

## AFRICA RISK CONSULTING

## Senegal Monthly Briefing October 2022

## Senegal Summary 25 October 2022

*Finance minister Mamadou Moustapha Ba joins the annual meetings of the International Monetary Fund (IMF) and World Bank in Washington (United States) between 10 and 16 October, where he discusses Senegal's economic challenges and prospects as oil and gas projects come online. President Macky Sall (2012-present) has requested that the justice ministry consider an amnesty scheme that, if granted, would allow opposition leaders Khalifa Sall and Karim Wade to run in the 2024 presidential election. Former prime minister and member of parliament Aminata Touré announces that she will resign from the ruling Benno Bokk Yakaar (BBY) coalition and Sall's Alliance pour la République (APR) party after Sall failed earlier in September to assign her the promised post of president of the Assemblée nationale (national assembly). Senegal signs a memorandum of understanding with Nigeria and Morocco regarding the planned Nigeria-Morocco gas pipeline that will run through Senegal and Mauritania before reaching Europe. The pipeline is expected to provide West Africa with gas through the addition of Senegal and Mauritania to the transit route.*

**Economic growth around 10% expected in 2023 as oil and gas projects come online**

Finance minister **Mamadou Moustapha Ba** took part in the annual meetings of the **International Monetary Fund (IMF)** and **World Bank** in **Washington (United States)** between 10 and 16 October, where he discussed **Senegal's** economic challenges and prospects going forward as oil and gas projects come online. The government project's Senegal's economic growth to reach 10.1% in 2023, the highest in **Africa**. If achieved, it would mark the first time the country registers double-digit growth since independence in 1960.<sup>1</sup>

Projected economic growth will be spurred on by the **Grand Tortue Ahmeyim (GTA)** gas project and the **Sangomar** oil project, both of which are scheduled to come online in 2023. The Sangomar oil project off the north coast of Senegal is being developed by **Australia's Woodside Energy** and is more than 60% complete.<sup>2</sup> Production is expected in the second half of 2023. The field will produce approximately 100,000 barrels per day and a total of 230 million barrels in its lifetime.

The GTA field, located between Senegal and **Mauritania**, has 500 billion cubic metres of gas reserves.<sup>3</sup> Gas will be exported but approximately 1.9 million cubic metres of gas will be reserved for local consumption, which will be split equally between the two countries.<sup>4</sup> The region between Senegal and Mauritania has 425 billion cubic metres of proven gas reserves.<sup>5</sup> Senegal's stability has made it the more attractive option to invest in and gain access to the reserves.

However, Ba also referred to the unfavourable international situation that has led to inflationary pressures, soaring commodity prices and subdued economic activity, leading to an economic growth forecast of 4.8% for 2022 and a decrease from the 6.1% registered in 2021.<sup>6</sup>

The talks in Washington were preceded by an IMF mission to Senegal, led by IMF African department advisor **Edward Gemayel**, to discuss economic developments, policy and Senegal's credit agreement with the IMF.<sup>7</sup> Gemayel noted that average inflation for 2022 is projected to reach 7.5%, reiterating

<sup>1</sup> Le Jecos, 17 Oct 2022

<sup>2</sup> Le Quotidien, 2 Sep 2022

<sup>3</sup> Le Monde, 16 Sep 2022

<sup>4</sup> Le Quotidien, 2 Sep 2022

<sup>5</sup> Le Quotidien, 27 Aug 2022

<sup>6</sup> Le Jecos, 19 Oct 2022

<sup>7</sup> Le Jecos, 7 Oct 2022

the issues raised by Ba at the meetings later in October. However, Gemayel confirmed that the IMF has projected Senegal's economic growth to average approximately 10% over the 2023-2024 period, in line with the government's projections.<sup>8</sup> Gemayel warned that despite the increased revenue, Senegal's draft budget for 2023 predicts too large a reduction in its budget deficit, reminding the government that financial constraints and public debt will remain issues going forward. A staff-level visit for the final review of the programme supported by the **Instrument for Economic Policy Coordination**, the **Stand-by Arrangement** and the **Standby Credit Facility** is scheduled for early November.<sup>9</sup>

The World Bank has reiterated these growth prospects for Senegal, albeit slightly lower, projecting growth of 9.2% in 2023 and 2024.<sup>10</sup> The World Bank agreed with the IMF regarding Senegal's budget deficit, and has forecast that it will remain above 6% of gross domestic product (GDP) for a third consecutive year in 2022.<sup>11</sup> However, it estimates that it will average 3.8% between 2023 and 2024 as increased revenue mobilisation and the phasing out of subsidies come into effect.<sup>12</sup>

Senegal's political and social stability has made it an increasingly attractive investment destination in **West Africa**. The country will also benefit from the increased demand for gas from **European** countries since supplies from **Russia** have become volatile. With the addition of the **Nigeria-Morocco** pipeline that will transit through Senegal to Europe (see below), Senegal may benefit even more economically beyond 2023 and 2024, with the requisite infrastructure to increase exports and spur economic growth locally even further.

### Sall's amnesty scheme could see increased opposition ...

President **Macky Sall** (2012-present) has requested that the justice ministry consider an amnesty scheme that, if granted, would allow opposition leaders **Khalifa Sall** and **Karim Wade** to run in the 2024 presidential election. Although politically stable, Senegal saw increased tensions building up to the legislative elections in July and more recently, a scuffle in parliament (*see ARC Briefing Senegal June & Sep 2022*). Sall maintains the amnesty scheme would ease political tensions; however, local analysts believe Sall aims instead to increase the number of opposition candidates in the 2024 presidential election.

Khalifa Sall served as mayor of **Dakar** from 2009 to 2018 but was jailed for fraud charges in 2018. Karim Wade, a former minister and son of former president **Abdoulaye Wade** (2000-2012), was sentenced to six years in prison in 2015 and fined 138 billion FCFA (\$208m) for corruption.<sup>13</sup> Both Sall and Wade were released from jail ahead of the 2019 presidential election, but their convictions bar them from running for office.

Opposition leader **Ousmane Sonko** has filled the void left by Khalifa Sall and Karim Wade and is now considered the most important opposition figure in Senegal. However, President Sall's move has local analysts speculating that he wishes to break down Sonko's advantage by creating more opposition, splitting votes further. Sall has still not announced if he will be running for a third term in 2024 but he appears to be set on ensuring that Sonko is heavily challenged in the elections.

### ... as female presidential hopeful emerges

Former prime minister and member of parliament **Aminata Touré** announced on 25 September that she would resign from the ruling **Benno Bokk Yakaar (BBY)** coalition and President Sall's **Alliance pour la République (APR)** party after Sall failed earlier in September to hand her the post of president of **Assemblée Nationale** (national assembly) that he had promised her.<sup>14</sup> Touré left her job

<sup>8</sup> Le Jecos, 7 Oct 2022

<sup>9</sup> International Monetary Fund, 6 Oct 2022

<sup>10</sup> Agence Ecofin, 29 Sep 2022

<sup>11</sup> World Bank, 29 Sep 2022

<sup>12</sup> World Bank, 29 Sep 2022

<sup>13</sup> Reuters, 29 Sep 2022

<sup>14</sup> Le Soleil, 25 Sep 2022

at the **United Nations** in 2012 to join Sall's political team before his election, serving in several roles during his presidency, and was chosen by Sall to lead the APR in the July legislative elections. Touré stated in an interview with **United Kingdom**-based publication **The Guardian**, published on 5 October, that traditionally the head of the BBY is appointed prime minister or head of the national assembly, but Sall notified her 20 minutes before the announcement of the appointment that he had chosen another candidate to head the national assembly.<sup>15</sup> Touré attributed Sall's failure to appoint her to her refusal to endorse him for a third term:

*"Macky Sall, whom I refused to endorse for a third term, broke with political tradition by choosing another – male – representative... The decision prompted me to withdraw from BBY and declare myself independent."*<sup>16</sup>

Since her resignation, Touré continues to shake up local politics. She remains a member of parliament as an independent, maintaining that someone must challenge Sall in the 2024 presidential elections.<sup>17</sup>

Touré has solidified her political clout during her years in service. Sall appointed her as justice minister following his election in 2012, and she spear-headed proceedings against Karim Wade, who was eventually sentenced to six years in prison and fined 138 billion FCFA (\$208m) for corruption (see above).<sup>18</sup> Touré also enacted a gender parity law that allows female Senegalese married to foreigners to pass their citizenship onto their children, as men had been allowed to do.

Although Touré is a formidable candidate, the question remains whether Senegal is ready for its first female president. Touré has acknowledged the challenge but noted to **French** news agency **AFP** in an interview on 14 October that Senegal is "*ripe for change*".<sup>19</sup> In the July legislative elections, women won 73 parliamentary seats out of 165, the highest number ever, an indication that her predictions may be correct. Touré has not formed a political party yet or announced definitively that she will run in the elections, but her media interviews seem to have made her intentions clear.

### Gas pipeline to include Senegal

Senegal has signed a memorandum of understanding with **Nigeria** and **Morocco** regarding the planned Nigeria-Morocco gas pipeline that will run through Senegal and **Mauritania** before reaching **Europe**. The pipeline is expected to provide **West Africa** with gas through the addition of Senegal and Mauritania to the transit route.<sup>20</sup> The MoU was signed between state-owned **Société des Pétroles du Sénégal**, represented by director **Adama Diallo**, and Morocco's **Office National des Hydrocarbures et des Mines (ONHYM)** and the **National Nigeria Petroleum Company**.<sup>21</sup>

The 5,600-kilometre supply line will run along West Africa's coast, providing gas to the 15-member **Economic Community of West African States (ECOWAS)**, which also signed the MoU, and permitting fuel to be shipped to **Spain** as well as the rest of Europe.<sup>22</sup> The project is expected to cost \$25 billion.<sup>23</sup>

The pipeline's planned route through Senegal and Mauritania is intended to boost regional economic growth, improve standards of living, integrate the regional economies and mitigate against desertification while offering Morocco and Nigeria a stable export route to Europe.<sup>24</sup> ONHYM director general **Amina Benkhadra** noted during the signing ceremony on 15 October that the West Africa

<sup>15</sup> Africanews, 14 Oct 2022

<sup>16</sup> The Guardian, 5 Oct 2022

<sup>17</sup> Africanews, 14 Oct 2022

<sup>18</sup> Jeune Afrique, 20 Oct 2022

<sup>19</sup> AFP, 14 Oct 2022

<sup>20</sup> ESI Africa, 18 Oct 2022

<sup>21</sup> ESI Africa, 18 Oct 2022

<sup>22</sup> Moneyweb, 10 Oct 2022; Bloomberg, 15 Sep 2022

<sup>23</sup> ESI Africa, 18 Oct 2022

<sup>24</sup> Energy Voice, 16 Sep 2022

region will also benefit from reducing its greenhouse gas emissions by having easier access to gas, a greener alternative.<sup>25</sup>

The pipeline may also benefit Senegal and Mauritania which are jointly working on their Grand Tortue Ahmeyim (GTA) offshore gas fields for production by 2023. However, the pipeline is only expected to be completed by 2030 and Senegal will have to find an alternative in the interim to ensure maximum benefits from its gas fields.

## Planner

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 is set to begin.

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

## Chronology

24 Oct 2022 **Dakar (Senegal)** *Le Quotidien*. Party of former president **Abdoulaye Wade, Parti démocratique sénégalais (PDS)** has urged President **Macky Sall** to not stand for another term in the 2024 presidential elections;

24 Oct 2022 **Dakar (Senegal)** *RFI*. **Senegal and France** conduct a joint military exercise;

19 Oct 2022 **Dakar (Senegal)** *Lejecos*. President **Macky Sall** asks the tourism ministry to hold stakeholder meetings with those involved in the sector in the hopes of boosting tourism;

18 Oct 2022 **Dakar (Senegal)** *Jeune Afrique*. Data extortion group **Karakurt** claims responsibility for a cyberattack on telecommunications regulator **Agence de régulation des postes et télécommunications (ARTP)**, saying they stole 102 gigabytes (GB) of internal data;

17 Oct 2022 **Mbour (Senegal)** *Africanews*. Gendarmerie disperses supporters of opposition politician **Ousmane Sonko**, who is on a political tour, accusing them of gathering illegally;

17 Oct 2022 **Dakar (Senegal)** *Sika Finance*. **Islamic Development Bank (IDB)** disburses \$27m to **Senegal** for a vaccine manufacturing unit and to map soil fertility;

16 Oct 2022 **Dakar (Senegal)** *Sika Finance*. **Agence Nationale de Statistique et de la Démographie (ANSD)** indicates that inflation reached 11.9% year-on-year in September;

14 Oct 2022 **Dakar (Senegal)** *Lejecos*. **United States (US)** government, through the **US Agency for International Development (USAID)**, launches a five-year \$16m government-to-government operational support project with **Senegal**;

10 Oct 2022 **Dakar (Senegal)** *Agence Ecofin*. Foreign minister **Aissata Tall Sall** meets with **Ukraine's** foreign affairs minister, **Dmytro Kuleba**, who seeks to boost cooperation between the countries;

6 Oct 2022 **Dakar (Senegal)** *Lejecos*. **Le Conseil des ministres** (council of ministers) adopts the 2023 finance bill, setting the budget at 6,400 billion FCFA (\$9.4 billion);

6 Oct 2022 **Dakar (Senegal)** *IMF*. **International Monetary Fund** concludes a staff visit to **Senegal**, noting that activity slowed in the first half of the year, leading to a modest downward growth projection revision of 4.7% in 2022, while average inflation is expected to reach 7.5%;

28 Sep 2022 **Dakar (Senegal)** *Le Quotidien*. **European Union** will provide \$14.7m to **Senegal** as part of its \$591m fund to help vulnerable **African, Caribbean and Pacific** countries fight food insecurity;

<sup>25</sup> ESI Africa, 18 Oct 2022

28 Sep 2022 **Dakar (Senegal)** *Agence Ecofin*. **Saudi Fund for Development** announces a loan of \$63m to finance the construction of the **Dakar-Tivaoune** highway linking Dakar to **Saint-Louis**;

27 Sep 2022 **Dakar (Senegal)** *Lejecos*. President **Macky Sall** issues 15 directives aimed at fighting against the rising cost of living;

25 Sep 2022 **Dakar (Senegal)** *Le Soleil*. Former prime minister and member of parliament **Aminata Touré** announces she will resign from the ruling **Benno Bokk Yakaar (BBY)** coalition after being dismissed from the post of president of the national assembly earlier in September;

23 Sep 2022 **Dakar (Senegal)** *Sika Finance*. **African Development Bank (AfDB)** approves a loan of 19 billion FCFA (\$28.4m) for the improvement of road networks in six municipalities across **Senegal**;

21 Sep 2022 **Dakar (Senegal)** *Africanews*. **Cour d'appel de Dakar** upholds a six-month prison term for **Barthelemy Dias**, mayor of **Dakar**, for the killing of a man during a political clash in 2011; Dias has said he will appeal the ruling and it does not threaten his current mayoral tenure;

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

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