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July 13, 2012

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Senegal: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

June 22, 2012

LETTER OF INTENT

Dakar, Senegal
June 22, 2012

Mrs. Christine Lagarde
Managing Director
International Monetary Fund
700 19th Street, N.W.
Washington, D.C., 20431
USA

Dear Mrs. Lagarde:

1. The government of Senegal requests completion of the third review of its 2010-2013 macroeconomic program supported by the Policy Support Instrument (PSI). The details of this program were set forth in the initial Memorandum of Economic and Financial Policies (MEFP) of November 10, 2010, and in the MEFPs of May 19, 2011 and December 2, 2011 pertaining to the first and second reviews, respectively. The attached MEFP takes stock of program performance at end-December 2011, assesses the situation at end-March 2012, sets out the new government's macroeconomic objectives for the remainder of 2012 as well as indicative targets for 2013, and updates the structural reforms being implemented under the program.

2. The new government reaffirms its commitment to the PSI-supported program, whose objectives are shared as outlined in the MEFP. Nevertheless, in addition to fiscal slippages it inherited, the government faces a weakening external environment, growing regional instability, and must address the impact of the drought on the population and the economy. For these reasons, a number of adjustments in program implementation, without departing from its major objectives, are desirable.

3. Maintaining macroeconomic stability remains a key element of the growth and development strategy of Senegal. The government's efforts to keep public finances under control have a medium-term perspective, with the goal of reducing the fiscal deficit below 5 percent of GDP in 2013 and 4 percent by 2015. Since taking office, the government has made substantial efforts to contain the 2012 budget deficit. However, given the exceptional circumstances facing public finances in 2012, which if no corrective measures are taken could lead to a deficit of more than 8 percent of GDP, the initial deficit target of 5.6 percent of GDP is now out of reach. The government therefore proposes that the target be revised upward to 6.4 percent of GDP, which takes into account the impact on the budget of the drought in the Sahel and the weak economic environment. Nevertheless, the new target will still require substantial efforts to control spending, which we are firmly committed to achieving. The government requests modification of the end-June and end-December 2012 assessment criteria on the overall fiscal deficit.

4. The new government is committed to reform the State to enhance the efficiency of public policy and promote private sector development. A number of strong measures to improve public governance and transparency have already been adopted and announced. The government also proposes to reschedule structural measures which were not implemented in early 2012 in the context of electoral tensions.

5. The government believes that the policies and measures set forth in the attached MEFP are appropriate to achieve the objectives of the PSI-supported program. Given its commitment to macroeconomic stability and debt sustainability, the government will promptly take any additional measures needed to achieve the objectives of the program. The government will consult with the IMF—at its own initiative or whenever the Managing Director of the IMF requests such a consultation—before the adoption of any such measures or in the event of changes to the policies contained in the attached MEFP. Moreover, the government will provide the IMF with such information as the IMF may request in connection with the progress made in implementing the economic and financial policies and achieving the objectives of the program.

6. The government authorizes the IMF to publish this letter, the attached MEFP, and the Staff Report relating to the current review.

Sincerely yours,

Amadou Kane
Minister of Economy and Finance

/s/

Attachments: - Memorandum of Economic and Financial Policies (MEFP)
- Technical Memorandum of Understanding (TMU)

ATTACHMENT I

MEMORANDUM OF ECONOMIC AND FINANCIAL POLICIES
Dakar, June 22, 2012

INTRODUCTION

1. **Peaceful presidential elections in March 2012 have led to a new President and a new Government in Senegal.** The priorities of the new team for the short term may be summarized as follows: (i) support for the rural population, following the disappointing 2011/2012 crop year; (ii) price reductions for staple food items (rice, oil, and sugar), in coordination with the traders involved; (iii) resumption of discussions aimed at peace in Casamance, working with the Gambia and Guinea-Bissau; (iv) reform of the central government (including reducing the cost of running the government and streamlining public expenditure to improve its effectiveness); and (v) continuing the reforms in the energy sector. In the medium and long terms, the key reforms and sectors that generate growth and poverty reduction continue to be the government's priority. The focus is primarily on jobs, SME and private sector development, economic and financial governance, food security, and infrastructure.

2. **The government is resolved to continue implementation of the program under the Policy Support Instrument (PSI, 2011-13)**, the objectives of which are consistent with those of the new government. The main objectives of the program are to: (i) implement a prudent fiscal and debt policy to safeguard macroeconomic stability; (ii) increase revenue with a view to widening the budgetary space for financing priority expenditures; (iii) continue strengthening public financial management and governance; and (iv) encourage private sector development by implementing structural reforms. However, the government is still confronted by an unfavorable external environment, increased regional instability, and the impact of the drought on the population and the economy. For these reasons, a number of adjustments in program implementation, without departing from its major objectives, are desirable.

3. **This memorandum updates the program in light of the new challenges facing Senegal in 2012.**[1] It is divided into three sections. The first section reviews recent economic developments and program performance. The second section looks at the macroeconomic objectives for the remainder of 2012 and for the medium term, as well as macroeconomic

[1] The content of this program was set out in the initial MEFP of November 10, 2010, and in the MEFPs of May 19, 2011 and December 2, 2011.

policy and structural reforms. The last section is devoted to the changes desired in program monitoring.

I. Recent Economic Developments and Program Implementation

4. **Macroeconomic developments in 2011 were less favorable than anticipated owing to the drought afflicting the Sahel.** The sharp drop in agricultural production affected the performance of the primary sector, which recorded negative growth in 2011 (-10.8 percent). In contrast, the secondary sector remained dynamic in 2011 (+7.2 percent) despite the persistence of power outages until September. The tertiary sector also fared well, with growth estimated at 4 percent. Overall, real GDP growth in 2011 has been revised downward from 4 percent to 2.6 percent, after 4.1 percent in 2011, owing to increases in the prices of foodstuffs and transport in a context of rising world prices. The current account balance registered a deficit of 6.4 percent of GDP, and the balance of payments recorded a deficit as well. Credit to the economy increased sharply while the money supply expanded by 5.2 percent.

5. **Program implementation experienced a slowdown in early 2012 in the run-up to the elections.** All of the quantitative assessment criteria for end-2011 were met, with the exception of the criterion on the fiscal deficit (see Table 1). The deficit for 2011 came to CFAF 455 billion (6.7 percent of GDP), against a target of CFAF 427 billion. This gap is explained by current expenditure overruns, largely owing to regularization of the status of contractual staff in education and to revenue shortfalls, mainly from taxes on goods and services. Progress was made in the implementation of the structural reforms, but at a pace short of that envisaged in the program:

(i) the national registration number for enterprises and associations (NINEA) became mandatory for customs operations as of January 1, 2012, as planned, but there is still progress to be made to improve exchange of information with the tax administration (see below);

(ii) the new directorate responsible for debt management was created on time and its director has been designated; it will become fully operational on June 30, 2012;

(iii) the study analyzing the resources earmarked for the microfinance sector and the impact thereof, with a view to streamlining them, was completed in end-January as planned;

(iv) the comprehensive survey of agencies and their missions was delayed in early 2012, but is now well advanced;

(v) the preparation of a project evaluation guide, with financial support for the World Bank for the recruitment of a consulting firm, was further delayed because of an underestimation of the time required for competitive bidding procedures;

(vi) the audit of the use of resources allocated for the highway extension was not performed, as the works in question have not yet started and the project is currently being re-examined in light of the significant financial constraints on public finances;

(vii) the action plan on the subsidies to power consumers has not been drawn up. The new government would like to have more time for analyzing this sensitive subject.

6. **At end-March 2012, the quantitative assessment criteria and indicative targets of the program were met overall.** The fiscal balance is estimated well below the program floor of CFAF -102 billion. The budgetary float came to CFAF 49 billion. However, the tight treasury situation because of the presidential elections resulted in an increase in payment arrears of the agencies, with many checks issued but not paid to their beneficiaries. Other indicators relating to the nonconcessional external debt, external payments arrears, and public sector contracts signed by single tender were all observed.

II. Macroeconomic Policy and Structural Reforms for 2012

7. **Senegal's development strategy targets an emerging economy that guarantees sustainable development with positive effects shared in an inclusive manner.** The Economic and Social Policy Paper (DPES) 2011-2015 is at an advanced phase of preparation and was validated by the previous government and development stakeholders. The new government will need a few months to review the document to make sure that it reflects well its priorities and to update the underlying macroeconomic projections. The DPES will be finalized and transmitted to the IMF and World Bank by end-October 2012.

A. Macroeconomic Context for 2012

8. **An unfavorable economic environment constitutes an additional challenge to program implementation.** Indeed, the world economic slowdown, particularly in Europe, the increase in petroleum product prices, sociopolitical tensions in the sub-region (in Mali and Guinea-Bissau), and the impact of the drought, are all factors affecting the economic activity, the external accounts, and public finances of Senegal.

9. **Despite the factors weighing on activity in 2012, GDP growth is expected to increase to 3.9 percent from 2.6 percent in 2011**. This rebound in activity should be buttressed by recovery in agricultural output, assuming normal rainfall, as well as the provision of agricultural inputs on time and in sufficient quantity by the State. Growth should be sustained by public investment through the continued implementation of the electricity sector reform plan, works on the toll highway and the Blaise Diagne airport, the initiation of projects financed by the Millennium Challenge Account (MCA), and continued work on the projects in the social sectors. The restoration of a reliable and adequate supply of electrical power and the calmer political environment should also have a significant impact on

economic activity. Inflation is expected to decline to about 2.5 percent in 2012. The current account deficit is expected to swell driven by the imports associated with investment in the energy sector as well as imports of foodstuffs because of the drought, and the overall balance of payments is again expected to register deficit.

10. **These projections are subject mainly to downside risks.** The possible resurgence of the crisis in Europe is a major downside risk for the Senegalese economy. Rising international oil prices represent a second downside risk. Domestically, the expectations of the population, which are high following the elections, will need to be managed.

11. Progress and new challenges in the implementation of the key measures included in the program are set forth in the remainder of this section, grouped in accordance with the four major objectives of the program.

B. Pursue a Prudent Public Financial and Debt Policy to Safeguard Macroeconomic Stability

12. **Maintaining macroeconomic stability is necessary for fostering and sustaining higher economic growth and thus development.** The growth recorded in 2012 is insufficient, but this is largely the result of exogenous factors. Higher growth is expected to be achieved in 2013 and beyond. The government will contribute to growth through improved management of public resources and structural reforms to bolster the competitiveness of the economy. Inflation will be kept low and the fiscal deficit will be reduced to less than 4 percent of GDP by 2015 to ensure the sustainability of public finances and contribute to the WAEMU convergence process.

13. **Public finances are affected by exceptional circumstances in 2012.** The downward revision of the 2012 growth projection is the source of significant revenue shortfalls (about CFAF 20 billion). Moreover, the continuation of the freeze of fuel prices at the pump in a context of high international oil prices would also have a substantial negative impact on revenue (about CFAF 35 billion). This high level of oil prices also led to an upward revision in the electricity tariff gap, expected to reach CFAF 105 billion in 2012. Consequently, the amount of CFAF 40 billion included in the budget will fall far short of covering this expense. In addition, there is a need to assist the rural population, which is faced by problems resulting from the poor 2011/2012 crop season because of the drought in the Sahel.

14. **Measures are being implemented to ease the impact of the drought and prepare for the next crop season.** The government has decided to help vulnerable rural population groups by distributing food products during the lean season. It further decided to subsidize inputs (seed and fertilizer) to revitalize agricultural production. The cost borne by public finances for all these measures exceeds 1 percent of GDP. The government is counting on

support from Senegal's main partners to cover a share of these costs through grants, including grants in kind.

15. **Steps have been taken to reduce the prices for staple food items (rice, sugar, and cooking oil).** This temporary and targeted measure, which takes the form of subsidies (and not the reduction/suspension of taxes), will ease the burden on the Senegalese people, especially in peri-urban areas. This measure is expected to lead to additional budget expenditures of 0.1 percent of GDP, as traders and producers have agreed to bear a portion of the cost.

16. **The government is committed to reduce substantially the gap from the budget target in 2012.** In the absence of corrective measures, the fiscal deficit would exceed 8 percent of GDP in 2012, overshooting the program target by about 2.5 percent of GDP. Such a deficit level is not compatible with the program objective of macroeconomic stability and keeping public finances under control. The government proposes to reduce substantially this budget gap and set a new deficit target of 6.4 percent of GDP, compared with the earlier 5.6 percent, which reflects the impact of exogenous factors (the drought and the economic slowdown). A draft supplementary budget law was adopted by the Council of Ministers on June 14, 2012 and reflects this undertaking.

17. **To achieve this objective, and also to implement the commitments made by the President of the Republic, the government intends reduce drastically and sustainably the cost of running the government.** Operating expenditure will therefore be systematically re-examined in order to eliminate insufficiently productive spending:

- Reducing the number of ministries from 37 to 25 will generate savings on operation of ministerial offices and the associated units;

- Efforts to streamline agencies and diplomatic services will also be initiated in the months ahead;

- Purchases of goods and services will be substantially reduced through concrete measures to combat abuses and inefficiencies. For example, the government telecommunications costs could ultimately be reduced by 40 percent by cancelling all mobile phone lines used by those not entitled to them, restricting the number of beneficiaries, and imposing usage ceilings on landline and mobile phone subscriptions. Similarly, substantial savings will be made on the renting of buildings for office space and housing, as well as spending on the government vehicle fleet.

- A civil service audit will be initiated in the months ahead.

However, these measures will have only a limited impact in 2012. In order to guarantee savings of CFAF 35 billion, a number of specific measures have already been identified and will be accompanied by sharp reductions in available allocations for operating expenditure, with the exception of priority expenditures.

18. **Some investment expenditures will also have to be deferred.** The savings (about CFAF 91 billion) will for the most part come from the new projects financed exclusively from domestic sources and not yet started, nonpriority projects, and projects that have a limited impact on poverty reduction and growth.

19. **The government intends to take a medium-term perspective in its efforts to keep public finances under control.** The fiscal deficit will be brought below 5 percent in 2013 and 4 percent by 2015, in keeping with initial program objectives. To ensure that this objective of keeping public finances under control is widely shared, the government will propose to parliament to discuss in autumn 2012 the medium-term outlook on the basis of documents disseminated with the draft budget law for 2013. The measures described above to scale back the cost of running the government will have their full effect in the medium term and will ensure the sustainability of the considerable effort to compress current expenditure that will be made in 2012. The measures will be accompanied by a streamlining of policies to subsidize certain sectors or population groups so as to improve the policies' targeting and effectiveness. The cost of supporting energy prices (electricity, petroleum products) has become exorbitant for public finances, amounting to about CFAF 150 billion in 2012. This price support (including for food prices and water) will be reconsidered in the months ahead, with a view to replacing it with measures that better target the poorest (extension of the social safety net, for example). The reduced taxation of households will also make it possible to support purchasing power in a period of subsidy reductions.

20. **With support from the World Bank, the government will streamline expenditure in the education, health, and agriculture sectors.** Awarding scholarships or other aid to all students is not sustainable in a poor country like Senegal. After completion of the civil service audit the government undertakes to streamline the recruitment and management of educational personnel. The government will also work to increase the effectiveness of expenditure in the health area and to improve the targeting of agricultural subsidies. A seminar on these topics was organized with the World Bank in June.

21. **A prudent borrowing policy will also contribute to safeguarding the sustainability of the public debt; it will be guided by a medium-term debt management strategy.** Concessional resources mobilized from donors and recourse to domestic/regional financing raised through auctions will continue to be the main financing sources. Because of the delay with establishing the new Public Debt Directorate (DDP), it will no longer be possible to finalize the medium-term debt strategy before June 30, 2012. The government is now targeting having a draft by mid-August 2012 and the final version of the strategy by September 30, 2012, so it can be annexed to the draft budget law for 2013. The resources remaining from the Eurobond issue (CFAF 57 billion) will be used for financing investment

projects in the energy sector and the government contribution to the toll highway to Diamniadio and its extension to the new airport.

C. Raise Revenue to Create More Fiscal Space for Financing Priority Spending

22. **The government is resolved to implement an ambitious reform of the tax system in 2013.** This reform will make it possible to have a simpler, more transparent and efficient tax system, and will reduce tax exemptions in favor of a general regime with a better incentive structure. The work on the reform of the General Tax Code (CGI) will continue in accordance with the established timetable. The tax administration has completed the technical work initiated in consultation with representatives of the private sector and labor unions. Preparation of the new draft code is well underway, and it should be completed by July 31, 2012. Prior to adoption of the new CGI by the Council of Ministers, it is planned to organize a feedback seminar for the various stakeholders, a process that will also make it possible to broaden the scope of the consultation to involve parties that did not participate in the technical work (technical and financial partners, civil society, academia, etc.). With the same view to improving information and consultation, a strategy note for the public, presenting the objectives and broad outlines of the tax reform, was sent to the Council of Ministers and was published on the Internet sites of the Ministry of Economy and Finance and the Directorate-General of Taxes and Government Domains (DGID). Finally, as the new code should enter into force on January 1, 2013, the related draft will be submitted to Parliament no later than end-September 2012 so that it could be included in the draft budget law for 2013. The use of withholding will be substantially reduced and the repayment system of VAT tax credit will be improved.

23. **The modernization of the tax administration is ongoing.** As part of the implementation of the tax administration modernization plan, a sweeping program to reform the DGID was initiated, aimed, among other objectives, at the reorganization of the general directorate and better taxpayer classification. With regard to streamlining the organization of the DGID's external units, by end-2012 a large enterprise directorate will be created as well as interregional operational directorates located in Dakar and selected larger cities throughout the country. The taxpayer classification effort is now under way, beginning with the first Center for Mid-Sized Enterprises already in place and scheduled to be fully operational by July 2012. Moreover, the efficiency of the taxpayer registration procedure is currently being improved with technical assistance from the IMF. Not only will these efforts facilitate the management of taxpayers, they will also promote the exchange of computerized data between the DGID and the other units of the Ministry of Economy and Finance and the ANSD. A memorandum of understanding between the DGD and the DGID will be signed by end-August 2012. Modernization of tax procedures is underway in particular with the implementation of online procedures. A new platform (to be introduced by January 1, 2013) will allow taxpayers registered in the SIGTAS to submit their tax declarations online. After

the online declarations, online payments will be introduced (by end-2013). A close cooperation of all relevant offices will be needed to implement this measure.

24. **Modernization of the customs administration is also in progress.** The Directorate-General of Customs (DGD) is continuing to implement the reforms set forth in the 2011-2013 Strategic Plan, expressed in the form of commitments in the Performance Contract signed with the Ministry of Economy and Finance. These reforms target improving the DGD's contribution to the collection of budgetary resources, strengthening partnership with businesses, automating customs clearance procedures, streamlining human, material and financial resources, and instilling new dynamism into the agency's communications policy. To this end, an action plan will be implemented to mobilize customs revenues; the plan entails speeding up formalities at the level of the first-line units and strengthening controls following customs clearance. Special emphasis will be placed on the collection of customs debts, in particular suspended VAT, and the control of custom duty suspension regimes. Similarly, in the context of streamlining tax expenditures, the agency has initiated a reform of Decree No. 83-504 of May 17, 1983 on the conditions for applying duty-free entry. Such a measure should make it possible to reduce considerably the revenue shortfalls arising from exemptions. At the same time, the DGD will continue to strengthen its surveillance mechanism by applying new mapping for surveillance throughout the territory and deploying an electronic surveillance system for goods in transit. Following implementation and stabilization of the new comprehensive version of GAINDE, the DGD began the computerization phase of customs-clearance procedures. Customs also intend to contribute further to improving the business climate through the reform of the economic regimes, as well as the implementation of the Special Partners Program, the aim of which is to offer personalized procedures to businesses. In this same vein, the draft reform of the customs code is being worked on and should be finalized by December 31, 2012.

D. Strengthen Public Financial Management and Governance

25. **Improving public finance management is one of the priorities of the new government.** The process of implementing the directives of WAEMU's new harmonized framework for public financial management is under way. The transposition has been completed for four directives (organic law on budget laws (LOLF), government accounting, government chart of accounts, and table of government financial operations). The decree on transposition of the directive on budget nomenclature will be issued by end-September 2012. Regarding the directive on a transparency code, the draft law will be adopted by end-June 2012 by the Council of Ministers. A fiscal and financial reform plan (PRBF) 2012-2014 updating the PRBF 2008-12 addressed the weak points identified by the Public Expenditure and Financial Accountability Assessment (PEFA) of June 2011. The PRBF, intended to be open and dynamic, is being validated by the various development stakeholders and partners. Its implementation will ultimately improve the government financial management system in

keeping with PEFA indicators and lay down the conditions for applying the new harmonized framework for public financial management by 2017. The efforts made with regard to the preparation of government accounts will be continued with a draft budget execution law for 2011and they will transmitted to participants with the draft budget law for 2013. The draft organic law on the Audit Court will be brought in line with international best practices and adopted by the government by end-July 2012. The new payroll management software will be tested by end-June 2012. The proposed targeted date for integrating the wage bill into SIGFIP is end-August 2012. Recourse to budget reallocations by decree will be strictly limited.

26. **Transparency in the real estate transactions with private parties of government property will be increased.** To improve transparency in real estate transactions and advertisement of the sales of government property, the computerization of the system will be strengthened and reinforced in the Urban Property Management Project. Computerization of the property registers will begin with the Office of Property Conservation of Dakar-Plateau starting in 2013 and will continue in the regions in 2014. With effect from 2012, the Ministry of Economy and Finance will publish, annually on a website accessible by the public, all information relating to the number of files involving final property sales from the government property, indicating the land areas sold, the geographic location of the land, and the corresponding revenue received. Finally, with effect from June 1, 2012, the collection of property revenue in the Dakar region must be electronically processed in SIGTAS; computerization for the remainder of the territory will be completed by end-2012. At the same time, all payments made since January 1, 2012, will be regularized in SIGTAS.

27. **The survey and streamlining of government agencies and other budgetary units will be accelerated.** The Agency Evaluation Commission has begun its work and the following decisions have been taken: (i) comprehensive census of the agencies and similar bodies through consolidation of the respective files of the Parapublic Sector Directorate (DSP), the State Reform Delegation (DREAT), and the Directorate-General of Finance. This file is already available but is subject to modification as supplementary investigations are conducted; (ii) proposals for an initial list of agencies to be eliminated on the grounds of streamlining administrative organization and budgetary savings; and (iii) conduct of a study for the other agencies and comparable bodies and, in light of its results, proposals on appropriate measures (rehabilitation, restructuring, regrouping, elimination, etc.) by end-2012.

28. **Progress has been made in the process of investment project preparation and evaluation, but this effort should proceed more rapidly.** With Decree No. 2012-437 on allocating government units, a planning unit has been created within every ministry. A guide on the preparation of projects/programs is now being disseminated. Its use will make it possible to prepare projects in accordance with a cohesive approach that will result in better

documentation that includes the data necessary for evaluation purposes. Every new project submitted for inclusion in the investment budget will be analyzed by the submitting ministry when it has an operational planning unit (Education, Healthcare, Environment, Agriculture), then jointly with the Ministry of Economy and Finance. This analysis will be strengthened by a cost-benefit analysis, once the evaluation guide is available and the relevant staff are trained in its use (end-December 2012). Two or three completed projects will be selected each year for purposes of conducting impact analyses. This will make it possible to draw lessons from experience and consolidate the gains achieved.

29. **While progress has been made, there has been some delay with implementing the Single Treasury Account.** The survey and streamlining of the creation and management of government agencies are part and parcel of implementing the Single Treasury Account strategy, and effectively are the first aspect thereof. The second is the survey and streamlining of bank accounts. There have been delays with respect to this survey owing to insufficient cooperation on the part of the stakeholders. The recent acceleration of work on the agencies should, however, facilitate its completion, and the government currently is working toward finalization of closing unnecessary bank accounts by end-February 2013. The third aspect involves the effort to ensure the opening of Treasury accounts for all public bodies receiving budget subsidies. Along these lines it is worth mentioning the recently introduced obligation to submit quarterly cash flow plans in order to rationalize cash outflows, in particular to the banking system. While this measure has not systematically been observed, it has greatly contributed to limiting the amount of idle cash resources held with banks. Here, the effort will focus on ensuring compliance by all parties concerned.

E. Private Sector Development

Energy sector

30. **Delays have occurred with the implementation of Plan Takkal.** Some steps in the execution of investments took more time than anticipated. For example, the arrival of more efficient units to replace the rented power generation groups was delayed by several months, with a negative impact on operating costs. Nevertheless, the measures carried out, in particular securing the fuel supplies to Senelec and the rental of 150 MW, made it possible to address the electricity production shortfall and, in consequence, reduce power outages, the occurrence of which is now explained only by transitory disruptions on the grid. As regards managing demand, a major program for installing low consumption lamps has been initiated. It still needs to be consolidated to reduce peak consumption and promote a reduction in the electricity bills of the poorest, while reducing Senelec's operating costs.

31. **The plan to reform the electricity sector has recently been re-examined.** An assessment of the Plan Takkal was conducting in the second half of May 2012 and involved the major stakeholders in the sector. Its key objective was to conduct, on the basis of past

performance and identified shortcomings a critical review of all components of the plan to define appropriate corrective measures and/or adopt new strategies. Appropriate measures will be taken to make up for the delay in investment implementation. Moreover, the emphasis will be placed on the weak points of the plan, including rehabilitation of the transmission and distribution grids, whose poor state is a major handicap; the plan of operational and financial restructuring of Senelec, which will be prepared by end August 2012 and whose implementation will begin immediately; an institutional reform and, if necessary, a rebalancing of the roles of APIX and Senelec, and other alternative strategic options will be also explored to avoid excessive reliance on coal. An action plan on the subsidies to electricity consumers will be prepared also by end-August 2012 and implemented by early 2013. A plan for the operational and financial restructuring of SENELEC will also be prepared by end-August 2012, and it will be implemented immediately.

Financial sector

32. **The financial sector reforms are on course.**

- The draft law regulating credit registries was discussed by the Council of Ministers in January 2012 and forwarded to the Parliament for adoption. The next steps are expected to be defined by a working party to be established jointly with the BCEAO in accordance with the recommendations of the regional conference on credit rating agencies within WAEMU held in May 2012. This working party should lay down a roadmap designed to lead to a uniform subregional framework.

- The draft law on financial leasing was adopted and promulgated in January 2012. The next steps are: (a) publicize the law among bankers, SMEs, and the legal and tax administrations; and (b) introduce a registry of guarantees.

- The final report assessing the performance of Poste Finances over the 2006-2010 period has been submitted; its main recommendation is to upgrade Poste Finances within two-year by improving its management, restoring third-party assets, and recapitalizing the parent company before contemplating eventual conversion into a credit institution.

- The report on the study on the rationalization of resources dedicated to micro-finances was prepared. The main recommendations of the study include the need for a systematic assessment of projects and programs and reinforcement of the supervision of the sector.

III. Program Monitoring

33. In view of the discussion in the preceding sections, it would appear necessary to make a number of changes in the modalities of program monitoring. We propose making symmetrical the adjuster on the fiscal deficit in the event that concessional resources exceed or fall short of program forecasts. It is further proposed to revise the floor on the 2012 fiscal deficit upwards (starting with the floor for end-June 2012) and to reschedule the program measures that have not yet been implemented. Indicative targets for 2013 are proposed. The fourth review of the PSI–supported program should normally be completed by end-December 2012 and the fifth review by end-June 2013.

Table 1. Quantitative Assessment Criteria and Indicative Targets for 2011 [1]

(CFAF billions, unless otherwise specified)

	June 30, 2011			September 30, 2011			December 31, 2011		
	Prog.	Actual	Status	Prog.	Actual	Status	Prog.	Actual	Status
Assessment criteria									
Floor on the overall fiscal balance [2 3]	-237	-155	*met*	*-355*	*-318*	met	-427	-455	not met
Ceiling on the contracting or guaranteeing of new nonconcessional external debt by the government (in US$ million) [4]	500	300	*met*	500	*300*	met	500	300	met
Ceiling on spending undertaken outside normal and simplified procedures [4]	0	0	*met*	*0*	*0*	met	0	0	met
Ceiling on government external payment arrears (stock) [4]	0	0	*met*	*0*	*0*	met	0	0	met
Ceiling on the amount of the budgetary float	50	45	*met*	50	*40*	met	50	50	met
Ceiling on nonconcessional debt with a minimum grant element of 15 percent [4]	30	0	*met*	30	*0*	met	44	0	met
Indicative targets									
Quarterly ceiling on the share of the value of public sector contracts signed by single tender (percent)	*20*	*6*	*met*	*20*	*47*	not met	*20*	*16*	met
Floor on social expenditures (percent of total spending)	*35*	*41*	*met*	…	…	…	*35*	*37*	met
Maximum upward adjustment of the overall deficit ceiling due to									
Shortfall in program grants relative to program projections	*15*	…	…	*15*	…	…	*15*	…	…
Excess in concessional loans relative to program projections	*70*	…	…	*70*	…	…	*50*	…	…
Excess in energy sector and autoroute investment relative to program projections	…	…	…	…	…	…	*50*	…	…
Memorandum items:									
Program grants	19	35	…	28	37	…	37	37	…
Concessional loans	114	88	…	170	…	…	210	175	…
Investment in the energy sector and the autoroute [5]	…	…	…	…	…	…	66	66	…

[1] Indicative targets for March and September 2011, except for the assessment criteria monitored on a continuous basis. See Technical Memorandum of Understanding for definitions. Indicative targets shown in italics.

[2] Cumulative since the beginning of the year.

[3] The ceiling on the overall fiscal deficit will to be adjusted in line with the TMU definition.

[4] Monitored on a continuous basis.

[5/] Investment in the autoroute plus investment under the plan Takkal financed from internal and external concessional resources.

Table 2. Quantitative Assessment Criteria and Indicative Targets for 2011–12 [1]

(CFAF billions, unless otherwise specified)

	December 31, 2011			March 31, 2012			June 30, 2012	September 30, 2012	December 31, 2012
	Prog.	Actual	Status	Prog.	Prel.	Status	Prog.	Prog.	Prog.
Assessment criteria									
Floor on the overall fiscal balance [2,3]	-427	-455	not met	*-102*	*-70*	met	-231	*-347*	-463
Ceiling on the contracting or guaranteeing of new nonconcessional external debt by the government (in US$ millions) [4]	500	300	met	500	300	met	500	500	500
Ceiling on spending undertaken outside normal and simplified procedures [4]	0	0	met	0	0	met	0	0	0
Ceiling on government external payment arrears (stock) [4]	0	0	met	*0*	*0*	met	0	*0*	0
Ceiling on the amount of the budgetary float	50	50	met	*50*	*49*	met	50	*50*	50
Ceiling on nonconcessional debt with a minimum grant element of 15 percent [4]	44	0	met	44	0	met	44	44	44
Indicative targets									
Quarterly ceiling on the share of the value of public sector contracts signed by single tender (percent)	*20*	*16*	met	*20*	*14*	met	*20*	*20*	*20*
Floor on social expenditure (percent of total spending)	*35*	*37*	met	…	…	met	*35*	…	*35*
Maximum upward adjustment of the overall deficit ceiling due to									
Shortfall in program grants relative to program projections	15	…	…	15	…	…	15	15	15
Excess in concessional loans relative to program projections	50	…	…	50	…	…	50	50	50
Excess in energy sector and autoroute investment relative to program projections	50	…	…	50	…	…	50	50	50
Memorandum items:									
Program grants	37	37	…	9	…	…	19	28	32
Concessional loans	210	175	…	52	…	…	105	157	328
Investment in the energy sector and the autoroute [5]	66	66	…	*44*	…	…	81	*122*	162

[1] Indicative targets for March and September 2012, except for the assessment criteria monitored on a continuous basis. See Technical Memorandum of Understanding for definitions. Indicative targets shown in italics.

[2] Cumulative since the beginning of the year.

[3] The ceiling on the overall fiscal deficit will to be adjusted in line with the TMU definition.

[4] Monitored on a continuous basis.

[5] Investment in the autoroute plus investment under the plan Takkal financed from internal and external concessional resources.

Table 3. Quantitative Assessment Criteria and Indicative Targets for 2012–13 [1]

(CFAF billions, unless otherwise specified)

	December 31, 2012	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013
	Prog.	Proj.	Proj.	Proj.	Proj.
Assessment criteria					
Floor on the overall fiscal balance [2] [3]	-463	*-92*	-184	*-275*	-367
Ceiling on the contracting or guaranteeing of new nonconcessional external debt by the government (in US$ millions) [4]	500	500	500	500	500
Ceiling on spending undertaken outside normal and simplified procedures [4]	0	0	0	0	0
Ceiling on government external payment arrears (stock) [4]	0	*0*	0	*0*	0
Ceiling on the amount of the budgetary float	50	*50*	50	*50*	50
Ceiling on nonconcessional debt with a minimum grant element of 15 percent [4]	44	44	44	44	44
Indicative targets					
Quarterly ceiling on the share of the value of public sector contracts signed by single tender (percent)	20	*20*	*20*	*20*	*20*
Floor on social expenditures (percent of total spending)	35	…	*35*	…	*35*
Maximum upward adjustment of the overall deficit ceiling owing to					
Shortfall in program grants relative to program projections	15	15	15	15	15
Excess in concessional loans relative to program projections	50	50	50	50	50
Excess in energy sector and autoroute investment relative to program projections	50	50	50	50	50
Memorandum items:					
Program grants	32	8	16	24	34
Concessional loans	328	82	164	246	282
Investment in the energy sector and the autoroute [5]	162	…	…	…	…

[1] Indicative targets for March and September 20132, except for the assessment criteria monitored on a continuous basis. See Technical Memorandum of Understanding for definitions. Indicative targets shown in italics.

[2] Cumulative since the beginning of the year.

[3] The ceiling on the overall fiscal deficit will to be adjusted in line with the TMU definition.

[4] Monitored on a continuous basis.

[5] Investment in the autoroute plus investment under the plan Takkal financed from internal and external concessional resources.

Table 4: Structural Benchmarks, 2011-2012

Measures	MEF P§	Implementation date	Benchmark for review	Macroeconomic significance	Status
CONTAIN FISCAL DEFICIT					
Adoption by the Council of Ministers of the Budget Execution Law (LFR) for 2012		June 20, 2012	Prior action	Macroeconomic stability	Met
INCREASE TAX REVENUE, IMPROVE THE QUALITY OF EXPENDITURE AND DEBT MANAGEMENT					
Prepare an evaluation guide for productive projects	28	March 31, 2012	3rd Reset to 5th	Improve investment planning	Not met. Reprogrammed at end-2012
Operationalize the new public debt directorate	5	January 15, 2012	3rd	Improve debt management	Completion expected by June 30, 2012
Prepare a medium-term debt strategy	21	June 30, 2012	3th Reset to 4th	Improve debt management	Reprogrammed at end-September 2012
Finalize the new general tax code and submit it to Parliament	22	September 30, 2012	4th	Increase the own resources of the State and encourage private sector development	In progress
CONSOLIDATE PROGRESS IN PUBLIC FINANCIAL MANAGEMENT					
Make use of the national registration number for businesses and associations (NINEA) mandatory for customs operations	5	January 1, 2012	3rd	Modernize tax administration	Met
Launch and complete a comprehensive survey of agencies and their missions	27	January 31, 2012	3rd	Strengthen public financial management	Met, with delay (May 2012)
Produce a plan for restructuring all agencies and comparable entities	27	December 31, 2012	5th	Strengthen public financial management	New
Finalize the Single Treasury Account	29	February 28, 2013	5th	Strengthen public financial management	New
PROMOTE PRIVATE SECTOR DEVELOPMENT BY IMPROVING THE BUSINESS CLIMATE, STRENGTHENING GOVERNANCE, AND ENHANCING EFFICIENCY OF THE FINANCIAL AND ENERGY SECTORS					
Publish complete information on: (i) the Energy Sector Support Fund (FSE); (ii) projects; (iii)		July 31, 2011	2nd	Improve the transparency of	Continuous

status of planning and execution; (iv) financing details and updated costs of works; and (v) the position of the escrow account, on a monthly basis within two weeks following the end of the month, on a specialized website of the government				infrastructure-related investments	
Finalize an initial audit of the use of the resources allocated to the highway extension, three months after the start of the works, and publish the report on the government's website	5	April 30, 2012	3rd	Improve the transparency of infrastructure-related investments	Not met
Finalize a study to analyze the resources allocated to the microfinance sector and their impact, with a view to rationalizing them	32	January 31, 2012	3rd	Streamline the support for the microfinance sector	Met
Adopt an action plan on the subsidies to electricity consumers	30	April 30, 2012	3rd Reset to 4th	Energy sector development	Not met. Reprogrammed for end-August 2012

Attachment II

Technical Memorandum of Understanding

Dakar, June 22, 2012

1. This technical memorandum of understanding (TMU) defines the quantitative assessment criteria, indicative targets, and structural benchmarks on the basis of which the implementation of the Fund-supported program under the Policy Support Instrument (PSI) will be monitored in 2011-2013. The TMU also establishes the terms and time frame for transmitting the data that will enable Fund staff to monitor program implementation.

I. Program Conditionality

2. The quantitative assessment criteria for end-June 2012 and end-December 2012, and the quantitative indicators for end-September and for 2013, are shown in Tables 2 and 3 of the MEFP, respectively. The prior actions and structural benchmarks established under the program are presented in Table 4.

II. Definitions, Adjusters, and Data Reporting

A. The Government

3. Unless otherwise indicated, "government" means the central administration of the Republic of Senegal and does not include any local administration, the central bank, or any other public or government-owned entity with autonomous legal personality not included in the government flow-of-funds table (TOFE).

B. Overall Fiscal Balance (Program Definition)

Definition

4. The overall fiscal balance including grants (program definition) is the difference between the government's total revenue (revenue and grants) and total expenditure and net lending. The operations of the Energy Sector Support Fund (FSE) are integrated in the government flow-of-funds table (TOFE). The revenues exclude privatization receipts and sales of mobile phone licenses or of any other state-owned assets. Government expenditure is defined on the basis of payment orders accepted by the Treasury (dépenses ordonnancées prises en charge par le Trésor) and expenditures executed with external resources. This assessment criterion is set as a floor on the overall fiscal balance including grants as of the beginning of the year.

Example

5. The floor on the overall fiscal balance including grants (program definition) as of December 31, 2011, is CFAF 427.3 billion. It is calculated as the difference between total government revenue (CFAF 1545.5 billion) and total expenditure and net lending (CFAF 1972.8 billion).

Adjustment

6. The overall fiscal balance including grants is adjusted downward by the amount that budget grants fall short of program projections up to a maximum of CFAF 15 billion at current exchange rates (see MEFP Tables 1and 2).

7. The overall fiscal balance including grants is adjusted downward/upward by the amount that concessional loans exceed/fall short of their programmed amount, up to a maximum of CFAF 50 billion at current exchange rates (see MEFP, Tables 1 and 2). For the purposes of this assessment criterion, concessional loans denominated in CFAF and in foreign currency are taken into account.

8. The overall fiscal balance including grants is adjusted upwards/downwards by the amount that the investment for the energy sector and the autoroute financed with domestic resources exceeds/falls short of the programmed amounts indicated in tables 2 and 3 of the MEFP. The upward adjustment is capped at CFAF 50 billion.

Reporting requirements

9. During the program period, the authorities will report provisional data on the overall fiscal balance (program definition) and its components monthly to Fund staff with a lag of no more than 30 days. Data on revenues and expenditure that are included in the calculation of the overall fiscal balance, and on expenditure financed with HIPC- and MDRI- related resources, will be drawn from preliminary Treasury account balances. Final data will be provided as soon as the final balances of the Treasury accounts are available, but not later than two months after the reporting of the provisional data.

C. **Social Expenditure**

Definition

10. Social spending is defined as spending on health, education, the environment, the judicial system, social safety nets, sanitation, and rural water supply. This criterion is set as a floor in percent relative to total spending (including the FSE) excluding capital expenditure related to the extension of the autoroute and the Plan Takkal investment projects.

Reporting requirements

11. The authorities will report semiannual data to Fund staff within two months following the end of each period.

D. **Budgetary Float**

Definition

12. The budgetary float (instances de paiement) is defined as the outstanding stock of government expenditure for which bills have been received and validated but not yet paid by the Treasury (the difference between dépenses liquidées and dépenses payées). The assessment criterion is set as a ceiling on the budgetary float, monitored at the end of the quarter.

Reporting requirements

13. The authorities will transmit to Fund staff on a weekly basis (i.e., at the end of each week), and at the end of each month, a table from the expenditure tracking system (SIGFIP) showing all committed expenditures (dépenses engagées), all certified expenditures that have not yet been cleared for payment (dépenses liquidées non encore ordonnancées), all payment orders (dépenses ordonnancées), all payment orders accepted by the Treasury (dépenses prises en charge par le Trésor), and all payments made by the Treasury (dépenses payées). The SIGFIP table will exclude delegations for regions and embassies. The SIGFIP table will also list any payments that do not have a cash impact on the Treasury accounts.

Spending Undertaken Outside Simplified and Normal Procedures

14. This assessment criterion is applied on a continuous basis to any procedure other than the normal and simplified procedures to execute spending. It excludes only spending undertaken on the basis of a supplemental appropriation order (décret d'avance) in cases of absolute urgency and need in the national interest, in application of Article 12 of the Organic Budget Law. Such spending requires the signatures of the President of the Republic and Prime Minister.

15. The authorities will report any such procedure, together with the SIGFIP table defined in paragraph 13, to Fund staff on a monthly basis with a maximum delay of 30 days.

E. **Government External Payments Arrears**

Definition

16. External payments arrears are defined as the sum of payments owed and not paid on the external debt contracted or guaranteed by the government. The definition of external debt

given in paragraph 18 is applicable here. The assessment criterion on external payments arrears will be monitored on a continuous basis.

Reporting requirements

17. The authorities will promptly report any accumulation of external payments arrears to Fund staff.

F. Contracting or Guaranteeing of New Nonconcessional External Debt by the Government

Definition

18. Definition of debt. For the purposes of the relevant assessment criteria, the definition of debt is set out in Executive Board Decision No.6230-(79/140), Point 9, as revised on August 31, 2009 (Decision No. 14416-(09/91)).

a) The term "debt" will be understood to mean a direct, i.e., non-contingent, liability created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, according to a given repayment schedule; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows:

   i. loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);

   ii. suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and

   iii. leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of the guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair or maintenance of the property.

b) Under the definition of debt above, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

19. **Debt guarantees**. For the purposes of the relevant assessment criteria, the guarantee of a debt arises from any explicit legal obligation of the government to service a debt in the event of nonpayment by the debtor (involving payments in cash or in kind).

20. **Debt concessionality**. For the purposes of the relevant assessment criteria, a debt is considered concessional if it includes a grant element of at least 35 percent;[1] the grant element is the difference between the present value (PV) of debt and its nominal value, expressed as a percentage of the nominal value of the debt. The PV of debt at the time of its contracting is calculated by discounting the future stream of payments of debt service due on this debt.[2] The discount rates used for this purpose are the currency-specific commercial interest reference rates (CIRRs), published by OECD.[3] For debt with a maturity of at least 15 years, the ten-year-average CIRR is used to calculate the PV of debt and, hence, its grant element. For debt with a maturity of less than 15 years, the six-month average CIRR is used. The margins for differing repayment periods (0.75 percent for repayment periods of less than 15 years, 1 percent for 15 to 19 years, 1.15 percent for 20 to 29 years, and 1.25 percent for 30 years or more) are added to the ten-year and six-month CIRR averages.

21. **External debt**. For the purposes of the relevant assessment criteria, external debt is defined as debt borrowed or serviced in a currency other than the CFA franc. This definition also applies to debt among WAEMU countries.

22. **Debt-related assessment criteria.** The relevant assessment criteria apply to the contracting and guaranteeing of new nonconcessional external debt by the government, local governments, SENELEC, the Energy Sector Support Fund (FSE), and any other public or government-owned entity. The criteria apply to debt and commitments contracted or guaranteed for which value has not yet been received. The criteria also apply to private debt for which official guarantees have been extended and which, therefore, constitute a contingent liability of the government. The assessment criteria are measured on a cumulative basis from the time of approval of the PSI by the Executive Board. ACs will be monitored on a continuous basis. No adjuster will be applied to these criteria.

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[1] The following reference on the IMF website creates a link to a tool that allows for the calculation of the grant element of a broad range of financing packages: http://www.imf.org/external/np/pdr/conc/calculator.

[2] The calculation of concessionality will take into account all aspects of the debt agreement, including maturity, grace period, payment schedule, upfront commissions, and management fees.

[3] For debts in foreign currencies for which the OECD does not calculate a CIRR, calculation of the grant element should be based on the composite CIRR (weighted average) of the currencies in the SDR basket.

23. **Special provisions**:

a) The assessment criteria do not apply to: (i) debt rescheduling transactions of debt existing at the time of the approval of the PSI; (ii) debt contracted by the airport project company (AIBD) to finance construction of the new Dakar Airport; and (iii) short-term external debt (maturity of less than one year) contracted by SENELEC to finance the purchase of petroleum products.

b) A total ceiling of US$500 million applies over the period 2011–13 for nonconcessional external debt financing tied to the toll highway to Diamniadio and its extension to the Diamniadio-International Airport Blaise Diagne/Thiès/Mbour or investments in the energy sector. The nonconcessional funds obtained in this way will be deposited in a special account from which only such highway-related payments and energy sector investments provided in Plan Takkal will be made. Following the issuance of a US$500 million Eurobond in May 2011, with an exchange offer for the outstanding 2009 Eurobond, the remaining ceiling for non-concessional borrowing for 2011-13 is US$ 200 million (equivalent to the amount of the 2009 bonds actually redeemed or exchanged in 2011).

c) A separate ceiling equivalent to CFAF 44 billion in 2011-13 applies for untied nonconcessional external debt financing with a grant element of at least 15 percent. Projects financed in this way would be expected to meet the same economic and social profitability criteria as other capital spending. The government will inform Fund staff in a timely manner before contracting any debt of this type and will provide sufficient information ahead of time to verify the degree of concessionality. It will also provide a brief summary of the projects to be financed and their profitability, including an evaluation by the lender or the government. The government will report the use of funds and project implementation in subsequent MEFPs.

Reporting requirements

24. The government will report any new external borrowing and its terms to Fund staff as soon as external debt is contracted or guaranteed by the government, but no later than within two weeks of such external debt being contracted or guaranteed.

G. Public Sector Contracts Signed by Single Tender

Definition

25. Public sector contracts are administrative contracts, drawn up and entered into by the government or any entity subject to the procurement code, for the procurement of supplies, delivery of services, or execution of work. Public sector contracts are considered "single-tender" contracts when the contracting agent signs the contract with the chosen contractor

without competitive tender. The quarterly indicative target will apply to total public sector contracts entered into by the government or any entity subject to the procurement code. The ceiling on contracts executed by single tender will exclude fuel purchases by SENELEC for electricity production. This exclusion reflects new regulation, which requires SENELEC to buy fuel directly from SAR based on the existing price structure.

Reporting requirements

26. The government will report quarterly to Fund staff, with a lag of no more than one month from the end of the observation period, the total value of public sector contracts and the total value of all single-tender public sector contracts.

IV. Additional Information for Program Monitoring

27. The authorities will transmit the following to Fund staff, in electronic format if possible, with the maximum time lags indicated:

(a) 3 days after adoption: any decision, circular, edict, supplemental appropriation order, ordinance, or law having economic or financial implications for the current program. This includes in particular all acts that change budget allocations included in the budget law being executed (for instance: supplemental appropriation orders (*décrets d'avance*), cancellation of budget appropriations (*arrêtés d'annulation de crédit budgétaires*) and orders or decisions creating supplemental budget appropriations (*décrets ou arrêtés d'ouverture de crédit budgétaire supplémentaire*).

(b) With a maximum lag of 30 days, preliminary data on:

Tax receipts and tax and customs assessments by categories, accompanied by the corresponding revenue on a monthly basis;

The monthly amount of expenditures committed, certified, and for which payment orders have been issued;

The quarterly report of the Debt and Investments Directorate (DDI) on the execution of investment programs;

The monthly preliminary government financial operations table (TOFE) based on the Treasury accounts;

The provisional monthly balance of the Treasury accounts; and

Reconciliation tables between the SIGFIP table and the consolidated Treasury accounts, between the consolidated Treasury accounts and the TOFE for "budgetary revenues," between the consolidated Treasury accounts and the TOFE for "total expenditure and net lending," and between the TOFE and the net government position (NGP), on a quarterly basis.

The amount of checks issued by agencies but not paid to beneficiaries with the dates of issuance of the checks.

(c) Final data will be provided as soon as the final balances of the Treasury accounts are available, but not later than one month after the reporting of provisional data.

28. During the program period, the authorities will transmit to Fund staff provisional data on current nonwage noninterest expenditures and domestically financed capital expenditures executed through cash advances on a monthly basis with a lag of no more than 30 days. The data will be drawn from preliminary consolidated Treasury account balances. Final data will be provided as soon as the final balances of the Treasury accounts are available, but no more than one month after the reporting of provisional data.

29. The central bank will transmit to Fund staff:

The monthly balance sheet of the central bank, with a maximum lag of one month;

The consolidated monthly balance sheet of banks with a maximum lag of two months;

The monetary survey, on a monthly basis, with a maximum lag of two months;

The lending and deposit interest rates of commercial banks, on a monthly basis; and

Prudential supervision and financial soundness indicators for bank financial institutions, as reported in the Table entitled *Situation des Etablissements de Crédit vis-à-vis du Dispositif Prudentiel* (Survey of Credit Institution Compliance with the Prudential Framework), on a quarterly basis, within a maximum delay of two months.

30. The government will update on a monthly basis on the website established for this purpose the following information:

a) Preliminary TOFE and transition tables with the delay of 2 months.

b) SIGFIP execution table, the table for the central government and a summary table including regions, with the delay of 2 weeks

c) The amount of the airport tax collected, deposited in the escrow account, and used for the repayment of the loan financing the construction of the new airport, with the delay of 1 month.

d) Full information on: (i) the operations of Energy Sector Support Fund (FSE); (ii) Plan Takkal investment project; (iii) planning and execution of these projects; (iv) details of financing and updated costs; and (v) the balance of the escrow account with the resources of the Eurobond issued in 2011 allocated to the Takkal project (within 3 weeks).

e) Full information on: (i) the status of the projects related to the extension of the autoroute to Diamniadio, AIDB, Mbour and Thies; (ii) costs of the projects and their updates; (iii) financing and cost of financing linked to the projects; (iv) the balance of the escrow account with the resources of the Eurobond issued in 2011 and allocated to the extension of the autoroute (with the delay of 3 weeks).