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Can the IMF help restore Senegal's room to manoeuvre?

In 2025, an audit exposing massive hidden debts plunged Senegal into crisis. A new loan agreement might offer some relief

The relief is palpable, the expectations are immense: On 1 September 2026, Senegal and the International Monetary Fund (IMF) reached a staff-level agreement for a 36-month loan programme worth $2.2 billion. Having campaigned on a promise of transparency in the 2024 presidential elections, the government soon found itself facing an unexpectedly high level of debt.

A report by the Court of Auditors revealed that between 2019 and 2024, the previous government led by President Macky Sall took on undisclosed loans worth 25 per cent of the country's gross domestic product (GDP). At the end of 2024, public debt suddenly reached the equivalent of 132 per cent of GDP, triggering a downward spiral of poor financing conditions, a loss of confidence and political polarisation. The IMF subsequently froze its $1.8 billion programme in 2025. This put one of the new government's key promises to the test: to reclaim Senegal's economic and fiscal sovereignty. The current debt crisis shows just how limited the room for manoeuvre is for a country that remains dependent on international financing.

The issue of how to deal with the debt burden is dividing the country. What was initially a technical problem turned into a political one, ultimately leading to a split within the governing PASTEF party, which has been in power since 2024. On 22 May 2026, Senegalese president Bassirou Diomaye Faye dismissed his prime minister and former mentor Ousmane Sonko. During the election campaign, the duo – who embodied the political change of 2024 – had emphasised national sovereignty through economic and fiscal independence. Sonko in particular repeatedly made it clear that debt restructuring would be tantamount to humiliation, thereby giving the impression that the country could break free from the existing structures and dependencies. Thus, PASTEF supporters claim on social media that, under Sonko, the

party had raised almost 1.7 billion francs in just seven months — without IMF assistance.

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Two trends can be observed in how the budgetary deficit is being bridged. First, Senegal is becoming increasingly dependent on regional capital markets. The lion's share of the hidden debt consists of CFA franc loans. Second, the instruments used for refinancing expensive debt are becoming more and more complex and opaque. For example, Senegal has relied on total return swaps — financial contracts that, at first glance, do not resemble traditional forms of borrowing but are increasingly being used by African countries to restructure their debt risks. The government's promise of transparency has begun to falter.

The crucial question is not whether Senegal can manage without the IMF and international creditors, but rather how much political leeway the country can regain within the constraints of its existing dependencies. The real weaknesses also lie in the international financial architecture, which puts countries of the global majority at a disadvantage by imposing excessively high borrowing costs. Senegal's debt is spread across multilateral lenders, bilateral agreements, bond markets and domestic or regional debt denominated in CFA francs. The latter is to be excluded from restructuring to avoid triggering a banking crisis in the currency union.

The recently announced *Plan de Traitement de la Dette du Sénégal (PTDS)* is certainly a 'sovereign initiative'. Notably, when the IMF agreement was announced on 1 September, both the IMF and the Senegalese government avoided using the highly politicised term 'restructuring', associated as it is with bad memories of structural adjustments. Regardless of the debate over political terminology, Senegal has already informed its partners that it will be applying the G20 Common Framework: a mechanism for restructuring unsustainable sovereign debt. China and France, who are part of this initiative, hold almost three-quarters of Senegal's bilateral debt.

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To begin with, the prospect of an IMF programme reduces uncertainty in the country. The government's intention is to use this to create fiscal leeway. The IMF emphasises that the agreement is the result of two years of

population.

negotiations — thereby also addressing former prime minister Sonko. Individual reforms and budgetary measures that could form part of the IMF programme require parliamentary decisions or legislative amendments. It is likely that Sonko will adopt a critical stance on certain reforms. He has already raised questions about the social consequences of the reforms and the sustainability of public finances and announced that 'a debate will take place!' Indeed, the parliament is exactly the right forum for such debates. After all, fiscal sovereignty also requires democratic oversight. Then there is the question of political accountability: How could such extensive borrowing by the previous government have gone unnoticed? Civil society has long been calling for parliamentary approval of loan agreements.

Senegal is facing an unprecedented debt crisis that threatens its economic prospects for years to come. Social tensions are rife. On 5 September, there were demonstrations against the high cost of living. This makes it all the more important to find a lasting solution that does not involve reverting to the IMF's previous austerity approach. The costs of a restructuring must not be borne by the most vulnerable sections of the population. The promise of transparency must now be followed by complete openness and accountability, for example through parliamentary approval of loan agreements exceeding a certain threshold and a publicly accessible, annually updated debt register. And the creditors, too, must play their part in helping address the crisis.

Sovereignty is measured not only by a country's relationship with the IMF, but also by how transparent and democratic its debt-related decision-making is. This does not mean doing without international creditors in an interconnected financial world, but rather regaining as much political leeway as possible within the constraints of unavoidable dependencies — and deciding democratically how that leeway is used.



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