SENEGAL

Population[1] million	Poverty[2] millions living on less than $2.15/day
18.5	1.7
Life expectancy at birth[3] years	School enrollment[4] primary (% gross)
67.9	82.6
GDP[5] current US$, billion	GDP per capita[6] current US$
34.3	1856.1

Sources: WDI, MFMod, and official data. 1/ 2024. 2/ 2021 (2017 PPPs). 3/ 2022. 4/ 2023. 5/ 2024. 6/ 2024.

GDP growth is estimated at 5.8 percent in 2024, up from 4.3 percent in 2023, driven by hydrocarbon production, while solid agricultural growth and lower inflation—averaging 0.8 percent—reduced extreme poverty incidence to 8.4 percent. An audit confirmed significant under-reporting of fiscal deficits and public debt between 2019–2023. Emerging macro-fiscal management complexities, trade policy shifts and rising global uncertainties pose challenges to Senegal's economic outlook.

Key conditions and challenges

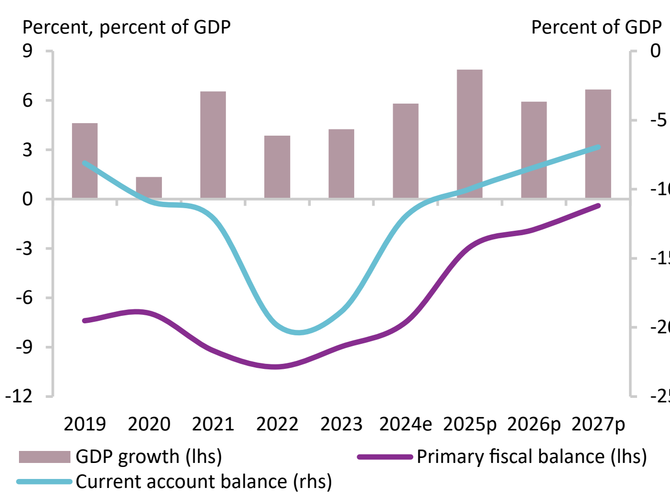
Despite healthy economic growth driven by new hydrocarbon production, fiscal management challenges now dominate Senegal's development path. On 12th February, a Court of Auditors' report requested by the incoming government in a push for transparency showed higher historical deficit and debt levels. Costly energy subsidies add strain to public finances. Meanwhile, structural issues, including human capital deficits, weak formal employment, low labor productivity, and high youth emigration, persist alongside external shocks like climate change and regional instability, impeding growth and poverty reduction. To ensure sustained and inclusive development, assertive fiscal consolidation is needed alongside government's commitment to transparency, improving the investment climate and managing natural resources effectively.

Recent developments

Overall, real GDP growth is estimated at 5.8 percent (3.4 percent in per capita terms) in 2024 driven by a +15.5 percent surge in crude oil extraction. Senegal's non-oil GDP growth slowed to 3.5 percent in 2024, down from 4.3 percent in 2023, largely due to political turmoil surrounding the 2024 presidential election which disrupted economic activity, particularly in the tertiary sector. The agricultural sector performed well, supported by adequate rainfall, though affected by severe flooding in the north and northeast. The start of hydrocarbon production significantly boosted growth, offsetting much of the non-oil sector's weak performance.

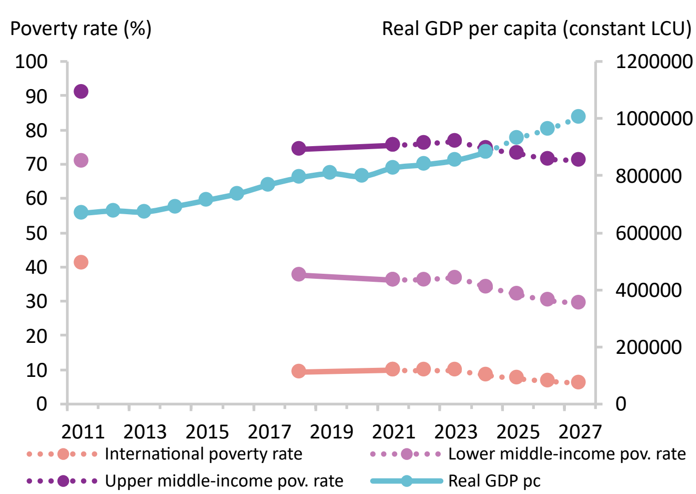
Inflation pressures eased significantly, dropping to 0.8 percent from 5.9 percent in 2023, driven by moderating global commodity and domestic food prices. The West African Economic and Monetary Union (WAEMU) inflation rate declined further in 2024 to 3.5 percent but remained above the 1–3 percent WAEMU target band. Regional foreign reserves increased from 3.5 months of imports in 2023 to 4.7 months in 2024, reflecting the resumption of international bond issuances, IMF, and World Bank disbursements. The Central Bank of West African States (BCEAO) kept its policy interest rates unchanged throughout 2024 at 3.5 percent for liquidity calls and 5.5 percent for the marginal lending facility. With higher labor incomes driven by stable agricultural growth

FIGURE 1 / Evolution of main macroeconomic indicators



Sources: National Bureau of Statistics and World Bank staff estimates.

FIGURE 2 / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: See footnotes in table on the next page.

and lower (food) inflation, extreme poverty is expected to have declined to 8.4 percent (measured at the international poverty line of $2.15 per day PPP 2017) in 2024, compared to 9.8 percent in 2023.

Senegal's fiscal position has deteriorated following significant under-reporting of fiscal deficits and public debt over 2019–2023. The Court of Auditors' report assessed Central Government debt at 99.7 percent of GDP at end-2023, over 20 percentage points more than previously reported official figures driven by both external and domestic debt. Official data reports that the fiscal deficit reached 11.5 percent of GDP in 2024, driven by domestic revenue shortfalls, increased interest payments, additional spending related to energy subsidies, the legislative elections, and responses to floods. The deficit was financed by new borrowing on regional and international markets, pushing up general government debt to 105.9 percent of GDP at end-2024. The deterioration of the fiscal position stemming from the 2019–23 misreporting and 2024 pressures led to downgrades in creditworthiness and the rise of sovereign debt yields.

The current account deficit (CAD) is projected to narrow significantly to 12.0 percent of GDP, down from 18.9 percent in 2023, following the start of hydrocarbon production, which has begun to reshape the country's external trade dynamics by bolstering export revenues. The CAD has been financed by foreign direct investments and portfolio investments, remittances, and a mix of external credits and regional borrowing. The BCEAO has kept its policy interest rates unchanged since December 2023 at 3.5 percent for liquidity calls and 5.5 percent for the marginal lending facility.

Outlook

Economic growth is projected to average 6.8 percent in 2025–2027, driven by increased hydrocarbon production, while inflation remains below 3 percent amid declining food and energy prices. The CAD is projected to narrow to 8.4 percent over 2025–2027, albeit higher than previously projected due to the impacts of global trade policy shifts and commodity price uncertainties. Weak non-hydrocarbon exports add pressure on regional foreign exchange reserves. Regional currency reserves are expected to rise gradually, supported by the resumption of international bond issuances, recovering exports and monetary policy easing in the Euro Area. The regional inflation rate is expected to align with the WAEMU target band from 2025 onwards, while regional reserves are projected to rise to 5.4 months of imports in 2025, supported by recovering exports, and lower Eurozone interest rates. Stable agricultural growth, and rising output in the services sector are expected to decrease poverty to 7.5 percent in 2025, and 6.2 percent in 2027. Nonetheless, structural impediments to poverty reduction persist, requiring investments in health, education and private sector-led job creation. Growing economic uncertainty will persist with high fiscal deficit and debt levels. Fiscal consolidation measures, including the elimination of energy subsidies, lower capital spending, and increased tax revenues, should enable the fiscal deficit to decline towards the regional convergence criteria of 3 percent of GDP in the medium term and reduce debt levels, while protecting growth and the poor. Risks to debt sustainability and macro stability will persist as financing conditions remain tight and escalating trade policy uncertainty could hamper export and growth more than currently anticipated.

Recent history and projections

Recent history and projections	2022	2023	2024e	2025f	2026f	2027f
Real GDP growth, at constant market prices	3.9	4.3	5.8	7.9	5.9	6.7
Private consumption	3.8	5.0	4.6	4.1	4.7	5.2
Government consumption	1.7	5.0	-4.8	-1.5	-0.7	2.9
Gross fixed capital investment	11.0	9.3	7.5	5.9	10.7	11.3
Exports, goods and services	3.7	-6.0	18.1	25.8	5.0	3.2
Imports, goods and services	14.4	-0.4	7.0	6.5	5.3	5.1
Real GDP growth, at constant factor prices	3.6	4.5	5.8	7.8	5.9	6.7
Agriculture	0.2	5.9	6.0	6.2	6.3	6.4
Industry	2.5	5.2	13.0	23.4	4.9	4.7
Services	5.1	3.8	2.6	0.8	6.4	8.0
Inflation (consumer price index)	9.7	5.9	0.8	2.0	2.0	2.0
Current account balance (% of GDP)	-19.9	-18.9	-12.0	-10.0	-8.4	-7.0
Fiscal balance (% of GDP)	-12.6	-12.3	-11.5	-7.6	-5.8	-4.2
Revenues (% of GDP)	20.0	20.7	19.3	20.0	20.2	20.6
Debt (% of GDP)	86.6	99.7	105.9	99.9	93.4	88.2
Primary balance (% of GDP)	-10.2	-9.0	-7.5	-2.9	-1.9	-0.4
International poverty rate ($2.15 in 2017 PPP)[1,2]	9.8	9.8	8.4	7.5	6.7	6.2
Lower middle-income poverty rate ($3.65 in 2017 PPP)[1,2]	36.3	36.7	34.2	32.1	30.3	29.6
Upper middle-income poverty rate ($6.85 in 2017 PPP)[1,2]	76.0	76.6	74.5	73.2	71.4	71.1
GHG emissions growth (mtCO2e)	1.2	1.0	3.5	6.3	3.1	3.1

Source: World Bank, Poverty and Economic Policy Global Departments. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast. Data in annual percent change unless indicated otherwise.
1/ Calculations based on 2021-EHCVM. Actual data: 2021. Nowcast: 2022-2024. Forecasts are from 2025 to 2027.
2/ Projections using microsimulation methodology.