

AFRICA RISK CONSULTING

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Senegal Summary 23 June 2022

Political tensions are mounting in Senegal ahead of legislative elections scheduled for 31 July, after the Conseil Constitutionnel (constitutional council) rejects the national lists of the Yewwi Askan Wi (YAW) coalition of opposition leader Ousmane Sonko and Wallu Sénégal coalition of former president Abdoulaye Wade (2000-2012), effectively excluding them from the elections. Senegal's economy continues to face challenges with basic food prices increasing while fuel prices also increase, despite the government's subsidy programme. Senegal continues to push to maintain the focus on natural gas as a transitional energy source not only locally but across Africa.

Pre-election tensions boil over ...

Tensions are mounting in **Senegal** ahead of legislative elections scheduled for 31 July. The government on 15 June banned political demonstrations as the rising cost of living creates conditions ripe for unrest. Fuelling these tensions was the decision of the **Conseil Constitutionnel** (constitutional council) on 3 June to reject the national lists of the **Yewwi Askan Wi (YAW)** coalition of opposition **Patriotes du Senegal pour le Travail, l'Ethique et la Fraternité (PASTEF)** leader **Ousmane Sonko** and **Wallu Sénégal** coalition of former president **Abdoulaye Wade** (2000-2012), thus excluding them from the legislative election.¹ The two coalitions negotiated an agreement to join forces ahead of the election in a bid to increase the chances of Senegal's two largest opposition coalitions of winning additional seats (see *ARC Briefing Senegal May 2022*).

Interior minister **Antoine Félix Diome** challenged the submission by the YAW coalition, which led it to file an appeal with the constitutional council. After the council announced on 3 June that it had rejected the appeal, opposition leaders and activists organised and led a demonstration on 8 June in **Dakar**. Members of the opposition used the demonstration to air grievances about the high cost of living, unemployment and attacks on political freedoms.²

Ahead of a second demonstration scheduled for 17 June, the government moved to ban political demonstrations. The ban caused tensions to rise even further. Ignoring the government's order, demonstrations went ahead in Dakar and the southern region of **Casamance** on 17 June. Security forces reportedly killed three people and arrested approximately 200, including three opposition leaders.³ Sonko and Dakar mayor **Barthélémy Dias** reported that security forces prevented them from leaving their homes to join the demonstrations.⁴ Dias obtained 56% of votes in the 23 January local election, running as a **Taxawu Sénégal** party member under the YAW coalition (see *ARC Briefing Senegal Feb 2022*).

On 20 June, Sonko demanded the release of the individuals arrested during the 17 June protests while announcing plans to organise demonstrations on 29 June in several locations across Senegal.⁵ In a **Facebook** post on 19 June, Sonko gave President **Macky Sall** (2012-present) an ultimatum to "release all the political hostages who are in your hands", threatening to "come and get these political hostages, cost what it will cost".⁶ Sonko alleges that Sall will run for a third (and therefore unconstitutional)

¹ Africanews, 9 Jun 2022

² Jeune Afrique, 9 Jun 2022

³ Africanews, 20 Jun 2022

⁴ Jeune Afrique, 18 Jun 2022

⁵ APS, 20 Jun 2022

⁶ Jeune Afrique, 19 Jun 2022

term in 2024.⁷ Sall submitted a 15-point proposal for constitutional reform to the constitutional council in January 2016, making good on his February 2012 promise of constitutional reform in the lead-up to the presidential elections he won in April 2012 (see *ARC Briefing Senegal Jan 2016*).⁸ Sall promised to change the constitutional presidential term from seven to five years, reducing all future presidential mandates by two years, and adjusted the number of terms a president can serve to two terms.⁹ However, it is rumoured that he may renege on his promises, as the reforms only came into effect in 2019, not impacting his current term in office.

There has been no negotiation or talks between Sall and the opposition, leaving civil society apprehensive of protests similar to those that rocked the country in March 2021 when at least a dozen people died (see *ARC Briefing Senegal Mar 2021*).¹⁰ The catalyst for the week-long demonstrations was Sonko's arrest and detention; however, they were fuelled by growing anger over systemic corruption, the negative impact of **Covid-19** restrictive measures on the economy, youth unemployment and resentment against the business practices of foreign private sector actors.¹¹ Current cost of living pressures are creating similar tensions in the population (see below). In a press release on 16 June, civil society organisations said they are ready to contribute to "*a just and inclusive solution to the pre-electoral crisis*".¹²

Sall's political party, **L'Alliance pour la République**, has condemned the protests while commending the security forces for their professionalism in the "*face of multiple provocations*".¹³ Sall has confirmed that the elections will go ahead on 31 July, regardless of the pre-electoral tensions.¹⁴ Senegal has long been a beacon of democracy in West Africa with protests being an uncommon occurrence.

... as Senegal's economy continues to face challenges

Senegal's economy continues to face challenges amid increases in the prices of fuel and basic food products, despite the government's subsidy programme that aims to cushion the effect. Basic food products, including millet, maize and sorghum have seen price increases of between 11% and 15% compared to April 2022 and between 22% and 33% compared to April 2021. The **Commissariat à la sécurité alimentaire (CSA)** (food security commission) on 14 June attributed the rising costs to **Mali** and **Burkina Faso** banning exports of these cereals, as well as Mali's suspension from regional bloc **Economic Community of West African States (ECOWAS)**, through which **Ivorian** products and livestock from **Mauritania** normally pass.¹⁵ During May, cross-border flows with Mali were zero, leading the CSA to anticipate that the prices of these products will continue to rise in June.¹⁶ Inflation reached 7.4% year-on-year in May, the highest since August 2008 when inflation reached 7.86%.¹⁷

In a bid to head off social unrest, the government had hoped to relieve financial pressure on households by subsidising the price of fuel. However, it has been under pressure from the **International Monetary Fund (IMF)** to stop subsidies amid concern regarding the government's ability to finance these. In a press conference on 10 June, finance minister **Abdoulaye Daouda Diallo** said households would not be able to sustain their purchasing power if the government ended fuel and diesel subsidies. Petrol increased early in June by 115 FCFA (\$0.19) per litre, rising to 890 FCFA (\$1.45) per litre; without the government's subsidy, consumers would be paying 1,168 FCFA (\$1.88) per litre. Diesel is currently 655 FCFA (\$1.07) per litre against an unsubsidised amount of 1,068 FCFA

⁷ Le Journal de l'Afrique, 20 Jun 2022

⁸ Le Point, 19 Jan 2016.

⁹ Le Point, 19 Jan 2016.

¹⁰ Jeune Afrique, 18 Jun 2022

¹¹ The Continent, 13 Mar 2021

¹² APS, 16 Jun 2022

¹³ APS, 20 Jun 2022

¹⁴ APS, 10 Jun 2022

¹⁵ Agence Ecofin, 14 Jun 2022

¹⁶ Agence Ecofin, 14 Jun 2022

¹⁷ Sika Finance, 14 Jun 2022

(\$1.72).¹⁸ The government adjusted its budget in May (see *ARC Briefing Senegal May 2022*), which Diallo states will allow it to maintain the subsidies.

Fuel price increases in June have raised concern about the price and availability of other products such as bread. Diallo said the government does not anticipate bread shortages or price increases, as wheat stocks are stable and the government will continue to subsidise the cost of fuel.¹⁹

The government has obtained support from the **World Bank** to mitigate the effects of rising costs. On 3 June, Diallo and World Bank director of operations in Senegal **Nathan Belete** signed a financing agreement for \$300m. The agreement, initially capped at \$174m, underwent further discussions during a visit by World Bank president **David Malpass** to Senegal in March.²⁰ It was agreed that further measures to mitigate the impact of the **Ukraine-Russia** conflict would be necessary, increasing the budgetary support. The support will allow the government to cushion the impacts on more vulnerable populations while working on the first purpose of the agreement – implementing structural reforms for equitable and resilient economic growth.²¹

Additional support has come from the IMF, which has agreed to release \$215,78m in special drawing rights after completing a fifth review of the Policy Coordination Instrument (PCI) and the second review of both the Stand-By Arrangement (SBA) and the Standby Credit Facility (SCF).²² The total amount to be made available under the SBA/SCF was \$650m but, after consultations, has been increased to \$776m, accompanied by modifications of performance criteria and objectives. The IMF executive board also agreed to increase the special drawing rights access to \$215.78m and waiver non-compliance with certain criteria.²³

The IMF mentioned that while facing the challenges of the conflict, freezing of trade with Mali and soaring inflation interrupting the post-pandemic recovery of the country, robust economic activity is still anticipated over the medium term.²⁴ It appears that this played into the decision-making of the fund to increase access and the overall total of the fund.

Senegal pushes for natural gas investment

Senegal continues to push to maintain the focus on natural gas as a transitional energy source, not only locally but across **Africa**. Petroleum minister **Sophie Gladima** and economic minister **Amadou Hott** co-chaired a workshop on 15 June for a “*partnership for a just energy transition*”.²⁵ The workshop was an initiative of **France** and **Germany** and was attended by their respective ambassadors, **Philippe Lalliot** and **Siemon Sönke**.

Gladima and Hott used the workshop as an opportunity to call for continued funding for natural gas projects in Africa to achieve universal access to electricity, create employment and give populations access to modern, affordable, and reliable energy. Hott pointed out that financing remains the key to unlocking the energy transition and reminded attendees of the efforts in renewable energy Senegal and other African countries have made despite limited means.²⁶ Gladima noted the need for a balanced system, given the contribution that Senegal and other African countries have made:

“The industrialized countries which have polluted the most must commit to maximum efforts to reduce their emissions, and facilitate investments, which will allow us on our side to focus more on energy sources such as gas and renewable energies.”²⁷

¹⁸ Le Jecos, 13 Jun 2022

¹⁹ Le Jecos, 10 Jun 2022

²⁰ APS, 3 Jun 2022

²¹ APS, 3 Jun 2022

²² APS, 23 Jun 2022

²³ ²³ APS, 23 Jun 2022

²⁴ ²⁴ APS, 23 Jun 2022

²⁵ Le Quotidien, 16 Jun 2022

²⁶ Le Quotidien, 16 Jun 2022

²⁷ Le Quotidien, 16 Jun 2022

India's vice-president, **Venkaiah Naidu**, expressed interest in Senegal's gas during his official visit from 1-3 June. Naidu highlighted the investment opportunities Senegal is offering through its **Emergent Senegal 2035 Plan**, launched by President Sall in 2014. The plan includes securing access to affordable and reliable electricity by 2025 and 50% local content in the energy sector by 2030. Naidu cited Senegal's **2020 Gas Code**, which has played a role in the \$9 billion energy developments that are scheduled to come online in 2023.²⁸

African countries with large natural gas reserves, such as Senegal, are seeing an increase in interest and investment amid the Ukraine-Russia conflict and **Europe's** loss of its largest gas source. **German** chancellor **Olaf Scholz** (2021-present) visited Senegal from 22-25 May, holding discussions on German plans to help Senegal explore an offshore gas field,²⁹ as well as possible cooperation on renewable energy development (see *ARC Briefing Senegal May 2022*). However, the interest in gas development contravenes the **COP 26** deal in terms of which 21 countries signed a pledge to stop public financing of fossil fuel projects by the end of 2022. However, the change in global dynamics and gas resources may force a compromise; African leaders are anticipated to argue for leeway in their gas developments during **COP 27**, to be held in **Egypt** between 7 and 18 November.³⁰

Planner

31 Jul 2022 **(Senegal)** Legislative elections;

7-18 Nov 2022 **(Egypt)** COP 27 Climate Change Conference

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.

Chronology

22 Jun 2022 **Dakar (Senegal)** *IMF*. The **International Monetary Fund (IMF)** confirms the release of about \$215.78m to Senegal following a review of its aid programmes;

20 Jun 2022 **Dakar (Senegal)** *Sika Finance*. Senegal raises 51.35 billion FCFA (\$81m) on the **West African Monetary Union** market;

18 Jun 2022 **Washington DC (United States)** *Whitehouse.gov*. **Senegal's** foreign minister **Aïssata Tall Sall** meets with **United States** national security advisor **Jake Sullivan** to discuss cooperation between the US and Senegal;

17 Jun 2022 **Dakar (Senegal)** *Sika Finance*. **Agence française de développement (French** development agency) loans \$26.3m to the **Madiba** project, a programme to revive the pharmaceutical industry in Senegal;

17 Jun 2022 **Dakar (Senegal)** *Sika Finance*. **Japan** signs three financing agreements with the Senegalese government for a total of \$609m;

16 Jun 2022 **Dakar (Senegal)** *LeJecos*. **National Agency for Statistics and Demography** releases data indicating that exports fell 31.9% in April 2022;

13 Jun 2022 **Dakar (Senegal)** *Sika Finance*. **National Agency for Statistics and Demography** reports 7.4% year-on-year increase in the consumer price index in May;

13 Jun 2022 **Dakar (Senegal)** *AFP*. **Senegalese** court sentences fugitive rebel organisation **Mouvement des forces démocratiques de Casamance** head **Cesar Atoute Badiate** and two other

²⁸ Energycapitalpower.com, 20 Jun 2022

²⁹ Reuters, 20 May 2022

³⁰ The Guardian, 7 Jun 2022

men to life in prison for murder and armed insurrection over a massacre that claimed 14 lives in January 2018;

10 Jun 2022 **Dakar (Senegal)** *APS*. **United Nations Development Program (UNDP)** announces it will provide technical assistance to Senegal to assist with the implementation of government's low-carbon energy transition strategy;

10 Jun 2022 **Dakar (Senegal)** *Le Quotidien*. The **National Bank for Economic Development** signs a \$31m agreement with the **Arab Bank for Economic Development in Africa** for the financing of petroleum products;

9 Jun 2022 **Dakar (Senegal)** *Sika Finance*. **India**-based transport company **RITES Ltd**, a subsidiary of **Indian Railways**, signs a memorandum of understanding with **Grands trains du Sénégal** to establish technical cooperation aimed at boosting the development of the Senegalese railway industry;

9 Jun 2022 **Dakar (Senegal)** *APS*. President **Macky Sall** calls for the creation of conditions to allow for the export of cereals from **Ukraine**, namely wheat;

8 Jun 2022 **Dakar (Senegal)** *Sika Finance*. Senegal raises €509m (\$534m) via an issue of **Sukuk**, an Islamic bond arranged by the **Islamic Bank of Senegal** and **Company for the Development of the Private Sector**;

4 Jun 2022 **Dakar (Senegal)** *Le Jecos*. Petroleum and energy minister **Aissatou Sophie Gladima** announces an increase of 115 FCFA (\$0.19) on the price of fuel to 890 FCFA (\$1.45) per litre;

3 Jun 2022 **Dakar (Senegal)** *Le Jecos*. Finance minister **Abdoulaye Daouda Diallo** and **World Bank** director of operations in **Senegal**, **Nathan Belete**, sign a financing agreement for \$300m;

3 Jun 2022 **Dakar (Senegal)** *France 24*. President **Macky Sall** appeals to western countries to ease sanctions on **Russia** to facilitate the export of grain to **Africa**;

3 Jun 2022 **Dakar (Senegal)** *Agence Ecofin*. The **European Investment Bank** announces funding of \$80.6m to finance the construction of a new vaccine manufacturing facility in Senegal;

1 Jun 2022 **Dakar (Senegal)** *Sika Finance*. Construction on the **Mamelles** seawater desalination plant, funded by the **Japan International Cooperation Agency**, has begun and will have a production capacity of 50,000m³ of drinking water per day;

1 Jun 2022 **Dakar (Senegal)** *Agence Ecofin*. President **Macky Sall** announces the release of \$1 billion to fight against climate change;

31 May 2022 **Dakar (Senegal)** *Agence Ecofin*. **France**-headquartered energy firm **Technip**, has signed a memorandum of understanding with the **Oil and Gas Strategic Orientation Committee**, the monitoring structure for the development of oil and gas projects in Senegal;

26 May 2022 **Tivaouane (Senegal)** *APA News*. Health minister **Abdoulaye Diouf Sarr** is dismissed after a fire at **Mame Abdou Aziz Sy Dabakh Hospital** in May killed 11 infants;

26 May 2022 **New Delhi (India)** *GoaChronicle*. **India's** vice president, **Venkaiah Naidu**, to visit **Gabon**, **Senegal** and **Qatar** from 30 May to 7 June in the first ever visit from India at the level of vice president to all three countries;

24 May 2022 **Diass (Senegal)** *Agence Ecofin*. President **Macky Sall** and **Germany's** chancellor, **Olaf Scholz**, inaugurate the new 23MW **Diass** photovoltaic power plant, financed by the **German Development Bank**;

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