

## AFRICA RISK CONSULTING

## Senegal Monthly Briefing January 2025

## Senegal Summary 27 January 2025

*Prime minister Ousmane Sonko delivers his Déclaration de politique générale (DPG) (general policy statement) on 27 December, outlining his general policy plan for the next five years. Following this, he approves the 2025 budget after consultation with the council of ministers, bypassing a parliamentary vote. The Grand Tortue Ahmeyim (GTA) gas field, on the maritime border between Senegal and Mauritania, starts producing liquefied natural gas (LNG) on 2 January while oil production in 2024 exceeds forecasts. President Bassirou Diomaye Faye (2024-present) indicates in his New Year's address that Senegal will end all foreign military presence in the country in 2025.*

## Sonko gives policy speech and passes budget

Prime minister **Ousmane Sonko** delivered his **Déclaration de politique générale (DPG)** (general policy statement) on 27 December, outlining his general policy plan for the next five years. The DPG is traditionally presented within three months of the prime minister taking office, but in June 2024, Sonko's presentation of the DPG caused an institutional crisis after a disagreement with the **Assemblée nationale** (national assembly), which is largely made up of members of former ruling coalition **Benno Bokk Yakaar (BBY)** (see *ARC Briefing Senegal Jul 2024*).

Sonko's DPG included several planned changes, such as:

- Pursuing a principle of reciprocity with countries that require visas for Senegalese when travelling abroad;
- Energy subsidies to target mainly lower income households;
- Strengthening mechanisms to combat illegal migration;
- Proposing a 25-year national development agency;
- Reforming public management to prioritise efficient public spending;
- Strengthening decentralisation.<sup>1</sup>

In addition, Sonko declared that he would submit a bill to repeal an amnesty bill introduced by former president **Macky Sall** (2012-2024), covering events related to political demonstrations that took place between 2021 and 2024. The amnesty bill was passed by the former BBY-dominated national assembly. While the bill largely benefited Sonko's **Patriotes africains du Sénégal pour le travail éthique et la fraternité (Pastef)** and the many Pastef demonstrators who were arrested during this time, it also prevented independent investigations into police repression of the demonstrations, which left approximately 37 people dead.<sup>2</sup>

Following the delivery of his policy speech, Sonko approved the 2025 budget after consultation with the council of ministers, bypassing a parliamentary vote.<sup>3</sup> The budget is set at 6.4 trillion FCFA (\$10.2 billion), with revenues expected at 5 trillion FCFA (\$7.95 billion) and expenses at 6.6 trillion FCFA (\$10.52 billion). Expenditure is a significant 15% increase from the 2024 figure of 5.75 trillion FCFA (\$9.17 billion) but the budget notes a "catch-up" effect following the political tensions at the start of 2024 which slowed down economic activity.<sup>4</sup> Sonko noted that, if necessary, Senegal will continue to issue **Eurobonds** or **Sukuks** and is planning a potential 1.5 trillion FCFA (\$2.39m) domestic diaspora bond in 2025.

<sup>1</sup> Le Soleil, 27 Dec 2024

<sup>2</sup> Jeune Afrique, 27 Dec 2024

<sup>3</sup> Bloomberg, 28 Dec 2024

<sup>4</sup> Le Soleil, 28 Dec 2024

Sonko noted that plans are in place to reduce the budget deficit to 3% of GDP by 2027, and that 2025 presents an opportunity to cut government expenditure and find ways to increase tax revenues.<sup>5</sup> An audit in September of Senegal's finances found that the budget deficit between 2019 and 2023 was approximately 11%, far above the 5.5% reported by the former administration. This new information led to the **International Monetary Fund (IMF)** freezing its programme with Senegal, with discussions still in progress regarding the future of the programme. Public debt was misreported as being 73%, when it was approximately 80% of GDP in 2024. Sonko aims to bring this down to below 70% of GDP by 2029. While ambitious, these goals will be helped by Senegal's emerging oil and gas sector (see below).

### Gas flows at GTA begin while oil production exceeds forecasts

The **Grand Tortue Ahmeyim (GTA)** gas field, which sits on the maritime border between Senegal and **Mauritania**, started producing liquefied natural gas (LNG) on 2 January. The field has been in development for six years and is a mega-project between **United Kingdom**-headquartered **BP**, **United States**-headquartered **Kosmos Energy**, Senegal's state-owned **Petrosen** and Mauritania's state-owned **Société Mauritanienne des Hydrocarbures (SMH)**. The field has an annual capacity of 2.3 million tonnes of LNG and is currently flowing from wells to BP's floating production storage and offloading (FPSO) vessel for the next stage of commissioning.<sup>6</sup>

Following the start of gas flows, Sonko and several ministers, including oil and energy minister **Birame Souleye Diop**, visited Mauritania, arriving on 13 January for a three-day visit at the invitation of his counterpart, **Mokhtar Ould Djay**.<sup>7</sup> The visit was aimed at discussing areas of cooperation, including energy, transport, security, fisheries and conditions around Senegalese emigrating to Mauritania. The GTA has strongly bolstered cooperation between the two countries and expanded Senegal's stronger relations to a country outside of the **Economic Community of West African States (ECOWAS)**, where Senegal's traditional partners sit.

BP's press release indicates the project has created over 3,000 local jobs and engaged with over 300 local companies in both countries.<sup>8</sup> The IMF has forecast that Senegal's growth will reach 9.3% in 2025 following the start of production at the GTA, alongside revenues flowing from **Sangomar**, which started producing oil in June 2024. GDP growth increased by an impressive 8.9% in the third quarter, driven by Sangomar's production.<sup>9</sup>

Sangomar's production has exceeded expectations. The oil and energy ministry confirmed on 7 January that Sangomar, which is 82% owned by Petrosen and **Australia's Woodside Energy**, produced 16.9 million barrels of crude oil in 2024, above its initial target of 11.7 million.<sup>10</sup> Of this, 2.96 million barrels were produced in December alone. The ministry noted in its statement that this production not only shows the capacity of the field and the competitiveness of Senegal's new industry, but also that Sangomar will become an essential contributor to the economy.<sup>11</sup>

According to the 2025 budget, tax and non-tax revenues from the hydrocarbons sector will reach 72.53 billion FCFA (\$115.69m), while the IMF anticipates this will increase to 87.87 billion FCFA (\$140.16m) in 2026 and 115.2 billion FCFA (\$183.76m) in 2027.<sup>12</sup> Faye reaffirmed in his New Year's speech that his administration will ensure transparency and the best possible exploitation of oil and gas to benefit the national economy and citizens.<sup>13</sup> Faye ordered an audit of oil and gas contracts in

<sup>5</sup> Bloomberg, 28 Dec 2024

<sup>6</sup> BP, 2 Jan 2025

<sup>7</sup> Senenews, 13 Jan 2025

<sup>8</sup> BP, 2 Jan 2025

<sup>9</sup> Bloomberg, 30 Dec 2024

<sup>10</sup> Reuters, 7 Jan 2025

<sup>11</sup> Le Soleil, 7 Jan 2025

<sup>12</sup> Le Soleil, 14 Dec 2024

<sup>13</sup> Jeune Afrique, 1 Jan 2025

August but the outcome remains unknown. However, given that production has already begun, it may be difficult to negotiate completely new terms, and changes could be minor.

### Faye signals end to foreign military presence in Senegal

President **Bassirou Diomaye Faye** (2024-present) indicated in his **New Year's** address that Senegal plans to end all foreign military presence in the country in 2025. Faye noted that the armed forces ministry would propose a new doctrine of cooperation to defence and security partners, which would include ending all foreign military presence.<sup>14</sup>

On 28 November 2024, Faye told media that the presence of **French** military bases in Senegal did not align with the country's sovereignty, but Faye failed to provide a date for their closure in his announcement. Faye noted, however, that closing military bases did not signify an end to relations with France:

*"France remains an important partner for Senegal for the investment for Senegal and the presence of French companies and even French citizens who are in Senegal."*<sup>15</sup>

The decision to end all foreign military presence in Senegal aligns with Faye's left-wing **pan-African** stance. He has also indicated a desire to decrease France's influence in the country in other areas. In mid-December, Faye instructed Sonko to establish a national council of memory and management of historical heritage with the intention of renaming streets that currently have colonial-era names to names of national heroes.<sup>16</sup>

### Planner

2027 (**Senegal**) **Yakaar-Teranga** gas project set to begin production;

### Chronology

20 Jan 2025 **Dakar (Senegal)** *Senenews*. **United States**-based **Carlyle Aviation Partners**, which leases four planes to national carrier **Air Senegal**, demands a 20 billion FCFA (\$31.9m) purchase commitment for the aircraft despite receiving 57.96 billion FCFA (\$92.45m) in payments since 2018;

17 Jan 2025 **Dakar (Senegal)** *APA News*. President **Bassirou Diomaye Faye** meets with newly inaugurated **Ghanaian** president **John Mahama** to discuss bilateral ties;

17 Jan 2025 **Dakar (Senegal)** *Le Monde*. President **Bassirou Diomaye Faye** calls for certain roads in Senegal named after colonial figures to be renamed after national heroes;

15 Jan 2025 **Lyon (France)** *Anadolu Agency*. **Interpol** reveals it arrested at least 200 people as part of operations against illegal mining in **Burkina Faso**, **Gambia**, **Guinea** and **Senegal** between June and October 2024;

13 Jan 2025 **Dakar (Senegal)** *APA News*. During the visit of prime minister **Ousmane Sonko** to **Mauritania**, the foreign ministers of the two countries sign a memorandum of understanding (MoU) on the rules and mechanisms related to the local content of gas;

8 Jan 2025 **Dakar (Senegal)** *Bloomberg*. Finance ministry tells international investors that the audit of the country's finances will be ready in the coming weeks;

2 Jan 2025 **Dakar (Senegal)** *BP*. The first gas at the **Grand Tortue Ahmeyim (GTA)** gas field begins flowing;

2 Jan 2025 **Dakar (Senegal)** *Le Soleil*. Customs reports revenues of 1.61 billion FCFA (\$2.56m) in 2024 compared to 1.46 billion FFA (\$2.32m) in 2023;

<sup>14</sup> Le Monde, 1 Jan 2025

<sup>15</sup> Le Monde, 1 Jan 2025

<sup>16</sup> Le Monde, 17 Jan 2025

1 Jan 2025 **Dakar (Senegal)** *Le Monde*. President **Bassirou Diomaye Faye** says in 2025 there will be an end to all foreign military presence in Senegal;

27 Dec 2024 **Dakar (Senegal)** *Bloomberg*. Prime minister **Ousmane Sonko** says Senegal plans to reduce its budget deficit to 3% of GDP by 2027 from an average of 5.5% between 2019 and 2023;

24 Dec 2024 **Dakar (Senegal)** *Le Soleil*. **Conseil constitutionnel** (constitutional council) dismisses an appeal filed by Dakar's former mayor **Barthélemy Dias** to contest his removal from the **Assemblée nationale** (national assembly);

18 Dec 2024 **Dakar (Senegal)** *Port Technology*. **United Arab Emirates (UAE)**-headquartered **DP World** announces the start of dredging at the planned \$1.2 billion **Port of Ndayane**;

16 Dec 2024 **Dakar (Senegal)** *Jeune Afrique*. The draft finance law for 2025 outlines a budget of 6.39 trillion FCFA (\$10.24 billion) but presents several budget cuts, including to the presidency and prime minister's office;

13 Dec 2024 **Dakar (Senegal)** *AFP*. Authorities remove Dakar mayor **Barthélemy Dias** from his position, citing his 2011 voluntary homicide conviction handed down in 2017;

13 Dec 2024 **Dakar (Senegal)** *Sene News*. Finance ministry announces the successful issuance of treasury bills and bonds, raising 38.2 billion FCFA (\$61.27m) on the regional public securities market;

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