

AFRICA RISK CONSULTING

Country briefing – Senegal

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Summary

President Macky Sall forms a new government under Prime Minister Aminata 'Mimi' Touré in a move to position his Alliance pour la République (APR) as a nationwide political force. APR officials secure key appointments including the ministry of interior. Sall keeps the ruling Benno Bokk Yakaar (BBY) coalition but reduces its influence. Touré will oversee a left-leaning populist government program. Former tax inspector Amadou Ba replaces Amadou Kane as finance minister. The new government steps up its illicit enrichment investigation which hits business confidence. The economy is on a downward trend. An ongoing water crisis enters its third week following damage to a water plant servicing 40% of Dakar. Over half of the capital remains without water.

1.2 1.1 President Sall forms a new government under PM Touré

President **Macky Sall (2012 -)** has moved to position his **Alliance pour la République (APR)** as the country's leading political party. On 1 September 2013 Sall sacked the government he formed in April 2012. **Aminata 'Mimi' Touré**, a senior figure within the APR, was appointed prime minister in a new 32-member government formed on 2 September.

Sall formed the new government in response to calls within the APR for greater influence. Touré is one of 15 APR officials included as ministers. The APR also secured the important interior ministry (see below). A political consensus had previously recommended the interior minister not be affiliated to a political party. The APR executive had demanded more control of government to use as a platform to increase its support base in the lead up to the local and municipal elections scheduled for March 2014. The local and municipal appointments are described as “*the second power*” in the country. The Dakar mayor and other local appointments in the capital are particularly coveted.¹ The reshuffle was also in response to the poor performance of Sall's first government which failed to

¹ Source, NGO executive, Senegal



deliver on election promises, notably reducing unemployment, cost of living and power cuts. **Youssou Ndour**, musician and former tourism minister, was one of eight ministers removed.

Sall has retained the loose ruling coalition **Benno Bokk Yakaar (BBY)**. The five important members of the coalition – the **Parti Socialiste, Rewmi**, the **Alliance des Forces de Progrès**, the **Ligue Démocratique** and **Parti de L'indépendance** – maintained their cabinet post quotas of two to four ministers. Former prime minister **Idrissa Seck's** Rewmi had its quota reduced to two. Seck left the BBY on 12 September to formally join the opposition.² Following Seck's departure, one of Rewmi's ministers, **Omar Gueye**, the new tourism, aviation and transport minister, left Rewmi and declared his support for Sall.³

The appointment of Touré, the justice minister in Sall's first government, significantly improves the government's standing. The 50-year-old former human rights specialist is a popular and media-savvy face for the new government.

A foreign journalist source in Dakar claims that Sall is uncomfortable with Touré's sudden rise and wanted to neutralise her, "*he wanted her in a safe placethis may be viewed as elimination by promotion.*" Touré is the second woman to head the Senegalese government. Before entering government, she was head of the gender, human rights and culture branch at the **United Nations Population Fund**. She remains close to Sall, played an important role in his 2012 election campaign and has led the government's illicit enrichment investigation focused on former officials.⁴ Touré replaced **Abdoul Mbaye**, a former banker and technocrat. His position came into question due to his former role as a banker to ex-Chadian dictator **Hissène Habré** (1982 – 1990).⁵ The government has established a special court with the **African Union (AU)** to try Habré for war crimes and embezzlement, a process which Touré led as justice minister. Sall sacked Mbaye on the day the court finished a two-week fact-finding mission in **Chad**.⁶

Touré will oversee a left-leaning populist government programme. On 18 September the government launched a \$20m (CFA10 billion) poverty reduction programme aiming to remove 250,000

² RFI, 12 Sept 2013

³ Wal Fadjri, 19 Sept 2013

⁴ Jeune Afrique, 3 Sept 2013

⁵ See ARC Senegal January 2013 Briefing

⁶ RFI, 1 Sept 2013

Senegalese from poverty with a \$50 quarterly family security grant.⁷ On 1 October 2013 the government will commence universal healthcare coverage with an initial funding of \$10m (CFA5 billion) for 2013 targeted at children under five.⁸

Other key positions in the new government include:

- Finance minister **Amadou Ba**, a former tax inspector, is a technocratic appointment. He replaces **Amadou Kane**. Ba has a solid reputation but a low profile⁹ despite his local, regional and international finance experience. Several Senegalese and expatriate sources knew little of Ba and questioned his ability to attract foreign investment for large projects. He is unlikely to greatly influence monetary and fiscal policies set by the **International Monetary Fund (IMF)**. Ba previously held roles at the **Banque Internationale pour le Commerce et L'industrie du Sénégal**, the **Bourse Régionale des Valeurs Mobilières**, and **BNP Paribas**. In 2006 he became head of the tax office **Direction Générale des Impôts et des Domaines (Dgid)**, which he held until his ministerial appointment. He oversaw the drafting and implementation of the **Tax Code**, signed into law in January 2013.¹⁰
- There is no change in the foreign affairs portfolio. **Mankeur Ndiaye** maintained the position to which he was appointed in October 2012. He was Senegal's ambassador to **France** until this appointment. The 53-year-old former school teacher moved into diplomacy in 1991 and held numerous roles at the ministry for foreign affairs.
- Interior minister **Abdoulaye Daouda Diallo** becomes the leading security figure within government charged with countering the threat of growing Salafist extremism in the region. He will control **Operation 'Karangué'**, a counter-terrorism cell attached to his ministry following the French intervention in **Mali** in January 2013.¹¹ He is a former tax inspector and the former budget minister in the first Sall government.¹²

1.3 ... Renewed focus on Karim Wade further lowers business confidence

The economy is on a downward trend. An IMF programme review on 19 September further reduced the forecast growth rate for 2013 to 4%. Sall had previously revised the 2013 growth rate to 4.3% in

⁷ Jeune Afrique, 18 Sept 2013

⁸ RFI, 20 Sept 2013

⁹ Sources, several

¹⁰ Jeune Afrique, 4 Sept 2013

¹¹ RFI, 17 June 2013

¹² L'As, 3 Sept 2013

August from 7%¹³ in April 2013.¹⁴ The IMF warned that implementation of economic policy is slow and that the power sector continues to post large shortfalls, constraining the government's ability to finance priority spending needed for growth.¹⁵ There are already significant constraints on spending. The 2013 budget is committed to reducing the deficit from 8.2% to 6.4% of GDP.¹⁶ Finance minister Amadou Ba has a mission to create 150,000 jobs per year, increase economic growth to 7%, and decrease the budget deficit to 3.6% of GDP by 2017.¹⁷

The government's renewed illicit enrichment investigation focused on **Karim Wade**, the former number two in his father, **Abdoulaye Wade's**, government (2000 – 2012), has also hit business confidence. The **Cour de Répression de l'Enrichissement Illicite (CREI)** served Wade with a second notice on 12 September.¹⁸ The notice is based on a search of 150 **Monaco** bank accounts. **Julius Baer**, a Swiss-based private bank, was the only bank found to hold accounts in Monaco linked to Wade. The CREI investigations focused on 30 accounts held at Julius Baer allegedly involving \$200m worth of transactions. Of the 30 accounts, 24 are active and just one is in Wade's name,¹⁹ which holds \$2.7m. Wade's legal team claims this account has seen "*no financial movement since 2003.*"²⁰ The other accounts are in the names of Wade's alleged business associates whose companies were named in the asset list. The investigations found no movement of funds between Wade's account and the other 23 accounts.²¹ The CREI has until 15 October 2013 to launch prosecution or release Wade. This marks six months after his arrest on 15 April based on a flawed \$1.37 billion (CFA 694 billion) asset list involving his alleged ownership in 15 companies.²² The investigators have yet to obtain documented evidence of Wade's ownership in the companies targeted. Wade's team believes the CREI's second notice will result in further charges against their client when it expires on 13 October, and is designed to delay his release from prison two days later.²³

¹³ Foreign Policy, September-October 2013

¹⁴ Reuters, 12 Apr 2013

¹⁵ www.imf.org, 'Statement at the Conclusion of an IMF Mission to Senegal for the Sixth Review of the PSI', Press Release No. 13/348, 18 Sept, 2013

¹⁶ APS, 1 Feb 2013

¹⁷ Jeune Afrique, 4 Sept 2013

¹⁸ L'Observateur, 12 Sept 2013

¹⁹ Account number 5102960

²⁰ Quoted in RFI, 13 Sept 2013

²¹ L'Observateur, 12 Sept 2013

²² See ARC Senegal March 2013 Briefing

²³ Jeune Afrique, 30 Sept 2013

Sidiki Kaba, newly appointed justice minister, has distanced himself from the investigations.²⁴ He is a respected human rights lawyer and former honorary president of international human rights organisation **Fédération Internationale des Ligues des Droits de l'Homme (FIDH)**. French judicial authorities, including the country's illicit enrichment organisation, **Office central pour la Répression de la Grande Délinquance Financière (Ocrpdf)**, have criticised the CREI's rushed methods to investigate Wade's assets in France.²⁵ Several sources have raised concerns over the government's criminal mediation process to recover the alleged illicit funds. Political and influential civil society groups including the **Mouvement du 23 Juin (M23)** and **Y'en a Marre** ("Enough is Enough") called for more transparency in the process.²⁶ The CREI has allegedly "recovered" \$60m (CFA30 billion) from public officials and businesses implicated.²⁷

1.4 Water crisis increases the risk of widespread street unrest in Dakar

Sall was forced to cut short his stay in the **United States (US)** at the **United Nations (UN)** General Assembly to return to Dakar on 26 September due to an ongoing water crisis affecting over two million people. On 12 September a water pipeline serving 40% of Dakar's population of three million was damaged at a plant in **Keur Momar Sarr** in the north of the country, 250 kilometres from Dakar. Since then at least half of the capital has gone without water.²⁸ Engineers have tried unsuccessfully to repair the damage several times. Some experts have questioned whether the pipeline was maintained properly.²⁹ Government officials are blaming the former regime for "*installing faulty equipment.*"³⁰ An NGO executive who owns a farm in Keur Momar Sarr claims that there is a lot of activity around the plant but the government is taking a cautious approach. The source claims that several engineers were injured trying to repair the damage.

The situation will take time to resolve and the government has been forced to manage its communications, according to an executive of a US utilities company which has partnered with the government. "*The government is careful not to cause panic and unrest. It won't say it but this is a serious problem which won't be resolved overnight.*" On 27 September the government appealed to France and **China** to send teams of experts to help restore supply.³¹ On his return from the US Sall promised to

²⁴ He has made no statements of support for the investigations

²⁵ Le Tribune, 13 Sept 2013

²⁶ RFI, 16 Sept 2013

²⁷ Afrik, 12 Sept 2013

²⁸ Sources, several including 2m figure in Les Afrique, 27 Sept 2013

²⁹ Reuters, 27 Sept 2013

³⁰ NGO executive, Senegal

³¹ Reuters, 27 Sept 2013

cancel all water bills in Dakar for September. Water distribution points have been established and the military has served water tanks to certain areas.³² The only area of the city with a reliable supply is the **Plateau** business district, although in recent years most foreign business, media and NGO offices have relocated to suburbs along **La Corniche**. Many of these areas were the first to be cut.

The situation has escalated to become Sall's first crisis since coming to power in April 2012. The crisis triggered widespread criticism of the government's performance among the opposition and civil society. Human rights monitor **Plateforme pour le Développement et les Droits humains (Pladh)** called for prosecution of those responsible. **Fadela Barro**, the popular figure behind youth activists Y'en a Marre criticised the government's management of the crisis. **Transparency International** local affiliate **Forum Civil** questioned the transparency of water supply contracts with utilities **Sénégalaise des Eaux (SDE)** and **Société Nationale des Eaux du Sénégal (SONES)**. SDE is a subsidiary of French-based holding company **Finagestion**. Private equity firm **Emerging Capital Partners** has a majority stake in Finagestion. SONES is a state-owned company responsible for asset management and quality control.

The water crisis resulted in the first significant street unrest since the campaign to oust former president Wade in the lead up to the March 2012 presidential election. On 26 September police were forced to use tear gas to break up youth protests and rioting in several districts including **Mamelles, Yoff, Grand-Yoff, Rufisque, Parcelles assainies, Boune, Yeumbeul Sud** and a highway leading to **Aéroport Léopold Sédar Senghor**.³³ Sources close to the Y'en a Marre say the influential youth group is planning a large protest in the coming days if the water supply is not restored. The security forces' presence around the presidential palace in Plateau has increased. Security forces allegedly prevented an anti-Sall protest near the palace on the morning of 30 September.³⁴ Over the last month discontent has also grown due to increased power cuts and ongoing flooding in several areas of Dakar.

2 Implications

The new government appointments give an impression of more competence, though the underlying motivation for many positions is political. Touré is a reputable human rights specialist and effective communicator. However, her ability to halt the economic downturn and re-engage with business is questionable, particularly given her leadership of the flawed illicit enrichment investigation. The

³² Source, analyst, Dakar

³³ Koaci, 26 Sept 2013

³⁴ Source, NGO executive, Dakar

appointment of new justice minister Kaba is unlikely to result in less focus on the investigation. Despite the lack of evidence to launch prosecution in the Supreme Court, Sall and Touré will move to extend Wade's time in jail. Sall's support base wants to keep Wade in jail and this will be Sall's priority in the lead up to the March 2014 elections.

Sall will improve his party's chances in the March 2014 local and municipal elections. However, non-APR members will probably continue to leave the coalition in reaction to the increased influence of the APR in the government. This will in turn translate to further government inertia in boosting the ailing economy. No new major foreign investment projects have been announced since the new government was installed.

The water crisis has significantly undermined Dakar's reputation as a francophone West Africa hub for investors, the media and NGOs. With basic service delivery deteriorating and a lack of foreign investment, the expatriate community is collectively skeptical of Sall and his government. Previous ARC briefings also detail the government's poor performance on service delivery as well as airport management and increasing insecurity. The water crisis also means that government spending will remain focused on firefighting in the near-term. Short-term spending to minimise the political fallout from poor basic services, flooding and the increasing cost of living has been a feature of the Sall presidency. The crisis as well as other short-term outlays in recent months during the hot rainy season brings into question the government's commitment to rein in the budget deficit.