Senegal Quarter 4 2025 Budget Execution Report:

Strong Revenue Performance Amid Persistent Investment Challenges

budgIT

SENEGAL

About BudgIT Senegal

BudgIT Senegal is a civic organization committed to making Senegal's budget and public data understandable and accessible to citizens, regardless of their literacy level.

Our innovation lies in the creative use of government data, translated into simple messages, interactive tools, and engaging infographics that simplify complex public finance information. Through the use of creative technologies, BudgIT bridges the gap between citizen engagement and institutional development, empowering citizens to meaningfully participate in public debate and foster positive societal change in Senegal.

Director of International Development: Abiola Afolabi
Researchers: Amineta Baye Laye Diop, Victoria Opusunju
Data Visualization: Ayomide Ilesanmi

Sources:
Ministry of Finance and Budget
Directorate General of the Treasury

BudgIT Senegal
Address: CITÉ CPI (Sacrée Cœur 3 Lot N° 128/B Dakar)
Contact: (+221) 33 848 46 57 - (+221) 77 610 52 71

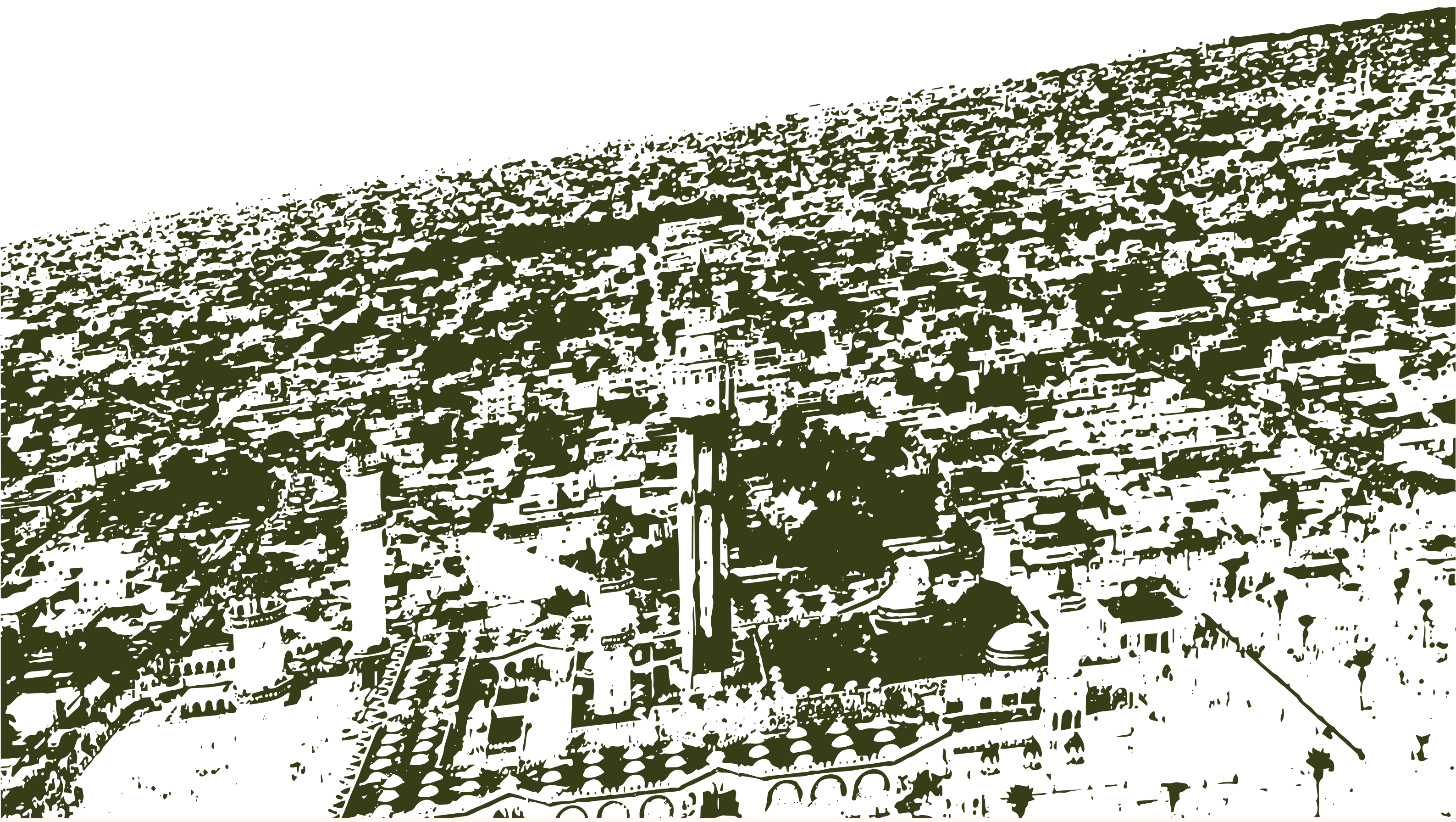
BudgIT Senegal has produced this report as part of its efforts to promote transparency, public participation, and accountability in public finance.

Introduction

The 2025 fiscal year comes amid profound economic and institutional transformations in Senegal. Between the initial benefits of oil and gas production, the implementation of Vision Senegal 2050, and the need to consolidate public finances, the government has had to balance development ambitions with budgetary constraints.

Beyond the numbers, budget execution is a key indicator of a public policy's ability to deliver concrete results for citizens. It allows us to assess the extent to which mobilized resources were effectively used to finance national priorities, support public services, and address the country's economic and social challenges.

This report provides an analysis of budgetary performance for 2025, highlighting key trends, progress made, and the challenges that remain in improving the efficiency of public spending and ensuring more sustainable management of government finances.



Senegal Quarter 4 (Q4) 2025 Budget Execution Report

Overview

Senegal's 2025 budget execution reflects a year of strong domestic revenue performance and continued economic growth, supported by the first significant contributions from oil and gas production. While fiscal consolidation efforts yielded positive results, challenges remain in public investment execution, debt management, and the efficient allocation of public resources.

Key Findings

1. Revenue Mobilization Remained Strong

Total budget revenue reached CFA 4,477.1 billion, representing 98.8% of the annual target.

Tax revenue totaled CFA 4,087.4 billion, achieving 99.6% of projected collections.

Non-tax revenue exceeded expectations, reaching 111.1% of the target, driven by increased dividends, administrative fees, and petroleum-related revenues.

Revenue from hydrocarbons increased by 258.6% compared to 2024, marking the first significant fiscal benefits from Senegal's oil and gas sector.

2. Economic Growth Remained Robust

Senegal recorded an estimated 6.7% GDP growth rate in 2025.
This growth was supported by:

- Full-year production from the Sangomar oil field
- Launch of the Greater Tortue Ahmeyim (GTA) gas project
- Continued expansion of industrial activities
- Inflation remained low at 1.4%, contributing to economic stability.

3. Public Spending Continued to Be Dominated by Recurrent Expenditures

Total public expenditure reached CFA 5,864.6 billion, which was 93.9% of the revised budget.

Current expenditure accounted for approximately 75% of total spending.

Debt service reached CFA 1,088.1 billion, exceeding budget projections and consuming nearly one out of every five francs spent by the government.

Subsidies and transfers remained significant, particularly in the energy sector.

4. Public Investment Remains a Major Concern

Capital expenditure execution reached only 78.4% of planned spending.

Approximately CFA 404.5 billion in planned investments were not executed during the year.

State-executed investments declined by 37.6% compared to 2024.

Delays in procurement, project preparation, contract management, and implementation slowed the delivery of critical infrastructure and public services.

5. Fiscal Consolidation Efforts Produced Results

The budget deficit stood at CFA 1,387.5 billion, equivalent to 6.44% of GDP.

This was below the revised annual target of 7.82% of GDP.

Improved domestic revenue mobilization and expenditure controls contributed to deficit reduction.

However, the deficit remains above the WAEMU convergence target of 3% of GDP.

6. Hydrocarbon Revenue Management Requires Greater Transparency

Senegal entered a new fiscal era with the first substantial oil and gas revenues.

While the government allocated funds to the Stabilization Fund and Intergenerational Fund, it has provided limited public information on the full allocation and use of hydrocarbon revenues.

Increased transparency will be essential to ensure accountability and public trust.

7. National Pension Fund Remains Financially Stable

The National Pension Fund recorded a surplus of CFA 38.9 billion in 2025.

Revenue growth outpaced expenditure growth, maintaining short-term sustainability.

Long-term demographic pressures underscore the need for continued reforms and periodic actuarial reviews.

Key Recommendations

- Improve public investment execution and reduce project implementation delays.
- Strengthen results-based budgeting and performance monitoring.
- Rationalize subsidies while protecting vulnerable households.
- Enhance transparency and reporting on hydrocarbon revenues.
- Continue fiscal consolidation efforts and strengthen debt management.
- Safeguard the long-term sustainability of the National Pension Fund.

Bottom Line

Senegal's economic outlook remains positive, supported by strong growth and new hydrocarbon revenues. However, the true measure of success will be the government's ability to translate these resources into improved public services, infrastructure, jobs, and better living conditions for citizens.

Macroeconomic Context

The year 2025 confirmed the resilience of the global economy despite an environment marked by geopolitical tensions, trade uncertainties, and the slowdown observed in certain major economies. Global growth remained stable at 3.3%, while inflation continued to decline, falling from 5.8% to 4.1%, contributing to a gradual easing of international economic conditions.

In the subregion, economic activity remained robust, with growth of 6.7% within the WAEMU, driven in particular by the dynamism of the hydrocarbons sector. Senegal followed this trend, with an estimated growth of 6.7% in 2025, up from 6.5% in 2024, supported by a full year of production from the Sangomar oil field, the launch of the GTA gas project, and the ramp-up of certain industrial activities. Inflation remained under control at 1.4%, fostering a relatively stable economic environment.

However, the macroeconomic performance observed in 2025 contrasts with the constraints that weighed on public finances. While growth benefited from hydrocarbons, the government faced a more complex fiscal environment marked by a reassessment of the public debt situation, less favorable external financing conditions, and persistent pressure on current expenditures. This situation underscored the importance of mobilizing domestic resources and controlling the budget deficit.

In this context, the 2025 budget execution represents a significant test of the authorities' ability to transform the economic opportunities generated by growth into sustainable fiscal outcomes, while continuing the consolidation efforts necessary to achieve the WAEMU deficit target of 3% of GDP by 2027.

Revenue Performance

In 2025, total budget revenue reached CFA 4,477.1 billion, representing 98.8% of the annual target. This performance was largely driven by strong domestic revenue mobilization, which offset the persistent underperformance of grants and external resources.

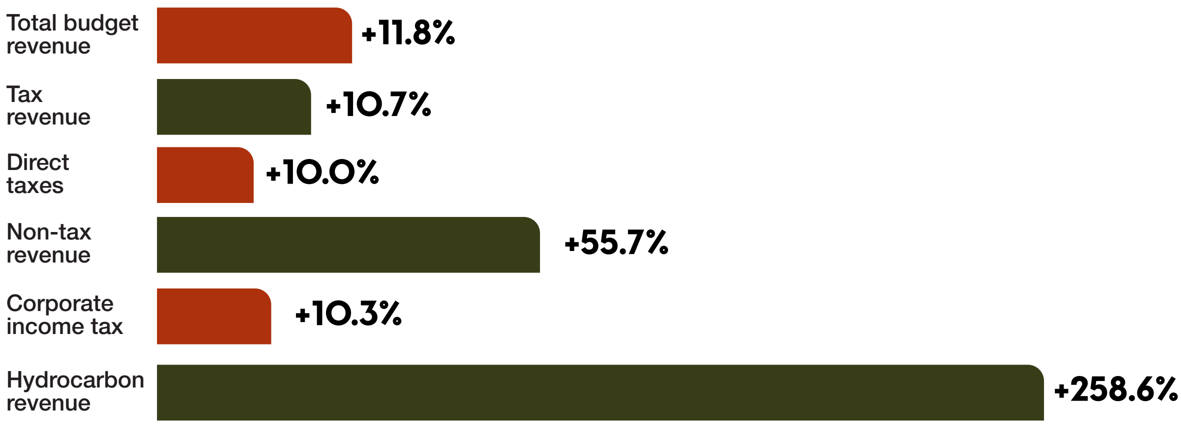
Revenue Performance

Revenue Category	2025 Budget	FY 2025 Execution	Execution Rate
Tax and non-tax revenue	**4,361.1**	**4,374.8**	**100.3%**
Tax revenue	4,102.3	4,087.4	99.6%
Non-tax revenue	258.8	287.4	111.1%
Grants	**170.0**	**102.3**	**60.2%**
Budgetary Grants	10.0	8.5	85.0%
Investment grants	160.0	93.8	58.7%
Total budgetary revenue	**4,531.1**	**4,477.1**	**98.8%**

Quarterly Revenue Performance

Revenue Category (bn CFA)	Q1	Q2	Q3	Q4
Total Revenue	**1,027.8**	**2,226.3**	**3,254.0**	**4,477.1**
Tax Revenue	960.3	2,090.4	2,987.9	4,087.4
Non-Tax Revenue	59.6	116.6	214.2	287.4
Grants	**8.0**	**19.3**	**52.0**	**102.3**
Budgetary Grants	0.0	0.0	3.3	8.5
Capital Grants	8.0	19.3	48.7	93.8

Revenue Trends (Compared to 2024)



Analysis

Tax revenues remained the main source of funding for the state budget in 2025. They totaled CFA 4,087.4 billion , or 99.6% of the annual forecast. This performance reflects the growth in direct and indirect taxes throughout the year, supported by strengthened tax collection and improved economic activity. Corporate income tax stood out in particular, with revenues of CFA 463.4 billion, exceeding the set targets.

Non-tax revenues posted the best performance among the main revenue categories. They reached CFA 287.4 billion, representing an execution rate of 111.1%, up 55.7% compared to 2024. This increase is mainly due to higher dividends paid to the government, administrative fees, revenue from state-owned assets, as well as revenue from the Petroleum Product Import Security Fund (FSIPP), which totaled CFA 111.1 billion . The initial revenue mobilization measures introduced under the PRES also contributed to this momentum.

The year 2025 also marked Senegal's gradual entry into a new phase of its fiscal history, with the first significant benefits from oil and gas production. Revenues from hydrocarbons reached CFA 56.1 billion , a 258.6% increase compared to 2024. These results reflect, in particular, the effects of a full year of production from the Sangomar oil field and the start of operations at the GTA gas project.

Conversely, grants continued to show limited performance. Mobilized resources amounted to CFA 102.3 billion, representing only 60.2% of the annual forecast. Capital grants accounted for the bulk of external financing at CFA 93.8 billion, while budget grants remained low at CFA 8.5 billion . This situation is partly due to the relatively slow pace of implementation of certain projects financed by external resources, which determines disbursements by technical and financial partners. It also occurs in a context marked by greater caution on the part of donors, following the reassessment of the public debt situation and the downgrades of Senegal's sovereign credit rating. These developments have contributed to increasing the budget's reliance on domestic resources,

Managing Senegal's New Hydrocarbon Revenues

In Senegal, Law No. 2022-17 of 19 May 2022 on the allocation and management of revenues from hydrocarbon exploitation provides that a maximum of 90% of reference hydrocarbon revenues may be transferred to the State budget to support national development, while a minimum of 10% must be allocated to the Intergenerational Fund. The law also stipulates that a portion of these revenues be transferred to a Stabilization Fund, based on a percentage determined by the competent authorities.

The 2026 Finance Law provides allocations of CFA 18.1 billion to the Stabilization Fund and CFA 7.6 billion to the Intergenerational Fund.

However, the share effectively transferred to the State budget is not clearly identified, nor are the sectors, programmes or projects financed through these resources. This highlights the need for greater transparency in the management of extractive revenues.

In a context where Senegal continues to face a relatively high budget deficit, the main risk is that these revenues may be used primarily to address short-term financing needs rather than fund transformative investments. In addition, increasing reliance on oil and gas revenues could expose public finances to fluctuations in international commodity prices. Ultimately, the regular publication of information on the collection, allocation and use of hydrocarbon revenues would strengthen accountability and public trust.

> *"While the Finance Law provides allocations to the Stabilization and Intergenerational Funds, publicly available documents do not clearly indicate the total amount transferred to the State budget or the detailed use of hydrocarbon revenues.*

Expenditure Performance

Public expenditure reached CFA 5,864.6 billion at the end of 2025, representing 93.9% of the revised budget. While current spending slightly exceeded projections, capital spending remained below target due to delays in project implementation. A large share of public spending continued to go toward debt repayment, salaries and recurrent transfers, leaving less room for investments that directly improve citizens' lives. For citizens, this means slower delivery of essential services such as better roads, schools, hospitals, water systems and sanitation infrastructure, particularly in underserved communities.

Expenditure Performance Overview

Expenditure Category	2025 Budget	FY 2025 Execution	Execution Rate
Current Expenditure	**4,366.4**	**4,392.9**	**100.6%**
Interest on Debt	1,057.1	1,088.1	102.9%
Personnel Expenditure	1,456.5	1,454.1	99.8%
Goods and Services	393.7	394.7	100.3%
Current Transfers	1,459.1	1,456.0	99.8%
Capital Expenditures	1,876.3	1,471.8	78.4%
Capital Expenditure from Internal Resources	**608.7**	**559.1**	**91.8%**
Direct Government Investment	147.4	98.6	66.9%
Capital Transfers	461.3	460.5	99.8%
Capital Expenditure from External Resources	1,267.6	912.7	72.0%
Total Expenditure	**6,242.7**	**5,864.6**	**93.9%**

Expenditure Execution Trend (Q1–Q4 2025)

Expenditure Category (CFA bn)	Q1	Q2	Q3	Q4
Total Expenditure	**1,419.5**	**2,814.6**	**4,313.0**	**5,864.6**
Current Expenditure	1,130.9	2,232.7	3,220.8	4,392.9
Capital Expenditure	288.6	581.9	1,092.2	1,471.8
Personnel Expenditure	357.1	724.1	1,082.8	1,454.1
Debt Service	225.2	501.1	705.7	1,088.1
Current Transfers	463.9	844.9	1,169.4	1,456.0

Analysis

Current expenditures accounted for the largest share of public spending in 2025, reaching CFA 4,392.9 billion , or 100.6% of the forecast, and they represented nearly 75% of total expenditures.

Debt service has been a major pressure on public finances. Financial expenses reached 1,088.1 billion CFA francs, exceeding projections by 2.9%, with 59% attributable to external debt. This situation continues to reduce the budgetary margins available to finance investments and social sectors. *This means that the government used nearly one out of every five francs it spent to service past debt rather than to finance new development priorities.*

Personnel expenditures totaled CFA 1,454.1 billion , or 99.8% of the allocated funds. The payroll remains heavily concentrated in the education and vocational training sector, which accounts for 58.9% of the government's payroll expenditures. Expenditures on goods and services, meanwhile, reached CFA 394.7 billion , a slight 4.6% decrease from 2024, reflecting the government's rationalization efforts to streamline operating expenditures.

Current transfers amounted to CFA 1,456.0 billion . Nearly half of this expenditure (46.2%) was allocated to economic affairs, primarily through subsidies to the energy sector, which reached CFA 412.6 billion. Transfers also supported priority sectors such as higher education through student grants (CFA 103.8 billion) and universities (CFA 102.2 billion). This situation nevertheless shows that subsidies continue to play a significant role in public spending.

Capital expenditures remain the main weakness of the 2025 budget execution. They reached CFA 1,471.8 billion , or only 78.4% of the annual forecast. This represents approximately CFA 404.5 billion in planned investments that the government did not execute during the fiscal year.

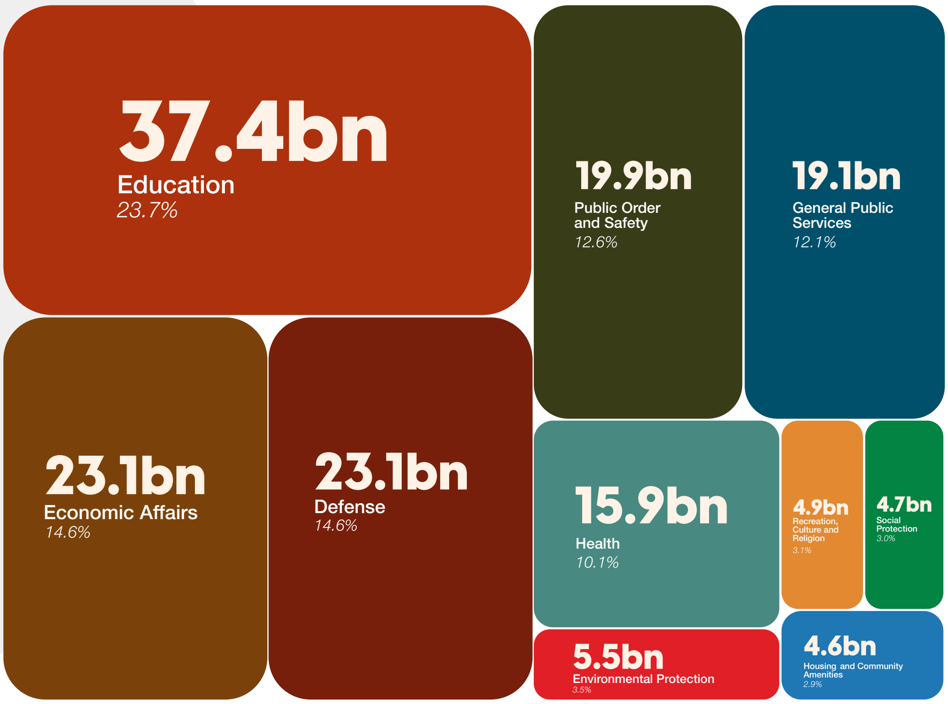
> *"Under-execution of capital spending means roads, schools, hospitals, water infrastructure, and other public investments planned for citizens were delayed or not fully delivered despite budget allocations.*

Public Investment Performance Analysis

State-Executed Investments: Comparison with 2024

Indicator	2024	2025	Change
Budget Allocation	215.1	147.4	-31.5%
Actual Expenditure	157.9	98.6	-37.6%
Execution Rate	73.4%	66.9%	-6.5 percentage points

State-Executed Investments by Sector (2024)



Total State-Executed Investments:

157.9bn

Execution Rate:

73.4%

State-Executed Investments by Sector (2025)

Total State-Executed Investments: **98.6bn**

Execution Rate: **66.9%**

Analysis

State-executed investments declined significantly in 2025, with budget allocations falling by 31,5% and actual expenditure by 37.6% compared to 2024. As a result, the execution rate decreased from 73.4% to 66.9%. This slowdown was visible throughout the year, with very low execution levels recorded during the first half of the year.

Sectorally, education remained the largest recipient of investment spending, while Public Order and Safety and Defence increased their share of total investments. In contrast, Economic Affairs, Health, Social Protection, and Recreation, Culture and Religion experienced notable declines.

According to the authorities, this underperformance was mainly driven by delays in procurement procedures, contract finalization, project execution and acceptance processes, as well as stricter project preparation requirements. Consequently, part of the planned investments was postponed rather than cancelled.

For citizens, these delays translate into slower delivery of essential infrastructure and services. Ongoing projects such as the reconstruction of Aristide Le Dantec Hospital continue to take longer than expected, while infrastructure gaps persist in sectors such as education, roads and sanitation. In areas such as Kolda, Kédougou and the outskirts of Dakar, delays in public investment can postpone improvements in healthcare, school infrastructure, road connectivity and flood management, affecting both living conditions and economic opportunities.

National Pension Fund (FNR)

The National Pension Fund maintained a positive balance throughout 2025.

Indicator	2024	2025	Change
Revenue	177.0	185.7	+8.7
Expenditure	141.4	146.8	+5.4
Balance	**+35.6**	**+38.9**	**+3.3**

In 2025, the national pension fund had a surplus because contributions from new public sector workers grew faster than benefit payments. Short-term pensions are fully secure.

However, the growing number of retirees poses long-term challenges. To maintain this balance as the population ages, the system will need to attract more contributors, improve its management, and plan ahead to guarantee future pension payouts. While the Fund remains solvent in the short term, demographic pressures and the expected growth of retiree obligations call into question the sustainability of medium-term reforms.

Deficit Analysis

Budget balance FY2025	Amount
Deficit	1.387.5 billion
Deficit (% of GDP)	6.44%
Annual target	7.82%

Budget Deficit Analysis

As of end-December 2025, Senegal's budget deficit stood at CFA 1,387.5 billion, equivalent to 6.44% of GDP, below the annual target of 7.82% of GDP set in the second revised Finance Law (LFR2).

The evolution of the budget deficit over the past three years highlights the challenges faced in restoring fiscal stability. In 2023 and 2024, deficits were initially projected at 5.5% and 3.9% of GDP, respectively. However, subsequent revisions of public finance data revealed significantly higher deficit levels, estimated at 12% of GDP in 2023 and 11% of GDP in 2024.

These revisions reflected the recognition of previously undisclosed liabilities, off-budget expenditures, debt-related operations and a more comprehensive recording of the State's financial obligations.

Against this backdrop, the reduction of the deficit to 6.44% of GDP in 2025 represents an important step toward restoring fiscal discipline. This improvement was supported by a combination of measures aimed at strengthening domestic revenue mobilization and improving expenditure management.
Several reforms contributed to this progress:

> “ *Subsequent revisions of public finance data revealed significantly higher deficit levels, estimated at 12% of GDP in 2023 and 11% of GDP in 2024.*

01 **Taxation of digital services:**
This measure applies to income generated by influencers and content creators on digital platforms, certain transactions conducted via mobile money services such as Wave and Orange Money, and payments made via mobile money in stores and supermarkets, as well as certain transactions related to online purchases.

02 **Strengthening taxation on gaming and betting:**
In response to the rapid expansion of this sector, new measures have been introduced to increase public revenue while improving the tax framework for these activities.

03 **Revision of excise taxes on certain products, notably tobacco:**
this reform has the dual objective of generating revenue and supporting public health policies.

04 **Broadening the tax base:**
This approach pays particular attention to the still underutilized potential of property taxes and to better capturing certain activities in the informal sector.

05 **Digitization and improvement of tax administration:**
The reforms underway aim to strengthen collection, improve tax compliance, and reduce losses related to tax fraud and evasion through increased use of digital tools.

The budget deficit of CFA 1,387.5 billion required significant financing to enable the government to meet its obligations'. Part of the reduction in the deficit also reflects lower-than-planned capital expenditure execution. To address these financing needs, treasury resources amounting to CFA 5,376.3 billion were mobilized, primarily through borrowing on banking and financial markets (CFA 4,021.1 billion), complemented by project loans from development partners (CFA 833.3 billion) and other financing instruments. These resources fully covered the government's treasury requirements, including the financing of the budget deficit, debt amortization and the settlement of arrears.

Conclusion and Recommendations

As of end-December 2025, Senegal's budget deficit stood at CFA 1,387.5 billion, equivalent to 6.44% of GDP, below the annual target of 7.82% of GDP set in the second revised Finance Law (LFR2).

The evolution of the budget deficit over the past three years highlights the challenges faced in restoring fiscal stability. In 2023 and 2024, deficits were initially projected at 5.5% and 3.9% of GDP, respectively. However, subsequent revisions of public finance data revealed significantly higher deficit levels, estimated at 12% of GDP in 2023 and 11% of GDP in 2024. These revisions reflected the recognition of previously undisclosed liabilities, off-budget expenditures, debt-related operations and a more comprehensive recording of the State's financial obligations.

Against this backdrop, the reduction of the deficit to 6.44% of GDP in 2025 represents an important step toward restoring fiscal discipline. This improvement was supported by a combination of measures aimed at strengthening domestic revenue mobilization and improving expenditure management. Several reforms contributed to this progress:

01 **Improve Public Investment Execution:** Accelerate reforms to procurement, project preparation, contract management, and implementation monitoring to reduce delays and ensure that approved investments are delivered on time and at value for money.

02 **Institutionalize Results-Based Budgeting:** Strengthen the linkage between budget allocations and measurable outcomes by adopting performance indicators that assess the impact of public spending on citizens' well-being and national development goals.

03 **Rationalize Subsidies While Protecting Vulnerable Groups:** Gradually reduce inefficient economic subsidies and redirect savings toward targeted social protection programmes that better support low-income households and vulnerable populations.

04 **Strengthen Transparency in Oil and Gas Revenue Management:** Establish robust public reporting mechanisms that regularly disclose hydrocarbon revenues, allocations, expenditures, and development outcomes to ensure accountability and build public trust.

05 **Enhance Fiscal Credibility and Debt Sustainability:** Continue efforts to improve fiscal transparency, strengthen debt management practices, expand domestic revenue mobilization, and restore confidence among development partners, investors, and financial markets.

06 **Safeguard the Long-Term Sustainability of the National Pension Fund:** Conduct periodic actuarial reviews and implement reforms that ensure the Fund remains financially viable as demographic pressures and retirement obligations increase over time.

budgIT
SENEGAL