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## D9.3 – SENEGAL case study

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## Abbreviations and Acronyms

Acronym	Description
AfCFTA	African Continental Free Trade Area
BCEAO	Banque Centrale des Etats de l’Afrique de l’Ouest
BEAC	Banque des États de l’Afrique centrale Bank of Central African States
CEDEAO	Communauté économique des États de l’Afrique de l’Ouest Economic Community of West African States
CIT	Corporate Income Tax
CPI	Consumer Price Index
DBA	Disc-based association
DEEC	Department of the Environment and Classified Establishments
ECOWAS	Economic Community of West African States
ECRM	Extended Critical Raw Materials
EFE	Entreprise Franche d’Exportation Free Export Zone Enterprise
EITI	International Extractives Transparency Initiative
ESG	Environmental, social and governance
FDI	Foreign direct investment
FX	Forex – Foreign Exchange market
GDP	Gross domestic product
HMS	Heavy Mineral Sands
ICCAs	Indigenous and community conserved areas



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IMF	International Monetary Fund
IUCN	International Union for Conservation of Nature
JV	Joint Venture
LDSF	Local Development Support Fund
OHADA	Organisation pour l'Harmonisation en Afrique du Droit des Affaires Organization for the Harmonization of Business Law in Africa
PSE	Plan Senegal Emergent
RF	Random Forest
SGTC	Septies of the General Tax Code
UNESCO	United Nations Educational, Scientific and Cultural Organization
WAEMU	West African Economic and Monetary Union
XOF	West African CFA Franc
ZES	Special Economic Zones

## Wording

**Mineral prospectivity:** “Mineral potential mapping is concerned with quantifying and mapping the likelihood that mineral deposits are present in a study area. It is synonymous to mineral prospectivity mapping, which is concerned with quantifying and mapping the likelihood that mineral deposits may be found by exploration in a study area.”

## Keywords

ECRM, Mineral potential, Ore processing, Refining capacities, Recycling units, Value chain, Primary raw material, Secondary raw material, Bottlenecks, Finance, Investment, Sustainability, ESG, Land-use, Taxation, Mining regulation, Mining policies, Child labor, Responsible extraction, Senegal, Pan-African



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## Executive Summary

This report provides the reader with an overview of the key aspects regarding mineral resources, supporting regulations and institutions, as well as any related provisions in the prospecting of Critical Raw Materials (CRMs) in Senegal. The report is an integral part of the larger AfricaMaVal project and, in that context, provides this country overview specifically aimed at European Union (EU) investors and decision-makers.

AfricaMaVal is focusing on the minerals and metals present in the fourth list of CRMs for the EU as well as on Copper (Cu), Nickel (Ni), Tin (Sn) and Manganese (Mn) that are particularly pertinent considering Africa's geological potential and their critical status in the digital and energy twin transitions. Senegal is host of some of the ECRM as well as P, Ti, Sn, and Cu thus the intended work will look at the availability of these elements. In 2020, the mining sector represented about 6% of State Revenue and contributed 4% to the GDP, as well as accounted for approximately 38% of exports.

The assessment will also include value chain for these critical minerals therefore activities such as exploration, extraction, processing, and recycling will be evaluated. Fiscal regulation as well as the macroeconomic and political context will be scanned to give an overview of the country regime. ESG regulations and challenges will be depicted for the investors to better understand the background and questions to address when it comes to launch activities on the ground. A list of downstream to upstream actors related to the mining sector will assist deciders to build their Business to Business network. This country profile will try to address the needs of the EU green deal according to the country strategies and planifications. Eventually, this report will underline some project opportunities or recommendations.

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# 1. Extended Critical Raw Materials (ECRM) supply potential of Senegal

## 1.1. Inventory of the ECRM

### 1.1.1 Geological setting

Senegal is composed of two major geological entities: **the Mesozoic to Cenozoic sedimentary basin** to the west and **the Paleoproterozoic-Palaeozoic basement** to the east, which is itself divided in two parts, the **Mauritanides belt** which covers the Neoproterozoic to the Palaeozoic and a part of West African craton, the **Birimian domain** starting during the Paleoproterozoic. Thus, the geological history of Senegal reflects a history that began 2.0 Ga ago.

**In the Birimian domain**, the predominant mafic formations, with associated sedimentary sequences (called the Mako Group) probably record the formation of an oceanic crust toward 2.25-2.20 Ga and therefore the presence of a juvenile Birimian crust produced by mantle extraction. The initiation of a subduction geodynamic context leads to the production of the magmatic suite of Sandikounda-Soukouta, by partial melting of the juvenile oceanic crust. Mostly composed of granodiorite, the suite evolves from migmatitic rocks dated at 2.17 Ga to late sub-spheric plutons dated at 2.14 Ga. Such major diapirism of Eo-eburnean age is the source of peri-plutonic gravity driven deformations that correspond to the earliest tectonic stages. The onset of the silicoclastic Dialé-Dalema basin, at *ca.* 2.1 Ga, reflect a subsequent distensive tectonic stage, followed by a regional N-S shortening between 2.1 and 2.06 Ga. This compressive event is characterized by a transcurrent Eburnean tectonic with an NE-SW axis and synchronous felsic magmatism (suites of Saraya and Boboti). A set of NW-SE and NE-SW conjugate shears are ultimately marking the imprint of a late-Eburnean E-W shortening event.

Postdating the Birimian basement, several generations of Mesoproterozoic to Neoproterozoic dolerite swarms are dated at 1.5 Ga (Noumoufoukha suite), 1.3 Ga (Kédougou suite), 1.15 Ga (Sambarabougou suite) and 1.0-0.8 Ga (Boundou Dioé suite). These suites record the successive steps of incipient extension that will lead to the formation of a large sedimentary basin, represented by the Segou/Madina-Kouta Supergroup.

From Neoproterozoic, the **Mauritanides belt** and its foreland record the south-western extension of the intracontinental Taoudeni Basin. It shows three distinct structural domains with an autochthonous domain which covers and extends the Segou/Madina-Kouta Supergroupe, the parautochthonous and the allochthonous domains. These three domains represent evidence to the arc and back-arc context which prevailed to the West of the Taoudeni Basin and the important effect of the Hercynian orogenesis. During the Palaeozoic time, after deposition of the last autochthonous sedimentary deposits within the Mauritanides belt, only distensive events affect the Eastern part of Senegal. The suite of Bandafassi is



composed of dykes and sill found to the South-East and to the West (within the Mauritanides belt) and reflects distensive events associated to the opening stages of the Atlantic Ocean during Jurassic time.

Then, **the Mesozoic to Cenozoic sedimentary basin**, also known as the Senegal-Mauritania Basin, is the westernmost and largest marginal basin of West Africa: 340,000 km<sup>2</sup>, 1,400 km from north to south, and 500km in its maximum width at the latitude of Dakar, for its onshore part. Because of the Oligocene to Recent sandy cover, the knowledge concerning the stratigraphy of the basin is mainly based upon data from oil and water exploration drillings. The pre-Mesozoic basement, which slopes gently westward in the onshore part of the basin, is downthrown to the west along a north-south fault. It lies at a supposed average depth of 6,000 m underneath Dakar and at more than 8,000 m under the continental shelf of Casamance. This model becomes more complex southward because of the presence of salt diapirs, which pierce the sedimentary cover of the continental shelf of Casamance. Their upward motion started in early Cretaceous and still continues. The northern part of the basin is affected by horsts and grabens system, delineated by roughly north-south trending faults. This block-faulting and uplift tectonics occurred from the late Cretaceous to the late Miocene.

The sedimentary sequence begins with evaporites, such as halite, gypsum and anhydrite of Triassic to Liassic age. Their deposition apparently coincided with a phase of tholeiitic magma activity. The Jurassic (Calloviaian to Portlandian) consists of a 2,000 m-thick sequence of carbonates. This stage continued with a higher occurrence of detrital elements up to the late Aptian. From late Aptian to the Lutetian, a more extensive clastic sedimentation occurred in the basin. It is represented by fine argillaceous and organic matter-bearing deposits from Albian to Turonian, and by chemical to biochemical deposits since the Paleocene.

After this phase, which represents the major tectonic episode in the history of the basin, and the general withdrawal of the sea, which only locally remained in the Casamance Gulf, the Senegal Basin experienced an essentially continental evolution, from the late Eocene to the Present. Such evolution is characterized by an intense ferralitic weathering and by volcanic events, which occurred in the Cap-Vert area, with two climaxes in the Miocene and Quaternary.

The Miocene volcanism is represented by numerous small and scattered occurrences of alkaline and strongly undersaturated lavas. The Quaternary volcanism, which is confined to the head of the Cap-Vert peninsula, consists of a main complex volcanic edifice, the Mamelles volcano, of minor adjacent vents and of several sets of flows and tuffs, which are interbedded among generally azoic aquiferous sands.

### 1.1.2 Known Ore deposits and occurrences

Among the 34 raw materials assessed as ECRM by the EU in the new list of 2023, 13 ECRMs have been identified to varying degrees in Senegal (Figure 1) and, except P and Ti commodities, they are all located in the eastern part of Senegal in the Paleoproterozoic-Palaeozoic basement. The identified ECRMs are briefly described below, in order of importance:



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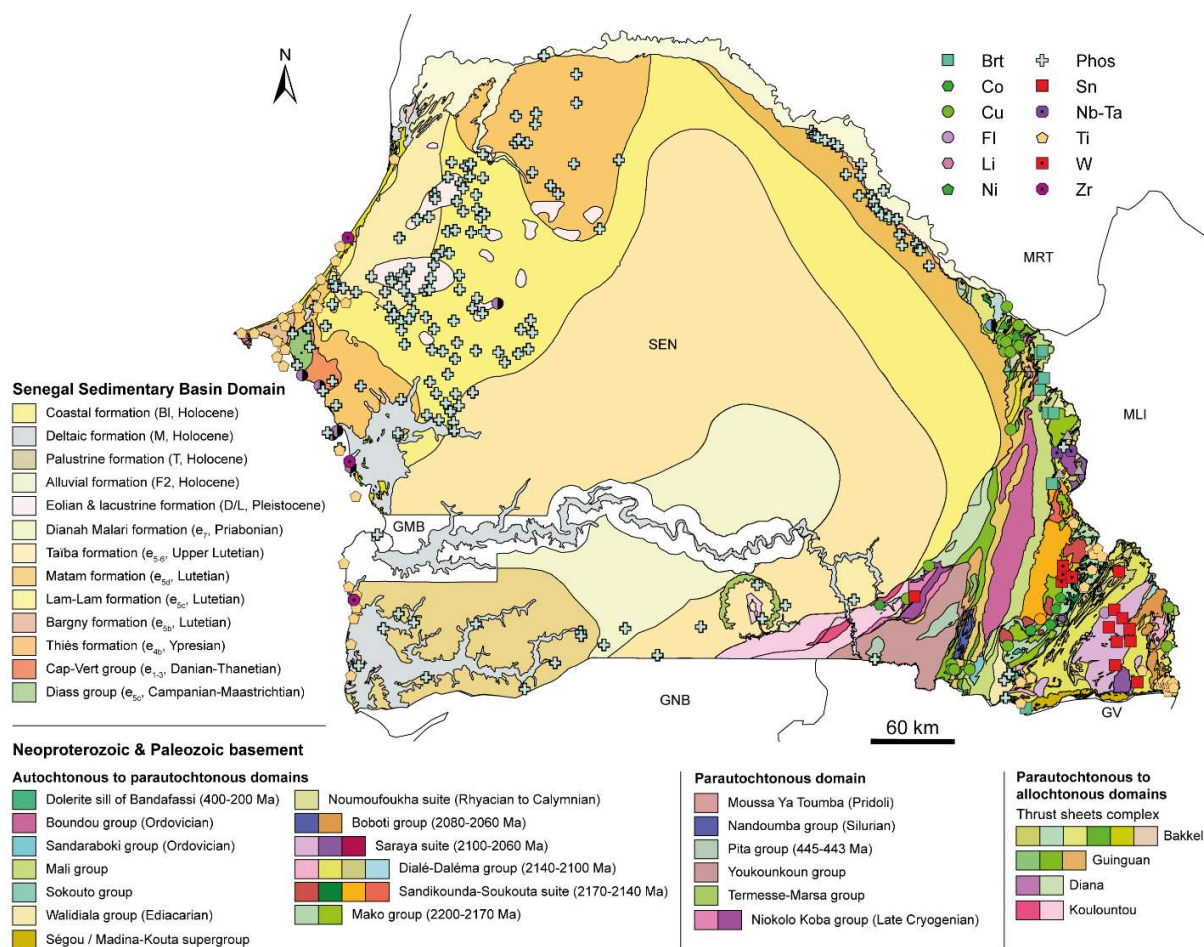


Figure 1: Synthetic geological map with the location of ECRMs from Senegal

- The currently most important two ECRMs, with active mines:**

**Phosphate rock / phosphorus – P:** One hundred sixty eight (168) phosphates occurrences are identified, including 4 active industrial mines and ten of deposits. Phosphate is the main ECRM located in Senegal, and only contains sedimentary phosphates, both Ca-phosphates (primary, altered, reworked or residual origin) and either Al-phosphates. Stratigraphically, phosphates are mainly located in the Eocene of the Senegalese sedimentary basin (340,000 km<sup>2</sup>) where the 4 active mine are located in 2023. In this basin, the deposits are not outcropping but generally located under 10 to 40 m of post-Eocene sandy-clay cover. There are some indications of sedimentary phosphates in the Miocene, in Casamance, but located at depth and without economic interest. The paleogeography of the basin, in the Paleogene, constitutes a geological context favorable to the genesis of phosphate during the Eocene and to the formation of deposits of economic interest. It is also important to note



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that some phosphates occurrences are located in the Neoproterozoic of eastern Senegal (Namel phosphates, near Kédougou).

**Titanium and zirconium (heavy sands with ilmenite, leucoxene and rutile) – Ti-Zr:** Sixty-two (**62**) occurrences are identified, **including one active industrial mine and several artisanal small-scale mines**. Significant heavy mineral deposits are focussed in the area of Mboro, Fass Boye, Diogo and Lompoul over a distance exceeding 50 km. The Atlantic Grande Côte area of north-west Senegal comprises an assemblage of marine sands remaining after the sea retreated in recent times. The prevailing weather is from the northwest and this has contributed to the formation of a normal fore dune system and a series of high aeolian – mobile dunes, which trend north-west and extend inland for up to 4.5 km from the beach. Within the limits of previous reconnaissance drilling, there are other deposits, both to the south-west and north-east for a total strike length drilled of 80 km. There is potential for additional deposits beyond the limits of present drilling.

- **Relative numerous ECRM occurrences, but currently no deposits:**

**Copper – Cu:** Thirty three (**33**) occurrences, including 16 occurrences where Cu is secondarily associated to Cr, Ni, Au and base metals, are identified. They are mainly located in the Bakel area near the border of Mauritania/Mali, and in the lesser extent near the Salémata near the border of Guinea.

**Tin – Sn:** Twenty five (**25**) occurrences are identified, and they are mainly located in the Saraya area near the border of Mali, and in the Niokolo Koba national park toward the Mesozoic to Cenozoic sedimentary basin.

- **ECRM with currently few occurrences:**

**Barite – Ba:** Eleven (**11**) occurrences, including one occurrence where Ba is secondarily associated to marble, are identified, and they are mainly located in the Kidira area near the border of Mauritania/Mali.

**Tungsten – W:** Eleven (**11**) occurrences, including 5 occurrences where W is secondarily associated to gold, are identified, and they are located along an axis between Sabodala and Tonboronkoto.

**Niobium-Tantalum – Nb-Ta:** Nine (**9**) occurrences are identified, and they are mainly located in the Saraya-Kédougou near the border of Guinea/Mali.

**Lithium – Li:** Four (**4**) occurrences are identified in Senegal, and they are located in the Saraya area.

**Nickel – Ni:** Six (**6**) occurrences, including 3 occurrences where Ni is a co-product of gold and cobalt, are identified in Senegal, in the Makana area.

**Cobalt – Co:** Only one occurrence is identified in Senegal.



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## 1.2. Prospectivity and mineral high potential mapping

### 1.2.1 Selection of the ECRM for mineral prospectivity

Among the 13 ECRMs present in Senegal, **only 4 ECRMs** were selected for mineral prospectivity mapping (MPM): **P, Ti, Cu and Sn**. The choice of this four commodities was constrained by the dataset, as it needs at the very least more than 10 occurrences for a given ECRM to perform a correct prediction. The MPM was performed using the Disc-based association (DBA) grid method coupled to Random Forest (RF) method (see Vella, 2022). This method focus on the local spatial associations of geological variables and features of various natures to describe the relationships between the predictors and the mineralization. This allows the identification of geological environments in the study area around each node of the DBA grid, and the integration of both quantitative and non-quantitative spatial data, such as geophysical anomaly maps and location of geological map units, respectively. Then, RF classification is used here to perform a generalization of complex geological environments and features and evaluate their likelihood to host potential mineralization occurrences by giving a score comprised between 0 (low potential) and 1 (high potential). In Senegal, the data used for MPM are:

#### For phosphate rock / phosphorus (P):

- Geological maps at 1/200000 scale from PASMI mapping project: Saint-Louis – Dagana and Podor – Saldé (Duvail et al., 2009) and Matam – Semme (Roger et al., 2009);
- SIGAfrique mining database.

#### For Ti, Cu and Sn commodities:

- Geological maps at 1/200000 scale from SYSMIN mapping project: Bakel Semme Sud-Ouest (Fullgraf et al., 2010b), Tambacounda Dalafi Ouest (Buscail et al., 2010), Kossanto Dalafi Est (Goujou et al., 2010), Linkering/Kolda Kedougou Ouest (Fullgraf et al., 2010a) and Saraya Kedougou Est (Delor et al., 2010);
- Analytical signal from airborne magnetic survey (geophysical data sets from Senegal have been acquired in the frame of the SYSMIN program financed by the EU in 2007 by Fugro, see technical details in Diene et al. (2015));
- Ternary K–Th–U radiometric map (red–green–blue additive chromatic combination applied point by point for the three radiometric measurements) from radiometric survey (see technical details in Diene et al. (2015));
- Mining databases (SIGAfrique database, SYSMIN database and SPGlobal database).



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The DBA grid for predictive modelling is mainly defined by **five parameters**:

- Size of cell – d;
- Search radius for lithologies – R;
- R/d ratio,
- Search radius for mineral occurrences –  $R_1$ . It can be null, in this case the search radius will be restricted to the cell size (d)
- Search radius for faults –  $R_2$ . It can be null, in this case the search radius will be restricted to the cell size (d) or it can take into account the cumulative length of faults present in the cell size (d).

In order to maximize the grid resolution while minimizing overlaps and cells with only on lithology, the parameters of DBA grid for **P, Ti, Cu and Sn** commodities used in this study are as follows:  $d = \sim 1333$  m,  $R = 4000$  m,  $R/d = 3$ ,  $R_1 = 4000$  m,  $R_2 = \text{null}$  (the size of cell was preferred).

### 1.2.2 Mineral high potential areas

Mineral high potential areas were highlighted for the four studied ECRMs in Senegal. The criteria allowing the assessment of DBA-RF modelling can be found in the table below. All the favorability maps can be found in the Appendix 1.2\_MPM\_SENEGAL.

	TN	FN	FP	TP	TPR	FPR	PPA (%)	Precision (%)	Accuracy (%)	J-score	Threshold
<b>P</b>	13182	120	2690	607	0.835	0.169	19.9	18.4	83.1	0.665	0.427
<b>Ti</b>	16127	4	893	290	0.986	0.052	6.8	24.5	94.8	0.934	0.447
<b>Cu</b>	15595	37	1036	646	0.946	0.062	9.7	38.4	93.8	0.884	0.440
<b>Sn</b>	13840	15	2908	551	0.973	0.174	20.0	15.9	83.1	0.800	0.435

**Notes:** True Positive (TP) and True Negative (TN) correspond to the number of grid cells which are correctly predicted by the RF model (i.e. mineralized and non-mineralized cells, respectively). Inversely, False Positive (FP) and False Negative (FN) correspond to the number of grid cells which are incorrectly predicted by the RF model (i.e. mineralized instead of non-mineralized cells and non-mineralized instead of mineralized cells, respectively). **FP could correspond to mineral high potential areas.** True positive rate (TPR), also called "Recall", correspond to  $TP/(TP+FN)$ , False positive rate (FPR) correspond to  $FP/(FP+TN)$ , Percentage of prospective area (PPA) correspond to  $(TP+FP)/All$ , Precision correspond to  $TP/(TP+FP)$ , Accuracy correspond to  $(TP+TN)/All$  and J-score correspond to  $TPR - FPR$ .

**Phosphate rock / phosphorus – P:** The favorability map of P (APPENDIX\_1.2\_MPM\_SENEGAL) produced by the DBA-RF model display **large mineral high potential areas**, mainly (1) to the NE part of Mesozoic to Cenozoic sedimentary basin from Semmé to Aéré Lao along the NW-SE oriented border of Mauritania and to the NE part of Mesozoic to Cenozoic sedimentary basin around Yaré Lao and between the lake of Guier and the Dimat region. According to the RF, the most favorable lithology in the studied area is unsurprisingly **the Matam formation** (i.e., limestones, marls and laminated yellow ocher clays with



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attapulgitic, fossiliferous and with phosphate horizons) of Ypresian-Lutetian age. The DBA-RF model has an accuracy of ~83 % and indicates that about 19.9 % of the studied area can be prospected for discovering new P deposits.

**Titanium – Ti:** The favorability map of Ti (APPENDIX\_1.2\_MPM\_SENEGAL) produced by the DBA-RF model display **two mineral high potential areas**, (1) to the SE part of Paleoproterozoic-Palaeozoic basement from Kossanto to Kéniékéniébanding and around Dalafing and Guémédji close to the border of Mali. According to the RF, the most favorable lithologies in the studied area are **sandstones and grauwackes** (BDd-gws and BDd-gw) **from the Dialé-Daléma group** (2140-2100 Ma) **and gabbro and microgabbro bodies from the Sandikounda-Sokouta suite** (2170-2140 Ma). The DBA-RF model has an accuracy of ~95 % and indicates that about 6.8 % of the studied area can be prospected for discovering new Ti deposits.

**Copper – Cu:** The favorability map of Cu (APPENDIX\_1.2\_MPM\_SENEGAL) produced by the DBA-RF model display **four mineral high potential areas**, (1) to the northern part of Paleoproterozoic-Palaeozoic basement near Bakel close to the border of Mauritania/Mali, (2) to the southern part around Salémata, Bandafassi and Kanéméré and (3) to the east of Saraya very close to the border of Mali. According to the RF, the most favorable predictors and lithological environments in the studied area are magnetic analytical signal (i.e., likely mafic lithologies), the tectonic mélange (MMr-Tr) from the Marsa-Termesse group (i.e., diamictite, grauwacke, silexite and rare mafic breccia) and heterogranular deltaic to river sandstone with conglomeratic channels from the Walidiala group. The DBA-RF model has an accuracy of ~94 % and indicates that about 9.7 % of the studied area can be prospected for discovering new Cu deposits.

**Tin – Sn:** The favorability map of Sn (APPENDIX\_1.2\_MPM\_SENEGAL) produced by the DBA-RF model display **one large and three small mineral high potential areas**, (1) to the SE part of Paleoproterozoic-Palaeozoic basement around Saraya close to the border of Mali, (2) to the SW part of Paleoproterozoic-Palaeozoic basement toward east and west of Salémata and near Linkéring close to sedimentary basin. According to the RF, the most favorable predictors and lithological environments in the studied area are radiometric analytical signal (i.e., likely granitoids), grauwackes from the Dialé-Daléma group (BDd-gw), siltstone and greywacke with acid tuffite intercalations and rare polygenic breccias (MMa3) from the Mali group and silexite, grauwacke and arkose from the Termesse group (MTr3). The DBA-RF model has an accuracy of ~83 % and indicates that about 20 % of the studied area can be prospected for discovering new Sn deposits.

### 1.3. Ore processing and refining capacities

Processing units in Senegal are very limited and only focus on Phosphate rocks dedicated to phosphoric acid (Figure 2, Figure 3, Figure 4).



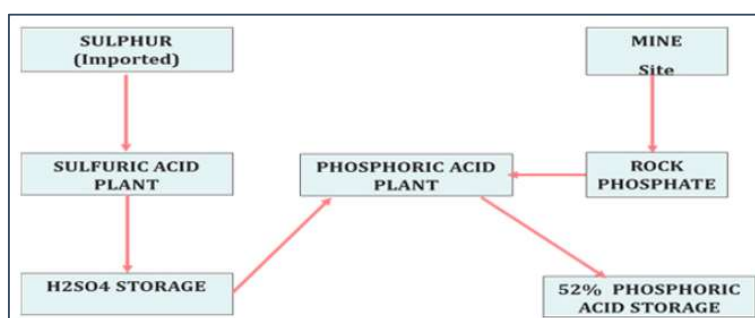
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Name processing entity	Processing Facility	Status	ECRM	Owner	Operator	Products	Capacity
Darou I and Darou II Plant	Plant	Assumed Active	Phosphate rock	JV Indorama [78%] - Industries Chimiques Du Senegal	Industries Chimiques du Sénégal Group	Phosphoric acid, P2O5	660 000 mt/y
Facilities at Allou-Kagne	Plant	Assumed Active	Phosphate rock		Senegalaise de Phosphates de Thies S.A.	Phosphate rock	
Facilities at Lam Lam	Plant	Assumed Active	Phosphate rock		Senegalaise de Phosphates de Thies S.A.	Phosphate rock	
Facilities at Sebikhotane	Plant	Assumed Active	Phosphate rock		Senegalaise de Phosphates de Thies S.A.	Phosphate rock	

Table 1: Main processing units<sup>1</sup>

Industries Chimiques Du Senegal is the largest producer of phosphate fertilizers in Sub-Saharan Africa and has the biggest industrial complex in Senegal, with three sites in operation. One of the sites is the Taiba mine, located around 100 Km. of Dakar, which counts with extensive reserves of high quality phosphate.

The main processing sites owned by Industries Chimiques Du Senegal (in JV with Indorama Corporation 78 %) are Darou I and Darou II. The phosphate is transformed into phosphoric acid. Subsequently, 10% of the phosphoric acid production is transformed into fertilizer and sold on the local market and 90% is exported to India on behalf of Indorama. The phosphoric acid produced is a 52% commercial grade suitable for industrial use and is exported mainly to Indian fertilizer manufacturers.



<sup>1</sup> USGS 2018 Minerals Yearbook, Vol. III, Senegal Country Chapter, Table 2





Figure 2. Flowchart processes diagram<sup>2</sup>

DAROU 1	DAROU 2
Commissioning : 1984	Commissioning : 2001
Engineering : KREBS and Cie.	Engineering : KREBS-SPEICHIM / TECHNIP
Nominal Capacity : 300,000 Tons P2O5 / year	Nominal Capacity : 300,000 Tons P2O5/year
1 Sulphuric plant. Capacity : 3000 tH2SO4/day	1 Sulphuric plant. Capacity : 3000 tH2SO4/day
1 Phosphoric plant. Capacity : 1015 tP2O5/day. • 3 stream single effect evaporators.	1 Phosphoric plant. Capacity : 1015 tP2O5 / day • 2 Stream single effect evaporators
1 Utility plant with 2 turbo Generators	1 Utility plant with 1 turbo Generator

Figure 3. Facilities at a glance<sup>3</sup>

INDUSTRIES CHIMIQUES DU SENEGAL is also running a fertilizer-manufacturing unit at the MBAO site, 18kms from Dakar.

- DAP/NPK manufacturing process consists of
1. Pre-neutralization
  2. Granulation
  3. Drying
  4. Screening and crushing
  5. Final screening, Product cooling
  6. Coating and storage
  7. Scrubbing system
  8. De-dusting system

Figure 4. Fertilizer manufacturing process<sup>4</sup>

<sup>2</sup> Source: Acid plant | Overview of Acid Plant | Acid based Products| Indorama Corporations (ics.sn)

<sup>3</sup> Source: Acid plant | Overview of Acid Plant | Acid based Products| Indorama Corporations (ics.sn)

<sup>4</sup> Source: Manufacturing process of Fertilizers | Acid Storage Ponds | Indorama Corporations (ics.sn)



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## 2. Assessment of the ECRM value chain

The development of the ECRM value chain in Senegal is very limited due to the historical preference of exporting raw materials. Very few factories and industries are able to utilize local ECRMs due to the limited number of mines that produce them, particularly for the local market.

### 2.1. Characterisation of the value chain for primary and secondary raw materials

The minerals industry value chain is a series of industrial processing steps that adds value, both in terms of economy and usability from the discovery of valuable minerals to delivery to market as final products. These steps include mineral exploration, first-stage mineral processing, advanced stage mineral processing, product manufacturing, product marketing, and product end-of-life recycling. Each stage represents a value-add on the previous and there are opportunities to invest at each of the major stages. The mineral industry value chain is dynamic and shifts according to commodity market, which is influenced by supply and demand, price fluctuations, changing market structures, jurisdiction, and environmental concerns. An understanding of the mineral industry value chain is important for the effective management and optimization of each stage of the value chain ensuring the smooth flow of materials, maximizing resource utilization, and meeting market demand efficiently

#### 2.1.1 List of the mining and recycling projects

**Mining projects:** most of the mining project are either located in the Eocene of the Senegalese sedimentary basin (phosphate rocks and titanium) or the Precambrian basement (lithium, copper). See Senegal Mining Cadastre Map Portal ([cadastreminiersenegal.sn](http://cadastreminiersenegal.sn), Figure 5).





Figure 5. Printsreen of the mining cadastre map portal from Senegal<sup>5</sup>

Most of the biggest mining project in Senegal are related to the Birimian craton and dedicated to gold deposits as the Sabodala Gold Mine and the Massawa Gold Project). However, one of the biggest project dedicated to HMS is located on the western coast:

**-Grande Côte Mineral Sands Project:** Operated by mineral sands company Base Resources, the Grande Côte project is focused on extracting **mineral sands**, including ilmenite, rutile, and zircon, along the Senegalese coast.

**Exploration projects:** several mining exploration projects are underway in Senegal, particularly in the gold sector. Few research licences are underway as Toubatoul, Ndingy, Orkadiere, Thilogne or Kebemer (mainly dedicated to Phosphate rocks).

No	ECRM	Name of Permit or Mine	Development Stage
1	Copper	BAMBADJI	Exploration / Research Permit
		DIAMBA NORD	Exploration / Research Permit
		GUETHIE	Exploration / Research Permit

<sup>5</sup> source: Senegal Mining Cadastre Map Portal – Trimble Landfolio (cadastreminiersenegal.sn)



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		Several other occurrences	Geological occurrences
2	Lithium	ILYMALO	ASM
		SARAYA	Exploration / Research Permit
		FODE BINEYA	Exploration / Research Permit
		MAYO	Exploration / Research Permit
		SALAMATA	Exploration / Research Permit
		BARABERI	Exploration / Research Permit
		SUD SARAYA	Exploration / Research Permit
		LANDIENI	Exploration / Research Permit
		MISSIRAH SIRIMANA	Exploration / Research Permit
		FARABA	Exploration / Research Permit
		BARIBERIE 1	Exploration / Research Permit
		Several other occurrences	Geological occurrences
		3	Magnesium
Several other occurrences	Geological occurrences		
4	Manganese	KENIEBA south / MEDINA FOULBE	ASM
		GATHIARY	ASM
		SADATOU	Exploration / Research Permit
		DIOMBALOU	Exploration / Research Permit
		DIOUBELA	Exploration / Research Permit
		KENIEBA	Exploration / Research Permit
		Several occurrences	Geological occurrence
		Several other occurrences	Geological occurrences
5	Phosphate rock (P2O5)	TAÏBA-TOBÈNE	Mining Concession
		DIENDOURI OUALI DIALA	Mining Concession
		GADDE BISSIK	Exploitation
		BEGAL - BAITI	Exploitation
		LOBE SW NDENDOURI	ASM
		PETITE MINE (LAM-LAM DEPOSIT)	ASM
		AOURE	ASM
		SINTHIOU BAMAMBE	ASM
		THILOGNE	ASM
		TOUBATOUL	Exploration / Research Permit
		NDINDY	Exploration / Research Permit
		ORKADIÈRE	Exploration / Research Permit



		KEBEMER	Exploration / Research Permit
		THILOGNE	Exploration / Research Permit
		COKI	Exploration / Research Permit
		KOLDA	Exploration / Research Permit
		NIAKHENE	Exploration / Research Permit
		AINOUMANE	Exploration / Research Permit
		SADIO	Exploration / Research Permit
		MATAM NORD	Exploration / Research Permit
		SUD KANEL	Exploration / Research Permit
		LAMBAYE	Exploration / Research Permit
		GOSSAS	Exploration / Research Permit
		KEUR SAMBA KANE	Exploration / Research Permit
		CHERIF LO-NGAKHAM	Exploration / Research Permit
		NDIOB	Exploration / Research Permit
		TOUBA MERINA	Exploration / Research Permit
		OUIROSSOGUI	Exploration / Research Permit
		THILOGNE	Exploration / Research Permit
		NGADIAWANE	Exploration / Research Permit
		MONT ROLLAND	Exploration / Research Permit
		PEKESSE	Exploration / Research Permit
		KOUL	Exploration / Research Permit
		PEKESSE	Prospecting Authorization
		KABE GAYE	Prospecting Authorization
		DODEL	Prospecting Authorization
		Several other occurrences	Geological occurrences
<b>6</b>	Phosphate (phosphoric acid)	DAROU 1 AND DAROU 2	Processing unit
<b>7</b>	Titanium (HMS)	GRANDE COTE MDL DIOGO	Mining Concession
		SUD SAINT- LYESS	ASM
		NIAFRANG	ASM
		G-SAND SARL	ASM
		KAYAR SUD	Exploration / Research Permit
		THIEPPE	Exploration / Research Permit
		SEN-HMC MINING SUARL	Exploration / Research Permit

Table 2: Main ECRM occurrences and mines



**ASM projects:** In Senegal, ASM mainly focusses on gold. There are few new born activities around ECRM (Ti, Mn, Li, and P).

**Recycling projects:** Only one recycling activity had been found related to E-waste collection, sorting, pre-treatment operated by SetTIC since 2013 (type of input waste: WEEE: ICT equipment, lamps, cables solar panel, lead acid batteries, lithium ion batteries, mix wastes from offices, plastic, paper, soiled waste, organic waste). Around 250 tons collected and processed through manual dismantling, manual sorting, shredder, pelletizer (but no end-processing activities).

### 2.1.2 Status of economic links between the formal and informal sectors

The informal sector is defined as all production units; industry, retail and services, that are not registered at the Chamber of Commerce and do not apply labour laws (Guha-Khasnobis et. Al 2007:47).

The growth of the Senegalese informal sector, leading to the current situation, emerged in the 1970s when reduced agricultural returns resulted in lower profitability and fewer investments in the sector. This economic backlash combined with a rapidly rising inflation caused economic recession. The oil shock of 1974 added to the series of external shocks hitting the economy. Increased official unemployment more or less forced people into unofficial businesses, escaping taxation and regulatory delays.

The situation worsened during the 80s due to among other things severe drought contributing to further deterioration of economic conditions. A previously rather hopeful economic development with increasing trade resulting in an inflow of foreign capital was now overshadowed by a steadily increasing informal sector conquering the trade sector. This resulted in a structural adjustment program initiated by the World Bank and the IMF in striving to take the official economy onto the right track again. Trade was liberalized and privatization became more accepted. The most recent reform is a decentralization of the financial system. By the time these reforms came into force, the situation had already caused a large distortion of the market. Especially the trade sector had been severely hit, resulting in deprived international competitiveness. Meanwhile, the informal sector kept growing. In 2000 it counted for as much as 43% of GDP (Brautigam et al. 2008<sup>6</sup>, Sigrid Colnerud Granström).

In Senegal, as in most African countries, the informal sector is large and employs an important segment of the population; therefore, improving its contribution to the economy is essential to growth. Nowadays, the informal sector produces more than half of the country's total economic output and accounts for three-quarters of total employment. In particular, it provides a major source of employment for youth and women, since entry is generally easier than in the formal labor market, while the incomes are always lower.

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<sup>6</sup> Brautigam D., O-H. Fjeldstad, M. Moore. 2008. Taxation and State-Building in Developing Countries: Capacity and Consent. Cambridge University Press



The mining sector in Senegal, like in many other countries, exhibits a complex interplay between formal and informal components. The formal sector typically involves large-scale, regulated mining operations, often conducted by established companies with adherence to legal and regulatory frameworks. On the other hand, the informal sector comprises small-scale and often unauthorized mining activities, conducted by individuals or small groups outside the formal regulatory structures.

The informal sector is composed of relatively small, short-lived production units with rather low levels of human, physical and financial capital. Contracts are unsatisfactory and wages are inefficiently low. Still, the number of people employed is large and increasing, indicating that the informal sector economy is a basic component of the Senegalese economy.

Here are some of the economic links and interactions between the formal and informal sectors in the Senegalese mining industry:

- **Resource Access:**

**Formal Sector:** Large-scale mining operations often have exclusive access to specific mining sites granted through legal agreements with the government.

**Informal Sector:** Artisanal and small-scale miners can operate in areas adjacent to or overlapping with formal mining concessions. The informal sector is often driven by individuals seeking livelihoods and economic opportunities.

- **Labor Market Dynamics:**

**Formal Sector:** Formal mining companies employ a significant workforce, including skilled professionals and laborers.

**Informal Sector:** The informal mining sector can absorb workers who may not have access to formal employment opportunities. This includes individuals who engage in artisanal mining activities independently or in small groups.

- **Market Dynamics:**

**Formal Sector:** Minerals extracted from formal mining operations are typically sold through legal channels and contribute to the national economy through taxes and royalties.

**Informal Sector:** Artisanal miners may sell their produce through informal or illegal channels, which can result in revenue leakage for the government. This informal trade may also involve smuggling and evasion of regulatory frameworks.

- **Environmental and Social Impacts:**

**Formal Sector:** Large-scale mining operations are subject to environmental and social impact assessments and regulations.

**Informal Sector:** Artisanal mining, if not regulated, can lead to environmental degradation and pose social challenges. Efforts to formalize or regulate the informal sector aim to address these issues.

- **Government Revenue and Regulation:**



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Formal Sector: The government collects revenue through taxes, royalties, and other fees from formal mining activities.

Informal Sector: Efforts to regulate or formalize the informal sector aim to bring it under the purview of government regulation, ensuring that economic benefits contribute to national development.

## 2.2. Identification of the bottlenecks along the value chain

The identified bottlenecks during this project have been compiled from data from the World Bank and the Fraser Institute through several pertinent and scored indicators, as following:

- Two criteria from “Worldwide Governance Indicators (WGI)”: the government effectiveness and the control of corruption (Figure 6). In light of these, Senegal has considerably increased its Government Effectiveness and improved the control of corruption from 2011-2021 (unavailable data from 2023), and is largely above the average from North and Sub-Saharan Africa countries.

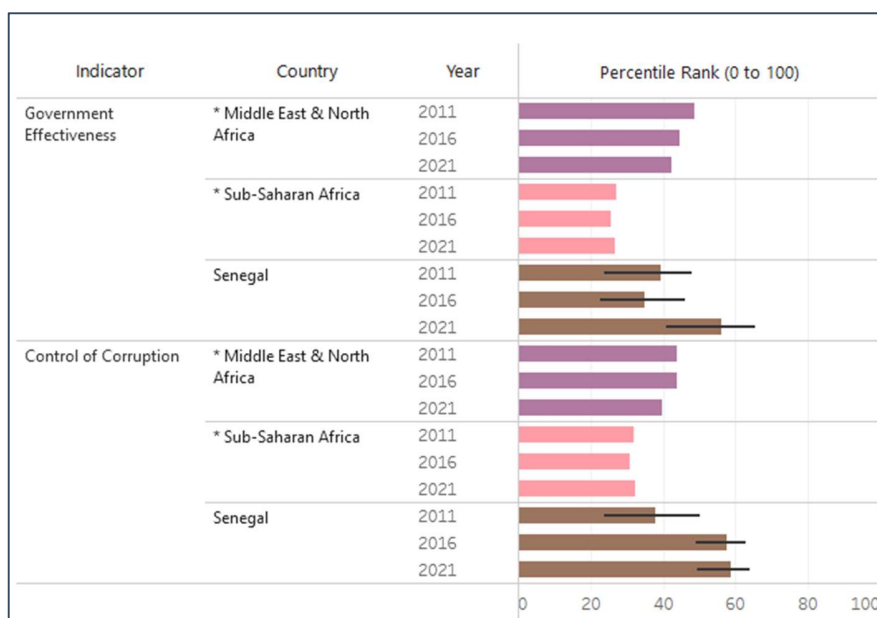


Figure 6. Worldwide Governance Indicators (WGI) of Senegal and Africa countries from 2011 to 2021<sup>7</sup>

- Six criteria forming the “Logistics Performance Index (LPI)”: the Timeliness, the Tracking and tracing, Logistics competence, International shipments, Infrastructure and Customs (Figure 7). From 2010 to 2018, we can observe a clear decrease of the logistics performance according to all criteria **that may consist bottlenecks** as the logistic is important to export commodities.

<sup>7</sup> <https://www.worldbank.org/en/publication/worldwide-governance-indicators/interactive-data-access>





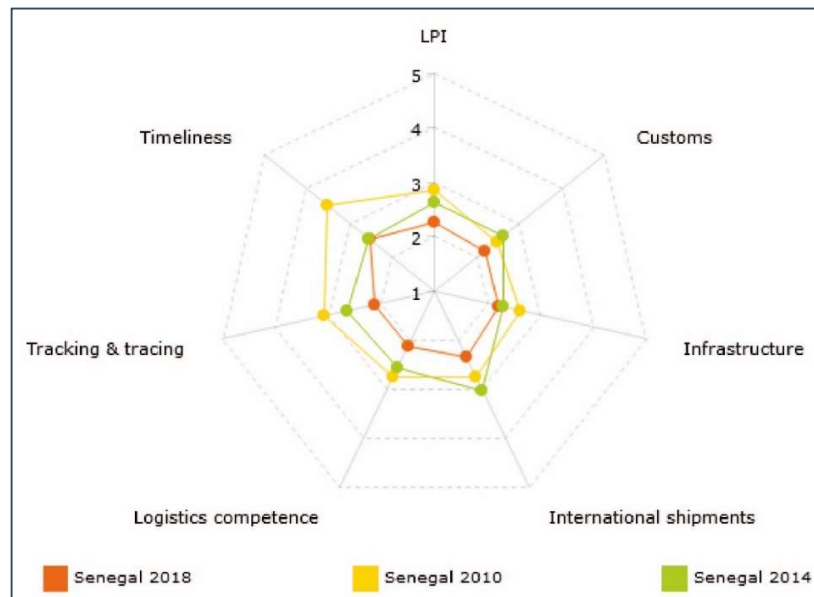


Figure 7: Logistics Performance Index (LPI) of Senegal from 2010 to 2018<sup>8</sup>

- Figure 8 is the result of the annual survey of 2021 from the Fraser Institute which collect the opinions of managers and executives in mining sector about the level of investment barriers that they are confronted. This survey indicates how each of the 15 policy factors below influenced company decisions to invest in various jurisdictions. In light of this survey, we can observe that the only one policy factor that **clearly appears deterrent for investment is the “Infrastructures”**, which is in agreement with LPI (Figure 7). Others policy factors to monitor and that can be represented bottlenecks are the **poor quality of the geological database** and **the lack of labor/skills**. The political stability is also a factor to monitor, as the new presidential elections are approaching and **the political atmosphere is tense**.

<sup>8</sup> <https://www.worldbank.org/en/publication/worldwide-governance-indicators/interactive-data-access>



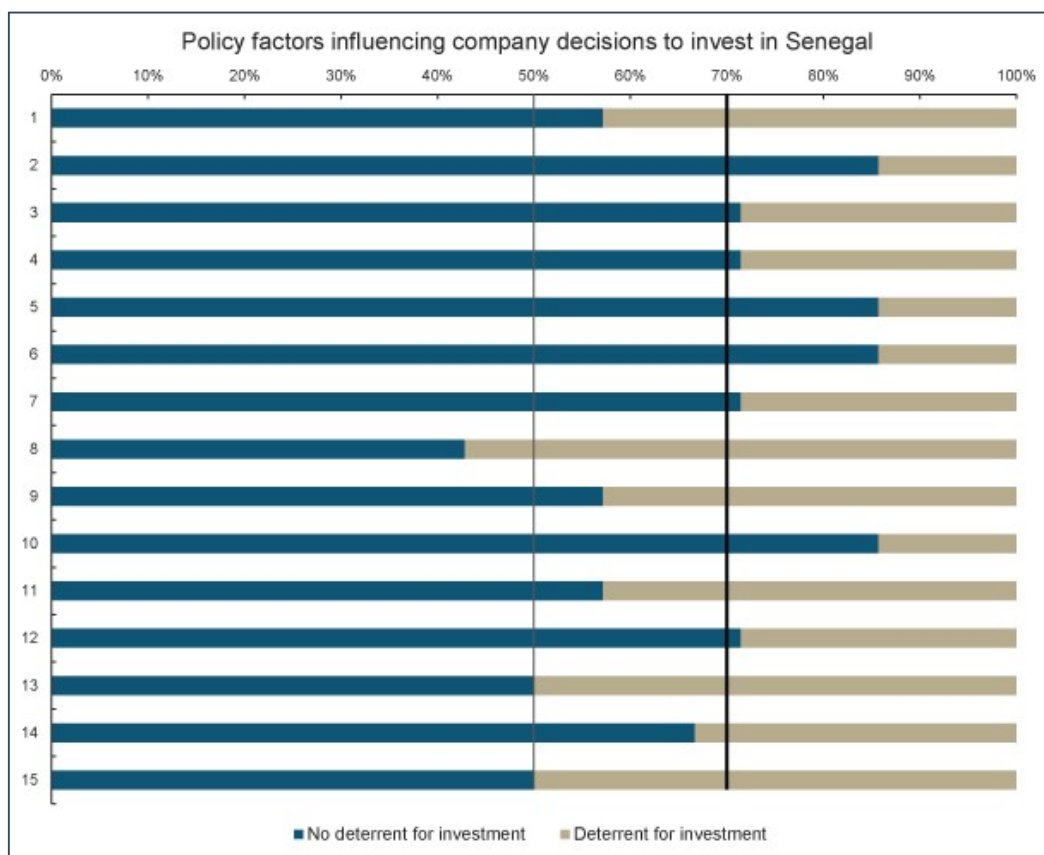


Figure 8: Policy factors that may influence mining company decisions<sup>9</sup>

### Infrastructure<sup>10</sup>

Senegal has had a privileged position compared to its neighbors with regard to transit, trade, external markets, and political stability. With an economy heavily focused on international markets—in particular trade and tourism—Senegal is highly competitive compared to other African countries. The costs of exporting and importing are considerably lower than in other coastal countries in the region, but significant progress is still needed to achieve the average international competitiveness of developing countries in general. Senegal’s main road corridor runs from Dakar to Bamako, bordering Mauritania. The modernization of the country’s one main port and airport, both at Dakar, has improved the subregion’s

<sup>9</sup> List of the policy factors: (1) Uncertainty concerning the administration, interpretation, or enforcement of existing regulations; (2) Uncertainty concerning environmental regulations; (3) Regulatory duplication and inconsistencies; (4) Legal; (5) Taxation regime; (6) Uncertainty concerning disputed land claims; (7) Uncertainty concerning what areas must be protected; (8) Infrastructures; (9) Socioeconomic agreements/community development conditions; (10) Trade barriers; (11) Political stability; (12) Labor regulations/employment agreements and labor militancy/work disruptions; (13) Quality of the geological database; (14) Level of security; (15) Availability of labor/skills.

<sup>10</sup> AICD, June 2011



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access to international markets. A major power line connects the northern part of the country, and projects are under way to bring power to the south. A fixed transmission network covers the northern and southern parts of Senegal, but there are no major developments in the central part.

### Roads

The existing network of 18,063 km of roads is adequate to provide basic regional, national, and international connectivity, linking Dakar to international border crossings and provincial capitals in the interior. , Despite the relatively poor conditions of the road network due to deferred maintenance, less than one-third of Senegal’s firms identify transport services as a major constraint for doing business. Senegal’s Logistics Performance Index (LPI), at 2.86, is above the regional average of 2.46. In 2008, Senegal established a sound system for funding road maintenance by adopting a second-generation road fund, FERA (Fonds d’Entretien Routier Autonome) and creating the AATT (Agence Autonome des Travaux Routiers). However, Senegal has complex issues to tackle regarding the provision of rural road accessibility

### Rail

Senegal has a binational railway line (between Dakar and Bamako), jointly owned with Mali, which is part of one of the main West African transport corridors. The Dakar-Bamako railway, which was the prime mode of transport during colonial times, could easily compete as a more economical means of transport than road. Senegal’s rail transport, if successfully rehabilitated, could offer the best long-haul transport to and from Bamako. However, the dilapidated tracks and outdated rolling stock together with the critical financing situation of TRANSRAIL are the two major problems that need to be urgently addressed in Senegal’s railway sector.

### Ports

The overall safety of maritime traffic improved significantly in the early 2000s, with the adoption of an updated maritime code and improvements in navigation and signaling equipment at the ports of Dakar, Kaolack, and Ziguinchor. The Port of Dakar is by far the most important port in Senegal and one of the most important ports in West Africa. Its traffic increased by over 300 percent between 1995 and 2005. The involvement of the private sector has improved the financial viability of the Port of Dakar—handling costs have fallen substantially, particularly due to the reduction of dwell times in the port. Time to export and import is just one-third of the level of other Sub-Saharan African countries and about the level of the Organisation for Economic Co-operation and Development (OECD) countries. Costs of importing to Senegal are lower than the regional average, but 1.6 times the costs of importing to an OECD country, whereas costs of exporting from Senegal are now 25 percent lower than the Sub-Saharan African average and at the same level as those faced by OECD countries.

The construction of a USD 1.13bn deep-water port in Senegal had been launched by DP World in 2022. The firm will develop and operate the 300ha container terminal. This port is situated in Ndayane, approximately 50km from Dakar<sup>11</sup>.

### Power

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<sup>11</sup> <https://www.ship-technology.com/news/dp-world-port-senegal/?cf-view>



In terms of access to electricity, about 47 percent of the population has access to electricity, and this figure reaches over 80 percent in urban areas. The relative success in expanding access is undoubtedly linked to well-planned reforms in the sector. Senegal has been moving from a unique vertical integrated provider (SENELEC)—which generates, transmits, and distributes electricity—to a model where generation, transmission, and retail distribution is liberalized. However, Senegal’s power supply is insufficient to meet the existing and rapidly growing demand.

In short, the main bottlenecks in Senegal that must be monitor and improve are, from upstream to downstream of the value chain:

- the quality of the geological database
- the lack of labor/skills
- the logistic performance (especially, the infrastructures)



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### 3. Investment/financing prospects for ECRM projects in the Senegal

#### 3.1. Fiscal, legislative and regulatory context for in-country financings

##### Legal and judiciary security of investments in Senegal

The Senegalese authorities have made a priority of improving the business climate. This has resulted in a number of reforms designed to facilitate business creation, the simplification and digitization of customs procedures, the creation of organizations to support entrepreneurs, and the establishment of tax incentives and Special Economic Zones (ZES).

Recently, law no. 2020-01 related to the creation and promotion of start-ups was adopted. Its aim is to encourage the creation of start-ups and support them throughout their life cycle.

Please find below a **brief overview of the business environment in Senegal**.

Questions	Answers
What is the legal and regulatory framework guaranteeing business security in Senegal?	<p>The legal framework includes national (laws, decrees, orders...) and Community legislation:</p> <p><b>1. National legislation (non-exhaustive list)</b></p> <ul style="list-style-type: none"> <li>- Law No°2004-06 of February 6, 2004 on the Investment Code (amended by Law No°2012-32 of December 31, 2012) and its Implementing Decree No°2004-627 of May 7, 2004;</li> <li>- Law No ° 2021-23 of March 20, 2021 on public-private partnership contracts and its Implementing Decree No ° 2021-1443 of October 27, 2021;</li> <li>- Law n°2002-23 of September 4, 2002 establishing a regulatory framework for companies holding public service concessions;</li> <li>- Decree No. 2022-2295 of December 28, 2022 replacing Decree No. 2014-1212 of 22 September 22, 2014 on the Public Procurement Code ("Code de marché public");</li> <li>- Law No. 2017-06 of January 6, 2017 on Special Economic Zones (SEZs) and its implementing Decree No. 2017-535 of April 13, 2017;</li> <li>- Law No. 2017-07 of January 6, 2017 on the provision of incentives applicable to SEZs;</li> <li>- Law No. 2020-01 relating to the creation and promotion of startups.</li> </ul> <p><b>Community legislation</b></p> <ul style="list-style-type: none"> <li>• ECOWAS Investment Code (2018) ;</li> <li>• Draft of a WAEMU Community Investment Code;</li> <li>• Draft of a Pan-African Investment Code (ongoing, under the supervision of the African Union Commission).</li> </ul>
Has Senegal signed any international investment treaties?	<p>Senegal has signed various bilateral and multilateral investment treaties to date.</p> <ul style="list-style-type: none"> <li>• The treaties concluded by Senegal contain provisions aimed at providing foreign investors with some protection by incorporating the State's obligation to grant fair and equitable treatment and full protection.</li> </ul>



	<ul style="list-style-type: none"> <li>• On the bilateral level, Senegal has signed a total of 28 treaties, including 21 with European countries, 14 of which have entered into force<sup>12</sup>. Bilateral treaties with African countries (6 in total) are still at the signing stage.</li> <li>• At the multilateral level, Senegal signed the Convention on the Settlement of Investment Disputes ("<b>ICSID Convention</b>") on September 26, 1966.</li> <li>• Likewise, Senegal ratified the Convention setting up the Creation of the Multilateral Investment Guarantee Agency (<b>MIGA</b>) through Law No. 1987/05 of January 21, 1987.</li> </ul>
Are there any internal structures to promote investment in Senegal?	<p>Senegal has various national agencies and structures for promoting investment, in particular:</p> <ul style="list-style-type: none"> <li>• The Investment Promotion and Major Projects Agency ("<b>Agence pour la Promotion</b>" or "<b>APIX</b>"), the main interface for foreign investors wishing to invest in Senegal. It is also responsible for certain major public works.</li> <li>• The Development and Promotion Agency for Small and Medium-sized Enterprises ("<b>Agence de Développement et de Promotion des Petites et Moyennes Entreprises</b>" or "<b>ADEPME</b>"), responsible for promoting and supporting Senegalese Small and medium-sized companies (SMEs).</li> <li>• Délégation à l'Entrepreneuriat Rapide des Femmes et des Jeunes (DER/FJ), responsible for promoting entrepreneurship of young people and women.</li> </ul>
What about the judiciary security of investments?	<p>In their dynamic to secure business, the Senegalese authorities have instituted a commercial justice system through Law No. 2017-24 of June 28, 2017 on the creation, organization and functioning of commercial courts and commercial chambers of appeal.</p> <p>The aim is to ensure that commercial disputes are handled promptly by specialized courts.</p> <p>To date, only the Dakar Commercial Court ("<b>Tribunal de Commerce hors classe de Dakar</b>") is operational.</p>
What are the main practical obstacles for investors in Senegal?	<ul style="list-style-type: none"> <li>• Economic vulnerability to global economic conditions, climate change and commodity prices;</li> <li>• Low business productivity and diversity of activities</li> <li>• Underdeveloped infrastructure, particularly in the energy and transport sectors;</li> <li>• A slow-moving administration that is not moving quickly enough to implement the structural policy reforms expected by the markets;</li> <li>• Despite certain improvements, the business environment is still disrupted by a strong tendency towards government interventionism, an often slow justice system and generally weak regulations;</li> <li>• Weak national investment promotion strategies;</li> <li>• Difficulties sometimes encountered by investors in transferring assets held in Senegal, particularly when leaving the country;</li> <li>• High tax burden.</li> </ul>

<sup>12</sup> To date, the bilateral investment treaties concluded by Senegal and currently in force are with: Argentina, France, Germany, the United Kingdom and Northern Ireland, India, Italy, the Republic of Korea, Mauritius, Netherlands, Romania, Sweden, Switzerland, Turkey and the United States.



Overview of the different types of companies and their functioning

	General partnership (so-called in French "société en nom collectif" or "SNC")	Limited partnership (so-called in French "société en commandite simple" or "SCS")	Unipersonal limited liability company (so-called in French "société à responsabilité limitée unipersonnelle" or "SARLU")	Limited liability company (so-called in French "société à responsabilité limitée" "SARL")	Unipersonal public limited company (so-called in French "société anonyme unipersonnelle" or "S.A.U")	Public limited company (so-called in French "société anonyme" or "SA")	Simplified joint stock company (so-called in French "société par actions simplifiées" or "SAS")	De facto partnership (so-called in French "société de fait")	undeclared partnership (so-called in French "société en participation" or "SEP")	Economic interest group (so-called in French "Groupement d'Intérêts Economique" or "GIE")
Minimum amount of share capital	No minimum	No minimum	No minimum	No minimum	XOF 10,000,000	XOF 100,000,000 if public offering company (and XOF 10,000,000 in any other if not)	No minimum	No minimum	No minimum	No minimum
Nominal value of the share	None	None	XOF 5,000	XOF 5,000	Freely set by the by-laws	Freely set by the by-laws	Freely set by the by-laws	None	None	None
Minimum number of shareholders	2	2	1 (Sole shareholder)	2	1 (Sole shareholder)	2	1	2	2	2
Shareholder liability	Shareholders have indefinite joint and several liability	<b>For limited/general partners:</b> indefinite joint and several liability <b>For active partners:</b> liability limited to capital contributions	Liability limited to capital contributions	Liability limited to capital contributions	Liability limited to capital contributions	Liability limited to capital contributions	Liability limited to capital contributions	If the existence of the company is officially recognized, the liability of the partners is joint and several and indefinite.	Solidary and unlimited liability for the partners' commitments for all those who have participated in it	Members are solidary liable for payment of group debts, unless otherwise agreed with third party co-contractors.
Corporate officers	Manager	Manager	Manager	General Manager	General Director	<b>For a public limited company with a Board of Directors :</b> Chief Executive Officer (CEO) or Chairman of the Board + General Manager  <b>For a public limited company without a Board of Directors :</b> General Director.	Chairman General Manager (GM) Deputy General Manager (DGA)	Manager (if the existence of the company is proven)	Manager	Director
Types of social contributions	Cash Nature Industry	Cash Nature Industry (only possible for limited/general partners)	Cash Nature Industry	Cash Nature Industry	Cash Nature	Cash Nature	Cash Nature Industry	Cash Nature Industry	Cash Nature Industry	Cash Nature
Appointment of legal auditor	Mandatory if two (2) of the following conditions are met at the end of the year-end : - Balance sheet total over XOF 250 000 000 - Annual turnover over XOF 500 000 000 - Permanent workforce over 50 people".	Mandatory if two (2) of the following conditions are met at the end of the year-end : - Balance sheet total over XOF 125,000,000 - Annual turnover over XOF 200,000,000 - Permanent workforce over 50 people".	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory if two (2) of the following conditions are met at the end of the year-end : - Balance sheet total over XOF 125,000,000 - Annual turnover over XOF 200,000,000 - Permanent workforce over 50 people". or If the company controls or is controlled by one or several other companies	Not provided for	Not provided for	Mandatory if the group issues bonds.



Overview of the main taxes in Senegal

GENERAL REGIME				
Tax	Taxable basis	Rate	Declaration and payment	Comments
<b>Corporate income tax (CIT)</b>	Taxable annual profit which is the accounting profit after tax adjustments.	30%	<b>Declaration</b> No later than April 30 of the year following the year of taxation <b>Payment</b> - 1st instalment must be paid no later than February 15 of the year following the year of taxation; - 2nd instalment must be paid no later than April 30 (at the same time as the CIT return is filed); - and the balance must be paid no later than June 15 of the year following the year of taxation.	In accordance with the provisions of article 80 of the Mining Code, companies holding research permits may deduct research expenses from their taxable income: - salaries, wages and miscellaneous expenses relating to personnel actually engaged in research work in Senegal ; - depreciation of equipment actually used in research work for the period corresponding to their use; -expenses incurred in Senegal in connection with the actual research work on the perimeter of the mining title, including costs incurred abroad in connection with the establishment of work programs, tests, analyses, studies and training; -costs relating to subcontractors duly approved by the Minister of Mining; -general expenses incurred in Senegal in connection with the execution of approved research programs; -head office expenses incurred in connection with the execution of approved research programs, up to the rate set by the SGTC.
<b>Distribution tax on non-deductible expenses for CIT purpose ("IRVM sur les réintégrations")</b>	Certain expenses not allowed to be deducted from the taxable basis of CIT	10/90	Declaration and payment must be made no later by 30 April	
<b>Flat-rate minimum tax ("Impôt Minimum Forfaitaire - IMF")</b>	Annual turnover (excluding tax) for year preceeding the year of taxation	0.5% of the annual turnover but not exceeding XOF 5,000,000	In the event of a loss-making year, CIT's first instalment (to be paid on 15 February), is replaced by IMF.	New companies (incorporated after 2019) that do not fall under the department in charge of large enterprises are exempt from IMF for a period of three (3) years from their creation date.
<b>Branch remittance tax ("RAS sur les bénéfices réputés distribués")</b>	Half of the profits made by a permanent establishment established in Senegal whose head office is located abroad and not reinvested in accordance with the provisions of Articles 232 to 242 of the Senegalese General Tax Code ("SGTC").	10%	<b>Declaration</b> No later than April 30 of the year following the year of taxation <b>Payment :</b> Advance payment at the rate of 5/10ths (i.e. 50%) no later than January 20 Final settlement no later than May 1	
<b>WHT on dividends, interests paid by a company established in Senegal</b>	For dividends : gross amount of dividends For interests and other income : gross amount paid	Dividends : 10% 8%: for interest paid by a bank, a decentralized financial system (SFD), the Caisse des Dépôts et de Consignations, a securities broker; 16%: when the above mentioned interests are not served by one of the above institutions.	<b>For dividends :</b> - 1st instalment to be paid no later than January 20 - Balance to be paid no later than July 20 <b>For interests :</b> No later than the 15th of the month following the month in which the payments were made	<b>Conditional :</b> Applies only in case of payment of the dividends or interest.  The rate of WHT may vary in the presence of a Double Tax Treaty (DTT)
<b>Value Added Tax (VAT)</b>	Remuneration paid in exchange for the delivery of goods or the provision of services used in Senegal or whose beneficiary is based in Senegal	Standard rate : 18% Reduced rate : 10% (for services rendered by approved tourist accommodation establishments in Senegal)	Not later than 15 of the month following that in which the chargeable event occurred	
<b>Reverse VAT ("TVA pour compte")</b>	Gross amount paid for remuneration of services rendered by providers without a PE in Senegal	18%	No later than the 15th of the month following the month in which the payments were made	In the absence of a designated tax representative in Senegal, the VAT is declared and paid (via the reverse charge mechanism) by the beneficiary of the services (i.e. the client based in Senegal) on behalf of the supplier established abroad.
<b>Local Economic Contribution - on rental value ("CEL-VL") - on added value ("CEL-VA")</b>	CEL-VL : rental value determined in accordance with the provisions of Article 329 of the SGTC CEL-VA : added value determined in accordance with the provisions of Article 336 of the SGTC	CEL-VL: Owner : 20% of the rental value Lessee : 15% of the rental value CEL-VA : 1% of the added value with a minimum of perception of 0,5% of the annual turnover realized during the year preceeding the year of taxation	<b>Declaration :</b> CEL-VL : no later than January 31 of year of taxation CEL-VA : no later than April 30 of the year following the year of taxation <b>Payment :</b> CEL-VL : no later than January 31 of the year of taxation CEL-VA : no later than July 31 of the year following the year of taxation	
<b>WHT on salaries and wages (PIT)</b>	Gross salary, taxable allowances and benefits in cash or in kind	Progressive rate from 0% to 43 %.	No later than the 15th of the month following the month in which the payments were made	Where the amount of the deductions does not exceed XOF 20,000, the declaration and payment shall be made not later than the 15th day of the quarter following that of the payment





GENERAL REGIME				
<b>Minimum Tax ("TRIMF")</b>	Gross salary, taxable allowances and benefits in cash or in kind	Fixed rate from XOF 900 to XOF 36,000, depending on the employees gross salary.	No later than the 15th of the month following the month in which the payments were made	Where the amount of the deductions does not exceed XOF 20,000, the declaration and payment shall be made not later than the 15th day of the quarter following that of the payment
<b>Employer flat-rate contribution ("CFCE")</b>	Gross salary, taxable allowances and benefits in cash or in kind	3%	No later than the 15th of the month following the month in which the payments were made	Where the amount of the deductions does not exceed XOF 20,000, the declaration and payment shall be made not later than the 15th day of the quarter following that of the payment <b>Note:</b> New companies (incorporated after 2019) that do not fall under the department in charge of large enterprises are exempt from CFCE for a period of three (3) years from their creation date.
<b>WHT on payments made to third parties (local service providers)</b>	For rent : gross amounts of rents paid by lessee to a lessor not subject to the CIT and whose amount is greater than or equal to XOF 150,000 For other payment : remuneration paid to natural persons domiciled in Senegal in remuneration for the provision of services in the amount of XOF 25,000 or more	5%	No later than the 15th of the month following the month in which the payments were made	Where the amount of the deductions does not exceed XOF 20,000, the declaration and payment shall be made not later than the 15th day of the quarter following that of the payment
<b>WHT on payments made to foreign service providers ("WHT on royalties")</b>	Gross remuneration paid for services rendered by foreign providers	20% (subject to the provisions of DTTs)	No later than the 15th of the month following the month in which the payments were made	Where the amount of the deductions does not exceed XOF 20,000, the declaration and payment shall be made not later than the 15th day of the quarter following that of the payment <b>Note :</b> The rate of WHT may vary in the presence of a DTT
<b>Property taxes ("contributions foncières")</b>	For CFPB : rental value of the built properties determined in accordance with provisions of Articles 290 and 291 of the SGTC For CFPNB : rental value of the non-built properties determined in accordance with provisions of Article 297 of the SGTC	5%	<b>Declaration</b> no later than January 31 of year of taxation. <b>Payment</b> Spontaneously (on 31 January on the basis of the tax return filed by the taxpayer) or upon receipt of a warning ("avertissement") issued by the authorities.	<b>Conditional :</b> by possession of undeveloped or undeveloped property Unused land, commercial or industrial premises and facilities recorded on the assets side of the balance sheet of CEL-VL companies is exempt from the CFPB and CFPNB. Thus, LEC payers are exempt from making a property tax declaration.
<b>Droits d'enregistrement</b>	Amount excluding taxes of contracts and other transactions subject to registration (in particular leases, public contracts, concessions of intellectual property rights, debt and share assignments, etc.)	Fixed rate : 5,000, 10,000 et XOF 50,000 Proportional rate : 10%, 5%, 3%, 2% and 1%	Generally no later than 1 month after the signature of the contract or the act or the entry into use, depending on the nature of the act. In the case of registrations subject to renewal, the renewal shall be carried out under the same conditions as the original document, where applicable.	<b>Conditional :</b> by the existence of contracts/documents subject to the registration formality.
<b>Special Tax on Private Cars of Legal Entities ("TSVPPM")</b>	Tax paid on cars classified as private by the Highway Code, owned, used or maintained in Senegal by companies subject to CIT	Variable rates of 50,000; 100,000 and XOF 200,000 depending on the fiscal power of the car (ie. Horsepower)	no later than January 31 of each year	<b>Conditional :</b> by the existence of cars subject to the said tax
<b>Tax on transfer outside the WAEMU Zone</b>	Amount transferred outside the WAEMU area	0.60%	Collected and paid by the bank or financial institution at the time of the transfer	
<b>Special Tax on Insurance Contracts ("TCA")</b>	The amount of the sums stipulated for the benefit of the insurer and of any accessories from which the insurer benefits directly or indirectly as a result of the insured person's actions	6%, 8%, 5%, 7%, 0,25%, 14% depending on the type of insurance contract	No later than the 20th following each quarter of the year.	The tax is collected and paid by the insurance companies
<b>Tax on Financial Activities ("TAF")</b>	Income from banking or financial operations (interest and commissions)	Common rate : 17% Reduced rate : 7% on revenue received from operations financing export sales	Not later than 15 of the month following that in which the chargeable event occurred	<b>Conditional:</b> the tax is levied on taxable transactions This tax is levied and remitted by banks and financial institutions.



### Foreign exchange regulations

In this section, we will present the regulations applicable to the banking and financial sector, as well as those applicable to foreign exchange controls, in Q&A format.

Question	Answers
How are foreign exchange regulations organized in Senegal?	<ul style="list-style-type: none"> <li>Senegal is a member of the West African Economic and Monetary Union (WAEMU), along with seven (7) other states in the sub-region. They share a common currency which is the Francs CFA ("FCFA" or "XOF") and a common Central Bank which is Central Bank of West African States ("<i>Banque Centrale des Etats de l'Afrique de l'Ouest</i>" or "<i>BCEAO</i>").</li> <li>These WAEMU Member States have common foreign exchange regulations, as set out in Regulation n°09/2010/CM-UEMOA relating to the External financial relations of the Member States of the WAEMU.</li> <li>In addition, these States are part of the "Franc Zone" which includes, in addition to the WAEMU Member States, those of the Economic and Monetary Community of Central Africa ("<i>Communauté Economique et Monétaire de l'Afrique Centrale</i>" or "<i>CEMAC</i>"), France, The Principality of Monaco and the Comoros Islands.</li> <li>Territories other than those of the Franc Zone States are considered as "foreign". However, for certain operations, the term "foreign" is restricted to countries other than those of the WAEMU, in particular for investment and borrowing operations, domiciliation of exports and correlative repatriation of revenues, import and export of gold, issue and sale of foreign securities, etc.</li> </ul>
Can a resident company hold both foreign and local bank accounts in foreign currencies?	<ul style="list-style-type: none"> <li>In accordance with the provisions of Article 43 of Regulation No. 09/2010/CM, a resident company can hold bank accounts abroad, provided that prior authorization is obtained from the Ministry of Finance.</li> <li>The request for authorization to open an account abroad must be submitted by an approved intermediary chosen by the applicant to ensure, in the event of authorization, the reporting obligations regarding the account's operation (such as the local bank of the applicant).</li> <li>The duration of an account abroad cannot exceed one (1) year, renewable for the same duration upon request of the applicant, submitted at least one (1) month before the expiration of the initial period<sup>13</sup>.</li> <li>Regarding the opening of a local account in a foreign currency, the same requirement applies (authorization from the Ministry of Finance). However, despite the legal possibility provided by Article 43 of the Regulation, from a practical standpoint it is very difficult (if not impossible) for a resident company to open a local account in foreign currency.</li> <li>The duration of a local account in a foreign currency must not exceed one (1) year<sup>14</sup>.</li> <li>The application for authorization to open a local account in foreign currency must be filed by the account holder (i.e., local bank).</li> <li>In all the aforementioned cases, the authorization from the Ministry of Finance is obtained after the favorable opinion of the BCEAO (Central Bank).</li> </ul>
Can a foreign company (non-resident) open a foreign currency account?	<p>The opening of a foreign currency bank account (other than the Euro) for a non-resident is subject to prior authorization from the BCEAO.</p> <p>The application must be filed through an approved intermediary and include evidence of the applicant's status and actual residence, as well as the reasons for the request.</p>

<sup>13</sup> Article 11 of Instruction No. 08/07/RFE of the BCEAO dated July 13, 2011, relates to the conditions for opening and operating foreign accounts for non-residents, domestic currency accounts for residents, and accounts for residents abroad.

<sup>14</sup> Article 8 of Instruction No. 08/07/RFE of the BCEAO dated July 13, 2011, relates to the conditions for opening and operating foreign accounts for non-residents, domestic currency accounts for residents, and accounts for residents abroad.



	<p>If approved, the authorization is granted for a period of two (2) years, renewable under the same conditions. Applications for renewal must be made at least one (1) month before the expiration of the initial period.</p> <p>In the event of refusal or failure to obtain a new authorization from BCEAO within the above-mentioned period, the bank must close the account.</p>
What are the account renewal procedures?	<p>For foreign accounts, renewal applications must be submitted to the Minister of Finance at least one (1) month before the expiration of the initial authorization. This application is examined under the same conditions as the initial application.</p> <p>It should also be noted that in the absence of a new authorization from the Minister of Finance, the authorized intermediary must request that the account be closed upon expiry of the time limit and that the assets held abroad be repatriated to a WAEMU Member State within eight (8) days.</p> <p>Regarding the foreign currency account, the renewal application for the authorization to open a domestic currency account must be addressed by the account holder to the Minister of Finance at least one (1) month before the expiration of the initial authorization.</p> <p>This renewal application is examined under the same conditions as the initial application.</p> <p>If, however, no new authorization is obtained by the end of the period specified in the prior authorization, the account in question must be closed.</p>
Can a local company freely convert its local currency into a foreign one?	<p>Local companies are not prevented from converting their local currency (CFA Francs) into foreign currencies, provided they use the services of a licensed exchange agent or intermediary.</p> <p>The exchange operation may entail costs (intermediary commission, currency volatility, etc.).</p>
Are foreign-origin loans contracted by local companies and foreign investments subject to specific formalities?	<ul style="list-style-type: none"> <li>Loans contracted by residents from non-residents must, unless otherwise decided by the Ministry of Finance, be carried out through authorized intermediaries in all cases where the borrowed sums are made available to the borrower in Senegal.</li> <li>All foreign loans are subject to a statistical reporting obligation to the Department of External Finance of the Ministry of Finance.</li> <li>Regarding foreign investments in Senegalese companies, they are free but must be declared for statistical purposes to the Department of External Finance<sup>15</sup>.</li> <li>Furthermore, any liquidation of foreign investments, whether direct or indirect, in the form of assignment between non-residents and residents, must be presented to the authorized intermediary responsible for settlement, along with supporting documents for such liquidation<sup>16</sup>.</li> </ul>
Are there any restrictions on investing abroad by a resident?	<p>Any foreign investment made by a resident is subject to prior authorization from the Ministry of Finance and must be financed by at least 75% through foreign loans<sup>17</sup>.</p>
Are there any restrictions on transferring money abroad?	<p>When it comes to payments for goods or services abroad as part of a current operation or routine transaction, there are no restrictions. However, it is mandatory to use the services of an authorized intermediary (i.e., a local bank).</p> <p>The following operations are considered current:</p> <ul style="list-style-type: none"> <li>Payment for goods deliveries.</li> <li>Payment of salaries.</li> <li>Payment of insurance fees.</li> <li>Payment of interest and dividends.</li> <li>Payment of license or patent royalties.</li> </ul>

<sup>15</sup> Article 10, paragraph 6 of Regulation No. 09/2010/CM-UEMOA concerning the External Financial Relations of the Member States of WAEMU

<sup>16</sup> Article 10, paragraph 7 of the aforementioned Regulation No. 09/2010/CM- WAEMU

<sup>17</sup> Article 10, paragraphs 1 and 2 of the aforementioned Regulation No. 09/2010/CM- WAEMU



	All transfers abroad are subject to the presentation of supporting documents to the intermediary responsible for the payment, when the amount does not exceed XOF 500,000.
Are there any fees involved in transferring money?	Money transfers outside the WAEMU zone are subject to a levy of 0,6%, regardless of the transferred amount. In addition, the intermediary responsible for carrying out the transfer may charge transfer fees and commissions, the amount of which varies according to the pricing conditions applied by the intermediary.
Is it mandatory to repatriate funds to the country?	The holding of bank assets abroad is regulated by the aforementioned Regulation No. 09/2010. According to Article 3 of the Regulation, foreign currencies held by a resident must be sold or deposited with an authorized intermediary or, if applicable, with the Central Bank. Residents are required to transfer to an authorized intermediary bank all foreign currency revenues or proceeds received abroad or paid by a non-resident. These transactions must be executed within a maximum period of one (1) month from the payment due date.

### Alternative dispute settlement (ADS)

Alternative dispute settlement (ADS) methods (“Modes Alternatifs de Règlement des Conflits” or “MARC”) are an integral part of business security. In Senegal, as well as in other French-speaking African countries, business law is governed by the provisions of the Uniform Acts of the Organization for the Harmonization of Business Law in Africa (“Organisation pour l’Harmonisation en Afrique du Droit des Affaires” or “OHADA”).

The Uniform Acts constitute common legislation for matters within their scope of application and apply uniformly to all OHADA member states. OHADA has established two (2) Uniform Acts for Alternative dispute settlement, namely:

- The Uniform Act on Arbitration (“Acte uniforme relatif à l’arbitrage”), in force since March 11, 1999, and revised on November 23, 2017.
- The Uniform Act on Mediation (“Acte uniforme relatif à la médiation”), which came into effect on March 15, 2018.

Alongside these ADS governed by the aforementioned Uniform Acts, traditional methods such as conciliation and settlement/transaction are also recognized.

It is also worth noting that OHADA has a common jurisdiction, the Common Court of Justice and Arbitration (“Cour Commune de Justice et d’Arbitrage” or “CCJA”), which serves both as a Supreme Court for matters covered by the Uniform Acts and as an Arbitration Center.

On the domestic level, the Senegalese authorities, in their desire to promote ADS, introduced provisions governing arbitration in the Code of Civil and Commercial Obligations (“Code des Obligations Civiles et Commerciales” or “COCC”) through Law No. 98-30 of April 14, 1998. This law was complemented by Decree No. 98-492 of June 5, 1998, relating to domestic and international arbitration, and Decree No. 98-493 of June 5, 1998, relating to the creation of arbitration institutions. Thus, the Arbitration, Mediation,



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and Conciliation Center of Dakar (“Centre d’arbitrage, de médiation et de conciliation de Dakar” or “CAMC”) was created by the Chamber of Commerce, Industry, and Agriculture of Dakar (“Chambre de commerce, d’industrie et d’agriculture de Dakar” or “CCIDAD”).

Notwithstanding the existence of the CCJA and CAMC, for large-scale projects, in the event of a dispute between the Senegalese authorities and foreign investors, recourse is generally had to international arbitration proposed by the International Chamber of Commerce ("ICC"), based in Paris (France), and by the International Centre for Settlement of Investment Disputes ("ICSID"). In fact, this type of contract generally includes an arbitration clause giving jurisdiction to these arbitration centers (ICC or ICSID).

In any case, the specificities of the different dispute settlement methods encountered in Senegal are described below.

Settlement methods	Nature	Institution's name	Nature of decision rendered by the organ	Appeal against the decision of the institution	Key benefits	Limitations
Arbitration	Non amicable method	Referee	Arbitral decision with res judicata effect.	Actions for cancellation	Confidentiality (arbitration deliberations are secret) ;	High costs
			The decision may be subject to exequatur by a competent judge.	Recourse for revision	Celerity ;	Complexity of certain cases leading to delays in the procedure.
				Third-party appeal	Freedom granted to the parties in their choice of arbitrators and applicable rules.	
Mediation	Amicable method	Mediator	Mediation agreement	Action for cancellation if a party considers that the agreement is contrary to public policy	Confidentiality and rapidity ;	The parties are not obliged to reach an agreement Time limit for appealing against an approved or exequatur agreement is very limited (15 days after notification)
			The mediation agreement may be subject to enforcement. It may be submitted to the competent court for homologation or exequatur.		Freedom for the parties in the conduct of the mediation.	
Conciliation	Amicable method	Conciliator	Minutes of conciliation (not enforceable)	N/A	Confidentiality ; Simplicity of the procedure ;	Either party may renounce conciliation. Difficulty in enforcing the terms of conciliation (as they are not res judicata).
Transaction	Amicable method	In principle, there is no third party. Exceptionally, there may be a negotiator	Any document recording the will of the parties	N/A	Simplicity Economically accessible	Parties may renounce conciliation at any time

### Immigration Rules in Senegal

Summary of the procedures for obtaining the permits and administrative documents required by foreign nationals in Senegal:



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Obtained document	Persons concerned	Documents to be provided	Cost	Period of validity	Competent service
Entry Visa*		Valid passport (minimum 6 months validity) International vaccination certificates required by health regulations;	Between XOF 30,000 and XOF 35,000 or more	3 months (renewable)	Embassy of Senegal abroad Dakar Airport Ministry of the Interior (for nationalities requiring prior authorization and renewal applications)
Residence permit	Citizens of foreign countries	A signed request addressed to the Minister of Interior A copy of the passport pages with the "ARRIVAL" and/or the "VISA" stamp An extract of criminal record from the country of origin, issued within the last three (3) months A birth certificate issued within the last three (3) months A certificate of residence (issued by the local municipality in Senegal) A medical certificate issued within the last three (3) months Three (3) passport-sized photos XOF 5,000 stamp Payment receipt for the required repatriation deposit** A copy of approved employment contract (for workers) or copy of the tax identification number (called in French "NINEA"), extract from the commercial register (called in French "RCCM"), and bylaws (for entrepreneurs)	Free	6 months (renewable) for the receipt	Police des Etrangers (based in Dakar)
<p><b>Note:</b> Prior to the issuance of the residence permit, a receipt is provided to the applicant. This receipt can be renewed indefinitely until the residence permit is obtained</p>					

### Taxation of investment income

Income from investment is subject to withholding tax ("WHT"). Subject to the provisions of DTT, the rates are as follows:

Financial income	Rates
Dividends	10%*
Income from bonds with a maturity of less than 5 years	13%
Income from bonds maturing in 5 years or more	6%
Lots	16%
Directors' fees and other remuneration	16%
Interest on loans, including shareholder current accounts	16%*
Interest paid by a bank established in Senegal and similar institutions	8%*

\* In the presence of a tax treaty, the WHT rate applicable to dividends, interest, and royalties varies depending on the treaty provisions. See hereafter the rates provided by the tax treaties concluded by Senegal:

WHT rates on dividends, interest and royalties under tax treaties concluded by Senegal and currently in force			
Member State	Dividends	Interets	Royalties
<b>Belgium</b>	10%	16%	10%
<b>Canada</b>	10%	20% on saving bonds 16% for other interests	15%
<b>China</b>	10%	15%	12.5%
<b>UAE</b>	5%	5%	5%
<b>Spain</b>	10%	10%	10%
<b>WAEMU State Members (Ivory Coast, Benin, Burkina Faso, Guinea Bissau, Mali, Niger and Togo)</b>	10%	15%	15%



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<b>France</b>	10%	15%	15%
<b>OCAM (Gabon)</b>	10%	16%	0%
<b>Italy</b>	10%	15%	15%
<b>Iran</b>	5%	5%	8%
<b>Kuwait</b>	10%	10%	20%
<b>Lebanon</b>	10%	10%	10%
<b>Luxembourg</b>	5 % if the beneficial owner of the dividends is a company that holds at least 20% of the capital of the company paying the dividend 10% in all other cases	10%	6 % on royalties paid for the use of ICS equipment. 10% in all other cases
<b>Malaysia</b>	5% if the beneficial owner is a company that directly holds at least 10% of the capital of the company paying the dividend 10% in all other cases	10%	10%
<b>Mauritania</b>	10%	16%	0%
<b>Morocco</b>	10%	10%	10%
<b>Norway</b>	10%	16%	16%
<b>Portugal</b>	5 % if the beneficial owner of the dividends is a company that holds at least 25% of the capital of the company paying the dividend 10% in all other cases	10%	10%
<b>Qatar</b>	0%	0%	0%
<b>Czech Republic</b>	5 % if the beneficial owner of the dividends is a company that holds at least 25% of the capital of the company paying the dividend 10% in all other cases	10%	10%



<b>United Kingdom</b>	5 % if the beneficial owner of the dividends is a company that holds at least 25% of the capital of the company paying the dividend 8% of the gross amount of the dividends if the beneficial owner is a pension scheme established in the other State. 10% of the gross amount of the dividends in all other cases.	10%	6 % on royalties paid for the use of ICS equipment. 10% in all other cases
<b>Turkey</b>	5 % if the beneficial owner of the dividends is a company that holds at least 20% of the capital of the company paying the dividend 10% in all other cases	10%	10%
<b>Tunisia</b>	10%	16%	0

### Transfer pricing documentation and reporting requirements

As part of its campaign against the erosion of tax bases, the Organization for Economic Co-operation and Development (OECD) has launched the "BEPS Project" (Base Erosion Profit Shift), aimed at enabling countries to effectively combat this issue.

The Action Plan is structured around 15 specific Actions, including Action 13 on transfer pricing. This action is designed to require multinational companies to justify the prices applied in transactions between related entities (i.e., belonging to the same group).

Senegal, which is also a member of the Inclusive Framework of the BEPS Project, has adopted some of these measures, as detailed below:



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Obligations	Concerned persons	Submission deadline	Sanction
<b>Transfer pricing documentation</b>	In accordance with the provisions of Article 638 of the SGTC, a legal entity established in Senegal and meeting the criteria outlined below must keep documentation available to the tax administration, at the start of the tax audit, to justify the pricing policy applied in transactions of any kinds carried out with related companies: a) it has an annual turnover excluding taxes or a gross asset of at least XOF 5,000,000,000 (appr. EUR 7,6 million); b) at the end of the financial year, it holds directly or indirectly, more than half of the capital or voting rights of a company established or incorporated in Senegal or outside Senegal, fulfilling the abovementioned condition in the a) above ; or c) more than half of its capital or voting rights is held, at the end of the financial year, directly or indirectly, by a company fulfilling the above-mentioned condition;	TP documentation must be available to the tax authorities at the time the audit is initiated.	Failure to provide the above-mentioned documentation exposes the taxpayer to a tax fine of 0.5% per undocumented transaction and per fiscal year.
<b>Annual transfer pricing declaration</b>	Persons subject to the above TP documentation obligation.	April 30 of the year following the year of taxation	Failure to declare is punishable by a fine of XOF 10.000.000 (appr. EUR 15,000)
<b>Country-by-country reporting (CbCR)</b>	In accordance with the provisions of Article 31 ter of the SGTC, legal entities meeting the criteria below, must file a declaration containing the country-by-country breakdown of the group's profits and economic, accounting and tax aggregates, as well as information on the location and activity of the entities constituting the group : - Prepare consolidated accounts; - own or control, directly or indirectly, one or more legal entities established outside Senegal or have branches there; - achieve a consolidated annual turnover, excluding taxes, greater than or equal to 491 billion CFA francs, during the year preceding that to which the declaration relates; - not be owned by one or more legal entities located in Senegal and required to deposit this declaration, or established outside Senegal and required to deposit a similar declaration pursuant to foreign regulations.	No later than 12 months following the end of the financial year (i.e. no later than December 31 <sup>st</sup> of the year following the end of the financial year).	Failure to file country-by-country reporting exposes the taxpayer to a fine of XOF 25,000,000 (appr. EUR 38,000)

### Deductibility of financial expenses

In Senegal, companies can choose to finance their needs with their own funds but also with funds from loans contracted from third parties (in particular partners or credit institutions).

Loans contracted from shareholders take the form of Shareholder Current Accounts (“Compte Courant d’Associé”) governed by the provisions of the OHADA Uniform Act on Commercial Companies and Economic Interest Groupings (“Acte Uniforme OHADA relatif au droit des Sociétés Commerciales et du Groupement d’Intérêt Economique” or “AUSC/GIE”).

Whether it is loans contracted from shareholders or from a bank, the tax treatment of related financial expenses (interests) is regulated by the provisions of the SGTC and detailed below:



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Question	Type of loans	
	Loan from shareholder	Bank loan
<p><i>What are the restrictions on the deductibility of interest from corporate income tax and other corporate entities?</i></p>	<p>Interest on shareholder loans is deductible from the taxable base of corporate income tax (CIT) subject to the following limitations:</p> <p>a) The interest rate must not exceed the central bank rate plus 3% (the current rate being 5%, the maximum limit at this date is therefore a rate of 8%);</p> <p>b) The share capital must be fully paid up;</p> <p>c) When interest is paid to:</p> <ul style="list-style-type: none"> <li>o Individuals: the remuneration for the funds made available must not exceed the amount of the share capital;</li> <li>o Legal entities: the interest is deductible only up to the amount that simultaneously remunerates:</li> </ul> <ul style="list-style-type: none"> <li>▪ the sums made available which do not exceed one and a half times the share capital social ;</li> <li>▪ and 15% of profit from ordinary activities plus interest, depreciation and provisions taken into account in determining this same profit (i.e., EBITDA).</li> </ul> <p>d) The total amount of deductible net interest payable annually in respect of all debts contracted by a company that is a member of a group of companies must not exceed 15% of the Ordinary Activities Result of the said company increased by the said interest, depreciation, and provisions considered for the determination of the same result (i.e., EBITDA). This is also applicable to all interests (both bank and intragroup).</p> <p><b>Note:</b> The interest paid by a branch to its foreign head office is not deductible for CIT purposes, in accordance with the provisions of Article 17.2 of the SGTC. However, this restriction does not apply to branches of foreign banks.</p>	<p>Interest is deductible from CIT when it meets the deductibility conditions provided for in Article 8.II of the SGTC and set out below:</p> <ul style="list-style-type: none"> <li>▪ be exposed in the direct interest of the company or be related to its normal management;</li> <li>▪ correspond to an actual expense and be supported by sufficient justification;</li> <li>▪ result in a decrease in the company's net assets;</li> <li>▪ be included in the expenses of the financial year in which they were incurred;</li> <li>▪ contribute to the formation of a non-exempt taxable profit.</li> </ul> <p>However, the interest rate must not be excessive (exceed the usury rate). In such cases, the tax authority may reject the deductibility of the portion that exceeds the maximum rate.</p> <p><b>Note:</b> Since 2014, the usury rate has been set at 15% per year for banks and 24% per year for other financial institutions (Decision of the WAEMU Council of Ministers No. CM/UMOA/011/06/2013 dated 28/06/2013).</p>
<p><i>What is the treatment of non-deductible interest expense?</i></p>	<p>In accordance with the provisions of Article 9.2.J of the SGTC, the non-deductible portion of interest not immediately deductible, in application of the above-mentioned thin-capitalization rules, can be carried forward and deducted in subsequent years, up to a limit of 5 years.</p>	<p>N/A</p>
<p><i>What is the tax treatment regarding distribution tax ?</i></p>	<p>As a reminder, pursuant to Article 85.12 of the SGTC, are subject to the Distribution Tax, commonly known as " <i>Distribution Tax on expenses added-back to CIT taxable base</i> ", expenses for which the deduction for CIT purposes is prohibited, excluding depreciation and provisions, taxes and duties, fines and penalties, and the non-deductible portion of interest that is carry-forwardable under Article 9.2(i), as well as the reinstatement of rents as a result of the administrative limitation.</p> <p>The Distribution Tax on reinstatement is assessed at a rate of 10/90 (or 11.11%) and must be declared and paid no later than April 30th.</p> <p>In our opinion, and to the extent that the exclusion applies to the non-deductible and carry-forwardable portion of interest expense under the thin-capitalization rules mentioned above, the non-deductible and carry-forwardable interest should not be subject to the Distribution Tax below.</p>	<p>N/A</p>
<p><i>What are the exceptions to the aforementioned limitations?</i></p>	<p>With regard to the provisions of Article 9.2.f and following of the SGTC, the aforementioned limitations (thin-capitalization rules) do not apply to:</p> <ul style="list-style-type: none"> <li>• Interest paid by companies not subject to CIT to their shareholders if the shareholders are subject to income tax in Senegal on such interest.</li> <li>• Interest paid or due by financial institutions defined by the law on banking regulations or by insurance companies covered by the Inter-African Insurance Markets Code (so-called "Code interafricain des Marchés d'Assurances" or "CIMA").</li> </ul> <p>The aforementioned limitations relating to the deductibility conditions of net interest remunerating all annual debts contracted by a company do not apply when:</p> <ul style="list-style-type: none"> <li>• the company is a member of a group of companies composed solely of companies resident in Senegal;</li> <li>• <input type="checkbox"/> the company provides evidence that the net interest expense ratio of the group of companies is equal to or greater than its own net interest expense ratio;</li> <li>• the total net interest paid or due by members of the group of companies resident in Senegal to persons with whom they have no relation of dependence or control is less than XOF 50,000,000 (appr. EUR 76,000), unless such interest is paid or due directly or indirectly to a person established in a State or territory outside Senegal whose tax regime is privileged (i.e., tax haven).</li> </ul>	<p>N/A</p>

### Tax treatment of research expense incurred by mining companies regarding CIT (corporate income tax)

As a reminder, in Senegal, corporate income tax applies to all profits earned in Senegal by companies. The current CIT applicable rate is 30%.

Profit is determined after deduction of all expenses incurred in the interest of the company and contributing to the generation of income that is not tax-exempt. These expenses must comply with the general conditions for deductibility laid down in Article 8.II of the SGTC:

- be exposed in the direct interest of the company or be related to its normal management;
- correspond to an actual expense and be supported by sufficient justification;
- result in a decrease in the company's net assets;
- be included in the expenses of the financial year in which they were incurred;
- contribute to the formation of a non-exempt taxable profit.

Regarding mining companies, the provisions of Article 80 of the Mining Code authorize the deduction of **research expenditure**. The following should be taken into account as research expenditure:

- salaries, wages and other expenses incurred by personnel actually engaged in research work in Senegal ;
- depreciation of equipment actually used in research work for the period corresponding to their use;
- expenses incurred in Senegal in connection with the actual research work on the perimeter of the mining title, including costs incurred abroad in connection with the establishment of work programs, tests, analyses, studies and training;
- costs relating to subcontractors duly approved by the Minister of Mining;
- general costs incurred in Senegal in connection with the execution of approved research programs;
- Headquarters expenses incurred in the execution of accredited research programs, within the limit set by the SGTC<sup>18</sup>.

**Note:** The total amount of certified research expenses incurred by the research permit holder on the date of incorporation of an operating company to exploit all or part of the research permit perimeter will be discounted to the latter date, in accordance with the relevant tax provisions and with the agreement of the Minister of Finance, and depreciated during the operating phase.

### Tax exemptions for mining companies in Senegal

In Senegal, mining activities are governed by both the provisions of the SGTC, and certain tax provisions contained in the Mining Code.

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<sup>18</sup> In accordance with the provisions of Article 9.5 of the SGTC, companies operating in Senegal and whose registered office is located abroad, are authorized to deduct a share of the headquarters expenses incumbent on them, calculated, subject to international conventions, in proportion to the total turnover of these same companies without exceeding 20% of the accounting profit made in Senegal before deduction of the share of headquarters expenses.



Depending on the different phases of the mining project (research phase, investment phase, or operating phase), holders of mining titles benefit from exemptions on certain taxes and duties. The main exemptions are detailed below:



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Taxes	Research phase	Implementation phase of investments	Operating phase
Value Added Tax (VAT)	<ul style="list-style-type: none"> <li>In accordance with the provisions of Article 361.25 of the SGTC and 78 of the Mining Code, holders of a mineral substances exploration permit benefit from a VAT exemption on:                             <ul style="list-style-type: none"> <li>Equipment, materials, supplies, machines and utility vehicles included in the Approved Program, as well as spare parts and consumable products and materials not produced or manufactured in Senegal, specifically and permanently intended for mining exploration operations and whose importation is essential for the implementation of the research program.</li> <li>Fuels and lubricants used for fixed installations, drilling equipment, machinery, and other equipment intended for research operations under the granted permit.</li> <li>Petroleum products used to produce energy for research operations.</li> <li>Parts and spare parts intended for machinery and equipment recognized as specifically intended for the Approved Research Program.</li> </ul> </li> </ul> <p>However, this exemption does not apply to:</p> <ul style="list-style-type: none"> <li>Vehicles used for the transportation of people and goods other than extracted mineral products.</li> <li>Machinery, materials, and equipment for which equivalent alternatives can be found manufactured in Senegal or available under conditions of price, quality, warranty, among others, equal to those of similar goods of foreign origin.</li> </ul> <p><b>Note</b> : The VAT exemption also applies to subcontractors of recognized mining title holders.</p>	VAT exemption granted during the research phase is extended to the development phase	No exemption
Customs duties and import taxes	<p>In addition to VAT exemption, the holder of a mineral exploration permit is also exempt from customs duty and COSEC fees for the above listed machinery and equipment.</p> <p>During the six (6) months following its establishment in Senegal, foreign workers employed by the holder of a mining title and residing in Senegal also benefit from a customs duty and tax exemption on the importation of their personal belongings and effects.</p> <p><b>Note</b>: The above tax exemption does not apply to statistical fees, WAEMU community solidarity levy, ECOWAS community levy, or any other community-based levy.</p>	<p>Exemption from import duties and taxes (including the COSEC fees) on:</p> <ul style="list-style-type: none"> <li>equipment, materials, supplies, machinery and equipment, utility vehicles included in the approved program and equipment definitively intended for mining operations;</li> <li>Fuels and lubricants used for fixed installations, drilling equipment, machinery, and other equipment intended for mining operations.</li> <li>Petroleum products used to produce energy for mining operations.</li> <li>Parts and spare parts intended for machines and equipment specifically designed for mining operations. The value of the parts should not exceed 30% of the overall Cost CIF, (Cost-Insurance-Freight) value of the imported machinery and equipment.</li> </ul> <p><b>Note</b>: The investment realization period begins on the date of granting the mining exploitation permit or authorization for small-scale mining until the date of first production (notified to the Ministry of Mining). In all case, it expires at the latest within three (3) years for the exploitation permit and one (1) year for the for small-scale mining authorization .</p>	No exemption
Flat-rate minimum tax (called "Impôt Minimum Forfaitaire" or "IMF")	Exemption granted during the research permit and its renewals	The exemption granted during the research phase is extended to the development phase	Exemption limited to 3 years from first production
Flat-rate contribution payable by employers (called "Contribution Forfaitaire à la Charge de l'Employeur" or "CFCE")	Exemption during the entire duration of the research permit	Exemption during the entire duration of the research permit	Exemption limited to 3 years from first production
Property taxes (CFPB, CFPNB and SF11)	<p>Exemption during the entire duration of the research permit</p> <p><b>NB</b> : Regarding the CFPB, the exemption does not apply to residential property</p>	The exemption granted during the research phase is extended to the development phase	Exemption limited to 3 years from first production
Local Economic Contribution (LEC)	Exemption during the duration of the research permit and its renewals	The exemption granted during the research phase is extended to the development phase	Exemption limited to 3 years from first production



### Special levy on mining and quarrying products

The Finance Act for the year 2014 (amended by act No. 2014-29 of November 3, 2014,) introduced a Special Contribution on Mining and Quarry Products ("Contribution Spéciale sur les Produits des Mines et Carrières" or "CSMC"). This parafiscal levy aims to collect resources on the import or export of the targeted products.

However, in practice, for companies that already benefit from mining concessions, the application of this levy is problematic because most of these companies have a tax stability clause included into the agreements concluded with the State of Senegal. These clauses stipulate that the concerned companies should not be subject to taxes and levies instituted after the conclusion of their agreements.

In any case, the modalities of this levy are detailed below:

<b>Scope</b>	The CSMC applies to deliveries on the domestic market, imports and exports of mineral and fossil substances.
	<b>Note:</b> Mineral and fossil substances refer to natural amorphous or crystalline substances, solid, liquid, or gaseous, as well as fossilized organic substances and geothermal deposits.
	However, the following are exempt from the CSMC: <ul style="list-style-type: none"> <li>- Mining and quarry products when used in the production of goods subject to the same contribution; and,</li> <li>- Cement exports</li> </ul>
<b>Taxable base</b>	Depending on the nature of the operation, the taxable base for the CSMC is constituted as follows:
	- <b>For sales:</b> by the selling price of the products delivered, including all expenses and taxes, excluding VAT and the CSMC itself.
	- <b>For imports:</b> by the customs value (i.e., CIF value) plus all duties and taxes levied by customs, excluding VAT and the CSMC itself.
	- <b>In all other cases:</b> by the normal value of the products, including all expenses and taxes, excluding VAT and the CSMC itself.
<b>Chargeable Event</b>	The generating event of the CSMC is constituted:
	- <b>For substances extracted or produced in Senegal:</b> by the first sale, whether for consideration or free of charge, or by self-delivery for personal consumption.
	- <b>For imported substances:</b> by release for material or legal consumption on the territory of Senegal
<b>Calculation, Declaration, and Payment Procedures</b>	The CSMC rate is set as follows:
	- For gold, the rate is fixed annually as follows:
	§ 4% 4% for the year 2014;
	§ 3% for 2015;
	§ 2% from 2016.



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	- For other products, the rate is set at 3%.
	The declaration and payment of CSMC are made under the following conditions:
	- <b>For deliveries on the domestic market and exports of mineral and fossil substances:</b> the declaration and payment must be made no later than the 15th of the month following that of the chargeable event (for example, for sales made in March, payment and declaration from the CSMC must be made by 15 April at the latest);
	- <b>For imports:</b> the CSMC is payable at the time of the chargeable event (i.e., when the goods cross the customs line for consumption).
<b>Sanctions</b>	It should be noted that the rules regarding the recovery and litigation related to VAT also apply to the CSMC. Therefore, failure to submit the CSMC declaration exposes the taxpayer to the payment of a tax fine XOF 200 000, without prejudice to the legal penalties of 25% (in the case of tax adjustment) and late payment interest of 5% on the unpaid amount (increased by an additional interest of 0.5% per month or portion of a month of delay).

### Other levies applicable to the mining sector in Senegal

Companies holding mining titles in Senegal are required to pay a range of fees and royalties to the Senegalese authorities. These include fixed entrance fees, surface royalties, mining royalties and historical costs.

#### Fixed entrance fee (“droits fixes d’entrée”)<sup>19</sup>

Mining titles	Fixed fee amounts (in XOF)
Research Permits	2.500.000
Operating Licence	10.000.000
Permanent quarry licence	2.500.000
Temporary quarry licence	1.000.000
Small Mine Licence	2.500.000
Semi-mechanized mining licence	1.500.000
Artisanal mining permit	50.000

#### Surface Royalty (“redevance superficière”)<sup>20</sup>

Mining titles		Amount (in XOF)
Research permits (at issue and renewal)	<i>First period of validity</i>	5,000/Km <sup>2</sup> /year
	<i>First renewal period</i>	6,500/Km <sup>2</sup> /year

<sup>19</sup> Article 74 of the Mining Code

<sup>20</sup> Article 75 of the Mining Code



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	<i>Second renewal period</i>	8,000/Km <sup>2</sup> /year
Mining permits, at issue and at each renewal		250,000/Km <sup>2</sup> /year
Small Mine License, at issue and at each renewal		50,000/ha/year
Permanent quarry license, at issue and at each renewal		50,000/ha/year
Semi-mechanized mining license, at issue and at each renewal		50,000 /ha/year

### Mining royalties (“redevances minières”)<sup>21</sup>

Type of mineral substance	Rate <sup>22</sup>
Aluminum-calcium phosphate	5%
Lime phosphate	5%
Phosphoric acid	1,5%
Cement	1%
Iron	<i>Concentrated mineral: 5%</i> <i>Mineral for local steel processing: 2%</i>
Gold	<i>Raw gold: 5%</i> <i>Refined abroad: 5%</i> <i>Refined in Senegal: 3.5%</i>
Zircon, ilmenite and other heavy minerals	5%
Diamonds and other gems	<i>Raw : 5%</i> <i>Refined : 3%</i>
Quarry substances	Crushed quarry materials: 4% of the market value of the crushed product  Quarry substances extracted without crushing and/or collection: royalty proportional to the volume of substances extracted or collected, set as follows: XOF 500/m <sup>3</sup> for hard materials ; XOF 300/m <sup>3</sup> for soft materials.

<sup>21</sup> Article 77 of the Mining Code

<sup>22</sup> It should be noted that mining royalty rates are set as indicated above for all mining titles concerned (with the exception of mining activities covered by a production sharing contract). The basis of calculation for the mining royalty is the market value of the product sold locally, or the FOB (free on board) value of the product exported. It should be noted that, in accordance with the combined provisions of Articles 77 of the Mining Code and 107 of its Implementing Decree, mining royalty payers must, in the month following each quarter, file a declaration with the mining administration, indicating the volumes extracted and sales made during the previous quarter. This declaration (in 3 copies) must also include a summary of the production volume, the tonnage of processed products, the tonnage and revenue from sales in Senegal, the tonnage and revenue from sales abroad, the tonnage of unsold stocks and the market value of sales.

Mining administration officials then check and verify the quantities extracted and sales declared.

Finally, on the basis of the declaration provided by the taxpayer, the competent Mining Authority draws up an order fixing the amount of the mining royalty, following the above-mentioned verification. The licensee is then required to pay the fixed royalty within 45 days of notification of the above-mentioned order.





Alkaline salts and other marketable substances	3%
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Historical costs<sup>23</sup>

It should be noted that regardless of the fees and royalties detailed above, the issuance of a mining title for research and exploitation or the conclusion of a production sharing contract may be subject to reimbursement of historical costs to the State or national legal entity concerned.

Terms of cooperation for exploration and mining operations (joint venture) and key risks

The joint-venture ("co-entreprise") is a mechanism enabling several companies to achieve a common goal. In Senegal, this type of structure is not specifically regulated and therefore remains governed by the rules applicable to commercial companies (when it is incorporated as a company) and contract law (if it is in contractual form).

A Q&A table describes the rules applicable to JVs and the risks associated with these structures as below:

Questions	Answers
Is the use of JVs recurrent in Senegal, particularly in the mining sector?	Generally, JVs are commonly used in projects that involve Foreign Direct Investments (FDI) in Senegal. This is the case in large infrastructure projects in the extractive sectors (mining, hydrocarbons), where the state is obliged to hold a mandatory, often minority, share in the project company (for example, <u>according to Article 31 of the Mining Code, when a mining exploitation permit is granted, the state has a compulsory free participation of 10% of the capital of the project company</u> ).
	Similarly, and as an example, the Law No. 2019-04 of February 1, 2019, related to local content in the hydrocarbon sector, practically requires the use of JVs to engage in certain activities within the value chain of the said sector. For instance, activities classified under the "mixed regime" the provisions of this law obliged stakeholders in the sector to partner with local enterprises.
	Beyond these cases, the use of JVs may also be motivated by the desire of investors to pool their resources in order to reduce costs (For example, central purchasing groups for companies in the retail and distribution of pharmaceutical products, etc.).
What are the main types of JVs encountered in Senegal?	Two main types of JVs are generally used:
	<b>1. Contractual JV</b> Its constitution does not entail the creation of a legal entity. The relationship between the parties will essentially arise from a contract which contains, including, the terms, scope and duration of their collaboration.
	<b>2. Corporate JV</b>

<sup>23</sup> Historical costs correspond to all costs relating to research work carried out prior to the granting of a new mining title in a given area on behalf of the State or a publicly owned structure, which have contributed to the identification of mineral deposits and showings



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	In this case, the parties agree to establish a separate legal entity. In general, the most commonly used forms are commercial companies, (such as the Simplified Joint Stock Company (so-called “ <i>Société par Actions Simplifiées</i> ” or “ <i>SAS</i> ”) for its flexibility or the Economic Interest Group (so-called “ <i>Groupement d’Intérêts Economique</i> ” or “ <i>GIE</i> ”).
	Sometimes, an undeclared partnership (“ <i>Société en Participation</i> ”) or a de facto company is used, and in both cases the corporate structure is not registered with the Trade Register.
<i>What are the rules for the constitution of JVs in Senegal?</i>	In case of contractual JV, no legal formality is required.
	On the other hand, if it is a corporate JV, the formalities of incorporation of a company must be completed (establishment of the by-laws, registration with the Trade Register, publication in a legal gazette ...).
<i>What are the main risks involved in using JVs?</i>	The main risk lies in the disagreement between JV members, which could undermine the group’s strategy or even paralyze it, or lead to its disappearance.
	Also, decision-making can sometimes be very long given the plurality of interests involved. This can also lead to risks of interest conflict of.

### Exit conditions for mining holders

Senegal has adopted a new Mining Code through Law No. 2016-32 of November 8, 2016 (accompanied by its Implementing Decree No. 2017-459 of 20 March 2017). Replacing the Mining Code of 2003 (Law No. 2003-36 of November 24, 2003), the objective of this reform is to adapt mining legislation to international standards but also to harmonize the provisions of the Mining Code with those of other national and community legislation.

**Exit procedures for Mining Title Holder:** the procedures for the transfer of a mining authorization or permit are governed by the provisions of the Mining Code, as detailed below.

Authorization / Permit	Period of validity / Renewal	Assignment, transfer, leaseback, pledging
Prospecting authorization	Maximum 6 months, renewable only once for the same duration	Not authorized
Research Permits	Maximum 4 years, renewable twice for periods not exceeding 3 years (i.e., a total of 10 years)	Transferable subject to prior approval by the Minister responsible for mines
Exclusive Exploration Authorisation	The duration is specific to the agreement	Same as that for the transfer of an Research permit
Mining Permits	Minimum: 5 years Maximum: 20 years Possible renewal (until the deposit is exhausted)	Transferable, assignable and subject to prior approval by the Minister of Mining
Small mine operating permit	Maximum 5 years, renewable for the same duration until the deposit is exhausted	Not authorized



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Semi-mechanized mining authorization	Maximum 3 years, renewable for the same duration until the deposit is exhausted	Not authorized
Artisanal mining license	5 years, renewable one or more times for the same period subject to payment of the related fee	Not authorized

**Rules governing the merger and demerger of companies in Senegal:** The rules governing the merger or division of companies are essentially defined by the provisions of the OHADA Uniform Act on the Law of Commercial Companies and Management of Economic Interest.

However, when these operations involve companies holding mining titles, they are also subject to prior administrative authorization.

The various steps of a merger operation are detailed in the table below.

Step	Description
Authorization of the Minister of Mining	In accordance with the provisions of Article 109 of the Implementing Decree of the Mining Code, any merger by absorption or creation of a new company, division, leasing, or early dissolution of a legal entity holding a mining title is subject to prior authorization from the Minister of Mining.
Preparatory phase (preparation of a draft of merger/demerger project)	It includes the study and negotiation of restructuring conditions followed by the drafting of the terms of merger or division. The merger project shall include in particular the terms of the proposed transaction and the expected duration.
Stages in the approval of the merger/demerger project by the corporate bodies and formalities prior to the shareholders' decision	<p>From the outset, it should be noted that the steps of approval of the draft terms of merger/demerger may vary depending on the type of company. The steps listed below are for example and concern the case of a Public limited company with a Board of Directors ("société anonyme avec conseil d'administration").</p> <ul style="list-style-type: none"> <li>• Convocation of the Board of Directors (BoD) ;</li> <li>• Board meeting to : <ul style="list-style-type: none"> <li>- approve the merger project;</li> <li>- Convening of the Extraordinary General Meeting of shareholders (EGM);</li> <li>- Preparation of the BoD report destined to the shareholders meeting;</li> <li>- Draft resolutions for the EGM.</li> </ul> </li> <li>• Appointment of one or more merger auditors and one or more contribution auditors, if applicable;</li> <li>• Communication of the merger project to the EGM, merger auditors, and contribution auditors;</li> <li>• Filing of the merger project with the Trade Register 30 days before the EGM;</li> <li>• Publication of the proposed merger in a newspaper authorized to carry legal notices 30 days prior to the EGM;</li> <li>• Where applicable, receipt of creditors' objections to the proposed merger within 30 days of insertion in an official newspaper ;</li> <li>• Convocation and making available to shareholders, 15 days before the EGM, the following documents: <ul style="list-style-type: none"> <li>- The merger/demerger project;</li> <li>- The BoD's report on the exchange ratio and valuation methods used;</li> <li>- The report of the merger auditors, if applicable;</li> <li>- The financial statements;</li> </ul> </li> </ul>



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	<ul style="list-style-type: none"> <li>• Convocation of the statutory auditor(s) to the EGM (at least 15 days before the meeting);</li> <li>• Filing of the contribution auditors' report at the company's registered office and the competent court, if applicable;</li> </ul>
Approval and completion of the merger/demerger operation	<ul style="list-style-type: none"> <li>• EGM for : <ul style="list-style-type: none"> <li>- Examination of the various reports;</li> <li>- Approval of the merger/demerger operation;</li> <li>- Capital increase, if any;</li> <li>- Modification of the statutes;</li> <li>- Dissolution of the absorbed company.</li> </ul> </li> </ul>
Formalities subsequent to EGM	<ul style="list-style-type: none"> <li>• Declaration of compliance of the operation progress to the Trade Register ;</li> <li>• Registration and publication of EGM decisions on a legal gazette ;</li> <li>• Other usual formalities related to the capital increase (if any) and dissolution of the company being acquired without liquidation.</li> </ul>

**Tax implications of transfers of mining titles:** from a tax point of view, the transfer (direct or indirect) of mining titles has implications in terms of Corporate Income Tax (CIT), Capital Gains Tax (“Taxe de Plus-Value Immobilière”) and Registration Fees.

The application of these various taxes is detailed in the table below.

Taxes	Methods	Rates	Taxable base	Payment and person liable
CIT	The capital gain realized from the transfer of mining titles held by a company established in Senegal is subject to CIT. <b>Note:</b> this rule also applies to capital gains realized abroad that directly or indirectly relate to mining titles held by companies in Senegal (Article 4.5 of the SGTC)	30%	Amount of realized capital gain	In the case of a company established in Senegal and subject to CIT, the realized capital gain is included in its taxable income for CIT purposes. If the company is not established in Senegal, CIT must be paid at the time of registration of the transfer agreement. The CIT must be paid by the transferor under the responsibility of a designated representative. In the absence of a designated representative, CIT is jointly owed by the company holding the mining titles and established in Senegal (Article 31.6 of the SGTC).
Real estate capital gains tax	In addition to CIT, capital gains from the transfer of mining titles are subject to Real Estate Capital Gains Tax, in accordance with the provisions of Article 556 of the SGTC. <b>Note:</b> when the transferring company is subject to CIT in Senegal, the amount of the capital gains tax paid can be deducted from its CIT (Circular No. 0039 dated September 17, 2021).	10%	Amount of realized capital gain	The tax is payable by the transferor and must be paid during the registration formalities of the transfer agreement.



Registration fees	Transfers of mining titles, as well as transfers of shares issued by companies located in Senegal or abroad and holding, directly or indirectly, interests in rights relating to mining titles, are subject to registration fees in Senegal.	5%	Sale price (or market value, if greater than the sale price)	The transfer agreement of the mining titles (or the transfer agreement of the shares issued by the Senegalese company) must be registered with the tax authorities one (1) month after signature. Registration fees are payable by the company holding the mining titles (art. 462 paragraph 3 of the SGTC).
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### EFE status and Investment Code regime

The Senegalese legislation provides certain special advantages to persons approved under specific incentive schemes. This is the case for the status of Free Export Zone Enterprise (“Entreprise Franche d’Exportation” or “EFE”) and the Investment Code regime.

**EFE status:** the status of EFE was initially established by Law 95-34 of December 29, 1995 and amended by Law No. 2004-11 of January 27, 2004).

Initially set up for a period of twenty-five (25) years, the EFE statute was extended for a further three (3) years by law n°2021-42 of December 20, 2021 relating to the finance act for the year 2022. Therefore, the EFE regime has been extended until December 31, 2024.

Companies under EFE status benefits advantages for a period of 25 years. The conditions of eligibility for the EFE status and the benefits granted for approved companies are set out page 51:

**Investment Code Regime:** Established by Law No. 2004-06 of February 6, 2004, the Senegalese Investment Code aims to attract local and foreign private investment in specific sectors. It should be noted that certain provisions of the Investment Code (particularly those related to tax benefits) were repealed by Law No. 2012-32 of December 31, 2012. These benefits were incorporated into the General Tax Code.

The Investment Code provides specific incentives to stimulate investment in key sectors such as agriculture and agribusiness, fishing, livestock and related industries, manufacturing industry, tourism, and mining.

It should be noted that a reform of the Investment Code was initiated in 2021 and is ongoing to this day.

The eligibility criteria for this regime, as well as the benefits granted to approve enterprises, are presented page 52.



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Eligibility conditions for EFE status	Approval formalities and procedure	Benefits granted	Period of validity of the approval
<ul style="list-style-type: none"> <li>- Be an agricultural, industrial and teleservices company established in Senegal</li> </ul>	<ul style="list-style-type: none"> <li>• <b><u>For new businesses:</u></b></li> </ul>	<ul style="list-style-type: none"> <li>• <b><u>Tax benefits :</u></b></li> </ul>	
	<ul style="list-style-type: none"> <li>- A request addressed to the Minister of Finance, including the detailed nature of the activity and the location(s);</li> </ul>	<ul style="list-style-type: none"> <li>- Payment of CIT at the rate of 15% (instead of the usual 30%)</li> </ul>	
<ul style="list-style-type: none"> <li>- Allocate at least 80% of its production abroad</li> </ul>	<ul style="list-style-type: none"> <li>- A national identity document or a copy of the by-laws;</li> </ul>	<ul style="list-style-type: none"> <li>- Exemption from registration fees and stamp duties, in particular during the incorporation and amendment of the by-laws of the EFE;</li> </ul>	
	<ul style="list-style-type: none"> <li>- A certificate of registration with the Trade Register (RCCM);</li> </ul>	<ul style="list-style-type: none"> <li>- Exemption of CFCE;</li> </ul>	
<p><b>NB :</b> Mining and oil companies cannot benefit from the tax advantages resulting from this regime (Article 253.3 of the SGTC).</p>	<ul style="list-style-type: none"> <li>- A copy of the Tax ID;</li> </ul>	<ul style="list-style-type: none"> <li>- Exemption from Local Economic Contribution (LEC) ;</li> </ul>	
	<ul style="list-style-type: none"> <li>- A technical sheet in ten (10) copies indicating the details of the project (target markets, distribution of turnover, details of necessary investments, etc.);</li> </ul>	<ul style="list-style-type: none"> <li>• <b><u>Customs benefits</u></b></li> </ul>	
	<ul style="list-style-type: none"> <li>- Letter of intent from clients (for teleservices companies);</li> </ul>	<ul style="list-style-type: none"> <li>- Exemption from customs duties and customs stamps;</li> </ul>	
	<ul style="list-style-type: none"> <li>- Copies of contracts signed with customers and related purchase orders ;</li> </ul>	<ul style="list-style-type: none"> <li>- Duty-free export or import of capital goods, materials, raw materials, finished products, semi-finished products;</li> </ul>	
	<ul style="list-style-type: none"> <li>- Copies of invoices issued on behalf of customers;</li> </ul>	<ul style="list-style-type: none"> <li>- Local purchases free of all entry taxes;</li> </ul>	
	<ul style="list-style-type: none"> <li>- Bank credit advices ;</li> </ul>	<ul style="list-style-type: none"> <li>- The period of stay of imported goods is unlimited;</li> </ul>	
	<ul style="list-style-type: none"> <li>- Title of occupation for the site (for agricultural businesses)</li> </ul>	<ul style="list-style-type: none"> <li>- Possibility of selling part of the production on the local market (in this case, taxes are levied on the materials used in the manufacture of these products according to the origin and based on the customs value on importation of the said materials)</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b><u>For existing businesses:</u></b></li> </ul>	<ul style="list-style-type: none"> <li>• <b><u>Other benefits</u></b></li> </ul>	25 years
	<ul style="list-style-type: none"> <li>- A valid tax clearance certificate issued within the last six (6) months.</li> </ul>	<ul style="list-style-type: none"> <li>- Attribution of authorization to the EFEs allowing them to transfer all necessary funds for their investments, commercial and financial operations to countries outside the Franc Zone.</li> </ul>	
	<ul style="list-style-type: none"> <li>- Financial statements for the latest fiscal year.</li> </ul>	<ul style="list-style-type: none"> <li>- Granting to their foreign employees, collaborators, shareholders, and lenders of EFEs the authorization to transfer funds to countries outside the Franc Zone in accordance with exchange regulations.</li> </ul>	
	<ul style="list-style-type: none"> <li>- A certified statement from the Customs Administration, including export declarations for the past two (2) years, indicating the exported values and weights.</li> </ul>	<ul style="list-style-type: none"> <li>- The freedom to recruit personnel, whether local or expatriate.</li> </ul>	
	<ul style="list-style-type: none"> <li>- A statement of VAT declarations for the past two (2) years, certified by the Tax Administration.</li> </ul>	<ul style="list-style-type: none"> <li>- The possibility of recourse to international arbitration in the event of a dispute between an EFE and the State of Senegal.</li> </ul>	
	<ul style="list-style-type: none"> <li>- Certificate of manufacturing or production for each exported product and title of occupation of the land of base (for agricultural companies)</li> </ul>		
	<p><b>NB :</b> The complete file is submitted to the APIX's "guichet unique" against issuance of a receipt.</p>		
	<p>APIX generally has a period of thirty (30) days from the date of submission to accept or reject the application. Failing this, approval shall be deemed to have been granted.</p>		
	<p>However, in practice, the processing time for the approval application may take more than two (2) months.</p>		

<p><i>Sectors of activity eligible under the Investment Code</i></p>	<p>In accordance with Article 2 of the Investment Code, companies operating in one of the following sectors are eligible for the regime provided for in the said Code:</p> <ul style="list-style-type: none"> <li>• agriculture, fisheries, livestock and storage activities of plant, animal or fisheries origin;</li> <li>• manufacturing activities of production or processing;</li> <li>• extraction or processing of mineral substances;</li> <li>• tourism, tourism facilities and industries, other hotel activities;</li> <li>• cultural industries (books, cinema, documentation centers, audio-visual production centers, etc.);</li> <li>• Services in the following subsectors <ul style="list-style-type: none"> <li>- health</li> <li>- education and training,</li> <li>- assembly and maintenance of industrial equipment,</li> <li>- teleservices,</li> <li>- Air and maritime transport</li> </ul> </li> <li>• port, airport and rail infrastructure;</li> <li>• development of commercial complexes, industrial parks, tourist zones, cyber villages, and craft centers..</li> </ul> <p><b>Note :</b> Trading activities (resale as is) are expressly excluded from the scope of the Investment Code regime. Similarly, activities eligible for specific codes or the status of EFE (as described below in section 17.1 above) also fall under the benefits of the Investment Code.</p>
<p><i>Minimum investment amount</i></p>	<p>The minimum investment amount required for the projected investment is XOF 100,000,000 XO.</p> <p><a href="#">However, for small and medium-sized enterprises (SMEs)[1],</a> the minimum amount of investment is reduced to XOF 15,000,000 CFA provided that the investment is made in the following sectors considered as priorities :</p> <ul style="list-style-type: none"> <li>- the primary sector and related activities: agriculture, fishing, livestock, storage, packaging and processing of local products of plant, animal or fisheries origin, agri-food industry;</li> <li>- social sectors: health, education and training;</li> <li>- services: assembly, maintenance of industrial equipment and teleservices;</li> </ul>
<p><i>Investment forms</i></p>	<p>The investment must take the form of a new business or an expansion project</p> <ul style="list-style-type: none"> <li>- A new enterprise refers to any newly created economic entity in the process of implementing an eligible investment program for the start of its activities.</li> <li>- An expansion refers to an approved investment program initiated by an existing company that results in : <ul style="list-style-type: none"> <li>o An increase of at least 25% in production capacity or the value of acquired fixed assets</li> <li>o An investment in production equipment of at least XOF 100,000,000.</li> </ul> </li> </ul>
<p><i>Approval terms and conditions</i></p>	<p>An application for approval must be completed by the applicant and submitted to APIX, which issues a deposit receipt to the applicant. The approval application file must include the following documents:</p> <ul style="list-style-type: none"> <li>• <b>For all sectors</b> <ul style="list-style-type: none"> <li>- a letter for approval addressed to the Ministry of Finance.</li> <li>- A certificate of incorporation issued by the Trade Register, legalized by-laws, Tax ID (in the case of a sole proprietorship);</li> <li>- Ten (10) copies of a technical sheet indicating the investment's location, investment origins, description and process of the goods and services to be produced, current and planned production capacities, expected launch date, etc...</li> </ul> </li> <li>• <b>For the education, healthcare, tourism, mineral extraction, and infrastructure sectors:</b> <ul style="list-style-type: none"> <li>- Required authorizations for the healthcare or education sectors.</li> <li>- Architectural plans for the proposed works and execution plans for infrastructure projects.</li> <li>- A contract to attach the project to an existing reception facility or, failing that, a base, for leisure projects;</li> <li>- The authorization of opening and operation if the tourist facility includes a casino and gaming rooms.</li> <li>- An exploitation permits as provided by the Mining Code for mineral extraction projects.</li> </ul> </li> <li>• <b>For expansion projects</b> <ul style="list-style-type: none"> <li>- The aforementioned documents.</li> <li>- A tax clearance less than three (3) months old;</li> <li>- Financial statements from the latest accounting period.</li> </ul> </li> </ul>
<p><i>Approval procedure</i></p>	<p>The application for approval is processed by APIX and forwarded to the Approval Committee for review. The instruction must be made by APIX within ten (10) working days from the date of issue of the deposit receipt. If, at the end of this period, no reply is given, <b>the approval is deemed to have been granted.</b> However, APIX may request additional information for a better examination of the application. The approval is issued by the Minister of finance through a letter. It is issued in two (2) phases:</p> <ul style="list-style-type: none"> <li>• Approval including the advantages granted during the implementation phase,</li> <li>• Approval including the advantages granted during the operation phase.</li> </ul>
<p><i>Benefits granted</i></p>	<p>The benefits granted to beneficiaries vary depending on the project phase.</p> <ul style="list-style-type: none"> <li>• <b>Benefits granted during the investment phase</b> <ul style="list-style-type: none"> <li>- Exemption from customs duties on the importation of equipment and materials that are neither produced nor manufactured in Senegal and are specifically intended for production or operation within the Approved Investment Program.</li> <li>- Suspension of VAT on imports and local purchases of goods and services.</li> </ul> </li> </ul> <p><b>Note:</b> The investment phase refers to the implementation phase of investments, which lasts until the date of first production. In any case, the investment phase cannot exceed three (3) years.</p> <ul style="list-style-type: none"> <li>• <b>Benefits granted during the operational phase</b> <ul style="list-style-type: none"> <li>- <b>CFCE</b> Exemption for a period of five (5) years. This duration can be extended to eight (8) years if the approved company creates at least 200 jobs or if at least 90% of the created jobs are outside Dakar;</li> <li>- Possibility to enter into fixed-term contracts for a maximum duration of five (5) years from the date of approval, provided that the employment contract references the Investment Code as well as the reference to the approval letter;</li> <li>- Tax credit: For five (5) consecutive years starting from the year following the completion of the investment program, the approved company is authorized to deduct 40% of the amount invested, without exceeding 50% of the taxable profit. Beyond these five (5) years, the remaining tax credit is lost.</li> </ul> </li> </ul>



### Rules relating to imports and exports of goods in Senegal

**Overview of customs duty and import taxes applicable when goods are imported into Senegal:** imports of goods or equipment are subject to customs duties and import taxes. Some of these levies apply to goods imported from third countries (i.e. outside WAEMU and ECOWAS), detailed below:

- Customs duties (“**Droits de douanes**”), the rate of which varies between **0%, 1%, 5%, 10%, 20% and 35%** depending on the customs position of the imported products (i.e. HSN Code) ;
- Statistical fees (“**Redevance statistique**”) at a rate of 1% of the CIF value (CIF includes Cost, Insurance and Freight)
- The ECOWAS community fees (“**Prélèvement communautaire CEDEAO**”) at a rate of **0.5%** of the CIF value;
- The WAEMU community solidarity fees (“**Prélèvement communautaire de solidarité**”) at the rate of **0.8%** of the CIF value;
- COSEC fees at the rate of **0.4%** of the CIF value;
- PROMAD fees at the rate of **1,5%** of the CIF value;
- VAT at a rate of **18%** of the CIF value plus customs duties and statistical fees.

**Note :** The importation of certain goods (e.g., tobacco, coffee, hydrocarbons, etc...) is subject to specific taxes. In such cases, these taxes must also be paid by the importer to the customs authorities, along with the customs duties and other levies mentioned above.

**Formalities and documents prior to the import or export of products (common regime):** the formalities set out in **the table below** are general and apply to import or export operations carried out in Senegal.

	Import	Export
<i>Prior formalities</i>	<ul style="list-style-type: none"> <li>• Apply for a trader's card.</li> <li>• Apply for an import/export card.</li> </ul>	
<i>Procédure</i>	<ul style="list-style-type: none"> <li>• <b>Pre-clearance</b> <ul style="list-style-type: none"> <li>- Collection and production mandatory documents from abroad related to importation through the customs administration system.</li> <li>- Submitting a prior import declaration..</li> </ul> </li> <li>• <b>Customs clearance</b> <ul style="list-style-type: none"> <li>- Subscribe to a declaration including:                             <ul style="list-style-type: none"> <li>o the commercial invoice;</li> <li>o the transport document (bill of lading or air waybill, as applicable);</li> <li>o the certificate of origin;</li> <li>o the certificate of insurance;</li> <li>o the sanitary or phytosanitary certificate (depending on whether they are products of animal or plant origin);</li> <li>o the prior import declaration;</li> <li>o the check certificate;</li> <li>o Food Import Declaration (so-called in French “<i>Déclaration d'Importation de Produits Alimentaires</i>” or “<i>DIPA</i>”), if applicable ;</li> <li>o the declaration of value elements ;</li> <li>o other documents related to importation.</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <input type="checkbox"/> Submit a declaration including the following documents :                             <ul style="list-style-type: none"> <li>- the commercial invoice;</li> <li>- the customs declaration;</li> <li>- the export certificate;</li> <li>- sanitary and phytosanitary certificates, where applicable;</li> <li>- foreign exchange commitment;</li> <li>- the certificate of insurance;</li> <li>- Bill of Lading ;</li> <li>- a certificate of origin.</li> </ul> </li> <li>• Use the services of an authorized customs broker when the value of the goods exceeds XOF 200,000.</li> </ul>
<i>Special restrictions</i>	<p>The import of the products listed below is subject to specific conditions (non-exhaustive list):</p> <ul style="list-style-type: none"> <li>• <b>Hydrocarbons:</b> Prior authorization from the Ministry of Energy</li> <li>- Gold: Prior authorization from the Ministry of Economy and Finance</li> <li>• <b>Weapons and ammunition, transmitting and receiving devices:</b> Ministry of Security</li> <li>• <b>Meat and offal:</b> Ministry of Livestock</li> </ul> <p><b>Note:</b> Obscene publications in any form (cassettes, videos, newspapers, and any other objects contrary to public decency), narcotics, and subversive publications likely to disturb public order are prohibited from import</p>	<p>The export of the products listed below is subject to specific conditions (non-exhaustive list):</p> <ul style="list-style-type: none"> <li>• <b>Gold:</b> Prior authorization from the Ministry of Finance</li> <li>• <b>Salt :</b> Trade Ministry ;</li> <li>• <b>Leather and skins:</b> Ministry of Livestock</li> </ul>

**Temporary Admission Scheme for Mining Permit Holders:** in accordance with the provisions of article 79 of the Mining Code, companies holding mining titles benefit from a special regime for the import and export of certain materials and equipment. This regime consists of an exemption from customs duty and import taxes during the research phase (see our comments above in section 12) and temporary admission for customs purposes.



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Regarding temporary admission, please note that in accordance with the provisions of Article 79 of the Mining Code, upon simple certified presentation of a research permit, benefit from temporary admission, with total suspension of import duties and taxes:

- Materials, supplies, machinery, equipment, and utility vehicles directly intended for mining exploration operations.
- Construction machinery and vehicles that can be re-exported or transfer after use.

**Note:** In the case of release for consumption following temporary admission, the duties and taxes payable are those in force on the date of filing of the declaration of release for consumption. The basis for collecting those duties is the market value of the products on that date.

### 3.2. Macroeconomic context for in-country financings

#### Gross domestic product (GDP) analysis

##### Historical GDP growth (The World Bank, 2022)

Senegal’s GDP in 2020 stood at \$24.9 billion in current terms. Its per capita gross national income (GNI) was \$1,430 in 2020, making it a lower-middle-income country (Figure 9, Figure 10, Figure 11, Figure 12).

Senegal’s economy grew by more than 6% per year between 2014 and 2018. Real GDP growth stood at 0.87% in 2020, down from 4.4% in 2019, and 6.2% in 2018.

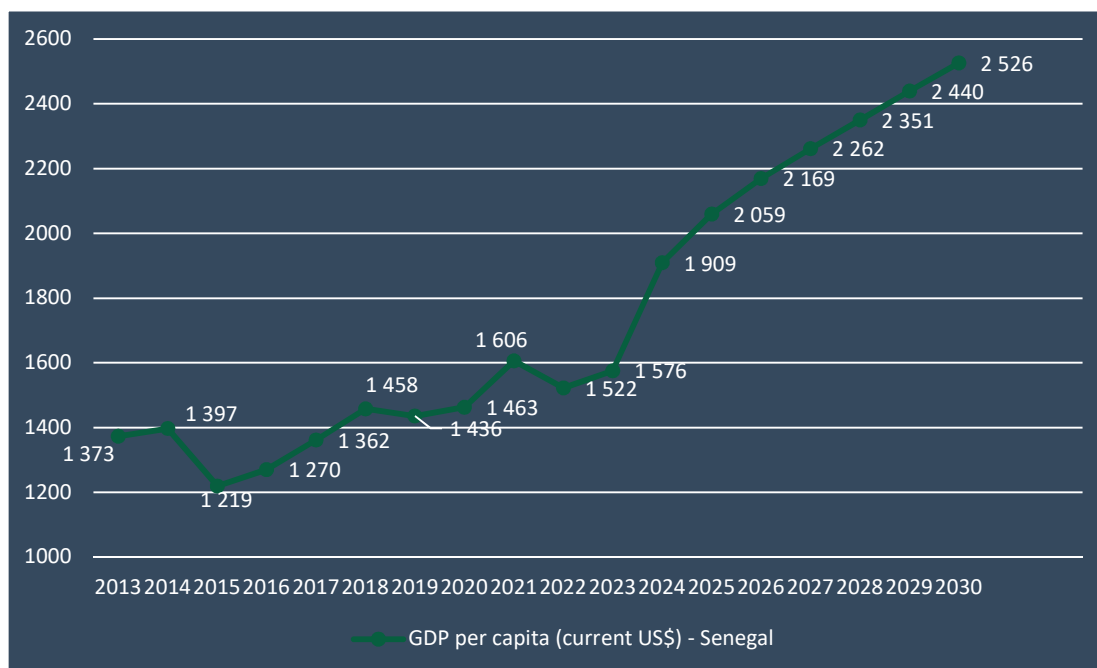


Figure 9. Historical gross domestic product (GDP) per capita from 2011 to 2021 for Senegal & projected estimations from 2022 to 2030 (Sources: World Data Bank, S&P)



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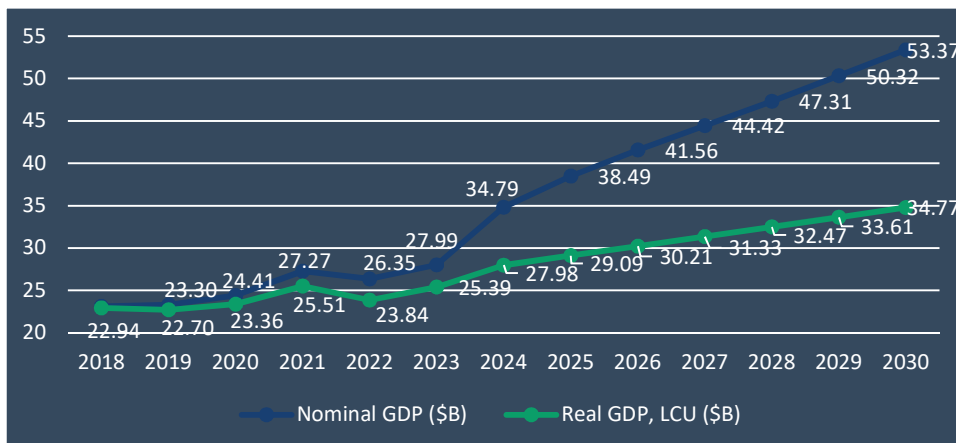


Figure 10. Historical and projected nominal GDP and real GDP growth for Senegal (Sources: S&P)

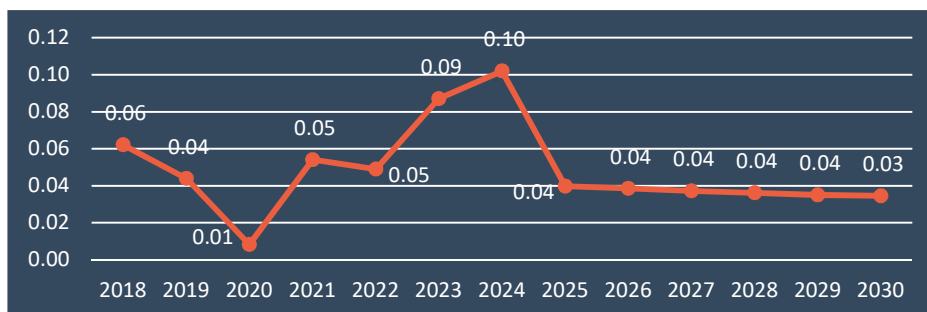


Figure 11. Historical and projected real GDP growth of Senegal [%]

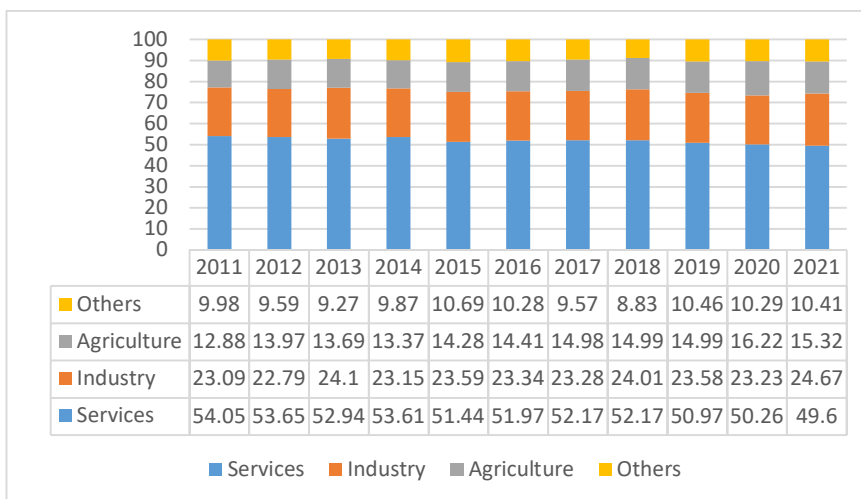


Figure 12. Distribution of gross domestic product (GDP) of Senegal across economic sectors from 2011 to 2021 [%] (Source: Statista)



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### **Projected economic growth driven by public investment and hydrocarbons production (The World Bank, 2022), (Coface, 2022)**

The economic recovery in Senegal is facing challenges, primarily due to the conflict in Ukraine. Real economic growth is projected to decline from 6.1% in 2021 to 5% in 2022. This decline is attributed to reduced private consumption and investment, driven by higher food and energy prices and increased uncertainty. The COVID-19 pandemic has significantly impacted sectors like tourism, transport, and exports. Senegal has responded with containment measures and an Economic and Social Resilience Program (PRES). However, challenges include limited fiscal reserves, a vulnerable healthcare system, and a substantial informal sector.

The economic recovery is expected to be gradual, requiring deeper reforms outlined in the Emerging Senegal Plan (PSE). Public investment remains essential for growth, with the "Emerging Senegal" Plan supporting infrastructure improvements that boosted average growth to approximately 5% between 2014 and 2019.

Infrastructure projects, including the regional express train, a deep-water port, and energy projects, are set to enhance economic development. However, oil and gas projects have been delayed due to the pandemic and are not expected to contribute to revenue and exports until 2024. The current-account deficit will widen in 2022 but is expected to shrink as oil and gas exports ramp up in 2024-26.

The recovery, along with the resumption of tourism and reduced imports linked to resource extraction, is expected to boost growth from 2023. Nevertheless, potential global economic slowdown and deteriorating terms of trade, particularly in gold, may impact trade expansion negatively.

### **GDP and its breakdown by major sector of GDP: services, industry and agriculture (Coface, 2022)**

The government is continuing to engage in numerous development agreements, for instance in agriculture with a loan from the African Development Bank for EUR 121 million in June 2022. While the structure of GDP is relatively balanced, the workforce remains concentrated in agriculture (16% of GDP for 80% of the workforce in 2020), highlighting the low productivity of the sector. Tourism (6% of GDP and 9% of employment before COVID-19) and mineral prices subject to the health and economic situation are all signs of fragile fundamentals before the discovery of offshore deposits.

The IHS Markit real GDP growth forecast for Senegal stands at 5.0% in 2022 and 8.8% in 2023 despite continuing pandemic-related challenges, including new spending priorities such as youth employment creation and health services. The projected impact of oil and gas production on real GDP is driving the higher rate for 2023. The manufacturing, construction, trade and transport sectors should provide sustained support to the economy.

### **Stable institutions but simmering tensions with impacts on GDP (Coface, 2022), (S&P Global)**

Regional instability poses risks to the economy, particularly in the south-east of the country, where armed groups operate near the goldfields, while the Islamist threat spreads from neighbouring Mali. Artisanal and informal gold mining provides opportunities for these groups and represent a leak for GDP: money



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laundering, recruitment of poor people, smuggling, supply of explosives, etc. The structuring of the sector by the state, including the local population, should prevent the fight against the underground economy from becoming unpopular. Internally, the opposition made progress in the July 2022 legislative elections, benefiting from frustrations linked to youth unemployment, corruption fuelled by major construction projects and growth that does not benefit everyone equally. Despite strong support from rural areas, President Sall's short majority is unlikely to have much room for manoeuvre, which rules out a third term in 2024, provided the constitution can be amended.

Despite now tougher challenges in the National Assembly, President Sall is likely to accelerate the passage of subsidiary legislation relating to local content in the oil and gas sector as a vote-winning measure ahead of the next presidential poll. Senegal has set an ultimate target of 50% local content by 2030, an aim inhibited by a current shortage of skilled local labour, but Sall is likely to enforce more stringent adherence to using local suppliers and subcontractors as the industry heads towards the start of oil and gas production in late 2023.

### Foreign direct investment (FDI) analysis

The foreign direct investment in Senegal can be found below (Figure 13).

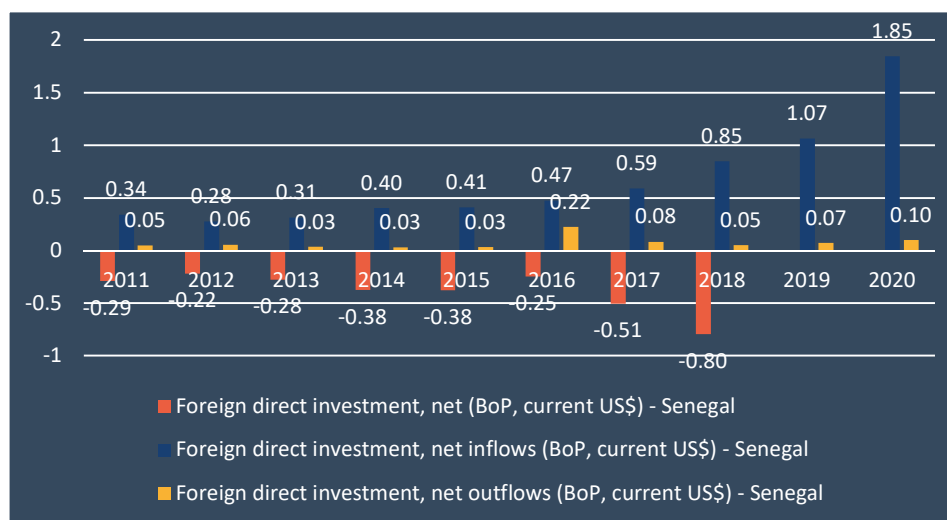


Figure 13. Foreign direct investment net, net inflows, net outflows from 2013 to 2020 in Senegal (Source: World Data Bank)

### Net FDI analysis (IMF - International Monetary Fund, 2022)

The current account deficit has been financed in part by a significant increase in foreign direct investment in recent years. Net FDI was estimated to be 5.8 percent of GDP in 2020—up from 4.3 percent in 2019 and 3.4 percent in 2018—largely associated with foreign participation in the SNE and GTA hydrocarbon projects, which are largely externally-financed. Net portfolio investment flows were estimated to be 1.1 percent in 2020, down from the elevated levels seen in 2017-18 associated with Senegal's Eurobond issuances in those years. In 2020, the authorities have relied on concessional financing from IFIs and bilateral partners to finance additional spending in response to COVID-19. Staff believe there are



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moderate risks from a financial account perspective. The increase in FDI poses a low level of risk to external stability given their strong link to future output from the oil and gas projects. The use of concessional financing to fund the government's response to COVID-19 has further reduced financing risks. However, while spreads are currently low, Senegal's capacity to access financing on capital markets at reasonable rates is contingent on the highly uncertain path for global interest rates. The authorities should prioritize concessional financing in the near term, alongside a gradual increase in domestic financing over the medium term, taking advantage of favorable global market conditions where possible.

### **FDI inflows analysis (LLOYDS BANK, 2022)**

Senegal hosts a large stock of FDI compared to its region. The government is leading an active policy to encourage FDI inflows. According to the UNCTAD 2021 World Investment Report, Senegal was among the few economies on the continent that received more FDI inflows in 2020, up 39% to USD 1.5 billion, compared to USD 1.1 billion in 2019, despite the global economic crisis triggered by the Covid-19 pandemic. The total stock of FDI stood at USD 8.7 billion at the end of 2020. This increase in FDI is the result of investments in energy, both in the traditional oil and gas and renewable energy sectors. According to UNCTAD' Investment Trends Monitor, global FDI flows rebounded strongly in 2021, but FDI flows to African countries (excluding South Africa) rose only moderately. Work on offshore oil and gas fields first began in Senegal in 2020, the largest project being the SNE Oil Field, which is being developed 100km south of the capital, Dakar, by a consortium including Woodside Petroleum (Australia), Cairn Energy (UK), FAR (Australia) and Petrosen (Senegal).

Since 2014, FDI inflows have been linked to the Emerging Senegal Plan for the development of infrastructure, electricity, agriculture, drinking water and health. Senegal is looking to develop new industries that are linked to hydrocarbons such as petrochemicals, pharmaceuticals, fertilizers as well as a broad utilization of gas-to-power projects linked to the automotive manufacturing and mining (Energy Capital Power). Foreign investors have secured contracts to exploit mineral resources, provide garbage services, and manage Dakar's maritime port. Port Operator DP World (a Dubai-based company) plans to build a massive USD 1.1 billion deep-water port located 50km away from Dakar. France is the largest investor in Senegal, but recently there have been important investments from China, Turkey and the United Arab Emirates. Some other key investors are Morocco, Indonesia, and the United States.

### **Foreign Exchange (FX) and inflation**

#### **Exchange rate**

Currently the founding principles that act on the Franc Zone are those recalled in the conventions of 1972 and 1973.

- Fixed parities with the anchor currency
  - The rate of the CFA franc is pegged to that of the euro with a fixed parity rate.  
Nowadays 1 EUR = 655.957 CFA francs.
- Free transferability



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- Transfers are free within the Franc Zone, whether they are current transactions or capital movements.
- Guarantee of convertibility by the French Treasury and centralization of foreign exchange reserves
  - The Treasury undertakes to ensure the convertibility of the currencies issued by the issuing institutions of the zone (the BCEAO, the BEAC and the Central Bank of the Comoros). In return, the African central banks must deposit a portion of their foreign exchange reserves there (excluding current cash and transactions with the IMF) up to 50% for the BCEAO and the BEAC. Since 1975 these assets have also had an exchange guarantee with the SDR. The centralization of foreign exchange reserves is also done at the regional level with the central banks of the states in the zone.

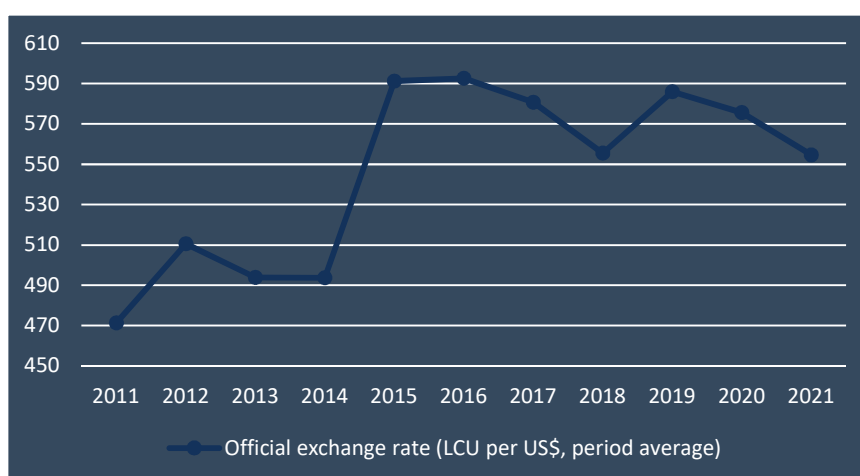


Figure 14. Historical official exchange rate in Senegal (CFA per US\$, period average)

Therefore and according to Figure 14, the average annual exchange rate generally decreased between 2019 and 2021 but it decreased sharply since May 2021 and this downward trend should not be reversed in 2023 according to the (Trading Economics, 2022) due to the high inflation in 2022 and likely in 2023.

### Inflation



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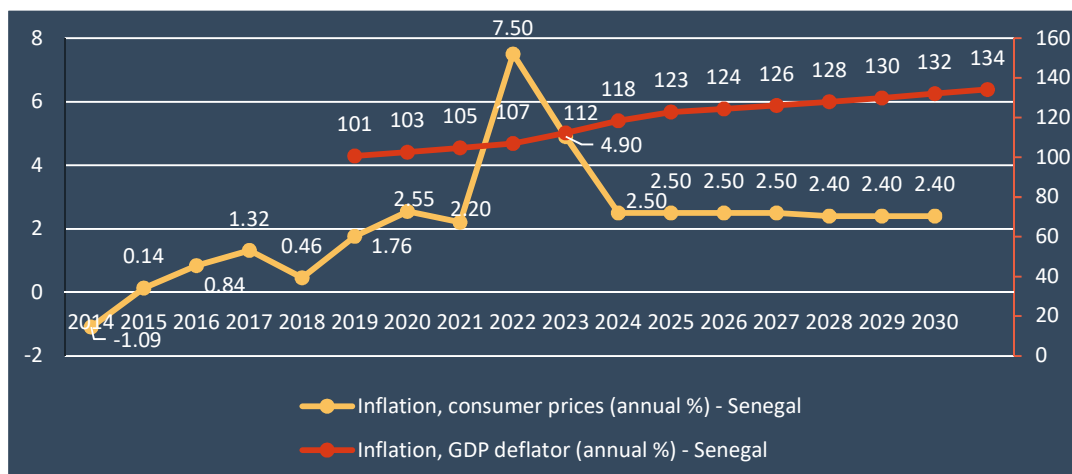


Figure 15. Historical and projected data on inflation indicators in Senegal (S&P Global, 2022)

First, Consumer Price Index (CPI) is based on the prices of goods and services consumers buy from a fixed basket of goods. On the other hand, the GDP deflator covers all domestic products and services produced in an economy. CPI includes foreign or imported goods, while the GDP deflator is exclusively for domestically produced goods. This is why the evolutions of these two indicators are different. However, inflation has generally been on the rise since 2014 (Figure 15).

Having weathered the pandemic relatively well, the economy has been hit hard by the consequences of the war in Ukraine. The country is heavily dependent on external food and energy supplies, resulting in high imported inflation in 2022. Inflation actually reached a multi-decade high of 11.2% in August, driven by rising food prices (17.3%), negatively impacting the level of household life. Average inflation in 2022 is now expected to reach 7.5%. In 2023 and 2024, the energy sources of inflation are expected to diminish, but the degree of decline will depend on the Ukraine war and the climatic hazards affecting agriculture. After 2024, inflation should hover around an average value of 2.4 to 2.5.

### Sovereign debt<sup>24</sup>

The evolution of sovereign debt in Senegal can be found below (Figure 16, Figure 17).

<sup>24</sup> (Countryeconomy.com, 2021) (The World Bank, 2022)



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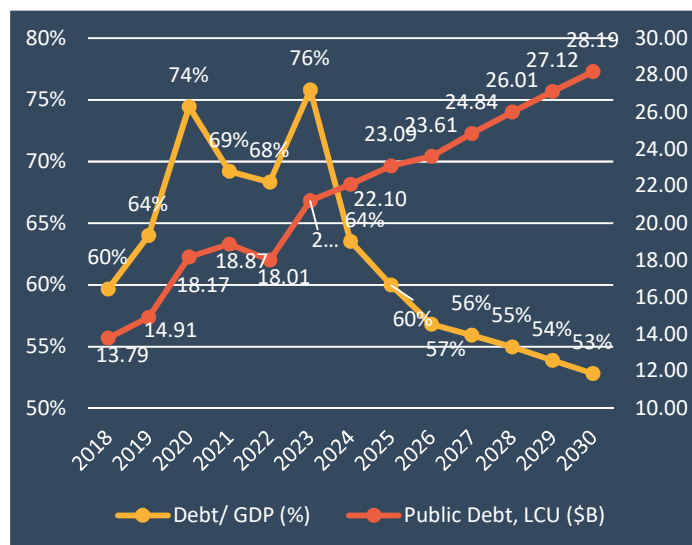


Figure 16. Historical and projected data on public debt and debt/GDP of Senegal (S&P Global, 2022)

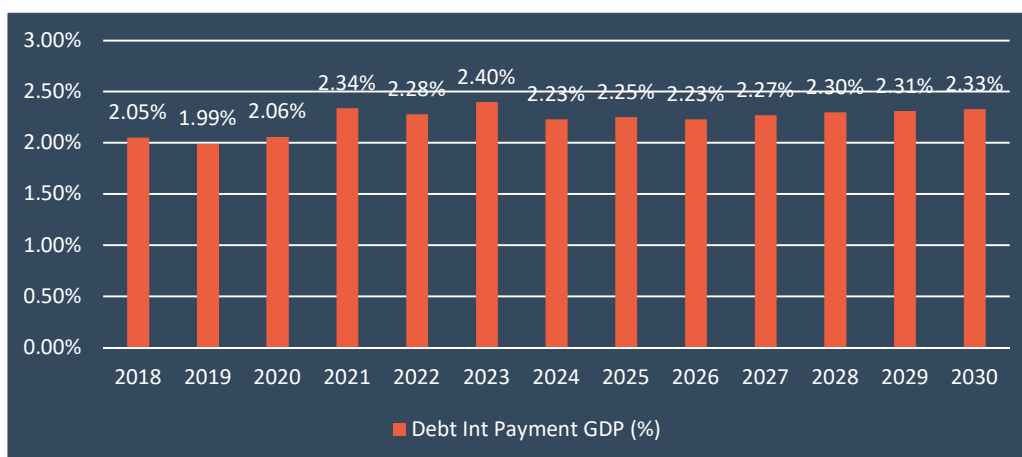


Figure 17. Historical and projected data on public debt interest payment of Senegal (S&P Global, 2022)

In 2021, Senegal's public debt reached 20.221 million dollars, a rise of 3.252 million dollars compared to 2020, representing 69% of the country's GDP. Over the years, Senegal's debt has been steadily increasing, both in absolute terms and as a percentage of GDP. In 2021, the per capita debt stood at \$1,176, up from \$1,013 in 2020 and \$449 in 2011. Senegal's global debt position in terms of GDP percentage has worsened in 2021, ranking 129th out of 190 countries. The exploitation of hydrocarbons is expected to help reduce the current deficit, but challenges remain due to the Ukraine war's impact on energy and agricultural products. Debt forecasts indicate an annual increase in public debt, though the debt-to-GDP ratio is expected to improve from 2024, contingent on the successful start of Senegalese oil projects, delayed by the COVID-19 pandemic.



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### Regional economic alliances/uniform regulatory, accounting, legal frameworks as these may facilitate trade and foster a business-friendly environment<sup>25</sup>

Senegal is a member of ECOWAS, aiming to establish a regional free trade zone for 300 million inhabitants, although the full implementation of the ECOWAS Trade Liberalization System (ETLS) remains pending. The country has embraced the ECOWAS Common External Tariff (CET) System and generally enforces tariffs transparently. Senegal signed the African Continental Free Trade Area (AfCFTA) agreement in 2018, which came into effect in 2019, with ongoing negotiations for full implementation.

Senegal lacks a bilateral taxation treaty with the United States but has double taxation avoidance agreements with 15 partners. In the World Bank's 2020 Doing Business report, Senegal improved its ease of doing business ranking, moving from 141st to 123rd worldwide. The country has expanded access to credit information, streamlined tax collection through electronic systems, and initiated reforms in the labor market, land access, and commercial justice.

Senegal offers no legal discrimination against foreign-owned businesses and allows full foreign ownership in most sectors. Its advantages include competitive production costs, a skilled workforce, strategic location, positive political relations, and a competitive economy. However, challenges include economic vulnerability, limited diversity, infrastructure underdevelopment, bureaucratic hurdles, high costs, and security concerns.

Senegal has close relations with France and the U.S. on military issues, with the EU on migration issues, with China on trade issues and with Russia for agricultural inputs. This dependence on products of Russian agriculture, the lifting of sanctions on Mali by ECOWAS and increased links with Turkey and the Gulf States are the main recent developments to watch.

### Restrictions on imports/exports and overview of time and costs relating to customs clearance<sup>26</sup>

#### Overview

Senegal is a member of the West African Economic and Monetary Union (WAEMU) as well as the Economic Community of West African States (ECOWAS). Through these organizations, Senegal has adopted broad economic, import, customs, tariffs, and export regulations.

Senegal abides by the ECOWAS Common External Tariff (CET) with a special import tax (TCI) on selected food products whose prices drop below a certain threshold. Import duties and customs fees are one of the GOS's main sources of revenue. The GOS has contracted with Swiss-based Cotecna for Senegal's pre-shipment inspection (PSI). PSI applies to all imported goods valued at three million CFAF (\$6,000) and higher.

The Senegalese Single Window, called ORBUS, was established in order to achieve the following objectives:

- Reduction of customs clearance time-limits

<sup>25</sup> International trade administration, 2020

<sup>26</sup> International trade administration, 2020, PWC, 2022



- Reduction of customs clearance costs
- To improve the quality of the service offered to importers and exporters
- Elimination of red tape

### Some rates and dates for corporate taxes

- Value-added tax (VAT)

Subject to certain exclusions, most commercial operations are subject to an 18% VAT.

VAT on tourism activities is 10%.

A 17% special tax on financial activities (mainly banking, money transfers, interest, premiums and other remunerations received on loans, keeping of bank accounts or equivalent, financial intermediation and change operations) is applicable instead of VAT.

VAT returns must be filed monthly.

- Customs duties/Import tariffs

In the case of import of goods, the following tariffs apply:

- Customs duties: 0%, 5%, 10%, or 20%, depending on the nature of the goods.
  - Statistical import charge: 1%.
  - Community solidarity levy: 0.8% since 1 July 2017 (1% before July 2017).
  - Economic Community of West African States (ECOWAS) levy: 0.5% (only applicable to products originating from non-ECOWAS countries).
  - Senegalese Shippers Council (COSEC) royalty: 0.4% (only applicable on importation by sea).
  - A 1.5% levy for the Customs Modernisation Program was introduced by the 2022 Finance Act. It is applicable to the customs value of eligible goods, excluding those placed under customs and tax regimes promoting investment.
  - A 0.5% levy is added to the fees due for commercial operations carried out outside the legally prescribed hours and for customs computer services (Finance Act 2022). It is applicable to the customs value of eligible goods, excluding those placed under customs and tax regimes promoting investment.
- Export duties on non-monetary gold
    - The rate is fixed at 4% on the customs value of non-monetary gold and is paid at the point of exit from the national territory.

## 3.3. Political context for in-country financings

### Introduction

Senegal has a rich mineral resource base, including precious metals, base metals, industrial minerals, and heavy minerals, but the country's resources remain under-exploited. President Macky Sall has prioritized the development of the mining sector and has attracted foreign investments. The country's political stability and democratic credentials have played a key role in attracting investors. The exploitation of oil and gas at the Greater Tortue Ahmeyim discovery will further boost Senegal's economic development. However, political tensions and socio-economic grievances pose challenges for businesses operating in Senegal. Regulatory risks are limited, with a focus on streamlining regulatory procedures. The government



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is also conducting assessments to ensure compliance with social and environmental obligations as required by the Mining Code. Overall, Senegal presents attractive opportunities for investors in the mining sector.

### Political environment

**Background:** Senegal is a politically stable country with a strong democratic reputation. It has never experienced a coup d'état and has undergone two peaceful alternations of power. The army is professional and not involved in politics. Political parties can form freely and there is respect for freedom of assembly and expression. However, power remains heavily concentrated in the president's office and the independence of the judiciary has been called into question. This has led to unrest and undermined Senegal's reputation as a democratic exception in West Africa.

**Current dynamics:** Tensions have been mounting between the ruling camp and opposition party in recent years. Opposition leader Ousmane Sonko has faced multiple legal cases and was sentenced in May and June respectively on defamation and "corrupting the youth" charges. The latest convictions could make him ineligible to run in the 2024 elections. Moreover, on 31 July, a judge placed Sonko under a warrant of deposit for eight new charges related to national security. Sonko is likely to remain in prison until at least early February 2024 and to face a new trial. This is likely to further prevent him from running in 2024.

Some challenges are faced in Senegal, including issues like deficiencies in public services, rising living costs, and corruption allegations against the ruling camp. These grievances have led to a decline in popularity for President Sall and his party. While the ruling coalition managed to retain a narrow majority in the legislative elections, they lost a significant number of seats compared to previous elections.

The opposition coalition Yewwi Askan Wi remained united for the 2022 legislative election. However, it is expected that these divisions will grow as various coalition members, such as Khalifa Sall, Déthié Fall, and Ousmane Sonko, have their own political ambitions for the 2024 presidential elections. Additionally, a new bill passed in August 2024 will allow previously ineligible candidates, like Khalifa Sall and Karim Wade, to run.

**Civil unrest and political stability:** Ongoing political tensions (due to Sonko's detention) are likely to create risks for political stability in the upcoming year, with potential triggers. The overall political stability is nevertheless unlikely to deteriorate.

**Civil war:** The risk of civil war in Senegal is low, but the secessionist MFDC group still poses security challenges in the Casamance region. The Senegalese army has conducted operations against the group and weakened its southern front. However, clashes with the MFDC's northern faction and periodic confrontations are expected to continue, making the security situation in northern Casamance volatile. Businesses, foreign personnel, and mining operators in Casamance may be at risk of robberies, abductions, and potential attacks.



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### Attitudes towards foreign investment in the mining sector

Under President Macky Sall, the government of Senegal has shown a positive attitude towards the mining sector. They are actively working to increase foreign direct investment and consider mining a priority sector in their development plans. Sall's administration has also implemented stronger regulations regarding local development, social responsibility, and environmental protection in the mining industry. This is a significant departure from the previous government under President Abdoulaye Wade, which had lax enforcement of regulations and offered tax exemptions to mining companies. Changes to mining regulations have been made, including the requirement for companies to publish their revenues and contribute to local development funds. Sall's commitment to the mining sector is expected to continue, even if there are potential changes in leadership after the upcoming presidential elections.

The 25 February 2024 presidential elections are unlikely to lead to major changes in the government's attitude towards the mining sector. In our most likely scenario, the BBY candidate secures victory in the first round of elections and maintains Sall's economically liberal, pro-business orientation. He seeks to develop the mining sector and encourage foreign investments. In a credible alternative scenario, an opposition candidate secures victory in a second round of elections. Although the new president may push for further scrutiny and review of contracts previously reached under Sall administration, he remains committed to a pro-business orientation, and seeks to develop the mining sector and foreign investments.

### Civil society activism

Senegal's civil society organizations, such as Y'en a Marre and FRAPP-France Dégage, have been actively protesting against various political and socio-economic issues in recent years. These include deficiencies in public services, low purchasing power, flood management, power cuts, and water supply disruptions. FRAPP has also targeted foreign interests, criticizing the presence of foreign investors and the opening of a Chinese mall and French supermarkets. The movement also supports trade unions and workers who denounce precarious working conditions, especially in the growing mining sector, where they will continue to advocate for respect of labor and environmental regulations.

Local communities, civil unrest, and labour activism in Eastern Senegal (Kedougou and Tambacounda regions): Socio-economic grievances in the Kedougou and Tambacounda mining regions in Senegal will continue to drive civil unrest, creating challenges for mining operators in the area. These regions are among the poorest in Senegal, with a high percentage of people living below the poverty line. Local communities have expressed frustration over political exclusion, lack of economic development, and inadequate public services. Incidents such as protests over lack of electrification and deficiencies in the healthcare system have further fueled these grievances. The local population also holds gold-mining companies accountable for the lack of progress in the region.

Certain companies have faced criticism for their inadequate efforts in reducing their environmental impact. In particular, during the Mako demonstrations, the mining company in eastern Senegal was accused of polluting the Falémé river and neglecting its social and environmental responsibilities. This



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issue was previously raised in an article by a local newspaper in November 2020. While gold mining companies have mainly been targeted, other projects in Senegal could also face similar complaints. Therefore, mining operators need to carefully manage labor and community relations to prevent unrest and disruptions.

### External environment

**International regulations:** Senegal has been praised for its high scores in implementing transparency and stakeholder engagement measures in the mining sector, as required by the International Extractives Transparency Initiative (EITI). However, the EITI report pointed out that there are still challenges related to the transparency of revenue collection in the mining sector, as cash payments hinder transparency. It is expected that the government will continue to work on adopting transparency policies to make Senegal a leading mining jurisdiction in the future.

Senegal has ratified international conventions on natural resources management and environmental protection, such as climate change and hazardous waste disposal, but implementation is lacking. Artisanal miners in Eastern Senegal continue to use over 5.2 tons of mercury each year, polluting rivers and soils. While industrial mining companies comply with labor rights regulations, the artisanal mining sector still faces challenges, including child labor practices in gold mining exploitation.

At the regional level, the Senegalese government has ratified the West African Economic and Monetary Union (WAEMU) 2003 Mining Code and the Economic Community of West African States (ECOWAS) Mining Directive. These codes aim to harmonize and improve regulatory frameworks, promote human rights and social equity, and protect local communities and the environment in mining areas.

**Threat in regional countries:** The presence of Islamist militancy in Mali will continue to pose security challenges for Senegal, particularly in its eastern mining regions. Although Senegal has never been targeted by a terrorist attack, it remains an attractive target due to its close relations with France, its previous involvement in the military intervention in northern Mali, and Dakar's role as a diplomatic hub. Concerns of potential attacks in Senegal have been heightened by precedents in neighboring countries and the arrest of Senegalese individuals reportedly linked to Boko Haram. In February 2021, a dormant Salafi-Jihadist cell was dismantled in the Tambacounda region.



## 4. Assessment of social, environmental, and governance challenges<sup>27</sup>

### 4.1. Country-level assessment and context

#### 4.1.1. Mineral/mining policies, industry policies

Senegal joined EITI in October 2013 and the government has made efforts in reforming the legislative and regulatory framework of the mining sector with the aim of improving the governance of mineral resources and securing its interests with a strong national private sector. The New Mining Code has been adopted the 8 November 2016. It implements many important changes that follow those introduced elsewhere in Africa during recent years, such as the introduction of a production sharing agreement, local development provisions, increased transparency obligations, and changes to royalties and taxes calculations. The former code will continue to govern existing mining titles, while **the New Code only applies to those acquired after 8 November 2016** (once the implementation decree has been published).

The new mining code has brought major innovations:

- **Increased Benefit from Mining through** (A variable substance-dependant mining royalty rate, reintroduction of the surface tax, introduction of the principle of production sharing applicable in special government, strengthening control, promotion of local content;
- **Redistribution of Mining Revenues** between the communities impacted by mining (through the Local Development Support Fund (LDSF) and Equalization Fund for Local Authorities), the State and the mining administration. Mining title holders must now contribute annually to the LDSF, levied at 0.5% of sales after tax.
- The LDSF promotes the economic and social development of local communities residing near mining areas and must include women's empowerment projects.
- **Environmental Management through:** clarification of the requirement to conduct environmental assessments and the extension of the rehabilitation obligation to all holders of mining titles.

The Mining Sector Development Policy of Senegal is based on two levers (**the Emerging Senegal Plan** for the period 2014-2023 and **the Sectoral Policy Letter** for the period 2021-2025) and its objectives are:

- Proposal of strategies for the development of the gold, phosphate, zircon, and iron sectors with a view to achieving annual production objectives and, above all, promoting local processing, a source of wealth creation and employment.
- Development and validation of a national strategy for the development of local content in mining sector for an increase in local added value and job creation throughout the mining value chain
- Optimization of monitoring and control of mining operations by modernized tools.

<sup>27</sup> Most of this section is from AfricaMaVal deliverable 4.1 by AWIMA



When regarding ECRMs, a strategy for the development of the phosphate sector is being developed, as it gives high probability of contributing to the national economy through local processing as well as wealth and job creation.

### 4.1.2. Mining regulations

In order to conduct mining activities in Senegal, either a Small Mine Permit or Mining Permit is required. Mining companies must enter into a mining agreement with the State, detailing the terms and conditions of their activities and guaranteeing the stability of the legal conditions. The mining agreement must:

- Be published on the Official Gazette
- Not derogate from the New Mining Code (but may supplement its provisions)

Foreign Investment in a Senegalese company is encouraged, provided that the mining title is held by a locally registered Senegalese company. Licences and Permits are issued by the Government, through the Ministry of Mines and Geology.

### 4.1.3. Taxation and royalties

The Mining title holder is exempted from most taxes and fees including VAT and the Senegalese Shippers Authority named “COSEC” port charge during the “investment period”.

Revenue sharing was introduced in the sector to mark the State's desire to better distribute revenues between itself, local authorities and local communities living in the places where the resource is exploited. The different revenues are briefly defined below:

- **Mining royalties:** compulsory, but there can be some exemptions, as in the case where there is a production sharing agreement with the State. Royalties are calculated quarterly, and for domestic products it is calculated on the market value and for exports calculation is on the free on-board values.
- **Stability clause:** guarantee granted to the investor to protect him against a possible increase in the tax burden after that the mining agreement was signed or the exploitation permit was granted
- **Fixed fees:** taxes generally due when a mining title is granted or renewed (10 million FCFA)
- **Rent:** the amount, by which revenues exceed all production costs, including those of discovery and exploitation, as well as the return on capital
- **Others taxations:**
  - The state has a 10% free participation in the mining company at the exploitation stage and may negotiate for itself additional participation in the capital of the mining company.
  - Tax on corporate profits of up to 30%.
  - VAT is 18% for all products and services.
  - Fixed payroll (personnel) tax of 3% of taxable gross salary.
  - The local development fund (0.5% of the turnover before taxation) in accordance with the mining code.
- **Foreign Direct Investment:** Foreigners can invest just like Senegalese natural or legal persons, and are subject to the same duties and obligations under the laws of Senegal, subject to reciprocity and without prejudice to measures that may concern all foreign nationals or result from the provisions of treaties or agreements to which the Republic of Senegal is a party. Any liquidation of foreign investments, direct or otherwise, which is between non-residents and residents, must



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be reported to the authorized intermediary in charge of the settlement, with the supporting documents of the liquidation.

### 4.1.4. Land-use and mineral rights

Land related rights and regulations are set out in the requirements of their relevant permit/licence. The permit holders are required to:

- Respect, protect and implement human rights in areas affected by mining operations.
- Respect all the EITI principles and obligations.

The permit holder must pay compensation for any damages caused to the landowner and/or the occupants of the land:

- For Titled Land, the compensation is agreed between the landowner and the permit holder. If that fails, the compensation is set by the competent court in accordance with the law on expropriation.
- For Public Land, the compensation is agreed between the permit holder and the local community. If that fails, the compensation is set by a committee made of the local authorities and representatives of the ministries at the regional level.

The construction of infrastructure is subject to the issue of building permits. The state assists the mining permit holder with paper work when applying for such permits.

### 4.1.5. Environment

The Ministry of Environment of Senegal is responsible for regulating the environment, which is recognized as a national and international patrimony. The mining sector is regulated by Law 15-1-2001 on the Environmental Code and Decree No 2001-282 of 12 April 2001 on the application of the Environmental Code, as well as Law No 2016-32 of 8 November 2016 on the Mining Code and its implementing decree – Decree No 2017-459 of 20 March 2017 the Law 2001- 01. Thus, mining operators must obtain authorization from the Ministry of Environment to operate on a mining site, in addition to the mining title granted by the Mines Ministry.

All applications for exploration and mining permits in Senegal require an environmental impact assessment and an environmental management plan (Environmental and Social Impact Study, ESIA). The assessment must be conducted by an approved research firm, paid for by the mining permit holder. After approval from Department of the Environment and Classified Establishments (DEEC), which is responsible for the prevention and control of all environmental pollution, the ME issues an environment certificate of conformity (accessible at the DEEC). The public consultation are organized before the implementation of mining projects in the form of public hearings for consultation and validation of ESIA's. This process helps in the societal acceptance of the mining project, and it is regulated in Senegal through Ministerial Order No. 9468 MJEHP-DEEC dated November 28, 2001, regulating public participation in the impact study aimed at the adoption of a participatory approach in the decision-making processes of operations. Mining operations in classified forests must also adhere to provisions of the Forest Code

Other regulations and conventions that regulates the mining sector include:



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- International protection (ex IUCN Conventions)
- Community Protection (ICCA, Sacred Forest)
- In situ conservation
- Biodiversity Act (Ongoing)

Senegal has a Country Environmental Analysis (CEA), which aims to reinforce the ongoing dialogue on environmental issues between the World Bank and the Government of Senegal.

According to a World Bank report<sup>28</sup>, Senegal is already water stressed and current water withdrawals are projected to increase by 30 to 60% by 2035. Water-related extreme events and pollution already cost Senegal over 10% of GDP every year, threatening the country's ambition to become an emerging country.

Senegal urgently needs to prioritize water security to achieve and sustain its development objectives as outlined in the "Plan Senegal Emergent" (PSE 2019 – 2023). Transboundary cooperation is vital to Senegal's water security, as 34% of the country's water originates outside the country. International agreements governing the Senegal and Gambia Rivers provide a basis for countries to address water allocation, environmental preservation, and hydraulic and energy infrastructure<sup>29</sup>.

### 4.1.6. Societal and community aspects, cultural heritage

In Senegal, mining title holders have to (i) contribute annually to a local development fund with an amount of 0.5% of their sales in order to promote the economic and social development of host communities and (ii) include women's empowerment projects. Compliance with employment regulations, prioritizing the recruitment of Senegalese personnel, developing training plans for local staff, and promoting gender equality are also required

Communities developed mechanisms of resilience by setting up more or less structured associated networks, including the national network of People Affected by Mining Operations (PAPOM) who actively participate in negotiations with the mining companies.

Senegal is working with UNESCO to inventory its intangible cultural heritage and propose safeguarding measures to preserve its heritage. There are seven heritage sites<sup>30</sup> in Senegal: the Bassari, Fula and Bedik cultural landscapes, the Island of Goree, the island of Saint Louis, the Saloum Delta, the Stone circles of Senegambia, the Djoudj National Bird Sanctuary and the Niokolo-Koba National Park. Special dispensation is needed for working in protected areas.

<sup>28</sup> <https://documents1.worldbank.org/curated/en/099625203082232347/pdf/P17223301605d00ed0af590aabc6bf858c8.pdf>

<sup>29</sup> [https://winrock.org/wp-content/uploads/2021/08/Senegal\\_Country\\_Profile-Final.pdf](https://winrock.org/wp-content/uploads/2021/08/Senegal_Country_Profile-Final.pdf)

<sup>30</sup> <https://whc.unesco.org/fr/etatsparties/sn>



#### 4.1.7. Public health and safety

In 1989, Senegal adopted The National Health Policy<sup>31</sup>. The Country's Ministry of health was in charge of the ground work, and developed a national health sector development plan. In 2019, a term plan for ten years (up to 2028) was launched. The major pillars for this plan are financing and governance, provision of health and social action services and social protection.

## 4.2. Mining practices vs. Environmental, Social and Governance (ESG) goals

### 4.2.1 Environmental challenges

In this section, information about environmental challenges posed by the mining activity in Senegal can be found. Challenges frequently subject to risks are the tailings and waste management, the site rehabilitation, the biodiversity (agriculture, plants and animals), and the quality of water, soil and air. A brief summary of main issues can be found below (for more details, readers are invited to refer to the *“Trousse d’informations pour un secteur minier responsable au Sénégal”*<sup>32</sup>).

**The tailings and waste management and site rehabilitation:** tailings are frequently stored in the operating areas (e.g., Chemical Industries of Senegal (ICS) or SOMIVA). They are recycled in agriculture as fertilizers (tailings from phosphate). However, most of these tailings are deposited in the form of heaps (mountains) exposed to the wind, which generates enormous levees of dust. This affects vegetation, water bodies, but also populations, which can be affected by lung diseases. The management of the tailings in certain mining regions is not always adequately taken care of by the companies. For example, excavation residue should not end up along roads. Note that some companies gradually rehabilitate the mining site. However, the problem of environmental degradation resulting from the lack of rehabilitation of sites exploited in the past seems to arise more at the level of ASM areas. Companies are invited to develop expertise that will positively influence the entire mining sector and consider new global technologies and innovations to incorporate best practices.

**Biodiversity:** In Senegal, in the main mining regions (i.e., Thiès and Kédougou), the impacts of mining on biodiversity are very noticeable. Illicit artisanal mining in the protected Niokolo-Koba National Park (a UNESCO World Heritage biosphere reserve) is the best illustration of the damage caused by artisanal and semi-mechanized mining to biodiversity, as it degrades natural habitats. A decrease in the reproduction of bees linked to the dust and noise pollution have been detected in the region of Thiès. Companies are responsible for the revegetation of their sites already exploited. No spills of chemicals and/or tailings in sea, river and land should be accepted in Senegal.

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<sup>31</sup> <https://www.sante.gouv.sn/Actualites/une-loi-pour-rendre-effectif-le-droit-constitutionnel-a-la-sante-en-gestation>

<sup>32</sup> <https://www.comite21quebec.org/trousse/>



**The quality of water, soil and air:** With the new mining code adoption in 2016, an improvement in practices relating to the management of water, air or soil quality at mining sites has been noted. However, some environmental issues remain. In the region of Thiès, it has been noted that the discontinuation of use of water well and the low profitability of crops was both linked to the degradation of water and soil by industrial mines. In addition, the problems of progressive salinization of groundwater make this water unsuitable for drinking and irrigation.

Environmental challenges posed by the mining activity and the assessment of the mining regime of Senegal in respect to the environment objectives.

- Environmental regulations need to be dynamic and communication lines between all parties should be maintained to allow for quick resolutions of issues. With the large production of phosphate, quarry and other bulk products, a large number of the population are exposed to both production and transportation impacts of this sector. And regulators need to keep an eye on this to prevent future unprecedented public issues.
- Activities of the ASM sector that involve the destruction of vegetation cover and the excessive cutting of wood also cause enormous difficulties. The sector needs to be rigorously supervised to make it responsible, and its regulatory framework updated by integrating internal operational plans to secure communities' habitats and livelihoods.
- The indiscriminate use of chemicals and their discharge into the environment should be closely monitored and the introduction of the dedicated small-scale processing centres would go a long way to control this phenomenon.
- Wildlife crime also deserves to be highlighted, especially since there is no provision in the ASM regulations in Senegal for the rehabilitation of ASM gold panning sites.
- In the quarrying areas, road insecurity is very frequent with the passage of lorries, for example in Ngoundiane in the Thiès region where the quarries are located, loaded lorry buckets, are sometimes not adequately contained, leading to content exposure to the elements posing a danger to wildlife and other road users.
- Water is a critical issue for the country as a whole and the mining sector needs to put in place specific solutions to help alleviate the issues.

### 4.2.2 Socio-economic issues

In this section, information about socio-economic issues in Senegal highlighted during the project can be found. The identified issues were briefly summarized below (for more details, readers are invited to refer to the "*Trousse d'informations pour un secteur minier responsable au Sénégal*").



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**Indemnification and compensation:** Approximately 70% of the working population of Senegal are in agriculture. Hence the destruction of farming and forest gatherers livelihoods with the issue of resettlements can have negative effects on communities such as the loss of agricultural areas and grazing corridors.

**Public health and safety:** Most international mining companies have fairly high health and safety requirements. Compliance with health and safety procedures is supported by qualified teams who carry out the implementation and training, but it is not the case for ASM sector, where health and safety precautions are just not applied. Artisanal miners work with no personal protective equipment. In addition with the use of hazardous chemicals, diesel generator emit gases and fumes, which may have impact on the health of worker and local population.

**Immigration:** An influx of migrants from neighbouring countries working in the ASM sector puts a strain on the limited social amenities and habitats. It also exacerbates other social vices and public health issues and this is a situation that should be closely monitored and could be mitigated with the current plans by the State to enforce formalisation of the small-scale mining sector.

**Labor and skills:** Despite the labor code prescribing the working age in Senegal as 18+, **child labor** have been reported in the informal ASM sector and **needs to be controlled**.

**Local community involvement and knowledge:** ESIA studies report that are submitted to the authorities could also be made accessible online in an abridged and with a summarized version to make it easily accessible and understood by a vast majority of people. Moreover, public participation is only guaranteed at the ESIA stage. Communities are often excluded during prospecting, while the areas of access often include their land resources from which they derive their income through agriculture, livestock or gold panning activities. The principle of free, prior and informed consent is poorly considered. Traditional authorities and opinion leaders from host communities should have access to reports and information concerning permits in their localities to assist in dissemination to host communities.

**Gender equality:** Although some advances since the Senegal Parity Law in 2010, women continue to bear the disproportionate burden of poverty and illiteracy; they are still victims of serious violations of their human rights and their sexual and reproductive rights; they are the first victims of the HIV/AIDS pandemic and many are still at risk today of dying giving birth. Despite the real progress made, much remains to be done to achieve equal rights and opportunities for men and women. In 2020, according to “*Trousse d’informations pour un secteur minier responsable au Sénégal*”, only 6.5 % of employees from the mining sector was women.

The introduction of a social impact assessment, that includes gender and youth as part of the permitting process could be beneficial in safeguarding the rights and opportunities for youth and women.



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### 4.2.3 What would be the best practices for a responsible mining?

ESG (Environmental, Social and Governance) practices are increasingly expected by stakeholders, including investors, customers, civil society, etc. In Senegal, there are initiatives and projects that illustrate good ESG practices in the mining sector. Examples include the Mako project by Petowal Mining Company, the Sabodala project and Grande Côte Opérations.

- **The Mako project** is a gold mine located in the Kédougou region of south-eastern Senegal. It is operated by the mining company Resolute, which obtained a 15-year concession from the Senegalese government in 2016. The project began production in January 2018 and has become one of the company's two flagship assets along with the Syama project in Mali. The project is considered to be an exceptional gold mine, which could further increase its potential through future exploration programmes in the region. It is also helping to strengthen Senegal's mining sector. Mako is one of the examples of a gold mine that incorporates good environmental, social and governance practices.

On the environmental front, the Mako project uses a hybrid solar power plant, which reduces diesel consumption and CO<sub>2</sub> emissions. Resolute is committed to achieving carbon neutrality by 2030. The Mako project also has a water and waste management system that aims to minimise the impact on natural resources and biodiversity, notably by modifying the route of its access road so as not to affect the water sources of chimpanzees, leopards and baboons.

On a social level, the project contributes to the economic and social development of local communities by setting up socio-economic programmes (Local Consultative Committee, Technical Working Group for Employment, Vigilance Committee, Negotiating Forum, Local Purchasing Technical Group), creating jobs with over 90% of employees Senegalese, supporting infrastructure projects, education with the creation of access for local and regional students to follow a paid professional apprenticeship programme, health and agricultural development. Resolute respects human rights and international labour standards, and promotes diversity and inclusion within its teams.

In terms of governance, the Mako project complies with Senegal's laws and regulations, as well as the principles of the IFC (International Finance Corporation) in terms of environmental and social performance. In addition, the company has had an informal complaints management mechanism in place since the exploration phase of the project. The effectiveness of their complaints management process is measured on a quarterly basis, by examining records to note the time taken to resolve complaints and the number of complaints that have had to be dealt with by the 3rd and 4th levels of the process. The company also reports on complaints received by level of seriousness in its corporate responsibility report.

- **The Sabodala project** is a large-scale gold mine located near Kédougou, around 650 km east of Dakar. The mine is operated and 90% owned by Endeavour Mining, a Canadian company. The remaining interest is held by the government of the Republic of Senegal. The Sabodala project began production in 2009 and was merged with the Massawa project in 2020, creating



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Senegal's largest gold complex. The project incorporates numerous ESG best practices into its organisation:

On the environmental front, the Sabodala project has a water and solid waste management system that aims to minimise the impact on natural resources and biodiversity, and is progressively rehabilitating the Gora site.

On the social front, the company is promoting skills development for various stakeholder groups and implementing a number of income-generating activities. The mining activity also promotes job creation and the improvement of livelihoods and supplies, as well as employee education and training.

In terms of governance, the Sabodala project complies with Senegal's laws and regulations, as well as the International Finance Corporation's (IFC) environmental and social performance principles. The project also publishes regular reports on its ESG performance, and engages in dialogue with its stakeholders to identify and manage the risks and opportunities associated with its activity.

- Senegalese company **Grande Côte Opérations**, a subsidiary of the Eramet group, specialises in the beneficiation of ilmenite, rutile, leucoxene and zircon. The mine and two processing plants have been in operation since 2014. The project has succeeded in meeting a succession of human, technical and societal challenges that have made it possible to develop natural resources, in partnership with the country's authorities and local communities. It incorporates many ESG best practices into its activities, as shown by the examples below:

On the environmental front, the company submits periodic reports to the DGPRES on operations and changes in water quality, and also progressively rehabilitates and greenens the sites it operates before handing them back to the former users.

On the social front, when the displacement of a local population is unavoidable, involuntary resettlement in a community is managed in accordance with IFC and World Bank standards and guidelines, in collaboration with the Senegalese authorities. In addition, a training programme has been set up to encourage the employment of women on the site, as well as a partnership with the Office National de la Formation Professionnelle (ONFP) to raise the skills level of the people of Diogo and thus give them the skills to be recruited.

The projects presented above are therefore models of social and environmental responsibility in the mining sector, which could inspire other similar initiatives. It shows that mining can be compatible with respect for the environment and the well-being of local communities.



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## 5. Business network between the European Union and Senegal

### 5.1. Assessment of the upstream and downstream business ecosystem

#### 5.1.1 Context, formal and informal players

The Senegalese's mining sector encompasses both formal and informal players across the upstream and downstream segments of the business ecosystem. The following presents an overview of these players. Formal upstream players first of all include Government Ministries such as the Department of Mines and Geology (DMG). In 2021, The Ministry of Mines and Geology had been redefined, heading to a new organizational system able to cope with the ambitious issues and challenges assigned to the mining administration: therefore, four directorates had been created, within the DMG: Directorate of Mines, Directorate of Quarries, Directorate of Artisanal and Small-scale Mining and Directorate of Regulations, Mining Production and Statistics.

- The **Geological Directorate** will define and monitor the implementation of a new national policy, embodied by the creation of a national geological service (EPIC);
- The **Directorate of Mining Operations Control and Surveillance** (DCSOM) will optimize the monitoring and control framework for mining operations;
- A **Monitoring Cell for Funds** dedicated to the mining and geological sector will improve the operationalization of these funds and support all initiatives for territorial development;
- A **Coordination Cell for Management Control** will facilitate the management of program performance;
- A **Local Content Monitoring Cell** will further optimize the participation of the national private sector throughout the value chain of the mining industry.
- **Regional Mines and Geological Services**, in the fourteen regions of Senegal, are responsible for implementing and monitoring the interventions of the Ministry.

Moreover, a national company named **Société des Mines du Sénégal** (SOMISEN SA) was examined and approved on October 27, 2020, by the National Assembly. The Société des Mines du Senegal's missions are:

- Management of State participation in mining operations
- The marketing of mining products belonging to the State;
- Holding, alone or in association, mining titles

Formal downstream players are very limited to Phosphoric acid such as "Industries Chimiques Du Senegal"

Informal upstream players first of all include ASM engaged in manual or semi-mechanised mining activities, but most of them are dedicated to gold.



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### 5.1.2 Relationships at local or regional levels

Senegal is a member of the Economic Community of West African States (ECOWAS), which includes 15 countries in West Africa, the WAEMU (West African Economic and Monetary Union) or UEMOA (West African Economic and Monetary Union), the Cotonou Convention and the World Trade Organization. Senegal is also currently eligible for U.S. market access benefits under the African Growth and Opportunity Act (AGOA), set to expire in 2025.

Since May 30, 2020, the African Continental Free Trade Area (AfCFTA) agreement officially entered into force with Senegal as member state. Its architects hope to encourage inter-African trade by eliminating complex and disjointed trade agreements and reducing tariffs.

## 5.2. Building new B2B relations

In order to build new business-to-business (B2B) relations between EU and the Senegal, a workshop might be organized after the presidential election (i.e. probably between March and May 2024). This workshop will gather all the stakeholders directly or indirectly related to mining field, such as EU delegations, Embassies, Chamber & Ministry of Mines and private operators.

## 5.3. Promoting local content and enabling mining cluster actors

In order to improve the framework conditions for European and African companies and organisations to co-create new value, businesses, products and services by transforming the ways they interact, this section synthetize available information about relevant institutions and organization related to critical minerals network, geosciences/mining education and training programmes, as listed below.

### Relevant institutions for the development of a Senegal-focused critical minerals network

#### State institutions:

- **Ministry of Economy, Planning and Cooperation**, *it conducts and promotes, in collaboration with the structures concerned, the development of the private sector and productive investments that create jobs*
- **Economic, Social and Environmental Council (CESE)**, *key institution that can help with strategic thinking for developing partnerships between EU and Senegalese companies, taking into account the country's strategic priorities*
- **Ministry in charge of Mines and Geology**

#### Private or consular institutions:

- **Chambers of Mines**, *non-profit association that brings together some fifty mining companies, subcontractors and other actors active in the fields of exploration and mining in Senegal*
- **Chamber of Commerce, Industry and Agriculture of Dakar (CCIAD)**, *it represents all economic operators and defends the general interests of industrial, commercial and agricultural companies*

#### Academic institutions and other training establishments in the field of geosciences and mining

- **Department of geology from Cheikh Anta Diop University of Dakar (UCAD)**, *it offers the following courses:*



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- A Biology-Chemistry-Geosciences License (BCGS);
- A Master in Geosciences:
  - Hydrogeology option;
  - Sedimentary environment option;
  - Deep crustal zone option

FST - Faculté des Sciences et Techniques

Université Cheikh Anta Diop,

BP 5005 Dakar, Sénégal

Website: <https://fst.ucad.sn/content/d%C3%A9partement-de-g%C3%A9ologie>

- **Polytechnic Superior School (ESP)**, it trains higher technicians, working engineers, managers, design engineers in the following field of expertise:
  - Chemical Engineering
  - Civil Engineering
  - Computer Engineering
  - Mechanical Engineering

Ecole Supérieure Polytechnique

Website: <https://esp.sn/>

Université Cheikh Anta Diop de Dakar, Corniche Ouest BP : 5085 Dakar-Fann

- **Polytechnic School of Thiès (EPT)**, it offers engineering and masters training through its following three departments and masters:
  - Department of Computer Engineering and Telecommunications
  - Electromechanical Engineering Department
  - Civil Engineering Department

ECOLE POLYTECHNIQUE DE THIES

Entrée de Thiès - BP A10

Website: <https://ept.sn/>

- **UFR-Engineering Sciences of Thiès (UFR-SI)**, it specializes in training engineers in research, innovations and development:
  - Engineering in Civil Engineering
  - Engineering in Geotechnics
  - Engineering in Design Surveyor Topographer
  - Professional License in Hydrogeology
  - Masters in Architecture

Université Iba Der THIAM de Thiès

Grand Standing, derrière C3S Thiès

BP: A967 Thiès

Website: <https://www.univ-thies.sn/index.php/70-presentation/etablissemments/ufr-si>

- **National School of Mines and Geology (ENSMG ex-IST)**, training of senior executives from Senegal and countries of the African sub-region in engineering and senior technician jobs in geology: mineral exploration, mining, hydrogeology, geotechnics, geochemistry, economic geology, remote sensing, GIS



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Ecole Nationale Supérieure des Mines et de la Géologie (ENSMG)  
Bâtiment BRGM, Route de Université  
BP 5396 Dakar-Fann Sénégal  
Website: <https://ensmg.ucad.sn/>

- **Graduate School of Mines, Geology and Environment (ESMGE-UAM)**, *the training offer is based on the expressed needs of the labor market and the country's development objectives. It is resolutely oriented towards offering fully professional training courses that guarantee its graduates to be immediately operational in their fields: mining and geology, environment, geomatic, hydraulics and sanitation.*

Research axes are:

- Mines, Mining Environment and Geomaterials,
- Geology, Metallogeny and Structural Geology,
- Sustainable Development, Environment and Geomatics,
- Water dynamics and its different treatment methods.

École supérieure des Mines, de la Géologie et de l'Environnement (ESMGE)  
Campus de Dakar - Cité Keur Gorgui Lot N°75R VDN  
Website: <https://uam.sn/formation/ecole-superieure-des-mines-de-la-geologie-et-de-lenvironnement-esmge>

- **Dakar Geoscience Institute (IGDK)**, *it carries out missions of teaching, research, observation and dissemination of knowledge in Geosciences:*
  - Training of senior technician in geology;
  - Professional license training in geosciences and hydrogeology;
  - Professional master's training:
    - Georesources, mines and civil engineering option;
    - Water sciences, environment and marine geology option

Institut Géosciences de Dakar  
Villa N°16 Mermoz Pyrotechnie, Dakar  
Website: <http://igdk.sn/>

- **Technical, industrial and mining high school of Kédougou**, *it offers Technical Certificate (BT) programs in electrical and mechanical maintenance for mines, design and manufacture of ore crushing or grinding units, etc. It has established a partnership with foreign institutions such as the College of General and Professional Education (CEGEP) of Sherbrooke and soon with the CEGEP of Abitibi Témiscamingue (Quebec, Canada). The capacities of teachers have been strengthened and equipment for development research has been acquired*

Lycée Technique Industriel et Minier de Kédougou  
Quartier Dinguessou  
Kédougou – Sénégal  
Website: <https://www.campus-teranga.com/etablissement-492/lycee-technique-industriel-et-minier-de-kedougou>



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## 6. Energy and digital transition: develop a strategy for the EU and Africa Partnership

### Existing partnerships/projects dealing with responsible sourcing, CRM, with synergies to the AfricaMaVal objectives

There is not yet any EU-Senegal partnership focusing on energy and digital transition linked to CRM.

Senegal and the EU have enjoyed a close relationship for more than 50 years, with political dialogue, strong trade relations, a fisheries agreement, and technical and financial cooperation in support of the country's populations. Team Europe (notably France, the Netherlands and Belgium) is Senegal's leading trading partner with 32% of its imports, but only 12% of Senegalese exports (2021), but none of the commodities targeted within the framework of this project are part of these exchanges.

Anyway, it should be highlighted that Senegal currently benefits from a preferential trade regime with the EU, as well as specific **trade facilitation** and **trade integration programmes**. Following the non-implementation of the Economic Partnership Agreements, Senegal sees itself applying the "Everything But Arms" System - TSA, **the most favorable of all the European Generalized System of Preferences (GSP+) regimes: exports of its products to the EU at zero duty, without limitation of volume**. It should be noted that to date, Senegal is the second largest beneficiary of TSA on the African continent and benefits considerably from these preferences with approximately 98%.

One of the major objectives of Team Europe's interventions in Senegal is to enable it to take advantage of the integration of the economies of the West African region, and gradually continental after the creation of the African Continental Free Trade Area (AfCFTA), launched on March 21, 2018. The African Heads of State have indeed decided to pursue continental integration (gradual elimination of customs and monetary barriers and harmonization of legislation) to better exploit the advantages of the trade and integration, and strengthen the modernization of infrastructure (transport and digitalization), to reduce the weakness of the industrial fabric due to the non-processing of raw materials produced by African countries on site<sup>33</sup>

In 2016, Senegal underwent a revision of its mining regulatory frameworks following the adoption of the African Mining Vision (AMV). Throughout West Africa, the formulation of new mining codes involved multi-stakeholder dialogues and consultations to address sector challenges. National chambers of mines, representing industrial operators and investors, played key roles in reform processes across many countries. In Senegal, during the 2003 mining code revision, the Chamber of Mines actively participated, producing advisory documents and engaging decision-makers. However, civil society groups expressed dissatisfaction, claiming limited advisory roles and late involvement in the process. Mining code in Senegal miners (Sénégal 2016 art. 54–55) designated areas for artisanal miners but did not challenge the dominance of industrial mining. Exclusive rights for artisanal miners were not granted,

<sup>33</sup> [https://www.eeas.europa.eu/senegal/european-union-and-senegal\\_en?s=117](https://www.eeas.europa.eu/senegal/european-union-and-senegal_en?s=117)



leaving these areas open to industrial permits. In Senegal, of the twenty-eight contracts publicly accessible on the Extractive Industries Transparency Initiative (EITI) website, none fall under the 2016 Mining Code (EITI Senegal, 2020). For the duration of these agreements (25 years), companies still operate under the 2003 Mining Code and are protected from any changes to the contractual provisions, highlighting the influence of transnational private actors in formulating and exempting their activities from new regulatory frameworks<sup>34</sup>.

### Existing platforms and networks in Senegal

In Senegal, we can contact and establish partnerships with several platforms and networks such as:

- Agence Française de développement (AFD). 15 Av. Nelson Mandela, Dakar, Senegal. +221 33 849 19 99
- Business France. 1, rue El Hadji, Rue Amadou Assane Ndoye, Dakar, Senegal. +221 33 839 51 00
- BPI France
- Eurocham : chamber of European investors in Senegal. 3 place de l'indépendance. Immeuble SDIH (CBAO) 7ème étage. Dakar, Senegal. +221 33 823 62 72
- European delegation. 12, avenue Hassan II BP 3345-Dakar, Senegal. +221 33 889 11 00

### Senegal's strategy to consider for a lasting partnership between Senegal-EU partnership

The Emerging Senegal Plan (PSE) is a ten-year strategy over the period 2014-2023, backed by a vision of an emerging Senegal by 2035 through three strategic axes which are (i) the structural transformation of the economic and growth, (ii) human capital, social protection and sustainable development and (iii) governance, institutions, peace and security. The PSE is supported by a Priority Action Plan (PAP), itself split into two phases. Phase 1 (2014-2018) made it possible to record satisfactory results in all sectors and phase 2 (2019-2023), which was a continuation but with stronger involvement of the private sector, was reviewed and adapted to new priorities born from the global health crisis.

#### Phase 1: a disruptive strategy aimed at accessing emergence

The implementation of the PSE is structured around 3 strategic axes broken down into sectoral objectives, the main of which are (i) transport infrastructure and services, (ii) energy infrastructure and services, (iii) agriculture and agri-food, (iv) water and sanitation, (v) education and training, (vi) health and nutrition, making up the PAP (Priority Action Plan). The latter brings together 27 major investment projects and 17 reforms over the period 2014-2018. This priority action plan covered an amount of XOF 9,686 billion (EUR 14.8 billion) over the period 2014-2018.

#### Phase 2: An adjusted and accelerated priority action plan for the revival of the Senegalese economy

The relaunch of economic activity, after the pandemic, leads to the revision of phase II of the Emerging Senegal Plan (PSE). With a view to more endogenous development, the Senegalese government has put in place an adjusted and accelerated Priority Action Plan over the period 2021-2023. This plan is based on

<sup>34</sup> <https://www.tandfonline.com/doi/full/10.1080/00083968.2021.1886955>



the effects of the Economic and Social Resilience Program (PRES) presented by President Macky Sall in response to the health crisis. Its main objective is to stimulate private investment, diversify growth drivers and strengthen economic resilience in order to achieve an average growth rate of 8.7% over the period 2021-2023. The crisis has brought out new challenges for the country, which would be: (i) the promotion of intensive, abundant, quality and resilient agriculture, (ii) inclusive health, (iii) an efficient education system, (iv) the development of a strong national private sector, (v) the strengthening of social protection and (vi) industrial and digital transformation.



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## 7. Opportunities for responsible investments

### 7.1. Identification of individual exploration, mining and refining projects

The following projects (Table 2) related to exploration, mining and refining of ECRM were identified and are proposed for presentation as fact sheets in AfricaMaVal WP7. This is a non-exhaustive list subject to change while the BGR is implementing AfricaMaVal project Task 7.2. The political appropriateness of these projects (e.g. exclusion of highly controversial projects or controversial stakeholders and owners) have been verified as of November 2023.

Each project fulfils the following minimum requirements:

- Credible ECRM resource estimate available (for mining projects);
- Sufficient availability of project-specific information;
- The project operator is seeking investment or financing related to project development, project expansion, or optimising certain aspects of a project (e.g. to improve ESG performance) or, alternatively, the project could be of interest for European industry off takers;
- Part of the project's current or anticipated future ECRM production is potentially available to the EU industry, which excludes projects where owners or offtake partners exclusively direct the large majority of project ECRM production to third countries outside of the EU.

Project	Operator	Commodity	Address/contact	Status	Reserves/Resources
Kebemer	Cayor Phosphates (Africa Investment Group)	P <sub>2</sub> O <sub>5</sub>	M. Joseph DIOUF, DGA ; Tel : +221 77 099 04 92 ; Email : jdiouf@cpm.sn	Exploration project <i>Feasibility and environmental study in progress</i>	89.8 Mt @ 17.67 % P <sub>2</sub> O <sub>5</sub>
Begal-Baïti	G-PHOS	P <sub>2</sub> O <sub>5</sub>	Tel : (+ 221) 77 382 32 85 <a href="https://sephossenegal.com">https://sephossenegal.com</a>	Unknown	800000 m <sup>3</sup> @ 20 % P <sub>2</sub> O <sub>5</sub>

Table 3. Proposal of projects to be presented as opportunities for investments in Senegal

### 7.2. ASM sector country profiles

#### Country profiles on ASM sector developments and investment

One of the core objectives of the AfricaMaVal is to identify investment opportunities in a number of commodities considered critical by the European Union, and there is a clear interest to include the ASM sector in the identification of such opportunities. The emphasis should be on identifying responsible



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investment opportunities that strengthen the artisanal sector's supply potential and address ESG impacts while also contributing to higher value addition and economic development.

To ease identification of opportunities, the following categories should be considered.

- **Governance:** focusing on the needs of the sector to strengthen its governance to ensure it contributes to socio-economic development. This could include support to government, knowledge sharing programmes, extension services to the ASM sector, etc.
- **Support to existing initiatives:** existing initiatives which focus on supporting the ASM sector to improve its social and economic impacts, and that could benefit from stronger / continued financing.
- **Value chain projects** (processing, trading, etc.): opportunities to support value addition projects which directly support and benefit the ASM sector.
- **Small-scale mining projects:** specific small-scale mining projects which might benefit from financing opportunities and investment (e.g., to improve mining techniques, production, environmental and social impact management.).



## Conclusion

Thanks to its geology, a sedimentary basin and a Paleoproterozoic-Palaeozoic basement, Senegal is endowed with 13 out of the 34 ECRMs AfricaMaVal's list. Except Phosphate and Titanium commodities, these ECRMs are all located in the eastern part of Senegal in the Paleoproterozoic-Palaeozoic basement.

Most of the biggest mining project in Senegal are related to the Birimian craton and dedicated to gold deposits. However, one of the biggest project dedicated to HMS is located on the western coast (Grande Côte Mineral Sands Project for mineral sands, including ilmenite, rutile, and zircon).

The development of the ECRM value chain in Senegal is very limited due to the historical preference of exporting raw materials. Very few factories and industries are able to process or refine local ECRMs due to the limited number of mines. Therefore, processing and refining units in Senegal are very limited and only focus on Phosphate rocks dedicated to phosphoric acid. Only one recycling company had been identified within this project and is dedicated to WEEE (SetTIC). Furthermore, the development of the ECRM value chain is inextricably linked to the infrastructures and government effectiveness. The main bottlenecks in Senegal are the quality of the geological database, the lack of labor/skills and the logistic performance (especially, the infrastructures).

Regarding the fiscal, legislative and regulatory context, the Senegalese authorities have made a priority of improving the business climate. This has resulted in a number of reforms designed to facilitate business creation, the simplification and digitization of customs procedures, the creation of organizations to support entrepreneurs, and the establishment of tax incentives and Special Economic Zones (ZES).

The economic recovery in Senegal is facing challenges, primarily due to the conflict in Ukraine. Real economic growth is projected to decline from 6.1% in 2021 to 5% in 2022. The economic recovery is expected to be gradual, requiring deeper reforms outlined in the Emerging Senegal Plan (PSE). Public investment remains essential for growth, with the "Emerging Senegal" Plan supporting infrastructure improvements that boosted average growth to approximately 5% between 2014 and 2019. Infrastructure projects, including the regional express train, a deep-water port, and energy projects, are set to enhance economic development.

Attitude towards foreign investment in the mining sector is positive. Under President Macky Sall, the government of Senegal has shown a positive attitude towards the mining sector. They are actively working to increase foreign direct investment and consider mining a priority sector in their development plans.

Regarding ESG challenges and regulation, Senegal joined EITI in October 2013 and the government has made efforts in reforming the legislative and regulatory framework of the mining sector with the aim of improving the governance of mineral resources and securing its interests with a strong national private sector.



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The Senegalese's mining sector encompasses both formal and informal players across the upstream and downstream segments of the business ecosystem. Formal upstream players first of all include Government Ministries. A national company named Société des Mines du Sénégal (SOMISEN SA) was launched in 2020. Formal downstream players are very limited to Phosphoric acid such as "Industries Chimiques Du Senegal". Informal upstream players first of all include ASM engaged in manual or semi-mechanised mining activities, but most of them are dedicated to gold.

As for now, there is not yet any EU-Senegal partnership focusing on energy and digital transition linked to CRM. Anyway, In the meanwhile, it should be highlighted that Senegal currently benefits from a preferential trade regime with the EU, as well as specific trade facilitation and trade integration programmes.

Even though few mining project opportunities had been proposed in this report, improving the knowledge of the geological context dedicated to critical metals is an evidence and should be highlighted: geological mapping projects associated to airborne geophysics and geochemical campaign and mineral resources assessment should be prioritise in the next coming years, in association with the new-born Senegalese Geological Survey.



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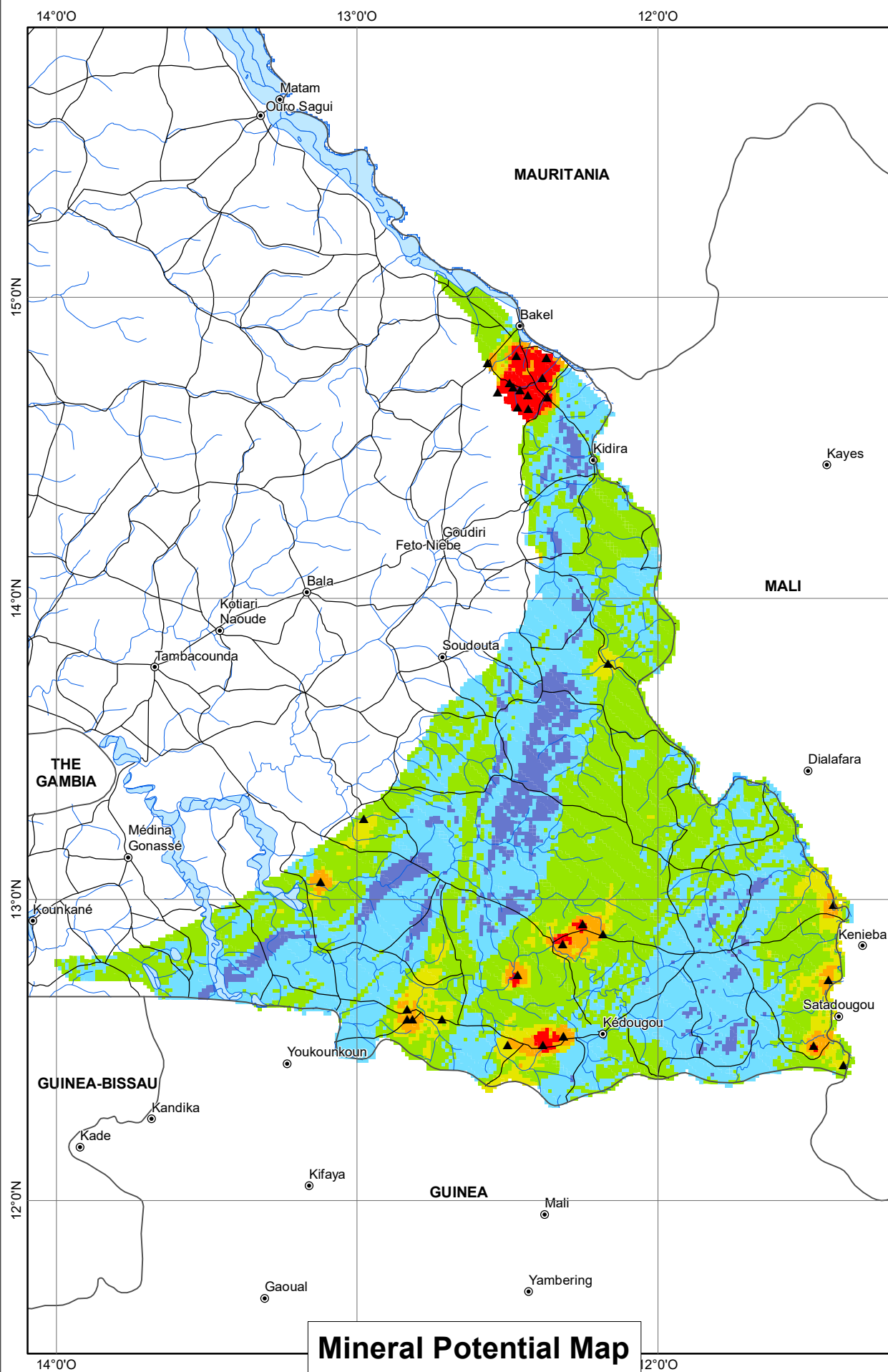
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# APPENDICES

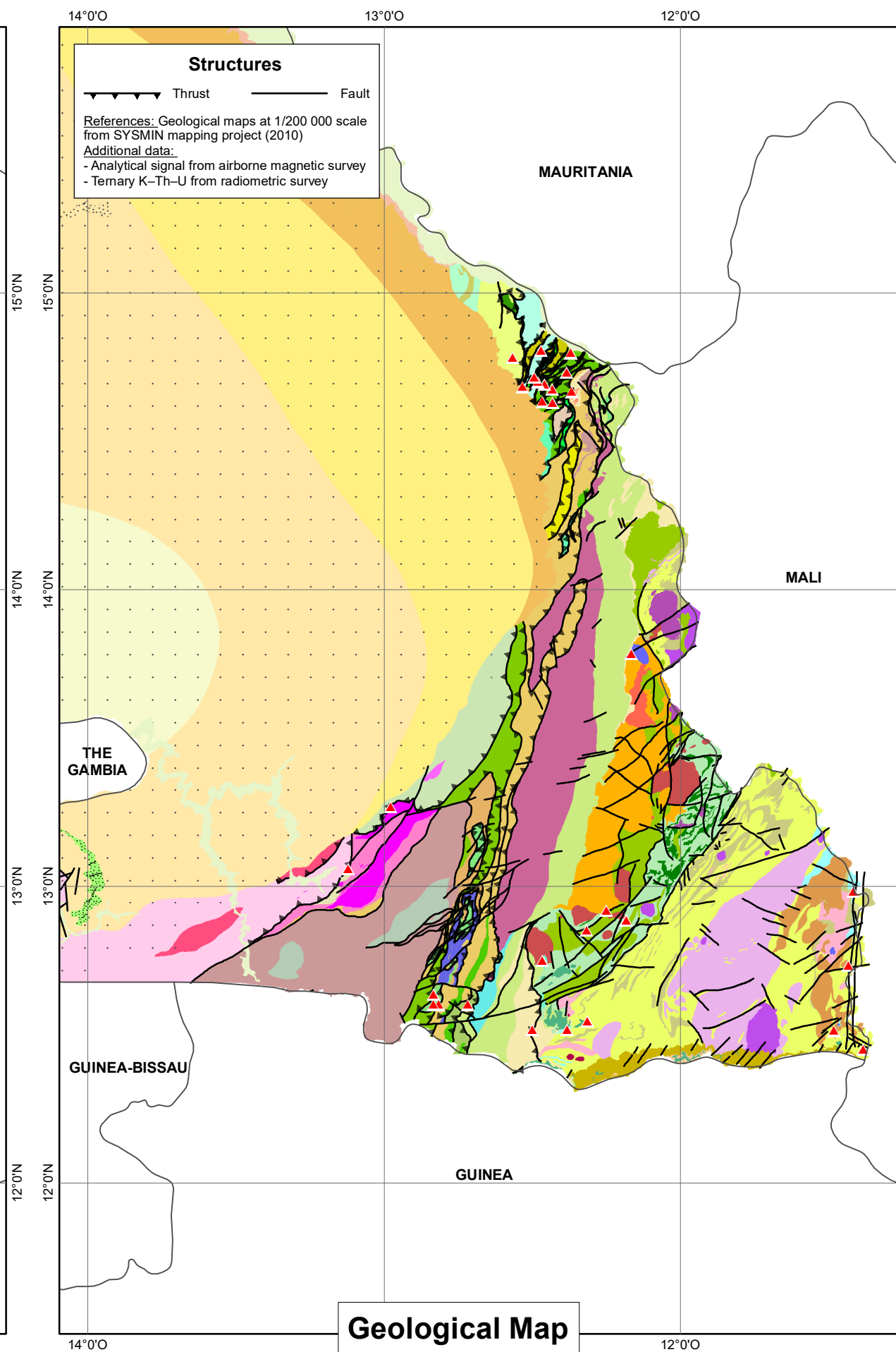


# Country: SENEGAL (Oriental)

## MINERAL POTENTIAL MAP - COPPER (Cu)



**Mineral Potential Map**



**Geological Map**

### Legend

**Score**

- < 0.05
- 0.05 - 0.125
- 0.125 - 0.25
- 0.25 - 0.45
- 0.45 - 0.60
- 0.60 - 0.80
- 0.80 - 1

**Known occurrences**

- Copper (Cu)
- ▲ SIG Afrique - © BRGM 2018
- SYSMIN and SPGlobal database

**Confusion matrix**

True negative Cells: 15595 90.08% Non-occurrence in database Non-occurrence predicted	False positive Cells: 1036 5.98% Non-occurrence in database Occurrence predicted
False negative Cells: 37 0.21% Occurrence in database Non-occurrence predicted	True positive Cells: 646 3.73% Occurrence in database Occurrence predicted

Best threshold (G-Means): 0.44  
Cell size: 1333 m

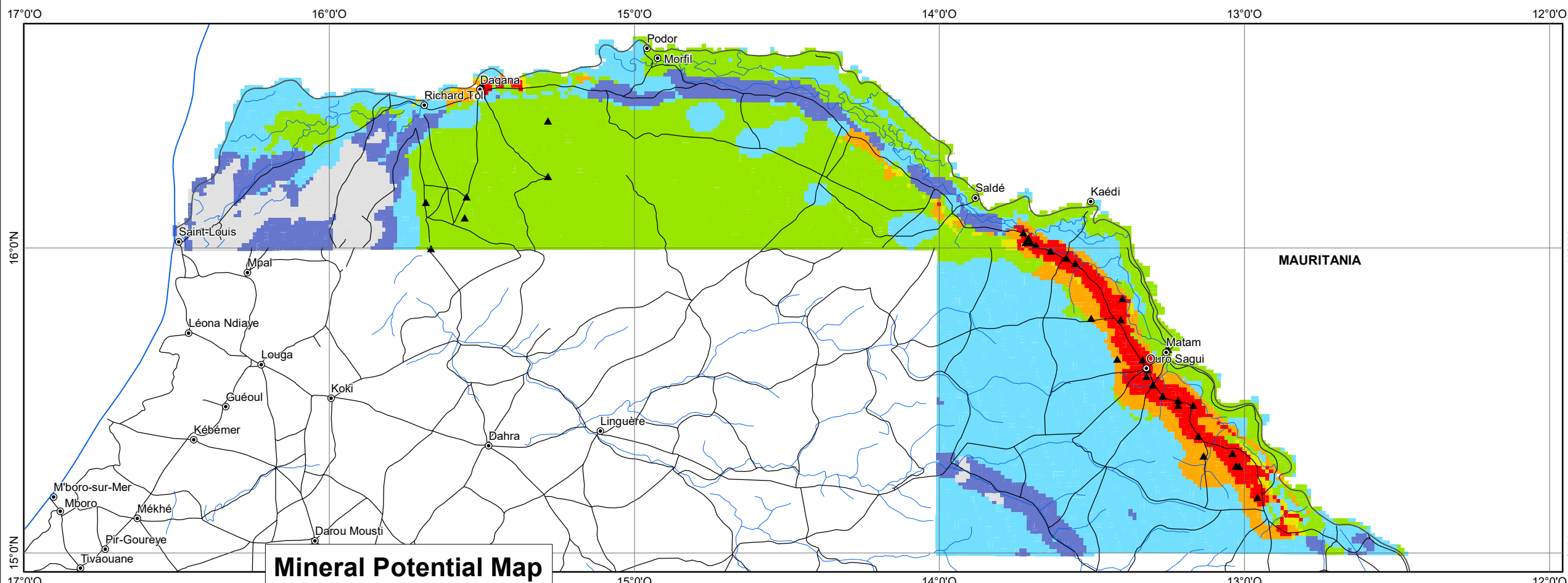
0 20 40 80 Km

Datum : WGS84 (World Geodetic System 1984)

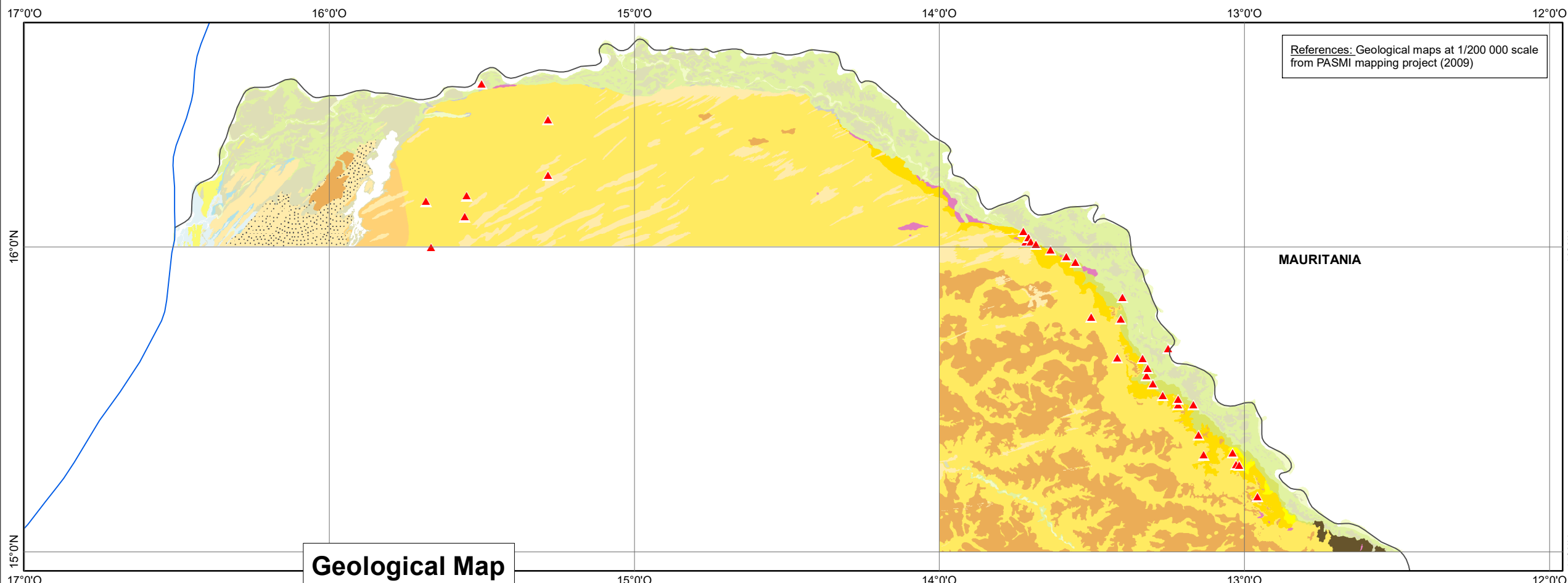
January 2024

# Country: SENEGAL (Occidental)

## MINERAL POTENTIAL MAP - PHOSPHATE ROCK (P)



**Mineral Potential Map**

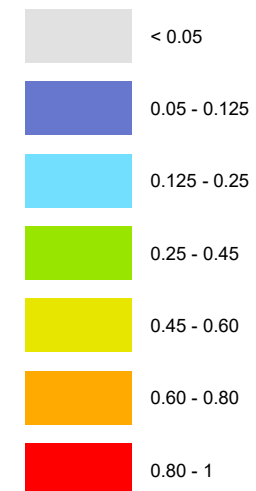


**Geological Map**

References: Geological maps at 1/200 000 scale from PASMII mapping project (2009)

### Legend

#### Score



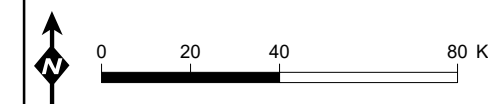
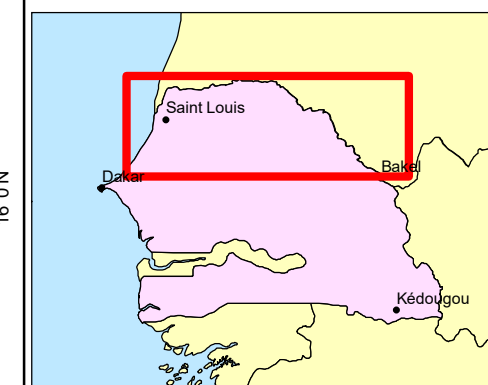
#### Known occurrences

- ▲ Phosphate rock(P)
- ▲ SIG Afrique - © BRGM 2018

#### Confusion matrix

True negative Cells: 13182 79.41%	False positive Cells: 2690 16.21%
Non-occurrence in database Non-occurrence predicted	Non-occurrence in database Occurrence predicted
False negative Cells: 120 0.72%	True positive Cells: 607 3.66%
Occurrence in database Non-occurrence predicted	Occurrence in database Occurrence predicted

Best threshold (G-Means): 0.43  
Cell size: 1333 m



Datum : WGS84 (World Geodetic System 1984)

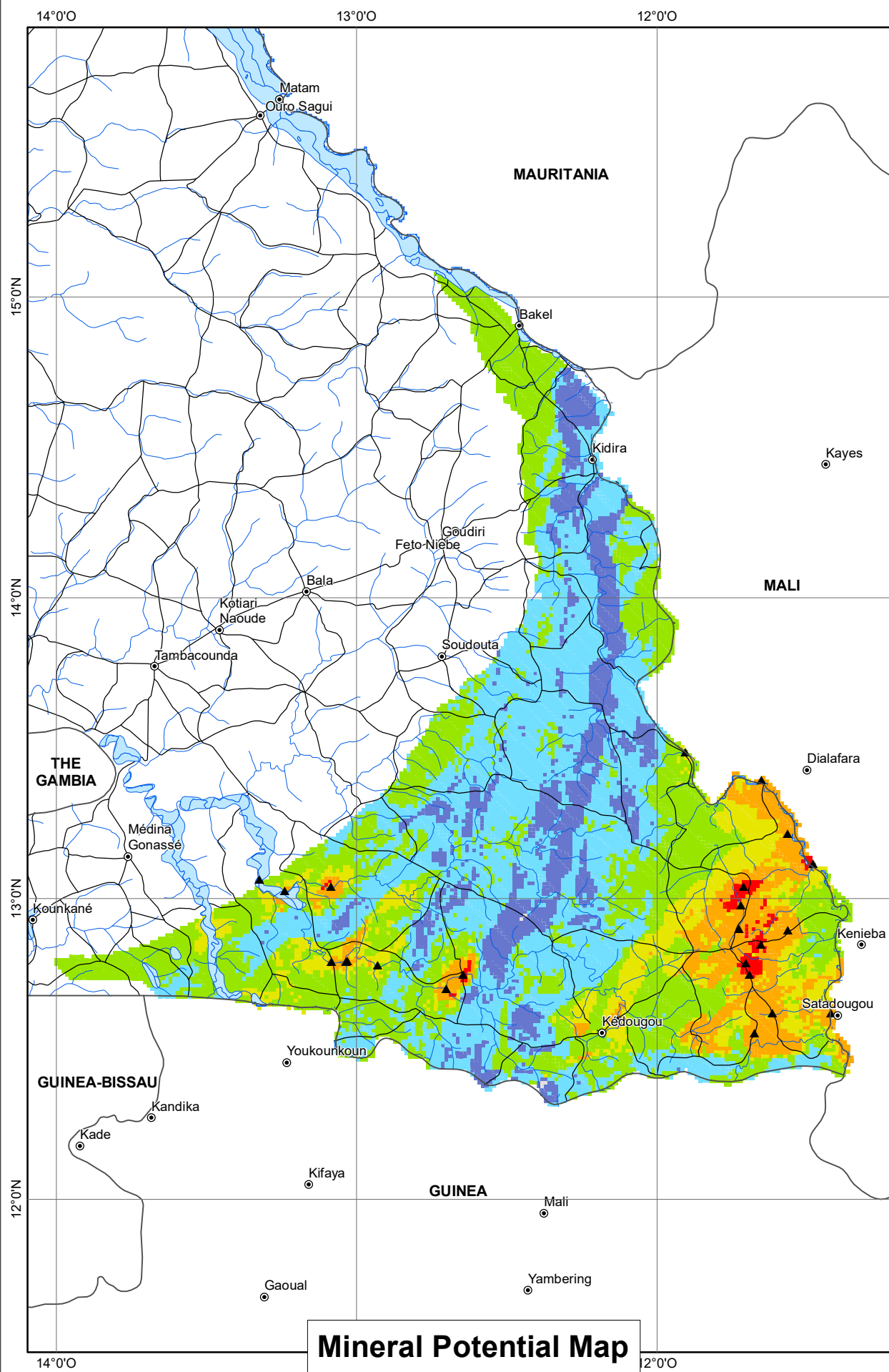
January 2024



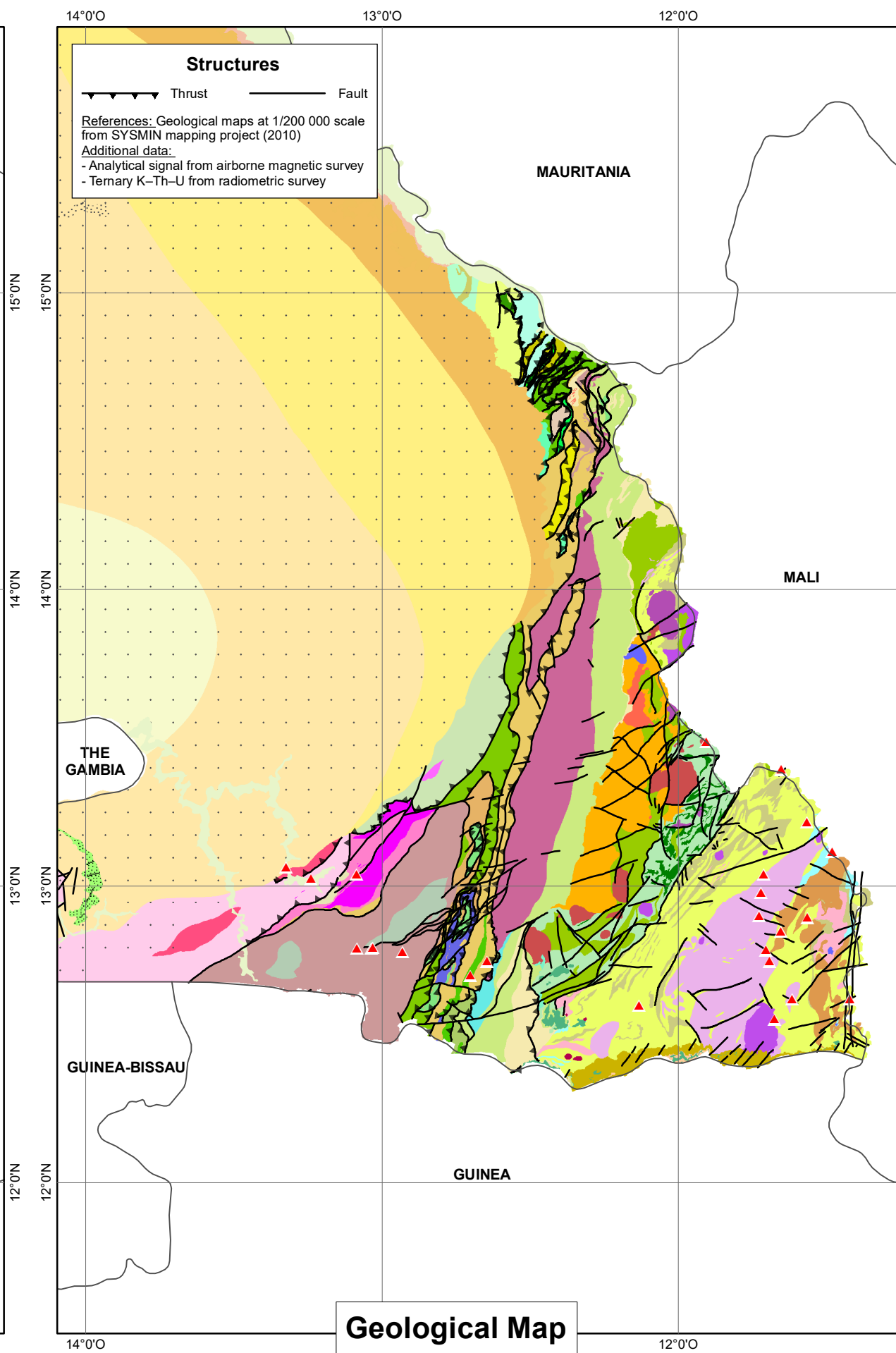


# Country: SENEGAL (Oriental)

## MINERAL POTENTIAL MAP - TIN (Sn)



**Mineral Potential Map**



**Geological Map**

### Legend

**Score**

- < 0.05
- 0.05 - 0.125
- 0.125 - 0.25
- 0.25 - 0.45
- 0.45 - 0.60
- 0.60 - 0.80
- 0.80 - 1

**Known occurrences**

Tin (Sn)

- SIG Afrique - © BRGM 2018
- SYSMIN and SPGlobal database

**Confusion matrix**

True negative Cells: 13840 79.93% Non-occurrence in database Non-occurrence predicted	False positive Cells: 2908 16.80% Non-occurrence in database Occurrence predicted
False negative Cells: 15 0.09% Occurrence in database Non-occurrence predicted	True positive Cells: 551 3.18% Occurrence in database Occurrence predicted

Best threshold (G-Means): 0.43  
Cell size: 1333 m

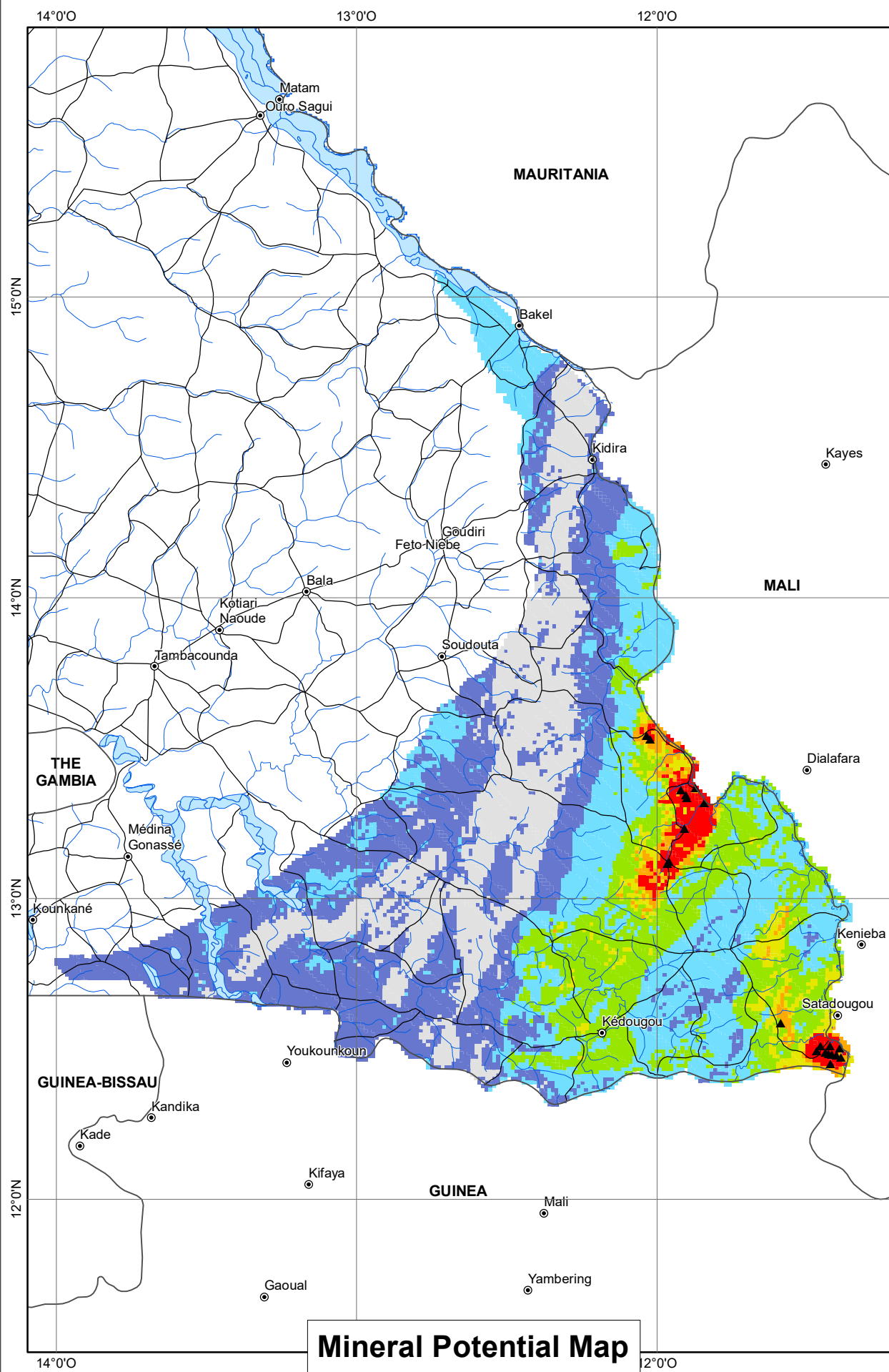
**Datum** : WGS84 (World Geodetic System 1984)

January 2024

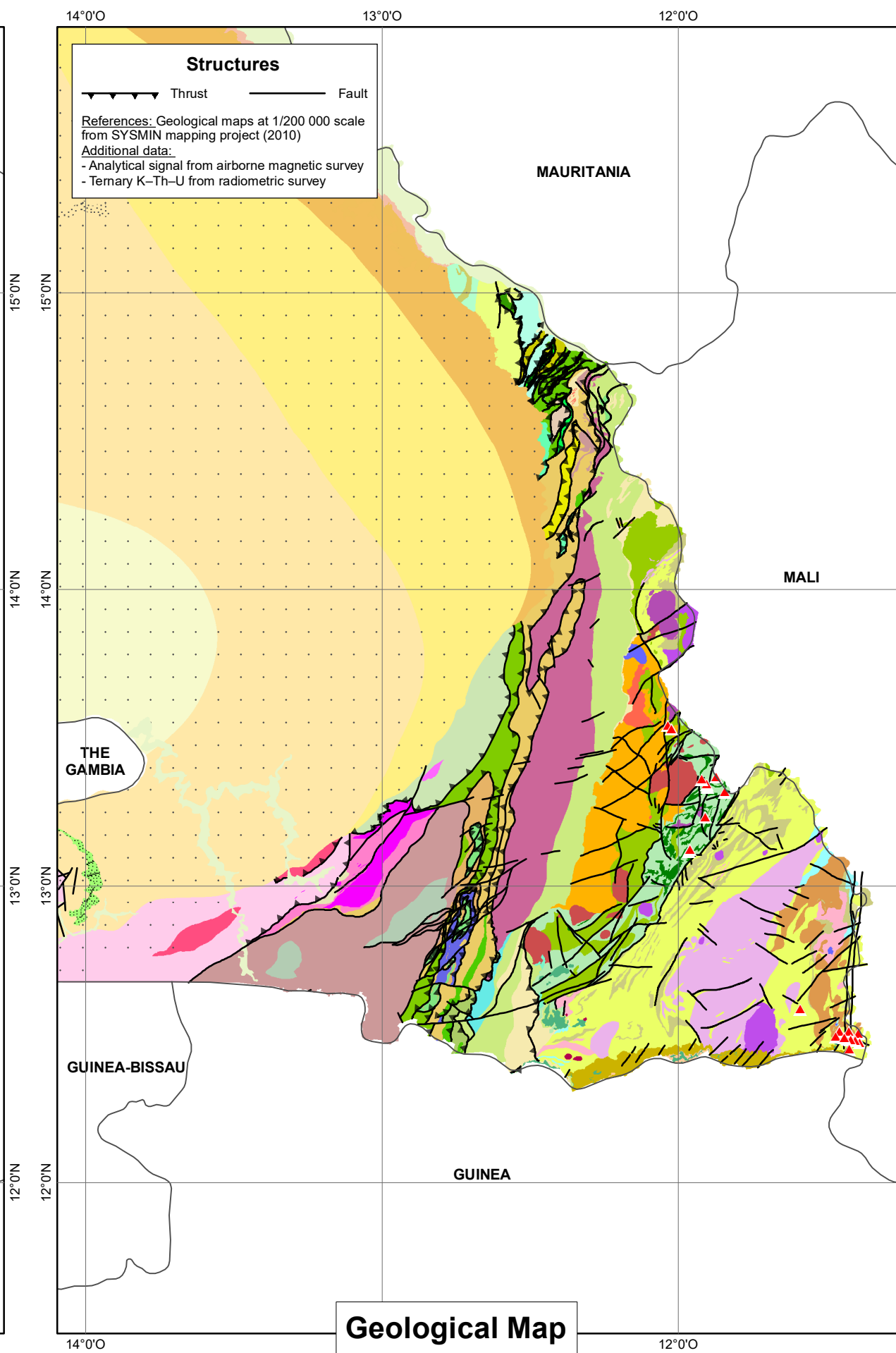


# Country: SENEGAL (Oriental)

## MINERAL POTENTIAL MAP - TITANIUM (Ti)



**Mineral Potential Map**



**Geological Map**

### Legend

**Score**

- < 0.05
- 0.05 - 0.125
- 0.125 - 0.25
- 0.25 - 0.45
- 0.45 - 0.60
- 0.60 - 0.80
- 0.80 - 1

**Known occurrences**

Titanium (Ti)

▲ SIG Afrique - © BRGM 2018  
SYSMIN and SPGlobal database

**Confusion matrix**

True negative Cells: 16162 93.34% Non-occurrence in database Non-occurrence predicted	False positive Cells: 858 4.96% Non-occurrence in database Occurrence predicted
False negative Cells: 3 0.02% Occurrence in database Non-occurrence predicted	True positive Cells: 291 1.68% Occurrence in database Occurrence predicted

Best threshold (G-Means): 0.45  
Cell size: 1333 m

0 20 40 80 Km

Datum : WGS84 (World Geodetic System 1984)

January 2024