

AFRICA RISK CONSULTING

Senegal Monthly Briefing November 2022

Senegal Summary 23 November 2022

European Union leaders eye Senegal's natural gas reserves as they hunt for prospective new energy suppliers in the wake of Russia's invasion of Ukraine. German Chancellor Olaf Scholz (2021-present) again makes clear his desire to see Senegal emerge as a major gas supplier. These reserves are increasingly being seen as an attractive alternative to Russia's stranglehold on European gas. A judicial trial of Senegal's main opposition leader, Ousmane Sonko, has created a flash point for political unrest in Dakar. It has led to the imprisonment of a prominent journalist, which has sparked several protests against government encroachment of press freedom. Both cases indicate President Macky Sall's (2012-present) increased use of pressure on political opponents. The departure of the World Bank's Senegal country director, Nathan Belete, is an opportunity to take stock of the fruitful relationship between the organisation and Senegal.

European leaders seek alternatives to Russian gas imports from Senegal

Senegal's coastal liquefied gas projects are attracting attention overseas as **Europe**, plunged into an energy crisis caused by **Russia's** invasion of **Ukraine**, is in pursuit of new gas deals. Several **European Union (EU)** countries and their leaders – including **France, Portugal, Poland** and **Italy** – are eager to secure natural gas from Senegal, even though no final product is ready for export. Until recently, Europe had been urging Africa to focus on the development of renewable energy sources, but natural gas fields have changed that. As **Mamadou Fall Kane**, energy advisor to Sall, points out, the Ukrainian conflict has caused a 'U-turn' from Europe.¹

Poland's President **Andrzej Duda** (2015-present) met with President **Macky Sall** (2012-present) in September to discuss cooperation in the hydrocarbons sector, particularly the supply of gas from Senegal to Poland.² **German** chancellor **Olaf Scholz** (2021-present) also visited **Dakar** in May in an attempt to persuade Senegal to drill for natural gas for eventual export (see *ARC Briefing Senegal May 2022*).³ On 20 October, Scholz further underlined his commitment to the development of new natural fields abroad when he told the German parliament that Europe's energy crisis necessitated working "together with countries where there is the possibility of developing new gas fields" while keeping pledges to reduce greenhouse gas emissions.⁴

The outcome of Scholz's visit is still to be finalised, but Senegal is expecting to ship liquefied natural gas (LNG) to Germany soon. The Senegalese government expects to supply Europe's biggest economy with 2.5 million tons of gas from 2023, and as much as 10 million tons by 2030.⁵ State-owned oil and gas company **Petrosen** director **Thierno Seydou Ly** confirmed to German newspaper **Der Spiegel** that concrete negotiations have begun with German energy supplier **Uniper**, affirming the positive position in which Senegal finds itself:

*"Natural gas is an immense opportunity for our country. At the moment, everybody is knocking on our door."*⁶

¹ The New York Times, 27 Oct 2022

² Polish News, 8 Sep 2022

³ Reuters, 23 May 2022

⁴ Politico, 20 Oct 2022

⁵ DW News, 11 Nov 2022

⁶ Der Spiegel, 11 Nov 2022

The Senegalese government is working with **United Kingdom**-based **BP** and **United States (US)**-listed **Kosmos Energy** to develop the **Greater Tortue Ahmeyim (GTA)** field, in addition to the **Yakaar-Teranga** field. The \$4.8 billion GTA project, on the border between Senegal and **Mauritania's** coastlines, has generated much interest due to its forecasted capacity. Production on this project is scheduled to start next year with the initial field expected to contain about 425 billion cubic metres of gas, five times more than what gas-dependent Germany used throughout 2019.⁷ It will produce an estimated 1.05 million cubic metres of liquefied natural gas annually during a first phase of production, and a final investment decision is expected on a second phase, which could double its output.⁸ Progress on the finalisation of this project is being made and there have been recent reports that authorities are looking at the viability of connecting the GTA project to a power station in **Saint-Louise** via a pipeline.⁹

BP executive **Gordon Birrell** believes the GTA development could not be more timely as Europe attempts to minimise its dependence on Russian natural gas.¹⁰ Birrell reiterated at the **MSGBC Oil, Gas & Power** conference that took place in Dakar in September that:

“Current world events are demonstrating the vital role that [liquid gas] can play in underpinning the energy security of nations and regions.”¹¹

EU leaders have visited Senegal, as well as other **African** countries including **Algeria, Egypt** and **Angola**, in attempts to secure new deals. Italy signed a \$4 billion gas deal with Algeria in July, while Egypt agreed in June to boost its LNG sales to the EU and **Israel**. Italian ministers have also accompanied Italian energy giant **ENI** to Angola to finalise a gas deal.¹² There is anticipation in African capitals that this newfound interest will attract a new wave of gas investments on the continent. Leaders hope that the financing of gas facilities will mean not just exportation of energy but also greater domestic use, which will help to fuel growth.

Sall told media in **Rotterdam (The Netherlands)** on 6 September that while gas from GTA's first phase is mainly destined for exports, more than half of Yakaar-Teranga's production, set to start in 2023 or 2024, will go to the domestic market. Yakaar-Teranga's output will be primarily used to fuel local power plants and industries, and produce fertiliser, urea and ammonia.¹³

However, projects face the risk of energy thefts and high costs; ambitious plans often do not yield results despite years of planning. Countries with promising discoveries of large gas reserves have been hamstrung by difficulties, such as the project led by **France-based TotalEnergies** in **Mozambique**, which has been scrapped due to violence from Islamic militants, or **Nigeria**, which exported less than 1% of its vast natural gas reserves last year due to poor planning.¹⁴ There is also the risk that the Ukrainian war is only triggering a short-term demand from Western nations, potentially leaving African countries with “*stranded assets*” or infrastructure that becomes obsolete as the world turns to renewables.

African leaders are also faced with questions about the sustainability of hydrocarbon projects, an issue that has received attention at the **United Nations (UN) Climate Change Conference or Conference of the Parties (COP27)** in **Sharm el-Sheikh** (Egypt). Climate negotiations have focused on what is a ‘fair’ way for developing nations moving forward as these countries are not responsible for the emissions that have led to the climate crisis but are now being asked to limit their emissions in a way that Western countries have never been asked to do. African leaders are also demanding funding for climate adaptation, while looking to capitalise on resource development. President Sall

⁷ AP News, 12 Oct 2022

⁸ Bloomberg, 8 Sep 2022

⁹ Africa Intelligence, 18 Oct 2022

¹⁰ AP News, 12 Oct 2022

¹¹ VOA, 12 October 2022

¹² AP News, 12 Oct 2022

¹³ Bloomberg, 8 Sep 2022

¹⁴ AP News, 12 Oct 2022

was particularly prominent in highlighting this issue during COP27. Sall also said during a September meeting of the **UN General Assembly in New York (US)** that it is “*legitimate, fair and equitable*” that Africa, which pollutes the least but also lags the furthest behind in industrialisation, should be allowed to exploit its resources to provide energy and boost economic growth.¹⁵

The successful exploitation of the country’s gas reserves remains important to the Senegalese government. However, it remains to be seen whether Senegal can profitably extract its natural resources. The country is heavily in debt, elections are to be held in 2024, rising prices are problematic, and expensive subsidies must be phased out. New sources of revenue are badly needed. Petrosen executive **Thierno Seydou Ly** told Der Spiegel:

*“We [Senegal] certainly won’t turn into Qatar or the Emirates, but gas and oil could vastly accelerate the development of Senegal.”*¹⁶

Judicial trial of opposition leader leads to arrest of prominent journalist

Opposition coalition **Yewwi Askan Wi (YAW)** leader **Ousmane Sonko** appeared in a Dakar court on 3 November on charges of rape after remaining under judicial supervision since March 2021. Sonko was arrested last year on what many believe were dubious claims, triggering a week of deadly rioting and looting that led to the deaths of 14 people (*see ARC briefing Mar 2021*).¹⁷ Sonko insists the accusations are false and that the trial is politically motivated, accusing President Sall of abusing his power in an attempt to eliminate political opponents.¹⁸

Bamba Cissé, one of Sonko’s lawyers, described the case as a “*state conspiracy*” but government authorities deny any misuse of state institutions in the case.¹⁹ During the trial, there was 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 2021.²⁰

Political tensions have been apparent between Sonko’s supporters and the government. On 17 October, the gendarmerie dispersed a crowd that had gathered in support of Sonko in **Mbour**. The politician had been giving a speech criticising the elites and corruption and accused the gendarmerie of “*executing illegal orders*”.²¹ YAW members have said they stand behind their leader and will stand together against any wrongdoing.

Sonko placed third in the 2019 presidential election and is running again in 2024, but the opposition has accused the president of abusing his power to clear the race of opponents. Sall is due to leave office in 2024 but there are growing fears that he will run for an unconstitutional third term – allegations that he has neither confirmed nor denied. Sall’s failure to rule out running for an extra term has sparked fears for the **West African** country’s democratic stability. A dozen civil society organisations have called on Sall to respect the constitution and make his decision known.²²

Sonko’s trial also indirectly led to the incarceration of well-known journalist **Pape Alé Niang** in Dakar’s central prison. Police arrested Niang, who runs the privately owned news-website **Dakar Matin**, on 6 November after he published articles about the charges that Sonko is facing. Details about Sonko’s rape allegations were reportedly taken from a classified military document that implicated a leader of Senegal’s gendarmerie in spying on Sonko.²³ Niang’s lawyer, **Ciré Clédor Ly**, told French news agency **AFP** on 9 November that a local prosecutor charged Niang with disclosing information to

¹⁵ Union Africaine, 20 Sep 2022

¹⁶ Der Spiegel, 11 Nov 2022

¹⁷ VOA, 7 Nov 2022

¹⁸ Africa News, 5 Nov 2022

¹⁹ Africa News Agency, 4 Nov 2022

²⁰ Africa News Agency, 4 Nov 2022

²¹ Africa News, 17 Oct 2022

²² RFI, 31 Oct 2022

²³ VOA, 7 Nov 2022

harm the national defence, concealment of administrative and military documents, and dissemination of false information likely to discredit public institutions.²⁴

Niang's case raises concerns over press freedom in Senegal. The country is notable in West Africa for its media pluralism and has more than 20 dailies, hundreds of radio stations and several television channels broadcasting from Dakar. There has been a backlash against Niang's arrest from this established media presence – the **Coordination of Press Associations (CAP)** has demanded the unconditional release of the journalist.²⁵ Senegal's press regulation body, the **Conseil pour l'Observation des Règles d'Éthique et de Déontologie dans les médias** council for the observance of ethics, rules and professional conduct in the media), has also issued a declaration condemning the imprisonment. Council chair **Mamadou Thior** said *"we know that if we don't protest against that, it's Pape Alé Niang today, and tomorrow it will be me or someone else."*²⁶

The case has also caught international attention with US nongovernmental organisation (NGO) **Committee to Protect Journalists** calling on the Senegalese authorities to drop all charges against Niang and reform the country's laws to ensure journalism is not criminalised.²⁷ There have also been demonstrations in defence of press freedom and on 18 November, hundreds of journalists took to the streets of Dakar calling on the authorities to release Niang.²⁸ However, the government denies wrongdoing and on 18 November communications minister **Moussa Bocar Thiam** asserted that Niang *"is a citizen like all the others"* and *"has committed an offence under common law"*.²⁹

Sall's government has resorted to increased use of force – both physical and judicial – against its political opponents over the last year. The demonstrations that followed Sonko's arrest in 2021 were brutally suppressed, leading to 14 deaths. Force was also used during protests that erupted in June after Sonko and other opposition politicians were barred from running in the July legislative elections (see *ARC Briefing Senegal Jul 2022*). Freedom of the press has also been increasingly curtailed; since 2021 Senegal's ranking in the **Press Freedom Index** has fallen to 73/180 – a level considered problematic.³⁰ In another attack on press freedom, the gendarmerie assaulted journalist **Fatou Dione** during a protest.³¹

The cases of Niang and Sonko can be seen as an extension of this clamping down on opposition, sparked by the decline in Sall's political power over the last year. Sall's **Benno Bokk Yakaar (BBY)** coalition lost its majority in the **Assemblée Nationale** (national assembly) in the July legislative elections, winning only 82 out of 165 seats.³² This has made things harder for Sall, as during his first 10 years as president he was able to rule without difficulty, supported by a large majority in the national assembly (124 of the 165 seats).³³ Sall's continuing silence regarding his running in the 2024 presidential elections is raising concerns about Senegal's political stability. In a region where several countries have seen their elected leaders overthrown by coups in recent years, Senegal has been seen as a stronghold for democracy but Sall risks endangering this.

World Bank's partnership with Senegal is thriving

Nathan Belete, a regional director for the **World Bank**, stepped down from his role overseeing operations in Senegal, **Mauritania, Gambia, Guinea Bissau and Cabo Verde** on 12 November.³⁴ The World Bank's portfolio in Senegal has grown rapidly over the past three years, with its commitments now totaling nearly \$3.5 billion .

²⁴ Committee to Protect Journalists, 14 Nov 2022

²⁵ Africa News Watch, 8 Nov 2022

²⁶ VOA, 7 Nov 2022

²⁷ Committee to Protect Journalists, 14 Nov 2022

²⁸ Africa News Watch, 20 Nov 2022

²⁹ RFI, 18 Nov 2022

³⁰ Reporters Without Borders, 22 Nov 2022

³¹ RFI, 7 Nov 2022

³² DW News, 4 Aug 2022

³³ Le Monde, 18 Sep 2022

³⁴ Le journal de l'économie sénégalaise, 14 Nov 2022

During his farewell speech to Sall, Belete made clear his admiration for Senegal's handling of recent major crises including **Covid-19**, floods, and inflation created by the war in Ukraine, and reiterated his thanks to Senegalese officials and technicians, adding that:

*"[The Bank] is finalising budget support and investment projects in several sectors including social housing, acceleration of the digital economy and additional financing to respond to the extraordinary impact of flooding."*³⁵

The World Bank's portfolio includes 20 national investment projects and 11 regional operations, all financed by the **International Development Association (IDA)**.³⁶ Funds are distributed across a variety of sectors. One successful project has been the **Project de Gestion des Eaux pluviales (PROGEP)**. The project's management of rainwater has significantly helped to reduce the risks of flooding in Dakar and other cities in Senegal. Another noteworthy initiative, implemented in 2021 and due to run until 2023, has been a **Competitiveness for Jobs and Economic Transformation (C-JET)** grant.³⁷ This funding has promoted the use of technologies that both raise productivity and generate better jobs for more people, including lower-income, lower-skilled workers. These grants and initiatives remain important to Senegal in the financing of deals for rural electricity, education, road access, and climate-resilient infrastructure projects in the country

Planner

4 Dec 2022 **Abuja (Nigeria) Economic Community of West African States (ECOWAS)** summit
2024 **(Senegal)** Presidential elections

Chronology

22 Nov 2022 **Dakar (Senegal) Sika Finance. Bank of Africa (BOA) Senegal** division confirms its potential for growth after profits jump to 69% at the end of June;

20 Nov 2022 **Dakar (Senegal) Sika Finance.** Official data indicates that inflation reached 13% year-on-year in October after growing from 11.9% in September;

18 Nov 2022 **Dakar (Senegal) Reuters. The International Monetary Fund (IMF)** approves a two-month extension on an 18-month credit arrangement, the **Stand-By Arrangement and Arrangement Under the Standby Credit Facility (SBA/SCF)**, so authorities may complete policy and credit reforms;

18 Nov 2022 **Dakar (Senegal) Dakar Actu. Senegal** lifts all **Covid-19** entry restrictions for travellers, no longer requiring a vaccine certificate or negative PCR test;

17 Nov 2022 **Dakar (Senegal) Sika Finance. African Development Bank (AfDB)** grants \$4.42m to strengthen food security as part of the **Programme mondial pour l'agriculture et la sécurité alimentaire (GAFSP)**; 6 276 514 450

17 Nov 2022 **Dakar (Senegal) Sika Finance.** Nominal Gross Domestic Product (GDP) reaches FCFA 3,950 billion (\$6.2 billion) for the 2nd quarter of 2022;

17 Nov 2022 **Geneva (Switzerland) Agence Ecofin.** President **Macky Sall** lends his support to the 11th conference of **Digital Transformation in Africa (ATDA)** which takes place on 15 and 16 December at the **International Conference Centre of Geneva**;

³⁵ Le Quotidien, 14 Nov 2022

³⁶ World Bank, 22 Sep 2022

³⁷ World Bank, 5 Jul 2022

17 Nov 2022 **Dakar (Senegal)** *Le journal de l'économie sénégalaise*. Industrial production in **Senegal** receives a positive outlook for September, improving 1.1% compared to the same period of 2021;

15 Nov 2022 **Bali (Indonesia)** *Africa News*. **Senegal's** President **Macky Sall** attends the **G20** summit in **Bali** in his role as **African Union** chairman;

15 Nov 2022 **Dakar (Senegal)** *Le journal de l'économie sénégalaise*. Consumer prices rise by 3.8% in August;

15 Nov 2022 **Dakar (Senegal)** *Le journal de l'économie sénégalaise*. **French** development finance institution **Proparco** and **pan-African** banking conglomerate **Ecobank's** division in **Senegal** enter into agreement that will strengthen Ecobank's financing activity for small and medium enterprises;

14 Nov 2022 **Sharm el-Sheikh (Egypt)** *Reuters*. **G7** countries launch the **Global Shield Fund** for countries suffering from climate change disasters during the **United Nations COP 27** summit, which will be available to **Senegal**, and includes \$175.17m in funding from **Germany** and \$41m from other donors;

13 Nov 2022 **Dakar (Senegal)** *Sika Finance*. Economic activity in **Senegal** slows to a standstill in September after strong growth of 9.3% in August;

10 Nov 2022 **Dakar (Senegal)** *Reuters*. **Edward Gemayel**, leader of the **International Monetary Fund's (IMF)** mission to Senegal, says that Senegal has made "significant progress" in implementing a structural economic reform programme;

10 Nov 2022 **Dakar (Senegal)** *African Development Bank (AfDB)*. **African Development Bank (AfDB)** board of directors approves \$65m loan to implement the **Agropole-Centre agro-industrial** processing zone project;

10 Nov 2022 **Dakar (Senegal)** *Le journal de l'économie sénégalaise*. **African Development Bank (AfDB)** announces plans to fund a new water and sanitation project in **Senegal** for \$41m;

8 Nov 2022 **Sharm el-Sheikh (Egypt)** *Financial Times*. President **Macky Sall** urges rich nations to double their annual climate assistance pledge to \$200 billion during **United Nations COP 27** summit;

5 Nov 2022 **Dakar (Senegal)** *Sika Finance*. **Senegal** and **Agence française de développement (AFD)** sign \$31mn contract to improve access to electricity in the country;

2 Nov 2022 **Algiers (Algeria)** *Here*. President **Macky Sall** speaks at the **Arab League** summit in **Algeria** calling for investment projects in **Africa** in the sectors of agriculture, housing, energy, mining, health and finance, and underlines how Arab banks can contribute to the financing of these projects;

26 Oct 2022 **Dakar (Senegal)** *Africom*. The **Africa Air Forces Forum** launches in **Dakar**, hosted by the **Armée de l'Air Sénégalaise** (air force);

26 Oct 2022 **Dakar (Senegal)** *Africa News*. The **8th Dakar International Forum on Peace and Security in Africa** closes after discussing ways in which the **African** continent can strengthen the capacity of its defence and security;

26 Oct 2022 **Dakar (Senegal)** *RFI*. **United Kingdom**-based non-governmental organisation **Amnesty International** secretary general **Agnès Callamard** speaks to Senegalese authorities on the freedom of expression and the freedom to demonstrate, notably raising the harsh repression of rioting that followed the arrest of opposition coalition leader **Yewwi Askan Wi (YAW) Ousmane Sonko** in March 2021;

25 Oct 2022 **Dakar (Senegal)** *RFI*. Government denies allegations in an **Organized Crime and Corruption Reporters Project (OCCRP)** report that an arms contract signed by the environmental ministry at the beginning of the year was corrupt;

24 Oct 2022 **Dakar (Senegal)** *RFI*. A bilateral military exercise between the **French** and **Senegalese** armies took place from 19-21 October on the **Petite Côte**, south of **Dakar**.

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.

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