

AFRICA RISK CONSULTING

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The Cour de Repression de l'Enrichissement illicite (CREI) looks set to convict Karim Wade, son of former president Abdoulaye Wade (2000-2012), when it delivers the verdict in his corruption trial on 23 March. A rigorous security response limits the risk that localised violent protests may escalate following the verdict. The government aims to revive the tourism sector through tax breaks, and possibly cancelling the requirement for visas. Power utility Société Nationale d'Electricité (Senelec) reduces power outages and improves profitability.

Political manoeuvres around the Wade verdict

Political tensions will heighten around the 23 March verdict for the illicit enrichment trial of **Karim Wade**, number two in the administration of his father, former president **Abdoulaye Wade** (2000-2012). The **Cour de Repression de l'Enrichissement Illicite (CREI)** judge **Henri Gregory Diop** adjourned the hearing on 19 February and scheduled the verdict sooner than expected after Wade and his lawyers boycotted the seven-month long trial from 14 January 2015.¹ The state lawyers requested a seven-year prison term for Wade, but have failed to provide documented evidence linking Wade financially to an alleged "asset list" totaling CFA 117 billion (\$200m). Wade's lawyers reiterate that President **Macky Sall** (2012-present) has pursued the trial to eliminate Wade from the political scene.

*"Everybody in Senegal is convinced that Karim Wade will be sentenced to at least a five-year prison term and the assets that are supposed to belong to him will be dispossessed... It is unthinkable that Karim Wade could walk free from the court. Firstly, because his strategy was not to take part in the trial. He refused to answer the questions, and finished, at the end, by boycotting the proceedings, along with all his lawyers."*²

Animosity between the CREI and Wade's lawyers increased further after the CREI accused Wade's team of secretly recording CREI meetings. On 6 March, state investigators accused technician **Abou Adolphe Dia** of making secret recordings and handing them to Wade's lawyers.³

*"It appeared that Karim's people had bribed someone from the court, who put a mike in the CREI's committee room, so that Karim's lawyers knew in advance every decision that the court would take. That discovery has outraged many people in the court, and you can be sure that some would want Karim to pay for that."*⁴

The delay of a related case – involving a CREI report that the prosecution case relied on – highlights both the controversy around the prosecution's case and political motivations behind the trial. Wade's team has criticised a 12 March ruling in the **Tribunal Correctionnel de Dakar** that adjourned Wade's defamation case filed against **Pape Albouy Ndao**, a CREI auditor, until 26 March, after the CREI verdict.⁵ Wade's lawyers have accused Ndao of forging documents for a CREI report that linked Wade to a bank account in **Singapore**. During a CREI hearing, Ndao admitted that he had no evidence that Wade was the owner of the account.

¹ See ARC Senegal February 2015 Briefing

² Source, investigative journalist, Senegal

³ Leral, 6 Mar 2015.

⁴ Source, investigative journalist, Senegal

⁵ Senenews, 13 Mar 2015.

A rigorous security response will limit the risk of any localised violent protests following the verdict escalating. In addition, authorities have started to arrest Wade allies suspected of preparing violent protests. On 17 March, authorities arrested **Amadou Sall**, Wade's lawyer and former justice minister, after he said during a 15 March political rally of Wade's **Parti Démocratique Sénégalais (PDS)** that President Sall "would not last one more night in the presidential palace" if the CREI convicted Wade.⁶

*"There will be trouble, since the former president [Abdoulaye Wade] has said that he will not let his son be sentenced to prison. The authorities have anticipated that, and started to arrest some people close to Wade, whom they suspect of preparing violence around the country. Some of them will be put on trial. But Abdoulaye Wade will not be arrested ... I think that there will be some young people who will want to go on a rampage around town, but the police will quickly contain them."*⁷

Former president Abdoulaye Wade also plans to name his son as his successor to lead his PDS, in order to increase local and international attention on the trial. The PDS called for party leadership candidates and will reportedly announce its new leader and candidate for the 2017 presidential election on 20 March, three days before the verdict.⁸ The nomination has been brought forward from August 2015.

*"This is part of Wade's political scheme. He wants his son to be his party's champion for the 2017 election, so that, when the latter will be sentenced by the CREI, Wade can tell the world that Macky Sall has his main rival in jail so that he will be sure not to lose the election. This seems evident also because some of the most prominent figures of the PDS have not planned to run as candidates."*⁹

However, former president Wade has further undermined his local and international reputation through divisive comments directed at Sall. On 24 February, Wade said that Sall is a "descendant of slaves" and "cannibals."¹⁰ The political elite – including from his own PDS party – as well as human rights monitors universally condemned Wade's comments.

Sall also plans his own manoeuvres to deflect international media attention on the political motivations behind the trial. On 17 March, Sall confirmed he would keep a campaign promise and hold a referendum in 2016 to reduce the presidential term to five years from seven, paving the way for elections in 2017.¹¹ Sall said the widely expected move would "set an example" in Africa.

The government targets the tourism sector

The government is seeking to revive the tourism sector. The Ebola outbreak in **West Africa** exacerbated the downturn in the sector following the global financial crisis in 2008. Despite Senegal successfully containing its single Ebola case in August and September 2014, the outbreak has reduced tourism as well as business and conference travel. President Sall has said the strong **United States (US)** dollar has further reduced tourism.¹²

Sall claims that reviving the tourism sector is a key tenet of the **Plan Senegal Emergent (PSE)** economic roadmap. On 2 March he pledged a 10-year tax break for new investments in the sector. He also said the government would review taxes to reduce the price of airfares.¹³

In addition, Sall claims the government is considering cancelling the reciprocal biometric visa system put in place in July 2013. All foreigners except citizens of the **Economic Community of West African States (ECOWAS)**, **Morocco** or **Mauritania** are now required to have a biometric visa for a period of 1-90 days at a cost of €52 (\$56). Visitors have also waited up to two hours to receive biometric visas at the **Aéroport**

⁶ AP, 17 Mar 2015.

⁷ Source, investigative journalist, Senegal

⁸ APA, 6 Mar 2015.

⁹ Source, investigative journalist, Senegal

¹⁰ Jeune Afrique, 26 Feb 2015.

¹¹ Koaci, 17 Mar 2015.

¹² Reuters, 2 Mar 2015.

¹³ Reuters, 2 Mar 2015.

Léopold Sédar Senghor in Dakar.¹⁴ Leading tourism operators have criticised the visa cost and process and said the government adopted the measure without adequate consultation.¹⁵

Sall administration claims end to power crisis

The Sall administration has claimed it has brought to an end the power crisis that started in the final years of the Wade administration. The power utility **Société Nationale d'Electricité (Senelec)** said that power outages accounted for less than 100 hours during 2014, down from more than 900 hours in 2011.¹⁶ The severe power cuts resulted in widespread riots from 2009 to 2012 during the Wade administration, and triggered the protest movement against Wade's bid in 2012 for a third term in power.

The energy ministry said “rare”¹⁷ power cuts still occur, including during a 27 January **African Cup of Nations** football game. However, Senelec CEO **Pape Dieng** – whom Sall appointed in July 2012, three months after he came to power – claims he undertook “very unpopular measures” to improve the situation. Dieng claims Senelec renegotiated several contracts that were “disadvantageous” to the state-owned power utility.¹⁸

Senelec returned to profitability in 2014. It recorded a CFA 3 billion (\$4.9m) profit in 2014, after a loss of CFA 50 billion (\$82m) in 2010. However, the government continues to subsidise Senelec heavily. Senelec relied on CFA 77 billion (\$127m) in subsidies in 2014. The government maintains low electricity costs, currently CFA 117 (\$0.19) per kilowatt (kWh) for an average purchase cost of CFA 150 (\$0.25) per kWh. In addition, Senelec claims that around CFA 20 billion (\$33m) of electricity is stolen from the grid each year.¹⁹

Dieng claims that an investment plan to improve infrastructure and further liberalisation will boost future output. Senegal’s current electricity generation capacity is 600 megawatts (MW) and consumption is increasing at 10% each year. The energy ministry plans to create a more investor-friendly environment to attract **Independent Power Producers (IPPs)** to launch power generation projects.

However, Senegal has limited power generation potential compared to its regional neighbours. The country has limited hydro power potential and no oil production. Currently, 90% of power is generated through imported petroleum.²⁰ The government aims to increase coal’s contribution to the power generation mix from 0% to 70% and renewable energy from 0% to 7% in the next three years. However, power projects continue at a slow pace under Sall’s administration.

Implications

A Karim Wade conviction appears a forgone conclusion. As previously noted, the lack of documented evidence and questionable legal processes indicate that Sall has pursued a political vendetta against the Wade’s. This significantly increases business risk for Senegal, highlighting a lack of judicial independence, particularly for investors seeking legal recourse. A Wade conviction risks a backlash from business, donor and diplomatic communities. It also risks a break with the recent economic momentum, given the renewed donor and investor interest in Senegal in recent months. In the longer term, it risks establishing a pattern of vindictive politics following a change of government in Senegal. This in turn will create political uncertainty and increase business risk.

The government review of measures to revive the tourism sector is long overdue. The visa system in particular has significantly reduced tourism earnings, a vital source of income for the economy, and airport taxes remain some of the highest in the region.

¹⁴ Seneweb, 25 November 2013

¹⁵ Jeune Afrique, 17 Mar 2015.

¹⁶ Jeune Afrique, 26 Feb 2015.

¹⁷ Jeune Afrique, 26 Feb 2015.

¹⁸ Jeune Afrique, 26 Feb 2015.

¹⁹ Jeune Afrique, 26 Feb 2015.

²⁰ Jeune Afrique, 26 Feb 2015.

The energy sector has improved under Sall. Senelec's position has recovered, but the utility remains reliant on high government subsidies, which key donors continue to highlight. The slow pace of power projects has also been a feature of the Sall administration. As a result the outlook remains poor compared to regional neighbours and the energy sector remains an economic bottleneck.

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