

## SENEGAL

CWA REFORM COMMITMENTS IN 2018	PROGRESS ON REFORM COMMITMENTS SINCE 2018	ADDITIONAL REFORM INITIATIVES	PARTNER SUPPORT
<b>Macro Framework:</b>			
<b>Macro stability:</b>			
Reduce fiscal deficit	<p>COVID-19 has derailed fiscal consolidation efforts and the 2020 headline deficit was 6.5 percent of GDP. WAEMU Finance Ministers agreed to converge to the 3 percent target by 2023.</p> <ul style="list-style-type: none"> <li>VAT refund for firms faster and more efficient.</li> </ul>	<p>Fiscal space will be key for recovery and fiscal sustainability:</p> <ul style="list-style-type: none"> <li>Implementation for the Medium Term Revenue Strategy (MTRS)</li> <li>VAT exemptions rationalization</li> </ul>	World Bank (DPO, PER) IMF PCI
Ensure debt sustainability	<p>Public Debt remains sustainable.</p> <p>New monitoring framework for annual evaluation of progress on MTDS.</p>		World Bank (DPO and SDFP PPAs) IMF PCI
Reduce current account deficit	<p>COVID shock increased CAD. However, imports were largely induced by investment related to oil/gas development.</p>	<p>Fiscal management of oil/gas revenues that will come onstream by 2023</p>	World Bank IMF
<b>Domestic Resources mobilization:</b>			
Modernize tax and customs administrations	<p>The Tax administration embarked on series of reforms which led to the adoption of an e-filing system for large and some medium size firms. These firms can now download and submit tax declaration forms electronically and pay on-line for some of them. In addition, the process of risk assessment has slightly improved.</p>	<p>Enhance the digitization of tax administration and improve the tax compliance</p>	World Bank
Special economic Zone Law	<p>A <u>new SEZ law</u> was adopted in 2017 so it would be interesting to know exactly what the structural reform is meant to achieve here.</p>		
Rationalize tax expenditures	<p>Under the Mid-Term Revenue Strategy (MTRS) program agreed to with IMF and WB, the MinFin committed to an in-depth review of tax incentives</p>	<p>Rationalize VAT tax exemptions that lack progressivity</p>	World Bank (DPO) IMF
Alignment of Senegal's transfer pricing regime and anti-abuse rules with good international practice.	<p>Reforms were implemented to improve the macroeconomic framework (transfer pricing regime and use of integrated projects bank for public investment)</p>		
Strengthening local tax administration capacity and local tax reform	<p>Local fiscal commission established in some local Government</p> <p>Since March 2018, the <u>"patente" was replaced by the "contribution economique locale"</u>, which remains a slightly complex tax handle, however, the main improvement is that contrary to the "patente" it is more investment-conducive as it doesn't tax productive assets such as machinery etc.</p>	<p>PACASEN project supports the expansion of local fiscal commission</p>	World Bank

### Public investment management:

Introduce a precautionary reserve			
Establish an integrated project bank describing their life cycle			
Establish a public investment selection Committee	First phase of reform program Plan d'Actions Prioritaires (PAP) allowed both public and private investment to increase and boost key sectors, including agriculture, energy, construction, and infrastructure; continuation under PAP2		
Facility to finance PPP preparatory studies required for technical structuring, financial and legal set-up, et			WB support proposed through forthcoming operation
Finalization and harmonization of the institutional and legal framework on PPPs	PPP law adopted 22 January 2021; implementing decree in preparation as of 4 March 2021,	Creation and operationalizing of a PPP unit and PPP funds.	World Bank (DPO and P4R, TA) IMF PCI

### Performance of public services:

Improve access of citizens and stakeholders to economic and financial information			
Upgrade public administration: implement an integrated approach to modernizing public administration; professionalize human resources management, etc.			

### Business Framework:

#### Investor protection and disputes resolution:

Systematize and professionalize the amicable settlement of disputes	The legal framework for (a) arbitration was modernized in 2017 through a revision of OHADA Uniform Act, and (b) mediation and conciliation through a 2014 Decree.		IFC/WB on OHADA reforms.
Operationalize the commercial court (electronic referral, training of legal assistants, mediation)	Reforms were implemented to improve ease of doing business (Commercial Court, electronic operations, G2B services, registering property and competition in key markets)		
Establish an electronic register of guarantees	OHADA law established the Registre du Commerce et du Credit Mobilier (RCCM), which in Senegal is administrated by the Ministry of Justice under the name <u>SeninfoGREFFE</u> .		
>Operationalize the electronic Company and Moveable Credit Registry (eRCCM)	This is linked to the above. While more reforms could be done to fully operationalize an eRCCM, at least both company and moveabl collateral registries are searchable.		

Improve the investment climate beyond the Dakar metropolitan area, by creating one-stop-shops in at least three economic centers outside Dakar	Under the PDTE, at least one One-Stop-Shop was operationalized in Saint-Louis, with plans to develop another one in the Saly/Mbour area, and a third one in the Ziginchor area.		World Bank
<b>Reforms / actions to strengthen governance and investment climate:</b>			
Simplify land registration procedures and transfer of ownership	Reforms were implemented to improve ease of doing business (Commercial Court, electronic operations, G2B services, registering property and competition in key markets)		
Simplify and harmonize taxes and charges levied by local authorities	Beyond the replacement of the patente with CEL in 2018, no other progress that I am aware of.		WB Urban Project
Electronic payment of fees for the administrative acts and taxes	Under DPO3, the GoS (i) operationalized digital consultation of taxes (through the Ministry of Finance's personalized taxpayer webpage, "my personal space"), which covers at least 10 percent of eligible taxpayers.  The GoS is also working on developing mTax it will be aimed at enabling mobile payment of small taxes and fees		World Bank DPO3 AfDB
Strengthen competition policy and practices in key sectors (telecoms, agribusiness, etc.)	Reforms were implemented to improve ease of doing business (Commercial Court, electronic operations, G2B services, registering property and competition in key markets)  On Telecoms: a new sector law (and some of its key decrees) was adopted and facilitates the entry of new players; 3 ISPs entered the telecom market under the authorization regime; 4G frequencies were attributed to Tigo/Free introducing competition on 4g; dominant players ARTP regulation was strengthened, and an international call for tenders for the concessioning of the ADIE public fiber optic network was launched in november 2019. In 2020 the GoS requested the WB support for a digital operation that would continue supporting pro-competition reforms in telecoms.	The full achievement of the reform regarding the concessioning of the ADIE public fiber optic network is facing implementation delays despite repeated government commitments. The WB is supporting the continuation of this process through DPO dialogue.	World Bank (DPO, TA) Note: Criticality of the ADIE reform for digital inclusion and digital transformation (especially at the public administration level).
Develop the Dakar-Mbour-Thies Triangle of Prosperity in anticipation of the future economic and demographic growth around the capital city of Dakar	Two new ports are being developed: Sendou (30km south of Dakar for bulk/minerals) and Ndayane (50km south of Dakar for containers).  Development of the transport hub around the AIBD airport, and the development of the Diamniadio area (both as an administrative center, industrial parks/SEZ, and as a new city/residential development.		
Support to the regional pilot project for market development (in CFAF) for long-term bonds			
Create a risk mitigation fund by issuing bonds			

<p>Address structural issues impeding lending to SMEs</p>	<p>Credit Bureaux; On December 31, 2019, Senegal has issued a decree allowing the regional credit bureau to collect data from utility companies in order to increase the % of the senegalese population recorded in the Credit Bureau.</p>	<p>Institutional strengthening of the FONGIP, a public partial credit guarantee scheme. Increase availability to long term resources for banks, such as La Banque Agricole, active in tree crop financing.</p>	<p>KfW, CDP, World Bank</p>
<p>Supporting access to finance in the agriculture sector using warehouse receipt financing</p>	<p>Following the adoption of the warehouse receipt system (WRS) law in 2017, WRS regulations have been enacted in 2019 and in 2021 the WRS regulatory agency has been setup in Feb 2021 (ORSRE, <i>Organe de régulation du système de récépissé d'entrepôt</i>). A WRS demonstration pilot was organized in 2020 in the cashew sector by the Ministry of Commerce and SME, 4 financial financed \$1.5M on 2.100 metric tons of raw cashew nuts.</p>	<p>Institutional strengthening of ORSRE and development of an incentive framework to promote investments in warehousing services and infrastructures.</p>	<p>IFC, World Bank</p>