

THE WAVERLEY SERIES

SENEGAL

An Insight of Investment, Trade and Economy

September 2026

For Advisory & Partnership

LORD WAVERLEY

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SENEGAL — AT A GLANCE

Capital	Dakar
Public debt	Revised to 132% of GDP at end-2024 after an official audit revealed the previous administration had concealed debts equivalent to 25.3% of GDP
Sovereign credit rating	Downgraded by Moody's on three successive occasions to Caa2, a deeply distressed rating
IMF programme	The \$1.8 billion Extended Credit Facility programme has been frozen since 2024 following the hidden-debt discovery; talks to negotiate a new programme have made limited visible progress, and Senegal rejected an IMF-proposed debt restructuring in November 2025
Foreign direct investment	Collapsed to just USD 337 million in 2025, reflecting what analysts describe as a deep crisis of investor confidence
Growth outlook	Revised downward after the Middle East conflict pushed oil prices from a budgeted USD 64.5 per barrel to as high as USD 119, redirecting resources intended for investment toward petroleum imports
Oil sector	The Sangomar offshore field, Senegal's first major oil project, began production in June 2024; cumulative state revenue had passed 500 billion CFA francs and roughly 6,000 jobs had been created by mid-August 2026, a real but still modest dividend
Fiscal recovery plan	Prime Minister Sonko pledged in August 2025 to avoid new external debt, citing more than 4.4 trillion CFA francs (approximately USD 8.16 billion) in already-accessible resources, with new measures including higher tobacco taxes, new visa fees, telecom licence renewals (targeting 200 billion CFA francs), and oil and mining contract renegotiation (targeting 884 billion CFA francs by 2028)
Governing framework	President Bassirou Diomaye Faye, elected in a historic March 2024 outsider victory alongside mentor Ousmane Sonko; their PASTEF-aligned coalition holds a supermajority of 130 of 165 National Assembly seats; in May 2026, Faye dismissed Sonko as prime minister and dissolved the government amid disagreement over IMF debt negotiations, appointing Ahmadou Al Aminou Lo as the new prime minister; Sonko subsequently became President of the National Assembly

Senegal, long considered West Africa's most stable democracy, has been convulsed this year by the dramatic rupture of the political partnership between President Bassirou Diomaye Faye and Ousmane Sonko, the prime minister he dismissed in May 2026 amid disagreement over how to handle a historic hidden-debt scandal. An audit revealed the previous administration had concealed debts equivalent to 25.3% of GDP, pushing Senegal's debt-to-GDP ratio to 132% by the end of 2024, freezing the country's \$1.8 billion IMF programme and triggering three successive Moody's downgrades to a deeply distressed Caa2 rating. Foreign direct investment collapsed to just \$337 million in 2025. Senegal's first major oil project, the Sangomar field, continues generating real if still modest revenue, and the country retains its genuine distinction as a coup-free democracy in a turbulent region, but the Faye-Sonko split represents a first-order political risk investors must now weigh directly.

1. INVESTMENT & FDI

A dramatic FDI collapse directly reflects the compounding effects of the hidden-debt scandal, the frozen IMF programme, and the widening political rupture at the top of government.

Senegal's foreign direct investment collapsed to just \$337 million in 2025, which analysts describe as exposing a deep crisis of confidence driven by the combination of hidden debt, a frozen IMF programme, and a widening political schism between President Faye and his former prime minister. Prime Minister Sonko's August 2025 fiscal recovery plan pledged to avoid new external debt, citing more than 4.4 trillion CFA francs, approximately \$8.16 billion, in resources he said were already accessible, funded through higher tobacco taxes, new visa fees for some foreign travellers, telecom licence renewals targeting 200 billion CFA francs, and oil and mining contract renegotiation targeting a further 884 billion CFA francs by 2028; whether these sums are realistic remains an open question. Independent analysis notes that if Western institutions insist on tight IMF conditionality, Dakar may turn to alternative financing from China or Gulf states for targeted stakes in hydrocarbons, ports or industrial zones, with France historically Senegal's largest foreign investor even as China, the UAE and the United States have been rising in importance.

- **A collapse in investor confidence with multiple, compounding causes:** the FDI decline to \$337 million reflects the simultaneous effects of the debt scandal, the frozen IMF relationship, and the political rupture, rather than any single isolated factor, meaning restoring investor confidence will likely require progress on all three fronts.
- **An ambitious, domestically-financed fiscal plan of uncertain realism:** Sonko's no-new-debt pledge and specific revenue targets represent a genuine, quantified alternative to IMF-led adjustment, though independent analysis explicitly flags that whether these sums prove realistic remains unresolved.
- **A genuine risk of geopolitical financing realignment:** the prospect of Senegal turning to Chinese or Gulf state financing for strategic-sector stakes, should Western conditionality remain tight, represents a specific, sourced scenario investors should monitor as the IMF relationship's resolution unfolds.

2. TRADE & BUSINESS

Senegal's first major oil project continues generating real revenue even as a global oil-price spike has directly strained the country's broader fiscal position.

The Sangomar offshore field, Senegal's first major oil project, began production in June 2024; by mid-August 2026, cumulative state revenue had passed 500 billion CFA francs and the project had created approximately 6,000 jobs, a real but still modest dividend given the scale of the country's broader fiscal challenges. President Faye directly noted that Senegal's growth forecasts had been built on an assumed oil price of \$64.5 per barrel, and that the Middle East conflict's effect on prices, reaching as high as \$119 per barrel, forced downward revisions, as resources initially intended for investment were redirected toward supplying the country with petroleum products, delaying planned investments.

- **A genuine, if still modest, new revenue stream:** Sangomar's confirmed production and quantified state-revenue and job-creation figures represent Senegal's first tangible major hydrocarbon dividend, even as the president's own framing acknowledges its scale remains limited relative to the country's fiscal needs.
- **A specific, quantified external shock directly redirecting investment resources:** the gap between the budgeted \$64.5 and actual prices reaching \$119 per barrel represents a concrete, measurable mechanism by which the Middle East conflict has directly displaced planned domestic investment spending toward petroleum import costs.

3. MAJOR ECONOMIC DEVELOPMENTS

A historic hidden-debt scandal and the dramatic rupture of Senegal's founding political partnership together define the country's current economic and political trajectory.

After President Bassirou Diomaye Faye's government took power in April 2024, an official audit, certified by Senegal's Supreme Audit Authority, revealed that predecessor Macky Sall's administration had concealed liabilities equivalent to 25.3% of GDP, pushing the country's debt-to-GDP ratio to 132% by the end of 2024; the IMF froze its \$1.8 billion lending programme following this discovery, and Senegal has since been downgraded by Moody's on three successive occasions to Caa2. In November 2025, Sonko said the IMF had proposed a debt restructuring, which he said Senegal would not accept. On 4 May 2026, Faye said publicly that the ruling party, led by Sonko, was on a path that could lead to its 'collapse,' though he added Sonko would remain in his post if he kept 'doing his job properly'; weeks later, on 22 May, Faye dismissed Sonko as prime minister and dissolved the government, with the split deepening over how to handle the debt crisis and IMF negotiations specifically. Ahmadou Al Aminou Lo was appointed prime minister, with his portfolio subsequently expanded to include the economy ministry; Sonko was elected President of the National Assembly on 26 May 2026, retaining a significant institutional power base despite losing the premiership. Faye and Sonko's PASTEF-aligned coalition retains a supermajority of 130 of 165 National Assembly seats. Independent governance analysis continues to note that Senegal's position as a democratic country in a region plagued by military coups strengthens its standing internationally, and that Faye has in practice maintained a more amicable stance toward France than several of Senegal's neighbours, even as the withdrawal of French troops from Senegal proceeded as part of a broader regional realignment. The government's Vision Senegal 2050 strategy, launched 7 October 2024, continues to frame the country's long-term development ambitions around sovereignty, justice and prosperity.

- **A historic fiscal scandal of exceptional scale:** hidden debt equivalent to more than a quarter of GDP represents one of the most significant sovereign fiscal-transparency failures uncovered anywhere in this series, with direct, ongoing consequences for Senegal's credit standing and multilateral relationships.
- **A dramatic rupture within what had been Senegal's founding political partnership:** Faye's dismissal of Sonko, his own political mentor and the figure who had stood in for him during his imprisonment ahead of the 2024 election, represents a genuinely significant unravelling of the alliance that won that historic election.
- **A specific, named policy disagreement at the rupture's core:** the split's direct connection to disagreement over IMF debt-negotiation strategy means investors should watch closely whether Lo's new government pursues a materially different approach to the frozen programme than Sonko had favoured.
- **Continued institutional power for Sonko despite losing the premiership:** his election as President of the National Assembly, retaining PASTEF's parliamentary supermajority, means Sonko remains a significant institutional actor even after his dismissal, a dynamic worth monitoring for continued policy influence or friction.
- **A genuine, differentiating democratic-stability asset amid the crisis:** Senegal's continued status as a coup-free democracy, and Faye's comparatively amicable France relationship relative to several neighbours, represent real governance strengths that persist despite the current fiscal and political turmoil.

4. MAJOR PROJECTS & INFRASTRUCTURE

New agricultural infrastructure investment continues even as fiscal pressures raise direct questions about competing claims on limited public resources.

- **Agricultural infrastructure expansion:** 2026 plans include irrigation development across 15,000 hectares and new agro-industrial parks worth 91 billion CFA francs, aimed at boosting food supply and industrial capacity.
- **A direct fiscal trade-off:** these agricultural investments use resources that might otherwise go toward debt reduction, illustrating the concrete trade-offs Senegal's government faces between long-term development spending and near-term fiscal consolidation.
- **Sangomar-linked infrastructure:** continued development around Senegal's oil sector, described in Section 2, represents the country's most significant current extractive-sector infrastructure investment.

5. CONFERENCES, FORUMS & EXHIBITIONS

The annual Assises de l'Entreprise and the Presidential Council on Investment remain Senegal's primary institutional venues for structured investor-government dialogue.

- **Conseil Présidentiel de l'Investissement (CPI):** this body continues fostering investor-government dialogue as Senegal's primary formal consultation mechanism with the private sector.
- **Assises de l'Entreprise:** sponsored annually by the Conseil National du Patronat, Senegal's national employers' association, this event remains an important venue for business-government dialogue.

6. BUSINESS & INVESTMENT EVENTS

No additional major standalone business or investment events beyond the ongoing IMF negotiations, fiscal recovery plan implementation, and government reshuffle described elsewhere in this briefing were identified for this specific period.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

A stalled IMF relationship and a shifting balance among Senegal's international financing partners define the country's most consequential current external relationships.

- **IMF:** the frozen \$1.8 billion programme, the rejected debt-restructuring proposal, and the limited progress in resumption talks together represent Senegal's most consequential and most unresolved multilateral financial relationship.
- **France:** despite the withdrawal of French troops as part of a broader regional realignment, President Faye has maintained a comparatively amicable relationship with France relative to several neighbouring governments, and France remains historically Senegal's largest foreign investor.
- **China, the UAE and the United States:** each has been rising in importance among Senegal's international partners, with independent analysis specifically flagging that continued IMF conditionality tension could accelerate Senegal's turn toward these alternative sources of financing.
- **Moody's and other credit rating agencies:** the three successive downgrades to Caa2 represent direct, formal international assessment of Senegal's deteriorating credit position, with material implications for the cost and availability of future external financing.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

Sonko's tax-reform agenda, rooted in his and Faye's background as tax inspectors, aims to increase state resources without alienating private investors, even as persistent poverty and inequality constrain broader private-sector inclusion.

Prime Minister Sonko's signature promise, before his May 2026 dismissal, centred on establishing a clean and competent government and reforming the tax system to increase state resources, consistent with his and President Faye's shared background as tax inspectors and their campaign's focus on fighting corruption. Property rights enforcement in Senegal remains inconsistent, with clearer definition in urban areas but social conventions continuing to influence land-use rights in rural regions. Despite Senegal's economy remaining stronger than most of its regional neighbours, with a positive underlying growth outlook, poverty and inequality rates remain persistently high.

- **A tax-reform agenda rooted in the government's own professional background:** Sonko and Faye's shared history as tax inspectors lends particular credibility to their stated tax-reform ambitions, even as their implementation now proceeds under new leadership following the May 2026 government reshuffle.
- **Inconsistent property-rights enforcement as a specific investment-climate constraint:** the urban-rural divide in property-rights clarity represents a concrete, geographically specific consideration for investors evaluating land-dependent projects outside Senegal's major urban centres.
- **Persistent poverty and inequality despite relative regional economic strength:** Senegal's comparatively stronger economic position within the region has not yet resolved underlying poverty and inequality challenges, indicating continued need for inclusive growth policies alongside macroeconomic stabilisation.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Oil and mining contract renegotiation, agricultural infrastructure, and telecom licence renewals define Senegal's most concretely identified near-term revenue and investment channels.

- **Oil and mining contract renegotiation:** targeting an additional 884 billion CFA francs by 2028, this process could raise state revenue, though independent analysis cautions it may also deter future oil and gas investment specifically, a genuine trade-off worth monitoring.
- **Agricultural infrastructure:** the 15,000 hectares of planned irrigation and new agro-industrial parks worth 91 billion CFA francs represent concrete, near-term agricultural-sector investment opportunities.
- **Telecom licence renewals:** targeting 200 billion CFA francs in revenue, this process offers a specific, near-term channel relevant to telecommunications-sector investors and operators.
- **Continued Sangomar-linked opportunities:** ongoing development around Senegal's first major oil project remains open for service, supply-chain and related investment engagement.

SUMMARY ASSESSMENT

Senegal, long considered West Africa's most stable democracy, has been convulsed this year by the dramatic rupture of the political partnership between President Bassirou Diomaye Faye and Ousmane Sonko, the prime minister he dismissed in May 2026 amid disagreement over how to handle a historic hidden-debt scandal. An audit revealed the previous administration had concealed debts equivalent to 25.3% of GDP, pushing Senegal's debt-to-GDP ratio to 132% by the end of 2024, freezing the country's \$1.8 billion IMF programme and triggering three successive Moody's downgrades to a deeply distressed Caa2 rating.

Foreign direct investment collapsed to just \$337 million in 2025, reflecting what analysts describe as a deep crisis of investor confidence driven by the combination of hidden debt, stalled IMF talks, and the widening political schism at the top of government. Senegal's first major oil project, the Sangomar field, continues generating real if still modest revenue, and the country retains its genuine distinction as a coup-free democracy in a turbulent region, with Sonko retaining significant institutional influence as President of the National Assembly even after losing the premiership.

Investors should weigh Senegal's genuine democratic resilience and real, if modest, oil-sector dividend directly against a first-order political risk in the Faye-Sonko rupture, an unresolved and deeply strained IMF relationship, and a fiscal recovery plan whose realism independent analysts have explicitly flagged as still unproven.