AFRICA RISK CONSULTING

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Senegal Summary 27 October 2026

Patriotes africains du Sénégal pour le travail, l'éthique et la fraternité (Pastef), the dominant party in the Assemblée nationale (national assembly) and led by national assembly speaker Ousmane Sonko, rejects a draft revision of the 2026 budget. This outcome is a hit to President Bassirou Diomaye Faye's progress on the economy and indicates that tensions between Faye and Sonko persist. Senegal is reportedly aiming for an agreement in principle with its lenders and bondholders by December, a tight timeline, but if achieved, will underscore the success of the enhanced G20 Common Framework that Senegal is pursuing. A collective of trade unions issues a call for a demonstration on 20 October before launching a three-day general strike in Dakar from 21 October, just ten days before the country is set to host the Youth Olympic Games.

Pastef rejects budget

Patriotes africains du Sénégal pour le travail, l'éthique et la fraternité (Pastef), the dominant party in the **Assemblée nationale** (national assembly) and led by national assembly speaker **Ousmane Sonko**, confirmed on 23 October that it would reject a draft revision of the 2026 budget, a hit to President **Bassirou Diomaye Faye**'s (2024-present) progress on the economy and an indication that tensions between Faye and Sonko persist. Pastef was critical of the budget's cuts in social spending that would impact **Senegalese** purchasing power, clarifying that it was not disputing the need to revise the budget, but rather the revised budget in its current form.

The amended budget outlines Senegal's deteriorating fiscal standing, reducing real GDP forecasts from 5% to 2.7% while increasing the budget deficit from 5.4% of GDP to 7.6% of GDP, driven by the government tripling energy subsidies from 250 billion FCFA ($426.97m) to 790.3 billion FCFA ($1.34 billion).

Sonko, who was opposed to the government negotiating with the **International Monetary Fund (IMF)** on a bailout, a likely reason behind Faye removing the former prime minister from his position, also criticised the government's pursuit of an enhanced version of the **G20 Common Framework** for its debt negotiations. The G20 framework was part of the negotiations with the IMF on the government's programme, agreed upon on 1 September *(see ARC Briefing Senegal Sep 2026)*. Sonko argued that there is no need to use the framework, as Senegal needs to readjust its payment schedules but that creditors have already noted that they will not reduce the amount they are owed. Senegal is the first country to make use of the enhanced G20 Common Framework, a fact that Sonko criticised, noting:

> *"Senegal did not need to be the first guinea pig, the very first. It's even worrying to say that we will be the first guinea pig of this new G20 initiative for a country that simply has cash-flow problems."*

Sonko warned that there could be a political deadlock over the issue, which he blamed exclusively on the executive. Sonko's comments had a notable impact, with Senegal's **Eurobonds** experiencing their largest decline since September, as the increased uncertainty concerned investors. Importantly, Senegal's IMF programme is not finalised and an unapproved revised budget could delay or even derail the current trajectory as well as debt restructuring negotiations (see below).

Prime minister **Ahmadou Al Aminou Mohamed Lô** held a press conference on 25 October to address the issue, calling on Sonko to engage in dialogue and asking Pastef to submits its amendments to the bill instead of blocking it. He called the revised budget necessary to help the country alleviate its financial crisis. However, the government has said it will pursue any institutional tools necessary if

the deadlock continues. The government can invoke a section of the constitution that allows it to adopt the budget without a vote, but Lô called for dialogue first. The government can also issue an emergency decree to allocate the funds. On the other hand, Pastef could table a motion of no confidence against Lô, which would pass, given its majority in parliament.

The budget issue is evidence of an ongoing confrontation among Sonko, Faye and Lô, playing out in the national assembly. The **Conseil constitutionnel** (constitutional council) invalidated on 5 October Pastef's proposal that oil and gas contracts be submitted for parliamentary review through a debate without a vote before they adopted. The council ruled that the contracts are regulatory in nature and not legislative. Lô recommended a review of the proposal to the constitutional council. Pastef member of parliament (MP) and former minister **Amadou Ba** used the invalidation to accuse Faye of reneging on his campaign promises, including that the government would subject the validation of oil contracts to parliamentary approval. Pastef also submitted a proposal to have oversight of special funds that are intended to finance state security operations. Once again, the constitutional council ruled in August that the proposal was not valid as, according to it, the legislative branch of government cannot impose control over the use of these funds, which are exclusively available to the executive, deeming that there needs to be a separation of powers.

As long as the legislative branch remains at odds with Faye and Lô's agenda, this back and forth will continue. However, the underlying tensions are increasing the odds that Faye will opt to dissolve the national assembly, which is within his power, from early December. This will trigger an election, which is a risky move, as Faye's political party, **Kiiraay-Les Patriotes républicains**, is still new and could be defeated by Pastef, possibly with a majority.

Debt negotiations begin

Senegal is reportedly aiming for an agreement in principle with its lenders and bondholders by December, a tight timeline, but if achieved, will underscore the success of the enhanced G20 Common Framework that Senegal is pursuing. In contrast, **Ghana** and **Zambia**'s debt restructuring processes under the G20 Common Framework each took approximately three years, indicating the significant speed at which Senegal is seeking to address its debt burden.

The country held meetings with official creditors, bondholders and banks holding non-bonded debt in September and is in talks with private and official creditors. However, bondholders, who hold $2.2 billion out of $5.2 billion in total outstanding bonds, have reportedly notified the government that any requests for principal losses – a request usually by a debt issuer (in this case Senegal) for credits to permanently forgive a portion of the original loan – would lead to delays in negotiations. It is not clear if Senegal was hoping for this outcome, but if it was, it would have to rethink its strategy.

Another area that requires tackling is Senegal's total return swaps (TRS). Senegal borrowed a total of €650m ($747m) from **Africa Finance Corporation (AFC)** and **First Abu Dhabi Bank** in 2025, issuing new domestic sovereign bonds using derivatives – also known as TRS. Senegal concluded a similar deal with **France**'s **Société Générale**, bringing its total borrowing using TRS to approximately $1.27 billion. In addition, Senegal is excluding any CFA Franc-denominated debt from its restructuring process given the impact it would have on the regional market.

The response to Senegal's plan has been optimistic. A **United States (US)** treasury representative, **Erin Browne**, told a meeting attended by the IMF and **World Bank** that the US believes Senegal could conclude its debt treatment within a year. IMF managing director **Kristalina Georgieva** also expressed her optimism about Senegal's case proving that the common framework has improved and is able to deliver results quickly. Creditors are set to meet again in November, at which point timelines may become clearer, but Senegal's current timeline is ambitious, especially given the complexity of the TRS; it is the first time that TRS is being included in the G20 Common Framework process. The different parties need to agree for the process to move forward, and Senegal may face challenges in getting them to agree to the same concessions.

Trade unions embark on general strike

The **Front syndical pour la défense des travailleurs (FSDT)**, a collective of 13 unions across the public transport, education, health, higher education and electricity sectors, issued a call for a demonstration on 20 October before the launch of a three-day general strike in **Dakar** from 21 October, just ten days before the country is set to host the **Youth Olympic Games**. The FSDT called the strike in response to what it said were poor working conditions in these sectors, asking the government to increase retirement pensions, raise the retirement age from 60 to 65, pay bonuses and implement the 100,000 FCFA ($179.79) housing allowance, as employees can no longer sustain themselves. The unions also called out layoffs in state-linked companies, demanding that former employees be reinstated.

The government had been in negotiations with the unions over these issues, but was unable to meet their demands, with Lô asking them for a three-month moratorium on strikes and adding that the government would re-evaluate these commitments once its fiscal position has improved.

The strike went ahead with disruptions across Dakar, especially in the public transport sector. The public service, labour and public service reform ministry called the strike action unlawful but no law enforcement action was noted.

The strikes come amid cost of living increases; the government is having to reevaluate social spending and subsidies in light of its debt burden and issues such as power outages are adding to public frustration. The government's financial position leaves it with limited room to address the union's demands.

Planner

31 Oct – 13 Nov 2026 **Dakar (Senegal) Youth Olympic Games**

2027 **(Senegal) Yakaar-Teranga** gas project set to begin production

Jan 2027 **(Senegal)** Local elections

2029 **(Senegal)** Presidential elections

Chronology

25 Oct 2026 **Dakar (Senegal)** *Bloomberg*. Prime minister **Ahmadou Al Aminou Lo** says the government could use constitutional means to resolve a standoff over its 2026 budget if talks with lawmakers fail;

23 Oct 2026 **Abuja (Nigeria)** *Africa Business Insider*. The **French** government announces the official cancellation of President **Emmanuel Macron**'s planned visit to Nigeria and **Senegal** amid domestic unrest;

22 Oct 2026 **Dakar (Senegal)** *All Africa*. Senegal's three-day general strike enters its second day with unions pressing the government to honour agreements on pay, pensions and working conditions amid a deepening economic crisis;

21 Oct 2026 **Dakar (Senegal)** *Africa Intelligence*. Having withdrawn from the race for the **United Nations (UN)** secretary-general, former Senegalese president **Macky Sall** could soon formally announce his candidacy for the **International Organisation of La Francophonie (OIF)**;

21 Oct 2026 **Dakar (Senegal)** *APA News.* Justice ministry confirms it will be launching an annual dialogue day with civil society organisations to help create a permanent consultation framework to facilitate structured engagement between state legal institutions and non-governmental stakeholders;

19 Oct 2026 **Abidjan (Côte d'Ivoire)** *Sika Finance.* President **Alassane Ouattara** meets with **Senegal**'s prime minister, **Ahmadou Al Aminou Lo**, during the latter's visit to Côte d'Ivoire, discussing strengthening economic ties;

19 Oct 2026 **Dakar (Senegal)** *Sika Finance.* National assembly president **Ousmane Sonko** calls for a vote against the supplementary budget bill, calling it unacceptable;

17 Oct 2026 **Dakar (Senegal)** *Jeune Afrique.* **Economic Community of West African States (ECOWAS)** and **Alliance des États du Sahel (AES)** (alliance of Sahel states), comprising the juntas of **Burkina Faso**, **Mali** and **Niger**, resume dialogue and agree to reach a framework agreement for cooperation;

15 Oct 2026 **Dakar (Senegal)** *Senenews.* Senegal raises 338.2 billion FCFA ($582m) on the regional market, its second bond issue of 2026;

14 Oct 2026 **Dakar (Senegal)** *CNBC Africa*. **International Monetary Fund (IMF)** managing director **Kristalina Georgieva** says she is optimistic Senegal could renegotiate its debts, which would show that improvements to the **G20 Common Framework** are working;

12 Oct 2026 **Dakar (Senegal)** *CNBC Africa.* **Intergovernmental Group of 24 on International Monetary Affairs and Development** director **Iyabo Masha** says Senegal is close to a final resolution with its debtors;

12 Oct 2026 **Dakar (Senegal)** *RFI.* **United States (US)**-headquartered **Human Rights Watch** says Senegal should halt its crackdown on the LGBTQ+ community, calling into question the country's compliance with the **Olympic** charter ahead of hosting the **Youth Olympic Games**;

9 Oct 2026 **Dakar (Senegal)** *Bloomberg*. Senegal's push to fast-track its debt restructuring is winning bondholder support, as the nation races to secure a deal before the end of the year;

9 Oct 2026 **Dakar (Senegal)** *APA News.* **Extractive Industries Transparency Initiative (EITI)** awards Senegal the 2026 Chair's Award, citing its leadership in resource governance, public data disclosure, and institutional accountability across its mining, oil, and gas sectors;

7 Oct 2026 **Dakar (Senegal)** *eNCA*. The education ministry announces that the start of the school year nationwide has been postponed following heavy rains and destructive flooding that claimed several lives in recent days;

6 Oct 2026 **Dakar (Senegal)** *Bloomberg.* **United States**-headquartered **S&P Global Ratings** says Senegal's $1.2 billion total return swaps (TRS) could complicate its debt restructuring and may prolong the process;

6 Oct 2026 **Dakar (Senegal)** *APA News.* Government announces it will allocate 921 billion FCFA ($1.57 billion) to flood relief after heavy rains in Dakar and other parts of the country led to several deaths;

5 Oct 2026 **Dakar (Senegal)** *Mining Weekly.* **Canada**-headquartered **Dynacor** achieves its first gold pour at its **Galam** pilot plant in Senegal, marking its first gold pour in **Africa**;

2 Oct 2026 **Dakar (Senegal)** *Reuters*. Energy minister **El Hadji Abdourahmane Diouf** says power cuts in Senegal in September have underscored the need to embrace gas for electricity generation;

1 Oct 2026 **Dakar (Senegal)** *Bloomberg*. Senegal's bilateral creditors have agreed to establish an official creditor committee next week, clearing a key hurdle to negotiations on restructuring the country's debt;

1 Oct 2026 **Dakar (Senegal)** *Jeune Afrique.* State-owned oil and gas company **Petrosen**'s director general, **Thierno Seydou Ly**, states that the company hopes to launch a second phase of development of the **Sangomar** oil field by 2028, with eight additional wells targeted;

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