

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Government of Senegal's Support for Tourism and Other Key Sectors Affected by COVID-19

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**Report Highlights:**

In March 2020, the Government of Senegal (GoS) enacted several measures to curb the spread of Covid-19 such as curfews, air and land border closures, and movement restrictions within the country; however, these measures have also greatly affected the economy. In April 2020, the GoS launched the Economic and Social Resilience Program to support many parts of the economy, including tourism and livestock. The program's budget is set at one trillion CFA francs (US \$1.67 billion). On June 29, 2020, President Sall announced the GoS is working on a Post-COVID economic program to relaunch the economy which will prioritize several key sectors including agriculture, livestock, manufacturing, and tourism.

## Executive Summary

In March 2020, the Government of Senegal (GoS) enacted measures to curb the spread of COVID-19, such as curfews, air and land border closures, and movement restrictions within the country; however, several sectors of the Senegalese economy have reportedly been negatively affected by the government's measures and have therefore been targeted for government support.

The GoS believes the hotel and restaurant sector has been the most severely impacted by the Covid-19 pandemic, with a total revenue loss of 96 billion CFA francs (US \$160 million) due to the rushed repatriation of tourists, the closure of most hotels and the prohibition of sit-in restaurant service. The air transportation sector was also greatly affected, with revenue losses of at least 28 billion CFA francs (US \$46.7 million) since the GoS suspended commercial flights on March 18, 2020. In addition, herders and poultry farmers have been particularly affected by the closure of weekly markets where live animals are sold, the prohibition of long-distance travel between departments and regions for grazing, as well as reduced demand due to the cancellation of large family and religious events and the closure of hotels and restaurants. Food manufacturing companies reported a revenue loss of more than 80 percent from the hospitality sector due to the closure of hotels and restaurants.

In April 2020, the GoS launched the Economic and Social Resilience Program to support many parts of the economy with a budget of one trillion CFA francs (US \$1.67 billion). Through this program, the GOS has put in place several support measures such as credit lines and subsidies to alleviate the financial strains on some of these sectors. In addition, the GoS announced other palliative measures such as partial reductions in taxes for companies and individuals, tax payment deferrals, deadline extensions for value-added tax payment to Customs, and tax rebates and tax suspensions for companies that keep their workers employed or pay over 70 percent of the salary of their furloughed employees. This report provides an overview of these support measures.

On June 29, 2020, President Sall said that the economic growth rate for Senegal is forecast to drop from 6.8 percent to less than one percent in 2020 because of the pandemic. To avoid an economic crisis, President Sall announced that starting June 30 at 11:00 PM the government will lift the curfew and the state of emergency, and all workers will return to normal working hours. Markets will remain closed one day per week for cleaning and all closed recreational venues such as clubs and bars will remain closed. Senegal's air border will reopen on July 15, 2020, but land and sea borders will remain closed until further notice. President Sall also said the GoS is working on a Post-COVID economic program to relaunch the economy which will prioritize several key sectors including agriculture, livestock, manufacturing, and tourism.

US \$1 = 600 CFA francs

## **Government of Senegal's Measures to Curb the Spread of COVID-19**

On March 2, 2020, Senegal confirmed its first COVID-19 case. As the number of confirmed cases increased, President Sall announced a state of emergency on March 23, 2020, and implemented several measures to prevent the spread of COVID-19. These measures included the suspension of all commercial flights, the closure of Senegal's borders with neighboring countries (with the exception of commercial transportation), movement restrictions between cities and regions, curfews, and social distancing guidelines. All these measures have heavily impacted the economy. Later, on June 5, President Sall relaxed many measures, including allowing inter-regional travel and shortening the curfew. Religious institutions, restaurants, and fitness centers are now open as well. On June 29, President Sall announced that starting June 30 at 11:00 PM the government will lift the curfew and the state of emergency, and all workers will return to normal working hours. Markets will remain closed one day per week for cleaning and all closed recreational venues such as clubs and bars will remain closed. Senegal's air border will reopen on July 15, 2020, but land and sea borders will remain closed until further notice.

## **COVID-19 Hobbled the Hospitality, Transportation, Livestock, and Food Manufacturing Sectors**

In 2019, tourism constituted seven percent of Senegal's GDP with revenues of nearly 500 billion CFA francs (US \$833.3 million). Employing about 150,000 people, the tourism sector is Senegal's second largest source of foreign exchange after the fishing industry. In 2017, Senegal's National Agency for Statistics and Demography (ANSD) estimated the number of hotels, restaurants, and bars at 21,210, ninety-four percent of which are in the informal sector and 40 percent of which are located in the Dakar region. Sources believe that some upscale restaurants, mainly located in hotels, purchase approximately two billion CFA francs (US \$3.6 million) of food and beverages per year. Imported foods used by the hospitality industry include milk and dairy products, sauces, baking ingredients, alcoholic beverages, and seasonings, most of which are imported from Europe. For more information on the Hotel, Restaurant and Institutional (HRI) sector, please see Post's GAIN report on the [HRI Sector in Dakar](#). The GoS believes that the hospitality industry has been the most severely impacted by the COVID-19 pandemic, which it estimates has lost 96 billion CFA francs (US \$160 million) in revenue. Due to the pandemic, hotels and restaurants voluntarily closed their businesses due to a lack of customers. Some hotels were requisitioned to quarantine people who came in close contact with COVID-19 patients.

Tourism came to a standstill after the GoS closed all commercial air traffic, which also severely disrupted Senegal's air and land transportation industries. According to the U.S. Transportation Security Administration (TSA) office in Dakar, air transportation stakeholders reported a collective loss of 28 billion CFA francs (US \$46.7 million) over the past three months. The International Air Transport Association (IATA) forecasts that in 2020, Senegal's air transportation sector will be faced with 2.6 million fewer passengers, 156,200 threatened jobs, and a 198 billion CFA franc (US \$330 million) revenue shortfall. Activity in the public and private land transportation sector also greatly slowed due to decreased demand from tourism, government-imposed movement restrictions, and limits on the number of passengers permitted in buses and taxis to comply with social distancing measures.

The livestock sector has also faced major disruptions due to COVID-19 measures. Herders have been particularly affected by the closure of weekly markets where live animal are sold and the prohibition of long-distance travel between departments and regions for grazing. The COVID-19 pandemic has also

negatively impacted the poultry sector. According to media sources, the pandemic caused demand for poultry to fall, which resulted in more than a 50 percent drop in revenue for poultry producers, making it difficult to continue buying feed and other inputs. Demand fell mainly due to the cancellation of major religious and familial events; the closure of hotels, restaurants, and markets; and a drop in consumer income due to the pandemic. Poultry producers reported they have had to sell their chickens at a loss; only a few producers with access to cold storage have been able to freeze their surplus stocks.

Private sector contacts in the food manufacturing sector have also reported operational setbacks due to the pandemic. They include the lack of labor due to the increased cost and limited availability of public transportation, the reduced availability and increased cost of local ingredients due to the closure of weekly markets, reduced working hours for employees, restrictions on transportation between cities and regions, and difficulties finding vessels to export locally processed food products. In addition, the closure of hotels and restaurants significantly decreased demand for their products causing revenue from the hospitality sector to drop more than 80 percent. However, food manufacturing companies that supply the modern retail market noted an increased demand for staple food products, raising revenue for those products by 100 percent. For information on Senegal's food manufacturing sector, see the [Food Processing Ingredients](#) report.

### **Government of Senegal Tries to Soften the Blow of COVID-19**

Due to the pandemic's significant disruption to the HRI sector, in April 2020, the GoS announced as part of its Economic and Social Resilience Program a loan package of 15 billion CFA francs (US \$25 million) to support this sector, which is being released in waves. On May 19, 2020, 3.75 billion CFA francs (US \$6.25 million) of the total was made available to tourist hotels/accommodations, travel agencies, transport services, restaurants, tour guide services, and other businesses. According to contacts, an additional 1.17 billion CFA francs (US \$1.95 million) was later released, and another installment of 5 billion CFA francs (US \$8.33 million) is about to be made available. This loan can be used to cover three months of only certain specific overhead expenses such as salaries, utilities, and security. Accommodation establishments (hotels, hostels, camps etc.) represent 68 percent of the recipients of these loans so far, followed by travel agencies (18 percent), and restaurants (10 percent). In addition to this loan package, 12 billion CFA francs (US \$20 million) will be allocated to compensate hotels requisitioned by the GoS to quarantine people who came in close contact with COVID-19 patients.

According to contacts and the TSA, the GoS will provide five billion CFA francs (US \$8.33 million) in subsidies to public enterprises and agencies in the air transportation sector, including Blaise Diagne International Airport (AIDB), the National Agency for Civil Aviation and Meteorology (ANACIM), the High Authority of Senegalese Airports (HAAS), and the Senegal Airports Agency (ADS). An additional 45 billion CFA francs (US \$75 million) will be allocated to Senegal's national airline Air Senegal to offset its losses over the past three months. In addition, a credit line of two billion CFA francs (US \$3.3 million) will be made available to private entities such as Limak-Aibd-Summa (LAS) which manages the airport, AIBD Assistance Services (2AS), and the airport security company TERANGA. This credit will be reimbursed over a six-year period at a low interest rate of two percent with a two-year deferment period. The Minister of Transportation will also authorize 8.25 billion CFA francs (US \$13.75 million) in funding to support public and private land transportation companies.

As for the livestock sector, on May 9, 2020, the Government of Senegal spent two billion CFA (US \$3.3 million) to purchase 1.8 billion CFA (US \$3 million) and 200 million CFA (US \$0.3 million) of livestock and poultry feed. The livestock feed will be sold at subsidized prices to herders and livestock farmers. According to the association of poultry producers, the GoS will distribute a total of 660 MT (13,200 50-kg bags) of poultry feed; however, poultry farmers have not yet received any of the feed as the GoS is still working on establishing distribution criteria. According to contacts, the Senegalese poultry industry is comprised of five or six large commercial farms raising 10,000 birds or more every 45-60 days in enclosed sheds and thousands of smaller poultry farms raising between 1,000 to 2,000 birds in open air sheds every 45 days. For more information, please see our [Poultry and Poultry Products Annual 2019](#).

Contacts in Senegal's food manufacturing sector said they have not yet received any kind of sector-specific support, though they hope to benefit from general government policies to support private companies (see Other Government Support section).

### **Other Government Support**

In April 2020, the GoS announced it would spend one trillion CFA francs (US \$1.67 billion) to implement the Economic and Social Resilience Program. The impact of this program remains to be seen with the recent relaxed measures and restrictions, but the main objectives of the program include:

1. Reinforce the social resiliency of the population for 69 billion CFA francs (US \$115 million)
2. Maintain financial and macroeconomic stability to assist the private sector and maintain employment
3. Maintain the country's supply of fuel, food, medical supplies, and pharmaceutical products

So far, the following allocations have been executed:

- 69 billion CFA francs (US \$115 million) to provide supplies of food (rice, sugar, vegetable oil, soap, and pasta) to low income families – around 1 million households or 60 percent of the total population. This distribution was launched in April 2020 and is still ongoing in several regions.
- 12.5 billion CFA francs (US \$20.8 million) to assist Senegalese nationals living abroad in countries affected by the COVID-19 pandemic. More than 200,000 Senegalese nationals in 142 countries have been registered for this support program and 30 percent have been assisted so far. The operation is still ongoing.
- 12.5 billion CFA francs (US \$20.8 million) and 3 billion CFA francs (US \$5 million) to pay electricity and water bills for 975,000 and 670,000 families, respectively. This distribution started in May 2020.

Other actions taken by the GoS include:

- A partial reduction in taxes for companies and individuals, for a total amount of 200 billion CFA francs (US \$333.3 million)
- Tax payment deferments until July 15, 2020
- Deadline extended for 12 to 24 months to pay value-added taxes to Customs
- Tax rebates and tax suspensions for companies that keep their workers employed or pay over 70 percent of the salary of their furloughed employees
- The payment of 302 billion CFA francs (US \$503.3 million) towards outstanding government procurement debt owed to private companies
- The Central Bank of West African States (BCEAO) and other commercial banks are offering 200 billion CFA francs (US \$333.3 million) in low interest loans to companies affected by the pandemic

On June 29, 2020, President Sall announced the GoS is working on a Post-COVID economic program to relaunch the economy which will prioritize several key sectors including agriculture, livestock, manufacturing, and tourism.

**Attachments:**

No Attachments.