

JEUNE AFRIQUE ÉCONOMIE

Middle East Conflict Triggers Sovereign Rating Risks Across Key African Energy Markets

Saga deep read · 24 April 2026 · Score 50

S&P has flagged systemic risks emanating from the Middle East conflict that are placing sovereign credit ratings under meaningful pressure across several Sub-Saharan and North African economies, including Ivory Coast, Morocco, and Senegal. The rating agency's assessment identifies these countries as particularly exposed to contagion effects that could trigger credit rating downgrades, with direct consequences for the cost and availability of capital for both governments and private sector operators across the continent.

The transmission mechanisms are multiple and interconnected. Higher global risk aversion driven by the Middle East conflict is pushing up borrowing costs for frontier and emerging market sovereigns, many of which are already operating with stretched fiscal balances following the commodity price volatility and post-pandemic debt accumulation of recent years. For oil-importing nations such as Ivory Coast and Morocco, elevated energy import bills compound fiscal stress further, while Senegal, despite its anticipated transition to an oil and gas exporter following the Sangomar and GTA project start-ups, remains in a pre-revenue phase where investor confidence is particularly sensitive to external shocks.

For energy-producing and energy-aspiring nations, a sovereign rating downgrade carries tangible operational consequences. Deteriorating creditworthiness raises the cost of project financing for national oil companies and government-backed infrastructure schemes, potentially delaying or restructuring the fiscal terms under

which international oil companies and service providers operate. In Senegal specifically, where Woodside and bp are spearheading offshore production, any sovereign-level credit stress could affect state partner Petrosen's capacity to carry its equity stakes and fulfil payment obligations — a scenario that would directly alter commercial relationships with the broader contractor and service community.

Morocco's exposure is primarily indirect, given its strategic positioning as a transit and infrastructure hub, including the ambitious Nigeria-Morocco Gas Pipeline project. Sovereign pressure that constrains Moroccan state finances could slow the pace of infrastructure commitments and regulatory approvals that underpin that corridor. Ivory Coast, meanwhile, has been actively working to expand its upstream sector through new licensing rounds and gas-to-power investments; a ratings downgrade would increase the risk premium demanded by project finance lenders, potentially stalling upstream development timelines.

The broader pattern identified by S&P underscores that African energy investment does not exist in geopolitical isolation. Conflict-driven commodity price spikes, tightening global liquidity conditions, and risk-off capital flows are structural headwinds that the continent's energy sectors must absorb. Norwegian service companies tracking project pipelines in these markets should incorporate sovereign credit trajectories as a leading indicator alongside technical and regulatory milestones, recognising that financing conditions at the government level will shape the speed and scale of upstream and infrastructure awards across the region.

Why this matters to partners and clients of Saga

Norwegian service companies should treat S&P's warning as a signal to stress-test payment security and project financing structures in Ivory Coast, Senegal, and Morocco-linked pipeline projects before committing resources. Monitoring sovereign rating trajectories in Senegal is particularly urgent given Petrosen's equity carry obligations on Sangomar and GTA, where contractor exposure is direct. Companies at bid or pre-FEED stage in these markets should consult with export credit agencies such as GIEK/Eksfin about coverage appetite given the elevated risk environment.

PARTNER ANGLES

- **Subsea/FPSO:** Assess Petrosen's financial capacity to honour equity commitments on Sangomar Phase 2 before finalising any incremental scope bids.
- **Drilling:** Factor higher country-risk premiums into day-rate and contract currency negotiations for any rig placements in Ivory Coast or Senegal.
- **LNG:** Monitor whether sovereign credit stress delays GTA LNG infrastructure financing, as this would affect contractor mobilisation schedules and payment milestones.
- **Pipeline:** Track Moroccan government budget commitments to the Nigeria-Morocco Gas Pipeline, as fiscal tightening could defer state funding tranches and slow project progression.
- **Service:** Engage Eksfin early on credit insurance cover for any significant service contracts with state-linked counterparties in the three flagged markets.

[Original source: Jeune Afrique Économie →](#)

Saga Advisory

General: info@saga-advisory.com · saga-advisory.com

STAVANGER · CAPE TOWN