluding grants)) - (Total expenditures and net lending (excluding Capital expenditure externally financed and Net lending)).
Sources: Ministry of Economy, Finance and Planning/DGCPT and IMF

Investment Programmes

Senegal has developed a number of investment programmes in order to focus investment in priority areas, including agriculture, infrastructure and energy. These programmes are intended to promote the most efficient use of available funds and to redirect external financing to sectors capable of supporting Senegal's ambition to achieve the PSE's strategic vision.

Agricultural Development Programme – PRACAS

For a description of the PRACAS, see "*Economy of Senegal—Principal Sectors of the Economy—Primary Sector—Agriculture, Livestock, Farming and Hunting, Forestry and Fishing—Programme d'Accélération de la Cadence de l'Agriculture Sénégalaise (PRACAS)*".

Infrastructure Investments

The Government views the development of infrastructure and transportation services as one of the requirements for economic growth and poverty reduction. Because of their direct contribution to GDP and its effect on the economic and social performance of the Senegalese economy, the Government has placed this sector at the heart of its sustainable development strategy and has made it a priority sector of the PSE. Senegal's public works investment agency, APIX, was created in 2000 with the mandate of finding ways to help the country address its infrastructure needs by developing an ambitious investment program, while at the same time improving the business environment in Senegal, promoting Senegal as an investment destination and researching and identifying investment partners for the Government. Over the past decade, APIX has initiated several major infrastructure projects, which are at various stages of implementation as described below.

For a detailed description of infrastructure investments, see "*Economy of Senegal*".

Blaise Diagne International Airport and Other Airport Projects

Senegal built a new international airport at Diass, the AIBD, which has replaced the AILSS of Dakar-Yoff in order to meet the regional demand for medium- and long-haul air traffic, including passenger and freight traffic. The new airport covers an area of 4,500 hectares against the former airport's size of 800 hectares and includes premises for the maintenance of aircraft and the storage and conservation of fresh produce. "Aéroport International Blaise Diagne SA", the company tasked with the construction of the airport, built, as an initial phase, a 42,000 m^2 terminal and a 3,500 m by 75 m main runway designed for all types of aircraft, including the Airbus A380. AIBD is equipped with a modular passenger terminal with a capacity of 3 million passengers per year, which can be extended to up to 10 million passengers per year, and 50,000 aircrafts per year. It is capable of handling 50,000 tonnes of freight per year. The final development phase will be pursued when the maximum capacity of the initial phase is attained and will include a second runway and passenger terminal and all the facilities resulting from it for a capacity of 10 million passengers per year. The estimated cost of the new airport is approximately XOF 424 billion compared to an initial estimated cost of XOF 377 billion. The construction of the AIBD was financed by loans made principally by the AFD, the AfDB and the IDB based on a security package consisting of fees imposed on the air traffic of AILSS (and namely the Fees for Airport Infrastructure Development (*Redevance pour le Développement des Infrastructures Aéroportuaires*) (RDIA) collected since 2005) for an amount of XOF 377.5 billion and by the State's investment budget for an amount of XOF 30 billion.

The main objectives of the construction of the AIBD are to:

- Relieve the pressure on Dakar's automobile traffic;
- Create an air traffic hub in Senegal and a preferential stopover in West Africa for air traffic to and from Europe, North and South America;
- Facilitate conditions to increase growth in the tourism sector;
- Develop Senegal's export industry and play a leading economic role in the region;
- Attract foreign investment flows;
- Develop the performance of airport-related industries such as aeronautical maintenance; and
- Foster the creation of jobs.

Commenced in 2007, the construction of the project was completed by Summa-Limak, a consortium of Turkish companies, following the signature in April 2016 of a subcontracting agreement with the Saudi Ben Laden Group, which was initially responsible for the construction of the AIBD. Summa-Limak is also the strategic partner of AIBD SA for the operation and management of the new airport, which became operational on 7 December 2017.

According to data from the management company, LAS S.A., from 7 December 2017 to 7 January 2018, the AIBD welcomed 162,355 passengers, compared to 137,116 passengers for the AILSS over the same period in 2016. In terms of volume, 517 departing flights and 412 arriving flights were recorded. In terms of freight, approximately 2,061 tonnes were handled, including approximately 991 tonnes for departures. The objective of this infrastructure is to make Senegal the leading airport hub in western Africa, with traffic of five million passengers per year by 2023 and 10 million passengers per year by 2035.

In addition to the AIBD, the Government is also involved in a modernisation project of regional secondary airports located in seven cities (Saint-Louis, Matam, Ziguinchor, Tambacounda, Kédougou, Kaolack and Touba) to enhance their economic potential. The Government expects that the development of these projects will strengthen Dakar's position as a sub-regional aerial hub. Senegal has just signed a commercial contract with a Turkish group for the implementation of this project, which is still in the appraisal phase.

Road Infrastructure

As of the date of this Prospectus, the road network in Senegal is 16,496 km long and includes 10,539 km of unpaved roads and 5,956 km of paved roads. According to the summary inspections, which consist of a visual survey of surface degradation, carried out using the VIZIR (for paved roads) and VIZIRET (for non-paved roads) methods developed by France's *Laboratoire Central de Ponts et Chaussées*, 77% of the paved network is in good or fair condition compared to less than 45% in 2005. As regards dirt roads, the results of an inspection on the classified road network carried out at the end of 2016 showed that 52% of dirt roads were in good or average condition.

The Government estimates the amount of investments in road infrastructure at a cumulative amount of nearly XOF 1,183 billion for the 2012-2017 period. For the 2017-2019 period, the Government has defined an ambitious road infrastructure programme, which requires an estimated total investment of approximately XOF 938 billion.

Maintenance of the existing road network is a priority for the Government in order to allow the optimisation of resources while guaranteeing an adequate overall level of service. This is the reason why, since the creation of the Autonomous Road Maintenance Fund (*Fonds d'Entretien Routier Autonome* or FERA) on 30 October 2007, the State has made considerable efforts to support this structure for the proper implementation of its missions. The FERA is the main donor of the Autonomous Road Maintenance Programme (*Programme d'Entretien Routier Autonome* or PERA). It is financed by the State through its budgetary resources and parafiscal charges. The FERA aims to improve financing for the road maintenance programme by diversifying its sources of financing, charging tolls on certain roads, adding value to areas adjoining certain roads and identifying new revenue sources in the form of royalties.

Toll Road Network

Construction of a 32 km toll road from Dakar to Diamniadio was completed in August 2013 as part of a 30-year PPP project with Eiffage SA, a French construction company. The construction of this toll road, with a cost amounting to approximately XOF 148 billion, was financed 60% by the State, the AFD and the AfDB and 40% by the private sector. In terms of travel time, this toll road has significantly improved conditions in the transportation sector in the Dakar region and has encouraged the emergence of new zones of investment and economic development between Dakar and Diamniadio.

Since the opening of the Dakar-Diamniadio toll section in 2013 and in order to facilitate the economic development of the various regions of the country, the Government has pursued a number of projects with a view to creating an integrated toll road network between Dakar and other key city centres, in particular through the extension of the Dakar-Diamniadio toll road to Thiès, Saint-Louis, Touba and Kaolack. The Government concluded a PPP to build a 17 km extension of the Diamniadio highway to the AIBD in Diass, for a total amount of XOF 92.2 billion (of which public financing of XOF 69.2 billion and private financing of XOF 23 billion from SENAC SA), commissioned in October 2016. In December 2015, the State also signed an agreement with Eximbank China for approximately US$ 470 million, to complete the 55 km AIDB-Thiès-Mbour project, which includes: (i) the 18 km AIBD-Sindia highway section, commissioned in October 2016, (ii) the AIBD-Thiès highway section (16 km), and (iii) the Sindia-Mbour highway section (21 km). The AIBD-Thiès and Sindia-Mbour highway sections are scheduled to be completed in 2018, or two years before the contractual deadline. This will also be the case for the 113 km Thiès-Touba highway, which is expected to be fully commissioned in December 2018, ten months before the end of the contractual deadline. The Government is currently negotiating further Eximbank China financing for the 28 km Thiès-Tivaouane highway section. In total, the national toll road network is planned to reach 217 km in 2019.

Other Road Projects

Between 2012 and 2017, the Government built and rehabilitated nearly 1,362 km of paved roads, representing an average of 272.4 km of roads per year, and completed 13 bridges. Paved road projects developed by the Government throughout the country include: (i) the construction of a 250 km road from Tambacounda to Kidira to Bakel; (ii) the construction of a 250 km road from Tambacounda to Matam in the North-eastern region of the country and (iii) the construction of a 137 km road between Senoba and Ziguinchor in the Southern region.

2016 was characterised by the launch of important road projects in connection with the PSE’s PAP for a total estimated cost of XOF 354 billion as of the end of 2017. This work includes:

- The Modernisation Programme of Senegal’s Cities (*Programme de Modernisation des Villes du Sénégal*, or PROMOVILLES) in Dakar, Kaolack, Djourbel and Gossas. This programme seeks to provide cities with a minimum level of infrastructure, both in terms of roads and sanitation, as well as adequate lighting systems to promote safety;
- The construction and extension of the Niayes road;
- The asphalt paving of the Kédougou-Salémata road; and
- The renovation of the Nationale Road 7 between Dialocotto and Mako.

This dynamic continued with the initiation in 2017 of major projects in connection with the PSE’s PAP:

- The Priority Access Programme (XOF 208 billion): the development and asphalting of the Sédhiou-Marssassoum road, including the Boudier loop (financed by the BOAD for an amount of XOF 20 billion); the priority programme to improve access to the Island of Morphile (309 km) (for an estimated cost of XOF 150 billion); the asphalting of the Dabo-Médina-Yoro-Foulah section; and the completion of the Bambey – Baba Garage – Mékhé road (81 km);
- The construction of the Foundiougne bridge (1,200 m for an estimated cost of XOF 36 billion);
- The renovation and asphalt paving of the Lompoul-Léona-Potou-Gandiole road and the construction of paved streets in Dakar as part of the second phase of the Transportation and Urban Mobility Support Project (*Projet d’Appui au Transport et à la Mobilité Urbaine* (PATMUR)) (XOF 39 billion); and
- The rehabilitation of National Road 2 between Ndioum-Ourossogui-Bakel (XOF 223 billion) over 335 km and the establishment of access to the Island of Morphile.

The Priority Access Programme that accompanies the agricultural policy will continue with the construction of almost all bridges on the tributaries of the Senegal River, the second bridge at Ziguinchor and the Marssassoum bridge to secure access to the capital of the South. Plans to build overpasses in Dakar to improve urban mobility are also underway.

These projects will be accompanied by an upgrade of the network, starting in 2018, the rehabilitation work on the National Road 1 between Tamba-Goudiry and Kidira, phases 2 and 3 of PROMOVILLES, the rehabilitation of the Kaffrine-Mbacké, Fatick-Foundiougne-Passy and Senoba-Zinguichor roads.

Over the 2017-2019 period, the Government plans (i) the construction of nearly 135 km of paved roads to extend the road network, (ii) the renovation of 1,070 km of paved roads, (iii) the construction of 19 bridges and overpasses, and (iv) the construction of 125 km of highway to connect Senegal’s major cities with high-speed roads. The construction of feeder and access roads will be stepped up and the network’s care and maintenance programme is intended to be strengthened. Ultimately, the network is expected to be significantly improved. Accordingly, the percentage of paved roads in good or fair condition is targeted to rise to 90%, and that of dirt roads is targeted to be close to 60%.

Discussions are also underway with other partners who have expressed interest in supporting the Government in carrying out road infrastructure projects (Dakar-Saint-Louis, Louga-Dahra, Kidira-Bakel, etc.).

According to the Ministry of Infrastructure, Ground Transportation and Access Improvement, investments planned for the 2018-2020 period represent nearly XOF 938 billion.

Improvements to Senegal’s Rail Network

The Government plans to upgrade or extend several parts of Senegal’s rail network in order to promote commerce and increase exports to WAEMU countries. The construction of a new railway network of 1,520 km is planned over the next five years, for a total cost of approximately XOF 1,390 billion. In this context, the Government has initiated several railway infrastructure projects, including in particular:

- *The TER between Dakar and the new AIBD*: the construction of the TER project, which includes a 57 km line, was assigned to the Eiffage Group (45%), the Turkish company Yapi Merkezi and the Senegalese company CSE, for a total amount of XOF 245 billion. This project began in December 2016, with commissioning expected at the end of 2018; it is financed by France (XOF 65.6 billion), the IDB (XOF 197.0 billion), the AFD (XOF 65.6 billion), the AfDB (XOF 120.0 billion) and the State (XOF 120.0 billion);
- *The upgrade of the Dakar-Tambacounda-Kédougou-Kéniéba-Bamako line*, which is expected to facilitate the exploitation of mining resources in eastern Senegal such as phosphates in Matam and iron ore deposits in the Falémé region. Following termination of an unsuccessful memorandum of understanding between Senegal and the Chinese company China Railway Construction Corporation International (CRCCI), on 31 March 2017 the Government signed a new memorandum of understanding with a consortium comprised of Turkish, Saudi and Emirati companies. However, as this consortium did not secure financing for the project by 31 October 2017, the Government is currently pursuing its search for strategic partners;
- *Dakar–Tamba* (US$ 1 billion with its logistics hub); and
- *The rehabilitation of Dakar-Kidira* (608 km for US$ 730 million).

Other planned upgrades include (i) a third track on the line between Dakar and Thiès (70 km in double track), the line between Thiès and Kidira (574 km in single track) and between Thiès and Saint-Louis (192 km in single track), which would also have a link to the AIBD, (ii) reopening the rail line between Thiès and Saint-Louis, and (iii) building new tracks from Tambacounda to service the mines at Matam and Falémé as well as the Falea bauxite and iron mines in Mali. It is expected that these projects will be effected principally through private sector financing.

Ultimately, the new and upgraded railway system should allow the transportation of 6 million tonnes of merchandise and two million passengers per year compared to 250,000 tonnes of freight until now. Improved rail networks will also meet the demand for efficient transportation connections between Dakar and its suburbs and between the Dakar region and certain other major cities and economic centres.

Electricity Production Plans

In January 2014, the Government approved a new electricity production plan for the 2014-2017 period, which is based on a policy of diversifying the sources of energy generation, energy mix, introducing more cost-effective production technologies and improved efficiency at SENELEC, and encouraging private investment in the electricity sector. Currently, approximately 77% of electricity generated in Senegal is sourced from petroleum (the share of renewable energy in electricity production reached 23% today with a target of 30% in 2019), rendering the industry vulnerable to volatility in oil prices. In order to improve the production mix and thereby reduce this dependency, several projects were launched and are at various stages of implementation (see *"Economy of Senegal—Principal Sectors of the Economy—Secondary Sector—Energy—Electricity"*).

The Government expects that these projects, once operational, will lead to a progressive decline in Government subsidies for electricity prices while also leading to a reduction in costs for end-users.

The variable cost of production of electricity is XOF 55.05/kWh at 31 December 2017 compared to XOF 45.41/kWh at 31 December 2016 and XOF 69.79/kWh at 31 December 2015. This increase of 21.2% is largely due to the rise in oil barrel prices (+33% on heavy fuel oil and +18% on diesel).

Rural electrification is also an important Government priority. The exploitation of rural electrification concessions combined with the establishment of the National Emergency Programme for Rural Electrification, has made it possible to increase the rate of rural electrification from 24% in 2012 to 32% in 2016 and 40% at the end of 2017.

In February 2017, a new plan, the "Yeesal Senelec 2020 Plan", was announced. It is expected to cost XOF 835.0 billion in investments, of which XOF 600.0 billion are already mobilized. The financing will be handled as follows: XOF 23.0 billion paid by SENELEC as part of the State's shareholding, XOF 25.0 billion by the BOAD and XOF 25.0 billion by the World Bank. The rest of the funding is provided by other institutional and private partners. For more information, see *"Economy of Senegal—Principal Sectors of the Economy—Secondary Sector—Energy—Electricity"*).

Taxation

The following table sets out information regarding tax revenue in Senegal as a proportion of its total nominal GDP for the years indicated:

	2013	2014	2015	2016	2017
	(in XOF billions, unless otherwise indicated)				
Nominal GDP	7,334.8	7,554.7	8,067.8	8,707.6	9,531.6
Tax revenue	1,342.9	1,482.5	1,602.1	1,791.2	1,845.0
Tax revenue portion of nominal GDP (%)	18.3%	19.6%	19.9%	20.6%	19.4%

Source: DGPEE, ANSD and IMF

In 2015 and 2017, tax revenue in Senegal was below the WAEMU's convergence rate, which was revised in 2015 from 17% to 20% of GDP. As a result of the Government's efforts to improve the taxation system, tax revenue increased from XOF 1,482.5 billion in 2014 to XOF 1,602.1 billion in 2015, XOF 1,791.2 in 2016 and XOF 1,845.0 billion in 2017. The increase of only 3% between 2016 and 2017 compared to the higher growth witnessed in the previous years, was primarily due to the rise in oil barrel prices which resulted in a decrease in oil revenues relating to the *Fonds de Sécurisation des Importations de Produits Pétroliers* (FSIPP) despite the greater efficiency in the collection of direct tax and higher taxes on goods and service. Tax revenue is projected at XOF 2,211.0 billion in 2018, representing an increase of 19.8% compared to 2017. According to the RGE, while representing 97.0% of recorded units, the informal sector contributes only 19.8% of the overall revenue generated by the economic units which constitute the tax revenue base (see *"Economy of Senegal—Structure of the Senegalese economy*").

VAT is the single biggest source of income through taxation. In May 2001, the Government adopted a VAT rate of 18%. In 2007, the Government suspended VAT and customs duties on a number of products, such as rice, wheat, powdered milk and bread, in order to keep prices down. VAT and customs duties have been successively reinstated except for rice. In 2011, the VAT rate was reduced in the tourism sector from 18% to 10%, in a bid to increase competitiveness. The 2017 finance law introduced a new exit tax on exports of groundnuts. The rate of the exit tax has been set as follows: XOF 15/kg net for unshelled peanuts and XOF 40/kg net for shelled peanuts. However, this tax has been suspended for the 2017-18 crop year.

Since 2014, as part of the restructuring of the budget, a shift in budgetary policy has made it possible to adjust the allocation of budgetary expenditure. Moreover, in terms of revenue for 2018, the 2018 finance law provides for the repatriation of parafiscal tax amounting to XOF 30 billion.

Corporate income is subject to two types of taxes. First, the corporate income tax (*impôt sur les sociétés*) is levied at a rate of 30%. Second, the compulsory minimum tax (*impôt minimum forfaitaire*) is proportional to turnover. Senegal operates on the territoriality principle, meaning that Senegal based companies doing business outside the country do not pay tax on related profits. Foreign companies are subject to a 10% withholding tax on profits made in Senegal that are not reinvested there. Dividends are subject to a withholding tax at a maximum rate of 10% of their gross amount.

Personal income tax is withheld at progressive rates up to a maximum of 40%.

In addition, other withholding taxes include, first and foremost, a 16% levy on capital revenue, an 8% levy on debt repayments, a 3% payroll tax paid by employers (*la contribution forfaitaire employeur*), a contribution to the housing fund, and a 1% tax on salaries for the National Federation of Employers.

Direct tax revenues are composed principally of corporation tax, amounting to 31.4% of direct tax revenues in 2017, and income tax, amounting to 58.3% of direct tax revenues in 2017. Corporate income tax increased by XOF 26.0 billion, from XOF 165.5 billion in 2016 to XOF 191.5 billion in 2017, or 15.7%. This increase resulted primarily from strong economic activity in 2016 in the secondary and tertiary sectors, the main providers of the 2017 corporation tax. Income tax benefited from continued efforts in tax withholding in both supervision and increased control over the default rate. With respect to indirect taxes, domestic VAT and import VAT increased by respectively 14.0% and 3.5% in 2017. As for the FSIPP's recovery, it benefitted from favourable oil barrel prices in the first quarter on 2016, yielding an annual amount of XOF 104.6 billion in 2016 as compared to an amount of XOF 69.4 billion in 2015, an increase of 50.7%. In 2017, due to the increase in oil barrel prices, the resources mobilized under the FSIPP amounted to XOF 26.1 billion. For 2018, the finance law expects the FSIPP to yield an annual amount of XOF 43.9 billion, on the basis of an average oil barrel price of approximately US$ 52.

The Government has been pursuing substantial efforts to reverse the erosion of budget revenues, starting with the implementation of the new tax code in 2013. This tax code established a tax regime intended to be simpler, more equitable, stable and effective and sought to extend the tax base. The tax administration reforms included the introduction of cash refunds for VAT credits, changes to the remuneration of tax inspectors to ensure adequate incentives to broaden the tax base rather than a focus on a few large taxpayers, increased staffing, which is required for a resolution of existing tax arrears, a comprehensive audit of VAT credits, and more intensive use of various sources of information. In particular, reform measures designed to increase revenues included eliminating VAT exemptions for indirect exports and external financing transactions that take the form of subsidies or non-reimbursable donations, applying VAT to telecommunication operators, establishing a tax on cosmetic products, increasing the tax on tobacco and applying a system for advanced payment of income tax levied on industrial and commercial imports. The elimination of VAT withholding applied by government agencies to large enterprises, while lowering revenues in the short term, is intended to ultimately improve the cash position of enterprises and facilitate VAT collection. The DGD and the DGID jointly supervise and exchange information with a view to improve the collection of tax revenues.

In the 2018 *Doing Business* Index report published by the World Bank, Senegal ranked 178 out of 190 in "paying taxes" which measures the administrative burden of paying taxes and how much firms pay in taxes. The current system is unattractive to SMEs and foreign investors and does not provide the appropriate incentives for the informal sector to join the formal sector, making it difficult for firms that wish to comply to be competitive. Senegal recently facilitated tax payments by supplying tax forms and VAT declarations online and created a Centre for Medium Sized Enterprises and in January 2018 launched a new version of the e-filing platform started in 2013, to which 738 taxpayers (including 725 large companies) have already subscribed. In addition, as from 2018, e-filing and e-payment are compulsory for taxpayers reporting to the Directorate of large companies (*Direction des grandes entreprises*), in particular companies with an annual turnover of at least XOF 2.0 billion and companies operating in strategic sectors (such as banking, insurance, telecommunications, hydrocarbons and mining). The Government expects these efforts to not only improve efficiency, but also increase transparency in tax collection. Further reforms are needed for more effective tax collection, including a restructuring of the pay incentives. The current incentive structure rewards tax collectors for collecting fines from taxpayers for violations which introduces distortions. Restructuring salaries to increase base pay in line with recent average total wages for tax collectors, while continuing some well-designed pay incentives, could also increase overall revenues.

Expenditure

Total expenditure and net lending is estimated at XOF 2,839.3 billion for 2017 compared to XOF 2,703.9 billion in 2016, an increase of XOF 135.4 billion, or 5.0%.

Expenditure can be broadly classified into current expenditure and capital expenditure, with current expenditure being further divided between staff costs, interest expenses on public debt and other current expenditure.

Capital Expenditure

Capital expenditure increased by 1.0% to reach XOF 1,101.7 billion in 2017 from XOF 1,091 billion in 2016, as a result of decreased domestic financing. Capital expenditure financed from domestic sources amounted to XOF 645.2 billion in 2017 from XOF 654.6 billion in 2016, a decrease of 1.4%. Capital expenditure financed from domestic sources represented 64.3% of total capital expenditure in 2017, compared to 60.0% in 2016, reflecting the Government's commitment to finance its own investment programme. The ratio of capital expenditure from internal resources to tax revenue was 39.7% in 2017 compared to 36.5% in 2016. These investments were focused mainly on priority sectors such as infrastructure, energy and agriculture.

Current Expenditure

Current expenditure slightly increased from XOF 1,612.8 billion in 2016 to XOF 1,636.6 billion in 2017, or 1.5%, due to the policy of rationalising other current expenditure to strengthen investment spending which contribute more to gross fixed capital formation.

Staff Expenditures

Staff expenditures (wages and salaries) are estimated at XOF 599.9 billion in 2017, representing an increase of 4.8% compared to XOF 572.3 billion in 2016. The ratio of wage bill to tax revenues is estimated at 28.4% in 2017, compared to 32.0% for the previous year, below the WAEMU ceiling of 35% (which covers public law contract employees and private law contract employees of the State). In 2017, these expenses consist primarily of base salaries (41.2%) and bonuses and allowances (36.5%).

Interest Expense on Public Debt

Interest expense on public debt amounted to XOF 233.9 billion in 2017, an increase of 24.6%, compared to XOF 187.7 billion in 2016. Interest payments on domestic debt increased by 16.3% to XOF 55.6 billion in 2017 compared to XOF 47.8 billion in 2016, an increase of XOF 7.8 billion. Interest payments on external debt increased by 27.4% to XOF 178.3 billion in 2017 compared to XOF 139.9 billion in 2016, an increase of XOF 38.4 billion.

The ratio of interest service cost to GDP was approximately 2.5% in 2017, of which 0.6% for domestic interests cost to GDP and 1.9% for external interests cost to GDP.

Other Current Expenditure

Other current expenditure (transfers and subsidies and goods and services) slightly decreased by 5.9% in 2017 to XOF 802.8 billion from XOF 852.8 billion in 2016. This was due to the Government's policy of rationalisation of current expenditures as part of its general cost-saving efforts.

PUBLIC DEBT

Overview

According to the IMF's fifth Public Support Instrument (PSI) review, published in January 2018, while Senegal remains at low risk of debt distress, debt indicators have deteriorated, requiring strong progress on fiscal and structural reforms. As a share of nominal GDP, public debt increased from 20.9% in 2006 to 45.6% in 2013 and to 61.0% of GDP in 2016. According to the Public Debt Directorate (*Direction de la Dette Publique* (DDP)), at the end of 2017, debt is estimated at 62.6% of GDP (based on constant 1999 prices). Senegal's total public debt outstanding is estimated at XOF 5,970.8 billion at the end of 2017, compared to XOF 5,312.2 billion at the end of 2016, an increase of 12.4% (compared to an increase of 15.5% between 2016 and 2015). Of Senegal's total public debt outstanding as of the end of 2017, XOF 4,668.6 billion (or 78.2%) represented external debt and XOF 1,302.2 billion (or 21.8%) represented domestic debt.

With the implementation of the PSE and the investments associated therewith, the Government expects its external public debt to continue to increase in the coming years. After several years in which most of the increase of public debt was driven primarily by domestic borrowing, which includes government securities issued in local currency and held by WAEMU banks, pension funds, insurance companies and private individuals, the US$ 500 million Eurobond issued in 2014, the US$ 1.1 billion Eurobond issued in 2017 and the decline in borrowing on regional capital markets shifted borrowing from the domestic to the external market, resulting in a decline in domestic debt as a percentage of nominal GDP from 18.3% at the end of 2016 to 13.7% at the end of 2017. Domestic debt doubled between 2011 and 2017, while the share of concessional borrowing has declined. However, due to the implementation of the Medium Term Debt Strategy (MTDS), the overall cost of debt, which had increased between 2013 and 2014 from 2.7% to 3.6%, improved to reach 3.2% in 2016 and is expected to stand at 2.8% in 2017.

The IMF's PSI review mentions two main challenges regarding Senegal's public debt sustainability, which are sustained external borrowing on non-concessional terms and sustained high fiscal deficits. As part of its efforts to control spending, the Government is focusing increasingly on procuring longer-term debt financing with lower associated interest expense, as well as on efforts to reduce the overall budget deficit. The increase in GDP, following the change of base year from 1999 to 2014, improves Senegal's performance as regards the WAEMU convergence criteria with respect to the budgetary deficit set at 3.0% of GDP from 5.1% to 4.0% of the GDP. See *"Economy of Senegal—Gross Domestic Product—GDP Rebasing Project"*.

At the end of 2017, total public debt had an average maturity of 9.6 years (11.5 years for external debt and 2.6 years for domestic debt).

External Debt

Of the total amount of external debt in 2017, approximately 40.4% was owed to multilateral institutions (in particular the World Bank, the AfDB and Afreximbank); approximately 31.6% was owed to bilateral creditors, including OECD countries for 8.8% and Arab countries for 3.2%; and commercial debt, including the 2011, 2014 and 2017 Eurobond issues and bilateral commercial loans, represented 28.0%.

In May 2011, Senegal issued a US$ 500 million Eurobond with a maturity of ten years, a coupon of 8.75% and a yield at issuance of 9.125% for investors (the "2011 Eurobonds"). A portion of the proceeds of the issue were used to effect the early redemption of Senegal's US$ 200 million bonds issued in December 2009. The proceeds of the 2011 Eurobond were also used to help finance the Dakar-Diamniado Toll Highway and to support the energy sector by investing in infrastructure in accordance with the Takkal Plan, a Restructuring and Recovery Plan for the Senegalese energy sector covering the period 2011-2014.

In July 2014, Senegal issued a US$ 500 million Eurobond with a maturity of ten years, a coupon of 6.25% and a yield at issuance of 6.250% for investors (the "2014 Eurobonds"). Part of the proceeds of the issue was used to repay a €150 million loan entered into in January 2014 and due in January 2015 to Credit Suisse. Proceeds from the 2014 Eurobonds were also applied by the Republic to priority public investment projects including projects in the electricity and transportation infrastructure and services sectors.

In March 2015, Senegal entered into a new €150 million (XOF 98.4 billion) loan with a maturity of five years at a rate of 6-month EURIBOR plus 5.15% from Credit Suisse (the "CS Loan"), the outstanding balance of which was €112.5 million (XOF 73.8 billion) as of 31 December 2017.

In October 2016, Senegal raised €150 million (XOF 98.4 billion) to finance infrastructure projects through a syndicated loan with a maturity of seven years at a rate of 6-month EURIBOR plus 5.15%, arranged by Afreximbank, of which the outstanding amount, as of the date of this Prospectus, is €137.5 million (XOF 90.2 billion) (the "Afreximbank Loan").

In March 2017, Senegal entered into a US$ 150 million short-term loan at a rate of 3-month LIBOR plus 3.25% from Standard Chartered Bank and Citibank in order to finance certain infrastructure project costs (the "2017 Bridge Loan").

In May 2017, the Senegal issued a US$ 1.1 billion Eurobond with a coupon of 6.25% and a final maturity of 16 years (with amortisation taking place in three equal instalments over the last three years) (the "2017 Eurobonds"). The proceeds of the 2017 Eurobonds issuance were used to repay the 2017 Bridge Loan in full and finance certain PSE projects, in particular in infrastructure and energy.

In July 2017, in order to finance four hospital projects in Touba, Kaffrine, Kédougou and Sédhiou, Senegal entered into two loans with Société Générale for a total amount of approximately €164.2 million comprising (i) a €137.6 million loan with a maturity of 13 years including a three-year grace period and (ii) a €26.6 million loan with a maturity of five years including a six-month grace period.

In January 2018, Senegal entered into a €250 million short-term loan (with an initial maturity of three months, which may be increased to six months) at a rate of EURIBOR plus a margin of 2.50% for three months (or a margin of 3.25% if maturity is extended to six months) from Citi, Standard Chartered Bank and Société Générale in order to finance certain infrastructure projects (the "2018 Bridge Loan"). The Government intends to use a portion of the proceeds of the issue of the Notes described in this Prospectus to (i) repay each of the 2018 Bridge Loan, the CS Loan and the Afreximbank Loan in full and (ii) finance the purchase of the final aggregate principal amount of the 2011 Eurobonds agreed to be purchased pursuant to the Tender Offer. See "*Use of Proceeds*".

Domestic Debt

Senegal's domestic public debt amounted to XOF 1,302.2 billion, or 13.7% of nominal GDP as of the end of 2017, compared to XOF 1,597 billion, or 18.3% of nominal GDP at the end of 2016. Domestic public debt is denominated in local currency and held by WAEMU banks, pension funds, insurance companies and private individuals.

In 2017, domestic debt accounted for 21.8% of total public debt, down from 30.1% in 2016. Senegal uses domestic debt issuances to provide an alternative source of funding. Instruments used include short-term treasury bills (*bons du Trésor*) with a maturity of less than two years, and treasury bonds (*obligations du Trésor*) with a maturity of more than two years. Senegal also issues loan notes (*emprunts obligataires*) which are sold more widely and are listed on the regional exchange, the BRVM.

In an effort to diversify the sources of its financing and expand its investor base, Senegal issued two Islamic bonds (Sukuk) in 2014 for an amount of XOF 100 billion at a rate of 6.25% (2014-2018 Sukuk) and in 2016 for an amount of XOF 200 billion at a rate of 6.25% (2016-2026 Sukuk).

Senegal raised a total of XOF 119.8 billion in 2017 in the WAEMU regional market (compared to XOF 722.2 billion in 2016) comprised of XOF 27.7 billion in treasury bills with a maturity of three months, XOF 28.5 billion in treasury bills with a maturity of six months and XOF 63.6 billion in treasury bills with a maturity of one year. Issuances of treasury bills with a maturity of less than one year (treasury bills with a maturity of three months and with a maturity of six months) of an amount of XOF 56.2 billion were carried out as part of treasury transactions to support the budget's implementation. Of the issuances of treasury bills with a maturity of one year, the final issuance in 2017 in an amount of XOF 22.0 billion was part of a buyback programme aiming to make 2018 debt service more sustainable and therefore was not borrowed to meet 2017 financing needs.

These issuances were carried out in a challenging market environment that was adversely affected by a one percentage point increase (from 3.50% to 4.50%) in the interest rates applicable to borrowing through the BCEAO marginal lending window and by the tightening of banks' refinancing conditions. This context explains in part the deterioration of borrowing conditions, which became more expensive compared to 2016; the average interest rate for treasury bills with a maturity of three months increased from 4.06% in 2016 to 5.31% in 2017. The average interest rate for treasury bills with a maturity of one year increased from 4.49% in 2016 to 5.77% in 2017. Treasury bills with a maturity of six months were issued at a rate of 5.24%.

However, during September 2017, Senegal's borrowing conditions improved. The two transactions carried out in September 2017 (treasury bills of six months and one year) were completed under conditions unequalled since the beginning of the year: the final issuance of six-month treasury bills was carried out at an interest rate of 5.03% and the issuance of one-year treasury bills was carried out at a rate of 5.47%. These securities are sold primarily to banking institutions with a small minority being sold to pension funds and private individuals.

In addition, the Government has been borrowing in domestic currencies from other lenders, such as the West African Development Bank (BOAD). In 2017, BOAD granted Senegal a loan in two tranches for a total amount of XOF 20 billion with a maturity of 10 years, including a three-year grace period: a first tranche of XOF 5 billion at a rate of 6.7% and a second tranche of XOF 15 billion at a rate of 7.8%.

Senegal has also raised bank debt financing from certain commercial banks, including XOF 250 billion in December 2013 to finance a portion of its budget deficit through a syndicated loan arranged by Banque Atlantique.

Municipal Debt

No local authorities in Senegal have incurred any material levels of public debt, with the exception of the *Commune de Dakar*, which currently has a XOF 6.6 billion loan from the AFD maturing in April 2028.

In March 2014, the municipal council of the *Commune de Dakar* approved the issuance of XOF 20 billion in bonds to finance infrastructure. After the State of Senegal issued an unfavourable opinion on the transaction, the *Commune de Dakar* filed an appeal against this decision on the grounds of abuse of power with the Supreme Court, which dismissed the claim in May 2016. The visa of the WAEMU financial markets regulatory authority is conditioned upon a decision of the State to authorise the bond issuance.

Government-Related Entity Financial Debt

Government-related entities are public law organisations, in particular executive agencies and public administrative institutions.

Financial and accounting regulations established in 2014 for public institutions, agencies and other similar or related administrative structures were completed with implementing legislation, including decision No. 3956 of 14 March 2016, setting out the conditions under which government-related entities may apply for loans. Pursuant to these regulations, (i) the loan must be for an investment project; (ii) the opportunity analysis must demonstrate the economic, financial and social profitability of the proposed investment; and (iii) at least 25% of the entity's average funds over the three previous years must be own funds. In addition, pursuant to the procedure, loan applications submitted by these entities are subject to the technical supervision and approval of the Minister of Economy, Finance and Planning, who is in charge of ensuring compliance with the abovementioned conditions. The Parapublic Sector Directorate (*Direction du Secteur Parapublic* (DSP)) and the DDP in charge of reviewing applications have the authority to approve financing proposals for investment projects presented by public organisations.

As of the date of this Prospectus, no government-related entity has incurred external financial debt. Domestic financial debt (principal and interest) incurred by government-related entities stands at approximately XOF 183.8 billion as of 31 December 2017. The repayment of these loans is mainly backed by parafiscal taxes. For example, in the case of the Autonomous Road Maintenance Fund (*Fonds d'Entretien Routier Autonome* (FERA)), which has incurred debt amounting to XOF 114.0 billion as of 31 December 2017, repayment is backed by the Road Use Tax (*Taxe d'Usage de la Route*), the income of which is reserved for repayment purposes. The same is true for the debt due by the National Maritime Affairs Agency (*Agence Nationale des Affaires Maritimes* (ANAM)), which stands at approximately XOF 15.3 billion and is repaid using fees paid by ship-owners. Regarding the debt of the Senegalese Agency for Rural Electrification (*Agence Sénégalaise d'Electrification Rurale* (ASER)), subscribed with Bank of Africa for a total amount of XOF 71.9 billion (principal and interest), the outstanding amount is XOF 47.9 billion.

In 2017, the 77 government-related entities (including 49 agencies and similar or related administrative structures, 21 public health establishments and seven public higher education institutions) monitored as part of the budget execution report, had a cumulative budget of approximately XOF 1,318.6 billion, compared to a budget of XOF 1,123.1 billion for the 63 government-related entities monitored in 2016. In the 2017 budget, operating expenses stood at approximately XOF 502.8 billion (or 38.1% of the budget), and investment expenses represented approximately XOF 815.8 billion (61.9% of the budget).

IMF Debt Sustainability Analysis (DSA) and Forecasts

The IMF uses a framework for conducting public and external DSAs to help detect, prevent, and resolve potential debt crises. The DSA framework analyses a country's capacity to finance its policy objectives and service its debt without having to make unduly large adjustments to its fiscal policy, which could otherwise compromise its stability.

The DSA framework has the following three objectives:

(i) assess the current debt situation, its maturity structure, whether it has fixed or floating rates, whether it is indexed, and by whom it is held;

(ii) identify vulnerabilities in the debt structure or the policy framework far enough in advance so that policy corrections can be introduced before payment difficulties arise; and

(iii) in cases where such difficulties have emerged, or are about to emerge, examine the impact of alternative debt-stabilising policy paths.

The DSA analyses the sustainability of a country's total public debt and total external debt, both of which have a baseline scenario based on macroeconomic projections accounting for the government's intended policies. The IMF applies a series of sensitivity tests to the baseline scenarios to provide a probabilistic upper bound for the debt dynamics under various assumptions regarding policy variables, macroeconomic developments, and financing costs. The paths of debt indicators under the baseline scenarios and the stress tests allow the IMF to assess a country's vulnerability to a payments crisis.

According to the IMF Staff Report published in January 2018 in connection with the fifth review of Senegal's economic performance under the programme supported by the PSI, Senegal's external debt burden remains at a low risk of debt distress under the baseline scenario. Under this scenario, the Government implements sound macroeconomic policies, structural reforms and the PSE, whereby it reduces borrowing to finance below the line treasury operations and is cautious about non-concessional borrowing. This scenario allows Senegal to achieve strong and sustained economic growth as well as a stable and prudent fiscal deficit. However, under extreme stress tests, two debt indicators -- the debt service-to-revenue ratio and the present value (PV) of debt to GDP+remittances ratio – breach their thresholds. Nonetheless, the IMF Staff notes that the debt-to-GDP trajectory remains on a declining path over the medium-term and states that the most extreme shocks that lead to breaches may overstate the risk to Senegal's debt sustainability. According to the IMF Staff, the declining debt-to-GDP trajectory depends on Senegal's continued commitment to pursue structural reforms, mobilise additional revenue, control borrowing and sustain high growth.

The IMF's projections highlight vulnerabilities related to debt service, with a three-time breach of the debt service-to-revenue threshold under the baseline scenario, underscoring liquidity risks during multiple Eurobond bullet amortisations over the next 20 years. The IMF's projections under the historical scenario, which assumes GDP growth of 4.3%, show substantial and sustained breaches of debt indicators, which the IMF Staff indicates highlights the importance of structural reforms and economic growth in Senegal to avoid putting debt on an unstainable path. The public DSA does not find significant weaknesses stemming from domestic debt under either the baseline or the stress scenarios, but under the historical scenario, the PV of total public debt will grow and breach the benchmark by 2022. The IMF Staff notes that this highlights the need to continue efforts to reduce the fiscal deficit, increase revenue, sustain strong economic growth and strictly control the volumes and terms of non-concessional borrowing.

Increased non concessional borrowing, including borrowing on the regional WAEMU market and the issuance of Eurobonds and other commercial debt, has raised the debt service burden on the budget. Plans to finance significant infrastructure projects relying on commercial external borrowing would put further pressure on debt sustainability, raising debt service in the medium-term. However, the debt service/revenue ratio, which had reached 46.8% of revenue in 2012, has since started to decrease. According to the Government, debt service on total public debt was 33.7% of revenue in 2017 and is expected to decrease to 32.5% in 2018. This decrease (between 2017 and 2018) is expected to be driven primarily by the decrease in domestic debt, which is projected to fall from 21.8% to 15.2% of total public debt in 2018.

Maintaining Senegal's low risk of debt distress is predicated on sustaining the high levels of growth envisaged under the PSE while adhering to the planned fiscal consolidation path, which will require rapid progress in fostering private investment. Better selection, evaluation and monitoring of investment projects to ensure a strong economic return and accessing concessional and semi-concessional borrowing whenever possible as part of a comprehensive debt management strategy will contribute to keeping debt on a sustainable path while ensuring efficient implementation of the public investment programme envisaged under the PSE. Moreover, there is an urgent need to strengthen Treasury operations that are under pressure from balances recorded on deposit accounts and financial difficulties of the postal system. For more information, see "*Public Finance—Budget Execution Issues and Related Reforms*".

The IMF's assessment criteria for Senegal previously included a total non-concessional external debt ceiling. In December 2015, the IMF quantitative assessment criteria of the ceiling on the contracting or guaranteeing of new non-concessional external debt by the public sector ceased to apply. As a consequence, the IMF's assessment criteria for the Republic of Senegal no longer include a limit on non-concessional external borrowing.

The following table presents a breakdown of concessional debt, semi-concessional debt and non-concessional external debt for the years indicated:

	2015		2016		2017	
	(in XOF billions)					
Type of loan	**Outstanding amount**	**Proportion**	**Outstanding amount**	**Proportion**	**Outstanding amount**	**Proportion**
Concessional debt	2,655.21	80.03%	2,842.21	76.52%	3,036.56	65.04%
Semi-concessional debt	71.85	2.17%	104.75	2.82%	325.32	6.97%
Non-concessional debt	590.89	17.81%	767.41	20.66%	1,306.79	27.99%
Total	**3,317.94**	**100.00%**	**3,714.38**	**100.00%**	**4,668.66**	**100.00%**

Source: Ministry of Economy, Finance and Planning/DGCPT.

Public Debt Management

The Government is committed to pursuing a sustainable debt policy. Since 2013, Senegal has enjoyed a reputation for good macroeconomic management, particularly as concerns debt. This has resulted in improved ratings from rating agencies and better access to regional and international financial markets. To protect this reputation and continue benefiting from the resources needed for development, the Government intends to pursue a prudent indebtedness policy in order to maintain debt sustainability. The composition and mandates of the National Debt Committee were reviewed in December 2016 to enable it to play an effective advisory role in selecting loans and monitoring the level of debt, and a draft decree was submitted for approval by the Ministry of Economy, Finance and Planning. The draft decree on the establishment, function and organisation of the National Public Debt Committee (*Comité National de la Dette Publique* (CNDP)) was finalised in February 2017. Pursuant to the draft decree, financing will be sought and guaranteed solely by the Ministry of Economy, Finance and Planning, based on the recommendations of the National Debt Committee. In this context, the Government will give preference to concessional and semi-concessional loans from traditional donors, such as the AfDB and the World Bank, and will aim to ensure that the average interest rate of new external loans does not exceed 4% per annum.

One of the responsibilities of the CNDP will be to coordinate debt-related initiatives and to provide advice on the appropriateness of taking on any new debt, particularly in view of its impact on public debt sustainability. For this purpose, the composition of the Committee membership will be redefined and extended, particularly to the President’s Office, to the Prime Minister’s Office, and to other government instrumentalities. With regard to national and sectoral guidelines, the CNDP will contact the General Directorate in charge of Planning (*Direction Générale en charge de la Planification*) as needed for a notice of compliance for major debt projects. A second decree will be issued to give effect to these reforms. The Government will also establish a medium-term budget framework (MTBF), the implementation of which has been completed for certain ministries, but the official commitment has been postponed to 2020. Multi-year commitments would enable better fiscal discipline and better management of cash flow requirements.

In terms of the quality approach, the General Revenue Office of the Treasury (RGT) was recently certified in accordance with ISO 90001, version 2015. In the same vein, the DDP has been involved since 2017 in a certification process for the ISO 9001, version 2015. The planning part of the certification process (diagnostic, implementation of the project, process approach training, preparation of action plans, process sheet, dashboard, etc.) is almost finished (except for the client satisfaction survey) and the implementation (process analysis, action plan monitoring) is underway. According to the projected timetable, a mock audit is expected at the end of May 2018 and preparation for certification is expected in June 2018. In the long term, the DGCPT aims to include all such services in its quality approach to further improve services offered to clients.

Public Debt

The tables below sets out information regarding Senegal's outstanding public debt as at the end of the years indicated:

	2013	2014	2015	2016	2017
			(in XOF billions)		
External Debt					
Multilateral Creditors	**1,509.3**	**1,657.6**	**1,804.0**	**1,874.2**	**1,888.1**
IMF	175.1	154.5	120.9	88.5	56.8
World Bank	702.4	815.8	962.0	1,025.3	1,068.7
EIB	19.4	14.8	12.7	10.4	9.1
AfDB	260.8	290.8	321.5	354.1	363.9
OPEC/IDB/BADEA	189.8	205.0	208.6	206.7	198.6
Others	161.9	176.7	178.2	189.2	191.0
Bilateral creditors	**619.2**	**787.8**	**923.1**	**1,072.8**	**1,473.7**
OECD	239.5	359.3	348.1	356.5	410.2
Arab countries	171.7	175.0	180.8	174.3	150.4
Other	208.0	253.5	394.2	542.0	913.1
Commercial debt	**239.2**	**602.1**	**590.9**	**767.4**	**1306.8**
Eurobonds	239.2	503.7	492.5	570.6	1,134.6
Credit Suisse	0.0	98.4	98.4	98.4	73.8
Afreximbank	0.0	0.0	0.0	98.4	98.4
Total External Debt	**2,367.7**	**3,047.5**	**3,318.0**	**3714.4**	**4,668.6**
% Nominal GDP	**32.3%**	**40.3%**	**41.1%**	**42.7%**	**49.0%**
Domestic Debt					
Statutory Overdraft	0.0	0.0	0.0	0.0	0.0
Bank Debt	150.0	141.7	130.5	115.2	85.6
Treasury Bills	248.1	192.0	199.7	157.7	81.2
Treasury Bonds	575.9	731.8	949.5	1,324.9	1,135.4
Total Domestic Debt	**974.0**	**1,065.5**	**1,279.7**	**1,597.8**	**1,302.2**
% Nominal GDP	**13.3%**	**14.1%**	**15.9%**	**18.3%**	**13.7%**

(1) The other bilateral creditors include Exim Bank China (PRC), Exim Bank Korea, Exim Bank China (Taiwan) and Exim Bank Turkey.
Source: Ministry of Economy, Finance and Planning/DGCPT

The following table shows the amount of debt service payments for each of the last five years for external and domestic debt:

	2013	2014	2015	2016	2017
			(in XOF billions)		
External					
Principal	86.9	75.0	108.3	106.2	129.9
Interest(1)	53.3	60.3	86.7	99.6	132.4
Total	140.2	135.3	195.0	205.8	262.3
Domestic					
Principal	368.0	348.5	314.5	300.2	358.2
Interest(1)	57.1	64.7	73.0	87.7	98.5
Total	425.1	413.2	387.5	387.9	456.7
Total	**565.3**	**548.5**	**582.5**	**593.7**	**719.0**

(1) These amounts do not take into account any exchange rate fluctuations or valuation discounts recorded in connection with the debt issuances and treated as interests. For the interest amounts calculated on a cash basis and reflected in the Government Financial Operations Table (*Tableau des Opérations Financières de l'Etat* or TOFE), see *"Public Finance—Revenues and Expenses"*.
Source: Ministry of Economy, Finance and Planning/DGCPT.

The following table shows the amount of debt service payments for 2018 and the following years for external and domestic debt:

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
						(in XOF billions)					
External											
Principal	168.7	169.4	168.8	452.6	193.5	183.8	428.3	203.9	198.9	174.4	158.5
Interest	134.6	130.5	125.1	109.3	93.4	88.2	84.0	72.0	67.7	63.3	60.7
Total	303.3	299.9	293.9	561.9	286.9	272.0	512.3	275.9	266.6	237.7	219.2
Domestic											
Principal	415.1	310.5	172.1	129.3	92.2	85.8	36.1	36.1	25.0	0.0	0.0
Interest	72.9	52.6	34.1	23.3	16.1	10.5	5.4	3.2	1.1	0.0	0.0
Total	488.0	363.1	206.2	152.6	108.3	96.3	41.5	39.3	26.1	0.0	0.0
Total	**791.3**	**663.0**	**500.1**	**714.5**	**395.2**	**368.3**	**553.8**	**315.2**	**292.7**	**237.7**	**219.2**

- *Source: Ministry of Economy, Finance and Planning/DGCPT*

The following table shows the maturity profile for external and domestic debt as of 31 December 2017:

	Less than 1 year	1 to 5 years	5 to 10 years	10 years +
External Debt	3.6%	25.0%	24.9%	46.4%
Domestic Debt	31.9%	60.7%	7.5%	-

- *Source: Ministry of Economy, Finance and Planning/DGCPT*

The following table shows the external debt breakdown by currency as of 31 December 2017:

Currency	2017	%
USD	2,240.4	48.0%
EUR	1,452.3	31.1%
CNY	419.0	9.0%
JPY	157.3	3.4%
GBP	128.7	2.8%
KWD	98.0	2.1%
XOF	92.5	2.0%
SAR	44.6	1.0%
KRW	28.0	0.6%
AED	7.8	0.2%
TOTAL	**4,668.6**	**100.0%**

Source: Ministry of Economy, Finance and Planning /DGCPT.

The following list shows the outstanding issues of securities of Senegal as of 31 December 2017:

Domestic Securities

Treasury Bills	**Outstanding Principal Amount**	**Interest Rate(1)**	**Maturity Date**
Issue Date	*(in XOF billions)*		
2016	18.51	4.9%	2018
2017	62.70	6.0%	2018
Total	**81.21**		

Treasury Bonds	**Outstanding Principal Amount**	**Interest Rate(1)**	**Maturity Date**
Issue Date	*(in XOF billions)*		
2008	3.33	7.0%	2018
2012	35.24	6.7%	2019
2013	73.08	6.35%	2018 and 2023
2014	136.43	6.37%	2018, 2019 and 2021
2015	366.9	5.87%	2018, 2020, 2022 and 2025
2016	520.4	5.82%	2019, 2023 and 2026
Total	**1,135.4**		

External Securities

Eurobonds	**Outstanding Principal Amount**	**Interest Rate(1)**	**Maturity Date**
Issue Date	(in *US $ millions*)		
2011	500.0	8.75%	2021
2014	500.0	6.25%	2024
2017	1,100.0	6.25%	2033 (repayable during the last three years: 2031, 2032 and 2033)
Total	**2,100.0**		

(1) The interest rate reflects the average interest rate for all treasury bills and bonds issued during the year.
Source: Ministry of Economy, Finance and Planning /DGCPT

The following table shows the utilisation of external debt proceeds by sector as of 31 December 2017:

External Securities	**Amount Utilised**
Eurobonds	*(in US$ millions)*
Primary	-
Secondary	2,100
Tertiary	-
Other(1)	*(in EUR millions)*
Primary	-
Secondary	262.5
Tertiary	-

(1) Credit Suisse and Afreximbank commercial debt.
Source: Ministry of Economy, Finance and Planning/DGCPT.

As of 31 December 2017, Senegal's outstanding public domestic debt was held primarily by commercial banks which held approximately 91% of total domestic debt. Pension funds and insurance companies accounted for approximately 7%, while private individuals and other investors accounted for approximately 2%.

Relationship with Multilateral Lending Institutions and other External Creditors

International Monetary Fund

In October 2007, Senegal requested a PSI programme from the IMF. The IMF's framework for PSIs is designed for low-income countries that may not need IMF financial assistance, but still seek close cooperation with IMF in preparation and endorsement of their policy frameworks. PSI-supported programs are based on country-based poverty reduction strategies adopted in a participatory process involving private entities and development partners. The initial three-year PSI for Senegal was approved in November 2007 to support the country's economic reform efforts and expired in December 2010. It was aimed at consolidating macroeconomic stability, increasing the country's growth potential, and reducing poverty. The programme focused on maintaining a sound fiscal policy stance and enhancing fiscal governance and transparency. It also included measures to develop the private sector and increase the financial sector's contribution to growth.

The IMF approved a second three-year PSI in December 2010 to support economic reform through a reduction of the fiscal deficit, increasing transparency, encouraging the private sector and strengthening the financial sector. The second PSI was extended in 2013 by one year and expired in December 2014. The terms of the second PSI included (i) limiting the amount of non-concessional debt incurred during the period covered by the new PSI; (ii) restricting the use of the proceeds of such debt to non-concessional financing to be used exclusively for the extension of the Diamniadio toll highway towards the AIBD, Thiès, and Mbour; (iii) requiring the proceeds to be held in an escrow account from which only payments in relation to the Diamnadio toll highway may be made; and (iv) imposing reporting and auditing requirements.

Following successful completion of the second three-year PSI, Senegal and the IMF agreed in June 2015 on a third PSI programme for the 2015-2017 period, which in 2017 the IMF extended until 24 June 2019. Over the programme period, the Government planned to mobilise a non-concessional external loan envelope with a ceiling set at US$ 1,000 million for the purpose of financing investment projects, particularly those involving road infrastructure, the energy sector, urban water, and sanitation. To this end, the Government expected to intervene in international financial markets or use the non-concessional facilities of multilateral donors (World Bank and AfDB), which are equipped to finance large projects within short timeframes. Following the fifth review of Senegal's economic performance as part of the programme supported by the PSI, the IMF considered that the results of the programme at the end of September 2017 were satisfactory. All end-June 2017 assessment criteria and indicative targets were met, except for the floor on tax revenue, which was missed due to lower-than-projected oil-related revenues. The end-September indicative target on revenues was missed, as was the target on net lending/borrowing due to accelerated externally financed capital spending. Out of the three structural benchmarks set for the fifth review, two were met, while further progress is needed on the third structural benchmark to make the information exchange platform between the tax and customs authorities fully operational in order to increase revenue collection.

World Bank

Support from the World Bank Group (including the World Bank and its affiliates such as the IFC, the MIGA and IDA) is provided under loans and grants through budgetary supports and project facilities. As of 31 December 2017, the World Bank had approved approximately 187 projects for Senegal amounting to approximately US$ 4 billion. The portfolio of World Bank projects included, as of 31 December 2017, 24 active projects (including seven regional projects) and ten fiduciary grants totalling approximately US$ 1,327 million, or approximately XOF 769.6 billion. These 24 projects are in the areas of agriculture and rural development, energy and mining, education, water and sanitation, transportation, social welfare, fishing and governance.

The IFC's activities in Senegal are particularly focused on the proactive development of projects in the sectors of energy, transportation (the IFC was involved in financing the extension of the toll highway with €26 million in the form of senior and subordinated long-term bonds), investment climate and SME development. Since Senegal became a member of the IFC in 1962, it has received financing of approximately US$ 970 million from the IFC. As of the date of this Prospectus, projects financed by the IFC amount to US$ 90 million, or XOF 38 billion, with approximately XOF 100 billion for project financing. The IFC has also participated in financing the Tobène power plant (70 MW) in an amount of €123 million, which covers financing of €93.4 million by the IFC and a partial risk guarantee in the amount of US$ 40 million provided by the International Development Association. The IFC has also arranged a loan on equity of €28.5 million, as well as a syndicated loan of € million from the Emerging Africa Infrastructure Fund based in the United Kingdom; a syndicated loan of €25 million from a Dutch development financing company; and a loan denominated in XOF equivalent to €14.9 million from BOAD. As from February 2016, the Government of Senegal has been working with the IFC to develop up to 200 MW of solar power through a programme known as Scaling Solar. Senegal is the second country to join the IFC's Scaling Solar initiative which is initially expected to generate a combined total of 100 MW available from three sites: Touba, Kahone and Niakhar. Under the program, the IFC helps organise competitive auctions, offers financing and provides some insurance against risk.

MIGA's exposure in Senegal includes a US$ 164 million guarantee of the Dubai Port World's project to modernise the container terminal at the Port of Dakar, a US$ 7.3 million guarantee of Cotecna Inspection SA and a US$ 125 million guarantee of SONATEL Guinea, Guinea-Bissau and Mali. The interplay between the IFC and the MIGA allowed for the extension of the toll highway to the airport. The IFC acted as bookrunner for commercial financing, while the MIGA provided guarantees on exchange rates. The MIGA provides insurance services against political risks to investors and creditors of the private sector. These guarantees protect investors against non-commercial risks and can help investors access sources of financing under improved terms and conditions.

On 30 July 2015, MIGA issued guarantees of US$ 100.2 million covering a Euro – U.S. dollar cross-currency swap arrangement between Citibank, Société Générale and Standard Chartered Bank and the Government of Senegal. Senegal's Ministry of Economy, Finance and Planning entered into the swap agreements as a hedge against currency risk exposure related to the 2014 Eurobonds. The MIGA guarantee covers risk against a failure by the Government of Senegal to honour its obligations under the swap agreement.

African Development Bank (AfDB) Group

Most of the AfDB Group's resources and projects are intended for its regional member countries. Countries are classified under three categories on the basis of two criteria: (i) country-creditworthiness and (ii) GNI per capita. The first category comprises 'not creditworthy' countries with a GNI per capita below an established threshold updated annually. Countries in the first category are only eligible for concessional resources from the African Development Fund (ADF) window, which is the concessional window of the AfDB Group. The second category contains countries that have a GNI per capita below the operational GNI cut-off but are creditworthy: these are called 'blend countries' and are eligible for ADF and AfDB resources. Finally, the third category is made up of countries above the operational GNI cut-off and creditworthy. Those countries are eligible for AfDB resources only. The Group's credit policy was reviewed in May 2014, enabling, under certain conditions, an ADF eligible country to borrow non-concessional resources from the AfDB window.

In February 2018, the AfDB Group changed Senegal status from 'not creditworthy' country to 'blend country', thus allowing Senegal to borrow resources from the AfDB window on non-concessional terms going forward.

The Republic's relationship with the AfDB Group is based on a framework underpinned by the Country Strategy Document for 2016-2020 which covers the two following pillars: (i) supporting agricultural transformation; and (ii) strengthening infrastructure to support production and competitiveness (energy and transportation). Authorities and stakeholders in Senegal, including the private sector and civil society have deemed these strategic choices consistent with the PSE's priorities and the AfDB's ten-year strategy. This document was adopted on 14 September 2016 by the AfDB's Board of Directors.

As of 31 December 2017, the AfDB Group's portfolio in Senegal includes 28 transactions for a total net volume of undertakings of 864.07 million Units of Account (UA), or approximately XOF 677 billion.

As of 31 December 2017, the AfDB Group's portfolio of active national projects in the public sector included 17 transactions for a total net volume of undertakings of approximately UA 639.89 million, or approximately XOF 501.7 billion. The most important project in the portfolio in terms of amount commited is the TER approved in June 2017 for an amount of UA 153.70 million, or approximately XOF 120.5 billion. The sectoral breakdown of national projects is as follows: rural/agricultural sector (34%), water and sanitation sector (31%), infrastructure (19%), social sector (14%) and governance (2%). Regarding the regional transactions benefitting Senegal, the AfDB Group public sector department's portfolio includes six regional transactions for a total amount of UA 77.02 million, or approximately XOF 60.4 billion. These multinational projects involve Senegal as well as other countries of the region, namely The Gambia, Guinea-Bissau, Guinea and Mali. The breakdown of regional transactions is as follows: infrastructure (66.6%), water and sanitation sector (12.6%), rural sector (10.8%), governance (6%) and social sector (4%).

With respect to the AfDB Group's private sector window in Senegal, undertakings amount to approximately UA 147.16 million, or XOF 115.3 billion. As of 31 December 2017, the disbursement rate was 96.8%. There are five projects that have qualified under the private sector window including:

- the Dakar-Diamniadio toll highway (phase 1);
- the AIBD;
- the Sendou coal-fired power plant;
- the container terminal at the Port of Dakar; and
- the Rizicole Project of the *Compagnie Agricole de Saint-Louis* in Senegal.

Islamic Development Bank (IDB)

Senegal is one of the beneficiaries of the IDB's Jeddah Declaration, under which the IDB provides financing to facilitate the development of areas important for food self-sufficiency, such as agriculture, irrigation and warehousing. In addition, certain social sectors such as education, training and health, infrastructure, energy and transportation are included among the targets. As of the date of this Prospectus, total financing approved by the IDB in Senegal amounts to XOF 1,425 billion and involves various sectors, including infrastructure, electricity, hydraulics, sanitation, education and health.

The IDB's active portfolio as at 31 December 2017 is composed of 28 projects and programmes representing a total of approximately US$ 969 million in commitments, or approximately XOF 532 billion.

During the 7th Meeting of the Consultative Group for Senegal, held in Paris in February 2014, the IDB announced financing of US$ 1 billion to implement the PSE's first phase. The IDB's target was achieved and even surpassed, as it has provided Senegal with a total commitment of US$ 1.15 billion. Senegal also benefits from financing from the IDB's subsidiaries, namely the Islamic Society for the Development of the Private Sector (*Société islamique pour le développement du secteur privé*, SID) and the International Islamic Trade Finance Corporation (*Société islamique pour le financement du commerce international,* SIFC or ITFC), among others.

In 2012, the IDB and Senegal adopted a Member Country Partnership Strategy with an indicative 2013-2015 programme of US$ 507 million. Most of the target projects are currently being implemented, in particular within the sectors of transportation infrastructure, agriculture, energy, Islamic financing, female entrepreneurship and private sector development. Hydraulics and sanitation were added to the portfolio for emergency reasons. The partnership's future framework for the 2017-2020 period is currently being outlined.

International Fund for Agricultural Development (IFAD)

The partnership between the Government of Senegal and the International Fund for Agricultural Development (IFAD) covers, as of the date of this Prospectus, 16 development projects for a total amount of US$ 440 million, of which US$ 215.5 million in loans and grants from the IFAD (49%), directly benefitting approximately 456,000 households. After a decade characterised by a limited partnership due to frequent changes in agricultural policies, cooperation increased during the 1990s. The IFAD's support to Senegal has evolved over the course of decades, from the land and environmental resource management that characterised the first generation of projects toward an integrated development based on farmers' organisations and rural entrepreneurship. In effect, current economic realities require business models that pair producers with entrepreneurs, in value chains structured around products destined for the market.

In Senegal, the IFAD promotes and supports local initiatives that aim to improve food security, increase the incomes of the rural poor, create jobs for, in particular, young people and women, and improve the quality of life. The most recent generation of projects is based on strengthening, upscaling and, at the very least, reproducing the intervention models and good practices that have been tested with the support of the IFAD and other technical and financial partners. The IFAD's intervention strategy is centred on the following objectives:

1) Small producers' access to effective production services, suitable technologies and markets in order to increase the productivity of economic activities in rural areas. The programme consolidates the positive achievements of projects supported by the IFAD. To that end, it supports the improvement of the production base/potential production: seeds, water management through efficient techniques, improved access to production areas, livestock farming development and strengthened capacities of producers' organisations. It also supports and facilitates producers' access to markets. When the conditions are satisfied, the programme implements on a large-scale practices already tested by projects supported by the IFAD.

2) Rural access to entrepreneurial know-how. The programme strengthens and consolidates the support provided by the Rural Markets Promotion Programme (PROMER): to help create and consolidate profitable rural non-agricultural micro-enterprises and SMEs that participate in agricultural value chains and are capable of providing stable employment in rural areas; strengthen and professionalise the rural entrepreneurship sector; and improve the political, legislative and institutional environment of rural micro-enterprises and small enterprises.

IFAD's "Country Strategic and Opportunities Program" (COSOP), which covers the 2017-2022 period, targets financing of US$ 42 million for rural and agricultural development. It will provide additional financing for the Agricultural and Rural Entrepreneurial Development Support Project (*Projet d'Appui au Développement Agricole et à l'Entrepreunariat rural*, PADAER), and will consolidate and expand the activities of the project by extending the PADAER. The COSOP will provide a unique framework programme, closely aligned with Senegal's agricultural development and investment strategy. The IFAD's contributions aim to support the World Bank's SDGs, including the goal of reducing poverty and hunger and promoting the rights of women. In particular, with the IFAD, Senegal seeks to reduce the poverty level. Current projects include the support/expansion of the agricultural sector in an amount of US$ 50.4 million, of which US$ 34.7 million in the form of loans from the IFAD, PADAER (XOF 25.8 billion) and the Agricultural Sector Support Project Extension (XOF 25 billion financed by the IFAD in March 2014).

Other Multilateral Institutions

In early 2014, the EIB pledged nearly XOF 200 billion to help finance the PSE, becoming one of Senegal's key financing partners. Additionally, the EIB has extended XOF 12 billion in financing to Senegal to be used in the area of hydraulics and sanitation. The EIB's commitments as at 31 December 2017 stood at €142.3 million, or approximately XOF 93.3 billion.

Senegal has also benefited from a significant amount of funding from the BADEA characterised by highly concessional financing, technical operations assistance through non-reimbursable grants and other forms of support. Since BADEA and Senegal commenced relations in 1975, BADEA has provided over US$ 300 million in financing to Senegal, allowing for the implementation of significant projects in the areas of infrastructure, agriculture, water, sanitation and health, among others. Current BADEA financing includes a US$ 10 million loan provided in 2012 to finance the bulk of a water supply project in the Sine Saloum delta, which is currently in development. Additionally, over the past few years, BADEA has provided funding to Senegal for the construction of the Joal-Samba Dia-Djiffère road, the provision of hospital equipment, sanitation works at the Cité Soleil, the restoration and extension of irrigation in the Waoundé region, the supply of drinking water to the Basse Casamance islands, wastewater treatment in Corniche Ouest and sanitation works in Saint-Louis.

Other multilateral institutions with which Senegal has ties with include BOAD, ECOWAS, the Nordic Development Fund and the OPEC Fund for International Development. All of these bodies finance projects and investment programs in Senegal. However, unlike the multilateral institutions listed above, these institutions do not lend within a framework agreement agreed in advance with Senegal.

Concessional/Non-concessional Debt

Concessional debt is debt with lower interest rates and longer repayment periods than typical or standard market or multilateral debt that is generally provided to poor countries.

To ensure debt sustainability, the Government intends to contract or guarantee external borrowing on non-concessional terms, primarily to finance PSE projects and to refinance short-term and more expensive regional debt with longer-term and lower cost Eurobond financing. Since December 2015, the Republic of Senegal has not been subject to IMF limitations on non-concessional external borrowing.

Guarantees

Unlike public debt borrowings, the issue of guarantees by the State is not subject to parliamentary approval. However, the Government's policy is to avoid providing guarantees, especially guarantees in respect of non-concessional financing. Accordingly, guarantees are approved by the Minister of Economy, Finance and Planning on a case by case basis and in very limited circumstances. There are two types of guarantees: (i) guarantees for payment obligations of public agencies and (ii) guarantees granted for contractual purchase obligations of SENELEC.

In the case of guarantees granted to public agencies, they relate to financing in the form of loans granted to public agencies such as the National Maritime Affairs Agency (*Agence Nationale des Affaires Maritimes*, ANAM) and the Senegalese Rural Electrification Agency (*Agence Sénégalaise d'Electrification Rurale*, ASER). The total amount covered by such guarantees as of the date of this Prospectus is approximately XOF 79.5 billion. As regards guarantees granted to SENELEC, they pertain to the offtake obligations of SENELEC under power purchase agreements concluded with private power producers for a set period of time starting from the completion date of the relevant power plant.

Under these two types of guarantees, the State, represented by the Ministry of Economy, Finance and Planning, undertakes to substitute itself for the relevant guarantor in the event of default. Financing agreements signed between these entities and the lending banks are not recorded in the State's public debt as they will only affect the State's outstanding debt and debt service in the event of default of the relevant obligor. However, these financing arrangements are taken into account in Senegal's debt sustainability analysis.

The IMF staff raised concerns regarding the issuance by the Ministry of Economy, Finance and Planning of comfort letters. The letters are aimed at encouraging financial institutions to provide advances for projects for which a spending appropriation is expected in a future finance law. While not a de jure guarantee, there is a risk that they become de facto debt guarantees that pre-commit fiscal resources. The Government agreed with the IMF staff's view and committed to limit such letters to settlement of payments related to the agricultural sector (subsidy of agricultural inputs and equipment) and to defence and national security.

Hedging and Derivatives

Senegal entered into a series of cross-currency swaps with financial institutions to convert its US dollar exposure to Euros in order to align its liability exposure to the currency which serves as the underlying peg to its domestic currency. These hedge arrangements were made in accordance with International Swaps and

Derivatives Association standard terms at then prevailing market rates. A similar arrangement put in place by Senegal with respect to the US$ 500 million notes due 2021 was terminated in May 2016.

On 30 July 2015, MIGA issued guarantees of US$ 100.2 million covering a Euro – U.S. dollar cross-currency swap arrangement between Citibank, Société Générale and Standard Chartered Bank and the Government of Senegal. Senegal's Ministry of Economy, Finance and Planning entered into the swap agreements as a hedge against currency risk exposure related to the 2014 Eurobonds. The MIGA guarantee covers risk against a failure by the Government of Senegal to honour its obligations under the swap agreement.

Liability Management

On 26 February 2018, Senegal launched the Tender Offer for its outstanding 2011 Eurobonds. The Tender Offer expired at 5:00 p.m. New York City time on 5 March 2018 (the "**Expiration Date**") and is expected to settle on the next business day after the settlement of the USD Notes unless extended, reopened, amended or terminated by Senegal. The Tender Offer is subject to the terms and conditions set forth in the tender offer memorandum dated 26 February 2018 prepared by Senegal. Whether Senegal will settle the purchase of the 2011 Eurobonds pursuant to the Tender Offer is subject (unless such condition is waived by Senegal in its sole discretion) without limitation, to the successful closing (in the sole determination of Senegal) of the offering of the Notes pursuant to this Prospectus. On 6 March 2018, Senegal announced that it has accepted (subject to the successful closing (in the sole determination of Senegal) of the offering of the Notes pursuant to this Prospectus) US$200,000,000 in aggregate principal amount of 2011 Eurobonds validly tendered pursuant to the Tender Offer and the pro-ration factor applied. See "*Use of Proceeds*".

MONETARY SYSTEM

The Franc zone and the BCEAO

Senegal has been a member state of the Franc zone since its independence in 1960. The country is also a member of the West African Economic and Monetary Union (WAEMU), comprising eight States with a common central bank known as the Central Bank of West African States (BCEAO).

The Franc zone

The Franc zone is composed of 14 francophone countries in sub-Saharan Africa, the Comoros and France. It is the offspring of monetary relations between France and its former African colonies (excluding Guinea Bissau, which is a former Portuguese colony) reflecting the desire of its member states to maintain an institutional framework of monetary cooperation. Like the Bank of Central African States (BEAC) and the Central Bank of the Comoros, the BCEAO has an operational account on the books of the French Treasury, which guarantees the convertibility of the CFA franc of the WAEMU zone (XOF). The CFA franc of the CEMAC zone (XAF) benefits from the same conversion rate in euros but is governed by separate agreements. The peg of the XOF/XAF to the French franc was replaced by a peg to the Euro as from 1 January 1999. The substitution of the Euro for the French franc did not affect the monetary cooperation mechanism of the Franc zone in any way.

The monetary cooperation between France and the African countries of the Franc zone is governed by four fundamental principles: (i) a guarantee by the French Treasury of unlimited convertibility of the three central banks' currencies, (ii) a fixed peg, (iii) free transferability and (iv) centralisation of currency reserves. In exchange for this convertibility guarantee, the Franc zone central banks have the obligation to deposit at least 50% of their currency reserves in their operational accounts with the French Treasury (this rate is set at 65% for the Central Bank of Comoros). The management of the operational account is formalised by agreements between the French authorities and representatives of the member States of the three central banks. They are operated as current accounts opened at the French Treasury. They are remunerated and may, in exceptional circumstances, have a debit balance. The convertibility guarantee is ensured when the operational account is overdrawn. Several preventive measures, provided for in the operational account agreement, are put into place to avoid any overdrafts.

The cooperation between France and the member states of the Franc zone is the subject of regular meetings between French and African officials of the member states of the Franc zone, in particular the biannual meeting of the Finance Ministers of the Franc zone member states.

The BCEAO

The BCEAO is the common Central Bank of the eight member states which form the WAEMU, consisting of Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo. The BCEAO is a public international institution with headquarters located in Dakar. It is governed by the bylaws annexed to the WAEMU Treaty. Across the territory of all WAEMU member states, it enjoys privileges and immunities usually only granted to international financial institutions. The BCEAO is managed by a Governor appointed by the Council of Ministers for a renewable six-year term.

The 2010 reform of the institutions of the WAEMU and of the Central Bank strengthened the independence of the BCEAO and established a better division of roles and responsibilities between the different WAEMU and BCEAO entities. These entities are as follows:

- The WAEMU Council of Ministers, in which every member State of WAEMU is represented by two ministers including the minister of finance, is responsible for the implementation of general guidelines and decisions by the Conference of Heads of State and Government (*Conférence des Chefs d'Etat et de Gouvernement*), which is the WAEMU supreme body, and for defining the regulatory environment of the financial and banking system and the WAEMU exchange rate policy. For the latter, it is assisted by an Exchange Rate Committee (*Comité de Change*);
- The Monetary Policy Committee (*Comité de Politique Monétaire*) is responsible for defining the monetary policy throughout the WAEMU. The Governor is responsible for the management of the BCEAO and carries out the monetary policy defined by the Monetary Policy Committee;
- The Board of Directors is in charge of issues relating to the management of the Central Bank and is assisted by an Audit Committee; and
- The National Credit Boards (*Conseils Nationaux de Crédit*) are consultation bodies at the member State level, comprised of representatives of the Administration and of principal associations or socio-professional groups. They are in charge of issuing opinions and recommendations on the functioning

of the banking system to better address the concerns of economic actors relating to the measures taken in the context of credit and monetary policy.

As an issuing institution and a monetary authority, the BCEAO maintains a wide range of relationships with banks and financial institutions operating in the WAEMU member states. These relationships consist mainly of monitoring the stability of the banking system as well as systems and means of payment. In line with its bylaws, the BCEAO grants assistance to banks and financial institutions authorised to conduct business in WAEMU member states.

In addition to issuing the common currency in the member states, the Central Bank has been entrusted with the following fundamental assignments:

- Defining and implementing monetary policy within the WAEMU;
- Ensuring the stability of the WAEMU banking and financial system;
- Promoting the proper operation and monitoring and safeguarding payment systems in the WAEMU;
- Implementing the WAEMU exchange rate policy under the conditions set out by the Council of Ministers; and
- Centralising the official currency reserves of WAEMU member states.

The BCEAO's principal monetary policy objective is to ensure price stability and to maintain the CFA franc-Euro peg. Without prejudice to this objective, the BCEAO also supports the economic policies of WAEMU member states to foster sound and sustainable growth.

The BCEAO has two types of tools to implement monetary policy: main interest rates and mandatory reserves. The Open Market policy entails cash injections on a weekly and monthly basis at rates included in a corridor formed by the minimum bid rate and the marginal lending rate. Their implementation takes into account changes in the internal and external economic and financial environment of the WAEMU zone. As a result of the peg of the CFA franc to the Euro, the monetary policies of the CFA Franc zone closely follow those of the European Central Bank. Slight policy differences will normally arise as a result of the fact that BCEAO usually takes into account its members' economic situations such as inflationary pressures, the outcome of agricultural campaigns, trends in credits to the economy and bank liquidity.

During the meeting of the Monetary Policy Committee of June 2009, the BCEAO cut the rate of the marginal lending window by 0.5 percentage points to 4.25%, signalling its concerns over the impact of the global economic downturn on CFA zone economic growth. Since 2009, the BCEAO has decreased interest rates further on numerous occasions in order to help to support economic growth across the WAEMU region. In 2014, the Monetary Policy Committee further reduced its two key interest rates to 2.50% and 3.50%.

During its meeting on 6 December 2016, in order to address persistent imperfections in the interbank market that were reducing the efficiency of the operational framework for implementing the Central Bank's monetary policy, the Monetary Policy Committee decided to extend by one percentage point the corridor formed by the minimum submission rate to tender offers of liquidity injections and the rate of the marginal lending window. The minimum rate remains at 2.50% and the rate of the marginal lending window was increased from 3.50% to 4.50%. It also decided that refinancing granted to the same counterparty on the marginal lending window and the special refinancing window of the BCEAO cannot exceed two times the own funds of the given counterparty.

In the wake of the economic downturn of 2008, the BCEAO eased required reserve requirements for banks in several of its member states that were most affected in order to help stimulate domestic credit within their economies.

In late 2010, the BCEAO decided to standardise reserve requirements in all member states. On 1 March 2017, in order to support the implementation of measures aiming to energize the interbank market, the Monetary Policy Committee decided to decrease the mandatory reserves coefficient applicable to WAEMU banks by 200 basis points, from 5% (applicable since 16 March 2012) to 3% (applicable as from 16 March 2017).

With respect to monitoring of credit institutions, a Banking Commission (C*ommission Bancaire*) was created on 24 April 1990 and is chaired by the Governor of the BCEAO. It is entrusted with the supervision of the organisation and control of the banking system in the WAEMU.

The WAEMU is characterised, in particular, by the adoption of a single foreign exchange policy in all member states in order to ensure the freedom of financial relations within the Franc zone. Financial payments and capital movements between the WAEMU and foreign states, as well as foreign exchange transactions within the WAEMU, can only take place through the BCEAO, the postal administration or a licensed intermediate bank, in accordance with their respective responsibilities.

By Decision No. CM/UMOA/007/05/2012 of 10 May 2012, the Council of Ministers of the WAEMU created a Financial Stability Fund (*Fonds de Stabilité Financière* (FSF)) aimed to provide emergency assistance to member states and support the harmonious development of the regional financial market. The FSF's purpose is to prevent the member states from defaulting on commitments entered into on the financial markets. The FSF's financial assistance consists exclusively of servicing public debt issued in the form of bills or bonds on the regional or international market. The FSF's resources are comprised of (i) contributions from the member states of the WAEMU, the community institutions (BCEAO, BOAD and WAEMU commission) and development partners, (ii) amounts coming from the FSF's operations, and (iii) any other resources obtained by the FSF. The FSF's ressources are not significant at this stage. The FSF's intervention is limited to short-term commitments and reimbursement of the resources made available must be made over a maximum period of five years. Reimbursement terms are determined on the basis of each national situation with, however, a strong constraint on the replenishment of resources.

Inflation

The table below sets out the annual average inflation rates in Senegal and in the WAEMU for the periods indicated:

Inflation (Consumer Price Index)	2013	2014	2015	2016	2017(1)
Senegal	0.7%	(1.1%)	0.1%	0.8%	1.3%
WAEMU	1.5%	(0.1%)	1%	0.3%	0.2%

(1) Estimated data.
Source: ANSD/BCEAO

In 2013, the inflation rate in Senegal decreased to 0.7%, as compared to 1.4% in 2012, as a result of easing global raw material prices and the State's price fixing policies for staple food. Given the high cost of living, the Government took measures to fix the price of certain essential staple foodstuffs, such as ordinary broken rice, sugar and oil on 22 May 2013, and powdered milk on 31 August 2013. Similarly, measures taken to reduce the cost of rent and the price of bread in January 2014 were applied. The full effects of these measures had a significant impact on consumer prices in 2014, resulting in an average decrease of 1.1% in prices. In 2015, the inflation rate stood at 0.1% due to the easing of global raw material prices and the State's price fixing policies for staple food again. In 2016, the inflation rate increased to 0.8%, consistent with changes in commodity prices. In 2017, inflation is estimated at 1.3%, driven by global commodities markets.

The Government expects inflation to stay below WAEMU's 3.0% inflation rate ceiling. The entire CFA franc zone of the WAEMU has historically exhibited low inflation, notwithstanding a high rate of inflation in 2008 (6.6%), because of the relative stability of the regional currency as well as the monetary policy of the BCEAO. This helps dampen inflationary volatility in Senegal, which stems in part from its high dependence on food and oil product imports.

Money Supply and Foreign Reserves

The following table sets out certain information regarding Senegal's money supply, including foreign reserves, as at 31 December for each of the years indicated:

	2013	2014	2015	2016	2017
			(in XOF billions)		
Net foreign assets	577.1	844.9	1,120.8	1,171.1	1,415.4
BCEAO	690.7	854.3	948.8	738.0	907.8
Commercial banks	(113.6)	(9.4)	172.0	433.1	507.6
Domestic claims	2,674.5	2,802.2	3,160.5	3,674.0	4,179.6
Net claims on the central government	140.9	37.8	199.9	430.1	399.1
Central bank	21.0	(76.5)	43.9	24.0	(8.7)
Commercial banks	120.0	114.4	156.0	406.1	407.7
Claims on the economy	2,533.6	2,764.4	2,960.6	3,243.9	3,780.6
Other items (net)	(187.7)	(119.7)	(142.7)	(183.9)	65.4
Broad money (M2)	2,795.2	3,108.8	3,708.5	4,217.4	4,726.5
Currency in circulation	620.0	684.2	806.5	920.1	1,147.6
Total deposits	2,175.2	2,424.5	3,902.0	3,297.3	3,578.9
Transferable deposits	1,306.1	1,359.1	1,690.5	1,998.1	2,029.4
Other deposits	869.1	1,065.4	1,211.5	1,299.3	1,479.5
	(Change in percentage of beginning-of-period broad money stock)				
Net foreign assets	20.6	27.2	30.2	27.8	29.9
BCEAO	24.7	27.5	25.6	17.5	19.2
Commercial banks	(4.0)	(0.3)	(4.6)	10.3	10.7
Domestic claims	95.7	90.1	85.2	87.1	88.4
Net claims on the central government	5.0	1.2	5.4	10.2	8.4
Claims on the economy	90.6	88.9	79.8	76.9	80.0
Other items (net)	(6.7)	(3.9)	(3.8)	(4.4)	(1.4)
			(Units indicated)		
Memorandum items:					
Velocity (GDP/M2; end of period)	2.6	2.4	2.2	2.1	2.0
Nominal GDP growth (% growth)	1.0	3.0	6.8	7.9	8.9
Credit to the economy (% growth)	12.0	9.1	7.1	9.6	16.5
Credit to the economy/GDP (%)	34.5	36.6	36.7	37.3	39.6
Variation of net credit to the government (from previous year; XOF billion)	104.3	(103.1)	162.0	230.2	(32.7)
BCEAO refinance rate (eop/latest; %)[(1)]	3.5	3.5	3.5	4.5	4.5

(1) Interest rate applied to the marginal lending facility by the BCEAO.
Source: BCEAO and IMF estimates and projections

At the end of December 2017, the broad money supply stood at XOF 4,726.5 billion, an increase of 12.1% compared to XOF 4,217.4 billion at the end of 2016, and compared to XOF 3,708.5 billion in 2015 and XOF 3,108.8 billion in 2014.

The change in overall liquidity in 2017 is illustrated by changes in currency in circulation (XOF +227.5 billion; +24.7%) and deposits (XOF +281.5 billion; +8.5%), which reached XOF 1,147.6 billion and XOF 3,578.9 billion, respectively. The overall domestic liquidity rate increased from 47.6% in 2016 to 49.6% in 2017, compared to 45.5% in 2015.

Net foreign assets of monetary institutions are estimated to be XOF 1,415.4 billion in 2017 compared to XOF 1,171.1 billion in 2016, or an increase of XOF 244.3 billion, due to a XOF 169.8 billion net increase in the Central Bank's external position, and a XOF 74.6 billion increase in the banks' external position.

Net domestic claims are estimated at XOF 4,179.6 billion at the end of December 2017, an increase of 13.8% against the previous year, due primarily to an increase in credits to the economy of XOF 536.7 billion. This increase was offset by a XOF 32.7 billion decrease in net assistance to the State.

In 2016, a sectoral analysis of credits shows that they were directed primarily toward the "services" (34.3%), "trade" (25.3%), "industrial activities" (20.4%) and "transportation and communication" (12.0%) branches. The latest available sector data (end of November 2017) shows that the banks' support in 2017 was directed primarily toward services (33%), trade (22.4%), industrial activity (18%) and building and public works (13.9%).

At the end of 2017, coverage of imports is at 4.2 months, at the WAEMU level.

Exchange Rate

Due to its membership in the WAEMU monetary zone, Senegal applies an exchange regime that is exempt from any restrictions on payments and transfers relating to normal international transactions.

The common currency of the WAEMU is the XOF (which is pegged to the Euro at a fixed exchange rate of: 1 Euro = XOF 655.957). This fixed exchange rate has not changed since the introduction of the Euro. Prior to this, it was fixed to the French franc. The only devaluation of the XOF (50% compared to the French franc) occurred in January 1994 following the decision of all WAEMU member states to help exports from their countries.

At the WAEMU level, the real effective exchange rate increased by 0.5% in 2017. This increase is due to the 4.0% increase in the nominal effective exchange rate in 2017, which was offset by an inflation differential favourable to the WAEMU of 3.5 percentage points.

The change in the nominal effective exchange rate reflects the year-on-year (2017 compared to 2016) appreciation of the CFA franc compared to the naira (+38.7%), the cedi (+14.1%), the pound sterling (+7.2%), the yen (+4.2%), the yuan (+3.5%) and the US dollar (+1.2%). However, the CFA franc depreciated compared to the rand (-8.7%) and the Indian rupee (-1.8%).

An analysis by WAEMU member country shows a loss of competitiveness in 2017 in Niger (+3.1%), Côte d'Ivoire (+2.0%) and Senegal (+0.8%). However, gains in competitiveness were recorded in Mali (-2.9%), Guinea-Bissau (-1.3%), Togo (-1.0%), Burkina-Faso (-0.9%) and Benin (-0.8%).

Differences between countries with respect to competitiveness is partly due to the geographical focus of each State's foreign trade and partly due to differences in inflation rates. Thus the scale of the loss of competitiveness recorded in Niger is consistent with the weight of its trade with neighbouring countries, namely Nigeria, whose currency depreciated. In addition, a relatively higher level of inflation was recorded in this country during 2017 (2.3% compared to an average of 0.8% in the WAEMU). The significance of the gain of competitiveness recorded in Mali reflects the scale of its trade with South Africa (+26.2% compared to 5.8% for the WAEMU), whose currency appreciated.

The Banking Sector

Banking Environment

The current banking system includes three financial holding companies (Tamweel Africa Holding, BOA Group and Groupe BDK) and 29 credit institutions, including 25 banks and 4 financial institutions with banking activities. La Banque Outarde (LBO), accredited in January 2017, began operations on 22 January 2018. The FINAO, a financial institution with payment banking activities, accredited in November 2017, has not yet begun operations.

The banking sector is relatively concentrated. The five biggest banks hold 52% of the total assets and collect 57% of the total deposits held by Senegalese banks as of 31 December 2017. The 3 largest institutions are subsidiaries of foreign banks (Groupe Attijariwafa, Société Générale and Groupe Ecobank) which have an aggregate market share of 42% in terms of deposits and 38% in terms of total loans and assets.

The banking sector is dominated by foreign banks: 18 credit institutions (including the three largest) are controlled by foreign banking corporations. No Senegalese bank is majority-controlled by the State.

The regional stock exchange, the BRVM, is a marginal source of financing, except for the Republic. The Interbank market remains underdeveloped, although it experienced significant progress in 2017 with far higher volume.

A large number of microfinance institutions offer limited financial services targeting low-income households (see *"—Microfinance*").

Although relatively few Senegalese use banking services, the country has one of the largest banking industries in the region due to its role in the WAEMU. Thus, 22.2% of WAEMU's banking assets are concentrated in Senegal, and the country's banks accounted for about approximately 13% of profits within the WAEMU banking sector as of 31 December 2016, with total profits of XOF 50 billion. Based on provisional data available at the end of December 2017, profits of the Senegalese banking sector are estimated at XOF 110.4 billion.

The table below presents certain financial information regarding the Senegal banking sector for the years indicated:

	2013	2014	2015	2016	2017[(1)]
			(in XOF billion)		
Total assets	**4,081.0**	**4,591.7**	**5,392.4**	**6,322.1**	**6,655.3**
Non-financial assets	115.2	149.2	177.9	211.6	189.5
Financial assets	3,965.8	4,442.5	5,203.9	6,030.8	6,465.8
Currency and deposits	682.3	703.0	841.7	805.8	555.6
Loans (after specific provisions)	2,530.7	2,794.9	3,084.6	3,523.1	4,253.2
(i) Gross loans	2,789.8	3,115.6	3,461.7	3,947.5	4,684.8
(i.i) Interbank loans	29.1	64.5	67.7	169.1	210.2
(i.i.i) Resident	8.1	19.9	20.0	58.2	35.7
(i.i.ii) Non-residents	20.9	44.6	47.6	110.9	174.6
(i.ii) Non interbank loans	2,760.7	3,051.1	3,394.6	3,778.4	4,474.6
(i.ii.i) Central Bank	0.0	0.5	0.0	0.0	0.0
(i.ii.ii) General government	100.2	186.4	318.9	453.1	634.5
(i.ii.iii) Other financial corporations	11.1	10.0	27.8	7.3	7,107.0
(i.ii.iv) Non-financial corporations	1,733.7	1,909.9	1,861.1	2,013.0	2,332.1
(i.ii.v) Other domestic sectors	894.6	936.7	1,129.6	1,235.4	1,396.8
(i.ii.vi) Non-residents	21.0	7.7	56.6	69.6	104.0
(ii) Specific provisions	259.1	320.7	377.8	424.5	431.6
Debt securities	586.4	784.0	1,079.3	1,468.9	1,418.9
Shares and other equity	23.7	15.0	17.7	22.8	24.2
Financial derivatives	0.0	0.0	0.0	0.0	0.0
Other assets	142.8	145.7	180.5	210.3	214.0
Liabilities	**3,620.9**	**4,111.9**	**4,855.0**	**5,668.0**	**5,986.1**
Currency and deposits	2,860.0	3,277.4	3,898.3	4,305.9	4,655.2
(i) Customer deposits	2,622.2	3,038.3	3,679.2	4,073.4	4,426.3
(ii) Interbank deposits	189.1	231.7	209.5	219.9	173.0
(ii.i) Resident	8.0	5.5	18.3	10.9	35.4
(ii.ii) Non-resident	181.1	226.2	191.2	209.0	137.5
(iii) Other currency and deposits	8.7	7.4	9.5	12.6	55.9
Loans	551.7	605.0	714.3	1,096.3	1,034.0
Debt securities	13.6	10.1	9.1	8.1	14.7
Other liabilities	195.6	219.4	233.3	257.7	282.1
Debt	3,620.9	4,911.9	4,855.0	5,668.0	5,986.1
Financial derivatives	0.0	0.0	0.0	0.0	0.0
Capital and reserves	460.1	479.8	526.7	574.5	669.3
Of which: Narrow capital and reserves	*422.7*	*421.2*	*467.2*	*508.1*	596.9
Balance sheet total	4,081.0	4,591.7	5,381.7	6,242.4	6,655.3

(1) Data as of 31 December 2017.
Source: BCEAO

Banking Sector Performance

The minimum share capital requirement for banks operating in the WAEMU region was increased for newly created institutions from XOF 1 billion to XOF 5 billion in January 2008. It rose to XOF 10 billion in 2011. As of 31 December 2017, all banking institutions operating within WAEMU comply with the XOF 10 billion minimum share capital threshold.

According to the BCEAO, the capital adequacy ratio (core capital to risk-weighted assets) of Senegal's banks, which is calculated on the basis of Basel I principles (Cooke ratio), stood at 13.9% in 2017 and 14.1% in 2016, as compared to a minimum capital adequacy ratio set by the banking regulator at 8%.

With regards to the quality of the banks' loan portfolio, several banks in Senegal have suffered increases in the number of non-performing loans (NPLs) in their portfolios, in particular since 2008, and have not had favourable outcomes since then. In accounting terms, despite the repayment of certain receivables permitted by the resumption of activity in these areas, including through the restructuring of ICS and SONACOS, these receivables remain as NPLs. Net NPLs (gross NPLs less related provisions) represent 7.0% of the banks' aggregate loan portfolios as at December 2017, as compared to 6.5% at the end of December 2016. Consequently, two banks are not in compliance with the "minimum share capital representation" requirement defined by the BCEAO, which requires that share capital and shareholders' equity equal at least XOF 10 billion. To address this situation, action plans have been required in order for the institutions concerned to restore their capital to a compliant level. The Government does not believe that the current level of NPLs poses a systemic threat. The determination of the portfolio's deterioration rate should change, due to the exclusion, on the fifth year following their classification as doubtful loans, of receivables entirely covered by provisions.

The lending interest rates charged by banks to their clients continued their downward trend, falling to an average of 5.67% in 2016 compared to 5.89% in 2015. This trend has been observed in the WAEMU zone (6.93% in 2016, compared to 7.01% in 2015).

Net domestic credits stood at XOF 4,179.6 billion as of 31 December 2017, an increase of 13.8%, compared to XOF 3,674 billion as at December 31, 2016, due mainly to an increase in private sector credit (+14.9%).

Stress tests carried out by the BCEAO for the banking system in September 2017 showed that banks are resilient in terms of solvency standards, with the exception of four institutions. Disciplinary measures were taken in December 2017 against institutions that were non-compliant with the minimum share capital standard, requiring them to comply with this requirement by 30 June 2018 at the latest. These institutions have already begun to raise their equity through capital contributions, with the exception of one institution that launched a share capital restructuring through loss absorption and the sale of a majority stake to a reference shareholder. In addition, the tests emphasised a decrease in the need for lending institutions' liquidity over the third quarter of 2017, in light of the increase recorded at the liquid assets level (securities held: +10% and cash in hand: +2%). Overall, the banking system reflects the effects of the consolidation of capital and a development in activities promoting restored profitability after the deficit of 2014, as a result of the requirement to raise additional provisions imposed by the WAEMU Banking Commission in an effort to increase the quality of the portfolios of certain lending institutions. A marked improvement was recorded over the 2014-2016 period with regard to the quality of portfolios. In 2017, the net and gross NPL rates were 7.0% and 15.6%, respectively, reflecting repayment difficulties observed, in particular, with companies in the real estate and construction and public works sector, which recorded delays in the completion of works and corresponding delays in the proceeds expected from the sale of real estate assets.

Profits for Senegalese banking sector are provisionally estimated at XOF 110.4 billion in 2017, as compared to XOF 50.0 billion in 2016, XOF 28.1 billion in 2015 and a loss of XOF 1.8 billion in 2014. The loss in 2014 was principally due to a large impairment recorded by one of the three largest credit institutions.

Indicators of financial stability are shown in the table below:

In %	**As of the end of December 2015**	**As of the end of December 2016**	**As of the end of December 2017**
Capital Standards			
Regulatory capital/Risk-weighted assets(1)	17.7	14.8	14.2
Core capital/Risk-weighted assets(1)	17.3	14.1	13.7
General provisions/ Risk-weighted assets	14.6	13.9	11.9
Equity capital/Assets	9.8	9.2	10.1
Composition and quality of the assets			
Net NPLs/Total net credits	8.9	6.5	7.0
Gross NPLs(2)/Total credits	18.8	17.2	15.6
General provisions/Gross NPLs	57.9	62.3	59.6
Liquidity			
Liquid assets/Total assets	51.0	53.4	47.9
Liquid assets/Total deposits	74.6	81.8	69.5
Total credits/Total deposits	83.8	86.5	86.2
Total deposits/Total liabilities	68.4	65.2	68.9
Profitability			
Margin net of interest/gross proceeds	34.7	31.3	32.1
Expenses excluding interest/gross proceeds	69.7	70.3	67.4
Net proceeds/Total assets	0.9	0.8	1.7
Net proceeds/ Equity capital (profitability of equity capital)	9.0	9.2	16.5

(1) These ratios are calculated on the basis of Basel I principles.
(2) Unpaid for over 180 days.
Source: BCEAO

Financing the Economy

Banks in Senegal offer commercial and retail banking services as well as services related to securities and private banking. The ratio of deposits to GDP was approximately 37.5% in 2017 compared to 37.9% in 2016 and 37.8% in 2015. These ratios of deposits are calculated on the basis of the IMF's new monetary statistics nomenclature. However, approximately 51% of loans are short-term loans, and the vast majority of loans are granted to a limited number of companies. This is due to Senegal's sizable informal sector, which operates entirely outside Senegal's established financial sector and therefore is generally not eligible for bank borrowing. In order to improve credit to the private sector, the State has sponsored the creation of the *Banque*

Nationale pour le Développement Economique (BNDE), in which it holds approximately 34%. The core mission of the BNDE is to provide financing to SMEs.

The provision of new means of payment and new financial services in general has diversified, with mobile phones as a support device. The use of such mobile banking devices has significantly contributed to increasing access to financial services as shown by the overall financial services usage rate, which is estimated at 63.09% in June 2017, 62.19% in 2016 and 76.30% in 2015, while the bank-usage rate *stricto sensu* is estimated at 15.92% in June 2017, 18.29% in 2016 and 16.98% in 2015. WAEMU policy makers have identified financial inclusion as a key strategic theme. See *"—Financial Inclusion"* below. The BCEAO assesses financial inclusion through three indicators:

- The Strict Bank Usage Rate, equivalent to the "usage rate of banking services *stricto sensu*", is defined as the percentage of the adult population (15 years and older) holding accounts at banks, the postal service, savings banks or the Treasury.
- The Broad Bank Usage Rate is defined as the percentage of the adult population holding accounts at banks, the postal service, savings banks or the Treasury or accounts in a Decentralised Financial System (DFS).
- The overall financial services usage rate measures the percentage of the adult population holding a depository account at a credit institution or at a microfinance institution or an electronic currency account.

An analysis of the structure of loans reported to the BCEAO's central risk division revealed that the tertiary sector absorbed 73.9% of loans granted at the end of September 2017 and remains the principal beneficiary of bank financing. The secondary sector ranks second and accounts for 23.1% of bank loans. The primary sector remains the least financed, benefitting from only 3.0% of bank loans. Medium-term (five to seven years) and long-term (beyond seven years) loans, which are essential for real estate investments and other investment projects, represented 29.9% and 10.5%, respectively, of global loans.

Compliance with Prudential Regulations

The table below presents the prudential standards and the number of violations of prudential standards from December 2015 to December 2017:

Prudential Standards	**December 2015**	**December 2016**	**December 2017**
Number of banks in operation	23	24	24
1- Minimum share capital representation	8	5	2
2- Risk coverage ratio (min: 8%)	2	2	1
3- Risk exposure coefficient (max: 25% of equity capital per borrower)	3	6	3
4- Liquidity coefficient (min.: 75%)	6	2	4
5- Coverage of medium- and long-term assets by stable resources (min.: 50%)	3	2	3
6- Investments (max.: 25% of minimum share capital)	0	4	1
7- Non-operating assets (max: 25% of core own funds)	1	5	2
8- Assets and investments (max: 100% of actual own funds)	0	1	2
9- Loans to directors (max.: 20% of actual own funds)	3	3	4
Total number of violations	26	30	22

Source: BCEAO, prudential situations received by banks

According to the BCEAO, compliance of banks in Senegal with prudential regulations is generally satisfactory. The Banking Commission issues quarterly reports on the banks' compliance with prudential regulations, along with steps required of violating banks to address any violation identified. Several violations mentioned in the table above pertain to quarterly ratios (in the case of items 5, 6, 7 and 8) and, as such, do not necessarily constitute evidence of serious regulatory issues. However, monitoring all such violations allows the Banking Commission to more closely supervise banks' compliance and to anticipate more serious regulatory challenges. The table also mentions two violations of the XOF 10 billion minimum share capital representation in December 2017, but the relevant banks have taken appropriate steps to comply with the Banking Commission's requirement, based on specific action plans determined with the Supervisory Authority. As for the three violations of the risk exposure coefficient in December 2017, they reflect concentration in credits arising in the building and public works and trade sectors.

Basel II and Basel III Implementation

During its session held on 24 and 25 June 2016, the WAEMU Council of Ministers adopted the following regulations:

- The WAEMU's revised Banking Accounting Plan (BAP), which has been prepared on the basis of

IFRS standards;

- Prudential regulations implementing Basel II and Basel III Standards in the WAEMU; and
- Regulations relating to the supervision of parent credit institutions and financial institutions in the WAEMU on a consolidated basis.

These new regulations entered into force on 1 January 2018. A transitional period allowed the subject institutions to take stock of these reforms and the BCEAO to monitor the preparedness of the credit institutions to implement them. To this end, a support programme (*Programme d'Accompagnement Rapproché des Etablissements* – PARE) was implemented in two stages to help institutions resolve their difficulties before implementing the Basel II/III reform. The conditions of implementation of the revised BAP are specified by 13 Instructions issued by the BCEAO. Revised prudential regulations are based upon Decision no. 13 of 24 June 2016 of the WAEMU Council of Ministers that was published by the BCEAO. Circulars of the WAEMU Banking Commission were published in September 2017 regarding governance, internal control, risk management and compliance and the conditions for the exercise of administrators' and directors' duties.

Microfinance

Microfinance represents a critical lever for the population's access to and use of basic financial services. The sector has remained dynamic over the past twenty years and has been primarily driven by the entry into force in January 2009 of the uniform law establishing DFS regulations, regulations implementing a sector stabilisation plan introduced by the Ministry of Economy, Finance and Planning, as well as an Action Plan to maintain and strengthen the microfinance sector's viability throughout the WAEMU.

At the end of September 2017, the microfinance sector in Senegal was composed of 387 DFS, of which seven were established as *sociétés anonymes*, one as an association and 379 as *Institutions Mutualistes et Coopératives d'Epargne et de Crédit* (IMCEC). 47 DFS are subject to the provisions of Article 44 of the law establishing DFS regulations and represent 93% of the sector's activities, of which 33% are part of the *Fédération des Caisses du Crédit Mutuel du Sénégal* (FCCMS). These structures are placed under the supervision of the BCEAO and the WAEMU Banking Commission. Microfinance institutions apply the same KYC and AML rules as the banks.

In terms of activities, total assets for DFS subject to Article 44 stood at XOF 496 billion as of 30 September 2017 compared to 420 billion one year before. Collected deposits increased by 9%, from XOF 284 billion in September 2016 to XOF 309 billion in September 2017. This increase is primarily due to four DFS that account for 83% of the sector's deposits. Outstanding loans made to members stood at XOF 351.1 billion as of 30 September 2017 compared to XOF 321 billion in September 2016, an increase of 9.3%.

The table below presents the performance of DFS for the periods indicated:

Microfinance sector performance	**December 2015**	**December 2016**	**September 2017**
Net income (in XOF millions)	275	5,475	4,399
Net financial income (in XOF millions)	49,670	56,897	46,023
Profit margin (20% min)	3.12%	10.01%	13.80%
Operational self-sufficiency (130% min)(1)	103.20%	111.06%	115.04%
Return on equity (15% min)	4.25%	8.62%	7.71%
Return on assets (3% min)	0.75%	2.01%	1.68%
Operational coefficient (60% max)	86.86%	73.88%	67.57%

(1) This ratio shows the coverage of operating costs by operating revenues.
Source: BCEAO

Financial stability indicators of DFS are set forth in the table below:

Indicators in %	December 2015	December 2016	September 2017
Equity standards			
Limitation on risks taken on a single borrower (max: 10% of equity)	1	1	1
Limitation on loans to executives, employees and affiliated persons (max: 10% of equity)	11	9.45	6.92
Capitalisation standard (min 15% of equity)(1)	21.87	21.73	22.11
Limitation on other savings and loans activities	0	0	0
Limitation on equity stakes (max: 25% of equity)	0.23	0.22	0.18
Limitation on assets and investments (max : 100% des FP)	38	32	25
Equity/total assets(1)	21.87	21.37	22.68
Asset composition and quality			
Gross loans in default/Total loans	4.6	4.5	5.1
General provisions/Gross loans in default(2)	67.99	70.40	65.49
Liquidity coefficient(3)			
- min: 80% IMCEC affiliated	92	102	101
- min: 100% IMCEC unaffiliated	166	148	138
Liquid assets/Total deposits	31.89	23.45	23.89
Total loans/Total deposits	112.16	112.73	109.32
Total deposits/Total liabilities	61.05	61.68	60.91

(1) This measure the ratio of equity capital to net assets.
(2) Unpaid for over 90 days.
(3) This coefficient measures the ratio between the sum of assets realisable within three months or more and the sum of current liabilities of three months or more.
Source: BCEAO

Prudential compliance

The table below presents the number of violations with respect to prudential standards by DFS from December 2014 to September 2017:

Prudential standards	December 2014	December 2015	December 2016	September 2017(1)
Number of Article 44 DFS active	38	39	42	47
1. Limitation on risks to which an institution is exposed (standard: Max. 200%)	1	-	-	-
2. Coverage of medium- and long-term loans by stable resources (standard: Max. 100%)	15	19	23	25
3. Limitation on loans to executives, employees and related individuals (standard: Max. 10%)	6	6	8	18
4. Limitation on risks taken on a single borrower (standard: Max. 10%)	2	2	4	5
5. Liquidity coefficient	7	6	8	7
6. Limitation on transactions other than savings and loans (standard: Max. 5%)	-	-	-	-
7. Capitalisation (standard: Max. 15%)	7	10	16	22
8. Limitation on equity stakes (standard: Max. 25%)	-	-	-	5
9. Financing of assets and investments (standard: Max. 100%)	1	1	5	5

(1) Provisional figures.
Source: BCEAO

Risks for the microfinance sector

The major risks to which microfinance institutions in Senegal are exposed include poor governance and the deterioration of portfolio quality resulting from defaulting loans. Other risks include:

- Under-capitalisation, due to insufficient equity;
- The weakness of Management Information Systems (*Systèmes d'Information de Gestion*, SIG);
- Shortcomings of supervisory and internal control mechanisms;
- A lack of financial sophistication; and
- Non-compliance with regulatory provisions.

To mitigate these risks, in addition to measures by regulatory and supervisory authorities focused on strengthening off-site and on-site controls and imposing sanctions, the Government approved a new Microfinance Sectoral Policy Letter (*Lettre de Politique Sectorielle de la Microfinance*) for Senegal in December 2015. This strategy aims to promote financial inclusion by implementing measures to extend distribution channels, digitising financial transactions, including the Government's CMU related financial arrangements, as well as identifying and taking into account new needs with respect to mobile banking, agro-finance and Islamic finance. The action plan's budget is estimated at XOF 100 billion, a third of which is already available. This action plan is centred on the three following initiatives:

- increase the sector's safety and stability;
- improve supply and distribution channels; and
- strengthen the demand structure.

Financing of SMEs

Strengthening the financing of SMEs by the DFS is one of the major themes of the National Microfinance Strategy (*Stratégie nationale de la microfinance*). This strategy is also carried out through the Private Sector Support Platform (*Plateforme d'Appui au Secteur Privé*) and through amongst others a programme seeking to promote investment in SMEs in Senegal by the Senegalese diaspora in Italy (PLASEPRI), arising from the cooperation between Senegal and Italy. This programme seeks in particular to create and strengthen local SMEs and promote investment in the native country of Senegalese individuals residing in Italy. 581 SMEs were financed for a total amount of XOF 13 billion over the 2010-2015 period. More specifically, financing of XOF 1.5 billion benefitted 200 groups of women, and 57% of investments were granted to the agricultural sector, thereby supporting the State's policy turning agriculture into an engine of structural transformation of the Senegalese economy. The second phase of the Private Sector Support Platform and the empowerment of the Senegalese diaspora in Italy, accounting for €13 million, launched in May 2016, is currently being implemented. Furthermore, the BNDE has defined a cooperation framework with the Ministry of Finance to refinance micro-projects.

At the BCEAO level, as part of the implementation of the recommendations of the Ad Hoc High Committee on the Financing of WAEMU Economies (*Haut Comité ad hoc sur le financement des économies de l'UEMOA*), the WAEMU Council of Ministers adopted on 29 September 2015, by Decision No. 29 of 29/09/2015/CM/WAEMU, a support mechanism for the financing of SMEs of the WAEMU member states designed by the BCEAO. This mechanism aims to provide a response to the problems of SME in obtaining access to bank financing through incentives offered by BCEAO to credit institutions and better organisation of support for these companies. The aim is to create an optimal mass of successful SMEs with a view to increasing the contribution of this category of enterprises to wealth creation and the fight against unemployment.

To support SMEs in their search for financing, on 19 December 2017, the BRVM created an SME-dedicated compartment on the exchange. To this end, it has launched a support programme called "ELITE BRVM LOUNGE", similar to the programme implemented by the London Stock Exchange and the Casablanca Stock Exchange. According to the BRVM, this programme is designed to help the most successful and ambitious companies prepare and structure the next stage of their growth. The selection of the initial issuers is underway.

Financial inclusion

Among the measures and initiatives relating to financial inclusion is the approval of the Microfinance Sectoral Policy Letter and its 2016-2020 action plan, as well as the adoption by the WAEMU Council of Ministers, in June 2016, of the Regional Financial Inclusion Strategy (*Stratégie Régionale d'Inclusion Financière*, SRIF). The roundtable of donors to finance the SRIF in the WAEMU was held at the BCEAO's headquarters in November 2016. The coordination structures (Regional Steering Committee and National Monitoring Committee) were implemented in the course of 2017. This strategy was prepared in a context characterised by the dominant role of microfinance and the strong expansion of financial services through mobile telephony. It seeks to ensure, over a five-year period, access to and use of a diversified range of financial products and services, adapted and affordable, for 75% of the WAEMU's adult population. The strategic fields identified by the SRIF are as follows:

- Promote a legal and regulatory incentive framework, and effective supervision;
- Clean up and strengthen the microfinance sector;
- Support innovations favourable to greater financial inclusion;
- Strengthen financial education and the protection of the financial services client; and

- Provide a policy framework consistent with and conducive to the development of financial inclusion.

In connection with establishing the coordination structures of the SRIF in the WAEMU, Senegal's National Implementation Monitoring Committee (*Comité National de Suivi de la Mise en Oeuvre*) (CNSMO) was put in place and held its first meeting under the chairmanship of the representative of the Minister of Economy, Finance and Planning. All stakeholders expressed their commitment.

Moreover, as part of its activities in Senegal, the United Nations Capital Development Funds (UNCDF), through its Mobile Money for the Poor (MM4P) programme aiming to strengthen financial inclusion via digital finance, carries out measures to promote the digitalisation of financial institutions' procedures and the State's transactions.

Furthermore, a national financial inclusion strategy is currently being prepared by the Ministry of Economy, Finance and Planning, in collaboration with the World Bank. The results of the reference survey on the situation of financial inclusion in Senegal, conducted by the Ministry of Economy, Finance and Planning in partnership with the ANSD, were validated in December 2017.

Access to financial services is developing, primarily due to an increase in services of electronic money issuers and DFS.

The table below shows developments with respect to financial inclusion rates monitored by the BCEAO between 2015 and June 2017:

Financial inclusion rates	**December 2015**	**December 2016**	**June 2017(1)**
Standard bank-usage rate (credit institutions, post offices, Treasury)	16.98%	18.29%	15.92%
Microfinance access rate	26.36%	29.03%	28.38%
Extended bank-usage rate (credit institutions, DFS, post offices, treasury)	43.35%	47.32%	42.63%
Electronic money access rate (electronic money issuers (EMI))	32.95%	51.76%	55.68%
Financial services usage rate (credit institutions, DFS, EMI, post offices, treasury)	76.30%	62.19%	63.09%

(1) Provisional figures
Source: BCEAO

The decreases recorded in 2017 compared to prior years are due to the exclusion of dormant accounts, which were included for those years, and to the use updated figures for the population of Senegal provided by the ANSD.

In terms of outlook, the implementation of the projects below is expected to contribute to maintaining and strengthening the sector's viability:

- DFS' access to payment systems and means of payment;
- The operationalisation of a centralised IT solution to gather DFS data and the IT solution of the Loan Information Department (Bureau d'Information sur le Crédit, BIC), which began operating in February 2016;
- A financial education programme for SMEs and SMIs, initiated by the AfDB;
- Implementation of the regional financial inclusion strategy;
- Implementation of the new Microfinance Sectoral Policy Letter; and
- The IDB's financing of a programme to promote Islamic micro-financing in Senegal in an amount of XOF 35 billion.

Banking Supervisor

The supervision of the banking sector is performed by the Banking Commission, which is responsible for monitoring the organisation and control of banks and financial institutions. It meets at least once every quarter. It has a permanent secretariat composed of BCEAO officers, who prepare reports and studies concerning compliance by WAEMU credit institutions with liquidation and sound management rules. In order to fulfil its responsibilities, the Banking Commission has the following powers: (i) document inspection and on-site visits of banks and financial institutions, (ii) approval of banks and financial institutions operating on the territory of a WAEMU member state, (iii) implementation of administrative measures in case of non-compliance with applicable provisions (warning, injunction, disciplinary measures) and (iv) order disciplinary sanctions depending on the seriousness of the violation (warning, reprimand, suspension or ban of some or all operations, limitations on practicing the profession, suspension or resignation of responsible executives, withdrawal of authorisation).

The Council of Ministers by Decision No. 02/07/2015/CM/WAEMU adopted a crisis resolution mechanism. The planned mechanism is based on the choice of the WAEMU Banking Commission as the Resolution Authority and the Deposit Guarantee Fund in the WAEMU (FG-UEMOA) as the Resolution Fund. The aim is to provide the banking supervisory authority with the appropriate powers and prerogatives, enabling it to intervene swiftly and to provide orderly crisis resolution for failing entities. These developments were reflected in an amendment, in September 2017, to the convention governing the WAEMU Banking Commission.

Regional Stock Exchange

On 18 December 1996, the eight member states of the WAEMU established a regional stock exchange, the BRVM. The BRVM is a specialised financial authority which is responsible for organising and ensuring the proper execution of securities transactions and proper information of the public.

The BRVM has the following functions: organising the market, managing the rating and trading of securities, publishing courses and stock market information and ensuring the promotion and development of the securities market. The BRVM has a representative from each WAEMU country. The BRVM is headquartered in Abidjan, Côte d'Ivoire. All trading is completed through intermediary companies, which also hold most of the securities for investors.

The BRVM is an entirely electronic stock exchange. The central site of the stock exchange in Abidjan ensures all of the quotation services, the negotiations and the diffusion of information. The BRVM was originally composed of two compartments: a debt securities compartment and an equity securities compartment. On 19 December 2017, the BRVM launched the opening of a third compartment dedicated to SMEs and companies with high growth potential, called "BRVM Petites Capitalisations".

The Regional Council for Public Savings and the Financial Market (CREPMF) is the regulatory body of the regional financial market. In 2012, the CREPMF strengthened market regulations to safeguard transactions and the interests of market actors. The introduction of financial ratings was made mandatory for market issuers. This mechanism strengthens the transparency of actors and aligns counterparty risks with credit conditions to increase market efficiency via a better allocation of resources.

In 2013, the BCEAO created the *Agence UEMOA-Titres*, an agency responsible for supporting and coordinating recourse to financial markets by WAEMU member states. The agency assists sovereign issuers in the region with respect to issues relating to capital markets and helps to organise relationships between sovereign issuers and investors, notably by publishing an annual calendar of all sovereign bonds issuances planned by WAEMU member states.

Stock Market

As of the date of this Prospectus, 45 companies have their equity listed on the BRVM market, including 35 Ivorian companies, three companies from Senegal, three companies from Burkina Faso and one each from Benin, Niger, Mali and Togo.

To measure the development of the listed companies' stock price, the BRVM has implemented two indices: (i) the "BRVM 10", grouping the 10 most liquid shares, and (ii) the "BRVM Composite", grouping together all of the listed companies.

The BRVM recorded a decrease of its two main benchmark indices in 2017 as compared to 2016 with the BRVM Composite falling from 292.17 in 2016 to 243.06 in 2017 (-16.81%) and the BRVM 10 decreasing from 261.95 in 2016 to 219.65 in 2017 (-16.15%). In terms of market capitalisation, the stock market fell from XOF 7,706.27 billion in 2016 to XOF 6,836.23 billion in 2017.

SONATEL, one of the three publicly traded companies incorporated in Senegal, was the BRVM's most heavily traded and largest stock. Viewed as the "engine" of the market, SONATEL had a market capitalisation of XOF 2,350 billion as of 31 December 2017.

The table below shows the evolution of BRVM 10 and of BRVM Composite over the past three years:

	2015	**2016**	**2017**
BRVM 10	290.38	261.95	219.65
BRVM Composite	303.93	292.17	243.06
Total capitalisation (*in XOF billion*)	7,499.67	7,706.27	6,836.23

Source: BRVM

Bond market

The BRVM is one of the most dynamic bond markets in Africa with 37 bonds listed as of 31 December 2017, for a total market capitalisation of XOF 2,970 billion.

The 37 bonds include 24 sovereign borrowings (including five Sukuks), 11 borrowings by regional institutions, and two private sector borrowings.

2014-2021 Strategic Plan

The 2014-2021 Strategic Plan for the WAEMU regional financial market is centred around four key objectives:

- Enhancing the attractiveness of the regional financial market and its contribution to financing WAEMU's economies;
- Strengthening protections for savers, as well as monitoring market participants;
- Improving regional and international institutional integration, and organisation, functioning and financing of all market players; and
- Promoting the financial market at the WAEMU level and strengthening inter-African and international cooperation.

The major ongoing reforms consist of strengthening regional integration and increasing the stock market's impact on financing the economy. The BRVM and other ECOWAS stock markets are working to implement a mechanism for cross-border transactions with stock markets in Lagos, Nigeria and Accra, Ghana. The possibility to take positions across these three markets should contribute to improving the depth of the WAEMU regional financial market.

TAXATION

The comments below are of a general nature only and are based on the provisions currently in force. Prospective Noteholders should consult their tax advisers as to the applicable tax laws and specific tax consequences of acquiring, holding and disposing of the Notes.

Senegal

Under Senegalese law, the Notes are exempt from withholding tax, income tax and other similar taxes imposed by the Republic. As a result, holders of the Notes will not be subject to withholding tax, income tax or other similar taxes in Senegal in connection with their purchase, holding or sale of the Notes, including upon the payment of principal or interest.

United States

U.S. Federal Income Taxation

The following summary of certain U.S. federal income tax considerations of the purchase, ownership and disposition of the Notes by a U.S. Holder (as defined below) is based upon the U.S. Internal Revenue Code of 1986, as amended, final, temporary and proposed Treasury Regulations issued thereunder, and published judicial and administrative interpretations thereof, each as of the date hereof, and all of which are subject to change, possibly with retroactive effect.

This summary does not purport to be a complete analysis of all potential tax consequences. This discussion does not address all of the U.S. federal income tax consequences that may be relevant to an investor in light of such investor's particular circumstances or to investors subject to special treatment under U.S. federal income tax laws, such as non-U.S. investors, certain financial institutions, certain U.S. expatriates, insurance companies, retirement plans, dealers in securities or foreign currencies, traders in securities that elect mark-to-market tax accounting, U.S. Holders whose functional currency is not the U.S. dollar, partnerships (or entities treated as partnerships for U.S. federal income tax purposes), or partners therein, tax-exempt organisations, regulated investment companies, real estate investment trusts, persons subject to the alternative minimum tax and persons holding the Notes as part of a "straddle", "hedge", "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons that purchase the Notes for cash at original issue and at their "issue price" and that hold the Notes as capital assets for U.S. federal income tax purposes.

For purposes of this discussion, the term **U.S. Holder** means a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual that is a citizen or resident of the United States, (ii) a corporation created or organised in, or under the laws of, the United States, any state therein or the District of Columbia, or (iii) otherwise subject to U.S. federal income tax on a net income basis with respect to the Notes. Also for purposes of this discussion, the term **Euro U.S. Holder** means a U.S. Holder that is a beneficial owner of a Euro Note and the term **USD U.S. Holder** means a U.S. Holder that is a beneficial owner of a USD Note.

This summary addresses only U.S. federal income tax consequences, and does not address consequences arising under state, local, foreign tax laws or the Medicare tax on net investment income. Prospective purchasers of the Notes should consult their own tax advisers concerning the tax consequences of investing in Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of other tax laws.

Under recently enacted legislation, U.S. Holders that use an accrual method of accounting for tax purposes generally will be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. The application of this rule thus may require the accrual of income earlier than would be the case under the general tax rules described below, although the precise application of this rule is unclear at this time. This rule generally will be effective for tax years beginning after December 31, 2017 or, for debt securities issued with original issue discount, for tax years beginning after December 31, 2018. U.S. Holders that use an accrual method of accounting should consult with their tax advisers regarding the potential applicability of this legislation to their particular situation.

Payments of stated interest

Payments of stated interest on the Notes generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's usual method of accounting for U.S. federal income tax purposes.

Euro U.S. Holders

A Euro U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of interest will be required to include in ordinary income the U.S. dollar value of the Euro interest payment determined on the date the payment is received, regardless of whether the payment is in fact converted to U.S. dollars. A Euro U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes will accrue interest income on a Euro Note in Euros and translate the amount accrued into U.S. dollars based on the average exchange rate in effect during the interest accrual period (or portion thereof within the holder's taxable year), or at the holder's election, at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if that date is within five business days of the last day of the accrual period. A Euro U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the Internal Revenue Service (the **IRS**).

A Euro U.S. Holder who uses the accrual method will recognize foreign currency gain or loss, as the case may be, on the receipt of an interest payment made with respect to a Euro Note if the exchange rate in effect on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. This foreign currency gain or loss will generally be treated as ordinary income or loss and will not be treated as an adjustment to interest income received on the Euro Note.

Original Issue Discount

The Notes are expected to be issued with no more than a *de minimis* amount of original issue discount (**OID**) for U.S. federal income tax purposes. OID will be considered to be *de minimis* if it is less than 0.25% of the principal amount multiplied by the "weighted average maturity" of the Notes as defined for U.S. federal income tax purposes. However, if the Notes are issued with more than *de minimis* OID, each U.S. Holder generally will be required to include OID in its income as it accrues, regardless of its regular method of tax accounting, using a constant yield method, possibly before such U.S. Holder receives any payment attributable to such income.

With respect to Euro U.S. Holders, OID generally will be accrued in Euros and translated into dollars at the average exchange rate in effect during the interest accrual period (or portion thereof within the holder's taxable year). The Euro U.S. Holder generally will recognize foreign currency gain or loss to the extent the amount accrued differs from the U.S. dollar value of the Euro amounts when received.

Sale, exchange and redemption of Notes

Generally, upon the sale, exchange or redemption of a Note, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange, or redemption (less any amount attributable to accrued but unpaid stated interest, which will be taxed as such) and such U.S. Holder's adjusted tax basis in the Note.

USD U.S. Holders

A U.S. Holder's adjusted tax basis in a USD Note generally will equal the amount paid for the USD Note increased by the amount of OID, if any, included in the USD U.S. Holder's income with respect to the USD Note and decreased by any payments (other than stated interest payments) received by such holder with respect to the USD Note and by payments of principal previously received in respect of such USD Note. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or redemption the USD Note has been held by such USD U.S. Holder for more than one year. Certain non-corporate USD U.S. Holders (including individuals) may be eligible for preferential rates of taxation on long-term capital gain. The deductibility of capital losses by USD U.S. Holders is subject to limitations.

Euro U.S. Holders

A Euro U.S. Holder's adjusted tax basis in a Euro Note generally will be the U.S. dollar value of the purchase price of that Euro Note on the date of purchase increased by the amount of OID, if any, included in the Euro U.S. Holder's income with respect to the Euro Note and decreased by any payments (other than stated interest payments) received by such holder with respect to the Euro Note and by payments of principal previously received in respect of such Euro Note. The amount realized upon the sale, exchange or retirement of a Euro Note will be the U.S. dollar value of the currency received calculated at the exchange rate in effect on the date the instrument is sold, exchanged or retired. If the Euro Notes are treated as traded on an established securities market, a Euro U.S. Holder who uses the cash method, and if it so elects, a Euro U.S. Holder who uses the accrual method, will determine the U.S. dollar value of the amount realized by translating such amount at the spot rate on the settlement date of the sale. The election available to Euro U.S. Holders who use the accrual method in respect of the purchase and sale of Euro Notes traded on an established securities market must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS. Euro U.S. Holders should consult their own tax advisers about the availability of this treatment (and in the case of accrual basis Euro U.S. Holders, the advisability of making this election).

Subject to the foreign currency rules discussed below, gain or loss realized by a Euro U.S. Holder on a sale or other taxable disposition of a Euro Note generally will be capital gain or loss and will be long-term capital gain or loss if, at the time of such sale or disposition, the Euro Notes have been held for more than one year. Certain non-corporate Euro U.S. Holders (including individuals) may be eligible for preferential rates of taxation in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

Gain or loss recognized by a Euro U.S. Holder on the sale, exchange or retirement of a Euro Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the Euro U.S. Holder held the Note. This foreign currency gain or loss will not be treated as an adjustment to interest income received on the Notes. In addition, upon the sale, exchange or retirement of a Euro Note, a Euro U.S. Holder that uses the accrual method may realize foreign currency gain or loss attributable to amounts received in respect of accrued and unpaid interest. The amount of foreign currency gain or loss realized with respect to principal and accrued interest will, however, be limited to the amount of overall gain or loss realized on the disposition. For a Euro U.S. Holder that uses the accrual method and does not make the election described above, the foreign currency gain or loss may include amounts attributable to changes in exchange rates between the trade date and the settlement date.

Euro Notes and Reportable Transactions

A U.S. Holder that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss relating to a Euro Note as a reportable transaction if the loss exceeds $50,000 in a single taxable year if the U.S. Holder is an individual or trust, or higher amounts for other U.S. Holders. In the event the acquisition, ownership or disposition of a Euro Note constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. Holder will be required to disclose its investment to the IRS, currently on Form 8886. Prospective investors should consult their tax advisers regarding the application of these rules to the acquisition, ownership or disposition of Euro Notes.

Specified Foreign Financial Assets

Certain U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of $50,000 are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which may include Notes issued in certificated form) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. Holders that fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended in whole or in part. Prospective investors should consult their own tax advisers concerning the application of these rules to their investment in the Notes, including the application of the rules to their particular circumstances.

Information reporting and backup withholding

Information returns may be filed with the IRS (unless the U.S. Holder establishes, if requested to do so, that it is an exempt recipient) in connection with payments on the Notes (including, if any, OID accrued in the manner described above), and the proceeds from the sale, exchange or other disposition of Notes. If information reports are required to be made, a U.S. Holder may be subject to U.S. backup withholding if it fails to provide its taxpayer identification number, or to establish that it is exempt from backup withholding. The amount of any backup withholding imposed on a payment will be allowed as a credit against any U.S. federal income tax liability of a U.S. Holder and may entitle the U.S. Holder to a refund, provided the required information is timely furnished to the IRS.

U.S. Holders should consult their own tax advisers regarding any reporting obligations they may have as a result of their acquisition, ownership or disposition of Notes.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the participating Member States may decide to withdraw.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

CLEARING AND SETTLEMENT ARRANGEMENTS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the ***Clearing Systems****) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Republic believes to be reliable, but neither the Republic nor the Joint Lead Managers takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Republic and any other party to the Agency Agreements will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Republic as follows:

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

DTC

DTC has advised the Republic that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the clearance and settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (**DTCC**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants** and, together with Direct Participants, **Participants**). More information about DTC can be found at www.dtcc.com and www.dtc.org.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **DTC Rules**), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to the USD Notes accepted into DTC's book-entry settlement system (**DTC Notes**) as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Clauses are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Certificates, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's Money Market Instrument Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, relevant agents or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the relevant Series, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Certificate, will be legended as set forth under "*Plan of Distribution*" and "*Transfer Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC

Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depository with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depository is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Certificates from DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Registration and Form

Book-entry interests in the Euro Notes sold in offshore transactions in reliance on Regulation S, held through Euroclear and Clearstream, Luxembourg will be represented by the Euro Unrestricted Global Certificate registered in the name of a nominee of, and held by, a common depositary for Euroclear and Clearstream, Luxembourg. Book-entry interests in the Euro Notes sold to QIBs in reliance on Rule 144A will initially be in the form of the Euro Restricted Global Certificate registered in the name of a nominee of, and held by, a common depositary for Euroclear and Clearstream, Luxembourg. Book-entry interests in the USD Notes sold in offshore transactions in reliance on Regulation S held through Euroclear and Clearstream, Luxembourg will be represented by the USD Unrestricted Global Certificate registered in the name of a nominee of, and held by, a common depositary for Euroclear and Clearstream, Luxembourg. Book-entry interests in the USD Notes sold to QIBs in reliance on Rule 144A will initially be in the form of the USD Restricted Global Certificate, held through DTC registered in the name of Cede & Co., as nominee for DTC, and held by a custodian for DTC. As necessary, the Registrar will adjust the amounts of Notes on the Register of each Series for the accounts of Euroclear, Clearstream, Luxembourg and DTC, as applicable, to reflect the amounts of Notes of the relevant Series held through Euroclear, Clearstream, Luxembourg and DTC, as applicable. Beneficial ownership of book-entry interests in Notes will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg and DTC, as applicable.

The aggregate holdings of book-entry interests in the Notes in Euroclear, Clearstream, Luxembourg and DTC, as applicable, will be reflected in the book-entry accounts of each such institution. Euroclear, Clearstream, Luxembourg or DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes. The Registrar will be responsible for maintaining a record of the aggregate holdings of Notes of each Series registered in the name of a common nominee for Euroclear and Clearstream, Luxembourg, a nominee for DTC, as applicable, and/or, if individual Certificates in respect of each Series are issued in the limited circumstances described under "*The USD Global Certificates—Registration of Title" and* "*The Euro Global Certificates—Registration of Title*" in the Conditions of each Series, holders of Notes of the relevant Series represented by those individual Certificates. The Fiscal Agent will be responsible for ensuring that payments received by it from the Republic for holders of book-entry interests in the Notes of each Series holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be, and the Fiscal Agent will also be responsible for ensuring that payments received by the Fiscal Agent from the Republic for holders of book-entry interests in the USD Notes holding through DTC are credited to DTC.

The Republic will not impose any fees in respect of holding the Notes; however, holders of book-entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream, Luxembourg or DTC, as applicable.

Clearing and Settlement Procedures

Initial Settlement

Upon their original issue, the Notes of each Series will be in global form represented by the two Global Certificates. Interests in the Notes will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Notes of each Series through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Notes of each Series will be credited to Euroclear and Clearstream, Luxembourg participants' securities clearance accounts on the business day following the Closing Date against payment (value as on the Closing Date). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the USD Notes through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the USD Notes following confirmation of receipt of payment to the Republic on the Closing Date.

Secondary Market Trading

Secondary market trades in the Notes will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream, Luxembourg or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Notes of each Series may be transferred within Euroclear and within Clearstream, Luxembourg and between Euroclear and Clearstream, Luxembourg in accordance with procedures established for these purposes by Euroclear and Clearstream, Luxembourg. Book-entry interests in the USD Notes may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the USD Notes between Euroclear or Clearstream, Luxembourg and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream, Luxembourg and DTC.

General

None of Euroclear, Clearstream, Luxembourg or DTC, as applicable, is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the Republic nor any of their agents will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC, as applicable, or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

PLAN OF DISTRIBUTION

The Republic intends to offer the Notes of each Series through the Joint Lead Managers and their broker-dealer affiliates, as applicable, named below. Subject to the terms of a subscription agreement dated 9 March 2018 among the Joint Lead Managers and the Republic (the **Subscription Agreement**), each of the Joint Lead Managers has severally agreed to subscribe for, or procure subscriptions for, and the Republic has agreed to issue to each of the Joint Lead Managers, the principal amount of the Notes of each Series set forth opposite each Joint Lead Manager's name below:

Joint Lead Managers	**Principal Amount of USD Notes**
BNP Paribas	U.S.$166,666,000
Citigroup Global Markets Limited	U.S.$166,670,000
Deutsche Bank AG, London Branch	U.S.$166,666,000
Natixis	U.S.$166,666,000
Société Générale	U.S.$166,666,000
Standard Chartered Bank	U.S.$166,666,000
TOTAL	**U.S.$1,000,000,000**

Joint Lead Managers	**Principal Amount of Euro Notes**
BNP Paribas	EUR166,666,000
Citigroup Global Markets Limited	EUR166,670,000
Deutsche Bank AG, London Branch	EUR166,666,000
Natixis	EUR166,666,000
Société Générale	EUR166,666,000
Standard Chartered Bank	EUR166,666,000
TOTAL	**EUR1,000,000,000**

The Republic will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities (including liabilities under the Securities Act), incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Republic.

The Subscription Agreement provides that the obligations of the Joint Lead Managers to subscribe for, or procure subscriptions for, the Notes are subject to approval of legal matters by counsel and to other conditions. The Joint Lead Managers must subscribe and/or procure subscriptions for all the Notes if they subscribe for or procure subscriptions for any of the Notes. The offering of the Notes by the Joint Lead Managers is subject to receipt and acceptance and subject to the Joint Lead Managers' right to reject any order in whole or in part.

The Republic has been informed that the Joint Lead Managers propose to offer the Notes of each Series at the offering prices set forth on the cover page of this Prospectus within the United States to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A) in reliance upon Rule 144A, and outside the United States in reliance upon Regulation S. See "*Transfer Restrictions*" and "*—Subscription and Sale*". The price at which the Notes are offered may be changed at any time without notice.

Offers and subscriptions of the Notes in the United States will be made by those Joint Lead Managers or their affiliates that are registered broker-dealers under the US Securities Exchange Act 1934, as amended (the **Exchange Act**), or in accordance with Rule 15a-6 thereunder.

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "*Transfer Restrictions*" and "*—Subscription and Sale*".

Accordingly, until 40 days after the commencement of this offering, an offer or sale of Notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

Each Series will constitute a new class of securities of the Republic with no established trading market. The Republic cannot provide any assurances to Noteholders that the prices at which the Notes of that Series will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for such Notes will develop and continue after this offering. The Joint Lead Managers have advised the Republic that they currently intend to make a market in the Notes of each Series. However, they are not obligated to do so, and they may discontinue any market-making activities with respect to the Notes of either or both Series at any time without notice. Accordingly, the Republic cannot provide any assurances to Noteholders as to the liquidity of or the trading market for the Notes of each Series.

In connection with the offering, the Joint Lead Managers may purchase and sell Notes of each Series (or beneficial interests therein) in the open market. These transactions may include overallotment, syndicate covering transactions and stabilising transactions. Overallotment involves the sale of Notes of a Series (or beneficial interests therein) in excess of the principal amount of Notes of that Series to be subscribed for by or through by the Joint Lead Managers in this offering, which creates a short position for the Joint Lead Managers. Covering transactions involve the purchase of the Notes of a Series (or beneficial interests therein) in the open market after the distribution has been completed in order to cover short positions. Stabilising transactions consist of certain bids or purchases of Notes of a Series (or beneficial interests therein) made for the purpose of preventing or retarding a decline in the market price of the Notes of that Series (or beneficial interests therein) while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes of a Series (or beneficial interests therein). They may also cause the price of the Notes of a Series (or beneficial interests therein) to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Joint Lead Managers may conduct these transactions in the over-the-counter market or otherwise. If the Joint Lead Managers commence any of these transactions, they may discontinue them at any time.

The Republic expects that delivery of the Notes will be made against payment therefor on the closing date specified on the cover page of this Prospectus, which will be the fifth New York Business Day following the date of this Prospectus (this settlement cycle being referred to as “T+5”). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two days on which banks and financial institutions are open for business in New York (**New York Business Days**), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of this Prospectus or the next succeeding New York Business Days will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade Notes on the date of this Prospectus or the next succeeding New York Business Days should consult their own adviser.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory investment management, principal investment, hedging, financing and brokerage activities. The Joint Lead Managers or their respective affiliates may have performed investment banking and advisory services for the Republic and its affiliates from time to time for which they may have received customary fees and expenses. The Joint Lead Managers or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for the Republic and its affiliates in the ordinary course of their business. The Joint Lead Managers will be paid a transaction fee to provide this service to the Republic.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. For example, in July 2017, the Republic entered into two loans with Société Générale in order to finance four hospitals. See “*Public Debt—External Debt*”. Such investment and securities activities may involve securities and instruments of the Republic. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Republic may hedge their credit exposure to the Republic consistent with their customary risk management policies. Such Joint Lead Managers and their affiliates may hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in securities (potentially including the Notes). Any such short positions could adversely affect future trading prices of the Notes of either or both Series offered hereby. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In January 2018, the Republic entered into the 2018 Bridge Loan with Citibank, Standard Chartered Bank and Société Générale. The Republic intends to use a part of the proceeds of the issue of the Notes described in this Prospectus to repay the 2018 Bridge Loan in full.

Subscription and Sale

Allocation of the Notes

Allocations of the Notes to potential investors in the offering will be made in accordance with customary allocation processes and procedures following the completion of the bookbuilding process for the offering of Notes and will be made at the sole discretion of Senegal. Senegal intends, in connection with the allocation of the USD Notes in the offering, to consider among other factors whether or not the relevant investor seeking an allocation of the Notes has also tendered 2021 Eurobonds pursuant to the Tender Offer, and if so, the aggregate principal amount of such 2021 Eurobonds tendered by such investor and accepted for purchase by the Republic. When determining allocations of USD Notes, Senegal intends to look favourably upon those investors whose 2021 Eurobonds have been validly tendered and accepted for purchase pursuant to the Tender Offer. However, no assurance can be given that any investor that tenders 2021 Eurobonds in the Tender Offer will receive an allocation of USD Notes at the levels it may wish to subscribe for, or at all.

General

No action has been taken by the Republic or any of the Joint Lead Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Lead Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

United States

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only (a) outside the United States to persons in offshore transactions in reliance on, and in compliance with, Regulation S and (b) in the United States to QIBs as defined in the Securities Act, in reliance on, and in compliance with, Rule 144A.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Each Joint Lead Manager has agreed that it has offered and sold, and will offer and sell, the Notes only in accordance with Rule 903 of Regulation S or Rule 144A. Accordingly, neither such Joint Lead Manager nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Republic; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

West African Economic and Monetary Union

Each Joint Lead Manager has represented and agreed that it will not offer or sell the Notes into the member countries of WAEMU.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Joint Lead Manager has represented and agreed that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is:

a) an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority Rulebook (the **DFSA Rulebook**); and

b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module of the DFSA Rulebook.

Switzerland

In Switzerland, this Prospectus is not intended to constitute an offer or solicitation to purchase or invest in Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations nor a simplified prospectus as such term is understood pursuant to Article 5 of the Swiss Collective Investment Scheme Act, and neither this Prospectus nor any other offering or marketing material relating to the Notes may or will be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering of the Notes has been or will be filed with or approved by any Swiss regulatory authority. The Notes do not constitute a participation in a collective investment scheme in the meaning of the Swiss Collective Investment Schemes Act and are not subject to the approval of, or supervision by, any Swiss regulatory authority, such as the Swiss Financial Markets Supervisory Authority, and investors in the Notes will not benefit from protection or supervision by any Swiss regulatory authority.

TRANSFER RESTRICTIONS

Due to the following significant transfer restrictions applicable to the Notes, investors are advised to consult legal counsel prior to making any reoffer, resale, pledge, transfer or disposal of the Notes.

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold (1) in the United States only to persons reasonably believed to be "qualified institutional buyers," which are referred to as QIBs, as defined in Rule 144A under the Securities Act in compliance with Rule 144A and (2) to persons outside the United States (**foreign purchasers**) in offshore transactions pursuant to Regulation S under the Securities Act.

By its purchase of Notes, each purchaser of Notes will be deemed to:

(a) represent that it is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is (i) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A or (ii) a foreign purchaser;

(b) acknowledge that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except as set forth below;

(c) if it is a person other than a foreign purchaser, agree that if it should resell or otherwise transfer the Notes within the time period referred to in Rule 144 under the Securities Act after the original issuance of the Notes, it will do so only (A) (i) to the Issuer, (ii) to a QIB in compliance with Rule 144A, (iii) outside the United States in an offshore transaction in compliance with Rule 903 or 904 of Regulation S under the Securities Act or (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) but only upon delivery to the Issuer of an opinion of counsel in form and scope satisfactory to the Issuer and (B) in each case in compliance with all applicable securities laws of the States of the United States. No representation can be made as to the availability at any time of the exemption provided by Rule 144A or Rule 144 for the resale of the Notes;

(d) agree that it will deliver to each person to whom it transfers Notes notice of any restriction on transfer of such Notes;

(e) understand and agree that (i) USD Notes initially offered in the United States to QIBs will be represented by one or more USD Restricted Global Certificates and that Notes offered outside the United States in offshore transactions pursuant to Regulation S will be represented by one or more USD Unrestricted Global Certificates and (ii) Euro Notes initially offered in the United States to QIBs will be represented by one or more Euro Restricted Global Certificates and that Notes offered outside the United States in offshore transactions pursuant to Regulation S will be represented by one or more Euro Unrestricted Global Certificates;

(f) understand that unless registered under the Securities Act, the Notes (other than those issued to foreign purchasers) will bear a legend to the following effect, unless otherwise agreed by the Issuer and the holder thereof:

THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY SECURITIES LAW OF ANY STATE IN THE UNITED STATES OF AMERICA, AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED BY THE FOLLOWING SENTENCES. THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED, ACKNOWLEDGES AND AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A)(l) TO THE ISSUER, (2) IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (4) IN A TRANSACTION THAT IS OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT BUT ONLY IF AVAILABLE AND UPON DELIVERY TO THE ISSUER OF AN OPINION OF COUNSEL

IN FORM AND SCOPE SATISFACTORY TO THE ISSUER; AND (B) IN EACH CASE IN COMPLIANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES;

(g) acknowledge that the Issuer and the Joint Lead Managers will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements, and agree that if any of the acknowledgments, representations or warranties deemed to have been made by it by its purchase of Notes are no longer accurate, it shall promptly notify the Issuer and the Joint Lead Managers; and

(h) if it is acquiring Notes as a fiduciary or agent for one or more investor accounts, represent that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

GENERAL INFORMATION

Authorisation

The Republic has obtained all necessary consents, approvals and authorisations in the Republic of Senegal in connection with the issue and performance of the Notes. The issue of the Notes was authorised pursuant to the budget of the Government of the Republic of Senegal promulgated in December 2017.

Listing and Admission to Trading

Application has been made to the Irish Stock Exchange for the Notes of each Series to be admitted to the Official List and trading on its regulated market. It is expected that admission of the Notes of each Series to trading will be granted on or before the next working day after the Issue Date. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes of each Series to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

The total expenses related to the admission to trading of the Notes of each Series are expected to be approximately €5,500.

Clearing Systems

Application has been made for acceptance of the USD Restricted Global Certificate into DTC's book-entry settlement system. The USD Unrestricted Global Certificate has been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the USD Unrestricted Global Certificates is XS1790134362 and for the USD Restricted Global Certificate is US81720TAD72. The Common Code for the USD Unrestricted Global Certificates is 179013436 and for the USD Restricted Global Certificates is 179010968. The CUSIP number for the USD Restricted Global Certificates is 81720TAD7.

The Euro Global Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Euro Unrestricted Global Certificates is XS1790104530 and for the Euro Restricted Global Certificate is XS1790105180. The Common Code for the Euro Unrestricted Global Certificate is 179010453 and for the Euro Restricted Global Certificate is 179010518.

No significant change

Since 31 December 2017, there has been no significant change in the tax and budgetary systems, gross public debt, foreign trade and balance of payments, foreign exchange reserves, financial position and resources and income and expenditure figures of the Republic save as disclosed in the second paragraph of the subsection entitled "Outlook for 2018 and beyond" on page 101 of this Prospectus.

Litigation

Save as referred to in "Republic of Senegal—Legal Proceedings", the Republic is not, nor has it been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Republic is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or 'profitability' of the Republic.

Documents

For so long as any of the Notes of each Series remains outstanding, copies of the following documents will be available for physical inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the specified office of the Fiscal Agent:

(a) the Agency Agreement in respect of each Series which includes the forms of the Global Certificates of such Series;

(b) the Deed of Covenant in respect of each Series; and

(c) the budget of the Republic for the last two fiscal years.

Joint Lead Managers transacting with the Republic

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Republic and its agencies in the ordinary course of business.

Yield

On the basis of the issue price of the USD Notes of 100% of their principal amount, the yield on the USD Notes is 6.750% on an annual basis.

On the basis of the issue price of the Euro Notes of 100% of their principal amount, the yield on the Euro Notes is 4.750% on an annual basis.

Third Party Information

The Republic confirms that where information included in this Prospectus has been sourced from a third party, that information has been accurately reproduced and that as far as the Republic is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. All sources have been cited where used.

Interested Persons

No person involved in the offering of the Notes has any interest in such offering which is material to such offering.

Language

The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Issuer Contact Information

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LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon on behalf of the Republic of Senegal by or on behalf of the *Agent Judiciaire de l'Etat* of the Republic of Senegal at the Ministry of Economy, Finance and Planning, Dakar, Senegal, and by Cleary Gottlieb Steen & Hamilton, special English and United States counsel for the Republic. Certain legal matters will be passed upon for the Joint Lead Managers by Allen & Overy LLP, special English and United States counsel for the Joint Lead Managers, and by S.C.P. François Sarr & Associés, special Senegalese counsel to the Joint Lead Managers. All statements with respect to Senegalese law included in this Prospectus have been passed upon by the *Agent Judiciaire de l'Etat* of the Republic of Senegal and are made upon his authority.

THE ISSUER

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Ministry of Economy, Finance and Planning
P.O. Box 4017, Dakar
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