Sovereign Debt News Update No. 140: Senegal’s Debt Misreporting and Debt Transparency Concerns

By:

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As the country’s public debt reportedly surges towards 120% of GDP, Senegal is grappling with a severe debt crisis, brought to light by recent revelations of massive underreporting of its national debt. This issue, while now making headlines, has roots in the previous administration's fiscal practices and has profound implications for its economic stability and relationship with international financial institutions such as the International Monetary Fund (IMF). In February 2025, Reuters reported that Senegal's Court of Auditors released a highly anticipated review of the country's finances that confirmed the previous government misreported key economic data including debt and deficit figures. According to the report tendered by the Court of Auditors, "The work carried out by the Court shows that outstanding debt is higher than that shown in the reporting documents”. The court's report (in French) confirmed an audit that had been ordered by President Bassirou Diomaye Faye, who took office in April 2024, and the higher debt numbers were confirmed in February

2025 by Senegal’s Court of Audit. These developments have raised critical questions about debt transparency, particularly regarding the accuracy of national fiscal/ debt reports. This update will explore the underreporting of the country's debt status, its direct link to transparency issues, and the potential implications of such practices.

The Unraveling of Hidden Liabilities

The gravity of Senegal's debt problem became clear in September 2024 when Reuters reported the results of an audit ordered by then recently elected President Bassirou Diomaye Faye. The audit revealed that the deficit was understated by 5 percentage points, while total public debt was understated by 10 percentage points. Specifically, the audit showed the deficit at the end of 2023 stood at over 10% compared which was higher than the previous government had reported. Public debt, on the other hand, averaged 76.3% of GDP, which was higher than the previously reported. The audit also uncovered irregular fiscal practices, including artificially assigning revenues from one fiscal year to the previous one to mask the deficit. In light of this, Senegal’s economy minister Abdourahmane Sarr stated that as a consequence of the false numbers that the previous authorities had reported, Faye's government decided against tabling Senegal's request for an IMF disbursement in July. The proposed disbursement in question was to follow the IMF’s June 2023 review, which had approved a three-year USD $1.8 billion disbursement. As a result of the news, the value of the country’s sovereign dollar bonds fell by more than 2 cents in early trading before retracing the losses to bid roughly 1.3 cents lower between 73.01-85.52 cents on the dollar.

On 12 February 2025, Senegal released results of the audit, which confirmed misrepresentation of debt and other key data. The audit's findings were very revealing. At the close of 2023, Senegal's total outstanding debt stood at a staggering 99.67% of Gross Domestic Product (GDP). This figure dramatically contrasts with the previously reported 74.41% of GDP, revealing a substantial fiscal gap. The audit exposed that both the national debt and the budget deficit were considerably larger than publicly acknowledged by former President Macky Sall's administration.

This significant misreporting occurred despite existing legal frameworks such as Parliament and the National Public Debt Management Committee (CNDP), typically designed to mandate debt transparency and the regular publication of comprehensive debt reports. This raises a pivotal question: How did such a substantial underestimation go unnoticed by the Senegalese Parliament or the CNDP? Ideally, both should involve rigorous scrutiny of budget proposals, debt acquisition, and financial reports, and is essential for accountability. The failure of these mechanisms to prevent the concealment of billions in liabilities suggests either weak enforcement of existing laws, insufficient parliamentary oversight capacity, or a deliberate bypassing of established procedures. This highlights a critical need to examine how legal frameworks were circumvented and how parliamentary oversight can be significantly strengthened to prevent future debt transparency crises.

The necessity of transparency and increased monitoring in the country's debt obligations has also spurred organisations such as Africa Freedom of Information Centre to push for a Freedom of Information Act to be passed in Senegal, as the country does not have one. In February 2025, Senegal's President Bassirou Diomaye Faye also called for a new regulation on the conditions and methods of issuing government bonds, along with a more efficient organizational framework to manage and oversee public debt.

Consequences for International Relations and Financing

The immediate and most significant consequence of these revelations has been the freezing of disbursements from the International Monetary Fund (IMF). In October 2024, the Finance Minister Cheikh Diba confirmed that the IMF suspended the programs after the revelation of approximately $7 billion in previously undisclosed liabilities, which included arrears owed to suppliers and off-balance-sheet Public-Private Partnership (PPP) commitments. The Minister acknowledged the importance of this correction for financial transparency in Senegal, stating at the Bretton Woods annual conference: *"We understood the importance of addressing these discrepancies after identifying major gaps in the figures provided to the IMF, which formed the basis of our relationship"*. In June 2025, President Faye's government opted not to request further disbursements under its existing three-year, $1.8 billion credit facility with the IMF. Following these revelations, the IMF has asked Senegal to undertake

“urgent reforms.”

Senegal's Court of Audit report included several recommendations aimed at improving debt transparency and public financial management, which the government has reportedly accepted. Among these, the Minister of Finance and Budget committed to assigning transactions financed with external resources to a public accountant. Additionally, the Minister stated that a process has been initiated to enhance data reliability, particularly through the upcoming launch of an external resource management platform, slated for 2025 after a year-long testing phase.

Following this news coming to light and the resulting challenges, the country resorted to regional debt markets in order to address its financing challenges. As a result, it is reported that Dakar raised an impressive 1,262.5 billion CFA francs (approximately $2.25 billion) through public securities auctions in the first half of 2025 alone in the regional market. This marks a staggering 267% increase compared to the 343.46 billion CFA francs (USD 614.1 million) raised during the same period the previous year. In July 2025, the World Bank also approved €57.5 million in concessional financing for Senegal’s Employment, Economic Transformation and Recovery Program.

In general, Senegal’s underestimated debt demonstrates the importance of debt transparency. One of the sources for these principles is Afrodad’s African Borrowing Charter. These principles include transparency and accountability, disclosure and publication. Furthermore, it is necessary that is a clear allocation of roles and responsibilities among public authorities in the borrowing authorization process (e.g., Parliament/Cabinet/Ministry of Finance/Debt Management Office). It is also necessary that the criteria and conditions, as well as restrictions for borrowing including authorization processes for critical complex debt instruments be very clear.

Conclusion

Senegal's debt crisis serves as a stark and urgent reminder of the critical importance of debt transparency for national economic stability and international financial relations. The intentional underreporting of liabilities not only distorts a nation's true fiscal health but also erodes investor confidence and jeopardizes vital international partnerships. For Senegal, and indeed for

any country seeking sustainable development, genuine transparency in fiscal and debt reporting is not merely a technical requirement but a foundational pillar for rebuilding trust, ensuring accountability, and fostering a resilient economic future.

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