

## AFRICA RISK CONSULTING

## Senegal Monthly Briefing July 2022

## Senegal Summary 21 July 2022

*The campaign for the 31 July legislative elections kicks off on 10 July, running until 29 July. Voters will elect 165 deputies of the Assemblée nationale (national assembly) for a tenure of five years. The International Monetary Fund (IMF) board of directors completes its fifth review of the Policy Coordination Instrument (PCI) and second reviews under the Stand-by Arrangement (SBA) and the arrangement under the Standby Credit Facility (SCF), leading to a disbursement of \$215.78m to Senegal. Economic Community of West African States (ECOWAS) leaders agree during the 61st ordinary summit to lift economic sanctions on Mali, allowing the flow of trade and goods to resume between Senegal and its neighbour.*

## Preparations for legislative elections continue amid tensions

The campaign for the legislative elections, scheduled for 31 July, officially kicked off on 10 July, running until 29 July with voters set to elect 165 deputies of the **Assemblée nationale** (national assembly) for a five-year tenure.<sup>1</sup> Of these, 150 are deputies representing the population residing in Senegal while 15 seats are dedicated to representing the Senegalese diaspora. The 150 seats are further split into those elected through majority vote (97) and 53 by proportional representation.<sup>2</sup> This split makes it relatively easy for one party to have a majority.

President **Macky Sall** (2012-present) appealed to political actors on the day of the campaign launch to promote peace and refrain from violence during the campaign period.<sup>3</sup> Sall, speaking after a prayer at the **Grand Mosque** in **Dakar**, stated:

*"Violence must be banned and the State will remain vigilant so that this period is a period of electoral campaign and not that of a campaign of violence and that all citizens who wish to can go to the polls and cast their vote. Like we always have."<sup>4</sup>*

The elections are viewed as a significant step ahead of the presidential elections scheduled for February 2024. A constitutional revision put in place in January 2016 adjusted the number of terms a president can serve to two terms and effectively 'reset' Sall's terms, allowing him to run for a third term, as it only came into effect during his second term (*see ARC Briefing Senegal Jan 2016*). Although he has not confirmed whether he will be running in 2024, he is likely to use the outcome of the legislative election as a test of his popularity among Senegalese voters.<sup>5</sup> Depending on the outcome, Sall's possible ambitions for 2024 could be over before they begin. If he does not run, the race begins for his successor, who at this point does not seem obvious.

Opposition coalition **Alternative pour une Assemblée de Rupture (AAR)** national representative **Mamadou Dioum Diomaye** has urged voters to consider that a majority of the ruling party coalition **Benno Bokk Yaakaar (BBY)** in the national assembly would favour Sall's candidacy in 2024.<sup>6</sup> Diomaye claims that Sall running for a third term would create political instability. Dakar mayor **Barthélemy Dias**, who is part of the **Yewwi Askan Wi (YAW)** coalition, agrees with Diomaye, describing a vote for the BBY as endorsement of a third term for Sall.<sup>7</sup>

<sup>1</sup> APS, 13 Jul 2022

<sup>2</sup> Africa News Agency, 19 Jul 2022

<sup>3</sup> APS, 10 Jul 2022

<sup>4</sup> APS, 10 Jul 2022

<sup>5</sup> APA, 15 Jul 2022

<sup>6</sup> APS, 18 Jul 2022

<sup>7</sup> Le Quotidien, 16 Jul 2022

BBY won 438 of 553 municipalities and 38 of 43 departments in the local elections that took place on 23 January (see *ARC Briefing Senegal Feb 2022*). However, the YAW coalition won Dakar, **Kaolack**, **Thiès**, **Touba** and **Ziguinchor**, considered strategic urban areas. BBY maintains support among the population but following the events in the build-up to the legislative election, the **Yewwi Askan Wi-Wallu** alliance – a partnership between YAW and the **Wallu Sénégal** coalition – may prevail with more votes than initially anticipated.<sup>8</sup> The alliance has championed itself as protecting Senegal's democracy and rights, such as the right to protest. This may have won favour, especially among the younger population, which voted in large numbers for the YAW coalition in the local elections.

Sall nevertheless maintains significant support within government. Addressing the media at the headquarters of Sall's **Alliance pour la République (APR)** party on 19 July, economy minister **Amadou Hott** praised Sall's achievements during his tenure as president. Hott reviewed economic results since 2014 and referred to efforts Sall has made in areas such as access to drinking water and electricity.<sup>9</sup>

Opposition protests have continued to heighten tensions in Senegal (see *ARC Briefing Senegal Jun 2022*). YAW leader **Ousmane Sonko** on 23 June called for a second round of protests to take place on 29 June.<sup>10</sup> Authorities again banned the protest from going ahead, citing "*threats to public order, risks of infiltration by ill-intentioned individuals, serious threats of attacks on public buildings and real risks of hindering the free movement of people and goods*".<sup>11</sup> The opposition called off the protest to avoid disrupting end of school exams and preparations for **Eid**.<sup>12</sup> Sonko called on supporters to voice their dissent at the ballot box on 31 July.<sup>13</sup>

Dakar's **Tribunal de Grande Instance** handed opposition member of parliament (MP) **Dethie Fall** a six-month suspended prison sentence on 28 June for his involvement in the protests.<sup>14</sup> The court also heard the cases of 82 co-defendants arrested during the protests for defying the government ban on protests but acquitted all co-defendants. The tensions and government's harsh stand on protests have caught international attention. **United Kingdom**-based non-governmental organisation **Amnesty International** launched a global campaign on 19 July called "*Protect the Protest*". During the launch, Amnesty International noted that Senegal, among other countries, has increasingly implemented measures aimed at suppressing organised dissent.<sup>15</sup>

Clashes between supporters of various coalitions has also flared up. On 17 July, five people were injured in the Kaolack region after BBY supporters clashed with supporters of the Yewwi Askan Wi-Wallu alliance, including Sonko's bodyguard.<sup>16</sup>

### **Business community welcomes lifting of sanctions on Mali**

**Economic Community of West African States (ECOWAS)** leaders agreed during the 61<sup>st</sup> ordinary summit on 3 July to lift economic sanctions on **Mali**, allowing the flow of trade and goods to resume between Senegal and its neighbour. ECOWAS implemented the sanctions in January, effectively closing land and sea borders and suspending trade outside of necessities.<sup>17</sup>

The **Conseil national du patronat (CNP)** (national council of employers) welcomed the decision. The CNP had warned President Sall that the sanctions were having a significant negative financial and economic impact on several sectors, especially in the field of logistics.<sup>18</sup> Senegalese foreign direct

<sup>8</sup> ARC Senegal analyst

<sup>9</sup> Le Quotidien, 20 Jul 2022

<sup>10</sup> Africanews, 23 Jun 2022

<sup>11</sup> Africanews, 29 Jun 2022

<sup>12</sup> Le Quotidien, 30 Jun 2022

<sup>13</sup> Africanews, 29 Jun 2022

<sup>14</sup> RFI, 28 Jun 2022

<sup>15</sup> APS, 19 Jul 2022

<sup>16</sup> APS, 18 Jul 2022

<sup>17</sup> The Africa Report, 14 Jan 2022

<sup>18</sup> APS, 5 Jul 2022

investment (FDI) in Mali is worth close to 50 billion FCFA (\$77.6m), ranking it the third largest investor in Mali after **Australia** and **Canada**.

**Port of Dakar** director-general **Aboubacar Sedikh Bèye** also welcomed the decision, stating that it allows the port to “*breathe a sigh of relief*”, as the loss of income for the port has been “*colossal*”.<sup>19</sup> The port of Dakar is responsible for 50% of products that travel to Mali, resulting in an accumulation of goods in the port of Dakar’s facilities that have also not been paid for.<sup>20</sup> The port is also Mali’s main access to maritime transport. The CNP encouraged the port authorities to consider a payment arrangement, hoping that the port would decide to write off the costs incurred by companies who were forced to keep goods in storage for an extended period. Malian chamber of commerce president **Youssef Bathily** announced on 19 July that the port had agreed to waive all costs related to the sanctions.<sup>21</sup>

In 2021, Senegal exported goods worth 473 billion FCFA (\$734m) to Mali.<sup>22</sup> While the sanctions did not necessarily impact Senegal’s foreign trade, it affected the transport chain of these goods, including the port.<sup>23</sup> Prior to the sanctions, approximately 300 heavy goods vehicles would travel from Dakar to Mali’s capital, **Bamako**, with 1,000 trucks travelling to the port of Dakar from Bamako. This trade traffic and transport of products fell by 70% during the sanctions.<sup>24</sup>

### Senegal receives funding from World Bank and IMF

The **International Monetary Fund (IMF)** board of directors completed its fifth review of the **Policy Coordination Instrument (PCI)** and second reviews under the **Stand-by Arrangement (SBA)** and the **Arrangement Under the Standby Credit Facility (SCF)** on 22 June. The reviews led to a disbursement of \$215.78m to Senegal. The total amount available under the blended SBA and SCF was also increased from \$650m, approved in the initial discussions in June 2021, to \$776m.<sup>25</sup>

The IMF initially approved the SBA/SCF programme to assist in the government’s **Covid-19** response and support the economic and job recovery agenda (see *ARC Briefing Senegal Jun 2021*). However, the IMF board has acknowledged the impact of the continuing **Ukraine-Russia** conflict and the subsequent increase in global fuel and food prices and, to a lesser extent, the impact of the pause of trade with Mali in disrupting the initial plans. IMF deputy managing director and acting chair **Kenji Okamura** stated that Senegal’s performance under the programme has been “*broadly satisfactory*” despite a challenging environment:

*“The Senegalese economy entered 2022 with strong growth momentum but the spillovers from the war in Ukraine are hampering this rebound.”<sup>26</sup>*

The IMF has revised Senegal’s economic growth projections from 5.5% to 5% with inflation anticipated to reach 5.5% as a result of increasing fuel and food prices.<sup>27</sup> The government voted in May to adopt the **Projet de Loi de finances rectificative (Lfr)**, amending the 2022 budget by \$577m to strengthen the purchasing power of households against the background of the rising cost of living (see *ARC Briefing Senegal May 2022*). The IMF board of directors has recommended that Senegal accelerate its domestic revenue mobilisation strategy in the hope that it will build economic resilience and offset some of the challenges facing the economy. Focus should also be placed on improving the business environment in a manner that will attract further private investment and in turn, increase employment.<sup>28</sup>

<sup>19</sup> Le Quotidien, 8 Jul 2022

<sup>20</sup> Le Quotidien, 8 Jul 2022

<sup>21</sup> Dakar Actu, 19 Jul 2022

<sup>22</sup> The Africa Report, 14 Jan 2022

<sup>23</sup> The Africa Report, 14 Jan 2022

<sup>24</sup> Jeune Afrique, 11 Jul 2022

<sup>25</sup> IMF, 22 Jun 2022

<sup>26</sup> IMF, 22 Jun 2022

<sup>27</sup> Sika Finance, 23 Jun 2022

<sup>28</sup> Agence Ecofin, 23 Jun 2022

The **World Bank** joined the IMF in disbursing 120 billion FCFA (\$186,4m) to Senegal on 7 July, intended for the financing of natural resources management and social protection. The funding will be split equally between the two projects.<sup>29</sup>

### Planner

31 July 2022 **(Senegal)** Legislative elections;

1 Sep 2022 **(Senegal)** **MSGBC Oil, Gas & Power 2022**;

7-18 Nov 2022 **(Egypt)** **COP 27** Climate Change Conference;

2022 **(Senegal)** **Sangomar** offshore oil field: production of crude oil set to begin;

2023 **(Senegal)** **Grand Tortue Ahmeyim (GTA)** offshore gas field production of natural gas set to begin.

Feb 2024 **(Senegal)** Presidential elections;

### Chronology

20 Jul 2022 **Dakar (Senegal)** *Agence Ecofin*. Finance ministers from **Egypt, Ghana** and **Senegal** have called for the granting of a permanent seat to the **African Union (AU)** within the **G20**;

19 Jul 2022 **Dakar (Senegal)** *Le Jecos*. Côte d'Ivoire-headquartered ratings agency **Bloomfield Investment Corporation** confirms the long-term rating of **Bank of Africa Senegal** as A- with a stable outlook;

18 Jul 2022 **Kaolack (Senegal)** *APS*. Energy ministry launches public lighting programme which will see 6,600 solar streetlights installed in the **Kaolack** region;

15 Jul 2022 **Dakar (Senegal)** *Le Jecos*. **Agence nationale de la statistique et de la démographie** (national statistics agency) releases its first quarter statistics indicating that revenue in the services sector improved by 20.6% and in the industry sector by 20.9%;

15 Jul 2022 **Dakar (Senegal)** *APS*. **Senegal** and **Egypt's** civil aviation authorities sign a memorandum of understanding relating to air transport during the 34<sup>th</sup> **African Civil Aviation Commission**;

13 Jul 2022 **Dakar (Senegal)** *Lejecos*. **Agence nationale de la statistique et de la démographie** (national statistics agency) publishes statistics indicating that economic growth fell by 2.2% in the first quarter of 2022;

13 Jul 2022 **Dakar (Senegal)** *Le Soleil*. A senior **Senegalese** energy official says final investment decisions should be made for phase 2 of **Senegal's Greater Tortue Ahmeyim** gas project by September and for the **Yakaar-Teranga** project by the end of the year;

13 Jul 2022 **Dakar (Senegal)** *AFP*. **AirSenegal** fires chief executive officer **Ibrahima Kane** after numerous complaints over poor service delivery;

10 Jul 2022 **Dakar (Senegal)** *Bloomberg*. The **African Development Bank (AfDB)** lends Senegal \$123m to implement an emergency agricultural programme;

10 Jul 2022 **Dakar (Senegal)** *Lesoleil.sn*. President **Macky Sall** calls on political actors to promote peace and end violence during the electoral campaign period for the legislative elections that opened on 10 July;

8 Jul 2022 **Dakar (Senegal)** *Dakar Actu*. Representatives from the **Port of Tangier (Morocco)** sign a partnership and mutual cooperation agreement with the **Port of Dakar**;

<sup>29</sup> Sika Finance, 11 Jul 2022

7 Jul 2022 **Dakar (Senegal)** *World Bank*. African leaders meet in **Dakar** at the **International Development Association for Africa: Heads of State Summit**;

6 Jul 2022 **Dakar (Senegal)** *Sika Finance*. Finance ministry projects that the **Grand Tortue Ahmeyim (GTA)** gas and **Sangomar** oil fields should bring in 887 billion FCFA (\$1.36 billion) between 2023 and 2025;

5 Jul 2022 **Dakar (Senegal)** *APS*. The agriculture ministry announces financing of 1,021 billion FCFA (\$1.6 billion) for a programme aimed at achieving sustainable food sovereignty and self-sufficiency over the next four years;

2 Jul 2022 **Dakar (Senegal)** *Sika Finance*. Finance minister **Abdoulaye Daouda Diallo** projects the 2023 state budget to reach over 6,000 billion FCFA (\$9.2 billion);

1 Jul 2022 **Dakar (Senegal)** *Dakar Actu*. Youth minister **Néné Fatoumata Tall** meets with a delegation of **China**-headquartered technology company **Huawei** to sign a memorandum of understanding on digital inclusion aimed at the youth;

30 Jun 2022 **Dakar (Senegal)** *APS*. National assembly president **Moustapha Niasse** announces financing of 3 billion FCFA (\$4.6m) from **South Korea** to renovate and modernise the national assembly building;

29 Jun 2022 **Dakar (Senegal)** *Africanews*. Authorities ban an anti-government demonstration planned for 29 June, citing several risks to public order and buildings, as the opposition calls off protests to avoid disrupting end of school exams and preparations for **Eid**;

28 Jun 2022 **Dakar (Senegal)** *RFI*. A court in Dakar sentences opposition member of parliament **Dethie Fall** to a six-month suspended sentence for defying the ban on protests;

27 Jun 2022 **Dakar (Senegal)** *AFP*. The trial of 84 protesters, including two opposition members of parliament (MPs) who defied a ban on protest action ahead of legislative elections due to be held on 31 July, begins in **Dakar**;

26 Jun 2022 **Dakar (Senegal)** *APS*. President **Macky Sall** leaves for the **G7** meeting being held in **Germany**;

24 Jun 2022 **Dakar (Senegal)** *Agence Ecofin*. Foreign affairs minister **Aïssata Tall Sall** meets a delegation of **Egyptian** businessmen who have expressed interest in investing several sectors;

22 Jun 2022 **Dakar (Senegal)** *IMF*. The **International Monetary Fund (IMF)** confirms the release of about \$215.78m to Senegal following a review of its aid programmes;

### About Africa Risk Consulting:

**Africa Risk Consulting (ARC)** is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

**ARC's** core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### About ARC Briefing:

**ARC Briefing** is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

**ARC Briefing** is an information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### Getting in touch

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

Follow us on Twitter: @ARCBriefing