

AFRICA RISK CONSULTING

Country briefing – Senegal

11 June 2013

1.1 Summary

President Macky Sall's politicised illicit enrichment investigation has widened. The showpiece government program has expanded to include a fresh list of companies as part of the case against Karim Wade, targeting other former Wade government officials and threatening companies under investigation with expropriation. Wade's team is now on the offensive with small but disruptive street protests, openly criticising the flawed investigation and pressuring the government from a human rights angle. Wade will wait until election year to release information on Sall's own alleged impropriety during his time as a key figure in the former government. Sall's team has failed to attract and reassure investors to develop large projects to renew the economy. The influence of the first family is growing – in politics and business. The presidency has also lost Aminata Niane, a prominent infrastructure specialist. The number of large projects launched under the Sall government pales in significance compared with those launched under the Wade government. The business sector and electorate expect more. Despite the kidnapping of 12 Senegalese deminers working for South African company Mechem on 3 May, the security situation in the southern Casamance region is stable and has no impact on the nationwide security situation.

1.2 The government anti-corruption drive widens ...

The government has widened its core program, the illicit enrichment investigation against former officials. President **Macky Sall** arrested his main target **Karim Wade**, former number two in the government of his father **Abdoulaye Wade** (2000 – 2012), on 17 April 2013. He remains at **Dakar's Rebeuss** prison. The **Cour de Répression de l'Enrichissement Illicite (CREI)** commission of enquiry has six months to form a case around a flawed \$1.4 billion list of his alleged assets.¹ CREI special prosecutor **Alioune Ndao** threatened a new list of companies as part of the Wade

¹ See previous ARC Senegal briefings

investigation on 10 May, including **Teranga Gold Corporation** and **Mineral Deposits** as well as several other mining companies; and airport contractors **Sécuriport**, **Senjet** and **Daport**.²

CREI has also turned its attention to other unpopular former officials to distract the electorate from the economic situation, deteriorating due to the lack of foreign investment (see below). **Samuel Sarr**, former minister for energy, is under investigation involving a case of overcharging an oil cargo delivery in 2008 to **Société Africaine de Raffinage (SAR)**.³ CREI investigators link Sécuriport to **Ousmane Ngom**, former minister for the interior.⁴ **Oumar Sarr**, another former Wade government official and ex-husband of outspoken minister for justice **Aminata Touré ‘Mimi’** is also under investigation.⁵ *“These guys are all close to Karim...it’s all about Karim and they will not stop at him.”*⁶

CREI has widened its threats to foreign investors to include expropriation. On 26 April CREI special prosecutor Alioune Ndao threatened to place companies suspected of having some Wade ownership under administration.⁷ The main targets are Dakar port operator **DP World** and airport ground handling company **Aviation Handling Services (AHS)**, which together make up over 90% of the inflated alleged list of Wade’s assets. The threats continue despite the fact that CREI has yet to present any documentary evidence of Wade’s ownership.⁸ There are precedents for cancellation of contracts under the Sall administration. On 18 May 2012 Sall cancelled a contract with Sécuriport to administer immigration control services at Dakar’s **Léopold Sédar Senghor International Airport**.⁹

1.3 ...while Wade goes on the offensive

The Wade investigation provided the opposition **Parti Démocratique Sénégalais (PDS)** with “*a new lease of life*” since their March 2012 election defeat.¹⁰ The PDS launched a series of minor street protests on 23 April calling for Wade’s release and also to capitalise on increasing economic grievances. A ban on another demonstration scheduled for 8 May in Dakar’s outer suburb, **Pikine**, has motivated the party to schedule more protests.

² Libération, 10-11 May 2013

³ RFI, 18 May 2013

⁴ La Tribune, 2 May 2013

⁵ Africa Intelligence, 1 May 2013

⁶ Source, francophone analyst, Senegal

⁷ Jeune Afrique, 26 April 2013

⁸ Sources, several

⁹ Sud Online, 21 May 2012

¹⁰ Source, francophone analyst, Senegal

Wade has changed tactic. He and his lawyers had maintained a low profile following his 17 April arrest, but they went on the offensive in early May. On 6 May his French lawyer **Pierre-Olivier Sur** denounced the CREI asset list and the government's handling of the investigation. He said it had reversed the presumption of innocence and that it was conducted without necessary international auditing or legal expertise.¹¹ *"It's easy to shoot holes in this process...there is still no evidence of detailed forensic auditing."*¹² This provoked a backlash from Senegalese authorities, accusing Sur of a colonial agenda and a lack of respect for the Senegalese judiciary.¹³

Wade's offensive also saw a number of allies breaking their silence amid growing scrutiny of the investigation over its political nature. **Doudou Wade**, his cousin, and **Aminata Tall**, former minister for state, made statements of support in the press. Veteran francophone journalist **Francis Kpatinde** also said the Wade case was political and that Sall had targeted Wade *"because he can't get to his father."*¹⁴

Wade's counter attack is being staged across the region. The **Economic Community of West African States (ECOWAS)** Court of Justice in **Abuja, Nigeria** will hear his human rights complaint on 15 July. The ruling was postponed during a 17 May hearing. On 4 May the regional human rights court rejected the Senegal government's claims that ECOWAS did not have jurisdiction to rule on the complaint. This followed a ruling on 22 February to remove Wade's travel ban and respect the presumption of innocence. A Senegalese constitutional lawyer confirms that the court is able to implement sanctions against the government or suspend Senegal from the regional community, despite the lack of precedent for this. Abdoulaye Wade remains in **Versailles, France**, focused on this ECOWAS legal process. He has secured support from the current head of ECOWAS, Ivorian President **Alassane Ouattara**. They have good relations - Wade was one of the first African leaders to support Ouattara in the 2010-2011 Ivorian post-election crisis.

Wade is pursuing the angle that the government investigation has infringed his human rights. Leading local and international campaigners criticised the Wade investigation in April 2013.¹⁵ In local and francophone business circles, several sources are also critical of the continued imprisonment of one of several of Wade's alleged *"accomplices"*, local businessman **Ibrahim Abou Khalil 'Bibo Bourgi'**. The

¹¹ Pierre-Olivier Sur press conference, 8 May 2013

¹² Source, francophone analyst, Dakar

¹³ Press Afrik, 9 May 2013

¹⁴ Mail & Guardian, 10 May 2013

¹⁵ See ARC Senegal briefing, April 2013

CREI refuses to grant bail to Khalil to receive urgent medical attention after an independent examination confirmed a *“high probability of his sudden death”* if he remains in prison.

Rather than launch an attack against Sall now, Wade’s strategy is to wait and employ a political strategy in sync with the electoral cycle. A local businessman source is confident that the Wade’s have evidence of Sall’s impropriety while he was a member of the former administration.¹⁶ However, the source claims they will wait to release this information until the election year. *“What’s the point of releasing that now?”*¹⁷

1.4and doubts remain over Sall’s team to deliver large projects....

Questions marks hang over Sall’s team’s ability to attract and retain the investors that are needed to develop large projects to renew the economy. The ruling coalition is fractured¹⁸ and several sources note the growing influence of Sall’s family. The first lady, **Marième Faye Sall** is a leading figure in the presidency. Her brother **Mansour Faye** is interested in becoming **Saint Louis’** mayor.¹⁹ Faye Sall is close to **Mor Ngom**, who heads the cabinet.²⁰ In October 2012 **Petro Tim**, chaired by Sall’s brother **Aliou Sall** and a subsidiary of **Frank Timis’ African Petroleum**, won the exploration rights for the **Cayar Offshore Deep** and **Saint Louis Offshore Deep** oil blocks.²¹ Aliou Sall is a former chief counselor at the Senegalese embassy in **China**. **Tullow Oil** had also negotiated for the blocks.

Amadou Kane, minister for economy and finance and former banker, is a key member of Sall’s team to secure investment. However, he lacks the stature of **Aminata Niane**, former head of the **Agence pour la Promotion des Investissements et Grands Travaux (APIX)** under the Wade government. Niane confirmed her resignation as a special advisor to Sall in the presidency on 20 May.²² She will join the **African Development Bank** as a senior advisor on infrastructure.

Government inertia means that projects are developing more slowly than expected. On 16 May South Korean power firm **KEPCO** signed an agreement with the government to build a \$590m (CFA300 billion) 250 megawatt coal-fired plant at **Bargby Sendou** 30 kilometres from Dakar. However a number of other large projects have stalled, including plans for state-owned power company **Société**

¹⁶ See previous ARC Senegal briefings; Sall held numerous roles up until November 2009

¹⁷ Source, francophone analyst, Senegal

¹⁸ See ARC Senegal briefing, April 2013

¹⁹ Africa Confidential, 26 April 2013

²⁰ Africa Confidential, 26 April 2013

²¹ Africa Intelligence, 24 October 2013

²² Jeune Afrique, 20 May 2013

Nationale d'Electricité (SENELEC) to construct a \$500m 150 megawatt gas-fired plant.²³ **Seydina Kane**, presidential advisor for energy, **Aly Ngouille Ndiaye**, minister for energy, and **Pape Alle Dieng**, SENELEC managing director, lead negotiations. In January 2013 Mineral Deposits announced that production should start at its **Grande Côte** mineral sands project by the end of 2013. Teranga Gold Corporation, which operates the only producing gold mine in Senegal, **Sabodala**, renewed its rights in May 2013. However, several mining sources complain of excessive tax demands from the government. Overall, the number of large projects launched under the Sall government is pale in significance to the numerous projects launched under the Wade government. After the economic mismanagement and fractured relations with donors during Wade's last term (2007 – 2012) most local sources expect more foreign investment from the Sall government.

1.5 Security in the southern Casamance region

The security situation in the southern Casamance region is stable and has no impact on the nationwide security situation. On 3 May a faction of the **Mouvement des Forces Démocratiques de Casamance (MFDC)** led by **César Atoute Badiaté** kidnapped 12 Senegalese employees of South African mine clearance company **Mechem** at **Kailou**, 20 kilometres south of **Casamance** regional capital **Ziguinchor** and close to the **Guinea-Bissau** border. Mechem is one of three demining organisations working with government agency **Centre National d'action Antimines au Sénégal (CNAMS)**.²⁴ CNAMS confirmed on 24 May that it had temporarily suspended demining in the Casamance. The rebels subsequently released three female hostages on 27 May 2013.²⁵

The risk of isolated attacks in the region has increased due to the peace process negotiations between the government and the rebel factions. *"The two to three factions mostly constitute armed bandits and get support from Gambian President Yahya Jammeh. While the process is going on, if one gang leader feels left out, they may decide to make a stand."*²⁶ A political analyst travelled from Ziguinchor through the rebel stronghold of **Sao Domingos**, across the **Guinea-Bissau** border in late May. Despite the presence of disenfranchised youths and demands for bribes from security officials around Sao Domingos, there is a low security risk for foreigners. Since the MFDC was formed in 1992 the different rebel groupings have never targeted foreigners.

²³ Africa Intelligence, 19 March 2013

²⁴ The other two are Handicap International and Norwegian operator, NPA; IRIN, 24 May 2013

²⁵ RFI, 27 May 2013

²⁶ Source, Francophone journalist

Implications

In the widened illicit enrichment investigation the government will continue to target companies with local partners linked to former government officials. Sall has sought to restructure the ownership of companies that fell under Wade's ministries including aviation, energy and infrastructure. The threats risk a backlash and increase the risk of government getting tied up in litigation. Businesses also fear hostile competitors taking advantage of the government's action. However, the government will only expropriate assets in exceptional circumstances, given the inadequacies of the investigation and the lack of documented evidence to support its claims.

French and **United States (US)** investors also appear sheltered from the politicised investigation. Sall has sought good relations with both countries. A visit from US President **Barrack Obama** on 26 June 2013 and another Sall visit to **Paris** on 4 June will further improve these relations. However, security issues will dominate these relationships, notably Sall's support for the **Mali** intervention and counter-terrorism activity in the region – a policy priority for both partners. Improving the country's standing as a destination for investment will prove a harder sell. The business community is increasingly anxious over the anti-corruption drive and lacks confidence in Sall's inner circle and fractious government. The opposition will gain more traction in the coming months as power cuts worsen, Dakar's annual flooding begins and developments with major projects to improve state revenues and employment continue at a slow pace.