



Senegal

Population ¹	15,419,381
Area (km ²) ¹	196,710
GDP per capita (USD) ¹	1,367.22
TPES (Mtoe) ²	4.32
Energy intensity (toe/10 ³ 2010 USD) ²	0.26
CO ₂ emissions - energy (MtCO ₂) ²	8.20

Sources:

1. The World Bank 2017

2. ©IEA 2018, www.iea.org/statistics

Senegal's overall risk level against the assessed areas is **low**.

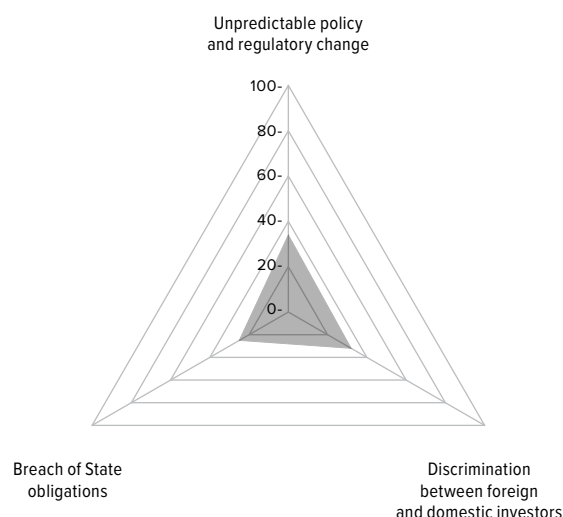
Among the three EIRA risk areas, *breach of State obligations* continues to be lower compared to *discrimination between foreign and domestic investors* and *unpredictable policy and regulatory change*.

Senegal's performance against two of the EIRA indicators is good, and it is moderate on the other two. *Rule of law* remains the highest-scoring indicator with 75 points, followed by *management of decision-making processes* at 70. Performance on *regulatory environment and investment conditions* has decreased by 5 points and stands at 58, while *foresight of policy and regulatory change* is now at 52.

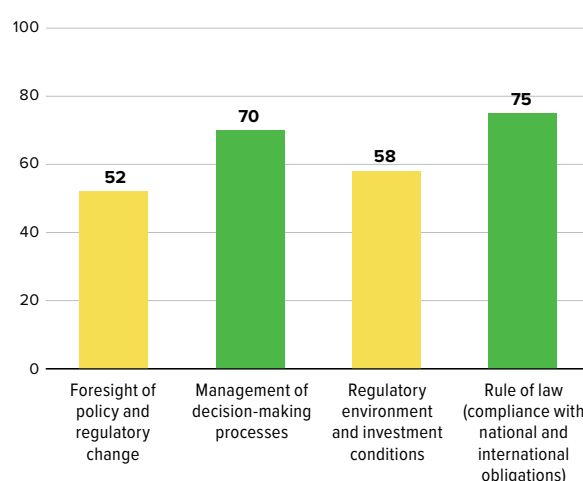
On a more detailed level, Senegal's overall sub-indicator performance is good. It has maintained a very good score on *institutional governance* (94). This year, the score for *management and settlement of investor-State disputes* and *respect for property rights* stands at 75. The performance on *restrictions on FDI* has decreased by 10 points, while that on *communication of vision and policies* has decreased by 3 points, and are now at 65 and 53, respectively. A moderate score of 50 points has again been obtained for *robustness of policy goals and commitments* and *regulatory effectiveness*. *Transparency* remains the lowest-scoring sub-indicator with 46 points.

While Senegal has the relevant policies and regulations in place, there is potential for improvement. Attention should be given to enhancing transparency in the country.

RISK LEVEL



INDICATOR PERFORMANCE

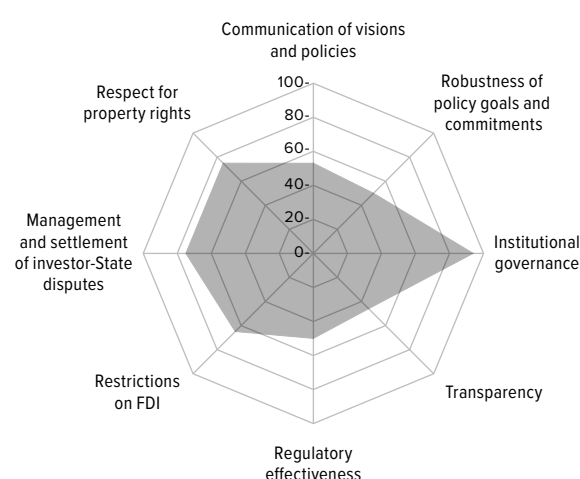


YEAR-ON-YEAR COMPARISON

RISK AREAS	2018	2019
Unpredictable policy and regulatory change	33	35
Discrimination between foreign and domestic investors	30	33
Breach of State obligations	23	25

INDICATORS	2018	2019
Foresight of policy and regulatory change	53	52
Management of decision-making processes	70	70
Regulatory environment and investment conditions	63	58
Rule of law	78	75

SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

The Emerging Senegal Plan 2014-2035 (ESP) sets out the country's economic and social development strategy.

The Energy Sector Development Policy Letter 2012 outlines the energy sector policy objectives.

Senegal ratified the Paris Agreement in 2016 and submitted its NDC.

STRENGTHS

The Government has taken steps to encourage the involvement of private companies in the energy sector and to boost their confidence. To this end, it has adopted a revised version of the 1998 Petroleum Code incorporating international good practices and environmental standards. Moreover, the Government has launched a plan for the financial recovery of the National Electricity Company of Senegal, which is currently the largest electricity generator and the only concessionaire for on-grid transmission and distribution. The conclusion of the inter-governmental cooperation agreement with Mauritania, for the development of cross-border resources, is aligned with the country's overall objectives of achieving greater energy security and universal electricity access.

With an increased budget and support from external consultants, the Ministry of Petroleum and Energies continues to oversee the implementation of Government policies in the energy sector. Monitoring tasks are also entrusted to the Electricity Sector Regulatory Commission (CRSE). Other independent specialised agencies, such as the Senegalese Agency for Rural Electrification (ASER) and the Center for Studies and Research on Renewable Energy, are involved in the execution of sector-specific programmes.

AREAS FOR IMPROVEMENT

Since Senegal is in the process of revising its energy policies and laws, some issues need to be taken into account. The Government must update the Priority Action Plan (PAP) to operationalise the ESP for the period beyond the first phase (2014-2018). Moreover, efforts to exploit the offshore natural gas and oil resources should go hand in hand with the inclusion of more alternative sources to its energy mix. The deployment of a sound strategy in this regard requires assessing the national grid's capacity and connectivity to renewable energy sources, as well as supporting private sector developers to identify investment opportunities.

For the better management of its energy resources, the Government must set up a more robust monitoring mechanism. The inclusion of a review process will allow the Government to glean useful insights from previous projects, measure progress towards its targets, and develop any necessary adjustment scenarios.

Management of decision-making processes

QUICK FACTS

The Ministry of Petroleum and Energies sets the energy sector policies.

The Ministry of Investment Promotion, Partnerships and the Development of the State Teleservices is responsible for national investment planning.

The National Agency for the Promotion of Investment (APIX) was created in 2000 to provide information on investment conditions and procedures and give assistance in obtaining permits and approvals.

STRENGTHS

Coordination between public authorities takes place on cross-sectoral investments envisaged in the ESP 2014-2035. For instance, Law no. 2014-09 of 2014 "Regarding Public-Private Partnerships" (PPP) sets up an institutional framework to promote collaboration among the relevant ministries, APIX, as well as the PPP National Committee and Infrastructure Council. The National Climate Change Committee also offers a platform for inter-ministerial cooperation on climate change issues.

The Government is committed to increasing transparency in public administration. Pursuant to Law no. 2019-03 of 2019 "On Petroleum Code" all extractive industries are obliged to comply with the principles of the Extractive Industries Transparency Initiative to which the country is a member. Moreover, in 2018, Senegal became the first sub-Saharan African state to volunteer for a fiscal transparency evaluation by the International Monetary Fund. The CRSE and the National Committee for Hydrocarbons (CNH) consult with consumer associations and operators in the relevant sub-sector before adopting regulations.

AREAS FOR IMPROVEMENT

Since investment in energy is strategic to Senegal's development vision, the Government should take a holistic and coordinated approach towards promoting the sector. As was advised last year, institutionalising intra-ministerial coordination can help to avoid the duplication of work, catalyse joint decision-making and, in the longer term, result in more coherent national policies.

Due to their narrow focus, the transparency requirements introduced in the new Petroleum Code should be complemented by broader legal reforms aimed at reducing discretion in the public sector. Hence, in line with last year's suggested improvement, the Government must intensify its efforts to adopt an overarching law that will promote access to information by setting out the procedural basis for requesting and receiving the information. Moreover, to foster meaningful public deliberations on legal and regulatory changes, draft documents must be disseminated in advance, electronic databases should be functional and regularly updated, and timeframes for soliciting public comments and opinions be established.

Regulatory environment and investment conditions

QUICK FACTS

The CRSE was constituted under Law no. 98-29 of 1998 “On the Electricity Sector”, as amended in 2002 and the Decree no. 98-333 of 1998 “On the Organisation and Functions of the Electricity Sector Regulator Commission”. The CRSE oversees licensing, operation, and sales of electricity.

The Ministry of Petroleum and Energies is responsible for regulating the oil and gas sub-sectors. Under its umbrella, the CNH gives opinions on licence requests, while Petrosen drafts and negotiates oil contracts.

STRENGTHS

The CRSE enjoys the same level of institutional and financial autonomy as last year. It has a dedicated budget for its activities, paid directly by the licence holders. Its financial statements are scrutinised by the Court of Auditors. Moreover, the CRSE is headed by a Board of Commissioners whose mandate is time-bound and renewable only once.

National legislation continues to guarantee non-discrimination against businesses conducted or owned by foreign investors. The new Petroleum Code sheds light on the terms for the award of blocks and the granting of corresponding mining rights, as well as on the fiscal regime regulating oil and gas operations. To support the new Petroleum Code, Law no. 2019-04 of 2019 “On Local Content in the Hydrocarbons Sector” was also recently adopted. It stipulates detailed requirements regarding the procurement of local workforce, products, and services. It also establishes the National Local Content Monitoring Committee to review and assess local content plans developed by operators.

AREAS FOR IMPROVEMENT

The CRSE’s independence from other governmental entities should be reinforced. To achieve this, its Commissioners should be selected on merit through a public procedure and held accountable to the National Assembly. The reinforcement of CRSE’s functional and institutional autonomy will help in its establishment as a key actor capable of objective regulation and provide a positive signal to potential investors.

With the enactment of the new Law “On Local Content in the Hydrocarbons Sector”, emphasis should now be given to the adoption of secondary rules for supporting its implementation. This will ensure consistency, transparency and non-discriminatory application of local content interventions. Moreover, the Government should consider encouraging collaborative partnerships among State authorities, research institutions and the industry to strengthen the competitiveness of local companies as well as their productive capabilities.

Rule of law

QUICK FACTS

Senegal ratified the Convention on the Settlement of Investment Disputes between States and Nationals of other States in 1967.

Senegal acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 1994.

Senegal is a member state of the OHADA, which has designed and enforced a substantial body of commercial laws among its member states.

STRENGTHS

Senegal maintains a pro-arbitration stance. The Investment Code and the new Petroleum Code reaffirm investors’ right to resort to extra-judicial mechanisms should a dispute with the Government arise. It is also bound by the ECOWAS Energy Protocol as well as the OHADA revised Uniform Act on Arbitration of 2017, which introduces dual-track arbitration (institutional or ad hoc). Other alternative dispute resolution platforms include mediation and the Ombudsman (“Mediator of the Republic”). National laws do not require the exhaustion of local judicial remedies before recourse to international arbitration. From 2017 onwards, commercial courts have been established in major cities to facilitate the protection of economic operators.

The right to property is safeguarded under the Constitution. Private assets can be expropriated only for reasons of public utility and against just compensation paid in advance. The Conciliation Commission is responsible for amicably fixing the amount of compensation to be paid while the Lands Operations Control Commission gives its opinion on the amount of compensation proposed for expropriation on the reasons of public utility. In general, there are no restrictions on the transfer of technology. Intellectual property rights are protected under national laws, BITs and international agreements.

AREAS FOR IMPROVEMENT

The adoption of the Decree no. 2013-1071 of 2013 amending the Code of Civil Procedure and the establishment of commercial courts reflect the Government’s intention to expedite civil and commercial court proceedings. As mentioned in EIRA 2018, setting deadlines for the completion of judicial proceedings will further reduce delays and increase the celerity of justice in Senegal.

The new Petroleum Code and the Law “On Local Content in the Hydrocarbons Sector” require the re-negotiation of existing contracts within a specific timeframe to ensure their conformity with the new legislation. The Government should avoid retroactive imposition of obligations that may have a detrimental effect on existing legal relations and established investments.