

AFRICA RISK CONSULTING

Senegal Monthly Briefing September 2022

Senegal Summary 21 September 2022

President Macky Sall (2012-present) appoints former economic and foreign affairs minister Amadou Ba as prime minister. Ba is the first prime minister to hold the role since Sall abolished it in 2019. Ba in turn appoints a new 38-member government. Police intervene in Senegal's first parliamentary session held since the legislative elections on 12 September after members of parliament (MPs) fail to agree on a new parliamentary president and the situation turns chaotic. Dakar hosts the second edition of the MSGBC Oil, Gas & Power conference and exhibition on 1 and 2 September, organised by South Africa-headquartered Energy Capital and Power. The conference is an opportunity for Sall to promote investment in Senegal's oil and gas sector while taking stock of progress on current projects underway including the Greater Tortue Ahmeyim (GTA) gas project and Sangomar oil project.

Government reshuffle with new prime minister appointed ...

President **Macky Sall** (2012-present) has appointed former foreign affairs and economic minister **Amadou Ba** to the position of prime minister, after abolishing the role in 2019 and centralising executive power (see *ARC Briefing Senegal May 2019*).¹ In November 2021, Sall declared he would reinstate the position, which some attributed to his upcoming tenure as president of the **African Union (AU)**, while others saw it as Sall's acknowledgement that abolishing the position had been a mistake (see *ARC Briefing Senegal Nov 2021*).² Sall addressed the nation on 16 September, announcing that he would appoint a new government on 17 September.

Sall was initially anticipated to appoint someone to the role following the January local elections.³ However, the ruling **Benno Bokk Yakaar (BBY)** coalition lost the strategic urban centres of **Dakar, Kaolak, Thiès, Touba** and **Ziguinchor** and it appeared that Sall wished to wait for the July legislative election results before appointing a prime minister. However, these elections similarly did not favour the BBY, which only managed to hold onto its parliamentary majority with the assistance of opposition member of parliament (MP) and former **Assemblée Nationale** president **Pape Diop** (see *ARC Briefing Senegal Aug 2022*). With only 17 months of his presidency left, Sall was under pressure to follow through on his decision to reinstate and fill the position of prime minister.⁴

Ba served as finance minister from 2013 to 2019 and foreign affairs minister until November 2020. Although he was released from ministerial duties, he remained active in the ruling BBY coalition and in parliament.⁵ Ba has appointed 38 new ministers, including eight women,⁶ noting that this new government will remain until the presidential elections in 2024.⁷

Ba faces the task of tackling the rising cost of living. In his inaugural speech on 17 September, he said Sall has outlined several priorities, including:

"improving household purchasing power, taming inflation, security, housing, vocational training, employment and entrepreneurship".⁸

¹ Lejecos, 18 Sep 2022

² Sud Quotidien, 25 Nov 2021

³ Jeune Afrique, 25 Nov 2021

⁴ ARC Senegal analyst

⁵ Jeune Afrique, 17 Sep 2022

⁶ Lejecos, 18 Sep 2022

⁷ Jeune Afrique, 19 Sep 2022

⁸ Lejecos, 19 Sep 2022

In what analysts view as a move to tackle Senegal's economic woes, Ba replaced economy minister **Amadou Hott** with **Oulimata Sarr**, the first woman to hold the position.⁹ Sarr previously worked as an auditor with **United Kingdom (UK)**-headquartered **Ernst and Young** and the **International Finance Corporation**, a subsidiary of the **World Bank**.¹⁰ **Amadou Moustapha Ba** replaces **Abdoulaye Daouda Diallo** as the new finance and budget minister.

Ba's appointments appear to have kept ministers loyal to Sall in the cabinet while appointing new individuals to the government who have a historical relationship with the president. Most notably, a reportedly close friend and former legal advisor to Sall, **Isamila Madior Fall**, is the new justice minister.¹¹ Opposition parties have not shown great support for the reshuffle and describe it as a "non-event".¹²

... as first parliamentary session ends in fighting

Police had to intervene in the parliamentary session held on 12 September after MPs failed to agree on a new parliamentary president and the situation turned chaotic. The session was the first since the July legislative elections in which the ruling BBY coalition lost its comfortable majority in parliament.

The voting for the position of parliamentary president saw confusion, different interpretations of the election process and disagreements on the voting procedure.¹³ Opposition MPs declined to vote in the process and did not agree on candidates to put forward.¹⁴ MPs from opposition **Yewwi Askan Wi (YAW)** and **Wallu Senegal**, which together hold 80 of 165 seats, continually blocked the vote. Opposition MPs reportedly became disruptive, throwing water bottles and grabbing other MPs during the voting process.¹⁵ Police were called to step in to diffuse the situation and protect the ballot box, which opposition MPs had attempted to take.

MPs eventually elected BBY representative **Amadou Mame Diop** as the new president of parliament. Given that the opposition did not vote, Diop would have achieved an easy victory, winning 83 votes out of a possible 84 from the BBY MPs.¹⁶ Diop, selected by Sall as the BBY candidate, is also a close ally of Sall. Diop has been an MP since 2012.

The tense parliamentary session is an indication of how the legislative elections have impacted the political landscape in Senegal. The BBY will need to navigate the new power balance in parliament. Tensions are also being fuelled ahead of the 2024 presidential election, in which Sall has not ruled out running.¹⁷

Senegal promotes oil and gas projects

Dakar hosted the second edition of the **MSGBC Oil, Gas & Power** conference and exhibition on 1 and 2 September, organised by **South Africa**-headquartered **Energy Capital and Power**. The theme for the conference was "*The Future of Natural Gas: Growth Through Strategic Investments and Regulation*".¹⁸ The conference served as an opportunity for Senegal to promote the potential in its gas sector, while highlighting current projects already underway.

The **Greater Tortue Ahmeyim (GTA)** gas project was a focus of discussion. The GTA field, located between Senegal and **Mauritania**, has 500 billion cubic metres of gas reserves.¹⁹ The region between

⁹ Jeune Afrique, 17 Sep 2022

¹⁰ Jeune Afrique, 17 Sep 2022

¹¹ Jeune Afrique, 17 Sep 2022

¹² RFI, 19 Sep 2022

¹³ Anadolu Agency, 13 Sep 2022

¹⁴ Anadolu Agency, 13 Sep 2022

¹⁵ RFI, 13 Sep 2022

¹⁶ Anadolu Agency, 13 Sep 2022

¹⁷ VOA Afrique, 13 Sep 2022

¹⁸ Le Quotidien, 27 Aug 2022

¹⁹ Le Monde, 16 Sep 2022

Senegal and Mauritania overall has 1.13 trillion cubic metres of proven gas reserves.²⁰ Gas will be exported but approximately 70 million cubic feet of gas will be reserved for local consumption, which will be split equally between the two countries.²¹ Senegal's stability has made it the more attractive option to invest in and gain access to the reserves.

Phase one is estimated to be 80% complete and will start production in 2023.²² At the end of phase one, the GTA is expected to produce 2.5 million tonnes of gas per year.²³ The project is awaiting the arrival of a floating production and offloading unit (FPSO) that will be delivered from **China** by the end of 2022. Phase one is being funded by UK-headquartered **BP** and **United States**-headquartered **Kosmos Energy**. BP is in talks with Senegal about development of phase two of the GTA; however, no deal has been signed yet.²⁴ President Sall noted that the second phase of the GTA gas project will require \$5 billion in investment in order to begin production between 2024 and 2025.

The **Sangomar** oil project off the north coast of Senegal is also making progress and is more than 60% complete, with production expected in the second half of 2023.²⁵ The project is being developed by **Australia**-headquartered **Woodside Energy**. The field will produce approximately 100,000 barrels per day and a total of 230 million barrels in its lifetime. Sall has emphasised the importance of the project for local consumption. Senegal currently uses between 30,000 and 35,000 barrels of oil per day. With the production of Sangomar, it will be self-sufficient but also able to export a significant amount.²⁶

European countries are increasingly turning to **African** partners for gas following **Russia's** invasion of **Ukraine**. Russia has traditionally supplied gas to several European countries, but this supply has become volatile. In May, **German** chancellor **Olaf Scholz** (2021-present) undertook his inaugural visit to Senegal to discuss Germany helping Senegal to explore an offshore gas field (*see ARC Briefing Senegal May 2022*). Senegal's closer proximity to Europe and lower political risk environment have made it a country of interest.

²⁰ Le Quotidien, 27 Aug 2022

²¹ Le Quotidien, 2 Sep 2022

²² Reuters, 1 Sep 2022

²³ Jeune Afrique, 5 Sep 2022

²⁴ Reuters, 1 Sep 2022

²⁵ Le Quotidien, 2 Sep 2022

²⁶ Le Quotidien, 2 Sep 2022

Planner

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.

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

Chronology

17 Sep 2022 **Dakar (Senegal) Reuters**. President **Macky Sall** reinstates the post of prime minister, appointing former economy minister **Amadou Ba** to the position as he unveils a new government with 38 ministers, including eight women;

16 Sep 2022 **Dakar (Senegal) APA**. President **Macky Sall** announces he will reshuffle his government and present a new team on 17 September;

16 Sep 2022 **Dakar (Senegal) Lejecos**. President **Macky Sall** addresses the public on the cost of living crisis, noting that the government has used 620 billion FCFA (\$945m) to support households against rising prices;

12 Sep 2022 **Dakar (Senegal) Le Quotidien**. **Grande Côte Operations (Gco)**, specialising in the development of mineral sands, has returned 85 hectares of rehabilitated former mine land to the government, a first in **Senegal**;

11 Sep 2022 **Dakar (Senegal) Sika Finance**. Economic growth reaches 1.6% in the second quarter of 2022;

9 Sep 2022 **Dakar (Senegal) Lejecos**. **Poland's** president, **Andrzej Duda**, arrives in **Senegal** for a 48-hour visit, aimed at consolidating cooperation between the two countries;

5 Sep 2022 **Dakar (Senegal) Le Soleil**. Head of the economic office of the **Egyptian** embassy in **Dakar** tells local media house **Le Soleil** that a direct air line between **Dakar** and **Cairo** will be open in the coming months, facilitating business relations between the two countries;

4 Sep 2022 **Dakar (Senegal) Africanews**. Three people have died after being swept away in floods in **Dakar** caused by heavy rains, as the capital continues to struggle with heavy rainfall;

1 Sep 2022 **Dakar (Senegal) Reuters**. President **Macky Sall** announces that the second phase of the **Greater Tortue Ahmeyim** gas project will require approximately \$5 billion in investment and could start between 2024 and 2025;

1 Sep 2022 **Dakar (Senegal) Wearetech.africa**. Digital economy minister **Yankhoba Diattara** says 105,000 jobs will be created in the sector by 2025;

31 Aug 2022 **Dakar (Senegal) Lejecos**. **Germany** donates \$3.9m to accelerate vaccination against Covid-19 in **Senegal**;

27 Aug 2022 **Dakar (Senegal) Le Quotidien**. Senegal's environment and sustainable development ministry and the **Japanese Embassy** sign an agreement focused on reducing greenhouse gas emissions in **Senegal**;

25 Aug 2022 **Dakar (Senegal) Lejecos**. Finance ministry announces oil and gas revenue is expected to reach approximately 888 billion FCFA (\$1.35 billion) between 2023 and 2025;

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

ARC's core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

www.africariskconsulting.com

About ARC Briefing:

ARC Briefing is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

ARC Briefing is an information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

www.africariskconsulting.com

Getting in touch

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

Follow us on Twitter: @ARCBriefing