



Report to G20 Compact with Africa Senegal Policy Matrix

Goal: Improve framework conditions for private investment (domestic and foreign)

Focus Areas	Government action	Indicators and targets	Partners' support
1. Macroeconomic framework			
Macroeconomic stability	<ul style="list-style-type: none"> ➤ Reduce fiscal deficit ➤ Ensure debt sustainability ➤ Reduce current account deficit <p>As defined in the authorities' PSI (Policy Support Instrument) program with the IMF to support the PSE</p>	<p>1. Reduce the fiscal deficit to 3% of GDP in 2019 The 2018 draft budget shows a deficit of 3.5 percent of GDP.</p>	<p>IMF : raising fiscal revenues, improving governance and debt management January 2018 workshop on economic diversification World Bank : Financial and institutional diagnostic of the Postal Service Fiscal contingent Liabilities in Senegal Study Rationalization of expenses and better choice of projects France offers to support (i) economic and financial stability through technical assistance for capacity building and improved governance ; (ii) the continued improvement of public utilities in Senegal EU: Budget support 2019-2021 will target macroeconomic stability</p>
Domestic Resources mobilization	<ul style="list-style-type: none"> ➤ Modernize tax and customs administrations ➤ Special economic Zone Law <p>- 50-year income tax holiday replaced with a 15 percent tax rate with no exemptions</p> <p>- Current regime: Exporting firms exempted from VAT. To open space to SMEs and encourage FDI whilst avoiding the need for prior controls, all firms pay VAT, but rapid refund system put in place for exporting firms</p> <ul style="list-style-type: none"> ➤ Rationalize tax expenditures ➤ Alignment of Senegal's transfer pricing regime and anti-abuse rules with good international practice. ➤ Strengthening local tax administration capacity and local tax reform 	<p>2. Increase tax take to at least 20% of GDP over the next three to five years based on rebased GDP</p> <p>3. Rapid refund system put in place in the 2018 supplementary budget or in the 2019 budget.</p> <p>4. Revised transfer pricing regime submitted to parliament and approved.</p>	<p>IMF : rationalizing tax expenditures and review of petroleum tax code, WBG: regional program on transfer pricing (in partnership with OECD) and international taxation (tax treaties) in the context of the assistance program for West Africa / Multidimensional review / Policy Dialogue on Natural Resource-Based Development (PD-NR) WBG: Municipalities and Agglomerations Support Project WBG Enhancing Gas Market Governance AFD (France): Support to tax administration in its activities to mobilize local tax revenues (PAGIS) Japan : development of tax systems and administration in line with international standards, such as the BEPS agreements. EU: (contribution to the Revenue Mobilization Trust fund) DRM Through Simpler Tax System and Stronger Administration</p>
Public Investment Management	<ul style="list-style-type: none"> ➤ Introduce a precautionary reserve ➤ Establish an integrated project bank describing their life cycle; 	<p>5. 100% of new projects financed by own-resources in the 2018 budget will come from the integrated projects bank and all of those projects in the 2019 budget will have</p>	<p>IMF : training workshops on investment selection process Germany (GIZ) : training workshops on ex ante evaluation</p>



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	<ul style="list-style-type: none"> ➤ Establish a public investment selection Committee. 	<p>been reviewed by the public investment selection committee</p>	<p>World Bank : supporting public investment management United Nations : strengthening capacity building for feasibility studies</p>
Performance of public services	<ul style="list-style-type: none"> ➤ 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. 	<p>6. Improve from 10th to 8th in the Mo Ibrahim Governance rank According to results published in November 2017, Senegal has shown signs of "accelerated progress" in global governance over the past five years. Senegal scored 61.6 out of 100 in overall governance, ranking 10th out of 54 countries in Africa</p> <p>7. Improve to at least 50 in all percentile rankings of the WB Governance Indicators</p>	<p>World Bank: Support to the Integrated Financial Management Information System (IFMIS) USAID: Support for the implementation of the transparency code AfDB: Capacity development support for the new PSE M & E (monitoring and evaluation) facility Germany (GIZ): Capacity building support for transition to program budgeting and performance management Luxembourg: Support for transition to program budget and operational planning EU: Strengthening programming and budget preparation, payroll management and performance contracts with agencies</p>
2. Business Framework			
Investor protection and disputes resolution	<ul style="list-style-type: none"> ➤ Systematize and professionalize the amicable settlement of disputes ➤ Operationalize the commercial court (electronic referral, training of legal assistants, mediation) ➤ Establish an electronic register of guarantees ➤ Operationalize the electronic Company and Moveable Credit Registry (eRCCM) ➤ Improve the investment climate beyond the Dakar metropolitan area, by creating one-stop-shops in at least three economic centers outside Dakar 	<p>8. Reduction of trade dispute resolution timeframe from 680 days to 500 days</p> <p>9. Fully operating Commercial Court implemented by 2019</p> <p>10. Fully operating Electronic Register of Guarantees implemented by end 2019</p> <p>11. Fully operating electronic RCCM, allowing companies to register online, as well as research the database of companies online. Facilitates business creation and strengthens information and transparency on business sector and credit.</p> <p>12. By bringing government-to-business services online or closer to businesses located outside Dakar metro, this will substantially reduce compliance time and costs, and will spur business activity, investment and formalization beyond the Greater Dakar area.</p>	<p>WBG: technical assistance underway to support the new Commercial Court. Deepen assistance on the arbitration / mediation framework. OECD: Analysis of petroleum legislation based on the policy framework for investment and OECD instruments on responsible business conduct, including the OECD due diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas. EU: External investment Plan : technical assistance and structured dialogue to enhance investment climate WBG: technical assistance on investment climate and investment lending through Tourism & Enterprise Development Project. WBG: technical assistance to reinforce and improve existing retail financial consumer protection framework and dispute resolution mechanisms (assistance to the BCEAO to improve and review the regional</p>



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			financial consumer protection framework)
Facilities for project preparation and use of standard clauses in PPP	<ul style="list-style-type: none"> ➤ Accompany pilot countries in PPPs: financing preparatory studies required for technical structuring, financial and legal set-up, etc. ➤ Finalization and harmonization of the institutional and legal framework on PPPs 	13. Double the share of FDI: from 3% of GDP in 2015 to 6% in 2020	<p>OECD: Policy framework for investment and analysis of the institutional and legal framework for public-private partnerships</p> <p>African Development Bank : strengthening capacity building for PPP</p> <p>France will pay specific attention to the promotion of PPPs, in particular through the France-World Bank initiative</p>
Reforms / actions to strengthen governance and investment climate	<ul style="list-style-type: none"> ➤ Simplify land registration procedures and transfer of ownership ➤ Simplify and harmonize taxes and charges levied by local authorities ➤ Electronic payment of fees for the administrative acts and taxes ➤ Strengthen competition policy and practices in key sectors (telecoms, agribusiness, etc.) <p style="color: red;">➤ develop the Dakar-Mbour-Thies Triangle of Prosperity in anticipation of the future economic and demographic growth around the capital city of Dakar</p>	14. Improve from 142 (2017) to 132 (2019) in the Registering Property indicator in Doing Business 15. Improve from 144 (2017) to 134 (2019) in the Enforcing Contracts indicator in Doing Business 16. Improve from 174 (2017) to 150 (2019) in the Paying Taxes indicator in Doing Business 17. Review of national competition framework vis a vis UEMOA 18. Enhanced competitive practices in key sectors, opening up markets for private investment	<p>WBG: Technical assistance to develop a national strategy which will also cover actions to improve and develop electronic payments (assistance to the BCEAO to promote electronic payments and review framework at the regional level)</p> <p>WBG: technical assistance on investment climate and investment lending through Tourism & Enterprise Development Project.</p> <p>OECD : support to remove bottlenecks for FDI</p> <p>Japan : investment for quality infrastructure development (e.g., sea water desalination plant)</p> <p>EU: Budget support 2019-2021 will target improving business climate</p> <p>World Bank: technical assistance on competition policy and sector assessments</p> <p style="color: red;">Partners : TBD. Technical assistance is required. (The proposal of Singapore Cooperation Enterprise is about 3,816,000 USD)</p>
3. Financing framework			
Attract institutional investors	<ul style="list-style-type: none"> ➤ Support to the regional pilot project for market development (in CFAF) for long-term bonds 	26. Adapt regulatory texts by 2019	IMF / BCEAO WBG: On-going work by J-CAP initiative with the BCEAO to improve regulatory framework for capital market / bond issuances
Reduce the risk perception	<ul style="list-style-type: none"> ➤ Create a risk mitigation fund by issuing bonds 	27. Fully functioning mitigation fund, with a USD *** million initial capital, by end 2018.	AFD is working on a public payment guarantee and an equity fund, mainly focused on Africa. Both tools will contribute to reduce perceived and investment risks and



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			propose Senegal to be a key country of implementation IFC and MIGA IDA PSW already available to reduce risk for private sector projects in Senegal. MIGA PRI addresses specific political risks.
Facilitate lending to the private sector	➤ Address structural issues impeding lending to SMEs	28. Reforms to require data to be shared with credit bureau (drawing on example in Cote d'Ivoire) and make collateral easier to recover.	<u>WBG</u> : Assistance to develop a strategy to identify a prioritized action plan of reforms to promote SME access to finance.