

AFRICA RISK CONSULTING

Senegal Monthly Briefing March 2023

Senegal Summary 22 March 2023

An International Monetary Fund (IMF) mission conducts a visit to Dakar between 8 and 14 March to discuss recent economic developments, IMF programmes and update macroeconomic forecasts. The IMF's projections for GDP growth in 2022 are revised down to 4% from initial projections of 4.8%. However, the IMF maintains a favourable outlook for 2023, projecting that inflation will fall to 5% by the end of the year and that economic growth will pick up, driven by oil and gas production and additional structural reforms implemented under phase three of the government's Plan Sénégal Emergent (PSE). Security forces are deployed in Dakar on 16 March, ahead of opposition leader Ousmane Sonko's latest court appearance. Tensions rise between police and Sonko's supporters over 14, 15 and 16 March, ending in clashes. Cheikh Hadjibou Soumaré, former prime minister and chair of the Union Economique et Monétaire Ouest Africaine (UEMOA), is arrested on 9 March and charged on 10 March with "spreading false news and defamation". Police summon Soumaré after he wrote a letter to President Macky Sall (2012-present) that was made public on 4 March, questioning a possible donation made to a "French political figure" for a sum of \$12.86m. Local media allege the political figure is Marine Le Pen.

IMF revises 2022 economic growth outlook down

An **International Monetary Fund (IMF)** mission, led by **Edward Gemayel**, conducted a visit to **Dakar** between 8 and 14 March, to discuss recent economic developments, IMF programmes and update macroeconomic forecasts. Gemayel hosted a press conference on 14 March in which he announced IMF projections for Senegal's GDP growth in 2022 of 4%, down from initial projections of 4.8%.¹ Gemayel attributed the slowdown to a poor agricultural campaign and a contraction in industrial production. This is a sharp drop from the 6.1% growth achieved in 2021.² The IMF also projects that annual inflation will average 9.7% in 2022, up from 2.1% in 2021.

Senegal's economy particularly felt the impact of **Russia's** invasion of **Ukraine**. Fuel subsidies cost 692 billion FCFA (\$1.12 billion) in 2022, equivalent to 4% of GDP.³ Public debt also rose to 75% of GDP, as the government implemented subsidies on several other products in 2022 to help cushion the cost-of-living crisis for citizens. This level of public debt is considered sustainable as government can afford to continue repaying, but Gemayel noted that the government does not have much room to manoeuvre. Despite these issues, Gemayel lauded Senegal's performance during a year he termed a "crisis".⁴

The IMF maintains a favourable outlook for 2023, projecting that inflation will fall to 5% by the end of the year and that economic growth will pick up, driven by oil and gas production and additional structural reforms implemented under phase three of the government's **Plan Sénégal Emergent (PSE)**.⁵ If oil production begins as expected by the end of 2023, GDP growth could reach 8%; however, if projects are delayed, GDP growth is expected to reach between 5% and 5.3%.⁶

Gemayel confirmed that the IMF is keen to negotiate a new economic and financial programme with Senegal and that discussions will begin on the side-lines of the IMF and **World Bank's** spring

¹ IMF, 14 Mar 2023

² Sika Finance, 15 Mar 2023

³ Sika Finance, 14 Mar 2023

⁴ Sika Finance, 14 Mar 2023

⁵ Sika Finance, 15 Mar 2023

⁶ APA News, 15 Mar 2023

meetings held between 10 and 16 April before continuing locally at the end of April.⁷ Ideas were exchanged on a potential three-year programme that would focus on public finance resilience, improving governance through transparency and strengthening the social protection system.⁸

Tensions continue rising around Sonko's case

Security forces were deployed in Dakar on 16 March, ahead of opposition leader **Ousmane Sonko's** latest court appearance, in an unsuccessful bid to quell possible tensions. Sonko was in court to face charges of defamation against tourism minister **Mame Mbaye Niang**, but the focus of 14, 15 and 16 March was the rising tensions between security forces and Sonko's supporters.

Sonko held a rally on the outskirts of Dakar on 14 March, under a heavy security presence, where he called for three days of protest, from 14 March until the day of his trial.⁹ Sonko planned a rally for the afternoon of 15 March but Dakar prefect, **Mor Talla Tine**, banned the rally citing "*real threats to public order*" and a construction site on the planned route.¹⁰ The government has used this tactic several times in recent months to ban any opposition protests.

Security forces then fired tear gas at several Members of Parliament (MPs) and journalists who attempted to reach Sonko's home in Dakar on 15 March. Sonko's street was barricaded by police and their vehicles, confining the opposition leader to his home until his court appearance, despite his not being under any form of house arrest.¹¹

On the morning of the trial on 16 March, police blocked Sonko's supporters from walking alongside his motorcade, setting off a violent response from his supporters.¹² They burnt tires, set fire to buses and a supermarket, and threw stones at police, who retaliated by firing tear gas.¹³ The trial was postponed to 30 March to allow Sonko's lawyer to seek medical assistance after he reported inhaling a substance that impaired his breathing and eyesight.¹⁴ Local media reported that at least 300 people were arrested on 16 March.

The outcome of the case will determine whether Sonko can run in the 2024 presidential election. This has prompted his supporters to believe that President **Macky Sall** (2012-present) is using the judicial system to sideline potential opposition candidates ahead of the election, especially given that Sonko has garnered increased support and presents a serious challenge to the incumbent.

Police arrest former prime minister

Union Economique et Monétaire Ouest Africaine (UEMOA) chair and former prime minister **Cheikh Hadjibou Soumaré** was arrested on 9 March and charged on 10 March with "*spreading false news and defamation*".¹⁵ Police summoned Soumaré after he wrote a letter to Sall that was made public on 4 March, questioning a possible donation made to a "**French political figure**" for the sum of \$12.86m. Local media has since alleged that the political figure is **Marine Le Pen**, the leader of the French opposition party **Rassemblement National**, who visited Senegal in January.¹⁶

Several opposition and civil society figures have emerged to support Soumaré's line of questioning, noting that he was simply asking questions concerning public money and did not mention any alleged recipient by name.¹⁷ French news outlet **RFI** contacted Le Pen, and one of her advisers denied any payments. Government spokesman **Abdou Karim Fofana** also condemned the allegations on 7 March,

⁷ IMF, 14 Mar 2023

⁸ APA News, 15 Mar 2023

⁹ Africanews, 16 Mar 2023

¹⁰ Africanews, 15 Mar 2023

¹¹ Africanews, 15 Mar 2023

¹² RFI, 16 Mar 2023

¹³ Reuters, 16 Mar 2023

¹⁴ Reuters, 16 Mar 2023

¹⁵ RFI, 10 Mar 2023

¹⁶ RFI, 10 Mar 2023

¹⁷ RFI, 9 Mar 2023

calling them “an evil desire to discredit the head of state”.¹⁸ However, political observers describe Soumaré as a measured politician who does not make sweeping statements.

Soumaré was released on bail and the trial date is yet to be released. However, the trial could prompt further social unrest, as it is taking place in an environment characterised by political tension and allegations from opposition and civil society that democratic freedoms in Senegal are receding.

Planner

2023 **(Senegal) Sangomar** offshore oil field production set to begin;

2023 **(Senegal) Grand Tortue Ahmeyim (GTA)** offshore gas field production of natural gas is set to begin.

25 Feb 2024 **(Senegal)** Presidential elections;

Chronology

20 Mar 2023 **Dakar (Senegal) AFP**. President **Macky Sall** affirms that no constitutional factors could prevent him from running for a third term in 2024, but has still not confirmed if he will run;

19 Mar 2023 **Dakar (Senegal) Sika Finance**. Economy ministry notes that economic activity increased by 12.2% year-on-year in January and that exports also increased by 39% year-on-year;

15 Mar 2023 **Dakar (Senegal) Agence Ecofin**. **International Finance Corporation (IFC)** grants \$7m to Senegal to improve access to financing in the rice sector;

12 Mar 2023 **Dakar (Senegal) Sika Finance**. **Agence Nationale de Statistique et de la Démographie** (national statistics agency) reports annual inflation dropped to 9.4% in February, the lowest rate of inflation since June 2022;

12 Mar 2023 **Paris (France) Africanews**. Hundreds of **Senegalese** citizens protest in Paris to denounce President **Macky Sall**'s possible run at a third term in 2024, saying democracy in Senegal is under threat;

10 Mar 2023 **Dakar (Senegal) RFI**. Police issue a summons to former prime minister **Cheikh Hadjibou Soumaré** after he publicly questioned President **Macky Sall** about a donation he allegedly paid to **French** politician **Marine Le Pen**;

10 Mar 2023 **Dakar (Senegal) Le Quotidien**. Opposition coalition **Yewwi askan wi (Yaw)** calls for demonstrations on 14 and 15 March to denounce the “instrumentation of justice” and a series of alleged arbitrary arrests;

9 Mar 2023 **Dakar (Senegal) Africanews**. Activists and opposition members denounce a retreat from democracy in Senegal due to, among other things, arbitrary arrests and bans on demonstrations as the country faces rising tensions a year ahead of the presidential election;

6 Mar 2023 **Dakar (Senegal) Le Quotidien**. Foreign affairs ministry announces it will begin voluntary repatriation of citizens living in **Tunisia**;

5 Mar 2023 **Dakar (Senegal) RFI**. Judicial columnist **Pape Ndiaye** of **Walf TV** is arrested and charged with spreading false news and contempt of court after reporting on a sensitive court case earlier this year, causing concern among the media fraternity in Senegal;

27 Feb 2023 **Dakar (Senegal) Sika Finance**. **International Finance Corporation** has allocated 189 billion FCFA (\$305m) to Senegal's largest cement manufacturer, **Sococim**, to produce low carbon cement;

¹⁸ RFI, 9 Mar 2023

27 Feb 2023 **Dakar (Senegal)** *Le Soleil*. **United Kingdom**-headquartered **BP** announces it is considering developing other wells in the **Grand Tortue Ahmeyim (GTA)** project to maximise exploitation;

27 Feb 2023 **Dakar (Senegal)** *Le Quotidien*. Foreign affairs ministry instructs the Senegalese ambassador to **Tunisia** to set up a crisis unit to ensure the protection of Senegalese nationals and their property in Tunisia, following a series of remarks by Tunisian president **Kaïs Saïed** that the **African Union** has called racist hate speech;

22 Feb 2023 **Dakar (Senegal)** *Sika Finance*. Senegal hosts a high-level **Luxembourg** economic mission as the country seeks to intensify cooperation with Senegal;

22 Feb 2023 **Saint Louis (Senegal)** *Agence Ecofin*. **African Export-Import Bank** and **Ndar Energies** sign a framework agreement for the financing of a 250-megawatt gas power plant and pipeline worth \$457m;

22 Feb 2023 **Dakar (Senegal)** *RFI*. Senegalese army generals tell **French** armed forces minister **Sébastien Lecornu** that they wish to purchase more arms from France, but often feel shunned by the French arms industry in favour of bigger customers.

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