Senegal Q1 2026 Budget Performance Report

Revenue Momentum Faces Rising Debt and Investment Constraints

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About BudgIT Senegal

BudgIT Senegal is a civic organization dedicated 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, transforming it into simple messages, interactive tools, and engaging infographics that make complex public finance information easy to grasp. Through innovative technologies, BudgIT bridges the gap between civic engagement and institutional development, enabling citizens to actively participate in public discourse and drive positive societal change in Senegal.

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Sources:

- Ministry of Finance and Budget
- Directorate General of the Treasury

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

Summary

The first quarter of 2026 paints a mixed but generally encouraging picture of Senegal's public finances. Government revenue collection outperformed the same period in 2025, reflecting stronger domestic resource mobilization and increased contributions from the extractive sector. At the same time, expenditure growth remained relatively contained, allowing the fiscal deficit to narrow despite mounting debt service obligations and persistent energy subsidy pressures.

However, beneath these positive headline figures lie important structural challenges. Public investment execution remains weak, meaning that although projects were approved in the national budget, many may not yet have translated into completed roads, schools, hospitals, agricultural infrastructure, or other services that citizens were promised.

Debt servicing continues to consume a growing share of public resources, and the implementation of revenue-enhancing reforms under the Economic and Social Recovery Plan (PRES) remains below expectations.

1.0 General Budget Revenue

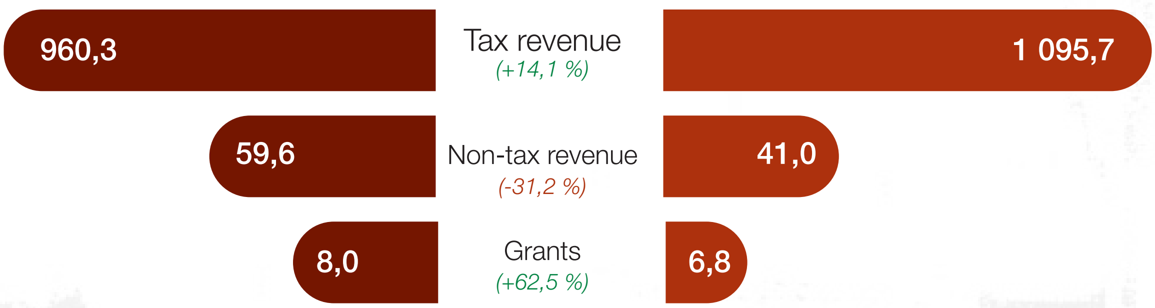
Revenue mobilization improved during the first quarter of 2026. Total budget revenue reached CFAF 1,149.7 billion, up from CFAF 1,027.8 billion in the same period in 2025, an increase of 11.9%. Against the annual target of CFAF 5,932.2 billion, the execution rate stood at 19.4%.

This performance largely stemmed from tax revenue, which remained the backbone of public finances. This surge is largely driven by corporate income taxes, more specifically from oil companies, which helped offset weaker non-tax revenues and the limited mobilization of grants.

Revenue Performance (amount in CFAF Billion)

Revenue Category	Q1 2025	2026 Annual Budget Target	Q1 2026	Execution Rate	Change
Tax revenue	960,3	5 384,8	1 095,7	20,3 %	+14,1 %
Non-tax revenue	59,6	355,9	41,0	11,5 %	-31,2 %
Grants	8,0	191,5	13,0	6,8 %	+62,5 %
Total Revenue	**1 027,8**	**5 932,2**	**1 149,7**	**19,4 %**	**+11,9 %**

Revenue Performance (amount in CFAF Billion)



Analysis

The strong growth in tax revenue demonstrates the increasing importance of domestic resource mobilization in financing public expenditure, despite global economic and geopolitical tensions in the Middle East. Although these geopolitical developments occurred after the first quarter, higher global energy prices could raise future subsidy costs, increase import expenses, and create additional pressure on the remaining 2026 budget. Tax receipts represented more than 95% of revenue collected during the quarter, while grants remained limited. However, one quarter of execution is not sufficient to conclude that Senegal has structurally reduced its reliance on external support.

A particularly notable development was the contribution of the extractive sector, whose tax payments helped boost corporate income tax collections. This confirms the growing role of oil and gas production in supporting government revenues.

However, concerns remain regarding the implementation of PRES measures. Revenue generated under these reforms reached only 57.2% of the quarterly target, suggesting that several fiscal measures are either experiencing implementation delays or yielding lower-than-expected returns.

Meanwhile, non-tax revenue fell sharply by 31.2%, reflecting lower dividends from state-owned enterprises and weaker administrative receipts. This decline highlights the need to diversify sources of public revenue beyond taxation.

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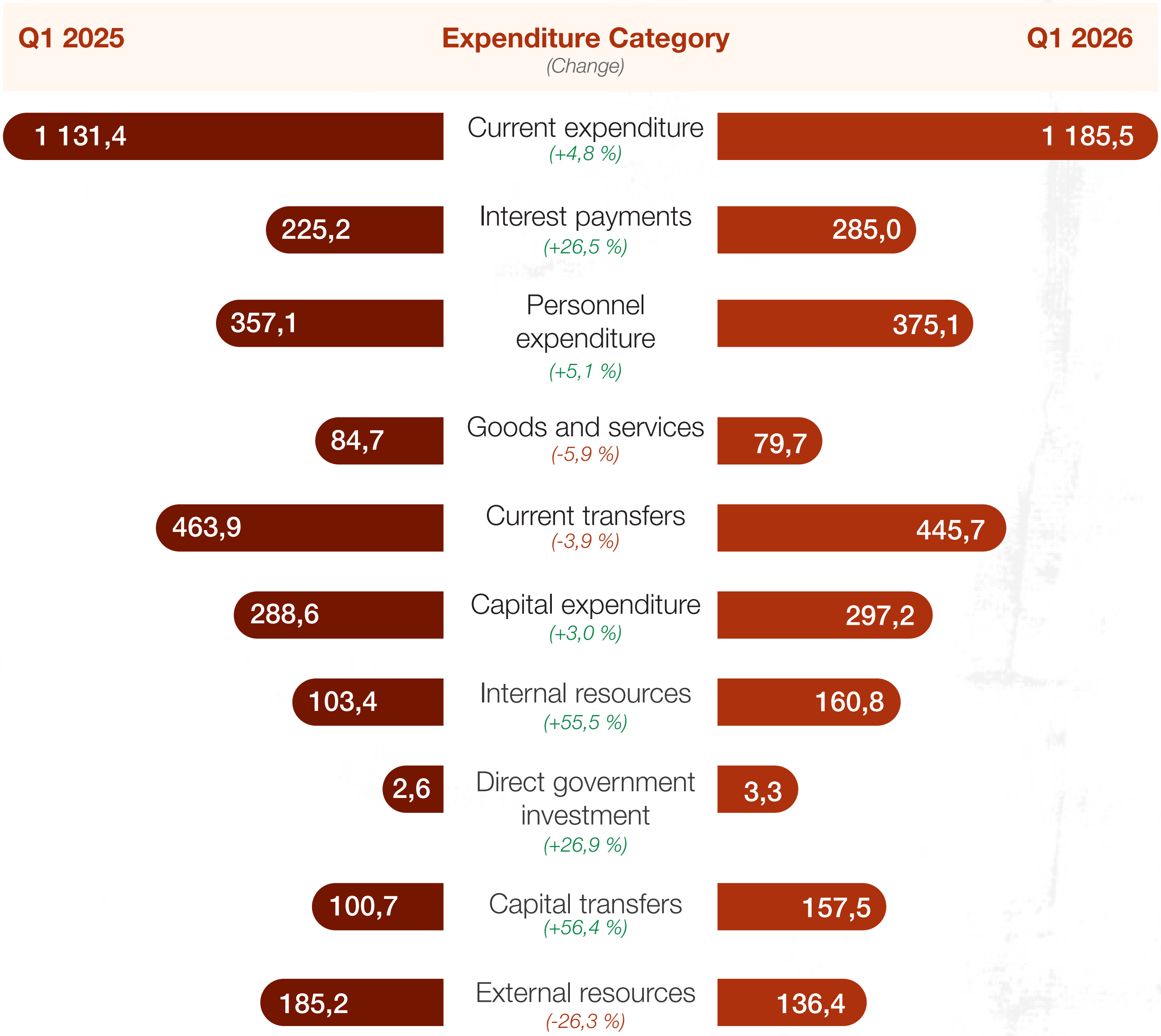
2.0 General Budget Expenditure

Expenditure Performance

Expenditure Category	Q1 2025	Projections 2026	Q1 2026	Execution Rate	Change
Current expenditure	1 131,4	4 373,9	1 185,5	27,1 %	+4,8 %
Interest payments	225,2	1 190,6	285,0	23,9 %	+26,5 %
Personnel expenditure	357,1	1 532,8	375,1	24,5 %	+5,1 %
Goods and services	84,7	389,5	79,7	20,5 %	-5,9 %
Current transfers	463,9	1 260,5	445,7	35,4 %	-3,9 %
Capital expenditure	**288,6**	**2 803,9**	**297,2**	**10,6 %**	**+3,0 %**
Internal resources	103,4	1 448,9	160,8	11,1 %	+55,5 %
Direct government investment	2,6	1 088,6	3,3	0,3 %	+26,9 %
Capital transfers	100,7	367,7	157,5	42,8 %	+56,4 %
External resources	185,2	1 355,0	136,4	10,1 %	-26,3 %
Total Expenditure	**1 419,9**	**7 177,8**	**1 482,7**	**20,6 %**	**+4,4 %**


Q1 2025
Expenditure Category
(Change)
Q1 2026
1 131,4
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Personnel expenditure
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Goods and services
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Current transfers
(-3,9 %)
445,7
288,6
Capital expenditure
(+3,0 %)
297,2
103,4
Internal resources
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2,6
Direct government investment
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3,3
100,7
Capital transfers
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157,5
185,2
External resources
(-26,3 %)
136,4

Analysis

Total government expenditure reached CFAF 1,482.7 billion in the first quarter of 2026, representing 20.6% of the annual budget and an increase of 4.4% from Q1 2025. While overall spending remained moderate, its composition highlights persistent fiscal pressure. Current expenditure continued to dominate budget execution, accounting for nearly 80% of total spending. Interest payments increased sharply by 26.5% to CFAF 285.0 billion, reflecting the rising cost of public debt, while personnel expenditure grew by 5.1%. Although spending on goods and services declined slightly, current transfers remained substantial at CFAF 445.7 billion, largely driven by CFAF 165.5 billion in energy subsidies, which continue to weigh heavily on public finances.

Capital expenditure reached CFAF 297.2 billion, a modest 3.0% increase compared to Q1 2025, but execution remained low at 10.6% of the annual allocation. A similar pattern was observed in Q1 2025, when investment execution was also weak. At the time, the government attributed the slow pace to the lengthy public procurement and contract award processes required before project implementation could begin.

Investment financed through internal resources increased significantly, mainly due to a 56.4% rise in capital transfers supporting agricultural productivity, road infrastructure, and the acquisition of aircraft for Air Sénégal. In contrast, direct government investment remained exceptionally weak, with only CFAF 3.3 billion executed, just 0.3% of the annual allocation, pointing to continued implementation and procurement bottlenecks. Externally financed investment also declined by 26.3%, suggesting slower project execution.

Overall, the expenditure profile reflects the government's ongoing challenge of balancing fiscal consolidation with development spending. Rising debt service and energy subsidies continue to limit fiscal space, while the slow execution of public investment underscores the need to accelerate project implementation to achieve the objectives set out in the 2026 Finance Law.

For every CFAF 100 spent during the quarter, about CFAF 80 went to recurrent obligations such as salaries, interest, goods, services, and transfers, while only about CFAF 20 went to capital expenditure.

3.0 Budget Deficit

Evolution of the budget deficit

Despite ongoing expenditure pressures, the fiscal deficit improved significantly compared to the previous year.

Budget Balance

Indicateur	T1 2025	T1 2026
Déficit budgétaire (en milliards de FCFA)	**392,1**	**333,0**
Déficit (% du PIB)	**1,8 %**	**1,4 %**

Analysis

The deficit narrowed by approximately CFAF 59 billion compared to Q1 2025.
This improvement reflects two main factors:

- Stronger year-on-year revenue mobilization.
- Slow execution of public investment projects.

While the lower deficit is positive from a fiscal consolidation perspective, it is important to recognize that part of this improvement stems from delayed investment spending rather than structural expenditure reforms.

As investment projects accelerate in subsequent quarters, maintaining the deficit within the annual target may become increasingly challenging.

4.0 National Pension Fund (FNR)

FNR Situation *(Amounts in billions of CFA francs)*

Indicator	Q1 2025	Q1 2026	YoY Change
Revenue	**45,2**	**47,8**	**47,8**
Expenditure	**33,5**	**34,9**	**34,9**
Balance	**+11,7**	**+12,9**	**+12,9**

Analysis

FNR revenue increased by 5.8%, reaching CFAF 47.8 billion, largely due to an 8.1% increase in the number of contributors, which rose from 147,565 in March 2025 to 159,583 in March 2026. This growth reflects an expansion of the contribution base and has strengthened the Fund's financial position. At the same time, expenditure rose by 4.2% to CFAF 34.9 billion, mainly due to the increase in the number of pensioners, which grew by 2.0% from 75,329 to 76,832 over the same period.

As a result, the FNR recorded a surplus of CFAF 12.9 billion, up from CFAF 11.7 billion in Q1 2025.

The surplus is encouraging, but continued growth in the number of pensioners means the government must monitor whether contribution growth remains sufficient to meet future pension obligations. Publishing actuarial projections would help citizens assess the Fund’s long-term sustainability.

Recommendations

The findings of this analysis highlight several areas where policy action and stronger oversight are needed to improve budget credibility, enhance public investment delivery and reinforce fiscal transparency. The following recommendations are proposed to support more accountable and effective public finance management.

To the Ministry of Finance and Budget

- Publish a detailed breakdown of each PRES revenue measure, including its objective, projected revenue, actual collections and implementation status, to improve transparency around domestic revenue mobilization.
- Clarify the factors behind the 31.2% decline in non-tax revenue, particularly the reduction in dividends and other receipts from state-owned enterprises, and outline measures to improve their financial performance.
- Accelerate procurement and project implementation processes, and regularly publish implementation updates for major public investment projects experiencing low execution rates.
- Disclose the composition and beneficiaries of energy subsidies, together with the government's medium-term strategy to gradually reduce their fiscal burden while protecting vulnerable households.
- Continue publishing quarterly budget execution reports on time and in open, machine-readable formats to strengthen fiscal transparency and facilitate public oversight.

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To the National Assembly

- Conduct oversight hearings to determine why State-executed investments achieved only 0.3% of annual allocations during the first quarter and identify measures to improve implementation performance.
- Request detailed reporting on the continued increase in interest payments and assess their implications for fiscal space available to priority sectors such as health, education and infrastructure.
- Strengthen parliamentary oversight of extractive-sector revenues by ensuring that their allocation complies with the Hydrocarbon Revenue Management Law and contributes to national development priorities.

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To Civil Society and Citizens

- Monitor whether increased government revenues translate into the timely completion of public investment projects and improved delivery of essential public services.
- Continue tracking extractive-sector revenues, including their allocation to the State budget, the Stabilization Fund and the Intergenerational Fund, while advocating for greater transparency on how these resources are used.
- Compare budget execution across subsequent quarters to determine whether the lower fiscal deficit reflects sustainable fiscal consolidation or simply the postponement of investment expenditure.

Conclusion

Beyond the encouraging results recorded in the first quarter, the 2026 budget is being executed in a critical context for Senegal's public finances. As Senegal continues its discussions with the International Monetary Fund (IMF) on its financing needs and reforms that could underpin a possible future support program, the credibility of its fiscal trajectory will depend not only on sustained revenue mobilization but also on more efficient and transparent public expenditure management.

While tax revenues, supported by the extractive sector, have shown positive momentum, geopolitical tensions in the Middle East, which continue to fuel oil price volatility, together with the rising cost of debt servicing, are expected to place additional pressure on public finances.

The coming quarters will therefore be decisive. The priority will be to accelerate the execution of public investments to deliver the key projects outlined in the 2026 Finance Law, particularly in transport, health, education, and other strategic infrastructure essential to the country's long-term development.

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