

AFRICA RISK CONSULTING

Senegal Monthly Briefing January 2023

Senegal Summary 23 January 2023

A Cour des comptes (court of auditors) report on Senegal's Covid-19 response fund indicates that there has been embezzlement, mismanagement and overspending of Covid-19 funds. The report sparks demonstrations, but the government clamps down on a follow-up rally scheduled for 6 January. The International Monetary Fund's executive board completes its sixth and final review of Senegal's Policy Coordination Instrument (PCI) and third and final reviews under the Stand-by Arrangement (SBA) and arrangement under the Standby Credit Facility (SCF), leading to the disbursement of \$215.96m. A Senegalese court rules on 17 January that a criminal chamber of the court will try opposition leader Ousmane Sonko on charges of rape and making death threats against a beauty salon employee in 2021. Norway-headquartered Extractive Industries Transparency Initiative (EITI) publishes its latest report on Senegal, noting that gold production increased by 24.4% in 2021 to 16.2 tonnes. The report states that the increase in production helped mining revenues grow 25% year-on-year in 2021, reaching \$329m, increasing the value of royalties paid to the government to \$40.5m against an approximate \$28m in 2020.

Court finds mismanagement of Covid-19 funds, sparking unrest

A report exposing mismanagement of Senegal's Covid-19 response fund sparked protests in the capital, **Dakar**, on the last days of 2022. The **Cour des comptes** (court of auditors) publicly published a report on 14 December indicating that there had been embezzlement, mismanagement and overspending of funds set aside to tackle the health and economic impacts of Covid-19 and the government's measures to contain the disease.¹ The court made 85 recommendations to the government, including the prosecution of the alleged perpetrators on charges including lack of justification of expenses, absence of supporting documents, payments without services rendered, over-invoicing and embezzlement.

The report noted various discrepancies including:

- Overbilling for the purchase of rice.
- Allocation to unrelated expenditures, such as the urban planning ministry purchasing flower boxes.
- Misawarding of contracts, including three travel agencies owned by the same person winning 17 contracts for medical supplies.
- Payment in cash to certain suppliers when the law states payment should be done by cheque or transfer.²

The government organised a press conference on 23 December to try to diffuse tensions surrounding the controversial report, maintaining that the mismanaged funds, totalling 6.696 billion FCFA (\$11m), represent less than 1% of the 1,000 billion FCFA (\$1.1 billion) that various donors committed to the fund.³ Finance minister **Mamadou Ba** confirmed that the government had initiated legal proceedings against those implicated in the report.

However, the press conference did not have the desired impact. Opposition coalition **Yewwi Askan Wi** called on citizens to demonstrate on 30 and 31 December against what it, and fellow civil society organisations, termed the "heist of the century".⁴ Demonstrations took place at **Place de la Nation** in

¹ Le Quotidien, 30 Dec 2022

² RFI, 14 Dec 2022

³ RFI, 29 Dec 2022

⁴ RFI, 29 Dec 2022

Dakar on 30 December demanding that legal proceedings be initiated as soon as possible. On 31 December, citizens banged pots and pans during President **Macky Sall**'s (2012-present) traditional New Year's Eve speech in protest of the report's findings.⁵ Civil society organisations also demanded the resignation of the government officials who were implicated in the report.

The opposition organised a follow-up rally for 6 January, but the government went on the offensive, banning the demonstration on 5 January due to construction work close to the Place de la Nation, where the rally was set to take place.⁶ This is not the first time government has used this tactic to ban opposition demonstrations, which allows it to crack down on dissent without being overt about it.⁷

The political scene in Senegal has been tense over the last year, with the legislative elections sparking unrest that left at least three people dead, an unusual occurrence in the relatively calm country (*see ARC Briefing Senegal Jul 2022*). The demonstrations that took place have increased pressure on the government and brought negative attention to Senegal, which has seen slippage in its democratic record over the last year, including the arbitrary arrest of opposition leaders and journalists, and repeated bans on demonstrations using the above-mentioned tactic (*see ARC Briefing Senegal Nov 2022*). The government is no doubt aware that it is under increased pressure ahead of the 2024 presidential elections; while wider political stability is not currently under threat, the government's actions in 2023 in the build-up to the presidential elections will determine the stability of the political environment.

IMF completes reviews

The **International Monetary Fund**'s executive board completed its sixth and final review of Senegal's Policy Coordination Instrument (PCI), and third and final reviews under the Stand-by Arrangement (SBA) and the arrangement under the Standby Credit Facility (SCF) on 9 January, leading to the disbursement of \$215.96m.⁸ The board acknowledged that Senegal has faced several challenges over the past few years, including weaker external demand, rising food and energy prices, tighter financial conditions and the appreciation of the dollar, which has made financing loans and exports more expensive.⁹

The reviews ended with several commitments by the Senegalese authorities, including keeping the fiscal deficit at 6.2% of gross domestic product (GDP) in 2022 and below 5% in 2023. The authorities noted that this would be achieved by reducing energy subsidies in 2023, by raising selected electricity and fuel prices but limiting the impact on vulnerable households.¹⁰ Government plans to completely end energy subsidies by 2025, which, with increased revenue mobilisation, should push public debt down and reduce the budget deficit to 3% of GDP.

The IMF's executive board has encouraged the government to operationalise the fiscal framework it intends to use to manage expected hydrocarbon revenues, which should start materialising in 2023 with the exploitation of the **Grand Tortue Ahmeyim (GTA)** gas field and **Sangomar** offshore oil field. Senegal's medium-term growth prospects are more favourable thanks to these expected revenues but are also dependent on the correct management of the revenues.¹¹ However, the IMF warned that several risks to Senegal's growth outlook remain, including the ongoing conflict in **Ukraine**, any further appreciation of the dollar, lower-than-expected global growth in 2023, inflationary pressures and tighter financial conditions.¹²

⁵ Africanews, 31 Dec 2022

⁶ Africanews, 5 Jan 2023

⁷ ARC Briefing Senegal analyst

⁸ International Monetary Fund, 9 Jan 2023

⁹ International Monetary Fund, 9 Jan 2023

¹⁰ International Monetary Fund, 9 Jan 2023

¹¹ International Monetary Fund, 9 Jan 2023

¹² International Monetary Fund, 9 Jan 2023

The IMF executive board has encouraged Senegal to take part in the Post Financing Assessment, which provides for the monitoring of policies implemented under the various arrangements, given that Senegal now has a substantial debt to the IMF. As of 31 December, Senegal's outstanding purchases and loans with the IMF are worth approximately \$996m.

Opposition leader, Sonko, to face trial

A Senegalese court ruled on 17 January that a criminal chamber of the court will try opposition leader **Ousmane Sonko** on charges of rape and making death threats against a beauty salon employee in 2021. The outcome of the trial may jeopardise Sonko's chances in the 2024 presidential election, in which he has already declared his intention to run in August.¹³ Sonko came third in the 2019 elections and has continued to be a popular opposition leader, gaining much of the youth vote.¹⁴ His arrest in March 2021 led to some of the most violent protests Senegal had seen in a decade (*see ARC Briefing Senegal Mar 2021*). Sonko and his supporters have long denounced the charges, calling them a "state conspiracy" to limit his ability to successfully compete against Sall.¹⁵ Although Sall has yet to announce his intention to run in 2024, Sonko's exclusion from the race would leave a large gap for a candidate such as Sall to fill.

The date of the trial is yet to be set, but it will be accompanied by a heavy security presence, as the government will undoubtedly fear further violent clashes between Sonko's supporters and police. A similar scenario was seen in November when Sonko's trial began, marking the beginning of tightened security around Dakar, Sonko's home, and the court building in the capital, measures that many assume were introduced to prevent riots like those of March 2021.¹⁶ The criminal trial will also stoke political tensions, and may add additional pressure on Sall to declare his intentions regarding 2024, to avoid sparking further unrest and deaths.

Gold sector registers solid growth

Norway-headquartered **Extractive Industries Transparency Initiative (EITI)** published its latest report on Senegal on 22 December, noting that gold production increased by 24.4% in 2021 to 16.2 tonnes.¹⁷ The report stated that this increase in production helped mining revenues grow 25% year-on-year in 2021, reaching \$329m, which increased the value of royalties paid to the government to \$40.5m against an approximate \$28m in 2020.¹⁸

Senegal's gold is mainly exported to **Switzerland** and **Australia** and is mainly produced by two companies – **Canada's Endeavour Mining** and **Australia's Resolute Mining**. Exports in 2021 reached 510,336 ounces versus 397,200 ounces in 2020, helping boost the contribution to GDP of the extractive sector from 3.39% in 2020 to 4.98% in 2021.¹⁹

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.

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

Chronology

¹³ Al Jazeera, 19 Jan 2023

¹⁴ Jeune Afrique, 18 Jan 2023

¹⁵ Africa News Agency, 4 Nov 2022

¹⁶ Africa News Agency, 4 Nov 2022

¹⁷ Agence Ecofin, 23 Dec 2022

¹⁸ Agence Ecofin, 23 Dec 2022

¹⁹ Agence Ecofin, 23 Dec 2022

20 Jan 2023 **Dakar (Senegal)** *Al Jazeera*. During a visit to Senegal, **United States Treasury Secretary Janet Yellen** reaffirms her country's commitment to deepening relations and trade with **Africa**, despite challenges from **China** and **Russia** across the continent;

20 Jan 2023 **Dakar (Senegal)** *Voa Afrique*. Opposition leader **Ousmane Sonko** reiterates that he will run in the 2024 presidential election despite the court case against him for alleged rape;

19 Jan 2023 **Dakar (Senegal)** *Anadolu Agency*. Members of the road carriers' union – **Union des transporteurs routiers du Sénégal** – announce an indefinite strike against recently introduced government measures that are intended to improve road safety, but that road carriers deem disruptive;

19 Jan 2023 **Dakar (Senegal)** *Financial Afrik*. **Norway**-based **Coalition for Epidemic Preparedness** announces it will invest \$50m in Senegal's **Pasteur Institute** to increase capacity for large-scale vaccine production;

19 Jan 2023 **Dakar (Senegal)** *IOL*. **African Union (AU)** chair and Senegal's president, **Macky Sall** will host the three-day **Dakar II Food** summit from 25 January, with the **African Development Bank Group** as co-host under the theme "*Feed Africa: Food Sovereignty and Resilience*";

17 Jan 2023 **Dakar**

17 Jan 2023 **Dakar (Senegal)** *Le Soleil*. Prime minister **Amadou Ba** and transport minister **Mansour Elimane Kanehave** have reportedly expressed their desire to negotiate on new transport regulations, including speed limits of 90 k/h for buses and trucks, banning night buses and outlawing the import of used tyres, as the transport sector announces a bus drivers' strike;

15 Jan 2023 **Dakar (Senegal)** *Le Soleil*. Infrastructure and transport minister **Mansour Faye** warns operators about unilateral increases in transport prices;

13 Jan 2023 **Dakar (Senegal)** *Agence Ecofin*. **United States**-headquartered **Starlink**, owned by **Elon Musk**, plans to launch satellite internet services in Senegal this year;

12 Jan 2023 **Dakar (Senegal)** *Agence Ecofin*. Agriculture minister **Ali Ndiaye** signs a memorandum of understanding with her **Ukrainian** counterpart, **Mykola Solskyi**, to improve collaboration between the two countries in the sector;

11 Jan 2023 **Dakar (Senegal)** *Le Soleil*. **United States**-based business leader group **G50** expresses confidence in Senegal's economic growth after meeting prime minister **Amadou Ba** and discussing Senegal's economic projections and the report of the **Court of Auditors** on the management of the **Force Covid-19 Fund**;

9 Jan 2023 **Gambia River (Senegal)** *Sika Finance*. **French** construction giant **Vinci** starts construction on the **Sambangalou** hydroelectric dam which has a planned capacity of 128 megawatts;

8 Jan 2023 **Dakar (Senegal)** *AllAfrica Global Media*. President **Macky Sall** announces a three-day mourning period after 40 people are killed and dozens injured in a bus collision in central **Senegal**;

7 Jan 2023 **Dakar (Senegal)** *Sika Finance*. Government announces an increase of 100 FCFA (\$0.17) on subsidised fuel prices, raising the price of a litre of diesel from 655 FCFA (\$1.09) to 755 FCFA (\$1.25) and a litre of petrol from 890 FCFA (\$1.48) to 990 FCFA (\$1.64);

4 Jan 2023 **Dakar (Senegal)** *Energy Power & Capital*. **Japan Bank for International Cooperation (JBIC)** signs a loan agreement to provide \$35m in funding to **Japan**-based shipping company **Mitsui O.S.K Lines'** (**MOL**) floating storage and regasification unit (**FSRU**) project in **Senegal**, with co-financing by **Japan**-based **Mitsubishi UFJ Financial Group (MUFG)** bringing the total funding to \$71m;

4 Jan 2023 **Dakar (Senegal)** *North Africa Post*. Foreign affairs minister **Aïssata Tall Sall** meets with her **Finnish** counterpart, **Pekka Haavisto**, committing to deepening bilateral cooperation between the two countries;

2 Jan 2022 **Dakar (Senegal)** *Lesoleil.sn*. A court sentences opposition members of parliament (MPs) **Yew Askan Win Massata Samb** and **Mamadou Niang** to six months in prison for assault and battery after attacking ruling **Benno Bokk Yakaar** party MP **Amy Ndiaye** in a parliamentary session on 1 December;

1 Jan 2023 **Dakar (Senegal)** *Jeune Afrique*. Former prime minister **Aminata Touré** announces her candidacy for the 2024 presidential elections;

29 Dec 2022 **Dakar (Senegal)** *Sika Finance*. President **Macky Sall** announces 500 billion FCFA (\$811m) for the development of the **Tambacounda** region between 2023 and 2025, launching projects in the realms of security, a dry port, railways and social development;

27 Dec 2022 **Goudiry (Senegal)** *APA News*. President **Macky Sall** inaugurates a new military camp in **Goudiry**, close to the border of **Mali**, strengthening its military presence in the region;

23 Dec 2022 **Dakar (Senegal)** *Sika Finance*. **African Development Bank** approves a new loan for 3.28 billion FCFA (\$5.4m) intended for the development of the planned **Diamniadio** digital technology park;

About Africa Risk Consulting:

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