

Senegal's Oil and Gas Discovery: A New Approach to Maximise Local Content

Senegal, a country known for fishing, groundnut and advanced education joins Mauritania as the latest African countries to discover significant amounts of oil and gas. According to industry estimates, both countries have found enough gas to power all of Africa for seven years.

The local response to the news was mixed. For some, it is a time for jubilation, as recent finds could inject an estimated \$30bn into both Senegal and Mauritania's economy. For others, it is a cause for concern. Why? Because it raises questions, to which answers are few and far between, such as:

- Can Senegal avoid the resource curse that has blighted countries like Angola, Iraq and Nigeria?
- How are these resources going to create much-needed jobs, especially for graduates who face unemployment rates of up to 30%?
- How can the Senegalese Government manage the high expectations of improvements in healthcare, education and infrastructure overnight?
- Does the government have the institutions and transparent systems in place to ensure real accountability?

To address these issues, most would look solely to the government for both answers and a national framework that ensures Senegalese citizens benefit from its natural resources. However, the role of business cannot be underestimated as it serves everyone to create a structure that increases economic prospects and political stability for all. As a vehicle for job creation, business must proactively contribute to the framework's success.

To achieve this, what is needed is a well communicated and coordinated approach that brings together local communities, government and industry to agree the following:

1. Senegal's current local capabilities,
2. The vision for the country's future capabilities, and
3. A roadmap which maximises the opportunity for local businesses to grow sustainably.

Doing this successfully requires constant coordination and communication. This function is usually best led by an independent third party and if done right creates the industry-led success that informs legislation.

However, this approach requires a level of transparency, trust and openness that doesn't always come naturally, particularly at the start. The sooner we recognise the shared destination, objectives and challenges of all involved, the sooner we can get to work solving them together. Most valuable about this model is that a coordinated approach allows all parties to save time and money as they benefit from economies of scale and scope.

Over the past 5 years, Invest in Africa has been coordinating industries' approach to local content in East and West Africa. Pooling the experience of private business and local trade bodies, IIA built the African Partner Pool an online platform that connects the corporate tenders to validated local suppliers from across sectors. To ensure industry standards are met, IIA also run Business Excellence Programmes that offer subsidies training, coaching and mentorship to help local businesses meet



industry standards and access the finance needed to deliver goods and services on time to both scale and quality standards.

This coordinated approach creates a win-win model. Investors can surpass local content requirements while reducing procurement costs. Local suppliers can access the three core ingredients for sustainable growth: skills, tenders and finance all on one platform. Finally, government benefits from job creation and the growth of local industries.

IIA's work in Ghana and Kenya has successfully connected 2500 SMEs with corporate tenders worth \$59m supporting 13,700 jobs across 20 sectors and trained 250 SMEs in critical skills to scale their business resulting in companies growing their profit margins by 30%. This collaborative approach has allowed local business to supply numerous industries and therefore grow at a faster rate than if it was dependant on just one sector.

By working together in a coordinated way, we can create innovative solutions that facilitate investment into Africa and simplify the process of finding trustworthy local partners and suppliers. Our goal is to make it easier for investors and local companies to play a more prominent part of Africa's development story.

Invest in Africa (IIA) is a not for profit initiative working across sectors with leading businesses (including Tullow Oil, Safaricom, Ecobank, Equity Bank, Shell, Diageo & EY) to do three things:

- 1. Connect MNCs and larger business to credible local suppliers (SMEs)*
- 2. Improve those local suppliers (SMEs) access to skills, tenders and finance to build long-term capacity*
- 3. Improve the investment climate and quality of policy discussions in markets where we operate*

IIA's vision is to create thriving African economies. By 2027 we aim to connect hundreds of African SMEs with contracts and tenders worth \$1bn, to create 100,000 jobs.

For further information please visit our website: www.investinafrica.com

