

AFRICA RISK CONSULTING

Senegal Monthly Briefing March 2020

Senegal Summary 16 March 2020

Senegal confirms 26 cases of the coronavirus COVID-19 as of 15 March. A United Kingdom (UK)-based British Broadcasting Corporation (BBC) documentary reports that illegal logging in the Casamance Region has led to the loss of 1 million trees and 10,000 hectares of forest over the last six years. President Macky Sall (2012-present) inaugurates the Taiba N'Diaye wind power plant, the largest in West Africa with a power production capacity of 158.7 megawatts, and which cost \$342m to construct. Canada-based miner Teranga Gold is studying the possibility of integrating the Massawa gold project into the Sabodala gold project, which would create a gold complex with reserves amounting to 5 million ounces.

Senegal confirms 26 cases of COVID-19

Senegalese authorities reported the first confirmed case of **coronavirus (COVID-19)** on 2 March, and at time of writing, had confirmed 26 cases.¹ The global outbreak and spread of the virus will affect key aspects of Senegal's economy, particularly the tourism sector. Senegal's first case of COVID-19 was contracted by a **French** national who flew to Dakar from **Marseille** (France) on 26 February.² Health minister **Diouf Sarr** said tests conducted on the patient at the **Pasteur Institute** in the capital, **Dakar**, confirmed the illness.³ Since then, there has been a significant spike in the number of cases, which stood at 26 on 15 March, according to the ministry of health.⁴

President **Macky Sall** (2012-present) announced on 3 March that \$2m would be allocated to an emergency response package to address COVID-19.⁵ President Sall also instructed cabinet ministers not to leave the country until further notice.⁶ On 14 March, President Sall announced that schools and universities would be closed for three weeks, while demonstrations, religious ceremonies and other large gatherings have been banned for 30 days.⁷ Senegal's 60th anniversary celebrations, scheduled for 4 April, have also been postponed.⁸ A travel ban on visitors arriving from **Morocco** and **Spain** will hurt the tourism sector, with **Air Senegal** suspending its flights to **Casablanca** (Morocco) and **Madrid** (Spain).⁹ Events such as the 22 March pilgrimage to the holy city of **Touba** are also likely to be cancelled as a result of the virus.¹⁰

Trade with **China** has slowed down as a result of the pandemic. China is Senegal's second largest trade partner, with \$2 billion generated in trade volume in 2016.¹¹ Senegal's main exports include minerals such as iron and zircon, and peanuts. Chinese firms are also involved in a number of road, hotel and stadium construction projects across Senegal.¹² All these activities are likely to be affected in the resultant economic downturn.

¹ Africanews, 12 Mar 2020

² News24, 2 Mar 2020

³ News24, 2 Mar 2020

⁴ Agence Presse Senegalaise, 15 Mar 2020

⁵ Reuters, 3 Mar 2020

⁶ Africanews, 12 Mar 2020

⁷ RFI, 15 Mar 2020

⁸ RFI, 15 Mar 2020

⁹ Tribune de Geneve, 22 Jul 2018

¹⁰ Africanews, 12 Mar 2020

¹¹ Tribune de Geneve, 22 Jul 2018

¹² Tribune de Geneve, 22 Jul 2018

BBC documentary reports illegal logging in Casamance Region

A **United Kingdom (UK)**-based **British Broadcasting Corporation (BBC)** documentary has alleged that illegal logging in the **Casamance Region** has led to the loss of 1 million trees and 10,000 hectares of forest over the last six years.¹³ The BBC report, released on 9 March, revealed that the illicit timber trade allegedly taking place in Casamance involves the transportation of the illegally logged wood to **The Gambia** and subsequent export to **Asia**.¹⁴ The activity is fuelled by high demand in China for rosewood, which is abundant in Casamance and is used in the manufacture of luxury furniture.¹⁵ The timber trafficking has likely contributed to enabling The Gambia to become **Africa**'s second largest exporter of rosewood, and has generated an estimated \$300m over the past six years.¹⁶

Senegal and The Gambia are signatories to international conventions against the trade of endangered species of flora and fauna. However, the BBC report alleges that the two countries have not respected their obligations under these conventions.¹⁷ In response to the BBC allegations, Senegal's ministry of environment and sustainable development said on 12 March that 300,000 tonnes of wood had been illegally cut from Senegalese forests and transported through The Gambia since **Adama Barrow** (2017-present) became president of the Gambia in 2017.¹⁸ The ministry underscored that it had made the fight against illegal logging a priority, and that 143 people had been arrested in 2019 in relation to trafficking, while 8,941 logs were seized from such operations.¹⁹ During a joint press conference with President Barrow, President Sall promised to use every means to put an end to illegal logging.²⁰

Timber trafficking is a serious problem in Senegal. In January 2018, 14 loggers were killed after an ambush in a protected forest in the **Bayotte** area in the Casamance region.²¹ Initially, the attacks were blamed on the **Mouvement des Forces Démocratiques de Casamance (MFDC)**, which has been conducting sporadic rebellions in the Casamance region since 1982 amidst claims of discrimination and land confiscation by Senegalese authorities. The MFDC is a separatist group whose ultimate goal is to obtain independence for the region. Although there are claims that thousands of civilian and armed fighters have died since the rebellion started, there are no exact figures to substantiate this claim. The MFDC denied claims that it was behind the attacks on the loggers, and instead blamed illegal logging syndicates for the violence. The Senegalese government previously claimed that illegal trade in protected wood was carried out with the support of The Gambia's former president, **Yahya Jammeh** (1994-2017), who was allegedly involved in the trade with **Switzerland**-based logging company **Westwood**.²²

Senegal inaugurates 158.7 MW Taiba N'Diaye wind power plant

President Macky Sall officially inaugurated the **Taiba N'Diaye** wind power plant, 100 km north of Dakar, on 24 February. With a power production capacity of 158.7 megawatts, the power plant is the largest in **West Africa** and will eventually provide one sixth of Senegal's electricity output.²³ The Taiba N'Diaye plant brings Senegal closer to its goal of increasing renewable energy's share of electricity production from 22% currently to 30% by 2025, and signals the importance of renewable energy in Senegal.²⁴ Taiba N'Diaye will increase Senegal's total electricity production by 15% and give

¹³ RFI, 12 Mar 2020

¹⁴ RFI, 12 Mar 2020

¹⁵ RFI, 12 Mar 2020

¹⁶ RFI, 12 Mar 2020

¹⁷ RFI, 12 Mar 2020

¹⁸ Le Quotidien, 12 Mar 2020

¹⁹ Le Quotidien, 12 Mar 2020

²⁰ Agence Presse Senegalaise, 12 Mar 2020

²¹ Le Monde, 14 Jan 2018

²² Jeune Afrique, 12 Jan 2018

²³ Agence Ecofin, 25 Feb 2020

²⁴ Financial Afrik, 25 Feb 2020

an additional 2 million Senegalese access to electricity.²⁵ Sall said all Senegalese will benefit from the new plant, but rural inhabitants will be the biggest beneficiaries.²⁶

UK-based energy firm **Lekela Power** constructed the \$342m (200 billion FCFA) plant. Lekela Power is a joint venture between UK-based **Actis**, which owns 60% of the firm, and Ireland-based **Mainstream Renewable Power**, which owns the remaining 40%.²⁷ The project received \$250m in funding from **United States (US)-based Overseas Promotion Investment Corporation (OPIC)** for infrastructure and \$70m for reinsurance.²⁸

State-owned electricity company **Senelec** has signed a power purchase agreement with **Parc Eolien de Taiba Ndiaye (PETN)**, the project management company of the wind farm, to procure electricity for a period of 22 years.²⁹ Currently, the Taiba N'Diaye wind plant produces 50 MW; however, the delivery of 30 turbines in April and June will enable it to operate at its full capacity of 158.7 MW.³⁰ There are plans to increase Taiba N'Diaye's production capacity by 100 MW in its second phase of development.

President Sall said at the launch that the project is in line with the second phase of Senegal's medium-term economic agenda, the **Plan Senegal Emergent II (PSE II)**.³¹ PSE II has outlined energy infrastructure development and renewable energy as priority focus areas (see *ARC Briefing Senegal January 2019*). Taiba N'Diaye will reportedly prevent the release of 300,000 tonnes of CO2 emissions per year, which Sall noted demonstrates Senegal's commitment to respecting the **Paris Climate Agreement**.³² Fossil fuels contributed to 90% of power generation in 2012 but since October 2016, Senegal has commissioned four solar energy plants.³³ These include **Mekhe** (30 MW), **Senergy II** (20 MW), **Malicounda** (22 MW) and **Ten Merina** (30 MW).³⁴ Senegal currently has eight solar plants operating, some of which were established under the **World Bank's "Scaling Solar"** programme.³⁵ Public consultations began in September over the construction of a 30-MW solar power plant in **Niakhar**.³⁶ Senelec CEO **Papa Mademba Biteye** noted that the current energy mix will allow Senegal to be less dependent on oil, while the government's next challenge is providing universal access to energy.³⁷

Teranga Gold eyes Massawa-Sabodala gold complex

Canada-based miner **Teranga Gold** is studying the possibility of integrating its **Massawa** gold project into the **Sabodala** gold project, both located in Senegal.³⁸ The merger of the mines, located 30 km from each other, would enable Teranga to use infrastructure already available to Sabodala in order to develop Massawa.³⁹ Teranga Gold's proposal follows its acquisition of Massawa from Canada-based miner **Barrick Gold Corp** in December (see *ARC Briefing Senegal December 2019*) and the Senegalese government's approval of the transaction in February.⁴⁰ The acquisition terms included Teranga's plan to integrate the two mines.⁴¹ Teranga Gold CEO **Richard Young** said the combination of the two

²⁵ Financial Afrik, 25 Feb 2020

²⁶ Dakar Actu, 25 Feb 2020

²⁷ Jeune Afrique, 27 Feb 2020

²⁸ Agence Ecofin, 25 Feb 2020

²⁹ Jeune Afrique, 27 May 2019

³⁰ Financial Afrik, 25 Feb 2020

³¹ Financial Afrik, 25 Feb 2020

³² Financial Afrik, 25 Feb 2020

³³ Jeune Afrique, 13 Sep 2019

³⁴ Jeune Afrique, 13 Sep 2019

³⁵ Financial Afrik, 25 Feb 2020

³⁶ Agence Ecofin, 23 Aug 2019

³⁷ Agence Ecofin, 25 Feb 2020

³⁸ Agence Ecofin, 3 Mar 2020

³⁹ Agence Ecofin, 3 Mar 2020

⁴⁰ Mining.com, 14 Feb 2020

⁴¹ Agence Ecofin, 3 Mar 2020

assets would result in “significant capital and operating synergies” and create a “leading gold complex”.⁴²

Barrick Gold, which retains an 11.45% stake in the Massawa project, said it was optimistic about the possibility of consolidating the two mines. Barrick Gold CEO **Mark Bristow** described the combination of assets as a “value-creating move” which has been in preparation for over a year.⁴³ Bristow said the operation would allow the Teranga Gold-Barrick Gold partnership to solidify its presence in West Africa and allow it to grow at the regional level.⁴⁴ Massawa and Sabodala have estimated reserves of 2.6m and 2.4m ounces of gold respectively.⁴⁵

Senegal’s gold industry has become increasingly attractive. In January the government granted Canada-based gold miner **Iamgold** an exploitation licence to develop and exploit the **Boto** gold project (see *ARC Briefing Senegal January 2020*).⁴⁶ This followed Iamgold’s decision to pursue a third year of exploration at the **Senala** gold project, which it is operating in partnership with UK-based **Oriole Resources**.⁴⁷ Security issues in the neighbouring gold mining hubs of **Burkina Faso** and **Mali** will continue to make Senegal’s gold industry increasingly attractive to investors.

Planner

2020 **Dakar (Senegal)** Municipal elections;
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 27-28 May **Dakar (Senegal)** **Senegal Oil & Power 2020 Conference**;
 22 Oct-9 Nov 2022 **Dakar (Senegal)** *International Olympic Committee* Youth Olympic games;
 2022 **Grand Tortue Ahmeyim (GTA)** offshore gas field: production of natural gas set to begin.

Chronology

15 Mar 2020 **Dakar (Senegal)** *Le Soleil*. President **Macky Sall** temporarily closes all schools, universities and religious festivals as confirmed cases of **COVID-19** increase;

12 Mar 2020 **Dakar (Senegal)** *AFP*. Health ministry confirms five new cases of **COVID-19** in **Senegal**, bringing the total to 10, and making it the worst affected country in **West Africa**;

11 Mar 2020 **Dakar (Senegal)** *AA*. Health ministry confirms the fifth case of **COVID-19** in **Senegal**, a Senegalese national living in **Italy** who recently returned home to capital **Dakar**;

5 Mar 2020 **Dakar (Senegal)** *Sika Finance*. The number of passengers transported by air in Senegal rose from 2,478,323 in 2018 to 2,633,311 in 2019;

4 Mar 2020 **Dakar (Senegal)** *Sika Finance*. Senegal has recorded a 519.4 billion FCFA (\$895.1m) budget deficit in 2019, compared to 477.5 billion FCFA (\$822.9m) in 2019;

3 Mar 2020 **Dakar (Senegal)** *Agence Ecofin*. **Canada**-based miner **Teranga Gold** is studying the possibility of integrating the **Massawa** gold project into the **Sabodala** gold project;

3 Mar 2020 **Dakar (Senegal)** *Reuters*. President **Macky Sall** allocates \$2m towards emergency response action in relation to the **COVID-19** virus;

3 Mar 2020 **Dakar (Senegal)** *Agence Ecofin*. **Air Senegal** CEO **Ibrahima Kane** says the airline will open up its capital to private investors by early 2021;

⁴² Agence Ecofin, 3 Mar 2020

⁴³ Jeune Afrique, 30 Jan 2020

⁴⁴ Jeune Afrique, 30 Jan 2020

⁴⁵ Engineering News, 10 Dec 2019

⁴⁶ Agence Ecofin, 14 Jan 2020

⁴⁷ Mining Weekly, 12 Mar 2020

28 Feb 2020 **Dakar (Senegal)** *Agence Ecofin*. President **Macky Sall** says he wants to see operations resume on the 1,287-km **Bamako (Mali)-Dakar** railway;

28 Feb 2020 **Dakar (Senegal)** *Agence Ecofin*. **Kenya**-based **Shelter Afrique** has partnered with Senegal-based **Teyliom** to invest \$11.6m in real estate projects across Senegal;

25 Feb 2020 **Dakar (Senegal)** *Sud Quotidien*. President **Macky Sall** inaugurates phase 1 of the **Taiba Ndiaye** wind park, the largest infrastructure of its kind in **West Africa**, with a production capacity of 158.7 megawatts (MW);

25 Feb 2020 **Dakar (Senegal)** *Le Soleil*. Senegal announces it will officially launch the licensing cycle for oil and gas blocks at the **Senegal Oil & Power 2020** conference to take place from 27 to 28 May in Dakar;

22 Feb 2020 **Dakar (Senegal)** *Agence Ecofin*. **Air Senegal** announces it will fly to its fifth **European** destination, **London Stansted Airport (United Kingdom)**, from 26 June;

22 Feb 2020 **Dakar (Senegal)** *RFI*. The **International Monetary Fund (IMF)** expresses concern about Senegal's increasing public debt, which has risen from 30% of GDP in 2012 to the current mark of 64%;

20 Feb 2020 **Dakar (Senegal)** *RFI*. **France**-based pharmaceutical laboratory **Biogaran**, a subsidiary of the **Groupe Servier**, specialising in generic drugs, has officially launched commercial activities in Senegal;

16 Feb 2020 **Dakar (Senegal)** *RFI*. **United States** secretary of state **Mike Pompeo** undertakes a one-day visit to Senegal;

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