

## AFRICA RISK CONSULTING

### Senegal Monthly Briefing November 2020

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#### Senegal Summary 17 November 2020

*President Macky Sall (2012-present) reshuffles his cabinet, firing several prominent members of his Alliance pour la République (APR) party and appointing opposition members to executive positions. Australia-based petroleum firm FAR Ltd has sold its 15% stake in the Rufisque, Sangomar Offshore and Sangomar Deep (RSSD) offshore project to India-based ONGC Videsh Vankorneft for a reported \$45m. The International Organisation for Migration (IOM) reports 140 individuals died in a boat accident off the coast of Senegal, heading for the Canary Islands.*

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#### Sall reshuffles cabinet

President **Macky Sall** (2012-present) reshuffled the cabinet on 1 November, appointing 33 ministers and four secretaries of state.<sup>1</sup> While 23 ministers maintained their previous positions and three changed portfolio, leading figures of Sall's **Alliance Pour la République (APR)** lost their roles and prominent opposition members joined the cabinet. The focus of the new cabinet will be to implement Senegal's economic recovery plan, the **Programme d'Actions Prioritaires 2 Ajusté et Accélééré (PAP2a)** (second adjusted and accelerated priority action plan). However, the highly political cabinet appointments suggest the government was formed with an eye on the 2021 local elections, 2022 legislative, and 2024 presidential elections.

Sall gave no reason for dissolving the cabinet, which he had appointed in April 2019 following his victory in the February 2019 presidential elections (see *ARC Briefing Senegal April 2019*). APR deputy spokesperson **Abdou Mbow** said it was necessary to appoint new members of government whose profiles would match the objectives of the PAP2a and who were able to enact the president's vision.<sup>2</sup> There had been speculation that the new government would see the reintroduction of the position of prime minister, which was abolished following Sall's re-election, and the merger of the economy and finance ministries to better coordinate the implementation of the PAP2a as well as the potential appointment of opposition members.<sup>3</sup>

Sall announced the decision to dissolve the cabinet during a cabinet meeting on 28 October and subsequently issued a decree ending the responsibilities of the **Conseil Economique, Social et Environnemental (CESE)** (economic, social and environmental council) president, minister of state, secretary general at the presidency, government secretary general, as well as cabinet ministers and secretaries of state. Presidential spokesperson **Seydou Guèye** announced the new cabinet on 1 November, which saw the inclusion of seven new members.<sup>4</sup> Presidential election runner-up and president of the **Remwi** opposition party **Idrissa Seck** was named head of the CESE, replacing **Aminata Touré**, while fellow Remwi supporters **Yahkhoba Diatara** and **Aly Saleh Diop** were respectively appointed to the digital economy and livestock ministries. Another surprise nomination was the appointment of former **Parti Democratique Senegalais (PDS)** second-in-command **Oumar Sarr** to the mines and geology department. The biggest surprise of the cabinet shuffle was the replacement of key APR figures: **Antoine Felix Diome** replaced **Mahammed Boun Abdallah Dionne** as minister of state while secretary general at the presidency **Aissata Tall Sall** took over the foreign affairs portfolio from **Amadou Ba**. Guèye described the new cabinet as a government of "unity,

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<sup>1</sup> Financial Afrik, 1 Nov 2020

<sup>2</sup> Financial Afrik, 1 Nov 2020

<sup>3</sup> Source, ARC Senegal analyst

<sup>4</sup> Financial Afrik, 1 Nov 2020

*combat and results*”, whose main objectives would be to fast track **Senegal’s** economic recovery and offer Senegalese greater support amidst the on-going **Covid-19** pandemic.

Political considerations appear to have driven the cabinet appointments. The co-optation of opposition figures is a result of the political dialogue Sall initiated with the opposition in May 2019.<sup>5</sup> Seck, a former prime minister who, like Sall, served under former president **Abdoulaye Wade** (2000-2012) and was also a PDS member, is now the third-highest ranking official in state protocol. Sarr, a PDS dissident who formed the **Suqqali Soppi** party, had earlier denied rumours that he would join government.

The inclusion of Remwi and Suqqali Soppi in cabinet means the leading liberal-leaning parties, excluding Wade’s PDS, are now part of the ruling **Benno Bokk Yakaar** coalition. The coalition also has support from left-leaning parties including the **Alliances des Forces des Progrès** and the **Parti Socialiste (PS)**. This may ease the way for the ruling coalition to win an outright majority in the local elections that are expected to take place by March 2021 at the latest.<sup>6</sup> With the appointment of Seck and Sarr, BBY has a better chance of winning **Casamance, Thies** and **Touba**.

Sall’s nomination of the new government has effectively weakened the opposition and changed Senegal’s political landscape.<sup>7</sup> MP **Ousmane Sonko**, president of the radical left **Pastef** party and third-place candidate in the 2019 presidential elections, is likely to take up the mantle as opposition leader. Sonko could establish an alliance with former **Dakar** mayor **Khalifa Sall** and the PDS.

The biggest losers of the cabinet shuffle were the “*presidentiables*” or potential successors to Sall in the lead-up to the 2024 presidential elections. Abdallah Dionne, Ba Ngouille, Ndiaye, Cissé Ndiaye and Touré were regarded as possible candidates to succeed Sall on completion of his second and final term of office. While none of these individuals have openly expressed presidential ambitions, they have nevertheless laid the groundwork to establish networks of support. In this respect, Sall appears to have taken the decision to appoint individuals to cabinet whose sole focus would be to execute the government’s agenda, rather than focussing on personal ambitions.

Cabinet minister	Portfolio	Member of previous cabinet
<b>Aissata Tall Sall</b>	Foreign affairs	No
<b>Abdoulaye Diallo</b>	Finance and budget	Yes
<b>Antoine Felix Diome</b>	Interior	No
<b>Amadou Hott</b>	Economy, Plan and cooperation	Yes
<b>Sophie Gladima</b>	Petroleum and Energy	No
<b>Oumar Sarr</b>	Mines and geology	No
<b>Mansour faye</b>	Infrastructure and land transport	Yes

### **FAR sells Sangomar stake to India’s ONGC Videsh Vankorneft**

Australia-based petroleum firm **FAR Ltd** has sold its 15% stake in the **Rufisque, Sangomar Offshore and Sangomar Deep (RSSD)** offshore project to **India-based ONGC Videsh Vankorneft** for a reported \$45m.<sup>8</sup> The sale comes as no surprise, as the cash-strapped oil company’s financial woes with respect to the project have been well documented in 2020. FAR has experienced financial difficulties since the onset of the global oil price shocks in March and announced in June that it would default on its annual financial obligations with respect to the project (see *ARC Briefing Senegal April*

<sup>5</sup> Source, ARC Senegal analyst

<sup>6</sup> Source, ARC Senegal analyst

<sup>7</sup> Source, ARC Senegal analyst

<sup>8</sup> Reuters, 11 Nov 2020

and July 2020). FAR had indicated it might forfeit its interest without compensation if it did not fulfil its obligations within six months. By the end of the first quarter, FAR had only secured \$80.3m out of its earmarked budget of \$163m for 2020.<sup>9</sup> On 30 April, FAR stated its intention to start the process of selling all or part of its 15% direct participation in Sangomar (see *ARC Briefing Senegal May 2020*).<sup>10</sup>

FAR managing director **Cath Norman** said the offer from ONGC represents “*the best option available at this time*” under the circumstances, and described the sale as “*a bittersweet moment*”. FAR had operated in Senegal for 14 years. Norman said she hoped company shareholders would approve the sale and indicated that FAR would have estimated capital of \$130m to replenish company assets and invest in new activities in **Guinea Bissau** and **The Gambia**. In addition to the sum of \$45m, ONGC will pay \$29.60m of FAR’s \$66.6m share of working capital in the project for 2020 and also pay \$55m for rights relating to certain conditional payments.

The transaction has been described as a “*fire sale*” deal and still requires the approval of the project’s largest shareholder, Australia-based **Woodside Energy**, and the Senegalese government. Woodside has 30 days to exercise its right to pre-empt ONGC’s purchase, a scenario that Woodside CEO **Peter Coleman** has not ruled out. Coleman says the decision will be made in the best interests of company shareholders.

In August, Woodside gave notice to **United Kingdom**-based petroleum firm **Cairn Energy PLC** that it would block the sale of its 40% share in **Russia**-based independent oil firm **Lukoil**, Russia’s second-largest oil producer. Woodside opposed the deal, which was set to fetch Cairn \$400m, on the basis that Lukoil’s inclusion on the **United States** sanctions list would negatively impact the development of the oilfields. As a result, Woodside currently owns 68% of the Sangomar project shares, with state-owned **Petrosen** holding 10% and the remaining 15% with FAR until the sale to ONGC is completed.

Woodside ultimately intends to reduce its interest in the oilfields. Petrosen, which expressed interest in acquiring FAR’s stake, could be a potential bidder in this case. According to Canada-based **RBC** analyst **Gordon Ramsay**, Sangomar holds an estimated 5 billion barrels of oil, with initial development set to recover 230 million barrels, with the intention to produce more in later phases.

The Sangomar project is set to become Senegal’s first commercially exploitable oil deposit. Project partners indicated in their Final Investment Decision (FID) in January that production would commence in 2023, with daily output set at 100,000 barrels per day. President Sall is leaning heavily on the development of Senegal’s hydrocarbons sector to foster economic growth, predicting that Senegal will attain 13.7% economic growth in 2023, the year Senegal commences oil and gas production.<sup>11</sup>

### Boat accident claims lives of 140 attempting to migrate to Canary Islands

The **International Organisation for Migration (IOM)** estimates that 140 people died after the vessel they were in sank off the coast of Senegal on 24 October.<sup>12</sup> The boat was reportedly carrying 200 individuals who were trying to reach the **Spanish Canary Islands**.<sup>13</sup> The IOM says there has been an exponential increase in the number of persons attempting to reach the Canary Islands and has blamed the situation on human trafficking syndicates.<sup>14</sup> The vessel departed from **Mbour**, 80 km south of Dakar, and its engine reportedly caught fire near the town of **St. Louis** in north-west Senegal, near the maritime boundary with **Mauritania**. The Spanish **Guardia Civil** (civil guard) and Senegalese **Marine Nationale** (national marine) jointly rescued 59 people.<sup>15</sup>

<sup>9</sup> Energy Voice, 24 Jun 2020

<sup>10</sup> Energy Voice, 30 Apr 2020

<sup>11</sup> Lejocos, 29 Sep 2020

<sup>12</sup> UN News, 29 Oct 2020

<sup>13</sup> UN News, 29 Oct 2020

<sup>14</sup> UN News, 29 Oct 2020

<sup>15</sup> Le Parisien, 30 Oct 2020

In the aftermath of the accident, President Macky Sall called for greater cooperation to discourage young people from undertaking clandestine immigration.<sup>16</sup> There has been an exponential increase in illegal migration in 2020, most likely due to the economic hardship caused by the **Covid-19** pandemic.<sup>17</sup> The IOM reported that from 7 to 25 October, five boats carrying 388 people were identified, with a quarter of these experiencing accidents. In September alone, 14 boats with 663 passengers set off from the Senegalese coast in an attempt to reach the Canary Islands.<sup>18</sup>

### Planner

2021 **Dakar (Senegal)** Municipal elections (TBA);

2022 **Dakar (Senegal)** Municipal elections (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

17 Nov 2020 **Dakar (Senegal)** *Teranga News*. **China's** ambassador to Senegal, **Xiao Han**, says commercial trade between China and Senegal from January to August amounted to \$1.837 billion, a 6.5% increase compared to the same period in 2019;

12 Nov 2020 **Dakar (Senegal)** *Dakar Actu*. The **European Parliament** approves the fishing contract between the **European Union (EU)** and Senegal, which permits **France, Portugal and Spain** to extract 10,000 tonnes of fish from Senegalese waters annually;

11 Nov 2020 **Dakar (Senegal)** *Agence Ecofin*. **Energy Resources Senegal** has obtained financial support from **Climate Fund Managers (CFM)** for the establishment of a 30 MW solar power plant in **Niakhar**;

10 Nov 2020 **Dakar (Senegal)** *Teranga News*. The **Direction de la Prévision et des Etudes Economiques (DPEE)** (directorate of forecasting and economic studies) says Senegal's trade deficit rose by 65.3 billion FCFA (\$117.2m) to 174.4 billion FCFA (\$313.1m) in September;

9 Nov 2020 **Dakar (Senegal)** *APS*. Senegal aims to create 14,000 jobs in the agriculture sector through the creation of agricultural development projects known as "*agropoles*";

6 Nov 2020 **Dakar (Senegal)** *Agence Ecofin*. **Société Nationale du Train Express Régional (SN/TER)** director general **Abdou Ndéné Sall** says the first phase of the 35-km **Train Express Régional (TER)** (regional express train) railway linking Dakar to **Diarniadio** is 97% complete;

6 Nov 2020 **Dakar (Senegal)** *Sika Finance*. Senegal has raised 27.5 billion FCFA (\$49.5m) through a treasury bond issue on the **West African Economic and Monetary Union (WAEMU)** regional financial market;

1 Nov 2020 **Dakar (Senegal)** *Financial Afrik*. President **Macky Sall** reshuffles his cabinet, appointing 33 ministers and four secretaries of state; economy and finance ministers **Amadou Hott** and **Abdoulaye Diallo** retain their respective positions while 2019 presidential runner-up **Idrissa Seck** is appointed president of the **Conseil Economique, Social et Environnemental (CESE)** (economic, social and environmental council);

30 Oct 2020 **Dakar (Senegal)** *Agence Ecofin*. **United Kingdom (UK)**-based **PetroNor** and the Senegalese government have postponed until 2021 the resolution of their dispute concerning the exploitation rights of the **Rufisque Offshore Profond (ROP)** and **Senegal Offshore Sud Profond (SOSP)** blocks;

<sup>16</sup> RFI, 31 Oct 2020

<sup>17</sup> ARC Senegal analyst

<sup>18</sup> RFI, 31 Oct 2020

30 Oct 2020 **Dakar (Senegal)** UN News. The **International Organisation for Migration (IOM)** estimates that 140 people died after a boat sank off the coast of Senegal attempting to reach the **Canary Islands**;

27 Oct 2020 **Dakar (Senegal)** *Financial Afrik*. Senegal has raised 103 billion FCFA (\$184.3m) through a **Covid-19** social bond issue on the **West African Economic and Monetary Union (WAEMU)** regional financial market;

27 Oct 2020 **Dakar (Senegal)** *Agence Ecofin*. **Canada-based Thor Explorations** launches 10,000m drilling programme at its **Douta** gold project;

26 Oct 2020 **Dakar (Senegal)** *Sika Finance*. Senegal will issue a third **Covid-19** social bond worth 103.13 billion FCFA (\$185.2m) on the **West African Economic and Monetary Union (WAEMU)** regional financial market;

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