



# Towards a new era of local content in Senegal

*Yakaar-Teranga: An opportunity to rethink local value creation*

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### *A turning point for local content in Senegal*

Recent developments surrounding the Yakaar-Teranga project have brought the issue of local value creation back to the forefront of the national conversation.

Beyond their operational implications, these developments highlight broader questions regarding how value is created and retained within the Senegalese economy and invite a reassessment of local content models across the sector.

After more than a decade of significant investments in the extractive industries and infrastructure, Senegal has reached a level of maturity that allows it to move beyond a local content approach focused primarily on participation toward one centered on the creation and capture of economic value within the national economy.

### **Strong investment momentum, yet an incomplete economic transformation**

Recent and ongoing investments carry significant potential for economic transformation through: the creation of skilled jobs, industrial development, strengthening national economic resilience.

However, international experience, as well as early observations from Senegal, demonstrates that high levels of investment alone do not automatically translate into sustainable economic transformation.

A substantial share of the value generated may still be captured outside the country through imports, international expertise, and profit repatriation, thereby limiting the multiplier effects on the domestic productive sector.

This highlights a fundamental reality: investment volume alone is not enough. Ultimately, the true measure of success lies in the extent to which these investments generate and retain value within the domestic economy.

### **The limitations of a participation-based approach:**

Local content policies implemented over recent years have delivered meaningful progress, particularly in:

- National employment (approximately 95% of jobs are held by Senegalese nationals, although this does not necessarily reflect equivalent economic value capture);
- Access of local businesses to procurement opportunities (approximately 30% of procurement spending is executed locally);
- The establishment of a regulatory framework and corporate reporting mechanisms.

Nevertheless, these policies continue to rely primarily on participation indicators such as:

- Share of local employment;
- Volume of local procurement;
- Percentage of contracts awarded to national companies.

While useful, these indicators have important structural limitations.

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### *Real Progress, Yet Limited Value Creation*

This momentum supports Senegal's ambition to achieve 50% local content by 2030 — an important national target that reflects the growing importance of local value creation. However, current indicators:

- Do not measure the actual economic value captured locally;
- Do not provide a consolidated assessment of impact;
- Offer limited strategic steering capabilities for both government and investors.

A high level of local participation can coexist with relatively low local value creation. This underscores the need to transition from a static local content approach toward a more strategic model capable of generating a greater economic impact.

### **The role of national operators: a lever that must be structured**

PETROSEN's increasing participation in strategic projects such as Yakaar-Teranga represents an important development.

Yet international experience shows that the presence of a national oil company alone does not guarantee strong local content performance.

The key determinants are:

- How expenditures are structured;
- The degree of local supply chain integration;
- The ability to develop a competitive domestic ecosystem.

In other words, local content success depends less on the nature of the actors involved and more on the economic architecture of projects. The same logic applies more broadly to public procurement, which has not yet been fully structured as a transformation lever despite the significant purchasing volumes involved.

### **A paradigm shift: from compliance to economic performance**

The current local content framework remains largely based on a compliance-oriented model:

- Defining obligations;
- Monitoring compliance;
- Administrative reporting.

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### *The structural limitations of the current local content model*

This approach has played an important role in establishing the initial framework and positioning Senegal among the regional leaders. To maintain this leadership and address emerging challenges, particularly in the current economic context, a shift toward a more performance-oriented model is required. Such a transition implies a transformation in the role of government: from regulator and controller to strategic architect and performance driver, capable of setting clear economic objectives and influencing stakeholder behavior accordingly.

Under this approach, companies are no longer viewed merely as entities required to comply with local content obligations, but as strategic partners in the creation of national economic value. Government expectations become clearer, while companies are empowered to demonstrate and maximize their contribution to local economic development.

### **Measuring value to drive performance**

One of the most significant gaps in the current system is the absence of a consolidated indicator capable of measuring the economic value effectively captured within the national economy.

This gap limits:

- The ability to compare performance across actors;
- The effectiveness of local content policy;
- The alignment between public policy objectives and private-sector strategies.

International best practices suggest that the most effective approaches rely on:

- Aggregated measurement of local economic value across the value chain;
- Integration of these metrics into decision-making processes;
- Alignment of incentives between public and private stakeholders.

Measurement therefore becomes a strategic management tool rather than a simple compliance mechanism.

### **Yakaar-Teranga: an opportunity to deepen local economic integration**

Against this backdrop, the Yakaar-Teranga project has the potential to play a transformative role. It offers a unique opportunity to deploy a new generation of local content policy at scale by strengthening the integration of investments into the domestic economy and supporting the development of sustainable local value chains. More broadly, it presents an opportunity to reinforce alignment between strategic investments and the ambitions of Senegal Vision 2050.

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### *Making local content a driver of value creation*

#### **Conclusion**

Senegal already possesses significant strengths in local content:

- An established regulatory framework;
- Abundant natural resources;
- Substantial current and future investments.

The challenge now is to move beyond investment attraction and procurement volumes and focus on maximizing their contribution to economic transformation and the sustainable retention of wealth within the national economy. This requires a fundamental evolution of local content:

- From a compliance and participation tool,
- To a strategic economic policy instrument.

In this perspective, local content should no longer be viewed merely as a participation mechanism but as a powerful lever for endogenous development. By supporting employment creation, mobilizing local investment and savings, strengthening domestic value chains, and enhancing the competitiveness of national industries, local content can become a key driver of sustainable growth rooted in the Senegalese economy.

Strategic projects such as Yakaar-Teranga therefore represent far more than sectoral opportunities; they can serve as powerful catalysts for Senegal's long-term economic transformation.

## References

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- *EITI Senegal (2022 Report and related analysis)*
- *CNSCL (Comité National de Suivi du Contenu Local)*

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