

AFRICA RISK CONSULTING

Senegal Monthly Briefing September 2020

Senegal Summary 19 September 2020

The government announces the removal of further Covid-19-related restrictions as health minister Abdoulaye Diouf Sarr commends his government's handling of the health crisis. Senegal's economic growth will shrink from the initially projected figure of 1.1% to -0.7% during 2020. During an official visit to France, President Macky Sall (2012-present) encourages French investment in Senegal. Senegal is hit with its worst floods since 2012, which have left a reported six individuals dead.

Senegal removes further Covid-19 related restrictions...

The government has lifted the majority of **Senegal's Covid-19** restrictive measures and re-authorised most socio-economic activities. Health and social action minister **Abdoulaye Diouf Sarr** noted on 5 September that the number of cases had reduced over the previous few weeks, with a marked increase in recoveries. However, Sarr warned of the necessity to respect basic health and sanitary guidelines, including the obligation to wear protective facemasks.¹ Universities opened on 1 September for the first time since March,² while the land transport ministry on 15 September authorised public transport operators to load their vehicles to full capacity.³

Sarr praised the government's efforts in handling the Covid-19 pandemic noting that Senegal had formulated, in collaboration with the **Commission Nationale pour la Gestion des Epidemies (CNGE)** (national epidemic management commission), a Covid-19 response by January.⁴ **United States-based publication Foreign Policy** ranked Senegal second globally, behind **New Zealand** and ahead of **Denmark**, out of 36 countries in its classification of Covid-19 management strategies in various countries.⁵ Indicators used to rank Covid-19 response included testing policy, border control, communication and financial assistance provided to the most vulnerable.⁶

Despite Senegal's improving Covid-19 situation, the government is still attempting to mobilise funds to finance its **Programme de Résilience Economique et Social (PRES)** (economic and social resilience programme). Economy, planning and cooperation minister **Amadou Hott** signed three financial and technical cooperation agreements on 3 September for the allocation of a 65.5 billion FCFA (\$118.1m) donation by **Germany** to support the PRES.⁷

Moussa Seydi, director of infectious diseases at the **Hopital Fann**, Senegal's flagship Covid-19 treatment centre, confirmed on 5 September that his institution was using anti-malaria drug hydrochloroquine and the antibiotic medication azithromycin to treat patients.⁸ Seydi added that since 14 August, tests have been performed to identify whether anti-coagulant and anti-inflammatory drugs are effective for the treatment of Covid-19 patients.⁹ Hopital Fann director **Amadou Fall** said that rapid diagnostic tests would be rolled out across six localities in the pilot phase of this initiative.¹⁰

¹ RFI, 6 Sep 2020

² RFI, 2 Sep 2020

³ Le Quotidien, 16 Sep 2020

⁴ APS, 15 Sep 2020

⁵ RFI, 11 Sep 2020

⁶ RFI, 11 Sep 2020

⁷ Financial Afrik, 3 Sep 2020

⁸ RFI, 6 Sep 2020

⁹ RFI, 6 Sep 2020

¹⁰ RFI, 6 Sep 2020

At the time of writing, Senegal had recorded 14,688 confirmed cases, 11,153 recoveries and 302 deaths from Covid-19 in its population of roughly 16.8 million.¹¹

Economy forecast to contract by 0.7% in 2020

Economy minister Amadou Hott forecast on 11 September that the Covid-19 pandemic will cause further contraction in Senegal's economy.¹² Although initial estimates were for 1.1% growth in 2020, the figure has been revised downwards to economic contraction of 0.7%. The **Direction de la Prévision et des Etudes Economiques (DPEE)** (directorate of forecasting and economic studies) reports that Senegal's budget deficit was 741.2 billion FCFA (\$1.3 billion) at the end of Q2, compared to 469.1 billion FCFA (\$845.6m) at the same point in 2019.¹³ The budget deficit has widened largely as a result of lost tax and custom revenues.¹⁴

Hott said Senegal's growth trajectory may improve slightly if agriculture sector output increases during the third quarter as a result of plentiful rain.¹⁵ Hott expressed confidence that Senegal's economy will rebound, citing investment in agricultural, pharmaceutical and industrial activity as domains that will propel growth.¹⁶

Hott also noted the importance of promoting local tourism, given the significant drop in international tourism.¹⁷ Tourism and air transport minister **Alioune Sarr** announced on 18 August that the government would provide 77 billion FCFA (\$138.7m) in support for the air transport and tourism sectors.¹⁸ A survey by the **Agence National de la Statistique et de la Demographie (ANSD)** (national statistics and demographics agency) reported that 68.4% of Senegalese businesses plan to carry out investment after the pandemic, which would boost economic growth.¹⁹

President Sall courts French investors

During an official visit to **France** from 26 -27 August, President **Macky Sall** (2012-present) encouraged French entrepreneurs to pursue investment opportunities in Senegal. Sall spoke as guest of honour at the **Mouvement des Entreprises de France (MEDEF)** summer school, becoming the first **African** head of state to speak at such an event.²⁰ MEDEF is the largest business lobby group in France.

Sall noted there are 250 French firms operating in Senegal, which together have created 30,000 jobs.²¹ However, Sall indicated that Africa's circle of international partners is widening and open to anyone seeking opportunities.²² Sall added that international engagement with African countries must go beyond the provision of official development assistance (ODA).²³ Sall invited French firms to take advantage of investment opportunities currently available in Senegal. The **Plan Senegal Emergent II (PSE II)**, the second phase of Senegal's medium-term economic agenda, aims to promote economic activity across a variety of sectors that may attract French investors.²⁴ These include agriculture, agro-industry, construction, energy, finance, housing, hydrocarbons, mines, tourism and transport.²⁵ Sall noted that PSE II will require an estimated €22.4 billion (\$26.4 billion) in funding, and called on

¹¹ APS, 18 Sep 2020

¹² APS, 11 Sep 2020

¹³ Financial Afrik, 30 Aug 2020

¹⁴ Financial Afrik, 30 Aug 2020

¹⁵ APS, 11 Sep 2020

¹⁶ APS, 11 Sep 2020

¹⁷ APS, 11 Sep 2020

¹⁸ Agence Ecofin, 20 Aug 2020

¹⁹ Financial Afrik, 18 2020

²⁰ Africa Business Intelligence, 31 Aug 2020

²¹ Africa Business Intelligence, 31 Aug 2020

²² Africa Business Intelligence, 31 Aug 2020

²³ Africa Business Intelligence, 31 Aug 2020

²⁴ Africa Business Intelligence, 31 Aug 2020

²⁵ Africa Business Intelligence, 31 Aug 2020

attendees to use Senegal's **Agence pour la Promotion des Investissements et des Grands Travaux (APIX)** (investment promotion and large scale projects agency) to explore opportunities.²⁶

Sall's French agenda included a meeting with **Compagnie Francaise de l'Afrique Occidentale (CFAO)** CEO **Richard Bielle** to discuss the possible establishment of France-based retail chain **Carrefour** stores in Senegal.²⁷ Sall also met **Jean Cahuzac**, president of **Evolen**, a consortium of French companies involved in the hydrocarbons and renewable energy domains, as well as France's economy and finance minister, **Bruno Le Maire**.²⁸

Sall successfully secured funding from several French financial institutions for Senegal's **Train Express Regional (TER)** (regional express train), one of the PSE's landmark projects.²⁹ A 17.6 billion FCFA (\$31.7m) financing agreement between Senegal and France-based **Banque Publique Française d'Investissement (BPI)** was signed on 27 August.³⁰ The financing will fund the completion of the second phase of the TER, a high-speed railway line to be built by the French trio of **Eiffage, Engie** and **Thales**.³¹ Phase two of the 17-km railway line will connect the newly established satellite town of **Diamniadio** with the **Aéroport Internationale Blaise Diagne (AIDB)**.³² Phase one of the TER is 36 km long and connects Dakar with Diamniadio. Phase one is being developed by the consortium of Eiffage, **Turkey-based Yapi Merzeki** and Senegal-based **CSE** and is 90% complete.³³ According to infrastructure and land transport minister **Omar Youm**, the railway line will be inaugurated in 2021,³⁴ following two postponements in October and November 2019.³⁵ A total of \$1.1 billion was acquired from lending institutions such as the **African Development Bank (AfDB)**, **Agence Française du Développement (AFD)**, **Tresor Française** (french treasury) and **Saudi Arabia-based Islamic Development Bank (IDB)**.³⁶

Floods claim at least six lives

Senegal has seen its worst floods since 2012 following torrential rains on the weekend of 5 September, leading to six recorded deaths and significant damage to infrastructure across the country.³⁷ Water and hygiene minister **Serigne Mbaye Thiam** reported that over one weekend Senegal received 124mm of rainfall, its average total rainfall from July to September.³⁸

President Sall chaired a crisis meeting on 8 September, attended by Thiam and interior minister **Aly Ngouille Ndiaye**, to assess the effects of the floods and evaluate the country's **Programme Decennial de Lutte contre les Inondations (PDLI)**.³⁹ The PDLI is Senegal's 10-year flood prevention and management plan, which is set to run from 2012 to 2022 and has a budget of 767 billion FCFA (\$1.3 billion).⁴⁰ Sall created the programme in 2012 after floods hit Dakar the same year. Sall described the current situation as *"a by-product of the global phenomenon of drastic climate change"*.⁴¹ Presidency secretary general and government spokesperson **Abdou Latif** described the floods as *"exceptional"* and said the government would take steps to improve drainage and water removal operations in flood

²⁶ Africa Business Intelligence, 31 Aug 2020

²⁷ Jeune Afrique, 28 Aug 2020

²⁸ Jeune Afrique, 28 Aug 2020

²⁹ RFI, 29 Aug 2020

³⁰ RFI, 29 Aug 2020

³¹ RFI, 29 Aug 2020

³² Agence Ecofin, 27 Aug 2020

³³ Agence Ecofin, 27 Aug 2020

³⁴ Agence Ecofin, 27 Aug 2020

³⁵ RFI, 29 Aug 2020

³⁶ Agence Ecofin, 27 Aug 2020

³⁷ La Croix, 10 Sep 2020

³⁸ BBC, 6 Sep 2020

³⁹ RFI, 8 Sep 2020

⁴⁰ RFI, 8 Sep 2020

⁴¹ RFI, 8 Sep 2020

zones.⁴² Aly Ngouille said six individuals had died as a result of the floods and promised the government would provide more assistance.⁴³

Sall announced the creation of a 10 billion FCFA (\$18m) emergency aid package to help flood relief efforts.⁴⁴ Sall said 3 billion FCFA (\$5.4m) would go towards providing cash transfers to purchase basic necessities for flood victims while the remaining 7 billion FCFA (\$12.6m) would be allocated to the **Brigade Nationale de Sapeurs Pompiers** (national fire fighters brigade) and the **Office National d'Assainissement (ONAS)** (national hygiene office) to undertake clean-up efforts.⁴⁵

Despite these measures, the opposition and civil society have criticised the government's response and lack of preparedness.⁴⁶ Local media criticised Sall at the onset of the floods – Sall was attending the 57th **Economic Community of West Africa States (ECOWAS)** Ordinary Summit on 7 September, at **Niamey (Niger)** and failed to address the fact that the floods had occurred.⁴⁷ In the **Dakar** suburbs of **Camberene** and **Keur Massar**, protesters erected road blocks to express discontent with the government's response, resulting in security forces' intervention.⁴⁸ Former prime minister **Abdoul Mbaye** criticised the government for "*intentionally*" not implementing the flood prevention plan over the last decade.⁴⁹

While torrential rains and flooding have affected several **Sahel** states including **Burkina Faso, Ghana, Mauritania, Niger** and **Nigeria** over the past few months, flooding is a normal occurrence in Senegal.⁵⁰ During his 2019 re-election campaign, Sall promised to invest significantly in drainage and hygiene-related infrastructure.⁵¹ However, ONAS director general **Lansana Sakho** has blamed the flooding on ageing drainage infrastructure, noting that many of Dakar's canals are 50-60 years old and rapid urbanisation has aggravated the situation.⁵²

⁴² RFI, 8 Sep 2020

⁴³ RFI, 8 Sep 2020

⁴⁴ APS, 8 Sep 2020

⁴⁵ APS, 8 Sep 2020

⁴⁶ ARC Senegal Analyst

⁴⁷ Seneweb, 6 Sep 2020

⁴⁸ Africanews, 8 Sep 2020

⁴⁹ La Croix, 10 Sep 2020

⁵⁰ La Croix, 10 Sep 2020

⁵¹ Jeune Afrique, 9 Sep 2020

⁵² La Croix, 10 Sep 2020

Planner

- 2020 **Dakar (Senegal)** Municipal elections (TBA);
- 2020 **Dakar (Senegal)** **Senegal Oil & Power 2020 Conference** (TBA)
- 2022 **Sangomar** offshore oil field: production of crude oil set to begin
- 2023 **Grand Tortue Ahmeyim (GTA)** offshore gas field: production of natural gas set to begin.

Chronology

- 19 Sep 2020 **Dakar (Senegal)** *APS*. President **Macky Sall** undertakes visit to region of **Falick** to assess the development of economic projects;
- 18 Sep 2020 **Dakar (Senegal)** *Sika Finance*. A joint study conducted by the Senegalese government and **African Development Bank (AfDB)** reports that the first phase of the **Plan Senegal Emergent** led to the creation of 186,932 jobs;
- 18 Sep 2020 **Dakar (Senegal)** *Sika Finance*. Construction begins at the **Mamelles** sea water desalination plant outside Dakar which will have production capacity of 50,000 m³ per day;
- 14 Sep 2020 **Dakar (Senegal)** *Jeune Afrique*. The **World Bank** approves emergency funding of \$50m for the relocation of 10,000 people threatened by rising sea levels in the coastal town of **Saint-Louis**;
- 12 Sep 2020 **Dakar (Senegal)** *Agence Ecofin*. **Turkey's** foreign minister, **Mevlüt Cavusoglu**, ends his two-day working visit in capital Dakar;
- 11 Sep 2020 **Dakar (Senegal)** *APS*. Economy, planning and cooperation minister **Amadou Hott** states Senegal may register only -0.7% economic growth in 2020 due to the **Covid-19** pandemic, while financial year growth in 2019 is estimated at 5.3 % compared to 6.4% in 2018;
- 10 Sep 2020 **Dakar (Senegal)** *Agence Ecofin*. Senegal is developing a specific tax framework for companies engaged in the construction of the 53.9 billion FCFA (\$97.6m), 1,461-metre **Rosso** bridge linking Senegal and **Mauritania**, set for completion in 2022;
- 9 Sep 2020 **Dakar (Senegal)** *RFI*. President **Macky Sall** says a 10 billion FCFA (\$18.1m) budget has been approved to deal with the floods that have hit the country;
- 4 Sep 2020 **Dakar (Senegal)** *Agence Ecofin*. The **United States Trade and Development Agency (USTDA)** awards a \$1.2m grant for a feasibility study to develop the first major onshore gas pipeline in Senegal;
- 3 Sep 2020 **Dakar (Senegal)** *APS*. Senegal and **Germany** have signed three cooperation agreements in terms of which Germany will donate 96 billion FCFA (\$172.8m) to support the national programme of economic and social resilience set up as part of the fight against **Covid-19**;
- 2 Sep 2020 **Dakar (Senegal)** *Koaci.com*. The **Office National de la Lutte contre la Fraude et la Corruption (OFNAC)** (anti-fraud and corruption office) reports that as of 31 August, 34 of 35 ministers had declared their assets;
- 1 Sep 2020 **Dakar (Senegal)** *APS*. The **Direction de la Prévision et des Etudes Economiques (DPEE)** (directorate of forecasting and economic studies) reports that in Q2 2020, Senegal's trade balance showed a deficit of 435.1 billion FCFA (\$783.4m), a deterioration of 88.3 billion FCFA (\$158.9m) compared to the previous quarter;
- 1 Sep 2020 **Dakar (Senegal)** *RFI*. Universities and higher education institutions reopen following their closure in mid-March due to the **Covid-19** pandemic;
- 31 Aug 2020 **Dakar (Senegal)** *Agence Ecofin*. State-owned electricity provider **Senelec** will install 50,000 smart electricity meters in the capital, Dakar, by the end of 2020;

31 Aug 2020 **Dakar (Senegal)** *Financial Afrik*. Senegalese-American musician **Akon** officially launches “*Akon City*”, a futuristic city that will bear his name, with a projected investment of \$6 billion;

30 Aug 2020 **Dakar (Senegal)** *Financial Afrik*. The **Direction de la Prévision et des Etudes Economiques (DPEE)** (directorate of forecasting and economic studies) estimates Senegal’s budget to be 741.2 billion FCFA (\$1.34 billion) in deficit at the end of June against a deficit of 469.1 billion FCFA (\$849.3m) over the same period of year 2019;

29 Aug 2020 **Dakar (Senegal)** *RFI*. The national commission for political dialogue has recommenced activities following its suspension in March as a result of the **Covid-19** pandemic;

29 Aug 2020 **Dakar (Senegal)** *RFI*. Senegal signs an agreement with France-based **Banque Publique Française d’Investissement** for a 17.9 billion FCFA (\$32.4m) loan towards the construction of the first phase of the **Train Express Régional (TER)** (regional express train);

27 Aug 2020 **Dakar (Senegal)** *Agence Ecofin*. Infrastructure and land transport minister **Omar Youm** says the first phase of the 36-km **Train Express Régional (TER)** (regional express train) service will be operational by 2021;

27 Aug 2020 **Dakar (Senegal)** *Energy Voice*. Australia-based **FAR Ltd** has decided not to exercise its right to pre-empt the sale of **United Kingdom**-based **Cairn Energy’s** stake in the **Sangomar** field, as the company works to find a buyer for its own interest;

24 Aug 2020 **Dakar (Senegal)** *Jeune Afrique*. President **Macky Sall** will visit **France** from 26 to 27 August and meet French president **Emmanuel Macron**;

20 Aug 2020 **Dakar (Senegal)** *Agence Ecofin*. The government has allocated 77 billion FCFA (\$138.7m) to actors in the tourism and air transport sectors and postponed payment of Value Added Tax (VAT) for companies in the tourism and air transport sector for an indefinite period;

20 Aug 2020 **Dakar (Senegal)** *RFI*. Dakar residents have raised concerns over the storage of 3,000 tonnes of ammonium nitrate at the **Port de Dakar**;

About Africa Risk Consulting:

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Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080

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