

AFRICA RISK CONSULTING

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President Bassirou Diomaye Faye (2024-present) dissolves the Assemblée nationale (national assembly) and sets legislative elections for 17 November. Changes in the opposition see former president Macky Sall (2012-present) dissolve the former ruling and now opposition coalition Benno Bokk Yakaar (BBY), while former prime minister Amadou Ba creates a new party, Nouvelle Responsabilité (NR). An International Monetary Fund (IMF) mission visits Senegal between 5 and 12 September to continue discussions initiated in June regarding the Senegalese authorities' economic programme supported by the IMF's Extended Fund Facility (EFF) and Extended Credit Facility (ECF), and notes that the Senegalese economy grew at a slower pace than anticipated in the first half of 2024. Prime minister Ousmane Sonko officially sets up a commission on 19 August to review Senegal's oil and gas contracts.

Faye dissolves parliament, marking change in the political space

President **Bassirou Diomaye Faye** (2024-present) announced on 12 September that he had dissolved the **Assemblée nationale** (national assembly) and that legislative elections will be held on 17 November.¹ The national assembly was dominated by the opposition coalition **Benno Bokk Yakaar (BBY)**, led by former president **Macky Sall's** (2012-2024) **Alliance pour la République (APR)**. The BBY coalition held 109 of 165 seats in the national assembly, and the ruling **Yewwi Askan Wi (YAW)** alliance 56 seats. Within the YAW coalition, Faye's **Patriotes africains du Sénégal pour le travail, l'éthique et la fraternité (PASTEF)** held only 26 seats.

This lack of a majority has stifled Faye's ability to carry out reforms he outlined in his presidential campaign.² In his announcement, Faye denounced the BBY's lack of collaboration despite a pledge from them, calling it a hindrance to the "implementation of the project on the basis of which I was elected".³ However, the constitution required that he wait until 12 September to dissolve the national assembly.

Among Faye's suppressed reforms were plans he announced on 26 August to dissolve the **Haut Conseil des Collectivités territoriales** (high council of territorial communities) and **Conseil économique, social et environnemental** (economic, social and environmental council) to save 15 billion FCFA (\$25.52m) per year.⁴ Faye previously called these institutions – coincidentally led by two of Sall's political allies – "budget-consuming and politically useless".⁵ On 2 September, the national assembly voted on the bill. The BBY rejected it, with 83 members of parliament (MPs) voting against the decision. Tensions also rose between the BBY and YAW in July after a disagreement between prime minister **Ousmane Sonko** and the national assembly over his general policy declaration (see *ARC Briefing Senegal Jul 2024*). The BBY cancelled the budgetary debate after these tensions emerged. The deadline for the budget vote is December, which could be hard to meet with the legislative election only taking place mid-November.

The BBY has denounced the dissolution of parliament and accused Faye of perjury, stating that he convened a legislative session under false pretences to announce the dissolution.⁶ PASTEF is likely to

¹ Le Monde, 13 Sep 2024

² Le Monde, 13 Sep 2024

³ Jeune Afrique, 13 Sep 2024

⁴ Sika Finance, 27 Aug 2024

⁵ Jeune Afrique, 3 Sep 2024

⁶ France24, 12 Sep 2024

secure a majority in the upcoming elections despite the opposition's reported hopes of a power-sharing arrangement.⁷ However, it remains to be seen whether PASTEF will run as part of the YAW coalition again or as a stand-alone party. PASTEF joined YAW to ensure that Sall would not have an absolute majority, but since Faye won the election, PASTEF's popularity has clearly risen and the party could contend the election as a standalone.⁸ However, success is not guaranteed as PASTEF needs 99 seats for a majority, a significant increase from its current 26 seats.

The elections are also important for the opposition. Sall announced on 3 September that he had dissolved the BBY coalition.⁹ BBY parliamentary president **Abdou Mbow** said following Sall's announcement that a new opposition coalition would be created to replace the BBY. However, a few days later, on 10 September, BBY's presidential candidate and former prime minister **Amadou Ba** also announced the creation of a new political party – **Nouvelle Responsabilité (NR)**.¹⁰ Notably, Sall's younger brother, **Aliou Sall**, attended the announcement of the new party. The opposition is now fragmented and a strong showing in the legislative election is unlikely.

IMF mission visits Senegal

An **International Monetary Fund (IMF)** mission visited Senegal between 5 and 12 September. The mission sought to continue discussions initiated in June regarding the Senegalese authorities' economic programme supported by the IMF's **Extended Fund Facility (EFF)** and **Extended Credit Facility (ECF)** arrangements of SDR 1,132.6m (approximately \$1.5 billion), combined with the **Resilience and Sustainability Facility (RSF)** of SDR 242.7m (approximately \$320m), approved by the IMF Executive Board on 23 June 2023.¹¹

The key takeaways from the mission were not positive. The IMF noted that Senegal's economy grew more slowly than anticipated in the first half of 2024, reaching 2.3% in the first quarter and a similar deceleration expected in the second quarter. This led the IMF to revise its 2024 growth projection down to 6%, from 7.1% forecast in June.¹² In 2023, the IMF forecast to reach 10% in 2024. While the country has begun hydrocarbon production, the non-hydrocarbon sector is still carrying economic growth. However, the IMF noted that non-hydrocarbon sector growth is expected to slow to 3.3% from a previous projection of 4.8%.¹³ This slowdown can be attributed to the political tensions in the build up the presidential election in the first few months of 2024, which saw slower production in several sectors.¹⁴

The IMF pointed to a significant shortfall in government revenue while noting that expenditure has remained the same, creating a wider fiscal deficit.¹⁵ The fiscal deficit is projected to reach more than 7.5% of GDP, significantly above the initial budget's projection of 3.9% of GDP. To finance its anticipated higher expenditure, the government has increased its external commercial borrowing, notably issuing a \$750m **Eurobond** in June (*see ARC Briefing Senegal Jun 2024*). Following the IMF's mission statement and the confirmation that its fiscal position is expected to deteriorate, Senegal's dollar bonds fell. The IMF has encouraged the government to rationalise tax exemptions and gradually eliminate energy subsidies.¹⁶

On the upside, annual inflation is forecast to average 1.5% in 2024 and the current account deficit is expected to narrow to 12.7% of GDP thanks to hydrocarbon production, which is helping to lift non-

⁷ Africanews, 15 Sep 2024

⁸ Africa Confidential, 20 Sep 2024

⁹ Senenews, 3 Sep 2024

¹⁰ Anadolu Agency, 10 Sep 2024

¹¹ IMF, 12 Sep 2024

¹² IMF, 12 Sep 2024

¹³ IMF, 12 Sep 2024

¹⁴ Jeune Afrique, 16 Sep 2024

¹⁵ IMF, 12 Sep 2024

¹⁶ IMF, 12 Sep 2024

hydrocarbon export performance.¹⁷ The mission statement noted that Senegalese authorities have told the IMF that the general audit of public finances is nearing completion and that its findings and recommendations could produce reforms that will work towards debt reduction.¹⁸

The IMF visit comes ahead of the IMF executive board's October meeting in which it will decide on whether to disburse Senegal's next tranches under its EFF and ECF. The board is likely to approve this disbursement, as the cash injections will assist Senegal in meeting its revenue shortfall, but will emphasise the new government implementing reforms.

Faye is focused on fiscal consolidation, as seen in his bid to dissolve two councils that could save significant funding, but the national assembly deadlock has delayed this reform. Winning a majority in the November legislative elections would see him push through his economic reforms with greater ease, which is likely to bolster government revenues.

Commission to review oil and gas contracts

Prime minister Ousmane Sonko on 19 August officially set up a commission to review Senegal's oil and gas contracts signed with various international companies. The commission comprises legal, tax and energy experts. Sonko made the commission announcement on national television, asserting that the government is not seeking to nationalise resources but rather "*rebalance*" contracts to ensure Senegal benefits accordingly.¹⁹

Faye, a left-wing **pan-Africanist**, centred his short election campaign on "*restoring*" Senegal's sovereignty, fighting corruption, distributing wealth more evenly and renegotiating mining, oil and gas contracts signed with international companies (*see ARC Briefing Senegal Apr 2024*). The commission's task is only to review the contracts but if it identifies deficiencies, it could recommend that certain contracts be renegotiated.

The timing of these reviews is complex. In June, the **Sangomar** oil project – run by **Australia's Woodside** – produced its first oil, while the **Grand Tortue Ahmeyim (GTA)** offshore gas field, run by **United Kingdom (UK)**-headquartered **BP** and **United States (US)**-headquartered **Kosmos Energy**, is expected to enter production by the end of this year.²⁰ Making drastic changes to any of these contracts could impact the **Yakaar-Teranga** gas project, set for production in 2027, and Senegal's reputation among investors. It is also unlikely that these operators, which have already invested significant resources in these projects, would accept a revision of the contracts that shift revenue shares in favour of the government.²¹ With the economy stagnating (see above), these oil and gas developments will be crucial for Senegal and the economic success of Faye's government.

¹⁷ IMF, 12 Sep 2024

¹⁸ IMF, 12 Sep 2024

¹⁹ Africanews, 21 Aug 2024

²⁰ Energy Capital & Power, 21 Aug 2024

²¹ Africa Confidential, 20 Sep 2024

Planner

- 17 Nov 2024 **Dakar (Senegal)** National assembly elections
- Q3 2024 **(Senegal) Grand Tortue Ahmeyim (GTA)** offshore gas field production of natural gas is set to begin;
- 1 Dec 2024 **Dakar (Senegal) French President Emmanuel Macron** to visit Senegal
- 2027 **(Senegal) Yakaar-Teranga** gas project set to begin production;

Chronology

- 20 Sep 2024 **Dakar (Senegal) Jeune Afrique**. Several politicians who worked with former president **Macky Sall** claim they are unable to leave Senegal as the government is refusing them permission to leave the country;
- 19 Sep 2024 **Dakar (Senegal) APA News**. Senegal and **Mauritania** bolster naval cooperation amid concerns about maritime piracy and illicit trafficking in the region;
- 17 Sep 2024 **Louga (Senegal) Energy Capital & Power**. Commerce, industry and SMEs minister **Serigne Guèye Diop** says Senegal is planning to establish a new special economic zone (SEZ) in the Louga region;
- 13 Sep 2024 **Dakar (Senegal) RFI**. President **Bassirou Diomaye Faye** dissolves the opposition-led national assembly and calls for legislative elections on 17 November;
- 12 Sep 2024 **Dakar (Senegal) Reuters**. Power utility **Senelec** says a nationwide electricity outage was caused by an accident at a power station in Dakar;
- 10 Sep 2024 **Dakar (Senegal) RFI**. Navy confirms nine migrants died after their boat sank off the coast of Senegal;
- 7 Sep 2024 **Saint Louis (Dakar) Agence Ecofin. China National Fisheries and Aquaculture (CNFA)** says it wants to establish and develop a \$30m aquaculture industrial park in the Saint-Louis region;
- 3 Sep 2024 **Dakar (Senegal) Jeune Afrique**. National assembly rejects the bill submitted by President **Bassirou Diomaye Faye** for the dissolution of the **Haut Conseil des Collectivités territoriales** (high council of territorial communities) and **Conseil économique, social et environnemental** (economic, social and environmental council);
- 1 Sep 2024 **Dakar (Senegal) APA News**. President **Bassirou Diomaye Faye** leaves Dakar for **China** to participate in the 9th **Forum on China-Africa Cooperation (FOCAC)**;
- 30 Aug 2024 **Dakar (Senegal) APA News**. Transport minister **Malick Ndiaye** and his **Moroccan** counterpart **Mohammed Abdeljalil** sign an agreement to strengthen cooperation in the rail sector;
- 30 Aug 2024 **Dakar (Senegal) Jeune Afrique**. President **Bassirou Diomaye Faye** calls on **Europe** to contribute more to the fight against instability in the **Sahel**;
- 29 Aug 2024 **Dakar (Senegal) APA News**. President **Bassirou Diomaye Faye** meets with **Spain's** prime minister, **Pedro Sanchez**, and agrees to deepen bilateral relations in key areas including immigration and regional security;
- 29 Sep 2024 **Dakar (Senegal) APA News**. Foreign affairs minister **Yassine Fall** meets with **Russia's** foreign affairs minister, **Sergey Lavrov**, in Russia to discuss expanding cooperation;
- 28 Sep 2024 **Falémé (Senegal) Jeune Afrique**. A presidential decree suspends for three years mining on the left bank of the Falémé, along the **Malian** border, to preserve the environment;
- 27 Aug 2024 **Dakar (Senegal) Sika Finance**. President **Bassirou Diomaye Faye** moves toward dissolving the **Haut Conseil des Collectivités territoriales** (high council of territorial communities)

and **Conseil économique, social et environnemental** (economic, social and environmental council) to save 15 billion FCFA (\$25.52m) per year;

27 Aug 2024 **Dakar (Senegal) RFI**. Spain's prime minister, **Pedro Sanchez**, begins a three-day trip to Senegal, **Gambia** and **Mauritania** to discuss an increase in migration to the **Canary Islands**;

26 Aug 2024 **Dakar (Senegal) Sika Finance**. National carrier **Air Senegal** announces the suspension of flights to **Cameroon** and **Gabon** as it begins a major restructuring amid financial and operational challenges;

23 Aug 2024 **Dakar (Senegal) Africa Confidential**. President **Bassirou Diomaye Faye** is reportedly considering dissolving the national assembly in September so he can call an early legislative election in a bid to gain more parliamentary seats for his **Patriotes africains du Sénégal pour le travail, l'éthique et la fraternité (Pastef)**;

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