PROSPECTUS **NOT FOR GENERAL CIRCULATION IN THE UNITED STATES**

THE REPUBLIC OF SENEGAL

US$1,100,000,000 6.250% AMORTISING NOTES DUE 2033
ISSUE PRICE: 100%

The US$1,100,000,000 6.250% Amortising Notes due 2033 (the **Notes**) are issued by the Republic of Senegal (the **Republic** or **Senegal**). The Notes will bear interest on their outstanding principal amount from time to time. Interest on the Notes will be paid on 23 May and 23 November in each year. The first payment of interest will be made on 23 November 2017 for the period from and including 23 May 2017 to but excluding 23 November 2017. The Notes will, unless previously redeemed or cancelled, be redeemed in three instalments of US$366,666,666.66 on 23 May 2031, US$366,666,666.67 on 23 May 2032 and US$366,666,666.67 on 23 May 2033. See *"Conditions of the Notes—7, Redemption and Purchase"*. The Notes initially will be sold to investors at a price equal to 100% of the principal amount thereof. For a more detailed description of the Notes, see "*Conditions of the Notes*" beginning on page 21.

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

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

This prospectus (the **Prospectus**) has been approved by the Central Bank of Ireland, as competent authority under the **Prospectus Directive**. For the purposes of this Prospectus, the expression Prospectus Directive means Directive 2003/71/EC (as amended, including by the Directive 2010/73/EU), and includes any relevant implementing measures in a relevant Member State of the European Economic Area). The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to Notes that are to be admitted to trading on the regulated market (the **Main Securities Market**) of the Irish Stock Exchange plc (the **Irish Stock Exchange**) or on another regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**) or that are to be offered to the public in any member state of the European Economic Area (**EU Member States**). Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List (the **Official List**) and trading on its regulated market. This Prospectus constitutes a prospectus for the purpose of the Prospectus (Directive 2003/71/EC) Regulations 2005 (the **Prospectus Regulations**) (which implement the Prospectus Directive in Ireland). Reference in this Prospectus to being listed (and all date references) shall mean that such Notes have been admitted to trading on the regulated market of the Irish Stock Exchange.

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

The Notes will initially be represented by two global certificates in registered form (the **Global Certificates**), one of which will be issued in respect of the Notes offered and sold in reliance on Rule 144A (the **Restricted Global Certificate**) and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (**DTC**) and the other of which will be issued in respect of the Notes offered and sold in reliance on Regulation S (the **Unrestricted Global Certificate**) and will be registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**). It is expected that delivery of the Global Certificates will be made on 23 May 2017 or such later date as may be agreed (the **Closing Date**) by the Republic and the Joint Lead Managers (as defined under "*Plan of Distribution*").

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

AN INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO THE FACTORS DESCRIBED UNDER THE HEADING "*RISK FACTORS*" ON PAGE 8.

Joint Lead Managers & Joint Bookrunners

CITIGROUP **J.P. MORGAN** **NATIXIS**

SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING **STANDARD CHARTERED BANK**

The date of this Prospectus is 19 May 2017.

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

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

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

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

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

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

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

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

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

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

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities reviewed or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

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

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

GLOSSARY AND CONVENTIONS

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

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

Capitalised terms which are used but not defined in any particular section of this Prospectus will have the meaning attributed thereto in **Conditions of the Notes** or any other section of this Prospectus.

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

References to a billion are to a thousand million.

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

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

- **BEAC** means the *Banque des Etats de l'Afrique Centrale*
- **BBY** means *Bennoo Bokk Yakaar*;
- **BCEAO** means the *Banque Centrale des Etats de l'Afrique de l'Ouest*;
- **BNDE** means the *Banque Nationale de Développement Economique*;
- **BOAD** means the *Banque Ouest Africaine de Développement*;
- **BOT** means Build-Operate-Transfer;
- **BRVM** means the *Bourse Régionale des Valeurs Mobilières*;
- **CENTIF** means the *Cellule Nationale de Traitement des Informations Financières du Sénégal*;
- **CET** means the Common External Tariff scheme agreed on by the member nations of WAEMU;
- **CIA World Factbook** means the Central Intelligence Agency World Factbook as at 12 January 2017;
- **CIMA** means the *Conférence Inter-Africaine des Marchés d'Assurance*;
- **CMU** means the *Couverture Maladie Universelle;*
- **CNDP** means the *Comité Nationale de la Dette Publique*;
- ***Conseil Constitutionnel*** means the Constitutional Council of the Republic of Senegal;
- **Constitution** means the Constitution of the Republic of Senegal, as adopted on 7 January 2001 (as amended);
- **COSOP** means the IFAD's Country Strategic and Opportunities Program;
- ***Cour des Comptes*** means the Court of Auditors of the Republic of Senegal;
- ***Cour Suprême*** means the Supreme Court of the Republic of Senegal;
- **CREI** means the *Cour de Répression de l'Enrichissement Illicite*;
- **CREPMF** means the *Conseil Régional de l'Epargne Publique et des Marchés Financiers*;
- **CSM** means the *Conseil Supérieur de la Magistrature*;
- **DDP** means the Directorate of Public Debt;
- **Definitive Notes** has the meaning ascribed to it in the Agency Agreement;
- **DGD** means the *Direction Générale des Douanes*;
- **DGID** means the *Direction Générale des Impôts et Domaines*;
- **DGPEE** means the *Direction de la Prévision et des Etudes Economiques*;
- **DPRE** means the *Direction de la Planification et de la Réforme de l'Education*;
- **DSA** means Debt Sustainability Analysis;
- **DTF** means the *Directions des Transports Ferroviaires*;
- **ECCAS** means the Economic Community of Central African States;
- **ECOWAS** means the Economic Community of West African States;
- **EIB** means the European Investment Bank;
- **ESPS** means the *Enquête de Suivi de la Pauvreté au Sénégal*;
- **EU** means the European Union;
- **FDI** means Foreign Direct Investment;
- **Fortesa** means Fortesa International Corporation;
- **FONSIS** means the *Fonds Souverain d'Investissements Stratégiques*;
- **FONGIP** means the *Fonds de Garantie des Investissements Prioritaires*;

- **FSE** means the *Fonds de Soutien à l'Energie;*
- **FSIPP** means the *Fonds de Sécurisation des Importations de Produits Pétroliers*;
- **FTT** means Financial Transactions Tax;
- **GATT** means the General Agreement on Tariffs and Trade;
- **Government** means the Prime Minister, his ministers and their respective ministries;
- **GTI** means GTI Dakar;
- **Haute Cour de Justice** means the High Court of Justice of the Republic of Senegal;
- **HDI** means Human Development Index;
- **HIPC** means Heavily Indebted Poor Countries;
- **ICS** means the *Industries Chimiques du Sénégal*;
- **ICT** means Information and Communications Technology;
- **IDA** means the International Development Association;
- **IDB** means the Islamic Development Bank;
- **IFAD** means the International Fund for Agricultural Development;
- **IFC** means the International Finance Corporation;
- **IFFCO** means the Indian Farmers Fertiliser Cooperative Limited;
- **IMF** means the International Monetary Fund;
- **IPRES** means the *Institution de Prévoyance Retraite du Sénégal*;
- **IRENA** means the International Renewable Energy Agency;
- **LONASE** means the *Lotterie Nationale Sénégalaise*;
- **MCA** means the Millennium Challenge Account;
- **MCC** means the Millennium Challenge Corporation;
- **MDL** means Mineral Deposits Limited;
- **MDRI** means the Multilateral Debt Relief Initiative;
- **MDG** means the Millennium Development Goals;
- **MFDC** means the *Mouvement des Forces Démocratiques de la Casamance*;
- **Miferso** means the *Société des Mines de Fer du Sénégal Oriental*;
- **MIGA** means the Multilateral Investment Guarantee Agency;
- **Millicom** means Millicom International Cellular S.A.;
- **MM4P** means Mobile Money for the Poor, a programme of the UNCDF;
- **NEPAD** means the New Partnership for Africa's Development;
- **NPL** means Non-performing Loan;
- **OFNAC** means National Anti-Corruption (Office);
- **OHADA** means the *Organisation pour l'Harmonisation en Afrique du Droit des Affaires*;
- **OIC** means the Organisation of Islamic Cooperation;
- **OPEC** means the Organisation of the Petroleum Exporting Countries;
- **PADAER** means the *Programme d'Appui au Développement Agricole et à l'Entreprenariat Rural*;
- **PDS** means the *Parti Démocratique Sénégalais*;

- **PEFA Report** means the Public Expenditure and Financial Accountability Report;
- **PEPAM** means the *Programme d'Eau Potable et d'Assainissement du Millénaire*;
- **PNBSF** means the *Programme National de Bourses de Sécurité Familiale*;
- **PIC** means the Presidential Investment Council;
- **Port** means the Port of Dakar;
- **PPP** means Public-Private Partnership;
- **PRACAS** means the *Programme de Relance et d'Accélération de la Cadence de l'Agriculture Sénégalaise*;
- **PRAESC** means the *Programme de Relance des Activités Economiques et Sociales en Casamance*;
- **PREAC** means the *Programme de Réformes de l'Environnement des Affaires et de la Compétitivité ;*
- **President** means the President of the Republic of Senegal from time to time;
- **PRGF** means the Poverty Reduction and Growth Facility;
- **PRGT** means the Poverty Reduction and Growth Trust;
- **PRS** means the Poverty Reduction Strategy;
- **PRSP** means the Poverty Reduction Strategy Paper;
- **PROMOVILLES** means the *Programme de Modernisation des Villes du Sénégal*;
- **PS** means the *Parti Socialiste sénégalais*;
- **PSE** means the *Plan Sénégal Emergent*;
- **PSI** means the Policy Support Instrument;
- **PTIP** means the *Programme Triennal d'Investissements Prioritaires*;
- **Republic** or **Senegal** means the Republic of Senegal;
- **RGE** means the *Recensement Général des Entreprises*;
- **RGT** means the General Revenue Office of the Treasury;
- **SAPCO** means the *Société d'Aménagement et de Promotion des Côtes et Zones Touristiques*;
- **SAR** means the *Société Africaine de Raffinage*;
- **SCA** means the *Stratégie de Croissance Accélérée*;
- **SDE** means *Sénégalaise des Eaux*;
- **SDG** means the Sustainable Development Goals;
- **SDR** means Special Drawing Rights, an international type of monetary reserve currency, created by the IMF, which operates as a supplement to the existing reserves of member countries;
- **SEFICS** means the *Société d'Exploitation des Industries Chimiques du Sénégal*;
- **Sentel** means the Sentel GSM S.A.;
- **SGP** means the Sabodala Gold Project;
- **SIGFIP** means the *Système Intégré de Gestion des Finances Publiques*;
- **SMEs** means small and medium-sized enterprises;
- **SNA** means the System of National Accounts adopted by the United Nations;
- **Sococim** means Sococim Industries;
- **SONES** means the *Société Nationale des Eaux du Sénégal*;
- **SUNIR** means the Iranian company Power & Water Export Company;

- **S&P** means Standard & Poor’s;
- **TAF** means the Technical Assistance Fund of the AfDB;
- **TER** means the *Train Express Régional*;
- **TEU** means twenty foot equivalent container units;
- **UK** means the United Kingdom of Great Britain and Northern Ireland;
- **UN** means the United Nations;
- **UNDP** means the United Nations Development Programme;
- **UNESCO** means the United Nations Educational, Scientific and Cultural Organisation;
- **UNICEF** means the United Nations Children’s Fund;
- **UPS** means the *Union Progressiste Sénégalaise*;
- **URD** means the *Union pour le Renouveau Démocratique;*
- **US** means the United States of America;
- **USAID** means the United States Agency for International Development;
- **VAT** means Value Added Tax;
- **WAEMU** means the West African Economic and Monetary Union;
- **WHO** means the World Health Organisation;
- **WTO** means the World Trade Organisation; and
- **ZFID** means the Dakar Free-Trade Zone.

PRESENTATION OF ECONOMIC AND OTHER INFORMATION

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

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

The Republic participates in the IMF's General Data Dissemination System (**GDDS**), which is designed to guide all member countries in the provision of their economic and financial data to the public. Data covered includes the real, fiscal, financial and the external sectors as well as socio-demographic data.

By participating in the GDDS the Republic has undertaken to:

- use the GDDS as a framework for statistical development;
- designate a country coordinator; and
- provide metadata to the IMF describing the current practices and plans for short- and long-term improvements in these practices.

A summary of the methodology under which Senegal prepares its metadata is found on the internet under the IMF's Dissemination Standards Bulletin Board. Senegal's metadata may be found on the IMF's website at http://dsbb.imf.org/Pages/GDDS/CtyCtgList.aspx?ctycode=SEN.

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

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

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

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

EXCHANGE RATE HISTORY

The "CFA franc" may designate two different currencies – "XOF" and "XAF" – controlled by two separate central banks (BCEAO and BEAC) but both with same exchange rate versus the Euro. Senegal's currency is the CFA franc (XOF), shared by the eight countries of the Western Africa Economic & Monetary Union (WAEMU), while the CFA franc (XAF) is shared by the six countries of the Economic Community of Central African States (ECCAS). Both CFA franc zones operate under a number of key operating principles:

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

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

	U.S. dollar/Euro			
Month	**Period end**	**Average rate(1)**	**High**	**Low**
October 2016	1.0962	1.1014	1.1212	1.0866
November 2016	1.0578	1.0792	1.1121	1.0560
December 2016	1.0552	1.0545	1.0758	1.0375
January 2017	1.0794	1.0635	1.0794	1.0416
February 2017	1.0564	1.0646	1.0802	1.0551
March 2017	1.0698	1.0691	1.0882	1.0514
April 2017	1.0895	1.0714	1.0941	1.0606
May 2017 (through 12 May 2017)	1.0926	1.0918	1.0996	1.0869

	U.S. dollar/Euro			
Year	**Period end**	**Average rate(1)**	**High**	**Low**
2012	1.3186	1.2859	1.3463	1.2062
2013	1.3779	1.3281	1.3816	1.2774
2014	1.2101	1.3297	1.3927	1.2101
2015	1.0859	1.1096	1.2015	1.0524
2016	1.0552	1.1072	1.1516	1.0375
2017 (through 12 May 2017)	1.0926	1.0701	1.0996	1.0416

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

Source: Federal Reserve Bank of New York

ENFORCEMENT OF CIVIL LIABILITIES

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

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

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

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

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

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

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

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

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

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

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

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OVERVIEW

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

Overview of the Republic

General

Senegal is located on the westernmost point of the African continent on the Atlantic coast and had a population of approximately 13.51 million people in 2013 (estimated at 14.8 million in 2016 and projected at 15.26 million in 2017). The Republic has an area of 196,722 square kilometres and it is bordered in the north by Mauritania, in the east by Mali, in the south by Guinea and Guinea-Bissau, in the west by The Gambia and by the Atlantic Ocean on a 531 kilometre coastline.

Senegal achieved independence from France in 1960. President Macky Sall was elected in 2012 with 65.8% of the vote. Senegal's Parliament currently comprises a unicameral chamber known as the National Assembly. The National Assembly has 150 seats, and its members are elected by universal suffrage (90 by majority vote and 60 by proportional vote) for five years. The next presidential election is due to be held in 2019 while the next parliamentary election is due to be held in 2017. Parliament is in session once a year, from October to June.

Economy

Senegal is the second largest economy in the WAEMU zone in terms of GDP after that of Côte d'Ivoire, according to the BCEAO. With the Government's adoption of the *Plan Sénégal Emergent* (PSE) in January 2014, Senegal has emerged from a long period of relatively slow growth. The objective of the PSE is to accelerate Senegal's economic development in order to transform Senegal into an emerging economy by 2035. From 3.5% in 2013, Senegal's real GDP growth rate progressed to 4.1% in 2014 and 6.5% in 2015 and is estimated at 6.7% in 2016 according to the Government, with a projection by the Government and IMF of 6.8% in 2017.

The DGPEE estimates that Senegal's nominal GDP for 2016 was at XOF 8,707.6 billion. The economy has historically been heavily reliant on agriculture, in particular groundnut production. However, in recent years Senegal has managed to maintain a relatively diverse economy, with the groundnut sector making up only 4.6% of exports in 2016. The services (tertiary) sector is now the largest sector of Senegal's economy, accounting for 44.9% of nominal GDP in 2016 as a result of its continued dynamism and growth, with the secondary sector and the primary sector accounting for 20.3% and 15.2% of nominal GDP, respectively, and the contribution of the Public Administration accounting for the remaining 19.6%. The economic growth recorded by Senegal under the PSE reflects the positive performance of the extractive industries, manufacturing of chemical products, oil refining, construction, transportation, telecommunications, housing services and financial services.

Plan Sénégal Émergent

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

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

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

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

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

Senegal is committed to creating the conditions for realising the growth potential of these key areas by adopting the structural reforms needed to improve economic governance and public financial management within the public sector and to improve the business climate with a view to unlocking private investment through FDI and SMEs. Senegal was in the top ten reformers in the World Bank Doing Business rankings for both 2015 and 2016, which rankings include countries that have implemented the highest number of measures to improve their respective business environment. Senegal was ranked 147 out of 189 economies surveyed in the World Bank 2017 Doing Business report.

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

Statistical Data

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

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

	2013	2014	2015	2016
	(XOF billions unless otherwise indicated)			
Domestic Economy				
Nominal GDP(1)	7,334.8	7,554.7	8,067.8	8,707.6
Real GDP(1)	5,366.3	5,585.0	5,945.6	6,346.5
Real GDP growth rate (%)	3.5%	4.1%	6.5%	6.7%
Balance of Payments				
Trade balance(2)	(1,471.0)	(1,383.2)	(1,274.5)	(1,244.6)
Exports (free on board)(2)	1,422.5	1,427.7	1,669.1	1,656.0
Imports (free on board)(2)	(2,893.5)	(2,856.0)	(2,943.6)	(2,900.6)
Public Finance				
Total revenue and grants	1,659.0	1,927.0	2,026.1	2,334.6
Total expenditure and net lending(3)	2,059.0	2,318.7	2,411.5	2,703.9
Overall fiscal balance (including grants)	(400.4)	(384.0)	(387.2)	(369.3)
Public Debt				
External Debt	2,367.7	3,047.4	3,317.9	3,685.3
Domestic Debt	974.0	1,065.5	1,279.7	1,597.7
External Debt / Nominal GDP (%)	32.3%	40.3%	41.1%	42.3%

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

(2) Figures for 2016 are BCEAO estimates that are subject to revision by the BCEAO. See "*Presentation of Economic and other Information*".

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

Source: *Government*

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

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

- The growth outlook of the Senegalese economy is conditioned upon successful implementation of reforms to improve economic governance;
- The growth of the Senegalese economy since 2014 has been highly dependent on public investment and may slow down if reforms to boost private sector investments and FDI flows are not successful;
- Senegal is highly dependent on foreign imports of food and crude oil, which in an environment of rising prices may lead to unplanned budgetary outlays and inflation;
- Senegal's economy and security may be negatively affected by regional considerations;
- Senegal is highly dependent on foreign aid and an important share of PSE-related public investments is provided by development partners;
- Senegal may continue to suffer from low FDI flows, which could hamper its economic growth prospects;
- Senegal's growth prospects are contingent on continued improvements of the performance of the power sector;
- Senegal's economic growth is dependent on the successful completion of a number of infrastructure projects, for which financing has not been obtained or committed in full to date;
- Senegal's economic growth prospects are contingent on the performance of a number of sectors that are highly vulnerable to various volatility factors;
- A significant portion of Senegal's economy is not recorded;
- Senegal relies on high levels of remittance flows, which are vulnerable to economic and political developments in countries in which Senegalese immigrants reside;
- Failure to adequately address actual and perceived risks of corruption may adversely affect Senegal's economy and its ability to attract foreign direct investment;
- Senegal's membership in the BCEAO may affect its ability to react to stresses in its economy and may subject it to economic policies that are not in its best interests;
- Any adjustment to, or ending of, the CFA Franc's currency peg could negatively affect Senegal;
- Senegal's Casamance region is politically unstable;
- Senegal's debt levels are rising. High levels of debt could have a material adverse effect on Senegal's economy and its ability to service its debt, including the Notes;
- Senegal has in the past and continues to trade with certain sanctioned countries;
- Senegal is a sovereign State. Consequently, it may be difficult for investors to obtain or realise judgments against Senegal handed down by courts and arbitral bodies in other countries;
- Statistics published by Senegal may be more limited in scope, published less frequently and differ from those produced by other sources;
- Comparability of 1999-based GDP data published in this Prospectus and GDP data to be released in the future on the basis of the new 2014 base year
- Investing in securities involving emerging markets generally involves a higher degree of risk than more developed markets;
- Event of Default;
- Definitive Notes not denominated in an integral multiple of US$200,000 or its equivalent may be illiquid and difficult to trade;
- While a Senegalese court will recognise and give effect to the choice of English law as the law governing the Notes, the enforcement of foreign judgments will be governed by Senegalese law;
- Fluctuations in exchange rates and interest rates may adversely affect the value of the Notes;
- The Notes have amortising redemption features;
- The Republic's credit ratings are subject to revision or withdrawal, either of which could adversely affect the trading price of the Notes;
- As a result of the collective action clause contained therein, the terms of the Notes may be modified or waived without the consent of all the holders of the Notes;
- A change of law could affect the Notes;

- The Notes may be negatively affected by events in other emerging markets, including those in sub-Saharan Africa;
- There is no established trading market for the Notes and any trading market which develops may be volatile;
- There may be interest rate risks that affect the Notes; and
- Legal investment considerations may restrict certain investments.

Overview of the Terms and Conditions of the Offering

Issuer: The Republic of Senegal

Description of Notes: US$1,100,000,000 6.250% Amortising Notes due 2033 (the **Notes**), to be issued by the Issuer on 23 May 2017 (the **Issue Date**).

Joint Lead Managers: Citigroup Global Markets Limited

J.P. Morgan Securities plc

Natixis

Société Générale

Standard Chartered Bank

Fiscal Agent: Citibank, N.A., London Branch

Registrar: Citigroup Global Markets Deutschland AG

Issue Price: 100%

Issue Date: 23 May 2017

Maturity Date: 23 May 2033

Interest: 6.250% per annum payable semi-annually in arrear on 23 May and 23 November in each year.

Yield: 6.250%

Redemption: The Republic will redeem the Notes in three instalments of US$366,666,666.66 on 23 May 2031, US$366,666,666.67 on 23 May 2032 and US$366,666,666.67 on 23 May 2033.

See "*Conditions of the Notes—7. Redemption and Purchase*".

Events of Default: The Conditions will permit the acceleration of the Notes following the occurrence of certain events of default.

See "Conditions of the Notes—10. Events of Default".

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

See "Conditions of the Notes—4. Negative Pledge".

Cross Acceleration: An Event of Default will occur when:

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

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

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

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

See "Conditions of the Notes—10. Events of Default".

Status of the Notes:	The Notes are direct, unconditional and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Republic and rank and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness (as defined in the Conditions) of the Republic, from time-to-time outstanding, provided, further, that the Republic shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Notes and vice versa. See "Conditions of the Notes—3. Status".
Meetings of Noteholders:	The Conditions contain provisions for calling meetings of Noteholders and, in certain circumstances, holders of other debt securities of the Issuer, to consider matters affecting their interests generally. These provisions permit defined majorities (which may, in certain circumstances, be formed of holders of debt securities of the Issuer other than the Notes) to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. See "*Conditions of the Notes—13. Meetings of Noteholders; Written Resolutions*".
Modification:	The Conditions contain a provision permitting the Notes, the Conditions, the Agency Agreement and the Deed of Covenant to be amended without the consent of the Noteholders to correct a manifest error or to make any modification, which is of a formal, minor or technical nature or which is not materially prejudicial to the interests of the Noteholders. See "*Conditions of the Notes—13.8 Manifest Error, etc.*".
Taxation:	All payments in respect of the Notes by or on behalf of the Republic shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Republic will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction, subject to certain exceptions set out under "*Conditions of the Notes—8. Taxation*" and "*Taxation*".
Listing and admission to trading:	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market.
Governing Law:	The Agency Agreement, the Deed of Covenant and the Notes and any non-contractual obligations arising out of or in connection therewith are governed by, and construed in accordance with, English law.
Form:	The Notes will be issued in registered form in denominations of US$ 200,000 and integral multiples of US$ 1,000 in excess thereof.
Credit Ratings:	The Notes are expected to be rated on issuance Ba3 by Moody's and B+ by Standard & Poor's. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. Credit ratings included or referred to in this Prospectus have been or, as applicable, may be, issued by Moody's and Standard & Poor's, each of which is established in the EU and is registered under the CRA Regulation.
Selling Restrictions:	The Notes have not been and will not be registered under the Securities Act and are subject to certain restrictions on transfers. See "*Plan of Distribution*" below.
Use of Proceeds:	The net proceeds of the issue of the Notes will be used by the Republic: (i) to repay in full the US$ 150 million term facility loan at a rate of 3-

month LIBOR plus 3.25% entered into between Senegal and Standard Chartered Bank and Citibank in March 2017 in order to finance certain infrastructure project costs pending completion of the issuance of the Notes (the "Bridge Loan"); and (ii) to finance projects primarily related to infrastructure, transport services, energy sector and sanitation included in the 2017 Finance Law.

	Unrestricted Global Note	**Restricted Global Note**
ISIN:	XS1619155564	US81720TAC99
Common code:	161915556	162003801
CUSIP:	—	81720TAC9

RISK FACTORS

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

Risks related to the Republic of Senegal

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

In January 2014, the Government adopted the PSE as its strategy to promote accelerated development and transform Senegal into an emerging economy by 2035. The PSE sets forth certain benchmarks for the Republic's economic and social policies over the medium and long term, with the objective of effecting a structural transformation of the economy and diversifying sources of economic growth. As a result of PSE-related public investments in infrastructure, agriculture and energy and contributions from the natural resources, industrial and tertiary sectors, Senegal's real GDP reached a growth rate of 6.5% in 2015 and is estimated at 6.7% in 2016. Real GDP growth rate is projected by the Government at 6.8% in 2017. According to the IMF (January 2017 Article IV Report), growth of Senegalese GDP needs to be sustained at 7-8 % year over 20 years for Senegal to achieve emerging market status by 2035.

The IMF also notes that current growth levels can only be sustained over the medium to long term if Senegal improves its economic governance. This is required in order for Senegal to continue to be able to mobilise sufficient fiscal resources to finance the share of the State in PSE-related projects, and to enhance the economy's resilience to internal shocks as well as external shocks in a context of insecurity within the sub-region. In particular, reforms are needed to strengthen public financial management, preserve Senegal's low risk of debt distress, improve public wage bill management, improve project management and facilitate PSE implementation by strengthening public sector governance. In the short term, achieving the WAEMU target budget deficit of 3% of GDP in 2019 will require significant efforts to achieve satisfactory revenue collection and effective control of current expenditure.

In March 2016, Prime Minister Mahammed Dionne and key ministers identified a set of 11 fundamental reforms as required to spur growth and stability, reflecting the Government's commitment to step up the pace of implementation of PSE-related projects and reforms. A number of these reforms relate to public sector governance and are designed to allow increased investment expenditure to support economic growth. See "*Public Finance – Improving Economic Governance*". According to the World Bank Governance Indicators (2015), Senegal outperforms the Sub-Saharan Africa average on all indicators (voice and accountability, political stability, government effectiveness, regulatory quality, rule of law and control of corruption). Satisfactory performance under the PSE will depend on the pace of the reform agenda and the ability of the Government to overcome resistance in areas where change has been blocked by entrenched interests that have proved hard to overcome. If the PSE policies and reforms necessary to provide the structural change needed to sustain the current growth momentum over the medium term do not materialise at the required pace, this could result in slower rates of economic growth than anticipated and could have an adverse effect on the Government's revenues and affect its ability to service its debt, including the Notes.

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

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

Senegal must also accelerate the pace of reforms to improve the business environment so as to remove the constraints slowing private sector development and create the conditions for the development of private investments both from local SMEs and through FDI. This requires removing obstacles created by entrenched interests, which benefit from rent seeking and anti-competitive situations. A number of the measures included in the 11 reform agenda defined by the Government in March 2016 are geared to facilitating the emergence of SMEs, attracting productive FDI and accelerating the development of the financial sector by facilitating the access of SMEs to credit. Senegal ranks 139 in "getting credit" in the 2017 World Bank *Doing Business* index, which is below the Sub-Saharan Africa average. The Government has created several institutions to provide guarantees and direct lending to SMEs (FONGIP, FONSIS and BNDE), but more progress on reforms is needed to boost private sector investments. Furthermore, deficient electricity supply remains an important impediment to doing business in Senegal, and continued public and private sector investment in the electricity sector is needed to diversify sources, reduce costs and improve distribution and reliability. See "– *Senegal's growth prospects are contingent on continued improvements of the performance of the power sector*."

Senegal has made some progress in improving its business environment, and was in the top ten reformers for two years in a row in the World Bank *Doing Business* rankings for 2015 and 2016. The first phase of the Government's comprehensive structural reform plan to improve the business environment (*Programme de réforme de l'environnement des affaires et de la compétitivité* - PREAC I 2013-15) implemented around 90% of the 56 measures envisioned. The PREAC II 2016-18 includes land and judicial reform, legal measures to promote SMEs, revision of the investment code and simplified tax administration, among other things. Nonetheless, Senegal's business environment is still considered by the IMF to be relatively poor and steadfast implementation of reforms is needed. Senegal's low level of FDI flows relative to peers is evidence that, despite its stability and favourable geographical position in the region, it has been unable to attract investment in line with its potential.

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

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

Senegal suffers from a chronic deficit in its balance of payments, primarily due to its reliance on imports of food and crude oil. In recent years, Senegal has experienced growth in the agricultural sector as well as improved harvests and has thereby managed to reduce its reliance on imports of grains and cereals. See "*Public Finance – Investment Programmes – Agricultural Development Programme – PRACAS*". However, the country will continue to rely heavily on food imports in the near future. In addition, any future droughts or other adverse weather conditions may affect Senegal's internal production of food and, therefore, increase Senegal's dependence upon foreign imports. Senegal's high reliance on food imports in an environment of rising prices may lead to significant increases in inflation, which could have a negative impact on the economy or potentially lead the Government to increase or create new subsidies.

Senegal does not produce any crude oil and relies on imports for all of its crude oil needs. In addition to the transport and infrastructure sectors' requirements for crude oil, Senegal's electricity sector, in particular the national electricity company SENELEC, relies on hydrocarbon imports for approximately 88% of its power generation. In addition, Senegal imports significant amounts of crude oil for refining activities carried out by SAR, which is partially State-owned. In 2016, Senegal imported over 1.4 million tonnes of crude oil, primarily from Nigeria. While promising oil and gas discoveries were recently made off the coast of Senegal, initial estimates of the discoveries suggest that production would in any event only start in 2020-21 for gas and in 2022-2023 for oil. As a result, continued volatility in the price of crude oil and other commodities could have an adverse effect on Senegal's economy so long as the country requires oil imports.

Despite its intention to avoid subsidies, in case of rising prices of foodstuffs and/or crude oil, the Government may need to grant potentially significant subsidies resulting in unplanned budgetary outlays and inflation. Any such budgetary outlays or excessive inflation could adversely impact Senegal's economy and its ability to make payments under the Notes.

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

Senegal has a number of regional trading partners upon which its economy heavily relies. In 2016, over 45% of Senegal's exports were to (mostly West) African countries, with 16.9% of Senegal's exports going to Mali, and 16.5% of its imports came from (mostly West) African countries, with 6.7% of such imports coming from Nigeria to meet the country's oil needs. Senegal is also an active member of the West African regional organisations, such as WAEMU and ECOWAS, which foster more economic integration among their member countries. Political instability, social unrest, epidemics and/or increased fragility are common in the West African region and, among other factors, could result in a reduction in Senegal's exports to, and imports from, those countries or in regional contagion.

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

The continuation of such events, or the outbreak of new events in the region could further strain political stability and security in the region and the Government's finances. These events could have a material adverse impact on the Senegalese economy, including declines in tourism flows (which have historically been an important source of income) or disruptions on Senegal's exports and imports to and from the partner countries involved. Any of the foregoing could also lead to the diversion of Government resources towards increased military and security spending, which may reduce overall economic growth and increase Senegal's budget deficit. For example, as a result of the regional environment, Senegal has increased its defence and security budget by 79% for 2017 to XOF 111.3 billion, from XOF 62.3 billion in 2016; the security budget was XOF 51.1 billion in 2015.

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

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

Senegal has significant exposure to concessional public debt from multilateral institutions and foreign governments, equivalent to approximately 33.5% of its nominal GDP in 2016. In addition, Senegal benefits from donations from a small number of large-scale donors including the IMF, USAID, the World Bank, the European Investment Bank (EIB), the Islamic Development Bank (IDB), the African Development Bank (AfDB) and the *Agence Française de Développement* (AFD). The Government estimates that, in 2015, Senegal received a total of XOF 404.8 billion in foreign aid, of which XOF 204 billion (50.4%) was in the form of drawings on concessional loans and XOF 200.8 billion was in the form of grants. In 2016, this total amount is estimated to have increased by 7.2% to reach XOF 434 billion. International financial aid thus plays a critical role in Senegal's public finance. Furthermore, the Government's 2017-2019 PTIP (three-year public investment programme) provides for an amount of XOF 1,956.6 billion to be funded from international financial aid for financing public investments, which represents 40.8% of the total XOF 4,791.8 billion investment amount provided in the 2017-2019 PTIP.

The continuation of such aid is dependent on the Republic's ability to comply with certain restrictions and covenants contained in the relevant donor programme documentation, as well as the ability or the willingness of foreign donors to maintain current and future financial commitments. For example, in the case of the United States of America, domestic political developments towards isolationism may lead to budget cuts to foreign aid by the administration of President Donald Trump, and similar actions could take place in France depending on the outcome of the presidential elections to be held in April and May 2017. In addition, an increasing share of foreign aid received by Senegal comes from China and Gulf Arab States, but this could be impacted by economic developments in those countries, such as an economic slowdown affecting China, or an oil price shock affecting Gulf Arab States.

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

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

Foreign direct investment, which comprises equity capital, re-invested earnings and other capital inflows, increased from XOF 199 billion in 2014 to XOF 241.9 billion in 2015, and then to XOF 266 billion in 2016, or the equivalent of about 3.0% of nominal GDP in 2016.

Foreign direct investment, which is necessary for Senegal to meet its ambitious PSE growth objectives, remains low for a country the size of Senegal. Senegal was ranked 147 out of 189 economies surveyed in the World Bank 2017 *Doing Business* report, as compared to a ranking of 178 in the World Bank 2014 *Doing Business* report, signalling a need for the Government to continue its efforts to reform the economic and business environment. Absent a decrease in the perceived risks associated with investing in Senegal, including those described herein, there may not be any appreciable increase in foreign direct investment, which could adversely affect the Senegalese economy and limit sources of funding for infrastructure and other projects which are dependent on significant investment from the private sector. If the reforms needed to improve the business climate are not successfully implemented, existing levels of foreign direct investment may also fall further, thereby significantly impeding the progress of sectors important to economic growth such as the infrastructure, financial and energy sectors.

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

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

In January 2014, the Government approved a new electricity production plan for the 2014-2017 period, which is based on a policy of diversifying the sources of energy production, introducing more cost-effective production technologies and improved efficiency at SENELEC, and encouraging private investment in the electricity sector. Further to this plan, the Government's efforts have led to the launch of several new projects in the power sector. The Government is working with development partners (including, with the IFC, through the Scaling Solar programme) to increase the role of the private sector in generation and distribution and this has resulted in the commissioning of several power plants, thus significantly reducing the chronic electricity shortages experienced by Senegal in the past. Subsidies from the budget to SENELEC have also been eliminated, partly due to lower oil prices. (See "*Economy of Senegal—Principal Sectors of the Economy—Energy—Electricity*".)

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

Deficient electricity supply also remains an important impediment to the Senegalese private sector development. The importance of tackling electricity availability and cost is highlighted by Senegal's rank of 162 out of 190 in "getting electricity" in the *Doing Business* Index. Some progress has been made in increasing supply through greater private sector involvement in generation and distribution and accessing lower cost sources of energy, including the creation of two new generation facilities. With regards to grid access, there has been a streamlining of the application review process for new electricity connections and excavation permits and a reduction of the amount needed for a security deposit. However, electricity generation remains extremely costly and the rural electrification plan has undergone delays.

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

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

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

Infrastructure projects involve a number of execution risks, including delays due to construction difficulties, suspensions in scheduled fund disbursements from external sources of financing due to restrictions related to donor oversight programmes or failure to meet the benchmarks stipulated in donor agreements, changes in commitment or resources from donor sources, bottlenecks introduced by environmental impact studies or other audit reviews which slow project completion, relocation of populations or other political, legislative or social resistance to policies required for project completion. For example, the new AIBD project, which commenced in 2007, has undergone several years' delay and is only expected to be completed at the end of 2017. See "*Economy of Senegal – Plan Sénégal Emergent*" and "*Public Finance – International Financial Aid*".

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

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

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

Tourism. Tourism, which accounted for approximately 0.77% of nominal GDP in 2014, 0.75% in 2015 and 0.76% in 2016, is Senegal's third largest foreign currency earner and generates significant employment in the country. As part of the PSE, the Government has identified tourism as one of the five key sectors (along with agriculture, manufacturing for export, mining, tourism and housing) that are expected to drive growth over the medium to long term. However, there are a number of challenges facing tourism in Senegal, including undiversified and insufficiently competitive supply, poor service quality, a failure to promote Senegal as a destination, and coastal erosion resulting in loss of beaches located at Saly, the country's biggest seaside resort. Resort areas such as Saly and Cap-Skirring require rehabilitation and upgrading and the potential of newly identified sites like Pointe Sarene, Joal, Grande Côte and Pays Bassari has yet to be developed. Realising this potential will require significant investment in addition to successfully implementing the subsector reform agenda, improving the quality of services and the workforce, improving the marketing of Senegal as an attractive tourist destination, and improving connectivity with target markets. There can be no assurance that the Government will be able to meet these requirements in a timely manner to fully develop tourism in Senegal, especially as performance in this subsector is highly contingent on the economic growth in target countries and heightened international competition. In addition, tourism in Senegal is highly vulnerable to external, regional, and domestic risks, including economic slowdown in the countries of origin of the tourists such as France and other European countries, the negative perception of security associated with the political instability of the Casamance region (see "*Senegal's Casamance region is politically unstable*), potential terrorist attacks targeting tourist sites and escalating regional geopolitical risks. See "*Senegal's economy and security may be negatively affected by regional considerations*".

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

A significant portion of Senegal's economy is not recorded

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

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

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

Workers' remittances grew by more than 20% between 1995 and 2007 and have remained a major source of financing for the economy of Senegal. (See "*Foreign Trade and Balance of Payments—Remittances*"*)*. In 2016 remittances accounted for 12.6% of Senegal's nominal GDP. The main countries of origin of these inflows are France, Italy, Spain and other European countries but also the United States and certain Central African countries. Domestic consumption in Senegal is reliant on these high levels of remittances, which also help support the domestic services industry and the informal sector. Economic volatility in origin countries could negatively affect the size and stability of remittance flows into Senegal, potentially impacting Senegal's economic performance. Recent political developments in Europe and the United States towards restrictions on immigration from African countries, including Senegal, could adversely affect the high levels of remittances received by Senegal during the past several years, which in turn could increase the level of poverty and impact Senegal's growth performance.

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

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

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

While the efforts of the Government of Senegal have been paying off, resulting in a significant improvement in the ranking of Senegal in Transparency International's Corruption Perceptions Index (from 77 out of 94 in 2012 and 61 out of 167 in 2015 to 64 out of 176 in 2016), continued corruption in the public sector and any future allegations, or perceived risk, of corruption in Senegal could have an adverse effect on the economy and may have a negative effect on Senegal's ability to attract foreign investment.

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

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

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

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

Senegal shares a common currency with the other WAEMU member States, the CFA franc (or XOF), within the scope of a longstanding monetary cooperation between France and the WAEMU member States. This cooperation provides, among other things, for a guarantee by the French Treasury of unlimited convertibility of the CFA franc and a fixed peg. In exchange for this convertibility guarantee, the BCEAO has the obligation to deposit at least 50% of its currency reserves on an operational account with the French Treasury. The peg of the XOF to the French franc was replaced by a peg to the Euro as from 1 January 1999 at a fixed exchange rate of: 1 Euro = XOF 655.957. Although there is no evidence as of the date of this Prospectus of any plan to change this situation or of any difficulties affecting the monetary cooperation between France and the WAEMU member States, there is no assurance that the French Treasury and the WAEMU member States will be able or willing to continue to maintain the peg in the future. For example, the French Treasury's support of the CFA franc peg arrangement could be altered or abandoned due to changing political developments in France. The withdrawal of France from the Euro, as proposed by certain candidates in the context of the French presidential elections to be held in April and May 2017, would also be disruptive with uncertain implications for the stability of the CFA franc peg. A change or abandonment of France's commitment to the convertibility of the CFA franc or an abandonment of the Euro by France would create uncertainty for the future of the exchange rate arrangement, its ability to support macroeconomic stability, and its status as a credit support. If a stable exchange rate or the peg to the Euro cannot be maintained, this could reduce confidence in Senegal's economy, reduce foreign direct investment and adversely affect Senegal's finances and economy.

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

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

Senegal's Casamance region is politically unstable

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

Since his election to office, President Sall has made peace in the south a top priority for his government and has been seeking to resolve the Casamance problem through enhanced cooperation with the governments of The Gambia and of Guinea-Bissau, who share borders with Casamance. The Government has also made the economic development of the Casamance region a key policy objective and has involved several international partners in this effort. (See "*Republic of Senegal – Instability of the Casamance Region*") In the view of the

Senegalese authorities, the regime change that took place in The Gambia following the December 2016 presidential elections and the defeat of Mr. Yahya Jammeh, who was suspected of supporting the Casamance separatists, and the assumption of power in January 2017 of President-elect Mr. Adama Barrow with the help of ECOWAS and the Senegalese armed forces, is a promising development for the pacification of the Casamance region. Unrest in the Casamance region has diminished and in October 2016 the French authorities withdrew the Casamance region from their official red list of insecure tourist zones. However, there can be no assurance that violent insurgency will not continue. Violent acts arising from and leading to instability and unrest in Casamance have had in the past, and could continue to have in the future, an adverse impact on tourism flows to Casamance, a region with good tourism potential, and, more generally, on foreign direct investment and the performance of the Senegalese economy.

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

Senegal's public debt has been increasing since 2006, following the joint World Bank-IMF initiatives, the Heavily Indebted Poor Countries Initiative (HIPC) and the Multilateral Debt Relief Initiative (MDRI). As a share of nominal GDP, Senegal's public debt increased from 20.9% in 2006 to 45.6% in 2013, to further increase to 60.7% in 2016, a level higher than the one in 2003, pre-HIPC completion point. Most of the recent increase of public debt is driven by domestic borrowing. Domestic debt almost doubled between 2011 and 2016, while the share of concessional borrowing has declined. This shift implies an increase in the average cost of borrowing, since Treasury bills have been issued at approximately 5% in 2015 and bonds carried interest rates of more than 6%, higher than the average interest rate on foreign borrowing during 2010 to 2015. In addition, the Government has been borrowing in domestic currencies from other lenders, such as the West African Development Bank (BOAD) at rates as high as 8.5%. *See* " – *Public Debt – Overview*".

Financing significant infrastructure projects relying on commercial external borrowing (See "*Use of Proceeds*") would put further pressure on debt sustainability, raising debt service costs in the medium term. According to the Government, debt service on total public debt reached 28% of government revenues in 2016 and it is projected to reach 31% in 2017 and 30% in 2018, largely because of the additional relatively expensive domestic borrowing (which includes the securities subscribed by WAEMU banks) undertaken in 2016. While debt levels are still below the relevant IMF debt sustainability analysis thresholds, the adverse debt dynamics could signal future risks for debt sustainability in the absence of corrective action.

In the view of the IMF, Senegal remains at a low risk of debt distress, but maintaining this low risk is contingent on sustaining the high levels of growth envisaged under the PSE, which will require improving fiscal policy and economic governance and ensuring rapid progress in fostering private investment. The challenge of meeting infrastructure development objectives without undermining debt sustainability will require continuing efforts to improve the quality of investment while pursuing a prudent debt strategy that keeps the cost of borrowing at reasonable rates. Failure to strengthen debt management and master Treasury operations may also jeopardise the rating of low risk of debt distress. With the implementation of the PSE and the investments associated therewith, the increase in public debt may continue in the coming years. Uncontrolled or high levels of indebtedness resulting from continued borrowing or decreasing GDP may negatively impact Senegal's sovereign credit rating and impair Senegal's ability to service the Notes.

The Government also guarantees the payment obligations of certain public agencies and of SENELEC. See "*Public Debt – Guarantees"*. The number and potential amount of the guarantees granted by the Government with respect to the contractual purchase obligations of SENELEC under power purchase agreements are expected to increase as a result of the ongoing implementation of the 2014-2017 Electricity Production Plan. "*See Public Finance – Investment Programmes – Infrastructure Investments – Electricity Production Plan"*. Although these guarantees are not recorded in Senegal's public debt, they affect Senegal's debt sustainability and, in the event of default by the relevant public agencies or SENELEC, could have a material negative impact on Senegal's ability to meet its financial obligations, including with respect to the Notes.

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

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

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

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

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

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

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

In March 2017 Senegal announced its decision to update the base year in its national accounts from 1999 to 2014. This change of base year resulted in a 30% increase in GDP for 2014 to XOF 9,789 billion, compared to XOF 7,555 billion using the 1999 base. (See "*Economy – Gross Domestic Product – GDP Rebasing Project*".) The Government plans to prepare a restatement of the 2015 national accounts using the 2014 base year during 2017, and to complete the restatement of the 2016 and 2017 national accounts as well as the retropolation of accounts prior to 2014 by 2018. However, there is no guarantee that the restatement and retropolation exercise will not take more time than anticipated. Because all GDP figures used in this Prospectus are based on constant 1999 prices and all GDP and GDP-based data is presented on a 1999 reference year basis, GDP data published in this Prospectus will not be comparable to data published in future periods that is based on 2014-rebased GDP until the Government completes the restatement of the 2016 and 2017 accounts and the retropolation of the pre-2014 national accounts. Furthermore, the economic trends for the 2014-2016 period shown on the basis of 1999-based GDP data may be different when presented on a 2014-GDP basis and the restatement may result in the weight of the sectors in the economy being different from what is described in this Prospectus.

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

Generally, investing in securities of emerging market issuers, such as Senegal, is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. Investors are urged to consult their own legal and financial advisers before making an investment. Such risks include, but are not limited to, higher volatility and more limited liquidity in respect of the Notes, greater political risk, a narrow export base, budget deficits, increasing debt levels, lack of adequate infrastructure necessary to accelerate economic growth and changes in the political and economic environment. Emerging markets may also experience more instances of corruption by government officials and misuse of public funds than do more mature markets, which could affect the ability of governments to meet their obligations under issued securities.

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

Risks related to the Notes

Event of Default

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

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

Definitive Notes not denominated in an integral multiple of US$200,000 or its equivalent may be illiquid and difficult to trade

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

If certificates are issued, holders should be aware that certificates which have a denomination that is not an integral multiple of US$200,000 may be illiquid and more difficult to trade than Notes denominated in an integral multiple of US$200,000.

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

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

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

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

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

The Notes have amortising redemption features

The Notes are amortising obligations and principal on the Notes is scheduled to be repaid in three instalments of US$366,666,666.66 on 23 May 2031, US$366,666,666.67 on 23 May 2032 and US$366,666,666.67 on 23 May 2033.

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

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

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

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

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

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

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

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

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

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

A change of law could affect the Notes

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

Risks relating to the Market Generally

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

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

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

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

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

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

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

There may be interest rate risks that affect the Notes

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

Legal investment considerations may restrict certain investments

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

CONDITIONS OF THE NOTES

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

The U.S.$1,100,000,000 6.250% Amortising Notes due 2033 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Notes) of The Republic of Senegal (the **Republic** or **Senegal**) are issued subject to and with the benefit of an agency agreement dated 23 May 2017 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Republic, Citigroup Global Markets Deutschland AG as registrar (the **Registrar**), Citibank, N.A., London Branch as fiscal agent and principal paying agent (the **Fiscal Agent**) and the other initial paying agents named in the Agency Agreement (together with the Fiscal Agent, the **Paying Agents**) and the other agents named in it (together with the Fiscal Agent, the Registrar and the other Paying Agents, the **Agents**). The holders of the Notes (the **Noteholders**) are entitled to the benefit of a Deed of Covenant (the **Deed of Covenant**) dated 23 May 2017 and made by the Republic. The original of the Deed of Covenant is held by the Common Depositary.

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

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

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are issued in registered form in amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (referred to as the **Authorised Denomination** of a Note). A note certificate (each a **Certificate**) will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Republic will procure to be kept by the Registrar.

The Notes are not issuable in bearer form.

1.2 Title

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

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

2. TRANSFERS OF NOTES AND ISSUE OF CERTIFICATES

2.1 Transfers

A Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the Agents.

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

2.2 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition 2, **business day** shall mean a day on which banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located.

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

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

2.3 Formalities free of charge

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

2.4 Closed Periods

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

2.5 Regulations

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

3. STATUS

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

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

4. NEGATIVE PLEDGE

4.1 Negative Pledge

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

4.2 Interpretation

In these Conditions:

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

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

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

Permitted Security means:

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

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

(iii) any Security securing the Public External Indebtedness of the Republic or any Guarantee by the Republic of Public External Indebtedness of any other Person which was in existence on 23 May 2017 and any renewal of such Security which is limited to the original property covered thereby and which secures any renewal or extension of the original financing, provided that the principal amount of the Public External Indebtedness secured thereby is not increased.

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

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

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

The Notes bear interest on their outstanding principal amount from time to time from and including 23 May 2017 to but excluding the Maturity Date (as defined in Condition 7.1 (*Redemption*)) at the rate of 6.250% per annum, payable semi-annually in arrear on 23 May and 23 November in each year (each an **Interest Payment Date**) commencing on 23 November 2017.

5.2 Interest Accrual

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

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

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

5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full six months, it shall be calculated by applying the rate of 6.250 per cent. per annum to each U.S.$1,000 Authorised Denomination of Notes (the **Calculation Amount**) and on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days. The resultant figure shall be rounded to the nearest cent, half a cent being rounded upwards. The interest payable in respect of a Note shall be the product of such rounded figure and the amount by which the Calculation Amount is multiplied to reach the denomination of the relevant Note, without any further rounding.

6. PAYMENTS

6.1 Payments in respect of Notes

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

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

6.2 Payments subject to Applicable Laws

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

6.3 No commissions

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

6.4 Payment on Business Days

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

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

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

6.5 Partial Payments

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

6.6 Agents

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

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

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

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

7. REDEMPTION AND PURCHASE

7.1 Redemption

Unless previously redeemed, or purchased and cancelled, the Republic will redeem the Notes in three instalments on each amortisation date specified in column A below (each an **Amortisation Date**) at the related amortisation amount specified in column B below (each an **Amortisation Amount**) payable as provided in Condition 6 (Payments). The outstanding principal amount of the Notes shall be reduced by the Amortisation Amount for all purposes with effect from the relevant Amortisation Date such that the outstanding aggregate principal amount of the Notes following such reduction shall be as specified in column C below, unless the payment of the relevant Amortisation Amount is improperly withheld or refused. In such a case, the relevant principal amount will remain outstanding until whichever is the earlier of (a) the day on which all sums due in respect of such Notes up to that day are received by or on behalf of the relevant Noteholders and (b) the Business Day after the Fiscal Agent has given notice to the Noteholders of receipt of all sums due in respect of all sums due in respect of all Notes up to that Business Day (except to the extent that there is any subsequent default in payment in accordance with these Conditions). The Notes shall be finally redeemed on 23 May 2033 (the **Maturity Date**) at their final Amortisation Amount payable as provided in Condition 6 (Payments).

Amortisation Date (A)	**Amortisation Amount (B)**	**Outstanding Aggregate Principal Amount of the Notes (C)**
Interest Payment Date falling on 23 May 2031	U.S.$366,666,666.66	U.S.$733,333,333.34
Interest Payment Date falling on 23 May 2032	U.S.$366,666,666.67	U.S.$366,666,666.67
Maturity Date	U.S.$366,666,666.67	U.S.$0

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

7.2 Purchases

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

8. TAXATION

8.1 Payment without Withholding

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

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

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

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

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

8.2 Interpretation

In these Conditions:

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

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

8.3 Additional Amounts

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

9. PRESCRIPTION

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

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

10. EVENTS OF DEFAULT

10.1 Declaration of Acceleration

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

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

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

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

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

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

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

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

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

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

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

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

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

10.2 Withdrawal of Declaration of Acceleration

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

10.3 Interpretation

For the purposes of this Condition:

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

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

11. REPLACEMENT OF CERTIFICATES

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

12. NOTICES

12.1 Notices to the Noteholders

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

13. MEETINGS OF NOTEHOLDERS; WRITTEN RESOLUTIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13.2 Modification of this Series of Notes only

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

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

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

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

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

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

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

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

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

13.3 Multiple Series Aggregation – Single limb voting

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

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

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

Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of debt securities.

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

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

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

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

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

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

13.4 Multiple Series Aggregation – Two limb voting

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

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

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

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

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

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

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

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

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

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

13.5 Reserved Matters

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13.6 Information

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

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

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

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

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

13.7 Claims Valuation

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

13.8 Manifest error, etc.

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

13.9 Notes controlled by the Republic

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

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

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

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

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

13.10 Publication

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

13.11 Exchange and Conversion

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

14. AGGREGATION AGENT; AGGREGATION PROCEDURES

14.1 Appointment

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

14.2 Extraordinary Resolutions

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

14.3 Written Resolutions

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

14.4 Certificate

For the purposes of Condition 14.2 (*Extraordinary Resolutions*) and Condition 14.3 (*Written Resolutions*), the Republic will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 13.2 (*Modification of this Series of Notes only*), Condition 13.3 (*Multiple

Series Aggregation – Single limb voting) or Condition 13.4 (*Multiple Series Aggregation – Two limb voting*), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

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

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

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

14.5 Notification

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

14.6 Binding nature of determinations; no liability

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

14.7 Manner of publication

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

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

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

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

15. FURTHER ISSUES

The Republic may from time to time without the consent of the Noteholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes. The Republic does not currently intend to issue further notes forming a single Series with the Notes that have more than a *de minimis* amount of original issue discount (**OID**) for U.S. federal income tax purposes unless (i) such issuance would constitute a "qualified reopening" of the Notes for U.S. federal income tax purposes, or (ii) the Notes and the further notes have no more than a *de minimis* amount of OID. However, the determination regarding whether to proceed with any proposed further issue will be made at the time of such further issue and the Republic may decide to proceed, provided, however, that unless any further Notes are part of the same "issue" for U.S. federal income tax purposes or are issued pursuant to a "qualified reopening" for U.S. federal income tax purposes, such further Notes will have a separate CUSIP, ISIN or Common Code (as applicable) so that they are distinguishable from such Notes.

16. INDEMNITY OF THE FISCAL AGENT AND OTHER AGENTS

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

17. CURRENCY INDEMNITY

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

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing Law

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

18.2 Submission to Jurisdiction

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

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

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

18.3 Appointment of Process Agent

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

18.4 Sovereign Immunity

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

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

18.5 Other Documents

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

19. ARBITRATION

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

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

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

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

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

20. RIGHTS OF THIRD PARTIES

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

THE GLOBAL CERTIFICATES

The Global Certificates contain the following provisions which apply to the Notes in respect of which they are issued whilst they are evidenced by the Global Certificates, some of which modify the effect of the Conditions. Terms defined in the Conditions have the same meaning in paragraphs 1 to 7 below.

1. ACCOUNT HOLDERS

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

2. CANCELLATION

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

3. PAYMENTS

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

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

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

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

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

4. INTEREST CALCULATION

For so long as Notes are evidenced by a Global Certificate, interest payable to the Registered Holder will be calculated by applying the rate of 6.250 per cent. per annum to the outstanding principal amount of the Notes evidenced by the Global Certificate and on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days. The resultant figure is rounded to the nearest cent (half a cent being round upwards).

5. NOTICES

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

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

6. EXCHANGE AND REGISTRATION OF TITLE

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

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

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

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

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

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

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

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

In the event that (a) the Notes as evidenced by the Global Certificate (or any part of it) have become due and repayable in accordance with the Conditions or that the maturity date of the Notes has occurred and, in either case, payment in full of the amount due has not been made to the Registered Holder, or (b) following an Exchange Event, the Global Certificate is not duly exchanged for Certificates by the day provided in the Global Certificate, then from 8.00 p.m. (London time) on such day each Accountholder will become entitled to proceed directly against the Republic on, and subject to, the terms of the Deed of Covenant executed by the Republic on 23 May 2017 in respect of the Notes and the Registered Holder will have no further rights under the Global Certificate (but without prejudice to the rights any person may have under the Deed of Covenant).

7. TRANSFERS

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

USE OF PROCEEDS

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

(i) to repay in full the US$ 150 million term facility loan at a rate of 3-month LIBOR plus 3.25% entered into between Senegal and Standard Chartered Bank and Citibank in March 2017 in order to finance certain infrastructure project costs pending completion of the issuance of the Notes (the "Bridge Loan"); and

(ii) to finance projects primarily related to infrastructure, transport services, energy sector and sanitation included in the 2017 Finance Law.

REPUBLIC OF SENEGAL

Location and Geography

Senegal is located on the westernmost point of the African continent on the Atlantic coast. The Republic occupies 196,722 square kilometres and is bordered in the north by Mauritania, in the east by Mali, in the south by Guinea and Guinea-Bissau, in the west by The Gambia and by the Atlantic Ocean on a 531 kilometre coastline. The capital city, Dakar, is on a peninsula situated on the western coast with a land area of approximately 500 square kilometres. The Republic's terrain is flat with sandy soil not exceeding 130 metres in altitude with the exception of the south-eastern border near Guinea. The Republic's three major rivers (the Senegal River in the north (1,641 kilometres in length), the Gambia River (1,120 kilometres in length) and the Casamance River (300 kilometres in length) in the south) flow from east to west. The climate is tropical, hot and humid with an average daily temperature of 17°C/63°F in the dry season (November to June) and 27°C/82°F in the wet season (July to October). The landscape is characterised by three types of vegetation: forest in the south, savannah in the interior and steppe in the north (all information from the January 2017 edition of the CIA World Factbook).

History

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

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

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

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

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

Mr. Macky Sall took the oath of office as the fourth president of the Republic of Senegal on 2 April 2012 and appointed Mr. Abdoul Mbaye as Prime Minister, who assumed leadership of a government restricted to 25 ministers. In September 2013, Mrs. Aminata Touré, the outgoing Minister of Justice, replaced Mr. Abdoul Mbaye as Prime Minister. Following the ruling APR party's poor showing in the 29 June 2014 nationwide local elections, President Sall replaced Mrs. Touré as prime minister with Mr. Mahammed Dionne, who had been previously in charge of the implementation of the *Plan Sénégal Emergent* (PSE).

Population, Education and Health

Population

According to the latest census of the population conducted in 2013 by the *Agence Nationale de la Statistique et de la Démographie* (ANSD), the population of Senegal was approximately 13.51 million inhabitants in 2013 and had an annual growth rate of 2.5% over the 2002-2013 period. According to the ANSD, the population of Senegal was estimated at 14.8 million inhabitants in 2016 and is projected to be at 15.26 million inhabitants in 2017.

Senegal is currently characterized by a very young population. According to the ANSD, in 2016, half of Senegal's population was under the age of 18, while children under the age of 15 represented 41.8% of the total population. Individuals aged 65 years and over accounted for 3.6% of Senegal's total population. As a result, the dependency ratio is very high, corresponding to 83 inactive persons (people under 15 years and people of 65 years and over) for every 100 potentially active persons (people between 15 and 64 years).

According to the ANSD, in 2016, more than half of Senegal's population lived in rural areas (54%) as compared to 46% in urban areas. According to the ANSD, the population of the Dakar region was approximately 3.43 million in 2016, that is approximately one-fourth (23.2%) of the total population on only 0.3% of the territory. Other major cities include Thiès, Touba, Diourbel, Mbour, Fatick, Kaolack and Saint-Louis.

According to the January 2017 edition of the CIA World Factbook, approximately 95.4% of Senegal's population are Muslim, approximately 4.2% are Christian and approximately 0.4% hold indigenous beliefs. The Wolof and the Pular make up the largest ethnic groups, constituting approximately 38.7% and 26.5% of the population, respectively. The remaining population consists of Serer (15%), Mandinka (4.2%), Jola (4.0%), Soninke (2.3%), and other groups (including Europeans and persons of Lebanese descent) (9.3%).

In 2015, Senegal's Human Development Index (HDI) value was 0.494, in the low human development category, positioning the country at 170 out of 188 countries and territories. Between 1980 and 2015, Senegal's HDI value increased from 0.325 to 0.494, an increase of 52.0% or an average annual increase of about 1.20%. The HDI is developed by the UNDP and provides a summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life, access to education and a decent standard of living.

The table below sets out selected comparative macroeconomic and demographic statistics for 2017 (unless otherwise indicated) for Senegal and for certain other countries:

	Senegal	**Côte D'Ivoire**	**Kenya**	**Nigeria**	**South Africa**	**United States**
GNI per capita (current US$)[(1)(2)]	980.0	1,420.0	1,340.0	2,790.0	6,080.0	55,980.0
GDP growth (annual %)[(2)]	6.5	9.2	5.6	2.7	1.3	2.6
Population growth (annual %)[(2)]	3.1	2.4	2.6	2.6	1.6	0.8
Life expectancy at birth (years) (male/female)[(2)]	65/69	51/53	60/64	53/53	55/60	76/81
Primary school enrolment (% net)	71.4[(2)]	79.3[(2)]	84.9[(4)]	63.8[(5)]	83.3[(6)]	93.8[(2)]
Mortality rate, under-five (per 1,000 live births)[(2)]	47	93	49	109	41	7

(1) GNI per capita (formerly GNP per capita) is the gross national income, converted to US dollars using the World Bank Atlas method, divided by the midyear population. The World Bank Atlas method of conversion is used by the World Bank to smooth fluctuations in prices and exchange rates. The World Bank Atlas method applies a conversion factor that averages the exchange rate for a given year and the two preceding years, adjusted for differences in rates of inflation between the country and countries in the Euro zone, Japan, the United Kingdom and the United States.

(2) Figures for 2015.

(3) Figures for 2014.

(4) Figures for 2012.

(5) Figures for 2010.

(6) Figures for 2005.

Source: World Bank, World Development Indicators database, 2017.

According to the Government, the GDP per capita of Senegal was estimated at US$1,000 in 2016.

Education

According to the January 2017 edition of the CIA World Factbook, the literacy rate in Senegal for people over 15 years of age is 57.7%. Article 8 of the Constitution provides a right to education, which is compulsory from the ages of 6 to 16, but the provision of formal education in Senegal continues to be constrained by management and structural issues, as well as under-capacity. The Directorate for Education Planning and Reform (*Direction de la Planification et de la Réforme de l'Education*) (DPRE) estimates that, in 2014, 17.7% of primary school classrooms in Senegal were in private schools (as compared to 16.5% in 2013), the remainder being in free public schools.

Significant efforts have been made in recent years to improve education levels and develop skills among the population. Enrolment statistics have steadily improved, with increases in pre-primary, primary and secondary net and gross enrolment rates. Senegal's net primary school enrolment rate remained approximately 71.0% in 2014, according to the World Bank. According to the ANSD and DPRE, Senegal's gross pre-primary enrolment rate increased from 8.0% in 2006 to 10.6% in 2013. The gross primary school enrolment rate decreased from 83.4% in 2006 to 82.6% in 2013. The primary school completion rate remains relatively low, despite an increase between 2006 and 2014 from 49.7% to 65.9%, according to the 2013 DPRE report on the situation of education in Senegal.

Suboptimal enrolment rates coupled with a high dropout rate (9.8% in 2012, and 7.7% in 2013, according to the 2013 DPRE report and 2014 ANSD report on the economic and social country's situation) represent obstacles to progress. While Senegal's pupil-teacher ratio in primary school has decreased significantly in recent years, from 50.9 pupils per teacher in 2000 to 32.1 pupils per teacher in 2015, according to World Bank estimates, it remains high. These figures are more than double those in most emerging countries, where the ratio in 2014 typically ranged between 15 and 25 pupils per teacher. Efforts to improve technical and vocational training remain insufficient.

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

Higher education has witnessed significant growth in student enrolment, which, in 2013, was estimated at approximately 137,684 students. The number of new graduates increased from 29,908 in 2010 to 42,000 in 2012, of whom 40.9% were women. The significant influx in enrolment has posed problems for public universities forced to accommodate growing numbers of students, notwithstanding the emergence of private institutions. Despite the creation of new public universities (Bambey, Thiès, Ziguinchor) designed to alleviate overcrowding at the existing public universities and the growth of Gaston Berger University, Cheikh Anta Diop University remains overcrowded. In 2013, 74,584 students were enrolled at the University of Dakar, representing 78.2% of the students officially enrolled in the four public universities in the country. Senegal's public university system continues to face difficulty accommodating the growing demand every year.

Health

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

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

According to World Bank estimates, the adult HIV/AIDS prevalence rate in Senegal was 0.5% in 2015, which is below the current average for other countries in West Africa. The Government has implemented programs providing for free access to antiretroviral drugs. Efforts in recent years have led to a consistent decrease estimated at 58% in the number of new infections since 2001. In 2011, Senegal adopted and implemented a national, multi-sector strategic plan to address HIV/AIDS for the 2011-2015 period, the main objectives of which were to provide universal access to prevention and treatment services, the elimination of mother-child transmission, the maintenance of a prevalence rate below 1%, and the provision of treatment to 80% of persons living with HIV/AIDS. In 2014, Senegal adopted a new national strategic plan to combat HIV/AIDS for the 2014-2017 period. In anticipation of a potential explosion of the epidemic within the general population, this national strategic plan aims, in particular, to prioritise coverage in the most vulnerable areas and assist (i) the groups most exposed to the risk of infection, (ii) the most vulnerable populations, and (iii) "stable" couples (among whom the most new infections develop). This strategic plan was structured in view of ridding Senegal of new infections, AIDS-related deaths and discrimination by 2030.

Child mortality rates, regardless of cause of death, have declined significantly since 2000. According to World Bank estimates, the morality rate (children under 5) decreased from 135 per 1,000 live births in 2000 to 47 per 1,000 live births in 2015. This decrease is partly attributable to a significant improvement in national vaccination coverage, which increased from 59% of children aged 12-23 months in 2005 to 68% in 2015. According to the 2015 Continuous Demographic and Health Survey ("2015 Continuous DHS"), nearly one child in six (16%, compared to 18% in 2010, 16% in 2012-2013 and 13% in 2014) is underweight and 3% are severely underweight (compared to 5% in 2010, 3% in 2012-2013 and 2% in 2014). According to the World Bank, the maternal mortality rate was 315 deaths per 100,000 live births in 2015, a decrease of 26.2% from 2005. However, this rate of decrease was insufficient to reach the MDG target of 127 deaths per 100,000 live births by 2015. One of the 17 Sustainable Development Goals (SDGs) adopted by the United Nations Conference in Rio de Janeiro in 2012 as part of the new sustainable development plan for 2030 entails reducing the maternal mortality rate to below 70 per 100,000 live births by 2030. In addition, according to the 2015 Continuous DHS, the percentage of assisted births decreased from 65% in 2010-2011 to 53% in 2015. This rate is below the SDG target for development with regard to maternal health improvement, which had been set at 90% for 2015.

According to the Ministry of Health, in 2012 only 13.6% of Senegalese citizens who were not eligible for compulsory medical coverage or otherwise recipients of public medical coverage (who comprise 80% of the Senegalese population) had private medical coverage through mutual health organisations, prompting the Government to launch, in September 2013, a universal healthcare initiative, the *Couverture Maladie Universelle* ("CMU"), designed to guarantee all Senegalese citizens access to a minimum level of healthcare. In order to reach this goal, the Government budgeted XOF 5 billion for the programme in 2014 and will continue to allocate funds to this programme in the coming years. The CMU, operated through mutual health organisations, will also provide free healthcare to children under five years old and the elderly through the renewed "Plan Sésame", a State-sponsored programme that aims to provide access to health care services to all citizens over age 60. Low-income families that benefit from the Government's "family safety" grant will participate in the health insurance plan at a rate of XOF 5,000 per family per year. Through the CMU, the Government expects to increase the rate of healthcare coverage by mutual health organisations to 65.5% of the relevant Senegalese population by 2017.

Political System

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

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

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

On 20 March 2016, President Sall organised a referendum on proposed revisions to the constitution of Senegal. These revisions included, notably, the limitation of presidential mandates to two, the change of the term for the presidential mandate from 7 to 5 years as from the end of the current presidential mandate, the promotion of local governance through the creation of a *Haut Conseil des Collectivités Territoriales* (High Council of Local Communities) to replace the Senate which was abolished in September 2012, the right for the Senegalese diaspora to elect members to the National Assembly, and certain measures designed to reinforce the powers of the National Assembly and the rights of the opposition vis-à-vis the Government. The constitutional amendments were approved by a majority of approximately 63%.

Despite a strong presidential regime, Senegal remains one of the most stable democracies in Africa, according to January 2017 edition of the CIA World Factbook.

Political Parties

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

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

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

Executive Branch

The President

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

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

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

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

The Government

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

Legislative Branch

Senegal's Parliament currently consists of a unicameral chamber known as the National Assembly. The former upper house of Parliament, known as the Senate, was abolished in September 2012.

The National Assembly has 150 seats, and its members (known as deputies) are elected by universal suffrage (90 by majority vote and 60 by proportional vote) for five years. The next elections are due to be held on 2 July 2017. The President of the National Assembly is elected for a term of one year by the members of the National Assembly. The current president of the National Assembly is Mr. Moustapha Niasse.

Parliament is in session from October to June.

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

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

Passage of Laws

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

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

Finance Laws

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

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

Judicial Branch

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

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

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

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

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

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

Judicial Reform

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

Decrees adopted by the Government in 2015 implemented a new judicial map which notably increased the jurisdiction of lower courts, with a view to allowing claimants to have claims heard in courts located within a reasonable distance. Regional and departmental courts were replaced with first instance and district courts, respectively. Changes in the names of lower courts, in line with the goal of dissociating them from the administrative organisation, were thus accompanied with a new distribution of jurisdictions in order to ensure more prompt treatment of cases and improved local access to justice. The new judicial organisation relies upon the following innovations: change of names of lower courts; new definition of the levels of the various appeals courts; creation of criminal chambers to replace criminal courts; new distribution of jurisdiction between courts; and inclusion of registry administrators.

Local Authorities

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

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

On 19 March 2013, the Republic launched the third phase of its decentralisation policy, known as the Third Act of Decentralisation (*Acte III de la Décentralisation*). The main objective of this reform is to organise Senegal into viable, competitive territories which encourage sustainable development at the local level. This reform has four key objectives: (i) anchoring territorial coherence for a transformed administrative architecture; (ii) clarifying the division of authority between the state and the local governments; (iii) developing the contractual arrangements between those two levels of decision-making; and (iv) modernising public territorial management, specifically local finance oversight and human resources. Pursuant to decree no. 2013- 581 dated

29 April 2013, a national steering committee has been launched in order to monitor the implementation of this reform. Law no. 2013-10 dated 28 December 2013 (which repeals and replaces law no. 96-06, law no. 96-07 and law no. 96-09 dated 22 March 1996) also established a new *Code Général des Collectivités Locales*. Pursuant to this law, the organisation of regions into local authorities has been eliminated; instead, local authorities are created at the departmental level. Moreover, the allocation of powers between the departmental authority and the municipality has also been clarified.

Legal Framework

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

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

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

Since 2012, the government of President Sall has made good governance and transparency in the management of public affairs a priority. President Sall created in 2013 a new Ministry of Good Governance in order to strengthen the mechanisms of regulation and the oversight of good governance. The Government reactivated the law against illicit enrichment enacted in 1981 under President Diouf to fight corruption among government officials and civil servants. In May 2012, President Sall issued a decree appointing the members of the Court of Repossession of Illegally Acquired Assets, or *Cour de Répression de l'Enrichissement Illicite* (CREI), called for by the 1981 law. On the basis of allegations of serious corruption committed while President Wade was in office, the CREI initiated proceedings against several former government officials and high ranking civil servants, including Mr. Karim Wade, the son of former President Wade who served in his father's government. Mr Karim Wade was found guilty of corruption and sentenced to a 6-year prison term; in June 2016, he received a presidential pardon after approximately three years in prison.

Legal Proceedings

The only notable proceeding in which the State of Senegal is involved, as of the date of this Prospectus, is an arbitration before the United Nations Commission on International Trade Law initiated in July 2015 by Mr. Ibrahim Abou Khalil against the State of Senegal, following his conviction for illicit enrichment by the CREI in March 2015, including a 5-year jail sentence and a XOF 138 billion fine. Mr. Khalil disputes the seizure of his assets involving luxury real properties in Dakar. Mr. Khalil would have to file his submission by May 2017. The potential amount of the claim of Mr Khalil against Senegal is approximately €35.4 million and is mainly based on Mr Khalil's valuation of the seized luxury real property.

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

Instability in the Casamance Region

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

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

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

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

Foreign Relations

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

Africa

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

The Gambia

In January 2017, Senegal participated actively in the successful intervention of the Economic Community of West African States (ECOWAS) aimed at ensuring that Mr. Yahya Jammeh, who had lost the presidential elections to Mr. Adama Barrow in December 2016, effectively surrenders power. Under the auspices of the ECOWAS, the Senegalese armed forces were instrumental in creating the conditions for a peaceful inauguration of Mr. Adama Barrow as President. President Barrow recently paid his first official visit to Senegal and has confirmed its intention to develop strong cooperation between Senegal and The Gambia.

Côte d'Ivoire

Côte d'Ivoire and Senegal share a commercial relationship reflecting their status as the largest and second largest economies in the WAEMU, respectively. According to Central Bank of West African States (BCEAO) estimates, 5.1% of all Senegalese exports in 2016 were destined for Côte d'Ivoire, making it the second largest African recipient of Senegal's products after Mali. It was also the origin in 2016 of an estimated 2.0% of Senegal's imports.

Mauritania

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

Guinea-Bissau

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

Mali

Mali is Senegal's most active regional trade partner, with 16.9% of Senegal's exports in 2016 going to Mali according to BCEAO estimates. Dakar serves as the main gateway for Mali's exports and imports. These strong relations have been reaffirmed through productive diplomatic and military cooperation, particularly in the context of the 2012 conflict in northern Mali, when Senegal sent troops in to Mali under the African Union and UN banners. There are also growing agricultural ties between the two countries.

Rest of the World

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

France

As a former French colony, Senegal has maintained strong ties with France since independence. France is Senegal's most significant European trading partner and one of its largest trading partners overall. According to the BCEAO estimates, in 2016, 16.1% of Senegal's imports came from France.

France has historically made an important contribution to the economic development of Senegal both through its public aid, and through institutions such as the BCEAO (See "*Monetary System–The BCEAO*") and the *Agence Française de Développement* (AFD) or the investments of French enterprises in the country. The AFD pledged approximately XOF 475 billion toward the financing of the PSE, of which it has already contractually committed to provide approximately XOF 310 billion to help finance the PSE's first phase "priority actions" during the 2014-2018 period. AFD funding is used in the areas of agriculture, energy, transportation infrastructure, education and training, and health. In particular, the AFD is actively involved in the financing of the AIBD, the toll road network of the Dakar agglomeration as well as the Express Regional Train AIBD-City of Dakar.

The United States

The United States is a key target in Senegal's attempts to diversify its international relations. This effort was bolstered by the official visit of President Barack Obama to Dakar in June 2013, conducted as part of his diplomatic trip to Africa, which also included official visits to South Africa and Tanzania. As of the date of this Prospectus, Senegal has not observed any signs that could indicate a shift in the United States' policy toward Senegal. The United States provides economic and technical assistance through different agencies such as the United States Agency for International Development (USAID) and the Millennium Challenge Corporation (MCC).

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

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

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

China

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

Total financing approved by China for Senegal since 2005 exceeds XOF 1,166 billion. This financing is divided among concessional loans (XOF 1,039 billion), subsidies (XOF 93 billion) and interest-free loans (XOF 24 billion). Out of total Chinese financing of XOF 1,166 billion, nearly XOF 913 billion was approved between April 2012 and March 2017, which represents 78% in relative terms of the financing granted since diplomatic relations with China were re-established in 2005. This surge in Chinese financings reflects China Eximbank's major contribution to the financing of PSE infrastructure projects, such as the AIBD-Sindia toll road, the AIBD-Thiès toll road and the Thies-Touba toll road. See "*Public Finance – Infrastructure Investments*".

Iran

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

- the construction by Iran Khodro, an Iranian car manufacturer, of an assembly plant in Thiès called SENIRAN Auto, operational since 2008. The SENIRAN Auto plant has a capacity of 11,000 vehicles per annum and has diversified its production output to include tractors and minibuses in addition to cars.
- The construction by the Iranian company Power & Water Export Company (SUNIR) of a high voltage power line connecting Touba, Tobène and Kaolack pursuant to an agreement signed with SENELEC in January 2005. The line was commissioned in 2009. The cost of the project was EUR 28,7 million and was financed by Senegalese bank CBAO with a guarantee by the Iranian Bank of Export and Development (EDBI). The loan was fully repaid by SENELEC.

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

In 2013, the two countries restored diplomatic ties following discussions at the OIC summit in Cairo. Despite several expressions of interest on the part of the Iranian Authorities and businesses in strengthening the commercial relations and cultural cooperation with Senegal, no new project has been initiated and no suspended project in 2011 has been resumed since the restoration of diplomatic relations 2013. This is due to the hostile relations between Iran and some of Senegal's Arab partners.

Membership of International Organisations

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

UN, World Bank, IMF and WTO

Senegal, along with a number of other newly independent former French colonies, became a member of the UN in 1960 and of the World Bank and the IMF in 1962. Senegal has played a part in a number of regional peacekeeping missions under UN auspices (see "*–Armed Forces*"). It received its first funding from the World Bank in 1966 for a railroad project. See "*Public Debt–Relationship with Multilateral Lending Institutions and other External Creditors*" for information on Senegal's relationships with the World Bank and IMF. In addition, Senegal joined the WTO in 1995, having been a member of its predecessor, GATT, since 1963.

African Union

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

ECOWAS

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

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

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

WAEMU and BCEAO

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

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

ACP Group

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

Organisation of Islamic Cooperation

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

IRENA

Senegal signed the Statute of the International Renewable Energy Agency (IRENA), which was established in Bonn on 26 January 2009. As of the date of this Prospectus, 150 states have signed the Statute of IRENA and 30 states have started the formal process of becoming members. IRENA aspires to become the main driving force for promoting a rapid transition towards the widespread and sustainable use of renewable energy on a global scale. This treaty was ratified by Senegal on 19 October 2010 through the deposit of its instrument of ratification with IRENA.

IMF and PSI Programme

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

Following a first PSI programme for the 2011-2014 period, the Board of directors of the IMF approved a three-year PSI for Senegal on 24 June 2015 for the 2015-2017 period. On 12 April 2017, the IMF completed a fourth review under the PSI following a visit to Senegal and noted that Senegal's performance under the programme continued to be satisfactory and that the outlook for 2017 remained favourable. The PSI supports the implementation of a three-year macroeconomic reform program designed to accompany the implementation of the PSE, which is the Government's strategy for promoting growth and reducing poverty, while safeguarding macroeconomic stability and the viability of the country's debt. In December 2016, the Board of Directors of the IMF finalised the third review of the economic results of Senegal as part of the programme backed by the PSI, approved on 24 June 2015, and concluded its 2016 consultations with Senegal under Article IV of the IMF Articles of Agreement. Over the course of its review, the IMF noted that Senegal's macroeconomic situation was stable and that the results of the programme at the end of September 2016 were satisfactory. The IMF also noted that all of the evaluation criteria and indicative goals had been satisfied at the end of June 2016, with the exception of the indicative goal regarding tax revenues, which fell just short, due to customs revenues being lower than expected.

Others

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

Armed Forces

The Senegalese armed forces are divided into the Land Forces (*Armée de Terre*), the Navy (*Marine Nationale Sénégalaise*) and the Air Force (*Armée de l'Air du Sénégal*). According to the Stockholm International Peace Research Institute, Senegal's military spending represented 1.6% of GDP in 2015. The Senegalese armed forces have never attempted a coup d'état. Major engagements in the past include involvement in Operation Desert Storm and being invited into both The Gambia (in 1981) and Guinea-Bissau (in 1998) to help prevent coups. In January 2017, the Senegalese army participated actively in the successful intervention of the ECOWAS in Gambia aimed at ensuring that Mr. Yahya Jammeh, who had lost the presidential elections to Mr. Adama Barrow, effectively surrenders power to President-elect Mr. Adama Barrow. The Senegalese armed forces have been actively involved in regional peacekeeping operations in the last three years, including in The Gambia, the Central African Republic, the Democratic Republic of Congo, Sudan and Mali, operating under mandates from the UN or the ECOWAS.

ECONOMY OF SENEGAL

Overview

As from 2014, Senegal's economy, the second largest in the WAEMU zone after that of Côte d'Ivoire, has started to emerge from a long period of relatively slow growth. After a real GDP growth rate of 4.4% in 2012 and 3.5% in 2013, economic growth began to progress, getting closer to the 7-8% target required by the PSE. After having reached 4.1% in 2014, the growth rate of real GDP stabilised at 6.5% in 2015 and is estimated at 6.7% in 2016 by the Government, with a real GDP growth rate projection of 6.8% for 2017 by the Government and the IMF.

Senegal's principal economic activities include agriculture, extractive industries, chemical industries, tourism, telecommunications, construction, financial services and trade. The country's most significant imports include grains and cereals, such as rice, wheat and flour, and crude oil, while its most significant exports include refined petroleum products, fish, groundnut (or peanut) products, cotton, gold, phosphoric acid and cement.

Senegal's economy is relatively diversified across its primary, secondary and tertiary sectors, which represented 15.2%, 20.3% and 44.9%, respectively, of nominal GDP in 2016, with the contribution of public administration representing the remaining 19.6%. The primary sector includes the production of raw materials and basic foodstuffs, the secondary sector comprises manufacturing, processing and construction, and the tertiary sector covers the service industry, including the tourism sector, financial services, telecommunications, real estate and business services.

In 2016, the primary sector accounted for 15.2% of estimated nominal GDP, of which 52.8% related to agriculture. The primary sector accounted for 13.5% of the nominal GDP in 2014 and 14.8% in 2015. Despite sustained growth since 2011, the primary sector continues to struggle due to inadequate infrastructure and vulnerability to poor weather conditions in the agricultural sector, which the Government is currently trying to address by diversifying the types and locations of agricultural activities.

Since 2012, the secondary sector has been dynamic with a real growth rate rising from 3.6% in 2012 to 8.4% in 2015. In 2016, the secondary sector accounted for 20.3% of nominal GDP and its estimated real growth rate was 6.7% and was supported by the extractive industries, manufacturing of chemical products, oil refining, construction and construction materials and energy. Improvements in the generation and distribution of electricity, the recapitalisation by the private sector of *Industries Chimiques du Sénégal* (ICS) and favourable oil prices as from the last quarter of 2014 have increased the competitiveness of companies in the sector.

The services sector, or tertiary sector, is the largest in Senegal's economy, accounting for approximately 44.9% of the nominal GDP in 2016, according to the latest estimates of the *Direction Générale de la Prévision et des Etudes Economiques* ("DGPEE"). The service sector accounted for 46.1% of nominal GDP in 2014 and 45.0% in 2015. Competitiveness in the tertiary sector is increasing as Senegal's efforts to make the business environment more favourable are paying off. Notable dynamism in transportation activities (renewal of the automobile fleet and improvement of roads), telecommunications, financial services and housing services significantly contributed to the improvement of business in the tertiary sector, the real growth rate of which rose from 4.2% in 2014 to 6.8% in 2016. See *"—Principal Sectors of the Economy*".

Plan Sénégal Emergent (PSE)

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

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

The PSE's main focus areas are the following:

- Agriculture: the PSE aims to modernise the agricultural sector and targets both subsistence agriculture, to render it less vulnerable to shocks, and market production and containment of rural depopulation. The *Programme de Relance et d'Accélération de la Cadence de l'Agriculture Sénégalaise* (PRACAS) has set quantitative targets, such as self-sufficiency in rice by 2017 (see "*Principal Sectors of the Economy – Primary Sector–Agriculture, Livestock and Hunting, Forestry and Fishing"*).
- Tourism: the PSE aims to boost tourism by turning Senegal into a regional airline hub, developing micro-tourism, diversifying the offer within the tourism sector, and by creating zones of integrated

tourism, in order to increase the number of tourists to three million per year by 2023 (see "*Principal Sectors of the Economy – Tertiary Sector–Tourism*").

- Electricity: the PSE promotes projects introducing new generation capacity, upgrading transmission and distribution, moderating demand growth, and diversifying supply sources. Specific objectives under the PSE include reducing production costs, and increasing the role of coal, gas, and renewable energy in the national power mix, increasing rural electrification and achieving universal access to electricity by 2025 (see "*Principal Sectors of the Economy – Secondary Sector – Energy – Electricity*").
- Transport: the PSE envisages a range of investments to raise Senegal's regional stature as a logistics and transportation hub. For instance, the AIBD aims to serve major routes between Africa and the rest of the world (see "*Public Finance—Investment Programmes—Infrastructure Investments—Blaise Diagne International Airport and Other Airports Projects*"). The road network is also being upgraded (see "*Public Finance—Investment Programmes—Infrastructure Investments – Road Infrastructure*").
- Mining: the PSE aims to enhance the role that the mining sector plays in Senegal's economy, both through its contribution to exports and in helping to diversify the national economy, is an important objective of the PSE (see "*Principal Sectors of the Economy – Secondary Sector – Mining*").

Over the first ten years, the objective of the PSE is to effect a structural transformation of the economy, to diversify sources of economic growth, to place the economy on a sustainable growth trajectory of 7-8% per annum, to multiply the per capita income by 1.5, to double the number of households living in the middle class and to triple exports. The PSE seeks to boost output from key sectors, including agriculture, fishing and agro-business as well as the mining sector and tourism. The Government also plans to make Senegal a logistics hub for West Africa's market of approximately 300 million people. According to an interministerial meeting held in May 2016, the PSE is estimated to have created 234,000 jobs between 2012 and 2016.

The State is engaged in an active investment promotion strategy to stimulate the development of high-growth sectors and promote the completion of strategic projects through private funding or public-private partnerships. Additionally, the State is pursuing partnerships with large industrial groups and leading companies in strategic sectors. With the aim of gaining the commitment of all stakeholders and a significant mobilisation of public and private financial resources, internally and externally, from both public and private partners, the Government successfully organised, with technical support from the World Bank and the UNDP, an Advisory Group meeting (a round table with donors) on 24 and 25 February 2014 at the headquarters of the World Bank in Paris. The Government secured preliminary pledges worth over US$7 billion from donors for the 2014-2018 period. The main contributors are expected to be multilateral and regional banks, including the World Bank, AfDB, IDB and BOAD. The EU, France, U.S. and China have also expressed strong interest. The projects given immediate priority include energy development, electrification of rural areas, construction of housing projects, improvement of rice production, restoration of railroads (Dakar-Bamako railroad) and airports, modernisation of ports, construction of warehouses and the development of tourism.

The PSE Priority Actions Plan

The core of the PSE is the Priority Actions Plan (*Plan d'Actions Prioritaires*), consisting of 17 major reforms and 27 major projects to be implemented over the 2014-18 period, for an estimated total cost of approximately US$24 billion. While the private sector is expected to contribute to the financing and implementation of the PSE, including through public-private partnership projects (PPPs), a large part of the investment effort to date has been, and in the future is expected to be, borne by the State. The PSE reaffirms the need to preserve fiscal sustainability, and therefore endeavours to keep the fiscal deficit on a downward trend. Accordingly, the State is undertaking internal projects to increase revenue, streamline current expenditures and improve the efficacy of capital expenditures, while concurrently soliciting the financial support of bilateral and multilateral partners.

As of the date of this Prospectus, the performance of Senegal under the Priority Actions Plan has been uneven. Out of the 17 major reforms, nine reforms have been initiated, of which seven reforms are in the implementation phase, one reform (new Mining Code) has been completed and one (accelerated development of technical and vocational training) is in the study phase. The nine reforms that have been launched are the following:

- Recovery in attractiveness and upgrade of the business environment rankings: 48 out of PREAC 1's 56 reforms are completed and PREAC 2 is being developed; (PREAC is the reform programme for the improvement of business climate and competitiveness (*Programme de réformes de l'environnement des affaires et de la compétitivité*)).
- Public service reform: the strategy has been elaborated and a roadmap has been adopted by President Sall. The first stage of the roadmap includes firstly the implementation of eight flagship measures including (i) adoption of the master scheme for modernisation of the public administration (*Schéma*

Directeur de Modernisation de l'Administration Publique), (ii) adoption of the Charter of Deconcentration (*Charte de la Déconcentration*), (iii) adoption of the Code of Conduct, (iv) procedures audit, (v) elaboration and implementation of a Charter of Quality (*Charte Qualité*), (vi) harmonisation of remuneration and (vii) update of the legal framework governing the functioning and the organisation of ministerial cabinets, general secretariats and directions of central administration; and secondly the modernisation of 50 priority procedures;

- Aligning higher education with the needs of the economy: 115 out of 387 courses have been aligned in public higher education programs currently under offer. The Senegalese Program for Youth Entrepreneurship was launched with the aim of creating 200 businesses each year. The methodology to conduct a mapping study of the economy's future needs has been developed;
- Accelerated development of technical and vocational training: this reform aims to (i) improve access to technical, vocational and apprenticeship training, (ii) improve the quality of teaching and learning systems, (iii) improve institutional governance and (iv) strengthen mechanisms for employment insertion;
- Special economic areas and investor packages: a bill creating special economic zones has been voted and adopted together with a bill on incentives granted in the special economic zones;
- Optimisation of State-owned enterprises and State holdings: a strategy to manage the State's portfolio has been elaborated, the legislative framework has been reviewed and training programmes for State-owned enterprises have been created;
- Senegal Emergent Fund: this fund is being used to (i) strengthen the capacities of ministries, particularly by recruiting talents and organising training programs, (ii) support operations of the delivery units, and (iii) support missions required for flagship projects;
- Reform of the Mining Code: on 20 March 2017, President Sall signed a decree laying down the procedure for implementing the law 2016-38 providing for the new Mining Code passed on 8 November 2016; and
- Accelerated land supply: 3,700 hectares of land have been secured for housing projects and 1425 hectares for agribusiness project. Land was also secured for investors in various sectors including energy, infrastructure, health and mining. The social conflicts with local populations were resolved and a support has been given for the land registration initiative.

Projects under the PSE

Despite certain delays in the implementation of the overall Priority Actions Plan, Senegal has recorded significant progress in several areas of the economy, including energy, construction and infrastructure, and agriculture. These achievements have moved Senegal into higher growth momentum of over 6%, closer to the 7-8% target of the PSE, and given a positive outlook to its economy.

The table below highlights certain PSE-related achievements of Senegal since the launch of the PSE:

PSE-related achievements	**2012**	**2015**
Rice production (tonnes)	405,824	906,348
Fruits and vegetables production (tonnes)	51,270	90,625
Housing (units)	5,000	7,800
	1960-2012	**2012-2016**
Electricity (additional capacity – MW)	+573	+245
	1960-2012	**2016**
Solar Production (MW)	0	40
	1960-2012	**2013-2016**
Rural electrification (additional villages)	+1,648	+1,525
	2012	**2016**
Toll road network (total length – km)	35	71
	2000-2012	**2013-2016**
Railways (projects launched – km)	0	57

Source: Bureau Opérationnel de Suivi du PSE – BOS – du Plan Sénégal Emergent

Of the 27 projects planned under the PSE, highlights include the following:

- in the Agriculture, Fishery and Food Industry Sector:

    - ➢ Development of the dairy industry (Pradlait) aimed at sustainable milk production by modernising infrastructure for farming. The project has reached a completion level of 67% according to the *Bureau Opérationnel de Suivi du PSE* (BOS); it was launched in 2015 and the targeted completion date is 2020, while the total estimated budget is approximately XOF 19.6 billion;

    - ➢ Development of three cereal corridors aimed at reducing by 50% trade balance deficit on cereals (rice, millet and maize). The objective is to reach self-sufficiency in rice in 2017, with a production of 1,600,000 tonnes. The project has reached a completion level of 59% according to the BOS; it was launched in 2014 and the targeted completion date is 2017, with a total estimated budget of approximately XOF 424.7billion; and

    - ➢ Development of aquaculture industry through the enhancement of technical skills and productivity, implementation of production farms and promotion of an integrated industry. The project has reached a completion level of 7% according to the BOS; it was launched in July 2014 and is targeted to be completed in 2023, with a total estimated budget of approximately XOF 50billion.

- in the Mining and Fertiliser sector:

    - ➢ Zircon production in Diogo by *Grande Côte Opérations S.A.* (GCO) aimed at the exploitation of heavy minerals, including zircon with a target output of 73,000 tonnes of zircon and 493,600 tonnes for other heavy minerals. The project has reached a completion level of 89% according to the BOS; it was launched in January 2012 and the targeted completion date was December 2014, while the total estimated budget of about XOF 340 billion;

    - ➢ Increasing gold production by Sabodola Gold Operations, which produced 7 tonnes in 2016. The project has reached a completion level of 70% according to the BOS and its total estimated budget is approximately XOF 95 billion;

    - ➢ Developing the phosphates industry (Gadd Bissik project undertaken by Atlas Resources) after the discovery of estimated reserves of 130 million tonnes and the construction of a phosphoric acid production plant. The project has reached a completion level of 2% according to the BOS; it was launched in 2015 with a total estimated budget of approximately XOF 200 billion; and

    - ➢ Other projects in this sector (and their completion level as assessed by the BOS) include:

        - Phosphates in Ndiendoury by *Société Minière de la Vallée du Fleuve Sénégal* (SOMIVA, 50%);

        - Gold in Mako Toro (85%);

        - Phosphates in Baïty by SEPHOS SENEGAL S.A., which is owned by IFCOM (Senegal) holding 81% of the shares and the Spanish company FERTINAGRO NUTRIENTES (grupo TERVALIS) with 19% (SEPHOS, 100%);

        - Phosphates by *Industries Chimiques du Sénégal* (ICS, 100%);

        - Zircon extraction in Niafourang by Astron Limited (90%).

- in the Logistical and Industrial Regional Hub sector:

    - ➢ Integrated Industrial Platform of Diamniadio, which includes the construction of three warehouses of 7,200 m2, one warehouse of 3,200 m2, one administrative building offering 4,910 m2 of office space in Phase 1 and the construction of 16 other warehouses on 40 hectares in Phase 2. Phase 1 is 100% complete and Phase 2 has achieved a completion level of 12%, according to the BOS. The project's launch date was in March 2015, with an expected completion of Phase 1 in the second quarter of 2017 and total estimated budget of approximately XOF 65 billion;

- Thiès-Touba Highway (Ilaa Touba highway), which will construct 115 km of highways to allow for rapid connections between Senegal's primary growth areas. According to the BOS, the project is 35% complete. It was launched in January 2015 and is expected to be complete at the end of 2018, with a total estimated budget of XOF 406 billion;

- Dakar-AIBD Regional Express Train (TER), which consists of the construction of a 57 km railway under international standards between Dakar and the AIBD. The express train will reach speeds of 160 km per hour, using a dual electric and fuel mode, and is expected to transport 115,000 passengers per day. The BOS estimates that the project has achieved a completion level of 13%. It was launched in December 2016 and is expected to be completed in February 2019, with a total estimated budget of approximately XOF 568 billion; and

- Other projects in this sector (and their completion level as assessed by the BOS) include:

  - Eight projects in the study phase: Société Nationale des Habitations à Loyer Modéré (SN-HLM) Project, SICAP (formerly Société Immobilière du Cap-Vert) project, Direction de l'Urbanisme et de l'Habitat (DUA) urban hubs, Maritime Infrastructure and Equipment Project (MIEP2), Foundiougne bridge, Bus Rapid Transit project in Dakar (BRT), Dakar-Bamako railway;

  - Four projects in the implementation phase: the second Voie de Dégagement Nord road project in Dakar (VDN2), *Plan d'Urbanisme de Détails* (PUD), CDC Bambilor (a real estate project in the Dakar suburbs), and City of Emergence (*Cité de l'Emergence*, a real estate development project in Diamniadio);

  - Five projects in the operational phase or near operational phase: the third *Voie de Dégagement Nord* road project in Dakar (VDN3), Emergence bridge, AIBD-Sindia highway, *Route Nationale numéro* 6 (RN6), Maritime Infrastructure and Equipment Project (MIEP1, Ndakhonga).

- in the Energy and Strategic Recovery sector:

  - Coal power station of Sendou (125 MW), aimed at electricity generation at the coal power station with a capacity of 125 MW. The BOS estimates that the project has achieved a completion level of 65%. It was launched in 2014, with a targeted completion date of October 2017 and an estimated total budget of XOF 134 billion;

  - Solar power plant of Mékhé (30 MW), aimed at electricity generation from 92,000 solar panels with a capacity of 30 MW, making it the biggest solar power plant in Western Africa. The BOS estimates that the project has achieved a completion level of 44%. It was launched in 2014, with a targeted completion date of the fourth quarter of 2017 and a total estimated budget of approximately XOF 18 billion;

  - Wind Power Plant of Taïba Ndiaye (151.8 MW), aimed at generating electricity from 46 wind turbines. The BOS estimates that the project has achieved a completion level of 8%. It was launched in December 2013, with a targeted completion in July 2019 and an estimated total budget of XOF 185 billion; and

  - Other projects in this sector (and their completion level as assessed by the BOS) include:

    - One project in the study phase: rural electrification project for 218 villages;

    - Two projects in the implementation phase: two lots being connected to the electricity grid (72% and 40%, respectively);

    - Four projects in the operational phase: Taïba Ndiaye, with a 70 MW capacity, which has been operational since the fourth quarter of 2016, with an ongoing extension; Cap des Biches, with a 53 MW capacity, operational since June 2016, with an ongoing extension; Bokhol, with a 20 MW capacity, which has been operational since October 2016; Malicounda, with a 20 MW capacity, which has been operational since October 2016.

- in the Multiservice, Tourism and Regional Hub sector:

  - AIBD, which consists of the construction of the new international airport, which was designed to replace the existing Leopold Sedar Senghor airport. The construction includes a 42,000 m2 terminal and two 3,500m by 75m runways designed for existing and future high capacity aircraft. According to the BOS, the project has achieved a completion level of 95%. It was launched in 2007, with now a targeted completion date of December 2017 and a total estimated budget of XOF 377.5 billion;

  - Integrated Tourist zone: Pointe Sarène, which aims to make Senegal one of Africa's top five tourist destinations, increasing the number of tourists to 3 million per year. One of the key aims is the development of a seaside destination at Pointe Sarène. According to the BOS, the project has achieved a completion level of 18%, with a total budget of approximately XOF 141 billion;

  - Dakar Medical City, with the aim of making Dakar the region's leading healthcare hub with an expected increase of 10,000 international patients per year. A key milestone consists in the construction, equipping and operation of four hospitals in Touba, Kaffrine, Sedhiou and Kedougou. The BOS estimates that the project has achieved a completion level of 36%. The project was launched in the first quarter of 2016, with a targeted completion date in 2020 and a total estimated budge of approximately XOF 97 billion; and

  - Other projects in this sector (and their completion level as assessed by the BOS) include:

    - Projects in the study phase: eight health projects, including Centre Hospitalier Universitaire (CHU) of Diamniadio and the CHU Saint Louis; regional airport hubs, in connection with which the modernisation of regional airports in seven cities is being studied; and the development of three to six tourist integrated zones, including micro-tourism;

    - Projects in the implementation phase: three health projects, including regional hospitals and the Pasteur Institute; regional air hub, including the creation of a new airline company.

An Extensive Reform Agenda

A continuing challenge for the success of the PSE is maintaining the confidence of partner countries and other international actors, particularly given the cost of the development plan and the dependence on multilateral and bilateral financing sources. This will require the ability to rapidly demonstrate the efficacy of the implementation of the PSE, which in turn will necessitate accelerated improvement of public sector governance. In this respect, administrative reforms continue, specifically those concerning fiscal governance and those concerning entities charged with defining the State's economic policy. Moreover, to accommodate additional investments while keeping the fiscal deficit in check, substantial current expenditure streamlining will be needed. Finally, keeping to the implementation schedule of key projects poses a further challenge. In the context of the 2015-2017 IMF PSI-supported economic and financial programme, Senegal adopted several reforms, particularly in relation to public finance, which should contribute to the reduction of the budget deficit through proper recovery of budget revenues, combined with better management of government spending.

To ensure continued growth momentum, the Government must also step up its efforts to rapidly implement the critical mass of reforms that are expected to unlock private investment through FDI and SMEs, to allow the private sector to relieve the State budget's expenditure burden. These reforms must, in particular, facilitate broad-based growth of credit to the private sector, reduce costs and improve service provision in the electricity sector, strengthen the business climate and enhance competitiveness.

Gross Domestic Product

GDP is a measure of the total value of final products and services produced in a country in a specific year. Nominal GDP measures the total value of final production and services at current prices. Real GDP measures the total value of final production and services at constant prices of a particular year, thus allowing historical GDP comparisons that exclude the effect of inflation. Real GDP figures used herein are based on constant 1999 prices and all GDP data is presented on a 1999 reference year basis, notwithstanding the Governmental project to change the base year for GDP going forward. See "*– GDP Rebasing Project*".

The DGPEE estimates that Senegal's nominal GDP and real GDP for 2016 were XOF 8,707.6 billion and XOF 6,346.5 billion, respectively. Real GDP grew by 4.4% on average between 2002 and 2007; the real GDP growth rate subsequently fell from 3.7% in 2008 to 2.4% in 2009. Real GDP growth declined between 2008 and 2009 due in large part to the impact of the global economic downturn, but nevertheless remained positive. Despite its minimal exposure to the international financial markets, Sub-Saharan Africa and Senegal in particular were not spared by the global economic downturn. The region was affected by the decline in prices for raw materials, decreased demand for metal and mineral exports, the decrease in remittances and the decrease in tourism.

However, in 2010 the level of real GDP growth rebounded to 4.2% as a result of the recovery in global demand and raw material prices, before falling to 1.8% in 2011 due primarily to decreased agricultural production attributable to the effects of a severe drought in the Sahel. In 2012, despite a difficult international context marked by both the debt crisis in the Euro zone, a slowdown in the emerging markets and socio-political instability in Mali, real GDP growth rebounded to 4.4%. Likewise, it strengthened in 2013, reaching 3.5%, mostly in the primary and tertiary sectors, despite a slowdown in the secondary sector and low production rates in the mining industry. In 2014 and 2015, the real GDP growth rate increased to 4.1% and 6.5%, respectively, as a result of the performance of agriculture, the secondary sector and, to a lesser extent, the tertiary sector. In 2016, the growth rate of real GDP is estimated at 6.7%, marking the first time since 1980 that GDP growth has exceeded 6% for two consecutive years. Since 2014, the economy of Senegal has experienced renewed growth, with the average growth rate in real GDP for the period from 2014 to 2017 expected to be 6%. The growth rate of real GDP for 2017 is projected at 6.8% by the Government and the IMF. GDP growth is mostly due to activities in the extractive industries, manufacturing of chemical products, oil refining, construction, transportation, telecommunications, housing services and financial services.

GDP Rebasing Project

In June 2015, in parallel with the RGE (see "*— Structure of the Senegalese economy*" below), the Government launched the National Accounts Update Project (*Projet de Rénovation des Comptes Nationaux*), a project led by the ANSD, with the support of development partners, in particular, the UN Economic Commission for Africa, the AFRISTAT, the IMF and a financial support of the Delegation of the European Union to Senegal (the "GDP Rebasing Project"), consisting of changing the base year for Senegal's national accounts in order to:

- Take into account changes to the most recent System of National Accounts adopted by the United Nations (the SNA 2008, which replaces the SNA 93, which was the prior reference for preparing national accounts) so as to follow the trend established at the continental level for the implementation of the SNA 2008 by countries such as South Africa, Cameroon, Ghana, Kenya and Nigeria;

- Take into account the structural evolution of economic activity, resulting from the development of new kinds of businesses and products and the disappearance of others, changes in consumer, production and marketing habits and changes in the quality of products; and

- Improve the quality of national accounts, weakened by the distance from the base year (1999).

As a result of the GDP Rebasing Project, the Government announced in March 2017 that 2014 would serve as the new base year for the national accounts of Senegal, replacing the 1999 base year. This change of base year resulted in an increase for 2014 of 30% of nominal GDP to XOF 9,789 billion, compared to XOF 7,555 billion according to the 1999 base. This increase is primarily due to an improvement in the coverage of economic activity, in particular in connection with the implementation of the RGE, taking into account activities such as mining, inland fishing and aquaculture, rural hydraulics and the implementation of changes introduced by the SNA 2008. Excluding exports and imports, all other economic aggregates have increased. For example, final consumption and investment increased by 22% and 18%, respectively, compared to the 1999 base.

Moreover, the GDP Rebasing Project is part of a dynamic initiated at a continental level for the implementation of the SNA 2008 following the example of countries like South Africa (increase of 4% of GDP), Cameroon (increase of 8% of GDP), Kenya (increase of 25% of GDP), Morocco (increase of 5% of GDP) and Nigeria (increase of 60% of GDP).

The table below highlights certain changes in the principal macroeconomic indicators for the 2014 national accounts:

Macroeconomic indicators	1999 base	New 2014 base	Absolute change	Percentage change
Aggregates (XOF billions)				
GDP at market prices	7,555	9,789	2,234	30%
Actual final consumption	7,160	8,731	1,572	22%
Gross fixed capital formation	1,931	2,281	350	18%
Exports of goods and services	2,124	2,124		
Imports of goods and services	3,573	3,573		
Aggregates per resident				
GDP (XOF 1,000)	542	703	160	
GDP (US dollars)	1,099	1,424	325	

Source: ANSD

In terms of allocation of the GDP by sector, the share of the tertiary sector increased slightly from 52% to 54% compared to the 1999 base. The dominance of this sector is enhanced by taking into account products from research and development (R&D) in the tertiary sector. The respective shares of the primary and secondary sectors remained relatively stable.

In addition, the share of tax revenues decreased and amounted to 10.8% of GDP compared to 12.8% with the 1999 base, due to the effects of a more significant re-evaluation of GDP.

Furthermore, the change of base year has helped to establish a new structure of the economy. Inflows that are part of the production process have been updated for every business segment. Consequently, products such as electricity and telecommunication services increase in scale in the share of production units.

The change in GDP has a direct impact on Senegal's performance-tracking indicators. The increase in GDP, following the change of base year, improves Senegal's ranking in the WAEMU convergence criteria with respect to the budgetary deficit set at 3% of GDP. However, its performance according to the tax pressure indicator is lower. Ultimately, the change of base year will provide a better reference to evaluate the economic policies implemented by the Government.

The table below presents changes in the convergence indicators for 2014:

Convergence indicators	1999 base	New 2014 base
Budget deficit / GDP	(5.1%)	(4.0%)
Current foreign balance / GDP	8.8%	6.8%
Tax pressure rate (tax revenue excluding FSE / GDP)	19.6%	15.1%
Debt ratio (public debt / GDP)	54.4%(1)	42.0%

(1) Figure calculated on the basis of the public debt amount in March 2017.
Source: ANSD

In terms of implementation, the Government plans to prepare the accounts for 2015 restated for the new base year during 2017. In 2018, the restated 2016 and 2017 accounts will be prepared, as well as a retropolation of accounts prior to 2014. Accordingly, all GDP figures used in this Prospectus are based on constant 1999 prices and all GDP and GDP-based data is presented on a 1999 reference year basis, notwithstanding the Governmental project to change the base year for GDP going forward. As a result of the change of base year, GDP-based data presented in this Prospectus will not be comparable to data published in future periods that is based on 2014-rebased GDP until the restatement of the 2016 and 2017 accounts and the retropolation of the accounts prior to 2014 are completed on the basis of the 2014 base year.

Structure of the Senegalese economy

During 2016, the ANSD completed the first general company census (*Recensement Général des Entreprises*, RGE) in connection with the GDP Rebasing Project (see "— *GDP Rebasing Project*" above), with the help of Senegal's development partners. The RGE sought to record every economic unit with premises or offices within the formal and informal sectors, in addition to farms, small-scale fishing (registered fishers), professional and employers' organisations and Economic Interest Groups (*Groupements d'Intérêt Economique*).

The RGE recorded 407,882 economic units throughout the country, which employ 844,268 individuals. Individuals represent 96.8% of recorded economic units, but companies, which represent only 3.2% of recorded units, generate 80.0% of overall revenue generated by all recorded economic units. The Dakar region hosts over a third of such units (160,963, or 39.5%) and 51.7% of employees. At the national level, 33.3% of employees and 31.3% of entrepreneurs are women, predominantly in the hotel, bar and restaurant segment (72.8%). The average age of individual entrepreneurs is 46. The overage age of male entrepreneurs is 38 and the median age of female entrepreneurs is 40. Economic units that are between five and 10 years old account for 26.7% of the total. Most enterprises in Senegal operate in the trade sector (52.1%) (see "*Principal Sectors of the Economy – Tertiary Sector*").

Overall, 97.0% of the recorded economic units are informal. The informal sector dominates every business segment except for segments relating to services provided to companies (12.3%), buildings and public works (5.6%) and food industries (41.4%). Revenue of all recorded companies amounted to XOF 11,349.7 billion in 2014, with the trade sector generating the largest share of this overall revenue (40.3%). While representing 97.0% of recorded units, the informal sector contributes only 16.3% of overall revenue generated by all Senegalese economic units.

The main challenges faced by units in the formal sector pertain to taxes and duties, which are considered too high (17.2%). In the informal sector, economic units are confronted by problems relating to sales of products (30.5%) and lack of suitable premises (25.1%).

Gross Domestic Product by Sector

NOMINAL GROSS DOMESTIC PRODUCT BY SECTOR

The following table sets out nominal GDP figures across the different sectors of the economy for the periods indicated (based on constant 1999 prices).

	2012	2013	2014(1)	2015(1)	2016(1)
			(XOF billions)		
Primary sector	**994.8**	**1,004.6**	**1,017.0**	**1,191.8**	**1,323.0**
Agriculture	511.8	501.1	498.8	637.4	698.8
of which Subsistence Agriculture	400.1	386.1	383.1	501.5	563.4
of which Industrial and Export Agriculture	111.7	115.0	115.7	135.9	135.5
Livestock and Hunting	295.2	317.0	348.3	372.3	406.0
Forestry	63.0	63.9	65.0	66.7	69.7
Fishing	124.7	122.5	104.9	115.5	148.5
Secondary sector	**1,552.9**	**1,525.7**	**1,576.5**	**1,677.6**	**1,764.6**
Mining	193.1	148.3	154.6	182.7	247.9
Fatty foods production	6.4	6.0	5.8	5.3	2.9
Other Industries(2)	881.9	873.1	866.7	939.2	963.5
Electricity, Gas and Water	188.5	200.0	215.9	202.3	191.5
Construction	283.0	298.4	333.7	348.1	358.7
Tertiary sector	**3,343.0**	**3,423.7**	**3,485.3**	**3,629.4**	**3,910.8**
Commerce	1,161.7	1,181.1	1,201.2	1,281.6	1,370.4
Transport, Post and Telecommunications	761.3	791.6	797.6	806.8	891.6
Education and Training	275.5	277.2	288.9	301.0	313.2
Health and Social Services	90.3	92.0	88.4	90.1	93.2
Other Services(3)	1,054.2	1,081.8	1,109.2	1,149.8	1,242.5
of which Accommodation and Restaurant Services	50.2	55.7	58.1	60.4	65.8
of which Financial Services	244.5	253.5	265.7	285.3	339.0
of which Real Estate Activities	387.5	399.3	394.5	403.7	439.0
Public administration	**1,367.6**	**1,380.7**	**1,475.9**	**1,569.0**	**1,709.2**
Nominal GDP	**7,258.2**	**7,334.8**	**7,554.7**	**8,067.8**	**8,707.6**

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

(2) Other industries includes refining activities, processing of agricultural products, manufacturing and construction of transport materials, among other things.

(3) Other services includes tourism-related services, real estate, financial services and business services among other things.

Source: DGPEE, ANSD

PROPORTION OF TOTAL NOMINAL GROSS DOMESTIC PRODUCT BY SECTOR

The table below provides information regarding Senegal's output by sector as a proportion of its total nominal GDP for the years indicated (based on constant 1999 prices):

	2012	2013	2014(1)	2015(1)	2016(1)
Primary sector	**13.7%**	**13.7%**	**13.5%**	**14.8%**	**15.2%**
Agriculture	7.1%	6.8%	6.6%	7.9%	8.0%
of which Subsistence Agriculture	5.5%	5.3%	5.1%	6.2%	6.5%
of which Industrial and Export Agriculture	1.5%	1.6%	1.5%	1.7%	1.6%
Livestock and Hunting	4.1%	4.3%	4.6%	4.6%	4.7%
Forestry	0.9%	0.9%	0.9%	0.8%	0.8%
Fishing	1.7%	1.7%	1.4%	1.4%	1.7%

	2012	2013	2014(1)	2015(1)	2016(1)
Secondary sector	**21.4%**	**20.8%**	**20.9%**	**20.8%**	**20.3%**
Mining	2.7%	2.0%	2.0%	2.3%	2.8%
Fatty foods production	0.1%	0.1%	0.1%	0.1%	0.0%
Other Industries(2)	12.2%	11.9%	11.5%	11.6%	11.1%
Electricity, Gas and Water	2.6%	2.7%	2.9%	2.5%	2.2%
Construction	3.9%	4.1%	4.4%	4.3%	4.1%
Tertiary sector	**46.1%**	**46.7%**	**46.1%**	**45.0%**	**44.9%**
Commerce	16.0%	16.1%	15.9%	15.9%	15.7%
Transport, Post and Telecommunications	10.5%	10.8%	10.6%	10.0%	10.2%
Education and Training	3.8%	3.8%	3.8%	3.7%	3.6%
Health and Social Services	1.2%	1.3%	1.2%	1.1%	1.1%
Other Services(3)	14.5%	14.7%	14.7%	14.3%	14.3%
of which Accommodation and Restaurant Services	0.7%	0.8%	0.8%	0.7%	0.8%
of which Financial Services	3.4%	3.5%	3.5%	3.5%	3.9%
of which Real Estate Activities	5.3%	5.4%	5.2%	5.0%	5.0%
Public administration	**18.8%**	**18.8%**	**19.5%**	**19.4%**	**19.6%**
Nominal GDP	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

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

(2) Other industries includes refining activities, processing of agricultural products, manufacturing and construction of transport materials, among other things.

(3) Other services includes tourism-related services, real estate, financial services and business services among other things.

Source: DGPEE, ANSD

REAL GROSS DOMESTIC PRODUCT BY SECTOR

The table below provides information regarding Senegal's real GDP by sector for the years indicated (based on constant 1999 prices):

	2012	2013	2014(1)	2015(1)	2016(1)
			(XOF billions)		
Primary sector	**654.3**	**666.2**	**680.9**	**771.4**	**821.8**
Agriculture	343.8	345.6	351.5	440.1	468.0
of which Subsistence Agriculture	250.6	253.2	259.8	333.5	366.0
of which Industrial and Export Agriculture	93.2	92.4	91.7	106.6	102.1
Livestock and Hunting	213.6	225.8	236.5	235.6	249.3
Forestry	32.9	34.3	35.0	35.5	36.7
Fishing	63.9	60.5	57.9	60.2	67.7
Secondary sector	**1,076.6**	**1,119.9**	**1,159.3**	**1,257.2**	**1,341.6**
Mining	63.6	55.9	62.7	81.8	109.3
Fatty foods production	4.6	4.4	4.1	3.7	2.1
Other Industries(2)	651.0	669.1	666.9	721.0	749.8
Electricity, Gas and Water	133.8	140.7	148.3	150.6	159.3
Construction	223.5	249.7	277.4	300.1	321.1
Tertiary sector	**2,585.5**	**2,711.6**	**2,825.7**	**2,967.0**	**3,169.6**
Commerce	830.0	873.7	916.6	985.3	1,044.8
Transport, Post and Telecommunications	723.6	777.5	802.5	828.6	897.8
Education and Training	182.3	184.3	191.4	192.2	198.5
Health and Social Services	90.9	92.2	94.9	96.7	100.1
Other Services(3)	758.8	783.9	820.4	864.2	928.3
of which Accommodation and Restaurant Services	33.8	37.1	38.2	39.4	43.1
of which Financial Services	213.7	216.4	228.4	251.0	295.7
of which Real Estate Activities	269.2	278.9	288.6	302.2	327.8
Public administration	**870.6**	**868.6**	**919.0**	**949.9**	**1,013.5**
Real GDP	**5,187.1**	**5,366.3**	**5,585.0**	**5,945.6**	**6,346.5**

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

(2) Other industries includes refining activities, processing of agricultural products, manufacturing and construction of transport materials, among other things.

(3) Other services includes tourism-related services, real estate, financial services and business services among other things.

Source: DGPEE, ANSD

PERCENTAGE CHANGE IN REAL GROSS DOMESTIC PRODUCT BY SECTOR

The table below provides information on percentage change in Senegal's real GDP by sector as compared to the previous year, for the periods indicated (based on constant 1999 prices):

	2012	2013	2014(1)	2015(1)	2016(1)
Primary sector	**8.9%**	**1.8%**	**2.2%**	**13.3%**	**6.5%**
Agriculture	17.1%	0.5%	1.7%	25.2%	6.3%
of which Subsistence Agriculture	17.0%	1.0%	2.6%	28.4%	9.7%
of which Industrial and Export Agriculture	17.4%	(0.9)%	(0.7%)	16.2%	(4.3%)
Livestock and Hunting	0.3%	5.7%	4.7%	(0.4%)	5.8%
Forestry	3.1%	4.1%	2.0%	1.5%	3.5%
Fishing	2.8%	(5.4%)	(4.2%)	3.9%	12.5%
Secondary sector	**3.6%**	**4.0%**	**3.5%**	**8.4%**	**6.7%**
Mining	8.0%	(12.1%)	12.0%	30.5%	33.7%
Fatty foods production	(22.6%)	(4.3%)	(6.8%)	(10.0%)	(43.2%)
Other Industries(2)	3.5%	2.8%	(0.3%)	8.1%	4.0%
Electricity, Gas and Water	12.1%	5.2%	5.4%	1.6%	5.7%
Construction	(1.0%)	11.7%	11.1%	8.2%	7.0%
Tertiary sector	**4.8%**	**4.9%**	**4.2%**	**5.0%**	**6.8%**
Commerce	4.0%	5.3%	4.9%	7.5%	6.0%
Transport, Post and Telecommunications	6.3%	7.5%	3.2%	3.3%	8.4%
Education and Training	2.6%	1.1%	3.8%	0.4%	3.3%
Health and Social Services	1.2%	1.5%	2.9%	1.9%	3.5%
Other Services(3)	5.4%	3.3%	4.7%	5.3%	7.4%
of which Accommodation and Restaurant Services	(1.4%)	9.9%	2.9%	3.3%	9.3%
of which Financial Services	13.7%	1.2%	5.5%	9.9%	17.8%
of which Real Estate Activities	4.1%	3.6%	3.5%	4.7%	8.5%
Public administration	**1.0%**	**(0.2%)**	**5.8%**	**3.4%**	**6.7%**
Real GDP	**4.4%**	**3.5%**	**4.1%**	**6.5%**	**6.7%**

(1) Figures for 2014 are "semi-definitive estimates" of the ANSD that are subject to revision by the ANSD. Figures for 2015 are "provisional estimates" of the ANSD that are subject to revision by the ANSD. Figures for 2016 are "preliminary estimates" of the DGPEE that are subject to revision by the ANSD. See "*Presentation of Economic and other Information*".
(2) Other industries includes refining activities, processing of agricultural products, manufacturing and construction of transport materials, among other things.
(3) Other services includes tourism-related services, real estate, financial services and business services among other things.
Source: DGPEE, ANSD

REAL GROSS DOMESTIC PRODUCT, CONSTANT PRICES ANNUAL PERCENTAGE CHANGE

The table below sets out real GDP growth in Senegal, WAEMU, Sub-Saharan Africa and the world for the periods indicated (based on constant 1999 prices):

	2014	2015	2016
Senegal(1)	4.1	6.5	6.7
WAEMU	6.5	6.6	6.7
Sub-Saharan Africa	5.0	3.4	1.4
World	3.4	3.2	3.1

(1) Figures for 2014 are "semi-definitive estimates" of the ANSD that are subject to revision by the ANSD. Figures for 2015 are "provisional estimates" of the ANSD that are subject to revision by the ANSD. Figures for 2016 are "preliminary estimates" of the DGPEE that are subject to revision by the ANSD. See "Presentation of Economic and other Information".
Source: Senegal figures - DGPEE (Senegal figures); World and Sub-Saharan Africa figures - IMF World Economic Outlook (April 2017); WAEMU figures - BCEAO.

Outlook for 2017 and Beyond

The Government expects the positive trend that has been underway since 2014 to continue. The real GDP growth rate is projected at 6.8% in 2017, as a result of continued public investment, improved agricultural performance, the revitalisation of industry, and the continued strong performance of service activities, in particular the subsectors of telecommunications, transportation and financial services. To remove the constraints slowing private sector development, the Government intends to step up the pace of implementation of projects and reforms. To improve the efficiency of public investment projects, the Government had decided to develop a bank of projects during the course of 2017, which will include investment projects readily available for implementation that have undergone feasibility studies, and the use of technological advances to improve the overall planning, programming, budgeting, monitoring and evaluation of projects. This should speed up the implementation of the projects and improve their efficiency, while enhancing transparency. The Government believes that the implementation of PSE reforms and priority projects will be a determining factor in the acceleration of growth in 2017 and beyond.

The proceeds of the issue of the Notes described in this Prospectus will contribute to the financing of certain PSE-related priority projects in 2017. See " – *Use of Proceeds*".

Recent oil and gas discoveries off the coast of Senegal could boost energy supply and provide positive benefits for public finances and GDP growth. See " – *Principal Sectors of the Economy – Secondary Sector – Energy – Oil & Gas*" below. Initial estimates of the discoveries suggest that oil and gas reserves could be significant, with production coming on line as early as 2020-21 for gas and two years later for oil. Pending a reputable international firm setting a date and production targets, however, production and earnings from oil and gas have not yet been integrated into the country's macroeconomic framework.

Principal Sectors of the Economy

Senegal's primary sector, which includes agriculture, livestock and hunting, forestry and fishing, is currently in transition. It is shifting from traditional practices, based on fishing and cash crop exports, to a more diversified sector. According to the DGPEE, the sector contributed an estimated 15.2% of nominal GDP in 2016 and employed more than 50% of Senegal's working population (full-time). The sector is vulnerable to fluctuating weather conditions, and food security continues to be an issue, especially as Senegal remains heavily reliant on imports, leaving it susceptible to rising global food prices. Following a 14.8% contraction in primary sector real GDP in 2011 reflecting a steep decline in agricultural production in the wake of a severe drought in the Sahel region, primary sector real GDP increased by 13.3% in 2015 and 6.5% in 2016.

The performance of Senegal's secondary sector has improved. The secondary sector real GDP increased from a growth rate of 3.5% in 2014 to a growth rate of 8.4% in 2015 and 6.7% in 2016. This improvement reflects a significant increase in the mining sector (+33.7% in 2016). This decrease in groundnut oil production was offset, however, by growth in the construction, electricity, gas and water, meat and fish processing and preservation and leather production sectors, as well as in other industries such as those of sugar, chocolate and cereal production, and the oil refinery and chemical industry.

Senegal's tertiary sector real GDP grew by 6.8% in 2016 compared to 5.0% in 2015, reflecting primarily growth in financial services (+17.8% in 2016 compared to +9.9% in 2015), accommodation and restaurant services (+9.3% in 2016 compared to +3.3% in 2015), and transport, post and telecommunications (+8.4% in 2016 compared to +3.3% in 2015).

Informal Economy

Despite recent efforts to regulate working practices more closely and to expand the tax base, a large portion of the Senegalese economy does not form part of the Senegalese tax base and is made up of the informal economy, where activities remain unrecorded and, as a result, taxes cannot be assessed and remain unpaid. Based on the RGE, the informal economy, which includes virtually all of the agricultural sector, trade and transportation services, accounts for approximately 97.0% of economic units recorded but accounts only for 16.3% of the overall revenue generated by all Senegalese economic units.

According to the ANSD, the non-agricultural sector employs approximately half of Senegal's active population and in 2011 the average annual salary received by an employee of the informal sector stood at XOF 505,805, or a monthly salary of XOF 42,150 (See "*Risk Factors–Risks related to the Republic of Senegal—A significant portion of Senegal's economy is not recorded*").

Primary Sector

Agriculture, Livestock and Hunting, Forestry and Fishing

The agricultural sector saw growth in real GDP of 6.3% in 2016 compared to 25.2% in 2015. The marked decrease in the rate of growth in 2016 as compared to 2015 is attributable to lower levels of production in the agricultural sector due to an abrupt halt in rainfall in certain areas of the country. Such volatility reflects the agricultural sector's high dependency on weather conditions and, in particular, rainfall amounts, which can vary significantly from year-to-year. The agricultural sector is particularly vulnerable to seasonal fluctuations in rainfall given only 5.4% of Senegal's cultivated lands are irrigated.

Subsistence agriculture showed real growth of 9.7% in 2016 compared to 28.4% in 2015. The growth in 2016 was principally driven by an increase in grain and horticultural production. Industrial agriculture real GDP decreased by 4.3% in 2016 compared to an increase of 16.2% in 2015. This contraction is mainly attributable to a decrease in groundnut and cotton production.

In the livestock farming and hunting sector, real growth was estimated at 5.8% in 2016, compared to a decrease of 0.4% in 2015. This growth was the result of an increase in poultry production, after setbacks in 2015 due to Marek's disease, caused by a highly contagious virus.

The Government has identified fishing as one of Senegal's key potential growth areas in light of its importance to food self-sufficiency in Senegal. Key strategies within this area include sustainable management of resources, the modernisation of the traditional sector, the development of aquaculture and the further development of secondary industries, including processing and packaging. The sector showed estimated real growth of 12.5% in 2016 compared to a 3.9% increase in 2015. This growth reflects an increase in artisanal and industrial fish landings by 9.5% and 25.9%, respectively.

Agricultural Production. The table below sets out information regarding Senegal's agricultural production volumes (in tonnes) for the periods indicated:

Agriculture (tonnes)	**2012**	**2013**	**2014**	**2015**	**2016**
Maize	228,423	225,902	178,732	304,296	346,030
White Rice	469,649	436,153	559,021	906,348	945,617
Sorghum	137,574	92,029	102,323	188,500	178,028
Millet	662,614	515,365	408,993	749,874	651,236
Fonio	1,497	1,488	2,179	3,228	3,757
Manioc	189,469	146,031	257,259	439,571	704,794
Groundnuts	692,572	677,456	699,329	1,050,042	991,427
Cotton	32,248	28,818	26,565	20,295	15,160

Source: DGPEE

Senegal's primary cash crop is groundnuts, which account for approximately one-third of cultivated land in Senegal. In the course of the last five years, groundnut oil sales have generated approximately US$48 million per year for the Senegalese economy. The groundnut industry is dominated by SONACOS SA, a national groundnut oil production company and one of the world's largest groundnut oil exporters, with an annual production capacity of approximately 105,000 tonnes of groundnut oil and 135,000 tonnes of groundnut cake (*tourteau d'arachide*). SONACOS, which the State bought back from the Advens Group (which had renamed it Suneor SA) in 2016 to improve its performance, exports more than 50% of its production on the global groundnut oil market, mainly to Europe, the United States and, more recently, China. The groundnuts trade association, the *Comité National Interprofessionnel de l'Arachide*, determines the price paid to growers, taking into account the tax imposed on vegetable oils, as well as the local groundnut oil prices. The price paid to groundnuts producers is currently set at XOF 230 per kilogramme for the 2016/2017 season. Groundnut buyers benefit from a state subsidy whereby losses they incur on the international markets are reimbursed. In addition to difficulties linked to economic conditions, groundnut production levels are highly unstable, in part due to the sensitivity of the sector to low or unpredictable rainfall. In terms of volume, groundnut production decreased by 5.6% in 2016 compared to 2015 as a result of a sudden cessation of rainfall in certain areas of the country.

Senegal benefits from plentiful water resources and arable land that remain underexploited. Of Senegal's 3.8 million hectares of arable land, only 2.6 million hectares are currently cultivated (rain-fed agriculture for the field crops) and only 140,000 hectares are irrigated. Senegal is attempting to diversify its agricultural sector away from a single crop-dominated system by encouraging cultivation of crops such as maize and manioc as well as fruit and vegetables to meet both domestic demand and for export. Reflecting such efforts, the production of fruits and vegetables increased by 6.5% in 2016, compared to 2015.

In 2014, Senegal began the implementation of its PRACAS, an initiative partly aimed at reducing Senegal's dependence on imported foodstuffs, developing its exports and generating new forms of employment and revenue. PRACAS' preliminary phase runs from 2014 to 2017 and is expected to cost a total of XOF 581 billion. PRACAS has four targets: (1) self-sufficiency in rice by 2017, with a national annual production of 1,600,000 tonnes (this is expected to cost XOF 424.7 billion, partially offset by a a reduction of imports of rice of XOF 313.3 billion per year and a potential growth in GDP of 2%, resulting from substituting domestic production for rice imports); (2) self-sufficiency in onions in 2016, with a national annual production of 350,000 tonnes (this is expected to cost XOF 20.9 billion, partially offset by a saving to the economy of XOF 9.25 billion and increased revenues for onion producers); (3) optimisation of the groundnut sector and the achievement of a national annual groundnut production of 1,000,000 tonnes, at a cost of XOF 92 billion; and (4) development of the out-of-season fruits and vegetables sectors through the achievement of a combined annual export volume of 157,500 tonnes, at a cost of XOF 43.5 billion. The costs of implementing targets (3) and (4) are expected to be partially offset by a reduction in imports of natural oils and a XOF 28.5 billion income each year. The Government intends to meet PRACAS' targets by, among other things, intensifying agricultural production and improving water management, agricultural research and education and quality control.

While the PRACAS targets are not yet reached, Senegal has recorded strong performance with respect to each of them:

- Self-sufficiency in rice by 2017, with the target of a national annual production of 1,600,000 tonnes: in 2016, production is estimated at 945,617 tonnes, or an increase of 4.3% compared to the 2015 agricultural season and 75% compared to the average of the past five years;
- Self-sufficiency in onions by 2016, with a national annual production target of 350,000 tonnes: the 2016 production target was surpassed by 17,500 tonnes in 2015 (+6.5%) and by 43,225 tonnes in 2016, with production increasing from 367,500 tonnes in 2015 to 393,225 tonnes in 2016. These results are primarily due to the State's support through subsidies for fertilisers, a freeze on imports, the financing of small projects by programmes and agencies, and training programmes on good horticultural practices. Although Senegal has become a major producer of onions in recent years, with local production exceeding imports, local production only covers demand for an eight-month period, thereby explaining the significant imports recorded in 2015. In particular, this continued increase in imports is due to insufficient storage infrastructure;
- Optimisation of the groundnut sector and the achievement of a national annual groundnut production of 1,000,000 tonnes: in 2016, production is estimated at 997,593 tonnes, or a slight decrease of 5.6% compared to the 2015 season and an increase of 38% compared to the average over the past five years. The State undertook numerous initiatives for the groundnut sector, with an increase in production areas, which stood at 1,135,339 hectares in 2015, or an increase of 29.2% compared to 2014 (878,659 hectares); and
- Development of the off-season fruit and vegetable sector through the achievement of a combined annual export volume of 157,000 tonnes: in 2016, the volume of fruit and vegetable exports is estimated at 90,354 tonnes compared to 90,635 tonnes in 2015, or a decrease of 0.3% compared to 2015 and an increase of 29% compared to the average of the past five years. The leading horticultural products exported are mangos, cherry tomatoes and green beans.

Secondary Sector

Mining

While mining currently accounts for a small portion of Senegal's GDP, new exploration techniques, increased foreign investment and the construction of a new industrial transport infrastructure are expected to capitalise on underexploited minerals. Mining promotional efforts based on the amended legal and regulatory framework and modernisation of geological and mining infrastructure have attracted significant investment flows toward the exploration and production of gold, iron, zircon and cement, amounting to nearly US$4 billion for the period 2009-2013. The country is one of the world's largest phosphate producers, but a number of other segments have begun to be developed, particularly gold, zircon and titanium (see "*Foreign Trade and Balance of Payments–Foreign Direct Investment*").

Enhancing the role that the mining sector plays in Senegal's economy, both through its contribution to exports and in helping to diversify the national economy, is an important objective of the PSE. Key initiatives planned include developing the phosphate fertilizer sector to make Senegal one of the top 3 phosphate producers in Africa by 2023, re-launching efforts to develop the Falémé iron ore mine, which has estimated reserves of approximately 750 million tonnes, accelerating the exploitation of zircon deposits and gold production in the Kédougou region, controlling and promoting artisanal mining and positioning Senegal as a regional mining industry hub.

The Government is committed to improving the governance of the extractive resources sector. It applied for membership with the Initiative for Transparency in the Extractive Industries (ITIE) and was approved as a member by the Board of Directors of the ITIE on 17 October 2013. Within this context, the Government has adopted a new mining policy with the adoption of a new Mining Code on 8 November 2016, focused in particular on reinforcing the legal and regulatory framework applicable to mining activities and improving the management of the economic, social and environmental impacts of the sector. Furthermore, the mining administration was reorganised and three Directorates created: the Directorate of Mines and Geology (DMG), the Directorate of Control and Supervision of Mining Operations (DCSOM) and the Directorate of Mining Prospection and Promotion (DPPM).

Phosphates. The exploitation of phosphates remains the main activity in the mining sector and was reinforced by the allocation of mines to SEPHOS, African Investment Group (AFRIG) and ATLAS Resources Sarl and the launch of the activities of *Société Minière de la Vallée* (SOMIVA). The sector is comprised of the following enterprises and projects:

- *Industries Chimiques du Sénégal* (ICS), one of the world's largest phosphate producers and owner of a mining concession in Senegal, operates the mine of Tobéne in Taïba, whose natural reserves are estimated to be in excess of 50 million tonnes. Management problems, poor investments and the lack of a reliable source of energy threatened ICS' survival in 2006 and led to the sale of a majority stake in ICS to a consortium led by IFFCO, an Indian company, in 2008, with the State retaining a 15% stake in ICS. Ongoing difficulties experienced by ICS led the Government to proceed with the sale of the IFFCO stake to INDORAMA, an Indonesian group, in August 2014 with a view to recapitalising the ICS and modernising the industrial facilities and restoring the production capacities for an initial cost of US$225 million. As at 31 December 2015, the financial statements of ICS once again showed a profit. The rehabilitation works were finished in 2016, resulting in a return to full production capacity, with the completion of an autonomous electric power plant which should substantially reduce production costs. ICS contemplates doubling its production capacity to 1.8 million tonnes of phosphate ore and 600,000 tonnes of phosphoric acid.
- SEPHOS, in May 2011, was awarded a phosphate exploration permit in the Baiti zone (Thiès region), representing mineable reserves of 40.5 million tonnes of concentrate. Target production is approximately 1.5 million tonnes of phosphate per year beginning in 2018 and for approximately thirty years. SEPHOS has undertaken to install a phosphoric acid manufacturing unit of the same capacity as ICS, as well as a fertilizer plant.
- The Kébémer I deposit discovered in the region of Thiès will be operated by AFRIG, and the exploitable reserves are estimated at 44 million tonnes of concentrate. ATLAS Ressources Sarl plans to build a world-class integrated industrial and chemical phosphate complex in 2017 in Chérif Lo Ngakhamum for a total estimated cost of XOF 300 billion. Its annual production capacity will be 1.5 million tonnes of phosphate concentrate and 400,000 tonnes of acid.
- SOMIVA began its activities in the second half of 2014 and carried out its first test exports. The company has now fully entered the production stage with volumes of 410,000 tonnes of phosphates recorded in 2015 and, with an estimated 600,000 tonnes in 2016, expects to reach a full capacity of 1.2 million tonnes in 2017-2018.
- The Matam phosphate mines project is well on its way to implementation with the finalisation of market research and technical feasibility, economic and financial viability and environmental impact studies. There are proven reserves of approximately 40 million tonnes of high quality lime, plus the potential for an additional 100 million tonnes. The launch of the phosphates exploitation of Matam will increase production and promote the development of investment in fertilisers.

Phosphates and phosphoric acid are estimated to have accounted for 8.1% of the value of total exports in 2016, a 1% increase compared to a 7.0% share of exports in 2015. 100% of ICS's phosphoric acid production is exported to India, thereby shielding Senegal to a certain extent from fluctuations in the market.

Gold. Senegal's West African Birimian gold province holds some of the largest gold deposits in Africa. Several deposits have been discovered with significant potential estimated at 2.24 million ounces in Golouma South, Golouma West Kerekounda, Massato and Kourouloulou concessions, but the Sabodala gold project is the only large-scale gold mine to come into operation in Senegal.

- The project company exploiting the Sabadola project was initially established by Australia-based MDL, which commenced operations in Senegal in 2008. In late 2010, MDL divested its interest in the Sabadola project company to the Teranga Gold Corporation, a Canada-based company which is listed in Toronto and Australia. The State enjoys a free carried interest of 10% in the Sabadola project, a 5% royalty calculated on the value of gold shipments, and specified annual financial contributions toward local authority development, regional administration and training of Directorate of Mines and Geology staff. The Sabadola project has been granted, since February 2016, a seven-year value-added tax exemption on goods and services acquired to local and international suppliers. The stake of the State in the project company was not affected by the demerger. Industrial exploitation of gold began in 2009 and the majority of production is exported. Exports amounted to XOF 168.6 billion in 2015 and increased by 5% to XOF 177 billion in 2016 due primarily to an increase in the price of gold on the international market. Senegal is estimated to have produced 6.8 tonnes of gold in 2016.
- A three million ounce deposit was discovered at Massawa in Eastern Senegal by Randgold Resources, an Africa-focused British gold mining and exploration company, in 2008. The main issue for the development of this project is the very high energy cost of processing refractory gold ore.
- Three additional deposits were discovered recently in Boto (owned by IAMGOLD Corporation, a 1.6 million ounce deposit), Mako petewole (owned by Toro Gold; a 1.3 million ounce deposit for a production of 140,000 ounces per year and exploitation starting in 2017) and Makabingui (owned by

Bassari Resources; a 1.1 million ounce deposit with a production of 50,000 ounces per year in 2018). Additional investments were made for all three deposits in order to accelerate the start of operations.

Zircon. Zircon is a silicate mined primarily for its use in zirconium, a strong metal that resembles titanium and is highly resistant to corrosion. It is used in the jewellery, chemicals, textile and pharmaceutical industries. Zircon is a mineral of choice most often used in construction materials or high-tech industries such as aerospace. Senegal's zircon deposits occur in its coastal sand dunes and are mined by cutter suction dredging.

- MDL and Eramet developed the Grande Côte Opérations (GCO) consortium's zircon project to the north of Dakar. The GCO is 65% held by MDL, 24% held by Eramet with the remaining 10% held by Senegal. Its potential is estimated at 1.3 billion tonnes of sand with a 2% average of heavy minerals. Output for the project is expected to be approximately 70,000 tonnes annually, which is equivalent to 25% of European consumption, 8% of the global market and 500,000 tonnes of ilmenite. The production of zircon and ilmenite (used in the production of paper and plastic) officially began in early March 2014 and the exploitation of zircon is now gradually increasing to a steady production rate.
- Carnegie-Astron has completed its feasibility and environmental impact studies for the project concerning the exploitation of zircon and rutile deposits in Niafourang in Casamance, in the South of the country. Its potential is estimated at 3.4 million tonnes of sand with a 16% average of heavy minerals. Annual production is estimated at 54,000 tonnes of sand. The start of production was scheduled for the end of 2011 but was delayed due to resistance from local populations. As of the date of this Prospectus, the environmental certificate of conformity has been provided to the company, which indicates favourable prospects for exploitation in 2018/19.

Cement. The cement sector in Senegal is made up of three companies: Sococim, *Ciments du Sahel* and the Nigerian company Dangote Group:

- Sococim has supplied the Senegalese market with cement since the 1950s. It was taken over by the Vicat Group, the third largest cement company in France, in 1999 and currently supplies cement to domestic markets and neighbouring countries. The Sococim plant has a capacity of 3.5 million tonnes per annum. In 2016, its total production came to approximately 2.7 million tonnes, representing an increase of 5.1% compared to 2015.
- *Ciments du Sahel* is a smaller cement producer, with a capacity of 3 million tonnes per annum, mainly for the consumption of domestic markets. Its total production in 2016 came to approximately 2.5 million tonnes, an increase of 18.3% compared to 2015.
- The Dangote Group constructed a new cement plant with a capacity of 2.5 million tonnes per annum, which has been operational since December 2014. Its total production in 2016 is estimated at 1,036,217 tonnes, compared to 945,925 tonnes in 2015, representing an increase of 9.5%.

According to the DGPEE, based on the statistical data of the three producers (Sococim, *Ciments du Sahel* and Dangote Group), cement production was approximately 6.2 million tonnes in 2016, compared to 5.6 million tonnes in 2015, an increase of approximately 600,000 tonnes in absolute terms.

Iron Ore. Despite significant reserves in the Falémé region in the South-East region of Senegal, no iron ore project has come into production yet in Senegal. Following the final settlement of its dispute with ArcelorMittal in May 2014 regarding a mining agreement signed in 2007, the State recovered its mining rights over the Falémé iron ore deposits. As part of the PSE, the Government intends to re-launch efforts to develop the Falémé iron ore mine by finding a long-term mining industry partner. The Falémé project involves the development of more than 750 million tonnes of iron with annual exports of between 12 and 20 million tonnes. The proposed investments (relating to the mine, railways and the port) are significant and are estimated at between XOF 1,500 and 2,000 billion with the creation of at least 20,000 direct jobs. The MIFERSO, the State-controlled company in charge of the promotion of the Falémé iron ore signed a two-year memorandum of understanding with the South African group TRANSNET-NTONGA-BAKGHATLA RENAISSANCE on 25 May 2016, under which the South African group must complete a bankable feasibility study for the project and undertakes to finance and carry it out with the State of Senegal.

Other Minerals. Other exploration projects include those for uranium, lithium and tin. The Government believes that its investments in upgrading the country's infrastructure will enhance development prospects for these resources.

Energy

Approximately one-third of the energy that Senegal consumes comes from hydrocarbons and over 48% comes from wood and coal, mainly for use in domestic cooking, although efforts are being made to reduce reliance on wood and coal through the supply of gas stoves.

The PSE places a particular emphasis on the plan for universal access to energy, designed to put an end to the unequal access to energy services, and on the *Plan de Relance Intégré de l'Electricité* (Integrated Energy Restoration Plan) to support the restructuring of the economy.

Electricity

The transmission and distribution of electricity in Senegal is exclusively managed by SENELEC, Senegal's national electricity utility, which also produces a majority of the country's electricity. SENELEC purchases the remainder from private operators involved in rural concessions and two independent producers, GTI and Kounoune Power. Current installed capacity is approximately 412 MW. Individuals consume over half the electricity supply in Senegal, while less than 10% is consumed by industry. SENELEC's sold production is estimated to have increased by approximately 5.98% in 2016 (2,882 GWh in 2016 as compared to 2,719 GWh in 2015) due to the facility improvements and increased capacity at SENELEC.

An attempt to privatise SENELEC in 1999 was unsuccessful, and the company was renationalised in 2001 (see *"—Privatisations and Public-Private Partnerships*"). In late 2010, the Government formulated an emergency plan for the 2010-2014 period, called Project Takkal, in an attempt to address SENELEC's insufficient structural generation capacity and precarious financial position, which were leading to chronic power shortages and adversely affecting economic growth, investments and domestic households. As part of the Government's effort to help finance the required investments, a special energy sector support fund, the *Fonds de Soutien à l'Energie* (FSE), was set up in February 2011. The FSE is funded by general government expenditure, special taxes and donor funds and is audited annually. The recovery plan produced generally positive results, including a clear improvement in service quality and a gradual improvement in SENELEC's financial situation. In particular, so as to ensure the availability of sufficient quantities of electricity for its customers, SENELEC enhanced electricity generation through the lease of new, and rehabilitation of existing, electricity generators.

In January 2014, the Government approved a new electricity production plan for the 2014-2017 period, based on a policy of diversifying the sources of energy production, introducing more cost-effective production technologies and improved efficiency at SENELEC, and encouraging private investment in the electricity sector. Currently, approximately 90% of electricity generated in Senegal is sourced from petroleum, rendering the industry vulnerable to volatility in oil prices. The efforts of the Government in 2014 led to improved performance in the sector, which continued in 2015 as a result of increased availability of electricity in households and businesses and decreased electricity production costs, which decreased from 84 XOF/kWh to 69 XOF/kWh, due to a decrease in oil prices but also the renovation of SENELEC's production units and its maintenance program.

To address the challenge of providing electricity in sufficient quantity and quality to households and businesses, the Government is pursuing its energy mix policy for 2025 through the injection of over 1,000 MW into the power grid. The increase in expected production capacity relies mainly on the following projects, which are at various stages of implementation as of the date of this Prospectus:

- The development of the dual-fuel power plant of Tobène/Taiba Ndiaye (105 MW) and Cap des Biches (85 MW), which started production in 2016;

- The development of a coal-fired power station with an installed capacity of 125 MW in Bargny and a coal-fired power plant with capacity of 270 MW in Mboro, both expected to be brought into service in 2017;

- The increase of import capacity of gas generated electricity from Mauritania initially from 80 MW to 125 MW and with a medium term objective of 250 MW through the construction of a high-voltage line from Nouakchott in Mauritania to Tobene in Senegal;

- The launch of the solar energy plants of Bokhole (20 MW) and Malicounda (20 MW), which started production in 2016;

- The following startups expected in 2017: (i) Méouane solar power plant (20 MW), (ii) Merina Dakhar power plant (20 MW), (iii) Taiba Ndiaye wind power plant (50 MW), (iv) Kahone solar power plant (20 MW), (v) Diass solar power plant (15 MW), and (vi) Sendou coal-fired power plant (125 MW), for a total power output of 250 MW; and

- The Scaling Solar initiative, a programme sponsored by the World Bank Group: since February 2016, the Government of Senegal has been working with the IFC to develop up to 200 MWof solar power. Senegal is the second country to join the IFC's Scaling Solar initiative which is initially expected to generate a combined total of 100 MW available from three sites: Touba, Kahone and Niakhar. Under the programme, the IFC helps organise competitive auctions, offers financing and provides some insurance against risk.

Furthermore, the national rural electricity programme (*Programme National d'Electrification Rurale* – PNER), aiming to attain a 60% rate of electricity coverage in rural areas in 2017 and universal access in 2025, is currently underway, with the backing of the World Bank. In 2016, the rate of electricity coverage was only 32%, in part due to the local population's reluctance to subscribe to rural electricity at a higher price than those in effect in urban areas. In order to reverse this trend, the Government has implemented measures to standardise urban and rural electricity prices.

The Government intends to continue reforming the electricity sector to accelerate its development, with particular emphasis on the diversification of sources in order to reduce production costs and, eventually, rates charged to households and firms. On the one hand, the SENELEC Strategic Plan for the period 2016-2020 is founded on strategic pillars including the upgrade of industrial infrastructures to comply with relevant standards, modernization through development and innovation, restoration of financial profitability and optimal development of supply and control of demand. The combination of lower global oil prices, SENELEC's efficiency gains and improved access to lower cost energy resulted in the elimination of Government subsidies to SENELEC for 2016 (compared to XOF 16.3 billion in 2015, XOF 137.5 billion in 2013 and XOF 160 billion in 2012). The Government expects this to remain the case for 2017 under current projections for oil prices.

Oil & Gas

Senegal currently has no domestic crude oil production. The national oil company, Petrosen, controls the exploration process and is currently in partnership with four international oil companies, with ten research and production sharing contracts in place. Any onshore resources are expected to be relatively small, but could be commercially viable considering the country's dependence on petroleum products for its electricity.

Offshore resources have more potential, and Senegal has an interest in the Dome Flore bloc, which it shares with Guinea-Bissau. The bloc is believed to contain approximately one billion barrels of heavy crude oil, although Senegal's only refinery, *Société Africaine de Raffinage* (SAR), does not currently have the ability to process heavy crude oil. In 2013, a joint venture agreement was entered into between Cairn Energy (40%), ConocoPhillips (35%), FAR Limited (15%), Petrosen (10%) for the purpose of exploring three contiguous blocks offshore Senegal (Rufisque, Sangomar and Sangomar Deep). The three blocks cover an area of more than 7,000 km^2 near shore to deep water exploration over the shelf, slope and basin floor of the Senegalese portion of the productive Mauritania-Senegal-Guinea-Bissau Basin. Exploration drilling commenced in the first half of 2014. In 2014, Cairn made two significant oil discoveries in Senegal, one of which (the SNE-1 well) has been recognised as the largest global oil discovery in 2014. A first well, FAN-1, is located at 1,427 metres water depth and approximately 100 kilometres offshore in the Sangomar Deep block. The second well, SNE-1, is located at 1,100 metres water depth and approximately 100 kilometres offshore in the Sangomar Offshore block with a target depth of approximately 3,000 metres. In addition, in 2016, another joint venture partner of Petrosen made two significant gas discoveries in Senegal: a first well, Guembeul-1, is located in the northern part of the St. Louis Offshore Profond licence area in approximately 2,700 metres of water depth, and a second well, Teranga-1, is located in the Cayar Offshore Profond block approximately 65 kilometres northwest of Dakar in nearly 1,800 metres of water depth. Initial estimates of these discoveries suggest that oil and gas reserves could be significant, with production coming on line as early as 2020-21 for gas and two years later for oil. There can be no assurance that these reserves will come into production by those dates, or as to what ultimate production volumes might be.

SAR supplies the national market with approximately two-thirds of all refined products. As the sole refinery in Senegal, SAR is also the principal supplier of refined petroleum products for the export market. SAR is currently majority-owned by the private sector (34% by the Saudi Bin-Laden Group and 20% by Total). State-owned Petrosen owns 46% of the company. The Government intends to reduce its participation in the capital of SAR by way of transfer of a portion of its interest. SAR's refining capacity is approximately 120 tonnes per hour. SAR cannot refine crude oil with elevated sulphur content due to the lack of a hydro desulphurisation unit, and oil with low sulphur content is more expensive on the international market. All of the crude oil SAR refines comes from Nigeria. In the short- and medium-term, the Government intends to continue to be involved in oil refining, given the important role SAR currently plays in securing the country's supply of petroleum products. In light of this, an emergency programme designed to reduce technical problems at the refinery, which exposes the Government to major incident risks that could compromise production, is being implemented. This emergency programme includes the installation of fuel transfer pumps and a new furnace, which have been completed. It also provides for the replacement of pipelines that present safety problems.

Fuel prices within Senegal are currently subject to a price ceiling fixed by the Government based on international crude oil prices, plus the cost of freight, refining and a profit margin. Although companies are permitted to trade fuel below such ceiling, most sales of fuel in Senegal are executed at the Government's set price. The Government has also established a petroleum products storage depot with a capacity of 164,000m^3 at the Mbao site in conjunction with the DIPROM group through the creation of Senstock which is held by DIPROM (55%), Total (25%) and SAR (20%). In order to support SAR, the Government has created a fund (FSIPP) for the security of oil imports and granted a temporary support margin (until 2016), which has enabled SAR to obtain financing from banks to repay trade receivables. However, no guarantee has been granted.

Almost all natural gas production in Senegal is undertaken by Fortesa, which produces approximately 100,000m^3 per day. Fortesa sells its product to both SENELEC as well as other industrial customers such as Sococim.

Construction and Real Estate

While much of the first decade of the 21st Century saw rapid expansion in Dakar, overall nationwide growth in the construction sector diminished considerably during the 2008-2009 global economic downturn. Since then, however, Senegal's construction sector has largely recovered, growing by an estimated 7.0% of real GDP in 2016, as compared to 8.2% in 2015 and 11.1% in 2014, and spurred by a number of demographic drivers that have contributed to increased demand in recent years, including the return of expatriates, an emerging middle class, a sharp population increase and increasing urbanisation and rural exodus. Construction sector growth has also been stimulated by Government efforts, including major projects designed to improve the country's infrastructure, such as the AIBD, the Dakar-Diamniadio toll road, the *Ville Nouvelle de Diamniadio* (Diamniadio New City) project and the AIBD-Sindia toll road, as well as projects stemming from the Government's aim to provide housing for every Senegalese.

In May 2014, President Sall officially launched the development of the *Ville Nouvelle de Diamniadio* (Diamniadio New City) project, located 27 kilometres from Dakar, near the AIBD. This project is being built on approximately 2,000 hectares and entails the construction of 40,000 housing units, hotels, a new university and government buildings. In November 2014, the Government completed the construction of the Abdou Diouf International Conference Centre, which hosted the summit of the *Organisation Internationale de la Francophonie* on 29-30 November 2014. The Government expects that the construction of the Diamniadio New City will create up to 75,000 jobs over the first four years.

Although seaside areas remain the most expensive for real estate, new road development has enticed investors towards the Senegalese peninsula's interior. New infrastructure is encouraging businesses to look beyond the Plateau district of Dakar, which has long been the zone for high rise office, commercial and residential real estate. New projects are expected to commence along the Northern distribution road (*Voie de Dégagement Nord*), particularly in the middle market segment, and in areas near the completed highway leading to the AIBD. As these new road connections become operational, the geographic scope of middle and high end real estate markets are expected to continue to grow. The Government believes the country's continued political stability means that Dakar will continue to be an attractive destination for high-end real estate investors seeking a foothold in West Africa.

Over the past several years, Dakar has faced a persistent housing shortage (like much of Senegal), exacerbated by the small property tax base and a lack of available land on which to build. Currently, the residential and business real estate market is experiencing strong growth. Construction sector growth in Dakar has been enhanced through increased investment from foreign real estate groups. The majority of private and public investments in housing in Senegal are concentrated in Dakar.

The Government has been pursuing certain reforms aimed at encouraging deregulation, transparency and simplification of procedures within the construction industry. These include the following:

- The computerisation of delivery procedures for building permits and planning and compliance certificates. Applications can be made and processed online at teledac.gouv.sn. The average wait time for building approval is 40 days for complex applications requiring an environmental and civil protection assessment. In other cases, it is possible to obtain a building permit in less than 28 days, and compliance and planning certificates in an average of 5 days, at most;

- The Government has also recently facilitated the process of obtaining authorisations for land subdivision, which can be processed in two months, as opposed to the former four months;

- The establishment of cadastral identification numbers (NICAD), making it possible to obtain the same parcel reference, including for the sale of public land, through any administrative body, thus improving the quality of the real estate register, which is currently being computerised. As a result, the

Dakar land register will eventually be accessible online, and the real estate register in general will be digitalised, making real estate acquisitions and sales more secure;

- Real estate transactions are completed with a notary in approximately 30 days through a combined procedure for the registration and publication of real estate rights;
- Real estate registration fees have been lowered from 15% to 5% of the purchase price;
- The establishment of special areas, such as the City of Diamniadio, the Diass economic area surrounding the new AIBD and the agropoles (PDIDAS), as well as a new tourist area allowing benchmark investors immediate access to fully finished and safe real estate for the promotion or private development of structural development projects, reinforcing Senegal's position as a hub, particularly with regard to Grand Dakar (formerly the Cap Vert region);
- The establishment and maintenance of an inventory of the Republic's public and private assets; and
- The institution of a policy ensuring that each sale of State-owned land is completed in accordance with applicable laws and regulations and that the transactions are accounted for in the budget.

Alongside its efforts to improve real estate and building transactions, the Government is currently implementing fundamental reforms to real estate policies and legislation through a national commission on real estate reform aimed at reinforcing real estate rights, ensuring equal access to resources and promoting transparent and effective management of real estate rights. The Government expects real estate transactions to be significantly facilitated by the transformation of temporary and precarious land rights into proper land titles.

Tertiary Sector

Trade

According to the Business Nomenclature of Member States of AFRISTAT, trade (wholesale or retail) consists primarily of reselling merchandise. The Senegalese trade subsector is the most important segment of the tertiary sector and contributed XOF 1,370.4 billion to the national economy in 2016, which represents an approximate share of 15.7% of nominal GDP, compared to XOF 1,281.6 billion in 2015.

According to the DGPEE, business activity in this subsector improved during the last quarter of 2016, reflecting the strong seasonal evolution of wholesale businesses (10.7%), retail sales (+34.5%), vehicles (+18.4%), fuel (+2.5%) and spare parts (+117.1%). This situation reflects increased demand over the period. In particular, wholesale trade benefited from a favourable market for agricultural products, consumer goods, pharmaceutical products and construction materials. Moreover, the strong performance of spare parts is consistent with the increase (2.5%) of imports, due to the improving performance of automobile fleets, engines and tractors. However, fuel sales continue to face challenges relating to debt collection.

Telecommunications and Information Technology

Telecommunications is one of the most rapidly growing sectors in Senegal. It is the engine that drives the digital economy, which represents a critical sector for Senegal's economic and social development. It is also a crucial lever that multiplies gains in the productivity and competitiveness of every sector of the economy, by providing digital goods and services. In 2015, telecommunications, together with the postal sector, contributed XOF 490 billion to the national economy, which represented a share of approximately 6.1% of nominal GDP, and had annual growth rates of 3.2% in 2015 and 5.7% in 2016, much of it coming from the mobile phone and internet segments.

The sector has developed due to the privatisation of the incumbent operator SONATEL, the creation of a regulatory authority and the opening of the market to two other global operators, SENTEL (Tigo) and SUDATEL (Expresso), a Sudanese telecommunication group, and the universal service operator CSU (Hayo). Their main areas of operations are the mobile telephone, fixed telephone and internet sectors. SONATEL and Expresso are involved in all three sectors while Tigo concentrates its activities on the mobile telephone and internet markets. According to ARTP, SONATEL's market share in the mobile telephone sector in terms of number of subscriptions was 52.2% in December 2016, compared to 25.9% for Tigo and 21.9% for Expresso. SONATEL is a joint venture of France's Orange group and the Senegalese State, which own 42% and 28% of the company's shares, respectively. As of 31 December 2016, 24.5% of SONATEL shares are publicly traded on the BRVM. The remainder of the company's share capital is owned by current and former employees. Orange's stake in SONATEL has contributed to Senegal's telecommunications infrastructure and service offerings being relatively modern and reliable. For example, SONATEL started to deploy Senegal's first 4G

LTE network in 2016. SONATEL controls telecommunications license operators in Mali (Orange Mali), in Guinea (Orange Guinea), in Guinea-Bissau (Orange Bissau) and in Sierra Leone (Orange Sierra Leone) and serves more than 26.2 million customers in the region. It is pursuing an equipment programme for rural zones.

The legislative and regulatory framework of the telecommunication sector, which complies with WAEMU and ECOWAS regulations, is under the responsibility of the Ministry of Postal Services and Telecommunications, which implements the Government's policies in the telecommunications/ICT sector and monitors the development of information and communication technologies. It facilitates the opening of the market to new participants, the attractiveness of private investment and fair and effective competition among stakeholders while ensuring users' digital trust. The ARTP (Telecommunications and Postal Service Regulation Authority), an independent administrative authority, monitors the application of legislation and regulations in the sector, ensures that there is healthy competition between market actors and manages the radio frequencies.

The mobile and internet sectors have been the most dynamic sectors in the past five years, as evidenced by the increase in growth rates during this period. According to the ARTP, the number of fixed telephone line subscriptions was 285,933 in December 2016, representing a decrease of 0.29% compared to 2015. The use of mobile phones is high in Senegal, with statistics published by the ARTP at the end of December 2016 indicating that mobile telephony increased from 14,959,477 subscribers at 31 December 2015 to 15,186,485 subscribers in December 2016, representing a 1.52% increase. The rate of penetration reached 102.36% at the end of 2016, of which pre-paid lines accounted for a large majority. Data collected from operators and the regulatory body also show that existing 2G and 3G mobile infrastructure covers nearly 64% of Senegal and ensures a coverage rate of 82% of inhabited areas and approximately 92% of the population. Internet use has significantly increased in recent years due to numerous ongoing initiatives to increase the penetration rate, in particular, the introduction of mobile internet. Internet services and penetration rates have significantly increased as costs continue to decrease both for services and equipment and the Government has made improved penetration rates a priority. At the end of 2016, Senegal had approximately 7,396,940 internet subscribers, representing an increase of 17.63% compared to the previous year, and the penetration rate stood at 58.8%. By comparison, in 2010, the penetration rate was only 0.7%.

The country uses satellite transmissions and underwater cable transmissions to facilitate international communication. In addition, the Government seeks to leverage Senegal's strategic geographic position in order to establish a regional hub. Similarly, very high-speed Internet deployment is expected to stimulate opportunities for high-quality service and content offerings and prices adapted to the targeted population's income. Digital technology offers opportunities to modernise and promote socio-economic sectors with strong potential for growth, through production techniques and technologies as well as through the exchange of goods and services. Senegal plans to accelerate the spread of digital technology in the priority sectors identified in the PSE, promote access to basic social services (health, education, financial services), and significantly increase productivity by focusing on the increased use of digital technology in agriculture, livestock farming, fishing and trade.

In the continued pursuit of universal public service, the State of Senegal, through the law 2001-15 on the Telecommunications Code, created the *Fonds de Développement du Service Universel des Télécommunications* (FDSUT) for the purpose of developing access/universal service and subsidizing the expenses of any public service contributing to the development of telecommunications services and ICT (Information and Communications Technology).

The FDSUT adopted a strategic plan for the 2015-2017 period regarding two main themes: (i) general access to telecommunications for all areas of Senegal and (ii) more systematic use of ICT in the education sector to develop access to infrastructure and ICT equipment in schools and universities, training for teachers and the development of electronic teaching materials. For 2016, the action plan adopted focused on the continuation of ongoing projects and the launch of a strategic survey in view of equipping the country with digital equipment in an equitable manner to achieve, by 2020, (i) high-speed internet availability in all rural areas of Senegal, (ii) the acquisition and installation of solar stations in 100 towns lacking electricity but covered by telecom networks and, (iii) the implementation of the second phase of the "*connecter les établissements scolaires*" project (connected classrooms).

As part of the general development of the sector, mobile number portability was introduced in Senegal on 1 September 2015. This option, considered essential, promotes competition in favour of consumers, who are able to migrate to another operator while retaining their telephone number. In addition, as part of the decrease in ADSL lines in favor of mobile internet, ARTP launched a complete unbundling campaign, making it possible for third-party operators to use all frequency bands on the copper pair, which is one of the major issues in developing competition and innovation in telecommunications, particularly on the high-speed market. With complete unbundling, all internet and telephone services are exclusively managed by alternative operators, rather than the historic operator and owner of the local network. The advantages of such an operation include, in particular (i) total freedom in the choice of plan, (ii) true competition in ADSL offers, (iii) the opportunity for more services, (iv) a dynamic wholesale market and, (v) lower retail prices.

In 2016, on the basis of the priorities set by the PSE, the Government designed a strategy, "*Sénégal Numérique 2025*" (Digital Senegal 2025) for the digital economy sector through which it proposes to achieve universal digital access for all uses by 2025. The ambition of the *Sénégal numérique 2025* strategy with regard to the economy is to breathe new life into the sector by providing new sources of growth to actors, increase the share of digital services in the GDP to 10% by 2025 with the creation of 35,000 direct jobs, and increase the GDP by driving other key sectors with new digital capabilities to reach XOF 300 billion.

Tourism

Tourism is Senegal's third largest foreign currency earner and generates significant employment in the country, making it a vital sector of the Senegalese economy. In 2015, Senegal welcomed over one million tourists, an increase of 4.5% compared to 2014, and tourist receipts amounted to XOF 358 billion, an increase of 5.9% compared to 2014. The Government believes that there is significant opportunity for growth within this sector.

Tourism in Senegal has traditionally relied on its tropical resort-style attractions, but in recent years has experienced some difficulty due to coastal erosion resulting in loss of beaches located at Saly, the country's biggest seaside resort, and due to the competition with cheaper resort destinations that have benefitted from access to low cost airlines and, until 2011, lower VAT rates. The sector also suffered from uncertainty surrounding the 2012 presidential elections and, in 2015, from the virus Ebola crisis in the WAEMU region. To regain lost market share and increase revenue, the Government included tourism in the *Stratégie de Croissance Accélérée* (Accelerated Growth Strategy). The resulting plan aimed to make tourism Senegal's primary foreign currency earner, modernise existing infrastructure, expand and diversify the industry's offerings and improve its marketing campaigns to attract additional visitors. Senegal's tourism promotion company, the *Société d'Aménagement et de Promotion des Côtes et Zones Touristiques du Sénégal* (SAPCO), in partnership with the country's infrastructure agency, has identified certain regions in the country which will be targeted for development and the Government has provided SAPCO with land and approximately XOF 8 billion for the commencement of the basic arrangements.

The Government is also seeking external private investment and is targeting southern European, South African and Gulf investors as the most likely investors for the sector. Investment incentives include a temporary exemption from VAT on construction materials and services for three years and access to import credit from the Government of up to 40% of the amount of the investment for the first five years. In 2011, the Government reduced VAT rates applicable to the tourism sector from 18% to 10%. In 2015, airport charges were reduced by 50% and the visa for a fee, implemented for a few months, was removed. A tourism and hotel credit of approximately XOF 5 billion financed by the State has also been implemented in order to uphold the renovation and the extension of the tourism sector. Additionally, the Government has launched a strategic tourism development plan for the 2014-2018 period which aims to attract two million tourists per year by 2018, promote job creation within the tourism industry, enhance infrastructure and logistic services, improve and rehabilitate existing resort areas while developing new areas and create conditions that encourage private-sector investment.

SAPCO's diversification efforts are focusing on business, cultural, and eco-tourism. Business tourism is focused primarily in Dakar, where international hotels hold a variety of conferences and conventions. Cultural tourism is focussed on the city of Saint Louis, a UNESCO World Heritage site whose colonial architecture is being refurbished with the assistance of foreign aid. The city of Saint-Louis also has an annual jazz festival that attracts visitors from France and other West African countries. Finally, eco-tourism has been targeted as the most significant growth area for tourism in Senegal. The country has several nature parks and animal reserves, and the Government believes ecotourism will ensure sustainable development in rural areas that will protect the environment and the local populations from overdevelopment. At the same time, the economic benefits to such areas are expected to help reduce poverty and migration to urban centres.

- Through the PSE, Senegal aspires to promote ethical, responsible and competitive tourism. The main objective of the tourism policy is to allow the country to attain the goal of 3 million tourists in 2023, with an intermediate goal of 2 million in 2018. In order to obtain these results, three landmark projects have been put forward: (i) the Integrated Tourist Zone project; (ii) a sector-wide plan for the development of micro-tourism; and (iii) a regional airport hub. The Integrated Tourist Zone project involves the creation of 3 to 6 integrated tourist development zones through the development of a beach resort in Pointe Sarène; the renovation of the Saly Portudal beach resort; the development of the City Tip and business tourism in Dakar; the revival of cultural tourism and high-end adventure tourism in Saint-Louis and Gorée; the development of ecotourism/adventure tourism around the Niokolo Koba park and; the development of a high-end resort in Joal Finio. The project is expected to leverage an investment of XOF 1,110 billion and generate 120,000 jobs.

- The sector-wide plan for the development of micro-tourism, launched in 2015, is estimated to cost XOF 21 billion and aims, in particular, to develop activities at the local level, coupled with "flight and hotel" offers, through: the implementation of a stimulus program for tourist entrepreneurship; the creation of tailored financing solutions; the creation of areas reserved for micro-tourism in tourist centres; and the implementation of targeted communication and awareness measures.

- Finally, in terms of air travel, the goal is to reach a capacity of 5 million passengers by 2023 and 10 million by 2035. To meet the projected rise in air traffic, the commissioning of AIBD is expected to be completed in December 2017 (see "*Public Finance—Investment Programmes—Infrastructure Investments—Blaise Diagne International Airport*").

The Government is also encouraging international promotion of touristic areas of the country through the media, internet and tour operators as well as improved access through an increased number of domestic and international flights. The development of tourism in the Casamance region is a priority for the Government. Tourism companies implanted in the region can benefit from a tax exemption for ten years. In September 2016, France removed the region from its risk area list.

Financial Services

Banking.

For a description of the banking sector in Senegal, see "*Monetary System–The Banking Sector*".

Insurance.

As of the date of this Prospectus, there are a total of 27 insurance companies in Senegal, of which 18 are damage insurance providers and 8 are life insurance providers. The insurance sector generated revenues of approximately XOF 137 billion in 2016, up 13.2% from approximately XOF 121 billion in 2015. This increase is due to the dynamism of the two sectors with growth rates of 24.2% for life insurance and 9.5% for damage insurance.

According to the Ministry of Economy, Finance and Planning, penetration rates remain low, amounting to approximately 1.6% of GDP in 2016 against 1.5% in 2015. The failure to penetrate the market further is primarily due to the low per capita income and a dearth of insurance products aimed at low-income individuals. With the adoption in 2012 of a new regional regulation, insurance sector participants have, with the State's support, begun to implement micro insurance in the agricultural insurance sector in particular.

Senegal is a member of the CIMA, a regional African organisation that governs the insurance sector in 16 countries. Senegal is the third largest insurance market in the CIMA zone, after Côte d'Ivoire and Cameroon. Senegal's insurance penetration rate (i.e., as a percentage of GDP) is above the CIMA zone average of 1%. According to Swiss Re, in 2014, the penetration rate on the African continent is 2.9%, while the global penetration rate is 6.2%.

Public spending on insurance amounted to 10.49% of total public expenditures in 2015 compared to 10.54% in 2014 and related primarily to bank deposits, securities and rights *in rem* in immovable property.

Infrastructure

The development of Senegal's infrastructure and transportation services is a key component of its strategy to reduce poverty and develop into an emerging economy. Senegal has a number of major infrastructure projects planned or in development, many of which are being implemented in connection with the PSE, which the Government believes are critical to the continued growth and development of the Senegalese economy. However, some of the projects are not fully financed and may not be completed within the timeframes discussed below.

Roads

While the cross-border road network in the region surrounding Senegal is of poor quality, the road system within Senegal meets or exceeds regional standards. 5,957 kilometres of Senegal's over 16,500 kilometres national road network are fully paved, 77% of the paved network is in good or average condition and there have been recent upgrades to the main roads leading in and out of Dakar. A substantial portion of foreign aid is dedicated to road expansion and heavy traffic is a problem for the routes to and from Dakar. The Dakar-Diamniadio toll road project, which was completed in August 2013, has significantly reduced traffic congestion in the Dakar region and provides an economic stimulus to the Dakar region.

For a description of the Government's road infrastructure investment programme, see "*Public Finance—Investment Programmes—Infrastructure Investments – Road Infrastructure*.

Airports

Senegal accounts for a substantial proportion of air traffic in WAEMU and is the second busiest hub in West Africa after Nigeria. Senegal has 14 civil airports throughout the country, of which five serve international flights. Dakar's Léopold Sédar Senghor International Airport handles by far the most traffic and is currently the only airport in West Africa that has been certified by the International Civil Aviation Organisation and rated satisfactory by the American Federal Aviation Administration for its air security.

Approximately 30 different airlines serve Senegal, including Air Senegal, the national carrier. The majority of routes from Dakar serve Europe and other West African capital cities. Air France, Air Portugal, SN Brussels, Corsair and Iberia offer regularly scheduled services to Europe. As tourism increases, charter flights from Europe have also become more frequent. West African air traffic is dominated by regional carriers, and traffic between West African capitals and Dakar makes up the majority of daily departures and arrivals. Dakar also benefits from stop-over traffic between North America and Southern Africa. Under a special regulatory regime, passengers may embark aircraft in Senegal during a stop-over landing, which increases traffic on these routes and encourages airlines to use Dakar's main airport in this manner. The Government intends to take advantage of this source of potential revenue by finalising a modern replacement to the Léopold Sédar Senghor International Airport, namely the AIBD, expected to be completed in December 2017. In addition, Senegal Airlines, the national airline, which experienced numerous financial difficulties, including cumulative debt of approximately XOF 65 billion, was dissolved by the Government in April 2016 and was replaced by a new company, Air Senegal SA. Although the structure of the new airline company is yet to be clarified, the Government expects this new airline company and the launch of the AIBD airport to enhance the position of Dakar as a regional transport hub.

For more information on the Government's airport investment programme, See "*Public Finance—Investment Programmes—Infrastructure Investments—Blaise Diagne International Airport and Other Airports Projects*".

Rail Transportation

Senegal's railroad infrastructure consists in a network of 1,057 kilometres of primary tracks and 151 kilometres of secondary tracks comprising three railway lines. The main railway junction is located in Thiès. Senegal and Mali jointly operate a 1,288 kilometres international railroad line (of which 644 kilometres are located in Senegal and 584 kilometres are located in Mali) that runs between Dakar and Bamako and constitutes one of the main transportation corridors in Western Africa. The main rail operators are the SEFICS, the *Petit Train de Banlieue*, Transrail SA (the concessionaire of the Dakar–Bamako railroad) and the DTF. Despite growing demand, Senegal's railroad sector is constrained by outdated tracks and outdated rolling stock. The poor quality of tracks in the Senegalese portion of the Dakar-Bamako railroad considerably hampers Mali's business toward the port of Dakar. The relatively high rate of derailments (0.45 derailments per one million UT) and the low reliability of locomotives (15 breakdowns of main lines locomotives for 100,000 kilometres) underscore these problems. Meanwhile Transrail is increasingly operating at a deficit as it loses market share to road transportation.

To address the difficulties affecting the railroad sector, the Government is pursuing several plans to improve Senegal's rail network. See "*Public Finance—Investment Programmes—Infrastructure Investments—Improvements to Senegal's Rail Network*".

Ports

The *Port Autonome de Dakar* (the Port Authority) is the port authority for the Port of Dakar (the Port) and was created in 1987 as a national company. In 2005, the Port was recapitalised to better integrate its functions and support a more modern and efficient operating system. The Port is a deep water port accessed by a dredged channel at -13.5 metres with a 200-metre wide entrance. Protected by the Island of Goree, the harbour is calm with a low tidal range. The Port is open 24 hours a day. The Port has two separate zones (northern and southern) that are divided by the fishing port, repair shops (Dakarnave) and a military area. According to the Port Authority, the piers in the Port's northern zone have depths of 5-13 metres, and they specialise in containers, non-food solid bulk, hydrocarbon, conventional and wheat cargoes. The northern zone includes the container terminal, which has been operated, equipped and developed by Dubai's DP World under a concession since 2007. According to the Port Authority, the container terminal covers an area of 24 ha and approximately 700 metres of linear quay with three berths dredged from 12m to 13m. The container terminal has four wharf gantry cranes (including two post-panamax), four Gottwald cranes on tyres, ten yard gantry cranes, 15 reach stackers and 400 plugs and sockets for reefer containers. According to the Port Authority, subject to the terms of DP World's concession agreement, the Port will be expanded as part of the "Port of the Future" project through the construction of new terminals at a different site than the Port's current location. The Port's southern zone handles general cargo, part of the container traffic (which accounts for approximately 20% of containers), the transit traffic of the Republic of Mali, as well as passenger traffic. The southern zone has three terminals for roll-on/roll-off traffic, 12 for general cargo and two tugs and pilot boats stations. The southern zone's piers have depths of 8.5-10 metres. The Dakar International Maritime Station, commissioned in 2009 for national and international passengers, is also located in this zone. In 2015, the station received a quality-security-environmental global certification, in compliance with ISO 9001, OHSAS 18001 and ISO 14001 standards, respectively. In 2017, the International Maritime Station is expected to receive ISO 28000 certification, which relates to supply chain security. Besides the container terminal, the Port has other specialised terminals under concession. They are the result of a terminal specialisation policy, which was accelerated beginning in 2013, with the objective of upgrading infrastructure and the technical platform. For example, the traffic terminal, under concession with Bollore; the bulk terminal, under concession with Necotrans; and the hydrocarbon terminal, under concession with Sea Invest.

According to the Port Authority, the Port was visited by 2,705 vessels in 2015, compared to 2,643 vessels in 2014. In 2015, the Port handled a total of approximately 15,188 million tonnes of cargo (including 11,273 million tonnes of imports), an increase of 13% over 2014. Cargo in transit reached 2,266 million tonnes in 2015, including 2,211 million tonnes for Mali, an increase of 17% compared to 2014. In 2016, total traffic exceeded 16 million tonnes.

Environment

According to Senegal's Ministry of the Environment and Sustainable Development, the current primary threats to Senegal's environment include inadequate waste management infrastructure, the proliferation of unregulated personal and industrial waste dumps, inadequate facilities to handle dangerous waste (e.g., biomedical waste), industrial pollution, soil degradation and deforestation, and climate change-related effects, including, among others, coastal erosion due to rising sea level. In an effort to address these challenges, the Government launched a 2014-2016 plan, for a total cost of approximately XOF 84.5 billion, whose principal objectives were as follows:

- improve environmental monitoring and data management so as to optimise the use of natural resources and the environment;
- bolster efforts to counter deforestation and soil degradation;
- enhance conservation of biodiversity and protected areas;
- tackle pollution, including chemical and other noxious waste, and climate change; and
- improve procedural efficiency within the Ministry of the Environment and Sustainable Development, provide support to environmental sector players through development of partnerships, encourage private investment and bolster job creation within the environment and natural resources domain.

As a result of the implementation of the 2014-2016 plan, Senegal has made significant progress in promoting sustainable development and preserving environment and natural resources. In 2016, 14 new forest management plans were designed covering a total area of 218,953 ha. As of the date of this Prospectus, 11 plans, covering a total area of 175,795 ha, are approved. The deforestation was reduced and the reforestation/deforestation ratio has decreased from 1.48 in 2015 to 0.68 in 2016. As part of the "Great Green Wall" project (*Grande Muraille Verte*) stretching over nearly 7,000 kilometres (4,375 miles) from Dakar to Djibouti announced in 2005 and involving eleven countries, 10,214,780 trees were planted in 2016, representing an implementation rate of 79.19% out of an annual objective of 13 million plants. In an effort to reduce coastline erosion, 300 meters of coastline were reinforced in 2016, which is under the annual target of 500 meters.

With an initial estimated total cost of XOF 84.5 billion for the implementation of the 2014-2016 plan, XOF 69 billion were effectively disbursed during the three years, corresponding to an implementation rate of 85%.

The Government has issued a Letter on Sectoral Policies for the Environment and Sustainable Development (*Lettre de Politique Sectorielle de l'Environnement et du Développement Durable*) over the 2016-2020 period, which is based on the four following lines of actions:

- Fight against deforestation and land degradation;
- Conservation of biodiversity and management of protected air;
- Fight against pollution, pollutants and the adverse effects of climate change; and
- Supervision, coordination, support for services, knowledge building and promotion of sustainable development.

Senegal lost approximately 45,000 ha of forest per year between 1990 and 2000 and 40,000 ha per year between 2000 and 2010. Deforestation is mostly the result of drought, clearing for fuelwood, charcoal and logging, though poaching, wildlife trafficking and hydroelectric projects have further degraded forest areas. Government officials have blamed deforestation for increased soil erosion, flooding and periodic droughts which have had an adverse impact on regional agriculture.

Approximately 12% of land in Senegal is under some form of protection. The country is exceptionally bio-diverse for its size. In 2003, Senegal was home to more than 2,100 plant species and over 1,000 animal species. Senegal has several national parks, covering approximately 4% of the country's total surface area and 8 protected marine areas. In addition, to protect the fragile soil, preserve wildlife and vegetation and constitute reserves of wood for fuel, Senegal has 13 classified forests totaling an area of 1,055,700 ha. Game in forest reserves is classified by law as partially or completely protected, but poaching remains a problem.

Dakar suffers from problems typical of many major urban centres such as improper sanitation (especially during the rainy season, when sewers overflow) and air pollution from motor vehicles. Senegal has 26 cubic kilometres of renewable water resources of which approximately 90% is used for farming activity and 3% for industrial purposes. Environmental agencies include the Ministry of Scientific and Technical Research, which is responsible for coordinating all research and development in Senegal.

Employment and Labour

The majority of Senegal's labour force is made up of agricultural workers, although a sizable minority work as street sellers. The Constitution guarantees workers the right to unionise, but the union can legally exist only after registering with the Ministry of the Interior. The Constitution grants all people the right to work.

The size of Senegal's informal economy makes accurate unemployment rates difficult to assess (see "—*Informal Economy*"). However, ANSD estimated the labour force participation rate in 2016 at 61.2% (as a percentage of all Senegalese over the age of 15) and the rate of unemployment in 2016 at 13.4% (as a percentage of the total labour force), compared to 15.7% in 2015. The proportion of the population living below the poverty line was 46.7% according to the latest poverty survey conducted in 2011 by ANSD. The World Bank estimates that only one person in four works on a full time basis, while three in five work on a seasonal basis.

In the formal sector, even though Senegal has one of the best productivity rates in Africa, it lags behind other emerging countries. Annual productivity gains are low, which prevents the emergence of Senegalese businesses that are truly competitive at the international level. In the informal sector, average productivity is lower than that of the formal sector, while its share of total employment has increased sharply in the last decade.

Senegal ratified the priority agreement on work inspection and has a labour administration whose principal responsibilities are to oversee compliance with labor legislation, oversee the status of professional relations and promote health and safety at work. In addition, a National Framework Programme for the Fight against Child Labour (*Programme National-Cadre de Lutte contre le Travail des Enfants*) was established for the 2013-2016 period. Despite the Government's efforts to address these problems, labour reform has been limited. Only 20% of workers in Senegal were registered with the social security system in 2015, only one-fourth of workers based in Dakar have an enforceable employment agreement and 91.2% of the working population claim to receive less than the legal minimum wage (XOF 209.10 an hour).

Women, who represent approximately 40% of the labour force, are employed primarily in the agricultural sector (50.6%), although they are well represented in small trade. Women merchants often join the African Network for the Promotion of Working Women (*Réseau Africain pour la Promotion des Femmes Travailleuses*), an organisation that provides employment training and support to women.

Privatisations and Public-Private Partnerships

In the 1970s and 1980s, Senegal faced budgetary pressure from the substantial operating costs of its state-owned businesses. In 1985, the Government reacted to this pressure by producing a new economic policy on privatisation. Senegal's substantive privatisation programme began in 1987 with the passage of a law governing the sale of state interests in national companies. The objectives of the Government's privatisation programme included reducing the State's role in the economy, encouraging competitiveness of Senegalese companies both within WAEMU and on a global scale and improving public finances.

From the start of the privatisation programme through 2016, 33 state organisations were privatised. As of December 2016, there are:

- 13 companies fully owned by the State, including the national lottery (LONASE), the Senegalese post, SENELEC, SONES, the national water company, SOGIP (*Société de gestion des infrastructures publiques*) which was created in December 2015, and SONACOS which the State bought back from the Advens Group in 2016 to improve its performance;

- 10 companies in which the Government owns a majority stake, including SAPCO and SODAGRI, *la Société de Développement Agricole et Industriel du Sénégal*; and

- 33 companies in which the State owns a minority stake, including SONATEL, ICS and BNDE.

As of the date of this Prospectus, the privatisation of LONASE is no longer being considered by the Government, due to an on-going reorganisation of the company. LONASE had implemented a development strategic plan for the period 2017-2021 and has entered into a performance agreement with the State in order to increase its business and financial performance. The privatisation of the *Centre Expérimental de Recherches et d'Etudes pour l'Equipement*, a research agency has been suspended at the request of the Ministry in charge of infrastructure. On 12 April 2017, following the fourth review under the PSI, the IMF called on the authorities to honor their commitment to privatise SONACOS and reduce the number of public agencies. Progress with other planned privatisations remains slow.

The Government considers public-private partnerships (PPPs) as an important factor of growth and job creation, in particular in the context of the PSE. In addition to facilitating the realisation of major infrastructure projects, PPPs are expected to boost Senegalese production, particularly in the agricultural sector, to stimulate the core of local SMEs and to develop the private sector. Senegal first adopted a BOT law in 2004, which allowed the development of the major infrastructure projects initiated by the Government of former President Wade, such as the AIBD or the Dakar–Diamniado toll road. To further capitalise on the country's strong potential to attract private investors and realise such partnerships, Senegal adopted in February 2014 a new law on PPPs with a view to providing a more flexible framework for private sector involvement and extending the use of PPPs outside of the infrastructure sector.

Social Security

Senegal has ratified the International Labour Organisation's Social Security (Minimum Standards) Convention and put in place a modern system of social security. This key Government scheme aims to protect workers and their family members from various risks (excluding disease and unemployment) and to provide pensions. Benefits under the scheme include maternity allowances, child benefits and an "accident at work" benefit, which are all provided by the employer. According to IPRES, the changes to the benefits system from 2002 to 2017 have resulted in a rise in pension levels of 150% in value. Nonetheless, only a small proportion of Senegalese are covered by any form of social security. A reform of the legal framework and management system of Pension/Health Funds has been effective since 2013. Due to the size of the informal sector in the Senegalese economy, social security covers only a small portion of the population.

For the protection of vulnerable groups, the Government has implemented several projects in view of increasing the buying power of this portion of the population. The Government has also implemented a universal healthcare system through the 2013-2017 *Plan Stratégique de Développement de la Couverture Maladie Universelle* (PSD-CMU), which aims to bring the coverage rate of the population to 75% by the end of 2017. The strategy is built around the following lines: the development of basic universal healthcare coverage through private health insurances; the reform of mandatory health insurance through the implementation of decree 2012–832 of 7 August 2012 on the organization and operation of the *Institutions de Prévoyance Maladie* (IPM) (health insurance institutions); the strengthening of existing free service policies (*plan sésame*, caesarean, dialysis, etc.); and the implementation of new free healthcare initiatives for children aged 0-5 years old.

Housing

There are several challenges facing the provision of housing in Senegal. According to the World Bank, the proportion of the population living in urban centres has increased by an average annual rate of 3% since the early 1990s, with a consequent rise in the demand for housing in Senegal's largest cities. The CIA World Factbook estimates that the annual rate of urbanisation from 2010 to 2015 was 3.6%. Other factors have also contributed to heightened demand and a decreased supply of housing throughout the country, in particular the 2005 flooding and the conflict in Casamance.

In May 2014, President Sall officially launched the development of the *Ville Nouvelle de Diamniadio* (Diamniadio New City), located 27 kilometres from Dakar, near the AIBD in Diass. This project, which will be built on about 2,000 ha, entails the building of 40,000 housing units, hotels, a new university and government buildings. The Government expects that the construction of the Diamniadio New City will eventually create up to 75,000 jobs.

The Government, in a change from previous housing policies, has implemented a vast social housing program with the aim of building 150,000 homes per year over a period of three years. This effort reflects the State's commitment to (i) ensure better access to serviced, owned and suitable land, (ii) improve the quality of housing and life in urban and rural areas and (iii) eradicate slums and unstable housing and relocate all families living in flood zones.

Drinking Water, Sanitation

According to the WHO and UNICEF, in 2015 approximately 79% of the population in Senegal had access to "improved" drinking water sources (defined as sources that, by nature of their construction or through active intervention, are protected from outside contamination) and approximately 48% had access to "improved" sanitation (defined as sanitation that hygienically separates human excreta from human contact). There is a considerable gap in levels of access to improved water and sanitation, which vary greatly between the urban population (93% and 65%, respectively) and the rural population (67% and 34%, respectively).

The efforts of the Government to address the current deficiencies in the domestic water supply are concentrated in particular on the USAID's PEPAM, a XOF 611 billion drinking water and sanitation programme mainly financed by the AfDB, AFD, IDB, BADEA, IDA, Belgium, Japan, Korea and Luxemburg. The PEPAM had specific objectives for both urban and rural areas, which were to be achieved in 2015. Its goals included reaching 100% access to drinking water in urban areas in 2015 and 98% access to drinking water in rural areas in 2017, and 85% access to improved sanitation in urban areas and 70% access to improved sanitation in rural areas in each case in 2017. According to the General Directorate of Finance, from 2007 to 2015, the following investments were made with the following results:

- Drinking water in rural areas: XOF 374.5 billion, with an access rate of 73.5% in 2015;
- Drinking water in urban areas: XOF 476.9 billion, with an access rate of 88.9% in 2015;
- Improved sanitation in rural areas: XOF 60 billion, with an access rate of 36.7% in 2015; and
- Improved sanitation in urban areas: XOF 249.1 billion, with an access rate of 67% in 2015.

The reforms and strategic direction of the water sector are organized around: (i) the reform of rural hydraulics with the creation of the *Office des Forages Ruraux* (OFOR) (Rural Drilling Agency); (ii) the implementation of public service delegations (DSP) in rural areas; (iii) and the development of a national strategy for the improvement of water quality. The Government's efforts are concentrated achieving universal access to drinking water services fulfilling the standards of quality and accessible to the most disadvantaged populations by 2025. In addition, the right to water will be integrated into the sectorial legal corpus, particularly through the promulgation of a new Water Code. Emphasis is also placed on the promotion of the *Gestion Intégrée des Ressources en Eau* (GIRE) (Integrated Water Resources Management) as a strategic option in keeping with the African Water Vision for 2025 and international policies. In addition, policies in the sector will be oriented towards the strengthening of PPPs, DSPs, resource management and control of operations, but also the implementation of regulatory mechanisms for the effective management of interactions between all actors.

In order to find lasting solutions to the problem of poor groundwater quality in certain rural areas of the country due to excessive levels of fluoride and salinity, which seriously compromises the supply of drinking water to the populations concerned, the State has committed to finding alternate solutions to motorised rural drilling in areas where the water quality is poor, including the transfer of drinking water and the treatment of surface water. In areas where the quality of groundwater is poor, the use of water treatment systems will be prescribed, including treatment and purification techniques and dilution procedures, as well as long- and medium-distance water-transfer schemes.

Regarding water supply for industry and agriculture, Senegal identified irrigation and management of water resources as one of the two principal areas towards which it put the US$540 million received under the MCA for the years 2010 to 2015. The Government plans to permanently irrigate areas with strong potential for agricultural production in the delta and middle course of the Senegal River. The largest water supplier in the Republic is SDE, a PPP which provides water to approximately five million people. In January 2011, SDE became the first African water supplier to be quality certified by the International Standards Organisation.

SMEs

SMEs are viewed by the Government as one of the most important drivers of economic growth for the future. The Government is spearheading a draft law relating to the development of small and medium-sized companies and the modernisation of the economy. For the purposes of this draft law, an SME means any autonomous natural or legal person, a trader or producer of goods and/or market-related services, whose revenue excluding annual taxes does not exceed XOF two billion.

According to the ANSD, in 2016, SMEs account for almost 99.8% of companies and 30.4% of total turnover. The key challenge in this area is a lack of access to financing adapted to the needs of SMEs. In its departmental policy letter of October 2010, the ministry in charge of SMEs outlined its vision for the sector: to improve the development and competitiveness for SMEs in a favourable business environment to ensure strong and sustainable economic growth. The general objective of the Government includes establishing support facilities and non-financial services for SMEs and ensuring a diversified financial sector which is able to adapt to the needs of SMEs. Under these general targets are specific policy objectives, which, for the target of diversification of the financial sector, include encouraging the development of new banking products for SMEs and educating SME owners about methods of financing.

In 2013, so as to help SMEs overcome constraints that they currently face when seeking access to funding, including high interest rates, the Government launched a system of financial support through the Strategic Investments Sovereign Fund, or *Fonds Souverain d'Investissements Stratégiques* (FONSIS), the National Bank for Economic Development, or *Banque Nationale de Développement Economique* (BNDE), and the Priority Investments Guarantee Fund, or *Fonds de Garantie des Investissements Prioritaires* (FONGIP). Senegalese SMEs can now apply for credit from the BNDE or the FONSIS and may obtain guarantees from the FONGIP on more attractive terms than before. Since its inception three years ago, the FONSIS has secured XOF 84.2 billion for the financing of productive projects. This support was made possible through innovative financial arrangements. The FONGIP invested XOF 17 billion to guarantee financing for SMEs and individuals to support production, particularly in the agriculture and agroindustry, livestock, fishing, and handicrafts sectors. Since its inception, the BNDE has mobilised XOF 71 billion in financial assistance for SMEs. These funds essentially benefited 492 SMEs. The resources provided by the Deposit and Consignment Office (*Caisse des Dépôts et Consignations*) further strengthen the system for financing SMEs.

FOREIGN TRADE AND BALANCE OF PAYMENTS

Introduction

Balance of Payments

The balance of payments is used to record the value of the transactions carried out between a country's residents and the rest of the world over a defined period of time. The balance of payments is composed of three accounts:

- The current account, which comprises:
  - net exports of goods and services (the difference in value of exports minus imports);
  - net financial and investment income; and
  - net transfers;
- The capital account, which represents the balance of non-financial assets transfers and capital transfers between residents and non-residents; and
- The financial account, which accounts for the difference between financial inflows and outflows of direct investment, portfolio investment, financial derivatives and reserve assets.

Current Account

One of the most important components of the current account is the trade balance. The four primary factors that drive the trade balance are:

- the relative rate of economic growth of a country as compared to that of its trading partners generally: if a country's economy grows faster than that of its trading partners, its relative level of consumption of goods and services will tend to increase, and its level of imports will tend to increase more rapidly than its level of exports;

- the relative level of domestic prices against foreign prices, as reflected by the real exchange rate: generally, if a country's domestic prices increase relative to those of its trading partners, there is a tendency for the country's level of exports to decline, and for its level of imports to increase;

- changes in production costs, technology, and worker skills: more efficient production will tend to lower production cost, which in turn will tend to lower prices. As prices fall, a country's level of exports tend to increase; and

- changes in consumer tastes, which may affect the demand for a country's goods and services abroad, and the demand for foreign products in the domestic market.

Capital and Financial Accounts

Senegal receives close to XOF 200 billion in capital transfers each year (XOF 213.2 billion in 2014, XOF 196.2 billion in 2015 and XOF 206.4 billion in 2016). These funds have been granted mainly by its development partners, including the United States, the European Union, China and multilateral financial institutions in the form of project grants.

The financial account serves to quantify foreign direct investments and monetary flows into and out of a nation's financial markets.

Foreign direct investment (FDI) inflows in recent years reflect foreign interest in the Senegalese economy. FDI inflows reached XOF 266 billion in 2016, compared to XOF 241.9 billion in 2015 and XOF 199 billion in 2014. These investments were made mainly in the mining, chemicals, energy and financial sectors. In 2016, as a result of a significant investment made by SONATEL for the acquisition of a telecommunication licence in Sierra Leone, net FDI amounted to XOF 143.2 billion. Net FDI inflows reached XOF 223.4 billion in 2015, compared to XOF 185.4 billion in 2014. These investments were made particularly in the mining, chemicals, energy and financial sectors.

In terms of net public sector investments, 2016 saw an increase to XOF 278.7 billion compared to XOF 153.3 billion in 2015, driven by an increase in net commitments from development partners to the State.

The total balance of payments showed a deficit of XOF 97.4 billion in 2016, compared to a surplus of XOF 160.5 billion in 2015.

Balance of Payments

As a member of WAEMU, Senegal's balance of payments accounts are compiled and disseminated by the BCEAO. The following table shows Senegal's balance of payments based on figures compiled by the BCEAO, the Government and the IMF.

	2012	2013	2014	2015	2016[1]
			(*XOF billions unless otherwise indicated*)		
Current account	**(780.2)**	**(765.5)**	**(665.9)**	**(558.7)**	**(498.0)**
Trade Balance (net)	(1,468.9)	(1,471.0)	(1,383.2)	(1,274.5)	(1,244.6)
Exports (free on board)	1,402.0	1,422.5	1,472.7	1,669.1	1,656.0
Imports (free on board)	(2,870.9)	(2,893.5)	(2,856.0)	(2,943.6)	(2,900.6)
Services (net)	(55.0)	(55.9)	(65.6)	(68.5)	(57.2)
Credits	747.3	797.3	798.0	874.8	891.8
Of which: travel and other services	487.1	509.6	501.3	538.2	551.7
Debits	(956.4)	(1,012.6)	(1,050.2)	(1,174.8)	(1,239.9)
Of which: freight and insurance	(386.5)	(387.8)	(382.8)	(394.5)	(386.9)
Income (net)	(153.8)	(159.5)	(186.5)	(231.5)	(290.9)
Of which: interest on public debt	(47.3)	(51.9)	(57.4)	(84.3)	(98.3)
Unrequited current transfer (net)	897.6	920.9	969.4	1,015.8	1,094.6
Private (net)	821.8	878.4	885.9	963.8	1,022.1
Of which: migrants' remittances	750.4	815.1	889.3	971.4	1,099.0
Public (net)	75.8	42.5	83.5	52.0	72.5
Of which: budgetary grant	52.7	19.8	40.3	31.2	37.9
Capital and financial account	**722.6**	**733.3**	**879.2**	**714.5**	**400.6**
Capital account	202.8	181.5	216.1	202.7	212.1
Private capital transfers	6.8	7.3	8.1	8.1	8.2
Project grants	158.5	175.8	213.2	196.2	206.4
Debt cancellation and other transfer	37.5	(1.5)	(5.2)	(1.6)	(2.5)
Financial account	519.8	551.8	663.1	511.8	188.5
Direct investment (net)	112.4	137.3	185.4	223.4	143.2
Portfolio investments	131.6	(5.3)	257.0	188.2	(49.6)
Other investments = (A)+(B)	275.7	419.7	220.8	100.3	94.9
Public sector (net) (A)	205.7	204.8	373.6	153.3	278.7
Amortisation	(47.3)	(51.9)	(56.1)	(87.8)	(84.2)
Other Sectors (B)	70.0	214.9	(152.8)	(53.0)	(183.8)
Overall balance	(53.5)[2]	(26.5)[2]	217.9[2]	160.5[2]	(97.4)
Financing	53.5	26.5	(217.9)	(160.5)	97.4
Net foreign assets (BCEAO)	(47.1)	16.6	(106.7)	(104.1)	231.4
Deposit money banks	100.6	9.9	(111.2)	(56.4)	(134.0)
Residual financing gap	0.0	0.0	0.0	0.0	0.0
Memorandum items:					
Current account balance	(780.2)	(765.5)	(665.9)	(558.7)	(498.0)
Nominal GDP	7,258.2	7,334.8	7,554.7	8,067.8	8,707.6

(1) Figures for 2016 are BCEAO estimates that are subject to revision by the BCEAO. See "*Presentation of Economic and other Information*".
(2) Figures for indicated years do not include errors and omissions.
Source: BCEAO

With respect to changes in the balance of payments, the trade balance stood at XOF 1,274.5 billion in 2015, an increase of XOF 108.7 billion compared to 2014. Exports increased by 13.3% while imports increased by 3.1%. The balance of services decreased by XOF 2.9 billion, driven by the transportation sector in connection with freight on merchandise imports. It was partly offset by a surplus from the travel and other services line item. The balance of income was XOF 231.5 billion, a decrease of XOF 45.0 billion, due to an increase in payments relating to interest on public debt that increased by XOF 26.9 billion. However, the structural surplus of the balance of the unrequited current transfer solidified, due to the strength of migrants' remittances (+XOF 82.1 billion). The capital account balance decreased by XOF 13.4 billion in 2015, reaching XOF 202.7 billion, due to a decrease in capital transfers to public authorities. Overall, financing needs of XOF 355.9 billion were covered by capital inflows under foreign direct investment, portfolio investments and other investments. In total, transactions with non-residents resulted in a positive change in external assets of XOF 160.5 billion compared to XOF 217.9 billion in 2014.

2016 estimates show an improvement in the current account deficit of 1.2 percentage points to 5.7% of nominal GDP compared to 6.9% in 2015 and 8.8% in 2016, due to the decrease of energy costs and the increase of migrants' remittances. The trade deficit decreased by XOF 29.9 billion, primarily reflecting a net decrease in energy costs (-XOF 140.4 billion) and, to a lesser extent, food costs (-XOF 11.3 billion). Food costs were marked by a decrease in supplies of rice (-XOF 35.1 billion) and wheat (-XOF 10.5 billion). Exports recorded a slight decrease of 0.8% in connection with sales of groundnut products (-12.5%), phosphates (-45.3%) and refined oil products (-23.8%). These changes were partly offset by an increase in sales of fishing products (+1.1%), phosphoric acid (+37.4%), gold (+22.4%) and other metallic minerals (+7.0%). Furthermore, the balance of services increased by XOF 11.3 billion, driven by the transportation sector in connection with freight on merchandise imports, which improved by XOF 7.6 billion due to a decrease in energy and food costs. The improvement of the balance of services was strengthened by the surplus from the travel and other services line item. The balance of income decreased by XOF 59.4 billion in connection with payments relating to interest on public debt, whereas the structural surplus of the balance of the unrequited current transfer increased by XOF 78.8 billion, due to the strong performance of migrants' remittances. Overall, financing needs of XOF 285.9 billion were covered by capital inflows under FDI (-XOF 143.2 billion), portfolio investments (-XOF 49.6 billion) and other investments (-XOF 94.9 billion). Net FDI flows amounted to XOF 143.2 billion in 2016 compared to XOF 223.4 billion in 2015. This change in 2016 results from inflows of XOF 266.0 billion and outflows of XOF 122.9 billion, reflecting mainly an investment by SONATEL in Sierra Leone. The portfolio investment profile reflected repayments of XOF 49.6 billion from the Treasury under issued bills and bonds. The balance of other investments was driven primarily by loans and borrowings used by the State to finance its investment projects, which resulted in net inflows of foreign capital of XOF 278.7 billion. For the private sector, net transactions with non-residents resulted in a positive balance of XOF 183.8 billion. In total, transactions with non-residents resulted in a negative change in external assets of XOF 97.4 billion in 2016 compared to a surplus of XOF 160.5 billion in 2015.

Foreign Trade

The table below sets out information regarding Senegal's exports and imports for the periods indicated:

	2012	2013	2014	2015(1)	2016(1)
			(XOF billions)		
Exports					
Groundnut products	20.9	33.5	29.5	86.5	75.7
Fishery products	176.8	205	232.9	265	267.9
Petroleum products	207.7	218.5	233.3	211.9	161.4
Phosphates	8.1	9.1	16.1	34	18.6
Non-monetary gold	222.3	190.5	182.7	168.6	206.4
Phosphoric acid	158.3	98.9	46.4	84.1	115.6
Cement	95.5	81.8	82.4	90.2	122.8
Salt	11.3	10.5	10.9	17.5	11.0
Fertilisers	3.7	5.7	15.7	6.3	10.2
Other	497.3	568.9	621.3	728.3	666.4
Total Exports	**1,401.9**	**1,422.5**	**1,472.7**	**1,692.4**	**1,656.0**
Imports					
Oil and oil derivatives	943.7	959.4	939.9	777.8	637.4
Rice	231.4	227.8	205.6	226.4	191.3
Wheat	97.0	95.2	88.2	88.8	78.3
Sugar	50.2	52.4	22.7	26.4	48.7
Dairy and other food products	260.6	265.7	281.9	288.1	300.1
Beverages and tobacco	41.2	49.9	51.3	55.1	53.4
Pharmaceutical and perfume products	125.5	124.9	137.1	40.3	44.4
Wood and paper	85.2	85.0	90.0	189.4	191.8
Textiles	77.1	87.7	87.7	98.0	115.3
Other consumer goods	8.2	10.6	6.6	14.1	18.6
General machinery and equipment	319.6	331.1	305.7	420.5	569.1
Transportation materials	242.9	226.6	217.6	249.7	287.9
Chemicals, fertilisers and other secondary sector products	266.6	745.3	852.8	770.9	789.5
Total Imports	**2,749.2**	**3,261.6**	**3,287.1**	**3,245.5**	**3,325.8**

(1) Figures for 2015 are BCEAO estimates that are subject to revision by the BCEAO. Figures for 2016 are projections of the BCEAO. See "*Presentation of Economic and other Information*".
Source: BCEAO

Exports

The main products exported by Senegal, which comprised over 50% of shipments value in 2016, are:

- non-monetary gold (12.5%; XOF 206.4 billion);

- petroleum products (9.7%; XOF 161.4 billion);
- fishery products (16.2%; XOF 267.9 billion);
- phosphoric acid (7.0%; XOF 115.6 billion);
- cement (7.4%; XOF 122.8 billion).

In 2015, exports increased in value by 15.0%, reaching XOF 1,692.4 billion. A slight decrease of 2.2% was observed in 2016, due in particular to a drop in global oil prices and in groundnut product exports. However, shipments of cement, fish and mining products, as well as phosphoric acid contributed to strong export results.

Imports

Senegal's imports are mainly focused on the following products, which comprised more than 50% of supplies value in 2016:

- oil and oil derivatives (19.2%; XOF 637.4 billion);
- general machinery and equipment (17.1%; XOF 569.1 billion);
- food products, comprising rice, wheat, sugar, dairy and other food products (18.6%; XOF 618.4 billion);
- transportation materials (8.7%; XOF 287.9 billion).

Over the 2014-2016 period, imports were limited by a fall in raw materials prices. They decreased by 4.4% in 2016 and included essentially oil and food products.

Trading Partners

Senegal's principal trading partners are Mali, France, Nigeria, India and China. The table below shows the destination of Senegal's exports and the origin of its imports for the periods indicated:

	2012	**2013**	**2014**	**2015**	**2016[(1)]**
			(*% of total*)		
Exports[(2)]					
Americas	**0.6**	**1.8**	**2.4**	**3.1**	**2.8**
United States	0.4	1.1	1.7	2.5	2.2
Europe	**25.6**	**27.9**	**28.7**	**26.6**	**27.8**
Of which: Switzerland	14.5	9.5	10.4	8.9	8.4
France	4.9	4.5	5.0	4.0	2.7
Africa	**51**	**51.8**	**50.5**	**49.7**	**42.9**
Benin	1.0	0.9	1.4	1.0	0.7
Burkina Faso	2.9	2.7	2.6	1.8	2.2
Côte d'Ivoire	4.2	4.2	4.0	5.2	5.1
Guinea-Bissau	3.1	3.8	3.8	3.2	1.7
Mali	19.3	19.3	19	17.3	16.9
Togo	1.3	1.6	1.2	1.1	1.1
The Gambia	4.0	4.1	3.6	3.4	3.0
Mauritania	3.5	2.9	2.8	2.0	2.7
Guinea	5.3	5.1	4.3	3.7	2.9
Cameroon	2.2	0.9	1.5	4.7	4.1
Asia	**22**	**17**	**15.1**	**19.5**	**23.2**
Of which: China	0.7	0.9	1.5	4.7	5.4
Japan	0.5	0.2	0.3	0.3	0.3
India	12.6	7.0	2.3	5.5	8.9
Imports					
Americas	**9.0**	**7.3**	**7.3**	**6.5**	**6.8**
United States	2.5	2.7	2.1	2.6	2.2
Brazil	2.0	2.0	1.2	1.6	1.8
Argentina	1.9	1.1	1.1	1.0	0.9
Europe	**46.7**	**48.0**	**49.2**	**47.1**	**45.2**
France	14.7	15.3	16.5	16.4	16.1
Africa	**20.7**	**19.8**	**17.9**	**19.5**	**18.2**
Nigeria	11.9	10.6	7.7	8.0	6.7
Côte d'Ivoire	3.5	2.2	2.3	2.3	2.0
Asia	**22.2**	**23.8**	**23.9**	**25.9**	**29.3**
China	5.9	7.5	7.3	9.7	10.9
Japan	2.1	2.2	2.1	2.3	2.3
Thailand	1.7	1.4	1.9	1.9	1.7
India	6.6	6.2	5.9	6.3	7.7
Australia	1.1	0.8	0.1	0.2	0.2

(1) Figures for 2016 are BCEAO estimates that are subject to revision by the BCEAO. See "*Presentation of Economic and other Information*".
(2) Export figures in table do not include exports to Australia, ships' stores (*provisions de bord*) exports and exported products whose destination is unknown.
Source: DGPEE, ANSD

In 2016, according to BCEAO estimates, over 45% of Senegal's exports were directed to the African continent, and WAEMU countries accounted for 27.7% of Senegal's exports in 2016 compared to 31.8% in 2012. Senegal's primary WAEMU partners are Mali and Côte d'Ivoire, which represent 16.9% and 5.1% of the 2016 exports, respectively.

In value terms, Senegal strengthened its trade surplus within the WAEMU, which increased from XOF 184.8 billion in 2012 to XOF 300.4 billion in 2015. Senegal had a trade deficit with Benin (XOF 1.9 billion) but Mali is significantly offsetting these as a key trading partner to Senegal, with a XOF 207.9 billion surplus in 2016. At the Africa-level, the balance showed a surplus of XOF 71.6 billion and XOF 97.1 billion in 2014 and 2015, respectively, due to a decrease in oil imports from Nigeria, whose import share decreased from 11.9% in 2012 to 6.7% in 2016.

The disparity between Senegal's WAEMU and overall trade balance figures can be attributed to increased West African demand, the success of regional Senegalese exporters and the proximity to the neighbouring markets.

Shipments to Europe represented 26.3% of the total. On the Asian continent, they were mainly driven by India (8.9%). Exports to the Americas remain limited.

With regard to imports, 45.2% of Senegal's purchases came from Europe, largely from France (16.1%). The African continent accounted for 16.5%, due in particular to oil imports from Nigeria. Asia's share stood at 29.3% of total imports, led by China (10.9%) and India (7.7%).

Trade Policy

Senegal's foreign trade regime is strongly influenced by a regional integration policy due to its membership of WAEMU and ECOWAS. The National Committee for International Trade Negotiations, chaired by the Minister for Commerce, actively monitors and participates in the multilateral WTO negotiations and on-going processes of regional integration. Senegal seeks easier access to foreign markets and is attempting to increase productivity to facilitate its integration into world trade.

In January 2000, Senegal put into effect a tariff scheme that conforms to the common external tariff ("CET") scheme agreed on by member nations of WAEMU. Under this tariff structure, Senegal has four distinctive tariff rate categories: 0% on cultural and scientific goods, agricultural inputs, and capital goods and computer equipment not available from local production; 5% on raw materials, crude oil, and cereals for industry; 10% on semi-finished products, intermediate goods, diesel and fuel oil; and 20% on consumer goods, capital goods and computer equipment available from local production and vehicles. On 1 January 2015, the ECOWAS CET scheme replaced the WAEMU common external tariff. The ECOWAS CET scheme includes a fifth tariff rate category of 35%. This category applies to a wide range of products, with an emphasis on those already produced in the region. There also exists an array of other import tariffs, with a maximum combined rate of 52% and VAT of 18% applied to all imports.

Foreign Direct Investment

The table below sets out information regarding FDI flows into Senegal for the years indicated:

	2013	**2014**	**2015**	**2016**
	(XOF billions, unless otherwise indicated)			
Private investments[(1)]	1,361.4	1,460.5	1,577.2	1,664.0
FDI inflows	153.8	199.0	241.9	266.0
Net FDI	137.3	185.4	223.4	143.2
FDI portion of private investments (%)	10.1%	12.7%	14.2%	8.6%

(1) Gross Fixed Capital Formation (GFCF)

Source: BCEAO/DGPEE

Net FDI flows, comprised of equity interests, reinvested earnings and net debts and loans between related companies, amounted to XOF 143.2 billion, compared to XOF 223.4 billion in 2015 and XOF 185.4 billion in 2014. The increase from 2014 to 2015 was due to the share of debt instruments, which increased by XOF 52.1 billion, with equity investments decreasing by XOF 14.2 billion. Capital raised was invested primarily in extractive industries and manufacturing as well as the financial and energy sectors. In terms of capital inflows, FDI is estimated at XOF 266.0 billion in 2016 compared to XOF 241.9 billion in 2015 and XOF 199 billion in 2014, or changes of +21.6% and +10.0%, respectively.

There are significant levels of foreign investment in the Senegalese economy, especially from France, its former colonial power, which, with approximately 250 local subsidiaries of France-based companies, accounts for almost 25% of the formal economy in 2009. However, the country is also increasingly developing links with other European countries, the United States, Middle Eastern countries, Asia (in particular, China and India) and Africa (in particular Nigeria, Morocco and South Africa). Senegal has a significant services sector (accounting for 45% of GDP in 2016) and an emerging information economy is beginning to attract international investors. As a prominent centre for the French-speaking West African region, the capital, Dakar, is host to a number of regional institutions and branches of international organisations. Most sectors are open to 100% foreign investment, but there are some sectors, such as telecommunications, electricity, mining and water, which require partnership with local firms or the State.

The principal sectors currently attracting foreign investment in Senegal include mining, telecommunications and chemicals. Senegal's Sabodala region, situated in the south-east of the country, close to the Malian border, has significant deposits of gold, Senegal's coastal dunes in Grande Côte contain zircon. Australia-based Mineral Deposits Limited (MDL) has made large investments in both areas, including through a joint venture with France-based Eramet SA for the investment in Grande Côte. Orange SA has a large interest in SONATEL SA, and Tigo Senegal, another telecommunications company operating in Senegal, is owned by Millicom International Cellular S.A., based in Luxembourg. Finally, ICS, which produces phosphates from its mine in Taiba, phosphoric acid and several fertilisers and operates a rail system and port facility for the transportation of its products, is majority owned by INDORAMA following a reorganisation that took place in August 2014. In addition, the recent oil and gas discoveries off the Senegalese coast (Greater Tortue Complex) present opportunities for important FDI flows in the short to medium term, based on initial estimates of the discoveries that suggest that oil and gas reserves could be significant. Kosmos Energy owns 60% of the offshore gas field whereas Petrosen has a 10% stake in the project and Timis Corporation holds the remaining 30%. The investment is estimated at approximately US$5 billion, of which US$1 billion is already committed for the construction of a new refinery.

Senegal's Investment Code sets out tax incentives according to the size of the investment and the sector concerned. The minimum investment to qualify for favourable tax treatment is XOF 5 million and the creation of a minimum of three jobs for Senegalese workers. The common regime provides for the total exemption from direct and indirect taxes for three years and an exemption from duty on goods not produced locally. For SMEs the period is two years. Sectors covered by the Investment Code include manufacturing, tourism, mining and mineral exploitation, agriculture and fishing. Companies operating in these sectors are also eligible for a tax allowance in respect of re-invested profits.

Tax advantages are granted depending on the stage of the investment. During the construction or development phase of eligible investments, customs duties and VAT are waived on imports of materials which could not have been sourced in Senegal, and VAT is not payable on local supplies of goods or services necessary for the project. During the operational phase, the company is not required to pay lump-sum tax contributions for a period of eight years, it receives tax credits for investments attributable to the project for a period of five years, and is allowed to recruit workers on limited duration contracts for a period of up to five years.

In addition, there is a further incentive contained in the Investment Code which allows an investor investing over XOF 250 billion to negotiate the tax advantages that the project will receive as part of a framework agreement with the State.

Other tax incentives to induce investment include:

- the ZFID (*Zone Franche Industrielle de Dakar*), which has been in existence since 1974 and was modified in December 1995 to provide an exemption from all direct taxes (except on salaries), exemption from all taxes on equipment or materials used in the production of goods for export (applicable to companies that plan to export at least 60% of production), and an exemption from all taxes on export goods;
- industrial areas for SMEs in Dakar, Saint Louis, Kaolack, Thiès, and Ziguinchor. To be eligible, a foreign company must invest between XOF 5 million and XOF 200 million, create at least 100 jobs, and have at least 51% of its shares owned by Senegalese shareholders. The company would be exempt from the following taxes for a period of either five years (in Dakar) or seven years (in other areas): corporate tax, import duties and taxes on equipment and materials used in manufacture, and duties on acquisition of land and buildings, stamp duties and taxes on turnover payable for services rendered by management companies of the industrial area; and
- in October 1996, a law was adopted that declared the entire country an export-free zone. Accordingly, any company in Senegal that exports at least 80% of its output (irrespective of whether they are domestic or foreign) is eligible for a period of 25 years for certain tax reductions and relief on customs duties.

Remittances

Inflows of migrants' remittances represent a line item of the unrequited current transfer balance, which is a component of the current account. For Senegal, the unrequited current transfer balance surplus is driven primarily by inflows of migrants' remittances, significantly contributes to the decrease in the structural deficit of the current account. However, it should be noted that as part of the investigation on migrants' remittances, funds used for investment purposes (such as financing of projects or buildings) are recorded in capital transfers in the capital account, while funds used for social purposes, or inflows of migrants' remittances, remain in unrequited current transfer. Remittances continued to grow, rising by 13.1% to reach 1,099 billion in 2016 (representing 12.6% of the GDP) after having increased by 9.2% in 2015 compared to 2014. The geographic distribution shows that more than 60% of remittances come from Europe, whereas remittances from the African and American continent are close in proportion, each standing at approximately 13%. Senegal's remittances as a percentage of nominal GDP total 12.6%, as calculated by the BCEAO, compared to 1.2% for Côte d'Ivoire, 2.5% for Kenya, 3.6% for Benin, 4.3% for Nigeria, 5.5% for Ghana and 15.9% for Lebanon (World Bank remittances database as of October 2016).

The table below sets out information regarding remittances into Senegal as a proportion of the nominal GDP for the years indicated (based on constant 1999 prices):

	2013	2014	2015	2016
	(XOF billions unless otherwise indicated)			
Remittances	815.1	889.3	971.4	1,099.0
Nominal GDP	7,334.8	7,554.7	8,067.8	8,707.6
Remittances/GDP	11.1%	11.8%	12.0%	12.6%

Source: BCEAO/DGPEE.

PUBLIC FINANCE

Fiscal Policy

The Government is committed to a fiscal policy aimed at preserving debt sustainability while providing sufficient resources for priority social sectors and infrastructure investments. To this end, the Government is pursuing the following strategic goals:

- Macroeconomic stability supported by conservative fiscal policies and more efficient expenditure with the aim of fighting poverty;
- Making improvements to the business climate of the country through structural reforms;
- Increased public revenues to cover priority expenditure and, in particular, infrastructure; and
- Making further progress in relation to fiscal management.

Since 2011, the Government has pursued a fiscal policy focused on reducing the deficit through a growth-friendly strategy of widening the tax base, improving the effectiveness of tax collection and streamlining Government expenditure. As a result of these efforts, the fiscal deficit has continuously decreased in the past years: from 5.8% of nominal GDP in 2012 to 5.5% in 2013, 5.1% in 2014, 4.8% in 2015 and 4.2% in 2016. The Government's objective is to reduce the fiscal deficit to approximately 3.0% of GDP in 2019, in accordance with the WAEMU convergence programme. The 2017 finance law envisages further improvements in revenue collection and streamlined public consumption. Improvements in public finance, management and governance will support these fiscal consolidation efforts in 2017 and beyond.

Cost savings efforts have focused on targeting inefficiencies in government expenditures, including with respect to civil servant wages, a focus on wage moderation to offset the impact of new hiring; restructuring and rationalising government agencies; ensuring better supervision; and reducing costs of utilities and other public services. On the wage bill, the Government is committed to improving the management of subsidies based on the recommendations of a working group finalised in September 2016 and has reduced subsidies to 0.5% of GDP in the 2017 budget. These subsidies will be limited to improving productivity in the agriculture sector through high quality seeds, better irrigation and increased mechanisation. In the 2017 budget, the Government has not provided for any subsidies to enterprises such as SENELEC (the state-owned electricity company), Société Africaine de Raffinage (SAR, the oil refinery), and SONACOS (cooking oil mill). The Government is also continuing to focus on a shift toward longer-term debt with a lower interest expense. See "*Public Debt*" The success and continuation of the State's efforts to streamline expenditures are a key component of the PSE, which requires a continued increase in public investment while concurrently reaffirming the State's need to continue its policy of fiscal deficit reduction.

Improving Economic Governance

The Government of Senegal acknowledges that its recent growth trend has been driven largely by the public sector and that, for this growth trend to be sustained over the medium to long term, it must improve its economic governance and create the conditions for private investment (both through local SMEs and through FDI) to thrive. Reforms to improve the business environment are needed to create wealth and break with the status quo so that private initiatives can result in job and wealth creation. Accordingly, in March 2016 the Prime Minister and key Ministers agreed on the following 11 reforms that are needed to spur growth and stability in Senegal and that tackle areas where change is blocked by entrenched interests that have proved hard to overcome:

- encourage the emergence of economic areas with their own governance and with a tax regime that preserves the integrity of tax revenue;
- bring together the different structures responsible for planning, programming and financing of public investments;
- strengthen and empower the Public Debt Directorate and the National Council for Public Debt to improve debt management;
- implement a public sector remuneration medium-term strategy;
- strengthen the capacity of the line ministries' units in charge of studying; planning; and defining sectoral strategies, project / program preparation and ex-ante evaluation;
- rehabilitate the function of selection of projects or investment programs and the compliance with the validation process of projects lifecycle;
- establish commercial courts for a rapid resolution of disputes between economic actors;
- strengthen competition in the market for goods and services, particularly with regard to sugar imports;

- diversify social protection programs;
- adopt a law designed to promote SMEs; and
- enhance the predictability of decision-making.

Senegal has made progress in improving its business environment, and was in the top ten reformers in the World Bank Doing Business rankings for 2015 and 2016. As far as the private sector is concerned, the reforms are geared to facilitate the emergence of SMEs while attracting productive FDI and to accelerate the development of the financial sector while safeguarding the stability of the financial system. As far as the public and social sectors are concerned, the reforms aim to strengthen public financial management, preserve Senegal's low risk of debt distress, improve wage bill management while creating additional fiscal capacity, improve project management, reduce poverty while promoting social inclusion, and facilitate PSE implementation by strengthening public sector governance. Working groups are being established with the mandate to explicitly consider the political economy of these reforms and how to build coalitions that can overcome current resistance to change.

International Financial Aid

Senegal's partner countries and institutions generally provide international financial aid in the form of grants or concessional loans for the funding of infrastructure projects and other public investment programmes. The Government estimates that, in 2015, Senegal received a total of XOF 404.8 billion in international financial aid, of which XOF 204 billion (50.4%) was in the form of drawings on concessional loans and XOF 200.8 billion was in the form of grants. In 2016, the amount of international financial aid is estimated to have increased by 7.2% to reach XOF 434 billion.

The partners that provide aid to Senegal are highly concentrated, with a high proportion of overall aid provided by a small number of large bilateral and multilateral donors. This group of donors comprises the IDB, the World Bank Group through its subsidiaries the IDA, the African Development Bank, the IFC and the MIGA, the UN, the European Union, France (principally through AFD), the United States and China (see "*Public Debt—Relationship with Multilateral Lending Institutions and other External Creditors*").

The table below presents the international financial aid by donor country/institution for the year 2016:

Technical and financial partners	Amount of financial aid (*XOF billions*)	Percentage
IDB	42.4	9.8%
World Bank	41.1	9.5%
USAID	41.1	9.5%
AFD	39.7	9.2%
European Union/EDF	36.9	8.5%
CCICED	27.1	6.3%
RFA/KFW	19.7	4.5%
AfDB/ADF	17.6	4.1%
Brazil	17.5	4.0%
BOAD	15.9	3.7%
CIDA	11.9	2.7%
AfDB/TAF	9.5	2.2%
Japan	9.4	2.2%
Luxemburg	8.9	2.1%
EIB	8.5	2.0%
BADEA	7.6	1.8%
Belgium	7.5	1.7%
Global Fund for International Development	6.6	1.5%
Italy	6.5	1.5%
India	6.0	1.4%
OPEC Fund for International Development	5.2	1.2%
IFAD	4.7	1.1%
Global Partnership for Education	4.3	1.0%
South Korea	3.7	0.9%
China	3.3	0.8%
UNDP	3.2	0.7%
GAVI Fund	2.9	0.7%
UNICEF	2.8	0.6%
Kuwaiti Fund for Arab Economic Development	2.8	0.6%
The Netherlands	2.5	0.6%
Nordic Development Fund	2.5	0.6%
Spain	2.0	0.5%
Abu Dhabi	2.0	0.5%
GEF	1.9	0.4%
UNFPA	1.3	0.3%
WAEMU	1.0	0.2%
Saudi Fund for Development	1.0	0.2%
Saudi Arabia	1.0	0.2%
Investment Climate Facility For Africa	0.7	0.2%
ECOWAS	0.6	0.1%
RFA/GTZ	0.6	0.1%
WHO	0.5	0.1%
France	0.4	0.1%
Bill Gates Foundation	0.4	0.1%
WFP	0.3	0.1%
ILO	0.2	0.0%
Micronutrient Initiative	0.1	0.0%
GAIN	0.1	0.0%
Others	0.1	0.0%
TOTAL	**434.0**	**100.0%**

Source: General Directorate of Finance

Senegal's public investment efforts, which are reflected in its rolling three-year investment programme (*Programme Triennal d'Investissements Prioritaires*, or PTIP), have steadily increased. Total investments under the 2017-2019 PTIP amount to XOF 4,791.8 billion, an increase of XOF 925.7 billion compared to the 2016-2018 PTIP, or 23.9% in relative terms. Compared to the 2015/2017 PTIP, this reflects an increase of XOF 1,443.2 billion, or 43%, reflecting the advanced stage of several projects and programmes of the 2014-2016 PTIP under the PSE.

The 2017-2019 PTIP provides for an amount of XOF 1,956.6 billion to be funded from international financial aid for financing public investments, which represents 40.8% of the total XOF 4,791.8 billion investment amount provided in the 2017-2019 PTIP. The projected international financial aid is comprised of (i) grants in an amount of XOF 600.6 billion, representing 30.7% of the total financial aid, and (ii) concessional or semi-concessional lending in an amount XOF 1,420.9 billion, or 72.6% of the total financial aid. Of the total contemplated financing for the 2017-2019 PTIP, 95% of the concessional loans, which represents XOF 221.1 billion, had already been secured when the PTIP was established in October 2016, either from technical and financial partners (financing agreements already signed) or through the State budget. The remaining 5% is currently under negotiation and for most of the projects concerned, the financing agreements have already been or are expected to be signed in 2017.

The table below presents the breakdown of projected international financial aid under the 2017-2019 PTIP:

Technical and financial partners	Amount of financial aid (*XOF billions*)	Percentage
People's Republic of China	246.9	12.6%
IDB	236.7	12.1%
AfDB	225.3	11.5%
World Bank	192.8	9.9%
European Union / EDF	167.0	8.5%
France	163.0	8.3%
India	94.3	4.8%
United States	87.5	4.5%
Germany	69.3	3.5%
BOAD	68.1	3.5%
Brazil	50.5	2.6%
Japan	40.0	2.0%
EIB	34.1	1.7%
Italy	29.7	1.5%
Turkey	28.5	1.5%
CIDA	25.6	1.3%
South Korea	24.5	1.3%
BADEA	20.9	1.1%
Kuwaiti Fund for Arab Economic Development	17.8	0.9%
Saudi Fund for Development	17.6	0.9%
OPEC Fund for International Development	17.5	0.9%
IFAD	17.2	0.9%
FFEM	14.2	0.7%
Abu Dhabi	13.8	0.7%
Luxemburg	11.5	0.6%
Belgium	8.1	0.4%
GAVI Fund	6.7	0.3%
UNICEF	5.6	0.3%
Global Partnership for Education	4.0	0.2%
WAEMU	3.7	0.2%
Austria	3.5	0.2%
Nordic Development Fund	3.1	0.2%
ECOWAS	3.1	0.2%
UNFPA	2.3	0.1%
WHO	1.1	0.1%
WFP	0.9	0.0%
Micronutrient Initiative	0.2	0.0%
UNAIDS	0.03	0.0%
TOTAL	**1,956.6**	**100.0%**

Source: General Directorate of Finance

Transparency and Anti-corruption Measures

The Government of Senegal is committed to pursuing efforts towards more fiscal transparency as a way of improving the quality of public investments and public spending:

- the modernisation of the Public Treasury is continuing, in particular through a process of digital transformation and automation of Treasury administration procedures;
- the Government is pursuing the implementation of the single Treasury account (STA) (*Compte unique du Trésor*), which is expected to be finalised in December 2017. Under the STA, all accounts held by the Government and its various bodies (agencies, high authorities, public enterprises) in commercial banks are expected to be inventoried by end-June 2017 and the balances transferred to the Treasury no later than end-December 2017; and
- the Government is also pursuing the transition from a cash administration system to a cash management system allowing for identification of the sources of dispersion of current cash flows, including budgetary transactions initiated in previous fiscal years (deposit account credit balances), and budgetary or cash transactions in the current fiscal year that negatively affect free cash flow potential.

The Government's efforts to promote transparency have included the adoption of a *Code des Marchés Publics* by the Council of Ministers in 2007, which was drawn up in a participative process involving civil society, the private sector and donors, the adoption of measures necessary to implement the 2009 WAEMU transparency code directive, and the implementation of a system of oversight comprised of an audit court, state inspector-general and financial and ministry oversight function. Since 2012, the government of President Sall has made good governance and transparency in the management of public affairs a priority. President Sall created a new Ministry for the Promotion of Good Governance in order to strengthen the mechanisms of regulation and the oversight of good governance. In this context, several measures were adopted, including (i) the creation of a National Good Governance Strategy (*Stratégie Nationale de la Bonne Gouvernance*, "SNBG") for public affairs; (ii) the April 2014 law relating to declarations of assets by Government officials; and (iii) the implementation of a transparency code for the management of public finances in December 2012. The World Bank has noted Senegal's positive indicators of good governance. The 2016 Mo Ibrahim Index of Good Governance listed Senegal in 10th place in Africa and 3rd out of 15 countries in West Africa.

President Sall has also sought to fight corruption. He has reactivated the Court of Repossession of Illegally Acquired Assets, or *Cour de Répression de l'Enrichissement Illicite* (CREI), reactivated judicial cases from 2008, and created structures such as the national anti-corruption body (*Office national de lutte contre la corruption* or "OFNAC"), which has been operational since 2014. The mission of OFNAC is to fight corruption, embezzlement of public funds and fraud. OFNAC has the power of self-referral (own initiative investigation). OFNAC is composed of twelve members appointed by decree. Since 2014, a dozen reports have been submitted and proceedings have been initiated and are ongoing.

Senegal's anti-money laundering (AML) efforts are led by the *Cellule Nationale de Traitement des Informations Financières* ("CENTIF"). The CENTIF gathers and processes financial information provided by domestic institutions and by its foreign partners concerning financial transactions taking place in or involving Senegal. The Criminal Code and the Code of Criminal Procedure were reformed in November 2016 in order to take into account the fight against terrorist financing and money laundering.

Transparency International's Corruption Perception Index for 2016 ranked Senegal 64 out of 176 countries, compared to 61 out of 168 in 2015 and 77 out of 94 in 2012.

National Budget

In 2009, Senegal introduced and implemented a new budgetary procedure under the IMF's guidance. The executive branch has the authority to initiate and propose the budget to Parliament, and the newly implemented procedure sets forth a series of deadlines for the ministers and the President with the goal of presenting the budget to the National Assembly as a draft law (*projet de loi*) in October when the annual parliamentary session begins. Once the budget has been approved by Parliament, the President must promulgate the budget into law within eight days. In addition, the budget for a particular year must be promulgated into law before the end of the preceding year. The initial budget may be amended, if needed, over the course of the year by one or more "*lois de finances rectificatives*".

Further to the recommendations of the PEFA Report published in 2007, the Government, with technical advice from the IMF, adopted a new Financial and Budgetary Reform Plan in 2009. This plan is intended to sustain the progress that had previously been made in terms of development, reform, budget execution and the improvement in the quality of accounting and management accountability.

The SIGFIP system for the management of public finances was implemented in 2005. SIGFIP is a nationwide computer network that is used to prepare the budget and keep accurate records of government spending. The system is also used to produce reports and tables showing public spending over specified periods, which are provided to multilateral institutions which monitor Senegal's public finances, such as the IMF. In late 2010, an interface between SIGFIP and a second expenditure accounting system, "Aster", was completed. The interfaces between the SIGFIP and Aster applications that allows for the transfer of information between the two systems are operational. At this stage, the national SIGFIP and Aster systems do not yet cover external resources, and there is also no link between those systems and the electronic system implemented by the regional and local authorities.

The Budget Process

The budget process in Senegal is governed by the "Decree on Preparation of the Budget of the State" of 30 January 2009. Pursuant to that decree, the preparation of the budget is the responsibility of the Ministry of Economy, Finance and Planning and—once agreed with the other Ministries and governmental institutions—is approved by the National Assembly and finally the President.

A summary of the budget process is set forth below:

Budget Planning

Early in the year, the macro-economic and budgetary framework for the following year's budget is drawn up by the Minister of Finance. This framework sets out the growth assumptions and their effect on the overall financial position of the budget as well as on specific areas of expenditure for the budgetary year in question and the two following years.

By 30 April, this framework must be distributed to the other ministries and governmental institutions, requesting that they each provide their proposals for revenues and expenditures for the following year within that framework. Each of the ministries and governmental institutions must also produce a summary of the previous two years' performance compared to the budget as well as their future strategy, including key priorities.

On the basis of this information, the draft budget outline is then presented to the Government by 31 May, and in June the Prime Minister decides on the allocation of revenues and expenditures between the ministries and governmental institutions, in line with the Government's priorities. By 15 June, the Prime Minister must set the spending limits for each of the ministries and governmental institutions and each ministry and governmental institution sets out its proposal, within the relevant spending limits, on the basis of this framework.

Budget Conferences and Arbitration

Conferences are held at which ministries and governmental institutions present their proposals to, and discuss them with, the relevant departments of the Ministry of Economy, Finance and Planning. Any disagreements can be submitted to the Minister of Finance for pre-arbitration. Pre-arbitration sessions must be held with the Minister of Finance by 15 August, and thereafter any remaining disagreements are referred to arbitration by the Prime Minister by 30 August at the latest.

Following the completion of the arbitration process, the Minister of Economy, Finance and Planning must prepare the draft finance bill by 15 September.

Adoption of the Finance Bill

The draft finance bill is adopted by the Council of Ministers before the end of September and then submitted to the National Assembly by the opening day of the session of Parliament at the latest.

The finance law must then be voted on by Parliament, passed into law by the President and published by 31 December.

Local Authorities

Within the parameters of existing finance legislation, the Government's policy is to provide local government with a subsidy representing 5.5 percentage points of VAT revenues accrued to the state budget from the previous year. Of this, 3.5 percentage points are given to the endowment fund for decentralisation and 2 percentage points are for funding local authorities' equipment.

Revenues and Expenses

The table below sets out certain information on the Government's financial operations for the periods indicated:

	2012	2013	2014	2015	2016
	(XOF billions)				
Total revenue and grants	1,670.3	1,659.0	1,927.0	2,026.1	2,334.6
Revenue	1,464.0	1,471.4	1,673.5	1,794.1	2,090.3
Tax revenue	1,352.0	1,342.9	1,482.5	1,602.1	1,791.2
Non-tax revenue	71.0	90.2	92.2	106.7	103.5
Other revenue (including FSE)	41.0	38.4	98.8	85.3	195.6
Grants	206.3	187.5	253.5	232.0	244.4
Budget	52.0	19.8	40.3	31.2	38.0
Cost of project development	154.3	167.7	213.2	200.8	206.4
Total expenditure and net lending	2,090.0	2,059.0	2,318.7	2,411.5	2,703.9
Current expenditure	1,257.0	1,262.8	1,409.3	1,504.3	1,612.8
Wages and salaries	461.5	464.7	485.4	526.1	572.3
Interest due	108.0	113.2	131.0	159.7	187.7
Of which: external	52.0	55.4	62.7	126.1	139.9
Of which: internal	56.0	57.8	68.3	33.6	47.8
Other current expenditure	687.5	684.9	792.9	818.5	852.8
Transfers and subsidies	355.0	336.2	349.9	434.2	531.3
Goods and services	333.0	348.6	443.0	384.3	321.6
Capital expenditure	813.7	801.3	899.1	907.2	1091.0
Domestically financed (including HIPC, MDRI)	491.5	477.3	508.3	502.1	654.6
Externally financed	322.2	324.0	390.9	405.1	436.5
Net lending	19.3	(5.1)	10.3	0.0	0.0
Of which: On-lending	37.3	10.4	10.7	12.7	0.0
Primary fiscal balance(1)	(311.7)	(287.2)	(260.7)	(225.6)	(181.6)
Overall fiscal balance(2) (including grants)	(419.7)	(400.4)	(391.7)	(385.4)	(369.3)
Overall fiscal balance (excluding grants)	(626.0)	(587.9)	(645.2)	(617.4)	(613.7)
Underlying fiscal balance(3)	(284.5)	(268.6)	(244.1)	(212.3)	(177.1)
Financing	419.7	400.4	391.7	387.2	369.3
External financing	470.5	151.0	459.9	368.2	219.2
Drawings	322.9	219.9	205.1	233.4	259.4
Programme loans	117.9	53.2	19.7	29.4	29.3
Project loans	205.0	166.7	185.4	204.0	230.1
Amortisation due	(84.0)	(80.0)	(65.2)	(61.7)	(67.8)
Debt relief and HIPC	21.0	17.4	15.9	0.0	0.0
T-bills and bonds issued in WAEMU	210.6	(6.3)	(20.9)	182.9	(33.4)
Other loans	0.0	0.0	325.0	13.7	61.0
Domestic financing	(50.8)	250.7	(76.5)	14.3	147.9
Errors and omissions	(0.1)	(1.3)	0.6	4.7	2.2

(1) This corresponds to: (Total revenue and grants) - ((Total expenditures and net lending) - (Interest due)).
(2) This corresponds to: (Total revenue and grants) - (Total expenditures and net lending).
(3) This corresponds to: (Total revenue (excluding grants)) - (Total expenditures and net lending (excluding Capital expenditure externally financed and Net lending)).
Sources: Government and IMF estimates and projections.

Investment Programmes

The Republic has developed a number of investment programmes in order to focus investment in priority areas, including agriculture, infrastructure and energy. These programmes are intended to promote the most efficient use of available funds and to focus external financing on the sectors that will support Senegal's ambition to achieve the PSE's strategic vision.

Agricultural Development Programme – PRACAS

The implementation of the *Programme de Relance et d'Accélération de la Cadence de l'Agriculture Sénégalaise* (PRACAS) has contributed to increasing the added value of the agricultural sub-sector, with significant progress recorded in 2015 and 2016. The Government launched this initiative in October 2013, with the aim to reduce Senegal's dependence on imported foodstuffs, develop its exports and generate new forms of employment and revenue.

The Government intends to meet PRACAS' targets by, among other things, intensifying agricultural production and improving water management, agricultural research and education and quality control. PRACAS is supported by the National Agricultural Investment Programme (*Programme National d'Investissement Agricole*, "PNIA") and provides for the following major reforms:

- facilitating producers' access to seeds, fertilisers and agricultural equipment via subsidised prices;
- establishing Agricultural Chambers (*Chambres d'agriculture*);
- preparing a national strategy for the reconstitution of seed capital: since 2012, the Government has undertaken to invest in seeds selected through the Seed Capital Reconstitution Programme (*Programme de Reconstitution du Capital Semencier*), of which groundnuts are one of the principal seeds. The programme's objective is to ensure the effectiveness and sustainability of a national seed system, capable of providing producers with certified seeds necessary to improve productivity in order to increase production and achieve food security;
- restructuring the groundnut sector; and
- streamlining subsidies for agricultural inputs, including through the preparation of a producers' database.

PRACAS has defined targets in the four priority sub-sectors listed below. While these targets have not yet been met, Senegal has recorded strong performance on each of them:

- self-sufficiency in rice by 2017, with the target of a national annual production of 1,600,000 tonnes: in 2016, production is estimated at 945,617 tonnes, or an increase of 4.3% compared to the 2015 agricultural season and 75% compared to the average over the past five years;
- self-sufficiency in onions in 2016, with a national annual production target of 350,000 tonnes: the 2016 production target was surpassed by 17,500 tonnes in 2015 (+6.5%) and by 43,225 tonnes in 2016, with production increasing from 367,500 tonnes in 2015 to 393,225 tonnes in 2016. These results are primarily due to the State's support through subsidies for fertilisers, a freeze on imports, the financing of small projects by programmes and agencies, and training programmes on good horticultural practices. Although Senegal has become a major producer of onions in recent years, with local production exceeding imports, local production only covers demand for an eight-month period, thereby explaining the significant imports recorded in 2015. In particular, this continued increase in imports is due to insufficient storage infrastructure;
- optimisation of the groundnut sector and the achievement of a national annual groundnut production of 1,000,000 tonnes: in 2016, production is estimated at 997,593 tonnes, or a slight decrease of 5.6% compared to the 2015 season and an increase of 38% compared to the average over the past five years. The State undertook numerous initiatives for the groundnut sector, with an increase in production areas, which stood at 1,135,339 hectares in 2015, or an increase of 29.2% compared to 2014 (878,659 hectares); and

development of the off-season fruit and vegetable sector through the achievement of a combined annual export volume of 157,500 tonnes: in 2016, the volume of fruit and vegetable exports is estimated at 90,354 tonnes compared to 90,635 tonnes in 2015, or a decrease of 0.3% compared to 2015 and an increase of 29% compared to the average of the past five years. The leading horticultural products exported are mangos, cherry tomatoes and green beans.

Infrastructure Investments

The Government views the development of infrastructure and transportation services as a requirement for economic growth and poverty reduction. Because of their direct contribution to GDP and their effect on the economic and social performance of the Senegalese economy, the Government places this sector at the heart of its sustainable development strategy and has made it a priority sector of the PSE. Senegal's public works investment agency, APIX, was created in 2000 with the mandate of finding ways to help the country address its infrastructure needs by developing an ambitious investment program, while at the same time improving the business environment in Senegal, promoting Senegal as an investment destination and researching and identifying investment partners for the Government. Over the past decade, APIX has initiated several major infrastructure projects, which are at various stages of implementation as described below.

Blaise Diagne International Airport and Other Airport Projects

Senegal is building a new international airport at Diass, the AIBD, designed to replace the existing Leopold Sedar Senghor airport of Dakar-Yoff in order to meet the regional demand for medium- and long-haul air traffic, including passenger and freight traffic. The new airport will cover an area of 4,500 hectares against the current airport's size of 800 hectares and will include premises for the maintenance of aircraft and the storage and conservation of fresh produce. Aéroport International Blaise Diagne SA, the company tasked with the construction of the airport, plans to construct, as an initial phase, a 42,000m^2 terminal and a 3,500m by 75m runway designed for existing and future high capacity aircraft, such as the Airbus A380. Under the initial phase, the new airport will have an initial capacity of three million passengers and 50,000 aircraft per year. The final development phase will be provided when the maximum capacity of the initial phase is attained and will include a second runway and passenger terminal and all the facilities resulting from it for a capacity of 10 Million passengers per year. The estimated cost of the new airport is approximately XOF 400 billion, not including costs related to relocation of and provisions for local populations, which are estimated at XOF 12.4 billion. The construction of AIBD is financed by loans made principally by the AFD, the African Development Bank and the Islamic Development Bank based on a security package consisting of fees imposed on the air traffic of the existing Leopold Sédar Senghor airport and by the State's investment budget.

The main objectives of the airport construction project are to:

- relieve the pressure on Dakar's automobile traffic;
- create an air traffic hub in Senegal and a preferential stopover in West Africa for air traffic to and from Europe, North and South America;
- facilitate conditions to increase tourism;
- develop Senegal's export industry and play a leading economic role in the region;
- attract foreign investment flows; and
- develop the performance of airport-related industries such as aeronautical maintenance.

Commenced in 2007, construction of the project is being completed by Summa-Limak, a consortium of Turkish companies, following the signature in April 2016 of a subcontracting agreement with the Saudi Ben Laden Group, which was initially responsible for the construction of the AIBD. Summa-Limak will also be responsible for the operation and management of the new airport, the start-up of which is planned for the end of 2017. As of the date of this Prospectus, construction work has reached a 95% completion rate and work to transfer activities from the Leopold Sédar Senghor airport to the AIBD has begun.

In addition to the AIBD, the Government is also involved in a modernisation project of regional secondary airports located in seven cities (Saint-Louis, Matam, Ziguinchor, Tambacounda, Kédougou, Kaolack and Touba) to enhance their economic potential. The Government expects that the development of these projects will strengthen Dakar's position as a sub-regional aerial hub.

Road Infrastructure

The Government estimates the amount of investments in road infrastructure at approximately XOF 840 billion for the 2012-2016 period, or an average of XOF 168 billion per year. For the 2017-2019 period, the Government has defined an ambitious road infrastructure programme, which requires an estimated total investment of approximately XOF 938 billion.

- *Toll Road Network*

Construction of a 32 km toll road from Dakar to Diamniadio was completed in August 2013 as part of a 30-year PPP project with Eiffage SA, a French construction company. The construction of this toll road, amounting to approximately XOF 148 billion, was financed 60% by the State, the AFD and the AfDB and 40% by the private sector. The toll road has significantly improved conditions in the transportation sector in the Dakar region and has encouraged the emergence of new zones of investment and economic development between Dakar and Diamniadio.

Following the opening of the Dakar-Diamniadio toll road in 2013 and in order to facilitate the economic development of the various regions of the country, the Government is pursuing a number of projects with a view to developing an integrated toll road network between Dakar and other key city centres, in particular through the extension of the Dakar-Diamniadio toll road to Thiès, Saint-Louis, Touba and Kaolack. The Government concluded a PPP to build a 17 km extension of the Diamniadio highway to the AIBD in Diass, for a total amount of XOF 92.2 billion (of which public financing of XOF 69.2 billion and private financing of XOF 23 billion from SENAC SA), commissioned in October 2016. The Government also signed an agreement with a Chinese company to complete: (i) the 19 km AIBD-Sindia highway section (for which a concessional loan from Eximbank China was granted for an amount of XOF 70 billion, or 85% of the total construction cost), commissioned in October 2016, (ii) the AIBD-Thiès highway section (16 km), and (iii) the Sindia-Mbour highway section (24 km). The AIBD-Thiès and Sindia-Mbour highway sections are scheduled to be completed in 2018, or two years before the contractual deadline. This will also be the case for the 113 km Thiès-Touba (Ila Touba) highway, which will be fully commissioned in December 2018, ten months before the end of the contractual deadline. The Government is currently negotiating further Eximbank China financing for the 28 km Thiès-Tivaouane highway section. In total, the national highway network will reach 217 km in 2019.

- *Other Road Projects*

The Government is developing various paved road projects across the country, including (i) the development and asphalting of the Sédhiou-Marssassoum road, the Boudier loop (financed by the BOAD for an amount of XOF 20 billion), (ii) the priority programme to improve access to the Morphil island (309 km) (for an estimated cost of XOF 150 billion), (iii) the asphalting of the Dabo-Médina-Yoro-Foulah section, (iv) the completion of the Bambey – Baba Garage – Mékhé road (81 km), (v) the construction of the Foundiougne bridge (1200 metres), (vi) the renovation and asphalting of the Lompoul-Léona-Potou-Gandiole road (65 km) and the construction of paved highways in Dakar as part of the Transportation and Urban Mobility Support Project (*Projet d'Appui au Transport et à la Mobilité Urbaine*, "PATMUR"), (vii) a 335 km road from Ndioum to Ourossogui to Bakel, (viii) a 250 km road from Tambacounda to Kidira to Bakel, (ix) a 250 km road from Tambacounda to Matam in the North-eastern region of the country and (x) a 137 km road between Senoba and Ziguinchor in the Southern region.

2016 was characterised by the launch of important projects in connection with the PSE's priority actions plan for a total estimated cost of XOF 263 billion. This work primarily involves:

- the Modernisation Programme of Senegal's Cities (*Programme de Modernisation des Villes du Sénégal*, or "PROMOVILLES") in Dakar, Kaolack, Djourbel and Gossas. The Government plans to expand this programme during 2017 to 13 other cities, with additional financing expected from the AfDB (XOF 75 billion). This programme seeks to provide cities with a minimum level of infrastructure, both in terms of roads and sanitation, as well as adequate lighting systems to promote safety;
- the construction and extension of the Niayes road;
- the asphalting of the Kédougou-Salémata road; and
- the renovation of the Nationale 7 road between Dialocotto and Mako.

Furthermore, over the 2017-2019 period, the Government plans (i) the construction of nearly 135 km of paved roads to extend the road network, (ii) the renovation of 1,070 km of paved roads, (iii) the construction of ten bridges and (iv) the construction of 181 km of highway to connect Senegal's major cities with high-speed roads. The construction of feeder and access roads will be stepped up and the network's care and maintenance programme is intended to be strengthened.

Improvements to Senegal's Rail Network

The Government plans to upgrade or extend several parts of Senegal's rail network in order to promote commerce and increase exports to WAEMU countries. The construction of a new railway network of 1,520 km is planned over the next five years, for a total cost of approximately XOF 1,390 billion. In this context, the Government has initiated several railway infrastructure projects, including in particular:

- the Regional Express Train (*Train express régional*, "TER") between Dakar and the new AIBD: the construction of the TER project, which includes a 55 km line, was assigned to the Eiffage Group (45%), the Turkish company Yapi Merkezi and the Senegalese company CSE, for a total amount of XOF 245 billion. This project began in December 2016, with commissioning expected at the end of 2018; and

- the upgrade of the Dakar-Tambacounda-Kédougou-Kéniéba-Bamako line, which is expected to facilitate the exploitation of resources in eastern Senegal such as phosphates in Matam and iron ore deposits in the Falémé region. Following termination of an unsuccessful memorandum of understanding between Senegal and the Chinese company China Railway Construction Corporation International (CRCCI), the Government signed on 31 March 2017 a new memorandum of understanding with a consortium comprised of Turkish, Saudi and Emirati companies. The

Government intends to pursue its search for strategic partners if this consortium does not secure the financing of the project by 31 October 2017.

Other planned upgrades include (i) a third track on the line between Dakar and Thiès, which would also have a link to the AIBD, (ii) reopening the rail line between Thiès and Saint Louis, and (iii) building new tracks from Tambacounda to service the mines at Matam and Falémé as well as the Falea bauxite and iron mines in Mali. It is expected that these projects will be effected principally through private sector financing.

Ultimately, the new and upgraded railway system should allow the transportation of 6 million tonnes of merchandise and two million passengers per year compared to 250,000 tonnes of freight until now. Improved rail networks will also meet the demand for efficient transportation connections between Dakar and its suburbs and between the Dakar region and certain other major cities and economic centres.

Electricity Generation Plan (2014-2017)

In January 2014, the Government approved a new electricity generation plan for the 2014-2017 period, which is based on a policy of diversifying the sources of energy generation, energy mix, introducing more cost-effective production technologies and improved efficiency at SENELEC, and encouraging private investment in the electricity sector. Currently, approximately 90% of electricity generated in Senegal is sourced from petroleum, rendering the industry vulnerable to volatility in oil prices. In order to improve the production mix and thereby reduce this dependency, several projects were launched and are at various stages of implementation, including:

- the development of the dual-fuel power plants of Tobène/Taiba Ndiaye (105 MW) and Cap des Biches (85 MW), which started production in 2016;

- the development of a coal-fired power station with an installed capacity of 125 MW in Bargny (Sendou) and a coal-fired power plant with capacity of 270 MW in Mboro, both expected to be brought into service in 2017 ;

- the increase of import capacity of gas generated electricity from Mauritania initially from 80 MW to 125 MW and with a medium-term objective of 250 MW through the construction of a high-voltage line from Nouakchott in Mauritania to Tobene in Senegal;

- the launch of the solar energy plants of Bokhole (20 MW) and Malicounda (20 MW), which started production in 2016;

- the following startups expected in 2017: (i) Méouane solar power plant (20 MW), (ii) Merina Dakhar power plant (20 MW), (iii) Taiba Ndiaye wind power plant (50 MW), (iv) Kahone solar power plant (20 MW), (v) Diass solar power plant (15 MW), and (vi) Sendou coal-fired power plant (125 MW), for a total power output of 250 MW; and

- the Scaling Solar initiative, a programme backed by the World Bank Group: since February 2016, the Government of Senegal has been working with the IFC to develop up to 200 MW of solar power. Senegal is the second country to join the IFC's Scaling Solar initiative which is initially expected to generate a combined total of 100 MW available from three sites: Touba, Kahone and Niakhar. Under the program, the IFC helps organise competitive auctions, offers financing and provides some insurance against risk.

The Government expects that these projects, once operational, will lead to a progressive decline in Government subsidies for electricity prices, while also leading to a reduction in costs for end-users.

Taxation

The following table sets out information regarding tax revenue in Senegal as a proportion of its total nominal GDP for the years indicated:

	2013	2014	2015	2016
	(XOF billions, unless otherwise indicated)			
Nominal GDP	7,334.8	7,554.7	8,067.8	8,707.6
Tax revenue	1,342.9	1,482.5	1,602.1	1,791.2
Tax revenue portion of nominal GDP (%)	18.3%	19.6%	19.9%	20.6%

Source: Government and IMF estimates, ANSD

Tax revenue in Senegal has been above the WAEMU's convergence rate of 17% of GDP since 2000. As a result of the Government's efforts to improve the taxation system, tax revenue increased from XOF 1,482.5 billion in 2014 to XOF 1,602.1 billion in 2015 and XOF 1,791.2 in 2016, an increase of 11.8% between 2015 and 2016, primarily due to the strong level of direct tax collection, increased taxes on goods and services and oil revenues relating to the *Fonds de Sécurisation des Importations de Produits Pétroliers* (FSIPP). Tax revenue is projected at XOF 1,986.0 billion in 2017, representing an increase of 10.9% compared to 2016. According to the RGE, while representing 97.0% of recorded units, the informal sector contributes only 16.3% of the overall revenue generated by the economic units which constitute the tax revenue base (see *"Economy of Senegal–Structure of the Senegalese economy*").

VAT is the single biggest source of income through taxation. The Government adopted a VAT rate of 18% in May 2001. In 2007, the Government suspended VAT and customs duties on a number of products, such as rice, wheat, powdered milk and bread, in order to keep prices down. VAT and customs duties have been successively reinstated except for rice. In 2011, the VAT rate was reduced in the tourism sector from 18% to 10%, in a bid to increase competitiveness.

Corporate income is subject to two types of tax. First, there is corporate income tax (*impôt sur les sociétés*). This is levied at a rate of 30%. Second, there is a compulsory minimum tax (*impôt minimum forfaitaire*), proportional to turnover. Senegal operates on the territoriality principle, meaning that Senegal based companies doing business outside the country do not pay tax on related profits. Foreign companies are subject to a 10% withholding tax on profits made in Senegal that are not reinvested there. Dividends are subject to a withholding tax at a maximum rate of 10% of their gross amount.

Personal income tax is withheld at progressive rates up to a maximum of 40%.

Other withholding taxes include a 16% levy on capital revenue, 8% on debt repayments, a 3% payroll tax paid by employers (*la contribution forfaitaire employeur*), a contribution to the housing fund, and a 1% tax on salaries for the national federation of employers.

Direct tax revenues are composed principally of corporation tax, amounting to 31% in 2016, and income tax, amounting to 58.2% in 2016. Corporate income tax increased by XOF 18.2 billion, increasing from XOF 147.3 billion in 2015 to XOF 165.5 billion in 2016, an increase of 12.4%. This increase resulted primarily from strong economic activity in 2015 in the secondary and tertiary sectors, the main providers of the 2016 corporation tax. Income tax benefited from continued efforts in tax withholding in both supervision and increased control over the default rate. With respect to indirect taxes, domestic VAT and import VAT increased by 12.1% and 12.8%, respectively, to reach respectively XOF 279.5 billion and XOF 270.2 billion in 2016. As for the FSIPP's recovery, it benefitted from favourable oil barrel prices in the first quarter on 2016, yielding an annual amount of XOF 104.6 billion in 2016 as compared to an amount of XOF 69.4 billion in 2015, an increase of 50.7%.

The Government has been pursuing substantial efforts to reverse the erosion of budget revenues, starting with the implementation of the new tax code in 2013. This tax code established a tax regime intended to be simpler, more equitable, stable and effective and sought to extend the tax base. The tax administration reforms included the introduction of cash refunds for VAT credits, changes to the remuneration of tax inspectors to ensure adequate incentives to broaden the tax base rather than a focus on a few large taxpayers, and increased staffing, which is required for a resolution of existing tax arrears, a comprehensive audit of VAT credits, and more intensive use of various sources of information. In particular, reform measures designed to increase revenues included eliminating VAT exemptions for indirect exports and external financing transactions that take the form of subsidies or non-reimbursable donations, applying VAT to telecommunication operators, establishing a tax on cosmetic products, increasing the tax on tobacco and applying a system for advanced payment of income tax levied on industrial and commercial imports. The elimination of VAT withholding applied by government agencies to large enterprises, while lowering revenues in the short term, is intended to ultimately improve the cash position of enterprises and facilitate VAT collection. The DGD and the DGID jointly supervise and exchange information with a view to improve the collection of tax revenues.

In the 2017 Doing Business Index WB report, Senegal ranked 174 out of 190 in "paying taxes" which measures the administrative burden of paying taxes and how much firms pay in taxes. The current system is unattractive to SMEs and foreign investors and does not provide the appropriate incentives for the informal sector to join the formal sector, making it difficult for firms that wish to comply to be competitive. While Senegal recently facilitated tax payments by supplying tax forms and VAT declarations online and created a Centre for Medium Sized Enterprises, it has yet to activate or require that taxes be filed and paid through e-filing and e-payment. This would not only improve efficiency, but would increase transparency in tax collection. Restructuring pay incentives would also contribute to more effective tax collection. The current incentive structure rewards tax collectors for collecting fines from taxpayers for violations which introduces distortions. Restructuring salaries to increase base pay in line with recent average total wages for tax collectors, while continuing some well-designed pay incentives, could increase overall revenues.

Expenditure

Total expenditure and net lending is estimated at XOF 2,703.9 billion for 2016 compared to XOF 2,411.5 billion in 2015, an increase of XOF 292.4 billion, or 12.1%.

Expenditure can be broadly classified into current expenditure and capital expenditure, with current expenditure being further divided between staff costs, interest expenses on public debt and other current expenditure.

Capital Expenditure

Capital expenditure continued an upward trend of 20.3% to reach XOF 1,091 billion in 2016 from XOF 907.2 billion in 2015, as a result of both increased domestic and foreign financing. Capital expenditure financed from domestic sources amounted to XOF 654.6 billion in 2016, an increase of 30.4% from XOF 502.1 billion in 2015. Capital expenditure financed from domestic sources represented 60% of total capital expenditure in 2016, compared to 55.3% in 2015, reflecting the Government's commitment to finance its own investment programme. The ratio of capital expenditure from internal resources to tax revenue was 36.5% in 2016 compared to 31.3% in 2015. These investments were focused mainly on priority sectors such as infrastructure, energy and agriculture.

Current Expenditure

Current expenditure increased from XOF 1,504.3 billion in 2015 to XOF 1,612.8 billion in 2016, or 7.2%, due primarily to increases in interest expense on both external and domestic public debt and staff costs.

Staff Costs

Staff costs (wages and salaries) amounted to XOF 572.3 billion in 2016, representing an increase of 8.8% compared to XOF 526.1 billion in 2015. The ratio of payroll tax to tax revenues was 32% in 2016, compared to 32.9% for the previous year, below the WAEMU ceiling of 35%. These expenses consist primarily of base salaries (40.1%) and bonuses and allowances (35.8%).

Interest Expense on Public Debt

Interest expense on public debt amounted to XOF 187.7 billion in 2016, an increase of 17.5% compared to XOF 159.7 billion in 2015. Interest payments increased on both external and domestic debt. Interest payments on external debt increased by XOF 13.8 billion (or +10.9%) to reach XOF 139.9 billion in 2016 from XOF 126.1 billion in 2015. Interest payments on domestic debt increased to XOF 47.8 billion in 2016 from XOF 33.6 billion in 2015, or an increase of XOF 14.2 billion (+42.3%), due to an increase in domestic debt stock to XOF 1,597.7 billion in 2016 from 1,279.7 billion in 2015 (+25%) while interest conditions decreased by 3.2% in 2016 from 5.4% in 2015.

The ratio of interest service cost to GDP was approximately 2.2% in 2016, of which 1.0% for domestic interests cost to GDP and 1.6% for external interests cost to GDP.

Other Current Expenditure

Other current expenditures (transfers and subsidies and goods and services) slightly increased by 4.2% in 2016 to XOF 852.8 billion from XOF 818.5 billion in 2015. This was due to the Government's policy of rationalisation of current expenditures as part of its general cost-saving efforts.

PUBLIC DEBT

Overview

While Senegal remains at low risk of debt distress according to the IMF January 2017 Art. IV report, its debt levels have been rising following the reduction in external public debt attributable to the HIPC and MDRI debt relief of 2004 to 2006. As a share of nominal GDP, debt increased from 20.9% in 2006 to 45.6% in 2013, and to 60.7% of GDP according to the Government. Senegal's total public debt outstanding was XOF 5,283 billion as of the end of 2016, an increase of 15.0% from XOF 4,597.7 as of 31 December 2015. Of Senegal's total public debt outstanding as of the end of 2016, XOF 3,685.3 billion (or 69.8%) represented external debt and XOF 1,597.7 billion (or 30.2%) represented domestic debt.

With the implementation of the PSE and the investments associated therewith, the Government expects its external public debt to continue to increase in the coming years. Most of the recent increase of public debt is driven by domestic borrowing, which includes government securities issued in local currency and held by WAEMU banks. Domestic debt almost doubled between 2011 and 2016, while the share of concessional borrowing has declined. This compositional shift implies an increase in the average cost of borrowing (which is of 3.2% for 2016), since treasury bills were issued at approximately 5% in 2015 and treasury bonds carried interest rates higher than 6%, higher than the average interest rate on foreign borrowing over 2010 to 2015.

The growth rate of outstanding debt is increasing. During the 2007-2011 period, the average annual growth rate of outstanding debt was 21.8%, significantly higher than the average annual growth rate of approximately 11.0% during the 2011-2013 period. The average annual growth rate in outstanding debt for the 2013-2016 period was approximately 16%, reflecting an upward trend. The main issues for public debt sustainability are sustained external borrowing on non-concessional terms and sustained high fiscal deficits. As part of its efforts to control spending, the Government is focusing increasingly on procuring longer-term debt financing with lower associated interest expenses.

External Debt

Of the amount of external debt in 2016 approximately 50.1% was owed to multilateral institutions (in particular the World Bank and the African Development Bank); approximately 29.1% was owed to bilateral creditors, including OECD countries for 9.7% and Arab countries for 4.7%; and commercial debts, including the 2011 and 2014 Eurobond issues, represented 20.8%.

In May 2011, Senegal issued a US$500 million Eurobond with a maturity of ten years, a coupon of 8.75% and a yield at issuance of 9.125% for investors (the "2011 Eurobonds"). A portion of the proceeds of the issue were used to effect the early redemption of Senegal's US$200 million bonds issued in December 2009. The proceeds of the 2011 Eurobond were also used to help finance the Dakar-Diamniado Toll Road and to support the energy sector by investing in infrastructure in accordance with the Takkal Plan.

In July 2014, Senegal issued a US$500 million Eurobond with a maturity of ten years, a coupon of 6.25% and a yield at issuance of 6.250% for investors (the "2014 Eurobonds"). Part of the proceeds of the issue was used to repay to Credit Suisse a €150 million loan due in January 2015 (the "CS Loan"). Proceeds from the 2014 Eurobonds were also applied by the Republic to priority public investment projects including projects in the electricity and transportation infrastructure and services sectors.

In March 2015, Senegal entered into a new €150 million loan with a maturity of five years at a rate of 6-month EURIBOR plus 5.15% from Credit Suisse.

In March 2017, Senegal entered into a US$ 150 million term facility loan at a rate of 3-month LIBOR plus 3.25% from Standard Chartered Bank and Citibank in order to finance certain infrastructure project costs (the "Bridge Loan"). The Government intends to use a portion of the proceeds of the issue of the Notes described in this Prospectus to repay the Bridge Loan in full. See "*Use of Proceeds*".

Domestic Debt

In addition to external debt incurred principally with international multilateral lenders, Senegal also raises debt domestically through the sale of government securities. Senegal's domestic public debt amounted to XOF 1,597.7 billion, or 18.35% of nominal GDP as of the end of 2016. Domestic public debt is denominated in local currency and held by WAEMU banks.

In 2016, domestic debt accounted for 30.2% of total public debt, up from 25.9% in 2014. Senegal increasingly uses domestic debt issuances to provide an alternative source of funding. Instruments used include short-term treasury bills (*Bons du Trésor*) with a maturity of less than two years, and treasury bonds (*Obligations du Trésor*) with a maturity of more than two years. Senegal also issues loan notes (*Emprunts Obligataires*) which are sold more widely and are listed on the regional exchange, the BRVM, which is based in Abidjan, Côte d'Ivoire.

Senegal raised a total of XOF 605.9 billion in 2016 in the domestic and regional bond markets, including XOF 65.5 billion in treasury bills with an interest rate of 4.9%; XOF 520.4 billion in treasury bonds with interest rates of 5.67% and maturities ranging from three to ten years (including a XOF 200 billion sukuk bond listed on the BRVM and issued in June 2016, with a maturity of ten years and an interest rate of 6.0% to finance infrastructure projects); and XOF 20 billion in loan notes with an average interest rate of 5% and an average maturity of one year. These securities are sold primarily to banking institutions with a small minority being sold to pension funds and private individuals. In addition, the Government has been borrowing in domestic currencies from other lenders, such as the West African Development Bank (BOAD) at rates of up to 8.5% (approximately XOF 18 billion).

In addition to domestic debt securities, Senegal has raised bank debt financing from certain partner banks, including XOF 250 billion raised in December 2013 and January 2014 to finance its budget by way of a syndicated loan arranged by Banque Atlantique and including the CS Loan. In October 2016, Senegal raised XOF 98.4 billion to finance infrastructure projects through a syndicated loan arranged by Afreximbank.

Municipal Debt

No local authorities in Senegal have incurred any material levels of public debt, with the exception of the *Commune de Dakar*, which currently has a XOF 6.6 billion loan from the AFD maturing in April 2028.

In March 2014, the municipal council of the *Commune de Dakar* approved the issuance of XOF 20 billion in bonds to finance infrastructure. After the State of Senegal issued an unfavourable opinion on the transaction, the *Commune de Dakar* filed an appeal against this decision on the grounds of abuse of power with the Supreme Court, which dismissed the claim in May 2016. The visa of the WAEMU financial markets regulatory authority is conditioned upon a decision of the State to authorise the bond issuance.

Government-Related Entity debt

There is no outstanding government-related entity debt as of the date of this Prospectus. In 2016, the Government finalised the implementation of a new financial and accounting regime for public institutions and assimilated administrative agencies forming the government-related entities department. This regime notably clarifies the conditions under which these government-related entities may arrange financings for their activities. The government-related entities Department (*Direction du Secteur Parapublic*, "DSP") and the Public Debt Department (*Direction de la Dette Publique*, "DDP") have the authority to approve financing proposals for investment projects presented by public agencies and institutions. In 2016, the 53 government-related entities had a cumulative budget of approximately XOF 898 billion. Operating expenses stood at approximately XOF 464 billion (or 51.7% of the budget) and investment expenses stood at approximately XOF 434 billion (or 48.3% of the budget).

IMF Debt Sustainability Analysis and Forecasts

The IMF uses a framework for conducting public and external DSAs to help detect, prevent, and resolve potential debt crises. The DSA framework analyses a country's capacity to finance its policy objectives and service its debt without having to make unduly large adjustments to its fiscal policy, which could otherwise compromise its stability.

The DSA framework has the following three objectives:

(i) assess the current debt situation, its maturity structure, whether it has fixed or floating rates, whether it is indexed, and by whom it is held;

(ii) identify vulnerabilities in the debt structure or the policy framework far enough in advance so that policy corrections can be introduced before payment difficulties arise; and

(iii) in cases where such difficulties have emerged, or are about to emerge, examine the impact of alternative debt-stabilising policy paths.

The DSA analyses the sustainability of a country's total public debt and total external debt, both of which have a baseline scenario based on macroeconomic projections accounting for the government's intended policies. The IMF applies a series of sensitivity tests to the baseline scenarios to provide a probabilistic upper bound for the debt dynamics under various assumptions regarding policy variables, macroeconomic developments, and financing costs. The paths of debt indicators under the baseline scenarios and the stress tests allow the IMF to assess a country's vulnerability to a payments crisis.

According to the IMF 17/1 Report published in January 2017 in connection with the third review of Senegal's economic performance under the program supported by the PSI and concluding the 2016 Article IV consultation with Senegal, Senegal's external debt burden remains at a low risk of debt distress. All debt burden indicators are below their respective DSA thresholds, with only the debt service-to-revenue ratio showing two spikes that breach the threshold under stress scenarios due to Eurobond rollover. In the IMF staff's view, these breaches were small and temporary reflecting liquidity rather than solvency issues. However, public debt and debt service have been rising in recent years. The low risk of debt distress is predicated on adherence to the planned fiscal consolidation path, an acceleration of reforms under the *Plan Sénégal Emergent* (PSE), and limited non-concessional borrowing. The public DSA does not find significant weaknesses, but the persistent high debt service as a share of revenue calls for strengthening debt management and prudent borrowing strategies.

Increased non concessional borrowing, including on the regional WAEMU market, has raised the debt service burden on the budget. Plans to finance significant infrastructure projects relying on commercial external borrowing would put further pressure on debt sustainability, raising debt service in the medium term. According to the Government, debt service on total public debt reached 28% of government revenues in 2016 and it is projected to reach 31% in 2017 and 30% in 2018, largely because of the additional relatively expensive domestic borrowing (which includes the securities subscribed by WAEMU banks) undertaken in 2016.

Maintaining Senegal's low risk of debt distress is predicated on sustaining the high levels of growth envisaged under the PSE while adhering to the planned fiscal consolidation path, which will require rapid progress in fostering private investment. Better selection, evaluation and monitoring of investment projects to ensure a strong economic return and accessing concessional and semi-concessional borrowing whenever possible as part of a comprehensive debt management strategy will contribute to keeping debt on a sustainable path while ensuring efficient implementation of the public investment program envisaged under the PSE. Moreover, there is an urgent need to strengthen Treasury operations that are under pressure from legacy arrears and financial difficulties of the postal system. The IMF encouraged the authorities' intention to take stock of the pressures on the Treasury by conducting an audit by end-March 2017 and formulate an action plan as soon as possible.

The IMF raised the total non-concessional external debt ceiling, which stood at US$800 million since 2013, to US$1,006 million over the 2011–14 period in order to allow for the issuance of the 2014 Eurobond. In December 2015, the IMF quantitative assessment criteria of the ceiling on the contracting or guaranteeing of new non-concessional external debt by the public sector ceased to be applicable. As a consequence, the Republic of Senegal does not currently have any limit on non-concessional external borrowing.

The following table presents a breakdown of concessional debt, semi-concessional debt and non-concessional external debt for the years indicated:

	2014	2015	2016
		(XOF billions)	
Concessional debt	335.7	307.3	485.8
Semi-concessional debt	139.8	839.5	584.1
Non-concessional debt	375.0	29.0	189.2
Total	**850.5**	**1,175.8**	**1,259.1**

Source: Government

Public Debt Management

The Government is committed to pursuing a sustainable debt policy. Since 2013, Senegal has enjoyed a reputation for good macroeconomic management, particularly as concerns debt. This has resulted in improved ratings from rating agencies and better access to regional and international financial markets. To protect this reputation and continue benefiting from the resources needed for development, the Government intends to implement a sustainable debt policy. To that end, the unit responsible for public debt is intended to be strengthened in 2017 with a view to obtaining loans at the best possible costs for the national economy. The composition and mandates of the National Debt Committee were reviewed in December 2016 to enable it to play an effective advisory role in selecting loans and monitoring the level of debt, and a draft decree has been submitted for approval by the Ministry of Economy, Finance and Planning. The draft decree on the establishment, function and organisation of the National Public Debt Committee (*Comité National de la Dette Publique* (CNDP) was finalised in February 2017. Financing will be sought and guaranteed solely by the Ministry of Economy, Finance, and Planning, based on the recommendations of the National Debt Committee. In this context, the Government will give preference to concessional and semi-concessional loans from traditional donors, such as the African Development Bank and the World Bank, and will ensure that the average interest rate of new external loans does not exceed 4% per annum.

One of the responsibilities of the CNDP will be to coordinate debt-related initiatives and to provide advice on the appropriateness of taking on any new debt, particularly in view of its impact on public debt sustainability. For this purpose, the composition of the Committee membership will be redefined and extended, particularly to the President's Office, to the Prime Minister's Office, and to other government instrumentalities. With regard to national and sectoral guidelines, the CNDP will contact the Directorate General in charge of Planning (*Direction Générale en charge de la Planification*) as needed for a notice of compliance for major debt projects. A second decree will be issued to give effect to these reforms. By the same token, the Government will establish a medium-term budget framework (MTBF), the implementation of which has been completed for certain ministries, but the official commitment has been postponed to 2020. Multi-year commitments would enable more fiscal discipline and better management of cash flow requirements. In terms of the quality approach, a process of ISO certification of revenue and public debt management procedures is under way at the General Revenue Office of the Treasury (RGT) and the Directorate of Public Debt (DDP). The first performance and satisfaction audits will be started by the end of 2017, with the help of the service provider recently chosen to assist the DGCPT with this quality approach.

Public Debt

The tables below sets out information regarding Senegal's outstanding public debt as at the end of the years indicated.

	2012	**2013**	**2014**	**2015**	**2016**
	(XOF billions, except for percentages)				
External Debt					
Multilateral Creditors	**1,416.1**	**1,509.3**	**1,657.6**	**1,804.0**	**1,845.1**
IMF	188.9	175.1	154.5	120.9	88.5
World Bank	660.3	702.4	815.8	962.0	1,025.3
EIB	17.1	19.4	14.8	12.7	10.4
AfDB	214.8	260.8	290.8	321.5	325.0
OPEC/IDB/BADEA	183.6	189.8	205.0	208.6	206.7
Others	151.4	161.9	176.7	178.2	189.2
Bilateral creditors	**611.8**	**619.2**	**787.8**	**923.1**	**1,072.8**
OECD	228.5	239.5	359.3	348.1	356.5
Arab countries	183.3	171.7	175.0	180.8	174.3
Others(1)	199.8	208.0	253.5	394.2	542.0
Commercial debt	**249.6**	**239.2**	**602.1**	**590.9**	**767.4**
Eurobonds	249.6	239.2	503.7	492.5	570.6
Credit Suisse	0.0	0.0	98.4	98.4	98.4
Afreximbank	0.0	0.0	0.0	0.0	98.4
Total External Debt	**2,277.5**	**2,367.7**	**3,047.4**	**3,317.9**	**3,685.3**
% Nominal GDP	**31.8%**	**32.3%**	**40.3%**	**41.1%**	**42.3%**
Domestic Debt					
Statutory Overdraft	0.0	0.0	0.0	0.0	0.0
Bank Debt	0.0	150.0	141.7	130.5	115.2
Treasury Bills	322.4	248.1	192.0	199.7	157.7
Treasury Bonds	476.4	575.9	731.8	949.5	1,324.9
Total Domestic Debt	**798.8**	**974.0**	**1,065.5**	**1,279.7**	**1,597.7**
% Nominal GDP	**11.1%**	**13.3%**	**14.1%**	**15.9%**	**18.3%**

(1) The other bilateral creditors include Exim Bank China (PRC), Exim Bank Korea, Exim Bank China (Taiwan) and Exim Bank Turkey.

Source: Ministry of Economy, Finance and Planning /DGCPT.

The following table shows the amount of debt service payments for each of the last five years for external and domestic debt:

	2012	**2013**	**2014**	**2015**	**2016**
	(XOF billions)				
External					
Principal	81.9	86.9	75.0	108.3	106.2
Interest	50.7	53.3	60.3	86.7	99.6
Total	**132.6**	**140.2**	**135.2**	**195.0**	**205.8**
Domestic					
Principal	407.8	368.0	348.5	314.5	300.2
Interest	63.6	57.1	64.7	73.0	87.7
Total	471.5	425.1	413.2	387.5	387.9
Total	**604.1**	**565.3**	**548.4**	**582.5**	**593.7**

Source: Ministry of Economy, Finance and Planning /DGCPT.

The following table shows the amount of debt service payments for 2017 and the following years for external and domestic debt:

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
						(XOF billions)					
External											
Principal	154.2	176.7	176.6	135.6	455.7	144.3	125.9	375.2	151.2	148.8	149.0
Interest	89.2	85.2	80.3	75.1	58.3	40.8	37.9	35.1	25.4	22.8	20.6
Total	243.3	261.9	256.9	210.8	514.0	185.1	163.8	410.7	176.6	171.6	169.6
Domestic											
Principal	338.2	372.4	310.5	172.1	129.3	92.2	85.8	36.1	36.1	25.0	0.0
Interest	86.4	72.9	52.6	34.1	23.3	16.1	10.5	5.4	3.2	1.1	0.0
Total	424.6	445.3	363.1	206.2	152.6	108.3	96.2	41.6	39.3	26.1	0.0
Total	**668.1**	**707.2**	**620.0**	**417.0**	**666.6**	**293.4**	**260.1**	**452.3**	**215.9**	**197.8**	**169.6**

Source: Ministry of Economy, Finance and Planning /DGCPT.

The following table shows the maturity profile for external and domestic debt as of 31 December 2016:

	Less than 1 year	1 to 5 years	5 to 10 years	10 years +
External Debt	4.2%	29.5%	25.8%	40.5%
Domestic Debt	21.2%	67.4%	11.5%	-

Source: Ministry of Economy, Finance and Planning /DGCPT.

The following table shows the external debt breakdown by currency as of 31 December 2016:

Currency	2016	%
USD	1,391.76	38.0%
EUR	1,367.40	37.0%
CNY	369.41	10.0%
JPY	140.99	4.0%
GBP	132.26	4.0%
KWD	114.04	3.0%
XOF	81.09	2.0%
SAR	50.29	1.0%
WKR	28.11	1.0%
EAU	9.95	0.0%
TOTAL	**3,685.31**	**100.0%**

Source: Ministry of Economy, Finance and Planning /DGCPT.

The following list shows the outstanding issues of securities of Senegal as at the date of this Prospectus:

Domestic Securities

Treasury Bills

Issue Date	Outstanding Principal Amount	Interest Rate[(1)]	Maturity Date
	(*XOF billions*)		
2015	82.2	4.92%	2017
2016	33.0	4.49%	2017
2017	41.6	5.93%	2018
Total	**156.8**		

Treasury Bonds

Issue Date	Outstanding Principal Amount	Interest Rate[(1)]	Maturity Date
	(*XOF billions*)		
2007	7.4	5.5%	2017
2008	6.4	7.0%	2018

Domestic Securities

Treasury Bills	Outstanding Principal Amount	Interest Rate(1)	Maturity Date
2012	64.7	6.5%	2017 and 2019
2013	103.0	6.4%	2018 and 2023
2014	215.9	6.3%	2017,2018,2019 and 2021
2015	407.1	5.9%	2018,2020,2022 and 2025
2016	520.4	5.8%	2019,2026 and 2023
Total	**1,324.9**		

External Securities

	Outstanding Principal Amount	Interest Rate	Maturity Date
Issue Date	(*US$ millions*)		
Eurobonds			
2011	500.0	8.75%	2021
2014	500.0	6.25%	2024
Total	**1000.0**		

(1) the interest rate reflects the average interest rate for all Treasury Bills issued during the year.
Source: Ministry of Economy, Finance and Planning /DGCPT.

The following table shows the utilisation of external debt proceeds by sector as of the date of this Prospectus:

External Securities

	Amount Utilised
Eurobonds	(*US$ millions*)
Primary	-
Secondary	1,000
Tertiary	-
Other(1)	(*EUR millions*)
Primary	-
Secondary	300
Tertiary	-

(1) Credit Suisse and Afreximbank commercial debt.
Source: Ministry of Economy, Finance and Planning /DGCPT.

As of 31 December 2016, Senegal's outstanding public domestic debt was held primarily by commercial banks which accounted for approximately 91% of total domestic debt. Pension funds and insurance companies accounted for approximately 7%, while private individuals and other investors accounted for approximately 2%.

Relationship with Multilateral Lending Institutions and other External Creditors

International Monetary Fund (IMF)

In October 2007, Senegal requested a Policy Support Instrument (PSI) program from the IMF. The IMF's framework for PSIs is designed for low-income countries that may not need IMF financial assistance, but still seek close cooperation with IMF in preparation and endorsement of their policy frameworks. PSI-supported programs are based on country-based poverty reduction strategies adopted in a participatory process involving private entities and development partners. The initial three-year PSI for Senegal was approved in November 2007 to support the country's economic reform efforts and expired in December 2010. It was aimed at consolidating macroeconomic stability, increasing the country's growth potential, and reducing poverty. The programme focused on maintaining a sound fiscal policy stance and enhancing fiscal governance and transparency. It also included measures to develop the private sector and increase the financial sector's contribution to growth.

The IMF approved a second three-year PSI in December 2010 to support economic reform through a reduction of the fiscal deficit, increasing transparency, encouraging the private sector and strengthening the financial sector. The second PSI was extended in 2013 by one year and expired in December 2014. The terms of the second PSI included (i) limiting the amount of non-concessional debt incurred during the period covered by the new PSI; (ii) restricting the use of the proceeds of such debt to non-concessional financing to be used exclusively for the extension of the Diamniadio toll highway towards the AIBD, Thiès, and Mbour; (iii) requiring the proceeds to be held in an escrow account from which only payments in relation to the Diamnadio toll highway may be made; and (iv) imposing reporting and auditing requirements.

Following successful completion of the second three-year PSI, Senegal and the IMF agreed a third PSI program for the 2015-2017 period. Over the program period, the Government planned to mobilise a non-concessional external loan envelope with a ceiling set at US$1,000 million for the purpose of financing investment projects, particularly those involving road infrastructure, the energy sector, urban water, and sanitation. To this end, the Government expected to intervene in international financial markets or use the non-concessional facilities of multilateral donors (World Bank and AfDB), which are equipped to finance large projects within short timeframes. Performance under the current program has been satisfactory, with all end-June 2016 assessment criteria and indicative targets met, except for the indicative target on tax revenues which was missed by a very narrow margin due to lower-than-projected customs revenues. Of the five structural benchmarks set for the period from June to October 2016, three were met. Of the two unmet structural benchmarks, one was implemented with delay.

World Bank

Support from the World Bank Group (including the World Bank and its affiliates such as the IFC, the MIGA and IDA) is provided under loans and grants through budgetary supports and project facilities. As of 31 December 2016, the World Bank had approved approximately 187 projects for Senegal amounting to approximately US$4 billion. The portfolio of World Bank projects included, as of 31 December 2016, 21 active projects (including six regional projects) and nine fiduciary grants totalling approximately US$1,178 million, or approximately XOF 707 billion. These 21 projects are in the areas of agriculture and rural development, energy and mining, education, water and sanitation, transportation, social welfare, fishing and governance.

The IFC's activities in Senegal are particularly focused on the proactive development of projects in the sectors of energy, transportation (the IFC was involved in financing the extension of the toll highway with €26 million in the form of senior and subordinated long-term bonds), investment climate and SME development. Since Senegal became a member of the IFC in 1962, it has received financing of approximately US$500 million from the IFC. As of the date of this Prospectus, projects financed by the IFC amount to US$90 million, or XOF 38 billion, with approximately XOF 100 billion for project financing. The IFC has also participated in financing the Tobène power plant (70 MW) in an amount of €123 million, which covers financing of €93.4 million by the IFC and a partial risk guarantee in the amount of US$40 million provided by the International Development Association. The IFC has also arranged a loan on equity of €28.5 million, as well as a syndicated loan of €25 million from the Emerging Africa Infrastructure Fund based in the United Kingdom; a syndicated loan of €25 million from a Dutch development financing company; and a loan denominated in XOF equivalent to €14.9 million from the West African Development Bank. As from February 2016, the Government of Senegal has been working with the IFC to develop up to 200 MW of solar power through a program known as Scaling Solar. Senegal is the second country to join the IFC's Scaling Solar initiative which is initially expected to generate a combined total of 100 MW available from three sites: Touba, Kahone and Niakhar. Under the program, the IFC helps organise competitive auctions, offers financing and provides some insurance against risk.

MIGA's exposure in Senegal includes a US$164 million guarantee of the Dubai Port World's project to modernise the container terminal at the Port of Dakar, a US$7.3 million guarantee of Cotecna Inspection SA and a US$125 million guarantee of SONATEL Guinea, Guinea-Bissau and Mali. The interplay between the IFC and the MIGA allowed for the extension of the toll highway to the airport. The IFC acted as bookrunner for commercial financing, while the MIGA provided guarantees on exchange rates. The MIGA provides insurance services against political risks to investors and creditors of the private sector. These guarantees protect investors against non-commercial risks and can help investors access sources of financing under improved terms and conditions.

On 30 July 2015, MIGA issued guarantees of $100.2 million covering a Euro – U.S. dollar cross-currency swap arrangement between Citibank, Societe Generale and Standard Chartered Bank and the Government of Senegal. Senegal's Ministry of Economy, Finance and Planning entered into the swap agreements as a hedge against currency risk exposure related to the 2014 Eurobonds. The MIGA guarantee covers risk against a failure by the Government of Senegal to honour its obligations under the swap agreement.

African Development Bank (AfDB)

The Republic's relationship with the AfDB is based on a framework underpinned by the Country Strategy Document for 2016-2020 which covers the two following pillars: (i) supporting agricultural transformation; and (ii) strengthening infrastructure to support production and competitiveness (energy and transportation). Authorities and stakeholders in Senegal, including the private sector and civil society have deemed these strategic choices consistent with the PSE's priorities and the AfDB's ten-year strategy. This document was adopted on 14 September 2016 by the AfDB's Board of Directors.

The AfDB's portfolio of active national projects includes 15 transactions for a total net volume of undertakings of 379 million Unit of Account (UA), or XOF 317 billion. The sectoral breakdown of national projects is as follows: infrastructure, 44%; rural sector, 19%; water and sanitation sector, 20%; social sector, 7%; and governance, 10%. Regarding the regional transactions benefitting Senegal, the AfDB public sector department's portfolio includes seven regional transactions for a total amount of UA 77.08 million, or approximately XOF 64.4 billion. These multinational projects involve Senegal as well as other countries of the region, namely The Gambia, Guinea-Bissau, Guinea and Mali. The breakdown of regional transactions is as follows: infrastructure, 71%; rural sector 28.8%; and multi-sector 0.2%.

With respect to the AfDB's private sector window in Senegal, undertakings amount to approximately UA 147 million, or XOF 122.9 billion. There are seven projects that have qualified under the private sector window including:

- the Dakar-Diamniadio toll highway (phase 1);
- the AIBD;
- the Sendou coal-fired power plant;
- the container terminal at the Port of Dakar;
- the Kounoune thermal power plant;
- the Dakar-Diamniadio toll highway (phase 2); and
- the Rizicole Project of the *Compagnie Agricole de Saint-Louis* in Senegal.

Islamic Development Bank (IDB)

Senegal is one of the beneficiaries of the IDB's Jeddah Declaration, under which the IDB provides financing to facilitate the development of areas important for food self-sufficiency, such as agriculture, irrigation and warehousing. In addition, certain social sectors such as education, training and health, infrastructure, energy and transportation are included among the targets. As of the date of this Prospectus, total financing approved by the IDB in Senegal amounts to XOF 1,425 billion and involves various sectors, including infrastructure, electricity, hydraulics, sanitation, education and health.

During the 7th Meeting of the Advisory Group for Senegal, held in Paris in February 2014, the IDB announced financing of US$1 billion to implement the PSE's first phase. The IDB's target was achieved and even surpassed, as it has provided Senegal with a total commitment of US$1.15 billion. Senegal also benefits from financing from the IDB's subsidiaries, namely the Islamic Society for the Development of the Private Sector (*Société islamique pour le développement du secteur privé*, SID) and the International Islamic Trade Finance Corporation (*Société islamique pour le financement du commerce international*, SIFC or ITFC), among others.

In 2012, the IDB and Senegal adopted a Member Country Partnership Strategy with an indicative 2013-2015 programme of US$507 million. Most of the target projects are currently being implemented, in particular within the sectors of transportation infrastructure, agriculture, energy, Islamic financing, female entrepreneurship and private sector development. Hydraulics and sanitation were added to the portfolio for emergency reasons. The partnership's future framework for the 2017-2020 period is currently being outlined.

International Fund for Agricultural Development (IFAD)

The partnership between the Government of Senegal and the International Fund for Agricultural Development ("IFAD") covers, as of the date of this Prospectus, 16 development projects for a total amount of US$440 million, of which US$215.5 million in loans and grants from the IFAD (49%), directly benefitting approximately 456,000 households. After a decade characterised by a limited partnership due to frequent changes in agricultural policies, cooperation increased during the 1990s. The IFAD's support to Senegal has evolved over the course of decades, from the land and environmental resource management that characterised the first generation of projects toward an integrated development based on farmers' organisations and rural entrepreneurship. In effect, current economic realities require business models that pair producers with entrepreneurs, in value chains structured around products destined for the market.

In Senegal, the IFAD promotes and supports local initiatives that aim to improve food security, increase the incomes of the rural poor, create jobs for, in particular, young people and women, and improve the quality of life. The most recent generation of projects is based on strengthening, upscaling and, at the very least, reproducing the intervention models and good practices that have been tested with the support of the IFAD and other technical and financial partners. The IFAD's intervention strategy is centred on the following objectives:

1) Small producers' access to effective production services, suitable technologies and markets in order to increase the productivity of economic activities in rural areas. The programme consolidates the positive achievements of projects supported by the IFAD. To that end, it supports the improvement of the production base/potential production: seeds, water management through efficient techniques, improved access to production areas, livestock farming development and strengthened capacities of producers' organisations. It also supports and facilitates producers' access to markets. When the conditions are satisfied, the programme implements on a large-scale practices already tested by projects supported by the IFAD.
2) Rural access to entrepreneurial know-how. The programme strengthens and consolidates the support provided by the Rural Markets Promotion Programme (PROMER): to help create and consolidate profitable rural non-agricultural micro-enterprises and SMEs that participate in agricultural value chains and are capable of providing stable employment in rural areas; strengthen and professionalise the rural entrepreneurship sector; and improve the political, legislative and institutional environment of rural micro-enterprises and small enterprises.

IFAD's "Country Strategic and Opportunities Program" (COSOP), which covers the 2017-2022 period, targets financing of US$42 million for rural and agricultural development. It will provide additional financing for the Agricultural and Rural Entrepreneurial Development Support Project (*Projet d'Appui au Développement Agricole et à l'Entreprenariat rural*, PADAER), and will consolidate and expand the activities of the project by extending the PADAER. The COSOP will provide a unique framework programme, closely aligned with Senegal's agricultural development and investment strategy. The IFAD's contributions aim to support the World Bank's SDGs, including the goal of reducing poverty and hunger and promoting the rights of women. In particular, with the IFAD, Senegal seeks to reduce the poverty level. Current projects include the support/expansion of the agricultural sector in an amount of US$50.4 million, of which US$34.7 million in the form of loans from the IFAD, PADAER (XOF 25.8 billion) and the Agricultural Sector Support Project Extension (XOF 25 billion financed by the IFAD in March 2014).

Other Multilateral Institutions

In early 2014, the European Investment Bank (EIB) pledged nearly XOF 200 billion to help finance the PSE, becoming one of Senegal's key financing partners. Additionally, the EIB has extended XOF 12 billion in financing to Senegal to be used in the area of hydraulics and sanitation.

Senegal has also benefited from a significant amount of funding from the Arab Bank for Economic Development in Africa (BADEA) characterised by highly concessional financing, technical operations assistance through non-reimbursable grants and other forms of support. Since BADEA and Senegal commenced relations in 1975, BADEA has provided over US$300 million in financing to Senegal, allowing for the implementation of significant projects in the areas of infrastructure, agriculture, water, sanitation and health, among others. Current BADEA financing includes a US$10 million loan provided in 2012 to finance the bulk of a water supply project in the Sine Saloum delta, which is currently in development. Additionally, over the past few years, BADEA has provided funding to Senegal in connection with the construction of the Joal-Samba Dia-Djiffère road, the provision of hospital equipment, sanitation works at the Cité Soleil, and the restoration and extension of irrigation in the Waoundé region.

Other multilateral institutions with which Senegal has ties with include BOAD, ECOWAS, the Nordic Development Fund and the OPEC Fund for International Development. All of these bodies finance projects and investment programs in Senegal. However, unlike the multilateral institutions listed above, these institutions do not lend within a framework agreement agreed in advance with Senegal.

Concessional/Non-concessional Debt

Concessional debt is debt with lower interest rates and longer repayment periods than typical or standard market or multilateral debt that is generally provided to poor countries.

To ensure debt sustainability, the Government intends to contract or guarantee external borrowing on non-concessional terms, primarily to finance PSE projects and to refinance short-term and more expensive regional debt with longer-term and lower cost Eurobond financing. Since December 2015, the Republic of Senegal has not been subject to IMF limitations on non-concessional external borrowing.

Guarantees

Unlike public debt borrowings, the issue of guarantees by the State is not subject to parliamentary approval. However, the Government's policy is to avoid providing guarantees, especially guarantees in respect of non-concessional financing. Accordingly, guarantees are approved by the Minister of Economy, Finance and Planning on a case by case basis and in very limited circumstances. There are two types of guarantees: (i) guarantees for payment obligations of public agencies and (ii) guarantees granted for contractual purchase obligations of SENELEC.

In the case of guarantees granted to public agencies, they relate to financing in the form of loans granted to public agencies such as the National Maritime Affairs Agency (*Agence Nationale des Affaires Maritimes*, ANAM) the Senegalese Rural Electrification Agency (*Agence Sénégalaise d'Electrification Rurale*, ASER). The total amount covered by such guarantees as of the date of this Prospectus is approximately XOF 79.5 billion. As regards guarantees granted to SENELEC, they pertain to the offtake obligations of SENELEC under power purchase agreements concluded with private power producers for a set period of time starting from the completion date of the relevant power plant.

Under these two types of guarantees, the State, represented by the Ministry of Economy, Finance and Planning, undertakes to substitute itself for the relevant guarantor in the event of default. Financing agreements signed between these entities and the lending banks are not recorded in the State's public debt as they will only affect the State's outstanding debt and debt service in the event of default of the relevant obligor. However, these financing arrangements are taken into account in Senegal's debt sustainability analysis.

The IMF staff raised concerns regarding the issuance by the Ministry of Economy, Finance and Planning of comfort letters. The letters are aimed at encouraging financial institutions to provide advances for projects for which a spending appropriation is expected in a future budget law. While not a de jure guarantee, there is a risk that they become de facto debt guarantees that pre-commit fiscal resources. The Government agreed with the IMF staff's view and committed to limit such letters to settlement of payments related to the agricultural sector (subsidy of agricultural inputs and equipment) and to defence and national security.

Hedging and Derivatives

Senegal has established a derivatives programme to hedge the currency exposure of its currently outstanding US$500 million notes due 2024. Senegal entered into a series of cross-currency swaps with financial institutions to convert its US dollar exposure to Euros in order to align its liability exposure to the currency which serves as the underlying peg to its domestic currency. These hedge arrangements were made in accordance with International Swaps and Derivatives Association standard terms at then prevailing market rates. A similar arrangement put in place by Senegal with respect to the US$500 million notes due 2021 was terminated in May 2016.

On 30 July 2015, MIGA issued guarantees of $100.2 million covering a Euro – U.S. dollar cross-currency swap arrangement between Citibank, Societe Generale and Standard Chartered Bank and the Government of Senegal. Senegal's Ministry of Economy, Finance and Planning entered into the swap agreements as a hedge against currency risk exposure related to the 2014 Eurobonds. The MIGA guarantee covers risk against a failure by the Government of Senegal to honour its obligations under the swap agreement.

MONETARY SYSTEM

The Franc zone and the BCEAO

Senegal has been a member of the Franc zone since its independence in 1960 and a member of the WAEMU since 1962. The BCEAO, located in Dakar, is the common central bank for the WAEMU member States.

The Franc zone

The Franc zone is composed of 14 francophone countries in sub-Saharan Africa, the Comoros and France. It is the offspring of monetary relations between France and its former African colonies, reflecting the desire of its member nations to maintain an institutional framework of monetary cooperation. Like the Bank of Central African States (BEAC) and the Central Bank of the Comoros, the BCEAO has an operational account on the books of the French Treasury, which guarantees the convertibility of its CFA franc (XOF). The peg of the XOF to the French franc was replaced by a peg to the Euro as from 1 January 1999. The substitution of the Euro for the French franc did not affect the monetary cooperation mechanism of the Franc zone in any way.

The monetary cooperation between France and the African countries of the Franc zone is governed by four fundamental principles: (i) a guarantee by the French Treasury of unlimited convertibility of the three central banks' franc, (ii) a fixed peg, (iii) free transferability and (iv) centralisation of currency reserves. In exchange for this convertibility guarantee, the Franc zone central banks have the obligation to deposit at least 50% of their currency reserves on an operational account with the French Treasury (this rate is set at 65% for the Central Bank of Comoros). The management of the operational account is formalised by agreements between the French authorities and representatives of the member States of the three central banks. They are operated as current accounts opened at the French Treasury. They are remunerated and may, in exceptional circumstances, have a debit balance. The convertibility guarantee is ensured when the operational account is overdrawn. Several preventive measures, provided for in the operational account agreement, are put into place to avoid any overdrafts.

The cooperation between France and the Franc zone is the subject of regular meetings between French and African officials, in particular the biannual meeting of the Finance Ministers of the Franc zone.

The BCEAO

The BCEAO is the common central bank of the eight member States which form the WAEMU, consisting of Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo. The BCEAO is a public international institution with headquarters located in Dakar. It is governed by the bylaws annexed to the WAEMU Treaty. Across the territory of all WAEMU member States, it enjoys privileges and immunities usually only granted to international financial institutions. The BCEAO is managed by a Governor, with the support of a board of directors and national credit boards. The Governor is appointed by the Council of Ministers for a renewable six-year term.

The 2010 reform of the institutions of the WAEMU and the Central Bank strengthened the independence of the BCEAO and established a better division of roles and responsibilities between the different WAEMU and BCEAO entities. These entities are as follows:

- The WAEMU Council of Ministers, in which every member State of WAEMU is represented by two ministers including the minister of finance, is responsible for the implementation of general guidelines and decisions by the Conference of Heads of State and Government (*Conférence des Chefs d'Etat et de Gouvernment*), which is the WAEMU supreme body, and for defining the regulatory environment of the financial and banking system and the WAEMU exchange rate policy. For the latter, it is assisted by an Exchange Rate Committee (*Comité de Change*);

- The Monetary Policy Committee (*Comité de Politique Monétaire*) is responsible for defining the monetary policy throughout the WAEMU. The Governor is responsible for the management of the BCEAO and carries out the monetary policy defined by the Monetary Policy Committee;

- The Board of Directors is in charge of the management of the issuing institute as an organisation. It is assisted by an Audit Committee;

- The National Credit Boards (*Conseils Nationaux de Crédit*) are consultation committees at the member State level, comprised of representatives of the Administration and of principal associations or socio-professional groups. They are in charge of issuing opinions and recommendations on the functioning of the banking system to better manage the concerns of economic actors in the implementation of credit and monetary policy.

As an issuing institution and a monetary authority, the BCEAO maintains a wide range of relationships with banks and financial institutions working with the WAEMU member states. These relationships consist mainly of monitoring the stability and operations of the banking system and distribution/credit control operations. In line with its bylaws, the BCEAO grants assistance to banks and financial institutions authorised to conduct business in WAEMU member states. This assistance includes advances secured by government securities issued or guaranteed by member states, as well as discounts, acquisitions, sales, repurchases or secured loans against security of claims in respect of WAEMU's member states, companies and individuals.

In addition to issuing the common currency in the member states, which is the exclusive mission of the BCEAO, the BCEAO is in charge of (i) defining and implementing monetary policy, (ii) ensuring the stability of the WAEMU banking and financial system, (iii) promoting, monitoring and safeguarding payment systems, (iv) implementing the WAEMU exchange rate policy, (v) centralising the WAEMU currency reserves, (vi) accounts keeping for WAEMU member States; and (vii) monitoring banking and financial activity. The BCEAO's principal monetary policy objectives are to ensure monetary and price stability and maintain the CFA franc-Euro peg. Without prejudice to this objective, the BCEAO also supports the economic policies of WAEMU member States to foster sound and sustainable growth.

The BCEAO has two types of tools to implement monetary policy: main interest rates and mandatory reserves. Their implementation takes into account changes in the internal and external economic and financial environment of the WAEMU zone, in particular the situation of the Euro zone. As a result of the peg of the CFA franc to the Euro, the monetary policies of the CFA Franc zone closely follow those of the European Central Bank. Slight policy differences will normally arise as a result of the fact that BCEAO usually takes into account its members' economic situations such as inflationary pressures, the outcome of agricultural campaigns, trends in credits to the economy and bank liquidity. According to the BCEAO and IMF estimates and projections, Senegal's foreign exchange reserves increased from XOF 879 billion in 2012 to XOF 1,136 billion in 2016.

The BCEAO cut one of its key interest rates by 0.5 percentage points to 4.25% at its June 2009 monetary policy meeting, signalling its concerns over the impact of the global economic downturn on CFA zone economic growth. Since 2009, the BCEAO has decreased interest rates further on numerous occasions in order to help to support economic growth across the WAEMU region. In 2014, the BCEAO further reduced its two key interest rates to 2.5% and 3.5%. During its meeting on December 6, 2016, in order to address persistent imperfections in the interbank market that were reducing the efficiency of the operational framework for implementing the Central Bank's monetary policy, the Monetary Policy Committee decided to extend the corridor formed by the minimum submission rate to tender offers of liquidity injections and the rate of the marginal lending window by 100 basis points. The minimum rate was maintained at 2.50% and the rate of the marginal lending window was increased from 3.50% to 4.50%. In connection with increasing the corridor of the BCEAO's main interest rates, the Monetary Policy Committee also limited refinancing granted to the same counterparty on the marginal lending window and the special refinancing window of the Central Bank to two times the own funds of the given counterparty. As of the date of this Prospectus, the BCEAO minimum rate is 2.50% and the rate of the marginal lending window is 4.50%.

In the wake of the economic downturn, the BCEAO eased required reserve requirements for banks in several of its member countries that were most affected in order to help stimulate domestic credit in their economies. In late 2010, the BCEAO decided to apply the same reserve requirements to all member states and has since decreased the reserve requirement threshold further. On March 1, 2017, in order to support the implementation of measures aiming to energize the interbank market, the Monetary Policy Committee decided to decrease the mandatory reserves coefficient applicable to WAEMU banks by 200 basis points, from 5% (applicable since March 16, 2012) to 3% (applicable as from March 16, 2017).

With respect to monitoring of credit institutions, a banking commission (*commission bancaire*) was created on April 24, 1990 and is chaired by the Governor of the BCEAO. It is entrusted with the supervision of the organisation and control of the banking system in the WAEMU.

The WAEMU is characterised, in particular, by the adoption of a single foreign exchange policy in all member States in order to ensure the freedom of financial relations within the Franc zone. Financial payments and capital movements between the WAEMU and foreign countries, as well as foreign exchange transactions within the WAEMU, can only take place through the BCEAO, the postal administration or a licensed intermediate bank, in accordance with their respective responsibilities.

Inflation

The table below sets out the annual average inflation rates in Senegal and in the WAEMU for the periods indicated:

Inflation (Consumer Price Index)	**2012**	**2013**	**2014**	**2015**	**2016**
Senegal	1.4%	0.7%	(1.1%)	0.1%	0.8%
WAEMU	2.4%	1.5%	(0.1%)	1%	0.3%

Source: ANSD/BCEAO

The rate of inflation was 1.4% in 2012 in part due to weakness in global commodities prices and the Government's efforts to support disadvantaged sections of the population. In 2012, the Government took measures to limit increases in the prices of basic foodstuffs, such as rice, oil and sugar, following consultation with sector players. In 2013, the inflation rate decreased further to 0.7%, as a result of easing global raw material prices and of the State's price fixing policies for staple food. Given the high cost of living, the Government took measures to fix the price of certain essential staple foodstuffs, such as ordinary broken rice, sugar and oil on 22 May 2013, and powdered milk on 31 August 2013. Similarly, measures taken to reduce the cost of rent and the price of bread in January 2014 were applied. The full effects of these measures were a significant impact on consumer prices in 2014, which averaged -1.1%. In 2015, the inflation rate stood at 0.1%; this situation was the result of easing global raw material prices and of the State's price fixing policies for staple food again. In 2016, the inflation rate increased to 0.8%, consistent with changes in commodity prices. According to the IMF, inflation is expected to remain moderate in 2017, in the context of stability in the global commodities markets.

The Government expects inflation to stay below WAEMU's 3.0% inflation rate ceiling. The entire CFA franc zone has historically exhibited low inflation, notwithstanding a high rate of inflation in 2008 (6.6%), because of the relative stability of the regional currency as well as the conservative monetary policy of the BCEAO. This helps dampen inflationary volatility in Senegal, which stems in part from its high dependence on food- and energy-related imports.

Money Supply and Foreign Reserves

The following table sets out certain information regarding Senegal's money supply, including foreign reserves, as at 31 December for each of the years indicated:

	2012	2013	2014	2015	2016
			(XOF billions)		
Net foreign assets	879.4	858.3	1078.0	1,232.9	1,135.5
BCEAO	775.3	764.2	864.7	963.3	731.9
Commercial banks	103.9	94.1	213.3	269.7	403.6
Net domestic assets	2,015.2	2,268.8	2,406.5	2,720.2	3,228.2
Net domestic credit	2,239.7	2,565.4	2,640.8	2,932.7	3,438.8
Net credit to the government	94.9	151.1	73.0	197.6	477.3
Central bank	(36.4)	23.6	(69.3)	48.5	28.1
Commercial banks	129.6	123.6	142.4	149.3	449.3
Other institutions	1.7	3.9	(0.1)	(0.1)	(0.1)
Credit to the economy	2,144.8	2,414.3	2,567.7	2,735.1	2,961.5
Other items (net)	224.5	296.6	234.2	212.5	210.6
Broad money (M2)	2,894.7	3,127.1	3,484.5	3,953.1	4,363.8
Currency outside banks	859.5	1,061.8	1,133.1	1,445.8	1,422.0
Total deposits	2,310.1	2,507.3	2,799.5	3,146.3	3,442.1
Demand deposits	1,191.7	1,367.4	1,439.8	1,762.6	1,978.7
Time deposits	1,118.4	1,139.9	1,359.7	1,383.7	1,463.4
			(Change in percentage of beginning-of-period broad money stock)		
Net foreign assets	30.4	27.4	30.9	31.2	26.0
BCEAO	26.8	24.4	24.8	24.4	16.8
Commercial banks	3.6	3.0	6.1	6.8	9.2
Net domestic assets	69.6	72.6	69.1	68.8	74.0
Net credit to the government	3.3	4.8	2.1	5.0	10.9
Credit to the economy	74.1	77.2	73.7	69.2	67.9
Other items (net)	7.8	9.5	6.7	5.4	4.8
Broad money (M2)	6.5	8.0	11.4	13.4	10.4
			(Change in percentage of beginning-of-period broad money stock) *(Units indicated)*		
Memorandum items:					
Velocity (GDP/M2; end of period)	2.5	2.3	2.2	2.0	2.0
Nominal GDP growth (% growth)	7.0	1.1	3.0	6.8	7.9
Credit to the economy (% growth)	9.6	12.6	6.4	6.5	8.3
Credit to the economy/GDP (%)	29.5	32.9	34.0	33.9	34.0
Variation of net credit to the government (from previous year; XOF billions)	(65.6)	56.2	(78.1)	124.6	279.7
BCEAO refinance rate (eop/latest; %)(1)	4.0	3.5	3.5	3.5	4.5

(1) interest rate applied to the marginal lending facility by the BCEAO.

Sources: BCEAO and IMF estimates and projections

At the end of December 2016, the money supply recorded an increase of 10.4% to XOF 4,363.8 billion compared to XOF 3,953.1 billion in 2015 and XOF 3,484.5 billion in 2014. The change in overall liquidity in 2016 is illustrated by changes in currency in circulation (XOF +47.0 billion; +14.2%) and deposits (XOF +295.8 billion; +9.4%), which reached XOF 1,422.0 billion and XOF 3,442.1 billion, respectively. The overall domestic liquidity rate increased from 49.0% in 2015 to 50.1% in 2016, compared to 46.1% in 2014.

Net foreign assets of monetary institutions were XOF 1,135.5 billion in 2016 compared to XOF 1,232.9 billion in 2015, or a decrease of XOF 97.4 billion, due to a XOF 231.3 billion decline in the Central Bank's external position and a XOF 133.9 billion increase in the banks' external position. Net domestic assets amounted to XOF 3,228.2 billion at the end of December 2016, an increase of 18.7% against the previous year, due primarily to an increase in credits to the economy of XOF 226.4 billion and an increase in net assistance to the State of XOF 279.7 billion.

A sectoral analysis of credits shows that they were directed primarily toward the "services" (34.3%), "trade" (25.3%), "industrial activities" (20.4%) and "transportation and communication" (12.0%) branches. The increase in net credit to the State reflects the subscription to public securities issued by the Government of Senegal on the sub-regional financial market.

Exchange Rate

Due to its membership in the WAEMU monetary zone, Senegal applies an exchange regime that is exempt from any restrictions on payments and transfers relating to normal international transactions.

The common currency of the WAEMU is the XOF (which is pegged to the Euro at a fixed exchange rate of: 1 Euro = XOF 655.957). This rate is fixed by multilateral unanimous decision (French Treasury and all WAEMU member States) and has not changed since the introduction of the Euro. Prior to this, it was fixed to the French franc. The only devaluation of the XOF occurred in January 1994, when it was sharply devalued by 50% by decision of all WAEMU member States to help exports from their countries.

The Banking Sector

Banking Environment

As of the end of December 2016, the Senegalese banking system comprised 27 credit institutions, 24 of which are banks, the remaining 3 being financial institutions with banking activities. The banking sector is relatively concentrated: the five biggest banks hold 54% of the total assets and collect 60% of the total deposits held by Senegalese banks as of 31 December 2016. The 3 largest institutions are subsidiaries of foreign banks (Société Générale, BNP Paribas and AttijariWafa Bank) and have an aggregate market share in terms of deposits, credits and total assets of 38%, 41% and 34%, respectively, as of December 2016. The banking sector is dominated by foreign banks: 16 credit institutions (including the three largest) are controlled by foreign banking corporations. No Senegalese bank is controlled by the State.

The regional stock exchange, BRVM, is a marginal source of financing, except for the Republic. The Interbank market remains underdeveloped.

A large number of microfinance institutions offer limited financial services targeting low-income households (see "—*Microfinance*").

Although relatively few Senegalese use banking services, the country has one of the largest banking industries in the region due to its role in the WAEMU, with 22.2% of WAEMU's banking assets concentrated in Senegal, and the country's banks accounted for about approximately 13% of profits within the WAEMU banking sector as of 31 December 2015.

The table below presents certain financial information regarding the Senegal banking sector for the years indicated:

	2012	2013	2014	2015	2016
			(XOF billion)		
Total assets	3,620.1	4,081.0	4,591.7	5,381.7	6,242.4
Non-financial assets	104.4	115.2	149.2	177.9	211.6
Financial assets	3,515.7	3,965.8	4,442.5	5,203.9	6,030.8
Currency and deposits	523.9	682.3	703.0	841.7	805.8
Loans (after specific provisions)	2,305.1	2,530.7	2,794.9	3,084.6	3,523.1
(i) Gross loans	2,531.5	2,789.8	3,115.6	3,461.7	3,947.5
(i.i) Interbank loans	25.1	29.1	64.5	67.7	169.1
(i.i.i) Resident	2.6	8.1	19.9	20.0	58.2
(i.i.ii) Non resident	22.6	20.9	44.6	47.6	110.9
(i.ii) Non interbank loans	2,506.3	2,760.7	3,051.1	3,394.6	3,778.4
(i.ii.i) Central Bank	20.0	0.0	0.5	0.0	0.0
(i.ii.ii) General government	103.0	100.2	186.4	318.9	453.1
(i.ii.iii) Other financial corporations	3.4	11.1	10.0	27.8	7.3
(i.ii.iv) Non-financial corporations	1,583.7	1,733.7	1,909.9	1,861.1	2,013.0
(i.ii.v) Other domestic sectors	786.7	894.6	936.7	1,129.6	1,235.4
(i.ii.vi) Non residents	9.0	21.0	7.7	56.6	69.6
(ii) Specific provisions	226.4	259.1	320.7	377.8	424.5
Debt securities	548.9	586.4	784.0	1,079.3	1,468.9
Shares and other equity	18.6	23.7	15.0	17.7	22.8
Financial derivatives	0.0	0.0	0.0	0.0	0.0
Other assets	119.3	142.8	145.7	180.5	210.3
Liabilities	3,201.9	3,620.9	4,111.9	4,855.0	5,668.0
Currency and deposits	2,703.6	2,860.0	3,277.4	3,898.3	4,305.9
(i) Customer deposits	2,508.2	2,622.2	3,038.3	3,679.2	4,073.4
(ii) Interbank deposits	181.3	189.1	231.7	209.5	219.9
(ii.i) Resident	12.5	8.0	5.5	18.3	10.9
(ii.ii) Non resident	168.8	181.1	226.2	191.2	209.0
(iii) Other currency and deposits	14.2	8.7	7.4	9.5	12.6
Loans	324.5	551.7	605.0	714.3	1,096.3
Debt securities	15.4	13.6	10.1	9.1	8.1
Other liabilities	158.4	195.6	219.4	233.3	257.7
Debt	3,201.9	3,620.9	4,911.9	4,855.0	5,668.0
Financial derivatives	0.0	0.0	0.0	0.0	0.0
Capital and reserves	418.2	460.1	479.8	526.7	574.5
Of which: Narrow capital and reserves	387.7	422.7	421.2	467.2	508.1

Balance sheet total	3,620.1	4,081.0	4,591.7	5,381.7	6,242.4

Sources: BCEAO

Banking Sector Performance

The minimum share capital requirement for banks operating in the WAEMU region was increased for newly created institutions from XOF 1 billion to XOF 5 billion in January 2008 and was further increased to XOF 10 billion in 2011. Banks already in operation have been granted a transitional period of two years expiring on 30 June 2017 to comply with the required thresholds.

According to the BCEAO, the capital adequacy ratio (core capital to risk-weighted assets) of Senegal's banks, which is calculated on the basis of Basel I principles (Cooke ratio), stood at 14.1% in 2016 and 17.3% in 2015, as compared to a minimum capital adequacy ratio set by the banking regulator at 8%.

With regards to the quality of the banks' loan portfolio, several banks in Senegal have suffered increases in the number of non-performing loans (NPLs) in their portfolios, in particular since 2008. These NPLs represent 7.6% of the banks' aggregate loan portfolios as at December 2016, as compared to 9.2% at the end of December 2015 and 8.9% at the end of December 2014. As a result, two banks are in breach of the minimal capital requirements of the BCEAO. To address this situation, action plans have been requested from these banks and their recapitalisation, by way of share capital increase subscribed by banks' shareholders, is well underway. The Government does not believe that the current level of NPLs poses a systemic threat.

The banking sector's strength lies in the relatively low interest rates in effect in Senegal: the average rate in 2015 was approximately 8.8% on all products, compared to an average rate of 8.2% in the WAEMU region. Net domestic credit stood at XOF 3,128 billion as of 31 December 2015 compared to XOF 2,755 billion at 31 December 2014, an increase of 13.5%, due mainly to an increase in the net position of Government and private sector credit. Stress tests carried out on the banking system have shown that banks are resilient in terms of solvability standards, with the exception of one institution. In addition, the tests emphasised an improvement in lending institutions' liquidity in the third quarter of 2016, following an increase in cash in hand (+26%) and in held-to-maturity securities portfolios (+8%). Overall, the banking system reflects the effects of the consolidation of capital and a development in activities promoting restored profitability after the deficit of 2014, as a result of the requirement to raise additional provisions imposed by the WAEMU Banking Commission in an effort to increase the quality of the portfolios of certain lending institutions. A marked improvement was recorded over the 2014-2016 period with regard to the quality of portfolios.

Profits for Senegalese banking sector are estimated at XOF 62.5 billion in 2016, as compared to profits of XOF 28.1 billion in 2015 and a loss of XOF 1.9 billion in 2014. The loss in 2014 was principally due to a large impairment recorded by one of the three largest credit institutions.

Indicators of financial stability are shown in the table below:

In %	**As of the end of December 2014**	**As of the end of December 2015**	**As of the end of December 2016**
Capital Standards			
Regulatory capital/Risk-weighted assets(1)	16.4	17.7	14.8
Core capital/Risk-weighted assets(1)	15.9	17.3	14.1
General provisions/ Risk-weighted assets	12.5	14.6	13.9
Equity capital/ Risk-weighted assets	10.5	9.8	9.2
Composition and quality of the assets			
Gross NPLs(2)/Total credits	18.4	18.8	17.2
General provisions/Gross NPLs	55.9	57.9	62.3
Liquidity			
Liquid assets/Total assets	49.8	51.0	53.4
Liquid assets/Total deposits	75.3	74.6	81.8
Total credits/Total deposits	85.3	83.8	86.5
Total deposits/Total liabilities	66.2	68.4	65.2

(1) These ratios are calculated on the basis of Basel I principles.
(2) Unpaid for over 180 days.
Source: BCEAO

Financing the Economy

Banks in Senegal offer commercial and retail banking services, and activities related to securities and private banking. The ratio of deposits to GDP was approximately 46.2% as of 31 December 2015 (as compared to 32% for the WAEMU). However, approximately 45% of loans are short-term credits, and the vast majority of loans are granted to a limited number of companies. This is due to Senegal's sizable informal sector, which operates entirely outside Senegal's established financial sector and therefore is generally not eligible for bank borrowing. In order to improve credit to the private sector, the State has sponsored the creation of the *Banque Nationale pour le Développement Economique* (BNDE), in which it holds approximately 34%. The core mission of the BNDE is to provide financing to SMEs.

The provision of new means of payment and new financial services in general has diversified, with mobile phones as a support device. The use of such mobile banking devices has significantly contributed to increasing access to financial services, which stood at 82.6% in Senegal in 2016 compared to 76.3% in 2015, while the bank-usage rate *stricto sensu* is estimated at 18.29% in 2016 as compared to 16.98% in 2015. WAEMU policy makers have identified financial inclusion as a key strategic theme. See *"– Financial Inclusion"* below.

An analysis of the structure of loans reported to the BCEAO's risk department revealed that the tertiary sector absorbed 71.6% of loans granted at the end of December 2016 and remains the principal beneficiary of bank financing. The secondary sector ranks second and accounts for 26.3% of bank loans. The primary sector remains the least financed, benefitting from only 2.2% of bank loans. Medium-term (five to seven years) and long-term (beyond seven years) loans, which are essential for real estate investments and other investment projects, represented 39.6% and 7.5%, respectively, of global loans.

Compliance with Prudential Regulations

The table below presents the prudential standards and the number of violations of prudential standards from December 2014 to December 2016:

Prudential Standards	**December 2014**	**December 2015**	**December 2016**
Number of banks in operation	20	23	24
1- Minimum share capital representation[(1)]	2	8	5
2- Risk coverage ratio (min: 8%)	1	2	2
3- Risk exposure coefficient (max: 25% of equity capital per borrower)	3	3	6
4- Liquidity coefficient (min.: 75%)	7	6	2
5- Coverage of medium- and long-term liabilities by stable resources (min.: 50%)	2	3	2
6- Investments (max.: 25% of minimum share capital)	0	0	4
7- Non-operating assets (max: 25% of FPB)	4	1	5
8- Assets and investments (max: 100% of FPE)	1	0	1
9- Loans to directors (max.: 20% of FPE)	3	3	3
Total number of violations	23	26	30

Source: BCEAO, prudential situations received by banks

(1) Institutions are given a grace period until June 30, 2017 to comply with the XOF 10,000 million threshold.

According to the BCEAO, compliance of banks in Senegal with prudential regulations is generally satisfactory. The Banking Commission issues quarterly reports on the banks' compliance with prudential regulations, along with steps required of the violating banks to address any violation identified. Several violations listed in the table above pertain to quarterly ratios (in the case of items 5, 6, 7 and 8) and, as such, do not necessarily constitute evidence of serious regulatory issues. However, monitoring all such violations allows the Banking Commission to more closely supervise banks' compliance and to anticipate more serious regulatory challenges. The table also lists 5 violations of the XOF 10,000 million minimum share capital representation in December 2016, but the relevant banks have taken appropriate steps to satisfy the Banking Commission's requirement by 30 June 2017. As for the 6 violations of the risk exposure coefficient in 2016, they reflect over-concentration in credits arising in the telecommunication sector, a situation which the relevant banks are looking to address under the supervision of the Banking Commission.

Basel II and Basel III Implementation

During its session held on 24 and 25 June 2016, the WAEMU Council of Ministers adopted the following regulations:

- The WAEMU's revised Banking Accounting Plan (BAP), which has been prepared on the basis of the IFRS standards;
- Prudential regulations implementing Basel II and Basel III Standards in the WAEMU; and

- Regulations relating to the supervision of parent credit institutions and financial institutions in the WAEMU on a consolidated basis.

These new regulations were presented to the banking sector between 16 and 20 January 2017 before their expected entry into force on 1 January 2018. A transitional period ending on 31 December 2017 will allow the subject institutions to take stock of these reforms and allow the BCEAO to monitor the preparedness of the credit institutions. The conditions of implementation of the BAP are specified by 13 directives already issued by the BCEAO. Revised prudential regulations will be based upon instructions to be issued by the WAEMU Banking Commission.

Microfinance

Microfinance represents a critical lever for the population's access to and use of basic financial services. The sector has remained dynamic over the past twenty years and has been primarily driven by the entry into force in January 2009 of the uniform law establishing Decentralised Financial Systems (DFS), regulations and implementing a sector stabilisation plan introduced by the Ministry of Economy, Finances and Planning, as well as an Action Plan to maintain and strengthen the microfinance sector's viability throughout the WAEMU.

At the end of December 2016, the microfinance sector was composed of 387 DFS, of which seven were established as *sociétés anonymes*, one as an association and 379 as *Institution Mutualiste et Coopérative d'Epargne et de Crédit* (IMCEC); 47 DFS are subject to the provisions of Article 44 of the law establishing DFS regulations and represent 93% of the sector's activities, of which 44% by the *Fédération des Caisses du Crédit Mutuel du Sénégal* (FCCMS). These structures are placed under the supervision of the BCEAO and the WAEMU Banking Commission. Microfinance institutions apply the same KYC and AML rules as the traditional banks.

In terms of activities, total assets amounted to XOF 496 billion as of 31 December 2016 compared to 420 billion as of 31 December 2015. Collected deposits increased by 13%, from XOF 254 billion as of 31 December 2015 to XOF 288 billion as of 31 December 2016. This increase is primarily due to three DFS that account for 80% of the sector's deposits. Outstanding loans made to members stood at XOF 332 billion as of 31 December 2016 compared to XOF 294 billion as of 31 December 2015, an increase of 12.9%.

The table below presents the performance of DFS from 2014 to 2016:

Microfinance sector performance	**2014**	**2015**	**2016[(1)]**
Net income (in XOF millions)	123	1,025	1,795
Net financial income (in XOF millions)	62,344	63,281	64,806
Profit margin (20% min)	3.28%	3.12%	7.52%
Operational self-sufficiency (130% min)[(2)]	102.99%	103.20%	108.14%
Return on equity (15% min)	2.99%	4.25%	6.70%
Return on assets (3% min)	0.74%	0.75%	1.44%
Operational coefficient (60% max)	75.50%	86.86%	74.37%

(1) Provisional figures
(2) This ratio shows the coverage of operating costs by operating revenues.
Sources: BCEAO

Financial stability indicators of DFS are set forth in the table below:

Indicators in %	**December 2014**	**December 2015**	**December 2016[(1)]**
Equity standards			
Limitation on risks taken on a single borrower (max: 10% of equity)	1	1	1
Limitation on loans to executives, employees and affiliated persons (max: 10% of equity)	11	11	10
Capitalisation standard (min 15% of equity)[(2)]	23.23	21.87	21.37
Limitation on other savings and loans activities	0	0	0
Limitation on equity stakes (max: 25% of equity)	4	0.23	0.21
Limitation on assets and investments (max : 100% des FP)	35	38	48
Equity/total assets[(2)]	23.23	21.87	21.37
Asset composition and quality			
Gross loans in default/total loans	4.9	4.6	4.5
General provisions/gross loans in default[(3)]	83.30	67.99	80.21
4 - Liquidity coefficient[(4)]			
(min: 80% IMCEC affiliated)	91	83	83
(min: 100% IMCEC unaffiliated)	105	145	113

Liquid assets/total deposits	29.43	31.89	33.40
Total loans/total deposits	116.41	112.16	115.56
Total deposits/total liabilities	58.35	61.05	60.44

Source: BCEAO

(1) Provisional figures
(2) This measure the ratio of equity capital to net assets.
(3) Unpaid for over 90 days.
(4) This coefficient measures the amount of assets realisable within three months or more to current liabilities of three months or more.

Prudential compliance

On the basis of DFS aggregate data at the end of December 2016, prudential standards are being met except for the ratio of loans to executives and employees. However, on an individual basis, there are violations with respect to the coverage of medium and long-term loans by stable resources, capitalisation, the limitation on loans to executives, employees and related individuals, and the liquidity coefficient.

The table below presents the number of violations with respect to prudential standards from December 2014 to December 2016.

Prudential standards	**December 2014**	**December 2015**	**December 2016[1]**
Number of Article 44 DFS active	38	39	42
1. Limitation on risks to which an institution is exposed (standard: Max. 200%)	1	-	-
2. Coverage of medium- and long-term loans by stable resources (standard: Max. 100%)	15	19	23
3. Limitation on loans to executives, employees and related individuals (standard: Max. 10%)	6	6	8
4. Limitation on risks taken on a single borrower (standard: Max. 10%)	2	2	4
5. Liquidity coefficient	7	6	8
6. Limitation on transactions other than savings and loans (standard: Max. 5%)	-	-	-
7. Capitalisation (standard: Max. 15%)	7	10	16
8. Limitation on equity stakes (standard: Max. 25%)	-	-	-
9. Financing of assets and investments (standard: Max. 100%)	1	1	5

Source: BCEAO

Risks for the microfinance sector

The major risks to which microfinance institutions in Senegal are exposed are related to poor governance and the deterioration of portfolio quality resulting from defaulting of loans. In addition, there are failures related to:

- under-capitalisation, due to insufficient equity;
- the weakness of Management Information Systems (*Systèmes d'Information de Gestion*, SIG);
- shortcomings relating to supervisory and internal control mechanisms;
- a lack of financial sophistication; and
- a lack of compliance with regulatory provisions.

To mitigate these risks, in addition to measures by regulatory and supervisory authorities focused on strengthening off-site and on-site controls and imposing sanctions, the Government approved a new Microfinance Sectoral Policy Letter (*Lettre de Politique Sectorielle de la Microfinance*) for Senegal in December 2015. This strategy aims to promote financial inclusion by implementing measures to extend distribution channels, digitising financial transactions, including the Government’s CMU related financial arrangements, and identifying and taking into account new needs with respect to mobile banking, agri-finance and Islamic finance. The action plan’s budget is estimated at XOF 100 billion, a third of which is already being funded. It is centered on the three following initiatives:

- increase the sector's safety and stability;
- improve supply and distribution channels; and
- strengthen the demand structure.

Financing of SMEs

Strengthening the financing of SMEs by the DFS is one of the major themes of the National Microfinance Strategy (*Stratégie nationale de la microfinance*). This strategy is also carried out through the Private Sector Support Platform (*Plateforme d'Appui au Secteur Privé*) and through amongst others a programme seeking to empower the Senegalese diaspora in Italy (PLASEPRI), arising from the cooperation between Senegal and Italy. This programme seeks in particular to create and strengthen local SMEs and promote investment in the native country of Senegalese individuals residing in Italy. 581 SMEs were financed for a total amount of XOF 13 billion over the 2010-2015 period. More specifically, financing of XOF 1.5 billion benefitted women in 200 groups, and 57% of investments were granted to the agricultural sector, thereby supporting the State's policy turning agriculture into an engine of structural transformation of the Senegalese economy. The second phase of the Private Sector Support Platform and the empowerment of the Senegalese diaspora in Italy, accounting for €13 million, was launched in May 2016. Furthermore, the BNDE has defined a cooperation framework with the Ministry of Finance to refinance micro-projects.

Financial inclusion

Among the measures and initiatives relating to financial inclusion is the approval of the Microfinance Sectoral Policy Letter and its 2016-2020 action plan, as well as the adoption by the WAEMU Council of Ministers, in June 2016, of the Regional Financial Inclusion Strategy (*Stratégie Régionale d'Inclusion Financière*, SRIF). The roundtable of donors to finance the SRIF in the WAEMU was held at the BCEAO's headquarters in November 2016. This strategy was prepared in a context characterised by the dominant role of microfinance and the strong expansion of financial services via mobile telephony and seeks to ensure, over a five-year period, access to and use of a diversified range of financial products and services, adapted and affordable, to 75% of the WAEMU's adult population. The strategic fields identified by the SRIF are as follows:

- Promote a legal and regulatory incentive framework, and effective supervision;
- Clean up and strengthen the microfinance sector;
- Support innovations favourable to greater financial inclusion;
- Strengthen financial education and the protection of the financial services client; and
- Provide a policy framework consistent with and conducive to the development of financial inclusion.

Moreover, as part of its activities in Senegal, the United Nations Capital Development Funds (UNCDF), through its Mobile Money for the Poor (MM4P) programme aiming to strengthen financial inclusion via digital finance, carries out measures to promote the digitalisation of financial institutions' procedures and the State's transactions. In collaboration with the World Bank, the Ministry of Economy, Finance and Planning has also begun preparing a national financial inclusion strategy.

Access to financial services is increasing, primarily due to the development of services of electronic money issuers and DFS. The table below shows changes with respect to financial inclusion rates monitored by the BCEAO:

Financial inclusion rates	**2014**	**2015**	**2016[(1)]**
Standard bank-usage rate (credit institutions, post offices, Treasury)	18.34%	16.98%	18.29%
Microfinance access rate	26.77%	26.36%	29.03%
Extended bank-usage rate (credit institutions, DFS, post offices, treasury)	45.10%	43.35%	47.32%
Electronic money access rate (electronic money issuers ("EMI"))	26.93%	32.95%	53.23%
Financial services usage rate (credit institutions, DFS, EMI, post offices, treasury)	72.03%	76.30%	82.62%

(1) Provisional figures
Source: BCEAO

In terms of outlook, the implementation of the following projects will contribute to maintaining and strengthening the sector's viability:

- DFS' access to payment systems and means of payment;
- the operationalisation of a centralised IT solution to gather DFS data and the IT solution of the Loan Information Department (*Bureau d'Information sur le Crédit*, BIC), which began operating in February 2016;
- a financial education programme for small and medium-sized enterprises and small and medium-sized industries (SME-SMI), initiated by the AfDB;
- implementation of the regional financial inclusion strategy;
- implementation of the new Microfinance Sectoral Policy Letter; and
- the Islamic Development Bank (IDB)'s financing of a programme to promote Islamic microfinancing in Senegal in an amount of XOF 35 billion.

Banking Regulator

The regulation of the banking sector is performed by the Banking Commission, which is responsible for monitoring the organization and control of banks and financial institutions. It meets at least once every quarter. It has a permanent secretariat composed of BCEAO officers, who prepare reports and studies concerning compliance by WAEMU credit institutions with liquidation and sound management rules. In order to fulfil its responsibilities, the Banking Commission has the following powers: (i) document inspection and on-site visits of banks and financial institutions, (ii) approval of banks and financial institutions operating on the territory of a WAEMU member state, (iii) implementation of administrative measures in case of non-compliance with applicable provisions (warning, injunction, disciplinary measures) and (iv) disciplinary sanctions depending on the seriousness of the violation (warning, reprimand, suspension or ban of some or all operations, limitations on practicing the profession, suspension or resignation of responsible executives, withdrawal of authorization).

Regional Stock Exchange

On 18 December, 1996, the eight member States of the WAEMU established a regional stock exchange, the *Bourse Régionale des Valeurs Mobilières* (BRVM). The BRVM is a specialised financial authority which is responsible for organising and ensuring the proper execution of securities transactions and proper information of the public.

The BRVM has the following functions: organising the market, managing the rating and trading of securities, publishing courses and stock market information and ensuring the promotion and development of the securities market. The BRMV has a representative from each WAEMU country. The BRVM is headquartered in Abidjan, Côte d'Ivoire. All trading is completed through intermediary companies, which also hold most of the securities for investors.

The BRVM is an entirely electronic stock exchange. The central site of the stock exchange in Abidjan ensures all of the quotation services, the negotiations and the diffusion of information. The BRVM is composed of a stock market which has a debt securities compartment and an equity securities compartment.

The Regional Council for Public Savings and the Financial Market is the regulatory body of the regional financial market. In 2012, this body strengthened market regulations to safeguard transactions and the interests of market actors. The introduction of financial ratings was made mandatory for market issuers. This mechanism strengthens the transparency of actors and aligns counterparty risks with credit conditions to increase market efficiency via a better allocation of resources.

In 2013, the BCEAO created the *Agence UEMOA-Titres*, an agency responsible for supporting and coordinating recourse to financial markets by WAEMU member states. The agency assists sovereign issuers in the region with respect to issues relating to capital markets and helps to organise relationships between sovereign issuers and investors, notably by publishing an annual calendar of all sovereign bonds issuances planned by WAEMU member states.

Stock Market

As of the date of this Prospectus, 43 companies have their equity listed on the BRVM market, including 33 Ivorian companies, three companies from Senegal, three companies from Burkina Faso and one each from Benin, Niger, Mali and Togo.

To measure the development of the listed companies' stock price, the BVRM has implemented two indices: the BVRM 10, grouping the 10 most liquid shares, and the BVRM composite, grouping together all of the listed companies.

The BRVM recorded a slight decrease of its benchmark indices in 2016 as compared to 2015 with the BRVM 10 falling from 290.38 in 2015 to 261.95 in 2016 and the BRVM composite falling from 303.93 in 2015 to 292.17 in 2016. However, capitalisation increased by XOF 206 billion from XOF 7,499 billion in 2015 to XOF 7,706 billion in 2016.

SONATEL, one of the three publicly traded companies incorporated in Senegal, is the BRVM's most heavily traded and largest stock. Viewed as the "engine" of the market, SONATEL had a market capitalisation of XOF 2,500 billion as of 30 December 2016.

The table below shows the evolution of BVRM 10 and of BVRM composite over the past three years.

	2014	**2015**	**2016**
BVRM 10	267.50	290.38	261.95
BVRM composite	258.10	303.93	292.17
Total capitalisation (in XOF billion)	6,319.72	7,499.67	7,706.27

Source: BRVM

Bond market

The BVRM is one of the most dynamic bond markets in Africa with 42 bonds listed as of 30 December 2016, for a total market capitalisation of XOF 2,509 billion.

The 42 bonds are made of 17 sovereign borrowings, 10 public and private sector borrowings, 10 borrowings by regional and international institutions, and 5 Sukuk. The sovereign borrowings, including the Sukuk, are the largest in the market and represent XOF 2,225.7 billion, or 88.7% of the total market capitalisation as of 30 December 2016.

2014-2021 Strategic Plan

The 2014-2021 Strategic Plan for the WAEMU regional financial market is centred around four key objectives:

- enhancing the attractiveness of the regional financial market and its contribution to financing WAEMU's economies;
- strengthening protections for savers, as well as monitoring market participants;
- improving regional and international institutional integration, and organisation, functioning and financing of all market players; and
- promoting the financial market at the WAEMU level and strengthening inter-African and international cooperation.

The major ongoing reforms consist of strengthening regional integration and increasing the stock market's impact on financing the economy. The BRVM and other ECOWAS stock markets are working to implement a mechanism for cross-transactions with stock markets in Lagos, Nigeria and Accra, Ghana. The possibility to take positions across these three markets should contribute to improving the depth of the WAEMU regional financial market. In addition, the BRVM plans to open a compartment dedicated to SMEs in order to position itself as an alternative to bank financing.

TAXATION

The comments below are of a general nature only and are based on the provisions currently in force. Prospective Noteholders should consult their tax advisers as to the applicable tax laws and specific tax consequences of acquiring, holding and disposing of the Notes.

Senegal

Under Senegalese law, the Notes are exempt from withholding tax, income tax and other similar taxes imposed by the Republic. As a result, holders of the Notes will not be subject to withholding tax, income tax or other similar taxes in Senegal in connection with their purchase, holding or sale of the Notes, including upon the payment of principal or interest.

United States

U.S. Federal Income Taxation

The following summary of certain U.S. federal income tax considerations of the purchase, ownership and disposition of the Notes by a U.S. Holder (as defined below) is based upon the U.S. Internal Revenue Code of 1986, as amended, final, temporary and proposed Treasury Regulations issued thereunder, and published judicial and administrative interpretations thereof, each as of the date hereof, and all of which are subject to change, possibly with retroactive effect.

This summary does not purport to be a complete analysis of all potential tax consequences. This discussion does not address all of the U.S. federal income tax consequences that may be relevant to an investor in light of such investor's particular circumstances or to investors subject to special treatment under U.S. federal income tax laws, such as non-U.S. investors, certain financial institutions, certain U.S. expatriates, insurance companies, retirement plans, dealers in securities or foreign currencies, traders in securities that elect mark-to-market tax accounting, U.S. Holders whose functional currency is not the U.S. dollar, partnerships (or entities treated as partnerships for U.S. federal income tax purposes), or partners therein, tax-exempt organisations, regulated investment companies, real estate investment trusts, persons subject to the alternative minimum tax and persons holding the Notes as part of a "straddle", "hedge", "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons that purchase the Notes for cash at original issue and at their "issue price" and that hold the Notes as capital assets for U.S. federal income tax purposes.

For purposes of this discussion, the term **U.S. Holder** means a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual that is a citizen or resident of the United States, (ii) a corporation created or organised in, or under the laws of, the United States, any state therein or the District of Columbia, or (iii) otherwise subject to U.S. federal income tax on a net income basis with respect to the Notes

This summary addresses only U.S. federal income tax consequences, and does not address consequences arising under state, local, foreign tax laws or the Medicare tax on net investment income. Prospective purchasers of the Notes should consult their own tax advisers concerning the tax consequences of investing in Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of other tax laws.

Payments of stated interest

Payments of stated interest on the Notes generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's usual method of accounting for U.S. federal income tax purposes. Interest income on a Note generally will constitute foreign source income for U.S. federal income tax purposes and generally will be considered "passive" income, which is treated separately from other types of income in computing the foreign tax credit that may be allowable to U.S. Holders under U.S. federal income tax laws. U.S. Holders should consult their own tax advisers regarding the calculation and availability of foreign tax credits.

Original Issue Discount

The Notes are expected to be issued with less than *de minimis* original issue discount for U.S. federal income tax purposes (**OID**). OID will be considered to be *de minimis* if it is less than 0.25% of the principal amount multiplied by the "weighted average maturity," as defined for U.S. federal income tax purposes. However, if the Notes are issued at a discount equal to or greater than *de minimis* OID, each U.S. Holder generally will be required to include OID in its income as it accrues, regardless of its regular method of tax accounting, using a constant yield method, possibly before such U.S. Holder receives any payment attributable to such income.

Sale, exchange and redemption of Notes

Generally, upon the sale, exchange or redemption of a Note, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange, or redemption (less any amount attributable to accrued but unpaid stated interest, which will be taxed as such) and such U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal the amount paid for the Note increased by the amount of OID, if any, included in the U.S. Holder's income with respect to the Note and decreased by any payments (other than stated interest payments) received by such holder with respect to the Note. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or redemption the Note has been held by such U.S. Holder for more than one year. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of taxation on long-term capital gain. The deductibility of capital losses by U.S. Holders is subject to limitations. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source.

Specified Foreign Financial Assets.

Individual U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of $50,000 are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which may include Notes issued in certificated form) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. Holders who fail to report the required information could be subject to substantial penalties. Prospective investors should consult their own tax advisers concerning the application of these rules to their investment in the Notes, including the application of the rules to their particular circumstances.

Information reporting and backup withholding

Information returns may be filed with the U.S. Internal Revenue Service (the **IRS**) (unless the U.S. Holder establishes, if requested to do so, that it is an exempt recipient) in connection with payments on the Notes (including, if any, OID accrued in the manner described above), and the proceeds from the sale, exchange or other disposition of Notes. If information reports are required to be made, a U.S. Holder may be subject to U.S. backup withholding if it fails to provide its taxpayer identification number, or to establish that it is exempt from backup withholding. The amount of any backup withholding imposed on a payment will be allowed as a credit against any U.S. federal income tax liability of a U.S. Holder and may entitle the U.S. Holder to a refund, provided the required information is timely furnished to the IRS.

U.S. Holders should consult their own tax advisers regarding any reporting obligations they may have as a result of their acquisition, ownership or disposition of Notes.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the participating Member States may decide to withdraw.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

CLEARING AND SETTLEMENT ARRANGEMENTS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the ***Clearing Systems****) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Republic believes to be reliable, but neither the Republic nor the Joint Lead Managers takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Republic and any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Republic as follows:

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

DTC

DTC has advised the Republic that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the clearance and settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (**DTCC**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants** and, together with Direct Participants, **Participants**). More information about DTC can be found at www.dtcc.com and www.dtc.org.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **DTC Rules**), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system (**DTC Notes**) as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Clauses are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Certificates, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participant's records.

Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's Money Market Instrument Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, relevant agents or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Plan of Distribution*" and "*Transfer Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC

Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depository with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depository is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Certificates from DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Registration and Form

Book-entry interests in the Notes sold in offshore transactions in reliance on Regulation S, held through Euroclear and Clearstream, Luxembourg will be represented by the Unrestricted Global Certificate registered in the name of a nominee of, and held by, a common depositary for Euroclear and Clearstream, Luxembourg. Book-entry interests in the Notes sold to QIBs in reliance on Rule 144A will initially be in the form of Restricted Global Certificates, held through DTC registered in the name of Cede & Co., as nominee for DTC, and held by a custodian for DTC. As necessary, the Registrar will adjust the amounts of Notes on the Register for the accounts of Euroclear, Clearstream, Luxembourg and DTC to reflect the amounts of Notes held through Euroclear, Clearstream, Luxembourg and DTC, respectively. Beneficial ownership of book-entry interests in Notes will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg and DTC.

The aggregate holdings of book-entry interests in the Notes in Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book-entry accounts of each such institution. Euroclear, Clearstream, Luxembourg or DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes. The Registrar will be responsible for maintaining a record of the aggregate holdings of Notes registered in the name of a common nominee for Euroclear and Clearstream, Luxembourg, a nominee for DTC and/or, if individual Certificates are issued in the limited circumstances described under "*The Global Certificates—Registration of Title*", holders of Notes represented by those individual Certificates. The Fiscal Agent will be responsible for ensuring that payments received by it from the Republic for holders of book-entry interests in the Notes holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be, and the Fiscal Agent will also be responsible for ensuring that payments received by the Fiscal Agent from the Republic for holders of book-entry interests in the Notes holding through DTC are credited to DTC.

The Republic will not impose any fees in respect of holding the Notes; however, holders of book-entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream, Luxembourg or DTC.

Clearing and Settlement Procedures

Initial Settlement

Upon their original issue, the Notes will be in global form represented by the two Global Certificates. Interests in the Notes will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Notes through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Notes will be credited to Euroclear and Clearstream, Luxembourg participants' securities clearance accounts on the business day following the Closing Date against payment (value as on the Closing Date). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Notes through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Notes following confirmation of receipt of payment to the Republic on the Closing Date.

Secondary Market Trading

Secondary market trades in the Notes will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream, Luxembourg or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Notes may be transferred within Euroclear and within Clearstream, Luxembourg and between Euroclear and Clearstream, Luxembourg in accordance with procedures established for these purposes by Euroclear and Clearstream, Luxembourg. Book-entry interests in the Notes may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Notes between Euroclear or Clearstream, Luxembourg and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream, Luxembourg and DTC.

General

None of Euroclear, Clearstream, Luxembourg or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the Republic nor any of their agents will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

PLAN OF DISTRIBUTION

The Republic intends to offer the Notes through the Joint Lead Managers and their broker-dealer affiliates, as applicable, named below. Subject to the terms of a subscription agreement dated 19 May 2017 among the Joint Lead Managers and the Republic (the **Subscription Agreement**), each of the Joint Lead Managers has severally agreed to subscribe for, or procure subscriptions for, and the Republic has agreed to issue to each of the Joint Lead Managers, the principal amount of the Notes set forth opposite each Joint Lead Manager's name below:

Joint Lead Managers	**Principal Amount of Notes**
Citigroup Global Markets Limited	US$220,000,000
J.P. Morgan Securities plc	US$220,000,000
Natixis	US$220,000,000
Société Générale	US$220,000,000
Standard Chartered Bank	US$220,000,000
TOTAL	**US$1,100,000,000**

The Republic will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities (including liabilities under the Securities Act), incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Republic.

The Subscription Agreement provides that the obligations of the Joint Lead Managers to subscribe for, or procure subscriptions for, the Notes are subject to approval of legal matters by counsel and to other conditions. The Joint Lead Managers must subscribe and/or procure subscriptions for all the Notes if they subscribe for or procure subscriptions for any of the Notes. The offering of the Notes by the Joint Lead Managers is subject to receipt and acceptance and subject to the Joint Lead Managers' right to reject any order in whole or in part.

The Republic has been informed that the Joint Lead Managers propose to offer the Notes at the offering prices set forth on the cover page of this Prospectus within the United States to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A) in reliance upon Rule 144A, and outside the United States in reliance upon Regulation S. See "*Transfer Restrictions*" and "*– Subscription and Sale*".

Offers and subscriptions of the Notes in the United States will be made by those Joint Lead Managers or their affiliates that are registered broker-dealers under the US Securities Exchange Act 1934, as amended (the **Exchange Act**), or in accordance with Rule 15a-6 thereunder.

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "*Transfer Restrictions*" and "*– Subscription and Sale*".

Accordingly, until 40 days after the commencement of this offering, an offer or sale of Notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

The Notes will constitute a new class of securities of the Republic with no established trading market. The Republic cannot provide any assurances to Noteholders that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering. The Joint Lead Managers have advised the Republic that they currently intend to make a market in the Notes. However, they are not obligated to do so, and they may discontinue any market-making activities with respect to the Notes at any time without notice. Accordingly, the Republic cannot provide any assurances to Noteholders as to the liquidity of or the trading market for the Notes.

In connection with the offering, the Joint Lead Managers may purchase and sell Notes in the open market. These transactions may include overallotment, syndicate covering transactions and stabilising transactions. Overallotment involves the sale of Notes in excess of the principal amount of Notes to be subscribed for by or through by the Joint Lead Managers in this offering, which creates a short position for the Joint Lead Managers. Covering transactions involve the purchase of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilising transactions consist of certain bids or purchases of Notes made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Joint Lead Managers may conduct these transactions in the over-the-counter market or otherwise. If the Joint Lead Managers commence any of these transactions, they may discontinue them at any time.

The Republic expects that delivery of the Notes will be made against payment therefor on the closing date specified on the cover page of this Prospectus, which will be the fifth New York Business Day following the date of this Prospectus (this settlement cycle being referred to as "T+5"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three days on which banks and financial institutions are open for business in New York (**New York Business Days**), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of this Prospectus or the next succeeding New York Business Days will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade Notes on the date of this Prospectus or the next succeeding New York Business Days should consult their own adviser.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory investment management, principal investment, hedging, financing and brokerage activities. The Joint Lead Managers or their respective affiliates may have performed investment banking and advisory services for the Republic and its affiliates from time to time for which they may have received customary fees and expenses. The Joint Lead Managers or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for the Republic and its affiliates in the ordinary course of their business. As one particular example, some or all of the Joint Lead Managers and the Issuer are intending to enter into swap documentation to hedge the U.S. dollar exposure represented by the Notes. The Joint Lead Managers will be paid a transaction fee to provide this service to the Issuer.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Republic. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Republic may hedge their credit exposure to the Issuer consistent with their customary risk management policies. Such Joint Lead Managers and their affiliates may hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in securities (potentially including the Notes). Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In March 2017, Senegal entered into the Bridge Loan for an amount of US$150 million with Standard Chartered Bank and Citibank. The Republic intends to use a portion of the proceeds of the issue of the Notes described in this Prospectus to repay the Bridge Loan in full. See "*Use of Proceeds*" and "*Public Debt─Overview─External Debt*".

Subscription and Sale

General

No action has been taken by the Republic or any of the Joint Lead Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Lead Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

United States

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only (a) outside the United States to persons in offshore transactions in reliance on, and in compliance with, Regulation S and (b) in the United States to QIBs as defined in the Securities Act, in reliance on, and in compliance with, Rule 144A.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Each Joint Lead Manager has agreed that it has offered and sold, and will offer and sell, the Notes only in accordance with Rule 903 of Regulation S or Rule 144A. Accordingly, neither such Joint Lead Manager nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Republic; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

West African Economic and Monetary Union

Each Joint Lead Manager has represented and agreed that it will not offer or sell the Notes into the member countries of WAEMU.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Joint Lead Manager has represented and agreed that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is:

a) an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the **DFSA**); and

b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA Rulebook.

Switzerland

In Switzerland, this Prospectus is not intended to constitute an offer or solicitation to purchase or invest in Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations nor a simplified prospectus as such term is understood pursuant to Article 5 of the Swiss Collective Investment Scheme Act, and neither this Prospectus nor any other offering or marketing material relating to the Notes may or will be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering of the Notes has been or will be filed with or approved by any Swiss regulatory authority. The Notes do not constitute a participation in a collective investment scheme in the meaning of the Swiss Collective Investment Schemes Act and are not subject to the approval of, or supervision by, any Swiss regulatory authority, such as the Swiss Financial Markets Supervisory Authority, and investors in the Notes will not benefit from protection or supervision by any Swiss regulatory authority.

TRANSFER RESTRICTIONS

Due to the following significant transfer restrictions applicable to the Notes, investors are advised to consult legal counsel prior to making any reoffer, resale, pledge, transfer or disposal of the Notes.

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold (1) in the United States only to persons reasonably believed to be "qualified institutional buyers," which are referred to as QIBs, as defined in Rule 144A under the Securities Act in compliance with Rule 144A and (2) to persons outside the United States (**foreign purchasers**) in offshore transactions pursuant to Regulation S under the Securities Act.

By its purchase of Notes, each purchaser of Notes will be deemed to:

(a) represent that it is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is (i) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A or (ii) a foreign purchaser;

(b) acknowledge that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except as set forth below;

(c) if it is a person other than a foreign purchaser, agree that if it should resell or otherwise transfer the Notes within the time period referred to in Rule 144 under the Securities Act after the original issuance of the Notes, it will do so only (A) (i) to the Issuer, (ii) to a QIB in compliance with Rule 144A, (iii) outside the United States in an offshore transaction in compliance with Rule 903 or 904 of Regulation S under the Securities Act or (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) but only upon delivery to the Issuer of an opinion of counsel in form and scope satisfactory to the Issuer and (B) in each case in compliance with all applicable securities laws of the States of the United States. No representation can be made as to the availability at any time of the exemption provided by Rule 144A or Rule 144 for the resale of the Notes;

(d) agree that it will deliver to each person to whom it transfers Notes notice of any restriction on transfer of such Notes;

(e) understand and agree that Notes initially offered in the United States to QIBs will be represented by one or more Restricted Global Certificates and that Notes offered outside the United States in offshore transactions pursuant to Regulation S will be represented by one or more Unrestricted Global Certificates;

(f) understand that unless registered under the Securities Act, the Notes (other than those issued to foreign purchasers) will bear a legend to the following effect, unless otherwise agreed by the Issuer and the holder thereof:

THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY SECURITIES LAW OF ANY STATE IN THE UNITED STATES OF AMERICA, AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED BY THE FOLLOWING SENTENCES. THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED, ACKNOWLEDGES AND AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A)(l) TO THE ISSUER, (2) IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (4) IN A TRANSACTION THAT IS OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT BUT ONLY IF AVAILABLE AND UPON DELIVERY TO THE ISSUER OF AN OPINION OF COUNSEL IN FORM AND SCOPE SATISFACTORY TO THE ISSUER; AND (B) IN EACH CASE IN COMPLIANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES;

(g) acknowledge that the Issuer and the Joint Lead Managers will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements, and agree that if any of the acknowledgments, representations or warranties deemed to have been made by it by its purchase of Notes are no longer accurate, it shall promptly notify the Issuer and the Joint Lead Managers; and

(h) if it is acquiring Notes as a fiduciary or agent for one or more investor accounts, represent that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

GENERAL INFORMATION

Authorisation

The Republic has obtained all necessary consents, approvals and authorisations in the Republic of Senegal in connection with the issue and performance of the Notes. The issue of the Notes was authorised pursuant to the budget of the Government of the Republic of Senegal promulgated in December 2016.

Listing and Admission to Trading

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. It is expected that admission of the Notes to trading will be granted on or before the next working day after the Issue Date. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

The total expenses related to the admission to trading of the Notes are expected to be approximately €5,000.

Clearing Systems

Application has been made for acceptance of the Restricted Global Certificates into DTC's book-entry settlement system. The Unrestricted and Restricted Global Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Unrestricted Global Certificates is XS1619155564 and for the Restricted Global Certificates is US81720TAC99. The Common Code for the Unrestricted Global Certificates is 161915556 and for the Restricted Global Certificates is 162003801. The CUSIP number for the Restricted Global Certificates is 81720TAC9.

No significant change

Since 31 December 2016, there has been no significant change in the tax and budgetary systems, gross public debt, foreign trade and balance of payments, foreign exchange reserves, financial position and resources and income and expenditure figures of the Republic save as disclosed in the second paragraph of the subsection entitled "Outlook for 2017 and beyond" on page 69 of this Prospectus.

Litigation

Save as referred to in "Republic of Senegal – Legal Proceedings", the Republic is not, nor has it been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Republic is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or 'profitability' of the Republic.

Documents

For so long as any of the Notes remains outstanding, copies of the following documents will be available for physical inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the specified office of the Fiscal Agent:

(a) the Agency Agreement which includes the forms of the Global Notes; and

(b) the budget of the Republic for the last two fiscal years.

Joint Lead Managers transacting with the Republic

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Republic and its agencies in the ordinary course of business.

Yield

On the basis of the issue price of the Notes of 100% of their principal amount, the yield on the Notes is 6.250% on an annual basis. This is not an indication of future yield.

Third Party Information

The Republic confirms that where information included in this Prospectus has been sourced from a third party, that information has been accurately reproduced and that as far as the Republic is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. All sources have been cited where used.

Interested Persons

No person involved in the offering of the Notes has any interest in such offering which is material to such offering.

Language

The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Issuer Contact Information

Address:	Ministry of Economy, Finance and Planning P.O. Box 4017, Dakar Senegal
Tel.:	+221 33 889 21 04/05

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon on behalf of the Republic of Senegal by or on behalf of the *Agent Judiciaire de l'Etat* of the Republic of Senegal at the Ministry of Economy, Finance and Planning, Dakar, Senegal, and by Cleary Gottlieb Steen & Hamilton, special English and United States counsel for the Republic. Certain legal matters will be passed upon for the Joint Lead Managers by Allen & Overy LLP, special English and United States counsel for the Joint Lead Managers, and by S.C.P. François Sarr & Associés, special Senegalese counsel to the Joint Lead Managers. All statements with respect to Senegalese law included in this Prospectus have been passed upon by the *Agent Judiciaire de l'Etat* of the Republic of Senegal and are made upon his authority.

THE ISSUER

Republic of Senegal
Ministry of Economy, Finance and Planning
P.O. Box 4017, Dakar
Senegal

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United Kingdom

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United Kingdom

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France

Société Générale
29, boulevard Haussmann
75009 Paris
France

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