

AFRICA RISK CONSULTING

Country briefing – Senegal

August 2013

Summary

Government activity slowed in August due to the holiday season and Ramadan. Lacking a clear medium to long-term government plan of action, President Macky Sall turned his attention to firefighting: minimising the political fallout from the annual severe flooding and power cuts. His other focus remains eliminating the threat of his political nemesis Karim Wade. The government has indicated that it will seek to convict Wade of corruption and then amend the law so that he is banned from holding public office for 10 years. With little incoming new investment, Sall seeks to complete projects launched under the former Wade administration to improve the economy. This includes the impressive Dakar-Diamniadio toll highway opened on 1 August. Ironically, the government's illicit enrichment investigations into former officials have opened new avenues for corruption. There are several reports of impropriety against provisional administrators appointed to companies under investigation.

Government policy: firefighting and eliminating Wade

Government activity slowed from its already slow pace during the August holiday season. On 1 August 2013 President **Macky Sall** returned from a week-long stay in **Morocco** and announced a break for the **Council of Ministers** during August.¹ The break coincided with the end of the month of **Ramadan** on 7 August.

President Sall turned his attention to minimising the political fallout of the annual flooding and power cuts which have become commonplace during August in recent years. The government significantly improved its response to the crises compared to previous years in an effort to stem its declining

¹ Nettali, 2 August 2013

support among the electorate. It is aware that youth dissatisfaction is increasing as economic activity declines. Youth grievances include the lack of jobs and the government is treading carefully to avoid sparking unrest. Youths sent a warning to the government on the night of 2 August by setting fire to the roundabout directly outside **Aéroport Léopold Sédar Senghor** after a 24-hour power cut in the **Yoff** airport district.² However, sources in Dakar confirmed that the power supply has improved with the frequency and length of power cuts significantly reduced.³ Sall also visited flood-affected neighbourhoods on the outskirts of Dakar on 7 August.⁴ In one week four people died due to flooding across the country.⁵ The authorities within the ministry of health distributed hygiene kits to avoid cases of cholera and malaria.⁶

“The government has put in a lot of effort, the president was visiting the areas showing his commitment. Many areas relocated into new housing. There are also a lot of motor pumps shifting water. They have done well compared to previous years.”⁷

Lacking a comprehensive government plan of action for the medium and long term, the government has resorted to short-term firefighting to increase electoral support.

“The country is back in election mode, just after recovering from the 2012 elections. What happens in election mode is that economic activities are not just paralysed, serious money and focus is diverted to clear and present 'danger' and not serious lasting policies. That includes controlling flooded gutters, maintaining the power supply, keeping the price of foodstuffs low during the month of Ramadan. They are the new priorities.”⁸

President Sall’s other focus is eliminating the threat of his political nemesis **Karim Wade**, the former number two in his father, **Abdoulaye Wade**’s, government (2000 – 2012). Wade was arrested on 17 April 2013 as part of the government’s illicit enrichment investigation into former officials. The **Cour de Répression de l’Enrichissement Illicite (CREI)** commission of enquiry has until October 2013 to form a case around the CREI allegation that Wade had illicitly gained assets that the CREI has listed and valued at \$1.4 billion.⁹ **Aminata Touré**, minister for justice, confirmed the government also plans

² Senego, 3 August 2013

³ Source, several

⁴ Rewmi, 8 August 2013

⁵ RFI, 18 August 2013

⁶ RFI, 18 August 2013

⁷ Source, NGO executive, Dakar

⁸ Source, business owner and former analyst, Dakar

⁹ See previous ARC Senegal briefings

to amend the **Penal Code** in October 2013 to ban those found guilty of corruption from holding public office for ten years.¹⁰ The amendment appears to be directed at Wade.

The investigation into Wade's activities in office remains top of the government's agenda. On 21 August the government auditor **Inspection Générale d'Etat (IGE)** recommended that Wade be prosecuted over the alleged misappropriation of over \$7.5m (CFA3.7 billion) from the **Agence Nationale de l'Organisation de la Conférence Islamique (ANOCI)**. Wade was appointed president of ANOCI, his first public appointment, in June 2004. Sall's power battle with the Wade's started in 2007 when, from his position as head of the National Assembly, he launched a parliamentary inquiry into Wade's role in ANOCI. **Abdou Latif Coulibaly**, the "*abrasive*"¹¹ current minister for good governance, is behind the government investigation. In his former career as an investigative journalist, he made several allegations against Wade over his management of ANOCI.

...although President Sall looks to Wade's projects to improve the economy

Sall hopes that completing some of the projects started under Wade will restore Senegal's ailing economy. In an interview during August Sall revised the 2013 economic growth forecast to 4.3%, which is low compared to most other countries in the West Africa region.¹² In April 2013 the government had targeted 7% growth.¹³ Several sources in Dakar question whether the government will meet the new target. The government has not announced any new investments since Sall's week-long stay in Morocco, the leading investor in Senegal under Wade. However, the projects launched under Wade demonstrate Senegal's economic potential.

Sall arrived home from Morocco to inaugurate the last 25 kilometre section of the Dakar-Diamniadio highway. The 40 kilometre highway will significantly reduce traffic congestion in and around Dakar. The ambitious project launched in 2009 with \$770m (CFA380 billion) financing was delivered on time and within budget.¹⁴ The **International Monetary Fund (IMF)** and **African Development Bank (AfDB)**, which led donor funding, said the project was a model for public-private-partnership (PPP) infrastructure projects in Africa.¹⁵ The government will recuperate its funding through a toll also

¹⁰ Xinhua, 20 August 2013

¹¹ Source, foreign journalist, Dakar

¹² Foreign Policy, September-October 2013

¹³ Reuters, 12 April 2013

¹⁴ Les Afrique, 1 August 2013

¹⁵ Les Afrique, 1 August 2013

launched on 1 August. There are some reports of complaints from local drivers over the \$2.80 (CFA1,400) fare which will earn the government \$20-30,000 each day.¹⁶

“A toll is new to Senegalese and many drivers are still avoiding it and going the old route. But most realise tolls are normal in the west and it is the only way to improve the highway network.”¹⁷

A cement plant in **Pout**, near **Thiés**, a city 60 kilometres east of Dakar earmarked for increased economic activity, passed a final hurdle towards its completion. The plant is a project of **Dangote Group**, owned by Nigerian **Aliko Dangote**. On 21 August 2013 the **Supreme Court** ruled in favour of Dangote Group in a land dispute running since 2010 that halted the final stages of the construction of the plant in January 2013.¹⁸ The ruling dismissed claims that the plant encroached on land which former president Wade had donated to the family of **Serigne Siradiou**, the late former caliph of the country’s most prominent Muslim brotherhood, the **Mourides**. Dangote Group confirmed that the case needs to go through an appeals court although the parties are in negotiations to agree on financial compensation. Dangote has already invested \$330m in the plant which represented the “*the largest African investment in francophone Africa to date.*”¹⁹ The plant is expected to produce 1m tonnes of cement per year.

*“This is a big relief. The country desperately needs this project and Dangote. This project can provide jobs for the youth which the government has promised. Also, Dangote wants to invest in the country, he is talking about investing in the new airport [**Aéroport International Blaise Diagne de Diass, AIBD**] and creating a sugar cane industry.”²⁰*

The illicit enrichment investigations offer new avenues for corruption

There are several reports of impropriety against companies and individuals appointed as provisional administrators to companies under investigation as part of the illicit enrichment inquiry focused on Karim Wade. The CREI has appointed provisional administrators to at least three companies since June 2013 – including **Dubai Ports World (DPW)** local subsidiary, as well as airport handling companies **Aviation Handling Services (AHS)** and **Senegal Handling Services (SHS)** – despite securing no documented evidence of Wade’s ownership in the companies. The CREI claims that the

¹⁶ Jeune Afrique, 29 July 2013

¹⁷ Source, NGO executive, Dakar

¹⁸ Jeune Afrique, 27 August 2013

¹⁹ Jeune Afrique, 27 August 2013

²⁰ Source, NGO executive, Dakar

provisional administrators were appointed to audit the companies' accounts in order to secure evidence of Wade's ownership in the companies.

However, the CREI has been forced into an embarrassing backtrack after the local press exposed several allegations of misconduct against the provisional administrators. Aminata Touré, minister for justice, ordered the CREI to remove the provisional administrator for DPW, **Papa Alboury Ndao** and his auditing firm **RMA**, on 1 August.²¹ Ndao failed to account for fees billed to DPW of over \$200,000 (CFA100m), including \$45,000 (CFA22m) for his salary.²² In another case **Add-Value Finance**, appointed provisional administrator for AHS, was exposed as part of an opaque offshore **British Virgin Islands (BVI)**-based corporate structure with hidden ownership.²³ **Abdoulaye Sylla**, the company's principal, allegedly uses his links to First Lady **Marième Faye** to win business²⁴ and is a donor to Sall's **Alliance pour la République (APR)**.²⁵ Several newspapers allege that Sylla is sabotaging AHS's activities and leading it into bankruptcy.²⁶ At least one of the provisional administrator appointments was allegedly secured in exchange for providing information on Wade's business activities.²⁷

... and the new biometric visa system leads to demands for bribes

The new biometric visa system was implemented at Dakar's Aéroport Léopold Sédar Senghor on 1 July 2013, and is applicable to all foreigners except citizens of the **Economic Community of West African States (ECOWAS)**, **Morocco** or **Mauritania** to obtain visas for 0-90 days.²⁸ Applicants must register and complete an application online, receive approval and then receive the visa at selected embassies or at the airport Aéroport Léopold Sédar Senghor. The local tourism industry has criticised its introduction.²⁹

The new system has led to demands for bribes from security officials at the airport. On 27 August border police at the airport demanded a bribe from a political analyst source to receive the visa despite the source having the approval and all other relevant documentation. A foreign journalist living in Dakar for several years says, "*...This is the first time I've heard of bribes at Senegalese borders.*"

²¹ RFI, 1 August 2013

²² Le Quotidien, 29 July 2013

²³ Several local media report supported by the BVI corporate records

²⁴ Leral, 14 August 2013

²⁵ Le Dakarois, 16 August 2013

²⁶ Rewmi, 12 August 2013 as we

²⁷ Source, business lawyer, Senegal

²⁸ See also ARC Senegal briefing July 2013

²⁹ See also ARC Senegal briefing July 2013

Implications

The government may ward off further unrest in the immediate term through minimising the impact of the annual flooding season and improving short-term power supply. However, the population is growing impatient with the government's unclear economic program, notably its inability to secure large projects with private investors and donors that will bring jobs. This includes the absence of power projects to form a long-term response to resolving the energy crisis. Ultimately, this is the result of a political scene beset with factions and rivals within the president's coalition, slowing government business and keeping investors away.

While Sall has little choice but to forge ahead to complete Wade-era projects, it places his record in power further in question. In a country with a solid democratic foundation compared to other countries in the region – that are achieving considerably higher growth – the government needs to place its own imprint on the economy by securing and successfully launching its own projects.

Instead Sall has relied on a populist and flawed illicit enrichment inquiry into former officials. The allegations against the provisional administrators have undermined Sall's priority programme. Thus far it has failed to bring these cases to the Senegalese courts, underlining the inability to secure clear documented evidence against the former officials. By sacking the provisional administrator for DPW, the government has in effect admitted that the program has created new avenues for corruption, the exact opposite of its intended purpose.