

# CLOSING STATEMENT OF THE IDEAS-AFRICA NETWORK'S INTERNATIONAL CONFERENCE ON SENEGAL'S DEBT

Dakar, May 13, 2026

## 1. Context

The two-day international conference, held on May 12-13, 2026, was preceded by a pre-conference expert meeting on May 11, 2026. The proceedings addressed a context of intense domestic political-economic debate and varied global perspectives on Senegal's indebtedness. While it had been long in the making, Senegal's debt crisis became apparent following an audit of the government finances released in February 2025. Building on a similar conference previously held in Ghana, the International Development Economics Associates-Africa Network (IDAN), in partnership with Trust Africa, Progressive International, the Committee for the Abolition of Illegitimate Debt, and Debt Justice convened this high-level conference under the patronage of the Prime Minister of Senegal, Mr. Ousmane Sonko, bringing together over 150 policymakers, civil society organizations, and leading academics and experts on debt, finance, and development.

This distinguished gathering of experts from across Africa, Asia, Latin America, Europe and North America was convened to assess Senegal's indebtedness and to forge concrete and credible pathways out of a crisis whose impacts go well beyond Senegal's borders. Notably, policymakers and experts from countries that have recently been facing financial difficulties like Ghana, Zambia, Sri Lanka, Pakistan and Kenya were present to share their debt resolution experiences. Importantly, the Senegalese government was represented by several officials including the President of the National Assembly, Mr. Malick Ndiaye, the Minister of Justice, Ms. Yassine Fall, the Minister of Higher Education,

Research and Innovation, Mr. Daouda Ngom, the Secretary of State to the Prime Minister, responsible for Relations with Institutions, Government Spokesperson, Ms Marie Rose Khady Fatou Faye, the leader of the majority parliamentary group, Mr. Ayib Daffé, and the Mayor of Dakar, Mr. Abass Fall.

Given competing narratives in local and foreign media and policy circles, the first order of business for this conference was to clarify the nature of and the problem with Senegal's debt.

## **2. Clarifying the Problem with Senegal's Debt**

Fundamentally, the problem of Senegal's debt, much like other African countries, is not one of excessive public debt stock per se. However, the repayment terms of the debt, the underlying lack of monetary sovereignty from which Senegal suffers, and the denomination of external debt in foreign currencies have created substantial risk to macroeconomic sustainability and transformative economic growth. Specifically, three immediate failures precipitated the descent into crisis in Senegal.

First, current external debt amounting to around US\$25 billion, mostly contracted between 2012 and 2023, has led to significant foreign currency debt service costs. Relatedly, external debt grew faster than export capacity in this period, impairing the government's capacity to repay its high-interest external loans.

Second, between 2019 and 2023, loans were taken out without the public's knowledge. When these hidden debts were later revealed by the Court of Auditors, it subsequently inflated the real debt-to-GDP ratio from an official 74 % to over 99 %. This was a gap that the IMF failed to catch or perhaps chose to ignore.

Third and most fundamentally, Senegal's indebtedness is compounded by its lack of monetary sovereignty. Within the CFA franc arrangement, creating domestic liquidity requires holding significant hard-currency reserves, which are obtained not through external surpluses but rather through foreign borrowing, including from the IMF.

It is therefore the "debt system" - the structural conditions that justify the recurrence of debt crises - rather than the debt stock per se, that has to be tackled. The "debt system" keeps countries like Senegal in a cycle of continuous foreign debt accumulation and servicing as a mode of profit extraction by external creditors.

## **3. The Conference Perspective**

While the conference's participants had diverse perspectives, there were a number of points on which there was convergence and consensus. Notably, it was agreed that:

- Senegal faces three types of debt problems: the so-called hidden debt (mostly contracted in CFA franc from West African CFA zone banks), an unsustainable public external debt (contracted in foreign currency, largely in euro and US dollar) and a pathological debt (the double payment of its net imports, a penalty imposed by the international payment regime). These three debt problems have different origins and require separate approaches to address them. The bigger issue confronting Senegal is the latter two. While hidden debts are an aggravating factor, the servicing of a public external debt far beyond the export capacity of the country between 2011 - 2023 is the major challenge facing the country. Now, under the current international payment regime, Senegal's external deficits are paid twice - in monetary and real terms. In 2023, Senegal had an external deficit of around 4 to 4.5 trillion CFA francs, an amount it paid twice due to asymmetries of the international payment regime which unfairly obliges most countries to accumulate foreign currencies in order to settle their external payments. These three types of debt, taken together, undermine sovereignty and autonomous development.
- The Government of Senegal has options on how to resolve the three types of debt in the short and medium term. The choices it makes are first and foremost political. Each option offers different costs and benefits.
- Debt resolution is often affected by complex geopolitical interests. It is in this context that the external debt must be understood not simply as a technical issue but crucially a political one. The IMF itself is tied to geopolitical interests, as can be seen in the fact that six countries aligned with Western interests currently account for around two-thirds of its loan portfolio. The Fund has a conflict of interest, as being both judge and party. The IMF usually pursues a pro-creditor approach: aiding external creditors to recover their investments, even to the point of requiring an unfair restructuring of domestic debt. Recent experiences show that debt restructuring under the IMF's aegis does not provide any lasting solution to debt crises. Its "catalytic" signal is one of mediating palliative solutions: allowing a temporary return to the capital markets, hence perpetuating an endless cycle of external debt accumulation.
- In attempting to resolve Senegal's debt, the imposition of austerity on the Senegalese people must be avoided at all costs. The IMF's austerity policies, often hidden under the concept of fiscal consolidation, constitute a painful, unjust, and unacceptable pathway to resolving the Senegalese debt crisis. Notably, austerity often involves cuts to education and health spending, withdrawal of government subsidies, increases in basic utility costs to the citizenry for water and electricity and the imposition of regressive taxes. The IMF austerity approach neither addresses the debt problem nor supports economic transformation. It has not worked historically, whether in Senegal or in any other African country where the IMF has been involved for more than five decades.

- The IMF/World Bank Debt Sustainability Analysis (DSA) in most countries has been problematic, and each country including Senegal should generate their own DSA in line with their growth strategy and direction of economic transformation. The IMF's DSA framework merely considers external debt repayment without considering economic growth as a precondition for debt sustainability. Furthermore, such DSAs produce gross forecasting errors by amplifying future risk of debt distress and undermine the need for substantial debt relief. Crucially, they do not take into account human rights and climate obligations of States.
- The IMF's primary budget deficit/surplus targets claiming to restore a "sustainable" debt path are anti-development and are mainly focused on repayment to creditors. Pursuing blind fiscal targets, with no comprehensive account of their impact on private balance sheets, domestic demand, balance of payments and economic growth, will fail to restore meaningful macroeconomic stability and sustainability. They will also undermine structural transformation of the economy and the provision of affordable social services.

## 4. The Way Forward

The conference acknowledges the significant efforts of the Government of Senegal in addressing the crisis it inherited, especially its proposals in the Economic and Social Recovery Plan. We particularly support the Government of Senegal's efforts at budgetary and financial transparency. We also encourage it to assert more domestic control over national resources. The attempts at renegotiating better terms for previous oil and gas exploration contracts are commendable.

The conference has identified three components of Senegal's debt crisis: the hidden debts; the unsustainable external (foreign currency) debt; and the pathological debt. Each of these components needs specific treatment.

### Hidden Debt

The hidden debts which were revealed by the Court of Auditors are a substantial part of the overall debt stock, with interest payments that have consequences for macro-financial stability and long-term investment.

- We recommend that the government freeze repayments of the hidden debts pending a forensic investigation that would document the responsibility of the domestic and international actors that allowed this situation to develop.
- This investigation, which has to be led in an inclusive way, including relevant civil society organizations, will clarify legal responsibility for the repayment of these debts not disclosed to the Senegalese Parliament and people.

- Where it is deemed to be legitimate, resumption of servicing of these debts should be structured to protect the domestic economy and its financial stability.
- As the hidden debts include external foreign currency debt, Senegal should push for an internal investigation by the Board of the IMF that will allow to understand why the IMF surveillance failed once more, after the hidden debts scandal in Mozambique, and to eventually document the institution's own responsibility.

### External Debt Burden

The external debt of Senegal and its servicing obligations are unsustainable. Yet, restructuring under the aegis of the IMF usually fails miserably.

- If the government considers restructuring its debts under IMF's guidance, it should generate its own Debt Sustainability Analysis, negotiate significant external debt cancellations, and avoid debt restructuring that will be extended to domestic debt held by the domestic financial system. Furthermore, it should cap debt servicing and ringfence education, health and social protection expenditure.
- If the government does not contemplate debt restructuring, it should avoid self-imposed austerity, which is likely to fail and to generate strong domestic backlash.
- For the medium and long term, Senegal has to leverage its natural resources by having better legal, fiscal and technical control over them; reduce the issuance of Eurobonds and prefer other sources of external financing; avoid borrowing in foreign currency to implement projects that will not increase its export capacity or substitute imports with domestic production; and push for currency reform that will promote an expansion of domestic financing and the sustainability of domestic currency sovereign debt.
- The need for a forensic investigation of the hidden debts, to the extent that they involve an external component that might be potentially odious, needs to be stated again. Illegal foreign debts should not be serviced but repudiated.
- Senegal should consider joining efforts to shape a global South borrowers' club.

### Pathological Debt Problem

To end Senegal's structural double debt burden, we propose the establishment of a national bureau with two departments. One department would be focused on preserving the domestic CFA Franc counterpart of the external deficit and transferring it to the Treasury. The second department would be responsible for paying foreign creditors in full while a counter-loan mechanism prevents external debt from

accumulating mechanically. The Government is encouraged to mandate a legal feasibility study on this reform. This “one-country reform” is only possible if Senegal opts for monetary sovereignty and exits the West African Monetary Union (WAMU) and abandons the CFA Franc. Alternatively, if Senegal is able to convince WAMU of the necessity of such a payment system reform, the Union would need to be transformed into a Clearing Integrated Monetary Area (CIMA) for the purpose of real-time gross settlement based on stable intra-area exchange rates. CIMA would serve as the common system for both intra and extra payments for WAMU member countries.

In conclusion, regardless of the policy choices in response to the current crisis, the economic transformation of Senegal and the prosperity of every Senegalese must be upheld and protected. The people of Senegal have the right to development, with freedom and democracy.

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## About IDAN

IDEAS-Africa Network is the African network of the International Development Economics Associates (IDEAs), an international non-profit organization of progressive economists engaged in research, teaching, and disseminating critical analyses on economic policy and development.

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