International Monetary Fund

Senegal and the IMF

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December 10, 2012

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

November 22, 2012

LETTER OF INTENT

Dakar, Senegal

November 22, 2012

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

Madame Managing Director,

1. The attached Memorandum of Economic and Financial Policies (MEFP) reviews the implementation at end-June 2012 of the government's three-year macroeconomic and structural program (2010–2013) supported under the Policy Support Instrument (PSI). The memorandum also sets out the macroeconomic objectives for the remainder of 2012 and for 2013 and updates the structural reforms monitored under the program.

2. The government is satisfied with progress made in the implementation of the program and requests completion of the fourth review. All of the program's quantitative assessment criteria for end-June 2012 have been met. As a result of efforts to control public spending, the fiscal deficit at end-June 2012 was met by a substantial margin. All the structural benchmarks were met, although some of them needed more time than expected. Significant progress has also been made in implementing structural reforms.

3. The government is strongly committed to pursuing its efforts to control public spending with aim of reducing the fiscal deficit to levels consistent with debt sustainability. In this context, and taking into account recent fiscal developments, we are targeting a fiscal deficit of below 6 percent of GDP in 2012 and suggest modifying the relevant assessment criterion accordingly. The budget proposal submitted to Parliament for 2013 sets the deficit at 4.9 percent of GDP. The efforts to control the fiscal deficit will be pursued over the medium term. Reconciling this objective with the development needs of the country will require greater efficiency in public spending, a major undertaking we fully embrace.

4. More generally, reforms will be pursued to improve transparency, public governance and promote private sector development. In this context, the government proposes to reprogram the

structural benchmark on action plan for the restructuring of government agencies from end-2012 to end-July 2013.

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,

/s/

Amadou Kane

Minister of Economy and Finance

Attachments: Memorandum of Economic and Financial Policies (MEFP)

Technical Memorandum of Understanding (TMU)

ATTACHMENT I: MEMORANDUM OF ECONOMIC AND FINANCIAL POLICIES

Dakar, November 22, 2012

I. INTRODUCTION

1. **The government is pleased to have met its commitments in challenging circumstances and remains determined to pursue the program objectives.** The government has: (i) provided support for the rural environment, affected by the consequences of a poor crop year 2011/2012; (ii) worked to reduce prices for essential food staples (rice, oil, and sugar); (iii) taken steps to reduce the cost of running the government and streamline public expenditure; and (iv) continued the reforms in the energy sector. Furthermore, the government is pressing ahead with implementation of the program supported by the Policy Support Instrument (PSI) and broadly shares its objectives.

2. **This memorandum updates the PSI program over the period 2012–13.**[1] The four main objectives of the program are as follows: (i) conduct a cautious policy in the area of public finance and borrowing to preserve macroeconomic stability; (ii) raise revenue to generate more fiscal space to finance priority spending; (iii) further strengthen PFM and governance; and (iv) promote private sector development through structural reforms. The MEFP includes three sections. The first covers recent economic developments and program performance. The second section focuses on macroeconomic objectives for the remainder of 2012, 2013, and the medium term, as well as macroeconomic policy and structural reforms. The final section summarizes proposed changes in program monitoring.

II. RECENT ECONOMIC DEVELOPMENTS AND PROGRAM IMPLEMENTATION

3. **Recent macroeconomic developments have been broadly in line with program assumptions.** The year 2012 was characterized by a challenging pre-election environment in the country, sluggish economic activity in the first quarter exacerbated by sociopolitical tensions in Mali and Guinea-Bissau, social demands resulting from the poor harvest, and high prices for essential food items. However, economic activity in the non-agricultural sector, as measured by the general activity index, recorded an upturn of 2.3 percent year-on- year during the first half of 2012. Overall, the projected increase in real GDP in 2012 was revised slightly downward, from 3.9 percent to 3.7 percent, after 2.6 percent in 2011. Inflation turned out at 1.5 percent over the first six months of 2012, driven by rising prices of nonalcoholic beverages and foodstuffs, in particular unprocessed cereals. External merchandise trade was characterized over the first half of the year by a substantial

[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, December 2, 2011, and June 22, 2012.

increase in imports (approximately 34 percent, mainly foodstuffs and petroleum products), as well as by a slight downturn in exports. Credit to the economy grew sharply over one year (almost 17 percent), while the money supply expanded by just 5 percent.

4. Program implementation has been satisfactory. All quantitative assessment criteria and indicative targets for the program at end-June 2012 were met, including the target for the budget deficit owing to efforts to curb government expenditure. The implementation of all structural reforms is also making significant headway:

(i) An action plan on subsidies for electricity consumers was prepared and adopted in October 2012;

(ii) An operational and financial restructuring plan for SENELEC was prepared and adopted in November 2012 with a view to its immediate implementation;

(iii) A medium-term debt management strategy was prepared and finalized by September 30, 2012;

(iv) The new general tax code was finalized and submitted to parliament in November 2012;

(v) The draft law on transparency was adopted at a meeting of the Council of Ministers and submitted to parliament, and the decree on the transposition of the WAEMU directive on budget nomenclature has been signed.

5. The government has continued its efforts to reduce the cost of running the government and streamline public institutions; the abolition of the upper chamber of parliament (the Senate) reflects this policy and illustrates our commitment to reform.

III. MACROECONOMIC POLICY AND STRUCTURAL REFORMS FOR THE REMAINDER OF 2012, 2013, AND THE MEDIUM TERM

A. Medium-term Objectives

6. Senegal's development strategy is designed to ensure that Senegal becomes an emerging economy, committed to the values of solidarity and self-respect, respect for others and the commonwealth, justice, fairness, and a sense of duty. The new National Strategy for Economic and Social Development (NSESD) was completed in November 2012.

B. Macroeconomic Context for 2013

7. Unfortunately, the external environment is expected to remain not very supportive. Despite the modest upturn in the global economy expected in 2013, high oil and cereal prices, as well as social and political tensions within the subregion (in Mali and Guinea-Bissau), will continue to have an adverse effect on economic activity, external accounts, and public finances in Senegal.

8. Notwithstanding the sluggish international environment, GDP growth is expected to tick up to 4.3 percent in 2013. This upturn would be supported primarily by the coming on-stream of major projects in the electricity, road and highway sectors, the improvement of electric power distribution, the continued recovery of the agricultural sector, the implementation of the Grande Côte heavy ores project (zircon) and the Golouma and Massawa gold mine projects, the launching of projects funded by the Millennium Challenge Account (MCA), as well as the execution of projects in the social sectors. Inflation is expected to remain moderate at around 2 percent in 2013. The current account deficit of the balance of payments, although declining, is expected to remain high because of imports related to investment in the energy and mining sectors. The overall balance of the balance of payments is expected to record a slight deficit.

9. The risks remain mainly on the downside. A resurgence of the euro zone crisis and global stagnation are primary downside risks for the Senegalese economy. Other downside risks are rising oil prices, food security (rising international prices of cereals and the threat of locusts), as well as spreading instability from Mali. Domestically, the main risks are related to flooding driven by poor sanitation, delays in implementation of energy sector reforms, and possible resistance to government reform or to improvements in the quality of public expenditure, which could adversely affect the objective of keeping public finances under control.

10. The progress recorded and new challenges in implementing the main measures under the program are presented in the remainder of this section, grouped in accordance with the four main objectives of the program.

C. Pursue Prudent Public Finance and Debt Policies to Safeguard Macroeconomic Stability

11. The objective of controlling the budget deficit for 2012 remains unchanged. This is a key commitment for the new government, which intends to proceed along the lines set during the third program review, in spite of challenging circumstances. Recent developments in international oil prices point to smaller than anticipated revenue losses associated with the stabilization of domestic oil prices; we intend to earmark these savings for reducing the budget deficit. Delays in implementation of certain investments in the energy sector partly explain why the deficit will be lower than the target of 6.4 percent of GDP. This reduction in the deficit will also make it possible to reduce reliance on borrowing in the regional market, which is quite costly.

12. Substantial efforts to reduce the cost of running the government are in progress. The commitment to reducing the cost of running the government is reflected in a smaller cabinet, the abolition of agencies, and the streamlining of diplomatic services. Additional savings are expected from the abolition of the Senate and the office of the Vice-President. For permanent expenditures, all mobile telephone lines—apart from certain lines used by the defense, security, and justice services—were suspended on May 1, 2012, with new subscriptions established on a case-by-case basis involving restrictions on the number of beneficiaries and usage ceilings. A physical audit of landlines, conducted by the General Inspectorate of Finance, is in progress. The hundred largest water consumers in government have been identified and monitored closely with a view to achieving significant savings in the central government's water bill. Efforts to enhance the accuracy of records have also been made and strengthened for water and electricity, and focal points for the monitoring of permanent expenditures have been appointed by ministers.

13. These efforts will continue in 2013 and will contribute to the reduction of the budget deficit. In accordance with the commitments undertaken by the new government to ensure fiscal sustainability, the budget deficit will be reduced to less than 5 percent of GDP in 2013. As indicated in the general policy statement of the Prime Minister to the National Assembly, the government intends to carry out its actions from a medium-term perspective and to conduct a budget policy designed to meet the country's development needs, while limiting the increase in public debt. Reconciling these objectives will require greater efficiency in public expenditure.

14. In the context of efforts to streamline government expenditure and gain long-term control over the budget deficit, several actions have been carried out, and others are planned, in particular:

- **In the education sector**, a performance-based university financing project designed to improve management in higher education is currently being finalized. Of the five performance contracts envisaged between the government and universities, three have already been signed and two others will be signed shortly. Specific actions have been identified—in particular, the approval of a financial framework for universities, the proposal for which has already been prepared, as well as efforts to achieve budgetary equilibrium for universities based on information derived from planned audits of their resources, expenditures, and procedures. The flows of extrabudgetary resources generated by universities and their management will undergo more effective regulatory supervision. These rationalization efforts will continue with support from the World Bank, and their findings are expected by end-December 2012. Temporarily, with respect to scholarships and education allowances, negotiations are in progress—on the basis of actions already identified—with a view to ensuring that the relevant budget outlays can be kept within manageable bounds during the period 2013-2014. The more extensive access to banking services has already allowed for more effective management of data on scholarship holders. On the basis of the findings of the scholarship audit planned with World Bank financing, discussions are in progress to identify measures to rationalize the distribution of scholarships, as well as to monitor and supervise them.
- In the **health sector**, efforts to improve the efficiency of hospitals will be supported by the gradual introduction and more widespread use of performance contracts between these autonomous public entities, the health ministry, and the finance ministry by end-2014. Grand Yoff General Hospital will be the priority for the year 2012.
- **A physical and biometric audit of government employees is in progress and will be completed by end-June 2013**. The wage bill should be automatically integrated into SIGFIP upon the effective implementation of the new payroll management software, scheduled for end-August 2013, after a period of a parallel use with the existing system.

15. Work is in progress to extend the social safety net, guarantee a minimum income for the most vulnerable families, and phase out generalized subsidies for energy and food prices. Results achieved in foreign countries, such as Brazil, show that it is possible to target the most vulnerable and disadvantaged groups of population on the basis of simple criteria. Senegal's own experience, acquired in conjunction with the World Bank, focused on the 2008 implementation of the Nutrition Enhancement Program (NEP), followed by the introduction of the project for "rapid intervention for nutritional security and money transfers or NETS)". The government will accordingly create a viable and sustainable mechanism to support the most disadvantaged families; this mechanism's feasibility will have been proven in advance. Allowances will be granted to such families in the form of a direct food subsidy and/or a family subsidy allowance. The targeting process will pay particularly close attention to rural and suburban households. With the decrease in household taxation, this mechanism will help to reduce gradually generalized subsidies for the prices of energy and food products, which constitute ineffective and more costly methods of supporting communities. At the same time, a mechanism for extending the social protection system—specifically, health insurance—will be established for informal sector workers. The Autonomous Fund for Universal Social Protection, to be implemented as of 2013, will help finance this initiative, as well as the Universal Health Coverage initiative.

16. The initial medium-term debt strategy (MTDS) was recently prepared by the new public debt directorate, in collaboration with the full range of entities involved in debt issues. On the basis of an in-depth diagnostic assessment, the strategy recommends reprofiling the debt, while gradually reducing the proportion of short-term instruments in domestic debt. The government intends to pursue this course of action carefully, based on regional market circumstances. Reliance on concessional borrowing will have priority, in accordance with the recommendations set forth in the borrowing strategy. However, in light of financing constraints, the government intends in 2013 to use the remainder of the program envelope for nonconcessional borrowing ($200 million), as well as the envelope for semiconcessional borrowing, to finance infrastructure investment. The debt database will be completely centralized by end-2012.

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

17. The new tax code has been submitted to Parliament and is expected to enter into force on January 1, 2013. Tax reforms have been carried out transparently in a fully participatory approach. This inclusive approach began with requests for input, culminating in recent calls for comment on the provisional version of the draft of the new code; private sector and labor union representatives contributed to the technical work. As a result of these reforms, Senegal will have a tax system that is more simple, more equitable, and more efficient. A more favorable general regime will be put in place instead of the existing system, including inter alia a substantial rollback of tax exemption regimes, almost all of which will be incorporated into the new framework. With respect to the VAT, the new code is designed to make the system more neutral and more efficient. There are also plans to phase out the prepayment system in accordance with a three-step timetable; as of January 1, 2013 for taxpayers enrolled in the large enterprises center (CGE), as of January 1, 2014 for taxpayers listed at the medium enterprises center (CME), and as of January 1, 2014 for those taxpayers covered by other tax service centers. At the same time, the system for refunding VAT credits is being reformed in order to enhance its flexibility (shorter processing times for "citizen" enterprises, those engaging primarily in exports or those carrying out externally-funded contracts or other agreements), and their practical details (refund by check or bank transfer). Finally, the taxation system for individuals will be reformed and simplified.

18. Implementation of the tax administration modernization plan is continuing and is being regularly monitored by the General Directorate of Taxes and Government Property (DGID). The CME became operational in July 2012. Further structural reforms will be introduced, with the reorganization of the field offices of the DGID in order to institutionalize the distinction between functional and operational directorates (interregional directorates). A steering committee has been set up to put these measures into practice, and the DGID is on track to create the planned services in December 2012. Furthermore, computerization of the DGID will gather momentum inasmuch as e-filing and e-payment will be in operation at the future large enterprises directorate in June 2013, at other Dakar centers in December 2013, and in regions outside Dakar by December 2014.

19. The General Directorate of Customs (DGD) is continuing to implement the reforms included in the 2011-2013 Strategic Plan and defined in the form of commitments in the performance contract signed with the Ministry of Economy and Finance (see the MEFP of June 22, 2012). Cooperation between the DGID and DGD has been strengthened, with the August 29, 2012 signing of a memorandum of understanding on exchange of information which complements the obligation, already in effect, to use NINEA (national registration number for enterprises and associations) in customs operations. In the context of efforts to improve the DGD's contribution to domestic budget resources, an action plan for the mobilization, collection, and support of customs revenues generated by current imports has been implemented. This plan focuses inter alia on collection of suspended VAT, compliance with the periods of time which goods are stored in bonded warehouses, and the control of economic regimes. Furthermore, in the context of efforts to streamline tax expenditures, the proposed reform Decree 83-504 of May 17, 1983 on the conditions for applying duty-free entry has made progress and has been incorporated into the reform of the Customs Code, whose technical finalization is scheduled for December 2012 and which is expected to be submitted to parliament by end-June 2013 (new structural benchmark). On this point, the procedure joint with the DGID included in the General Tax Code is expected to result in a reduction of the revenue losses associated with exemptions.

E. Strengthen Public Financial Management and Governance

20. Senegal has made considerable progress in transposing the new WAEMU directives on government finance. The process is expected to be completed by end-December 2012 with the adoption of the draft law related to the code of transparency in fiscal management. An order adopted by the Prime Minister, announced in Decree 2012-673 of July 4, 2012 establishing government budget nomenclature, will set forth the annex pertaining to ministries' programs and allocations for constitutional institutions. To initiate the entry into force of the new regulatory framework resulting from this transposition, prior actions will include a learning period during which certain operations will be performed on a test basis with no legal impact, while assessing the complex innovations to precisely identify the various required changes to ensure a successful outcome. Accordingly, in 2013, in addition to the official documents associated with the budget law for the year, the authorities, in the interest of guidance and learning, will develop draft program budgets and multiyear expenditure programming documents for the ministries in charge of ecology and justice, as well as a 2013–2015 Multiyear Budgetary and Economic Programming Paper. The proposed World Bank project in support of fiscal reforms has already taken into account the need for the main studies, and included them among its activities scheduled for 2012. These include:

(i) the diagnostic assessment of the institutional and legal changes arising from the new WAEMU directives on government finance; (ii) studies on the feasibility of decentralizing the expenditure authorization process and the evolving role played by supervision over government financial operations; (iii) communication and outreach efforts relating to the new public management and its implications for policymakers; (iv) training for financial and sectoral authorities, and nonstate actors regarding the strengthening of citizen control of public affairs; and (v) customization of IT applications in the areas of budget management (SIGFIP) and accounting (ASTER).

21. Efforts to improve PFM are continuing in other areas. With respect to the certification of public accounts, the draft budget execution law for 2011 will be submitted to the National Assembly during the first regular session that began in October 2012. With regard to the delays encountered in the review of the budget execution statements of public accountants, the Audit Court will address the delays dating back to 2002. The Audit Court will also ensure that executing agencies and other similar entities governed by the rules and regulations on public accounting regularly file their financial statements, or will be be subject to applicable penalties. Finally, the government has submitted to the National Assembly the new draft organic law on the Audit Court.

22. Significant progress has been recorded in supervising the financial management of agencies. Transfers were centralized in 2011 with deposit accounts opened on the books of the Public Treasury. A financial and accounting framework has been set up, government accounting officers have been appointed, and the provision of subsidies is contingent on quarterly cash-flow plans; efforts in these areas will continue. In regard to the rationalization of agencies and other government entities, the assessment commission started it activities by conducting, at the first stage, a comprehensive survey of agencies and similar entities. On that basis, an initial decision to abolish 8 agencies was taken in 2012 and is currently being carried out. The sector will be streamlined more thoroughly on the basis of the recommendations made in the in-depth assessment study conducted by the national commission with assistance from the World Bank. As the launch was somewhat delayed, the study may not be completed until June 2013, when it will be shared with Fund staff. The government's action plan will be adopted by end-July 2013. In order to achieve immediate reductions in agency operating costs, the government intends to cap the remuneration of general directors. The financial supervision and governance of the parastatal sector by the Ministry of Economy and Finance will be strengthened.

23. The process of enhancing transparency in real estate transactions and advertising sales and transfers of holdings of the government's land is continuing. By end-January 2013, the government will publish on a website accessible for the public all information relating to the number of files involving final property sales and transfers from government holdings, indicating the land areas sold, the geographic location of the land, and the corresponding revenue received. The restructuring of the real estate holdings is already under way after a thorough diagnostic assessment, and will lead to the creation of the Directorate of Land and Government Property Affairs as of December 2012. The Urban Property Management Support Project *(PAGEF)* is primarily designed to computerize government property management. The DGID (i) is to embark upon and correctly carry out the comprehensive real estate management computerization process. Accordingly, an action plan will be put in place and implemented beginning in January 2013; (ii) it will record and track all government property revenues in SIGTAS as of June 2013; (iii) it will conduct an inventory of government property, with a view to preparing the general table of government property holdings to achieve greater transparency, by December 2013.

24. Cost-benefit analysis will be used more systematically in the draft budget law for 2014. The evaluation guide is currently being prepared, and will start to be used in early 2013. All investment projects exceeding CFAF 10 billion to be included in the draft budget for 2014 will undergo ex ante cost-benefit assessment using the guide. These assessments will be shared with Fund staff upon request.

25. The implementation of the single treasury account is continuing, despite certain difficulties. Only six banks responded to the circular from the Ministry of Economy and Finance requesting information on bank accounts. The following resolutions have been adopted to gather the necessary information and comply with the commitment to finalize the Single Treasury Account in February 2013: (i) ensure that accounting personnel at agencies transmit information on bank accounts to which they have access; (ii) make direct contact with the management of banks, with assistance from the Directorate of Money and Credit. A report on the status of implementation will be produced by the Parastatal Sector Directorate by end-November 2012

F. Private Sector Development

Energy sector

26. Execution of investments under the emergency plan for restructuring and reviving the energy sector has been delayed. Because of this the introduction of more efficient units that are intended to replace the leased units has also been delayed. The component pertaining to aggressive demand management has likewise fallen behind schedule. Nonetheless, implementation of the updated investment plan is continuing with the power plant rehabilitation program, and envisages installing more efficient heavy fuel power plants, accelerating the coal-fired power station projects (375 MW between 2014 and 2017), and introducing natural gas and renewable sources of energy (solar and wind power plants) into the energy mix.

27. A plan for the operational and financial restructuring of SENELEC has been prepared. On the basis of the financial evaluation of SENELEC, prepared on the basis of provisional financial statements for 2011, a financial restructuring plan has been adopted. The plan first envisages strengthening equity, in particular through the settlement of cross-debts (and conversion of net debt into equity) involving SENELEC, the government, and the Deposits and Consignations Fund, in addition to registering in accounts investments made by the government as investment subsidies. Efforts will be made to obtain debt relief for SENELEC, including through rescheduling negotiations with creditors and suppliers. With respect to operational restructuring, the performance indicators used to achieve sustainable increases in operation are the optimization of the various power plants, reduction of grid losses, reduction of operating costs, efforts to combat fraud, improvements in billing, and reduction of payment delays. In addition, a 2013-2015 performance contract between the government and SENELEC based on this restructuring plan is currently being finalized and is scheduled to take effect as of January 1, 2013.

28. The government's short-term objective is to ensure the quality of electricity supply while limiting subsidies that weigh heavily on public finances and impede efforts to finance other priority actions. The government intends to limit the electricity consumption subsidy to CFAF 80 billion in 2013. At current international oil prices, capping this subsidy will assume savings of approximately CFAF 45 billion which will require not only considerable efforts to control costs of the SENELEC, but will also make it necessary to revise the electricity tariff. Accordingly, tariff adjustments are under consideration for certain categories of consumers, while having in mind the need to protect low-income households and safeguard the competitiveness of the economy. In the medium term, the introduction of more efficient production units will make it possible to lower costs, which will be beneficial for all consumers.

Financial sector

29. The financial system has continued to deepen in recent years with no major negative impact on the system's stability. Micro-finance institutions (decentralized financial systems) have improved access to financial services for households and SMEs. The microfinance sector, which has developed very rapidly, has undergone in-depth restructuring in recent years. Capacity constraints and weak supervisory mechanisms at certain decentralized financial systems, as well as the high degree of market concentration, call for careful monitoring by supervisors. Banks are increasingly diversifying their customer base by offering more affordable basic services to the middle class and to SMEs, as a result of the entry of new banks and heightened competition on the market. This development poses no risk for bank stability at present. The main risk for banks is that their portfolios are concentrated among a handful of borrowers, including the government. Certain risks emanating from the growing interconnection of financial institutions (banks and insurance, banks and decentralized financial systems) should be evaluated, and strengthened surveillance may be required.

30. Most impediments to greater financial deepening have been clearly identified. In particular, these constraints include the legal environment, as well as the problems pertaining to information on the operating risks facing SMEs, which have been explicitly recognized in the national dialogue on SME access to credit. The ensuing action plan has focused on facilitating the use of collateral, the need to enhance the availability of information on customers, while lowering certain taxes to reduce the cost of credit, and improving the legal environment to streamline disputes. The implementation of the plan has been delayed, in spite of a number of important achievements such as the adoption of the law on leasing. The constraints identified at the national level are being monitored by the National Committee in charge of the action plan. Assessment of all the recommendations pertaining to banking regulation and, if necessary, their implementation may be accelerated by the WAMU authorities.

31. Reforms in the financial sector will be accelerated to deepen further the financial sector and facilitate access to the financial sector by SMEs and households.

- *Implementation of a regulatory framework conducive to the creation of private credit registers*. The preferred course of action is a regional approach based on the work already begun by

Senegal. The BCEAO will prepare a WAEMU-wide draft text to regulate the activities of credit bureaus.

- *Development of financial leasing*. The new general tax code will correct the tax distortions adversely affecting leasing activity in Senegal.
- *Diversification of financial products*. After the reform of financial leasing, the government will pursue its policy of diversifying financing instruments by promoting alternative products, particularly factoring. In this respect, there are plans to conduct a study to identify and overcome all of the obstacles impeding the development of factoring in Senegal.

Other Prerequisites for Improving the Business Climate, Governance, and Competitiveness

32. Stronger growth will require increased private sector competitiveness and further improvement of the business climate. Numerous reforms have been introduced in recent years but have not yet been fully implemented. Efforts will accordingly be made to educate and train the relevant authorities. The simplification of administrative procedures will continue. Emphasis will be placed on: (i) lowering production costs, and in particular on ensuring easier and more affordable access to land; (ii) reforms focusing on the status of the "entrepreneur" specified by the new OHADA Uniform Act, entailing gradual reforms of the informal sector and the emergence of a range of SMEs engaged in the production of goods and services; and (iii) the computerization of the construction permit procedure or TELEDAC in an effort to achieve simplified and more transparent procedures in this area, along with faster processing times. Quantitative targets will be set on the basis of the indicators included in the Doing Business survey, with a view to boosting the score in the years ahead.

III. PROGRAM MONITORING

33. The budget trends described above led to the downward revision of the budget deficit target for 2012 (from 6.4 percent to 5.9 percent of GDP) and we suggest modifying the relevant assessment criterion accordingly. Quantitative assessment criteria for end-June 2013 and indicative targets for end-March 2013, end-September 2013, and end-December 2013 have been proposed. The same applies to the structural benchmarks shown in Table 2 of the MEFP. It is proposed to reschedule the benchmark on the action plan for agency restructuring from end-2012 to end-July 2013. It is proposed to broaden the scope of investment expenditures which could be financed through nonconcessional borrowing to road infrastructure (not only the highway) and urban water and sanitation. The fifth review of the PSI should normally be completed by end-June 2013 and the sixth review by end-December 2013.

Table 1. 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			Dec. 31, 2012
	Prog.	Act.	Status	Prog.	Act.	Status	Prog.	Adj.	Act.	Status	Prog.	Prel.	Status	Rev. prog.
Assessment criteria														
Floor on the overall fiscal balance [2] [3]	-427	-455	not met	*-102*	*-70*	met	-213	-181	-102	met	*347*			-425
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	…	300	met	500			500
Ceiling on spending undertaken outside normal and simplified procedures [4]	0	0	met	0	0	met	0	…	0	met	0			0
Ceiling on government external payment arrears (stock) [4]	0	0	met	*0*	*0*	met	0	…	0	met	*0*			0
Ceiling on the amount of the budgetary float	50	50	met	*50*	*49*	met	50	…	40	met	*50*	*51*	not met	50
Ceiling on nonconcessional debt with a minimum grant element of 15 percent [4]	44	0	met	44	0	met	44	…	0	met	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*	…	*11*	met	*20*			*20*
Floor on social expenditure (percent of total spending)	*35*	*37*	met	…	…	met	*35*	…	*35*	met	…			*35*
Maximum upward adjustment of the overall deficit ceiling due to														
Shortfall in program grants relative to program projections	15	…	…	15	…	…	15	…	-6	…	15			15
Shortfall in concessional loans relative to program projections	50	…	…	50	…	…	50	…	-11	…	50			50
Shortfall in energy sector and autoroute investment relative to program projections	50	…	…	50	…	…	50	…	-27	…	50			50
Memorandum items:														
Program grants	37	37	…	9	…	…	19	…	13	…	28			48
Concessional loans	210	175	…	52	…	…	105	…	94	…	157			328
Investment in the energy sector and the autoroute [5]	66	66	…	*44*	…	…	60	…	*33*	…	*122*			120

[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 2. 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.	Prog.	Prog.	Proj.	Proj.
Assessment criteria					
Floor on the overall fiscal balance [2] [3]	-425	*-94*	-188	*-283*	-377
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	48	12	24	36	39
Concessional loans	328	82	164	246	254

[1] Indicative targets for March and September, 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.

MEFP Table 3: Structural Benchmarks, 2011-2013

Measures	MEFP§	Implementation date	Benchmark for review	Macroeconomic significance	Status
INCREASE TAX REVENUE, IMPROVE THE QUALITY OF EXPENDITURE AND DEBT MANAGEMENT					
Operationalize the new public debt directorate		January 15, 2012	3^{rd}	Improve debt management	Met
Prepare a medium-term debt strategy		September 30, 2012	4^{th}	Improve debt management	Met
Finalize the new general tax code and submit it to parliament		September 30, 2012	4th	Increase government revenue and encourage private sector development	Met with delay in November 2012
Prepare evaluation guide for investment projects	24	December 31, 2012	5th	Improve quality of public expenditure	In progress
Submit the new customs code to parliament	19	June 30, 2013	5th	Increase government revenue and encourage private sector development	New
CONSOLIDATE PROGRESS IN PUBLIC FINANCIAL MANAGEMENT					
Make use of the national registration number for businesses and associations (NINEA) mandatory for customs operations		January 1, 2012	3rd	Modernize tax administration	Met
Launch and complete a comprehensive survey of agencies and their missions		January 31, 2012	3^{rd}	Strengthen public financial management	Met
Adoption by the Council of Ministers of the draft law transposing the directive on the transparency code		June 30, 2012	3^{rd}	Strengthen public financial management	Met
Produce a plan for restructuring all agencies and comparable entities	19	December 31, 2012	5^{th}	Strengthen public financial management	In progress. Reprogrammed to end-July 2013

Finalize the Single Treasury Account	25	February 28, 2013	5th	Strengthen public financial management	In progress
Publish information on transactions pertaining to the government's private property holdings	23	December 31, 2012	5th	Strengthen public financial management	New
Roll out the new payroll management software	14	August 31, 2013	6th	Strengthen public financial management	New
Use cost-benefit assessment for investment projects exceeding CFAF 10 billion to be included in the budget for 2014	24	July 31, 2013	6th	Improve efficiency of government expenditure	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) 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		July 31, 2011	3rd	Improve the transparency of infrastructure-related investments	Continuous
Finalize a study to analyze the resources allocated to the microfinance sector and their impact, with a view to rationalizing these resources		January 31, 2012	3rd	Streamline the support for the microfinance sector	Met
Adopt an action plan on subsidies to electricity consumers		August 31, 2012	4th	Energy sector development	Met with delay in October 2012
Implement e-filing and e-payment for taxes for large enterprises	18	June 30, 2013	6th	Enhance the efficiency of public policy and improve the business climate	New

ATTACHMENT II: TECHNICAL MEMORANDUM OF UNDERSTANDING

Dakar, November 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-December 2012, end-June 2013 and the quantitative targets for end-September 2012 and for end-March, end-September, and end-December 2013, are shown in Tables 1 and 2 of the MEFP, respectively. The prior actions and structural benchmarks established under the program are presented in Table 3.

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, 2012, is minus CFAF 425.4 billion. It is calculated as the difference between total government revenue (CFAF 1,723.2 billion) and total expenditure and net lending (CFAF 2,148.7 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.

Reporting requirements

8. 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

9. 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 investment projects of the power sector reform plan.

Reporting requirements

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

D. Budgetary Float

Definition

11. 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

12. 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.

E. Spending Undertaken Outside Simplified and Normal Procedures

13. 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.

14. The authorities will report any such procedure, together with the SIGFIP table defined in paragraph 12, to Fund staff on a monthly basis with a maximum delay of 30 days.

F. Government External Payments Arrears

Definition

15. 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

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

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

17. 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.

18. **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).

19. **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.

20. **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.

21. 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.

22. 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 to be used for investment projects discussed with

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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.

Fund staff in road infrastructure, the energy sector, and urban water and sanitation. The nonconcessional funds obtained in this way will be deposited in a special account. The authorities will report regularly to Fund staff on the balance of this account and the use of funds. 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

23. 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.

H. Public Sector Contracts Signed by Single Tender

Definition

24. 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

25. 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.

III. ADDITIONAL INFORMATION FOR PROGRAM MONITORING

26. 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 monthly situation of checks issued by agencies from their deposit accounts at the Treasury but not paid to beneficiaries, with the dates of issuance of the checks.

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.

(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.

27. 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.

28. 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.

29. 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) investment projects in the power sector; (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).