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The United Nations (UN) Working Group on Arbitrary Detention states that the detention of Karim Wade, former minister and son of ex-president Abdoulaye Wade, is arbitrary. The UN report highlights irregularities involving Wade's illicit enrichment trial. The week-long visit of Morocco's King Mohammed VI to Senegal strengthens investment ties between the two countries, particularly in the banking sector. The power sector outlook improves as the government attempts to diversify away from diesel-based power generation.

UN supports Wade in illicit enrichment case

The **United Nations (UN) Working Group on Arbitrary Detention** has stated that the detention of former government official **Karim Wade** is arbitrary and recommended that the government ensure "full compensation" to "remedy the prejudice inflicted".¹ The UN working group, which operates under the **UN Office of the High Commissioner for Human Rights**, made these statements in a report dated 7 May, which became public on 1 June. It listed several breaches of international and national laws, notably the right to a fair trial – concluding that Wade's detention had no legal basis and is therefore arbitrary. It did not elaborate on what the "compensation" should involve. The UN working group consulted the Senegalese government over its report, however the government missed the deadline to submit its response to the claims.²

*"It is said that the Senegalese representative to the UN in **New York** is responsible for that (missing the deadline). He is supposed to have received the document 48 hours before the deadline...he waited as he thought that he had enough time...which was not the case. At least, that's what is being said at the justice ministry."³*

The anti-corruption court, **Cour de Repression de l'Enrichissement illicite (CREI)**, sentenced Wade to a six-year prison sentence and fined him CFA 138 billion (\$227m) on 23 March.⁴ The ruling came after an eight-month trial, which followed a controversial two-year investigation that started at the gendarmerie's research section. The CREI ruled that CFA 69 billion (\$114m) of a CFA 117 billion (\$193m) alleged asset list, which CREI assigned to Wade, was illicit. The CREI also sentenced seven of nine co-accused, Wade's alleged "business accomplices", to five 10-year prison sentences and similar fines. It released two co-accused.⁵

Wade and his co-accused have repeatedly denied the charges and have pointed to the lack of documented evidence linking Wade financially to the assets on the alleged asset list. Several local sources have viewed the sentencing of Wade, number two in the administration of his father ex-president **Abdoulaye Wade** (2000-2012), as part of President **Macky Sall's** (2012-present) plan to eliminate his political rival.⁶

¹ United Nations Working Group on Arbitrary Detention, 7 May 2015.

² Reuters, 3 Jun 2015.

³ Source, investigative journalist, Dakar

⁴ See ARC Briefing for Senegal, Apr 2015.

⁵ See ARC Briefing for Senegal, Apr 2015.

⁶ See ARC Briefing for Senegal, Apr 2015.

The findings of the UN working group are in line with the complaints of several human rights monitors, which highlighted a series of irregularities involving the CREI trial.⁷ The UN working group claimed that the CREI is an “*illegitimate jurisdiction*” and raised concerns over the fairness of the trial.⁸

Wade’s lawyers welcomed the UN working group report. **Sidy Diagne** said, “*This is the victory of law over power, the victory of law over the arbitrary.*”⁹ He demanded the government “*review and apply the UN recommendations*”, including his immediate release from prison.¹⁰ The Wade’s **Parti Démocratique Sénégalais (PDS)** said the report contained “*no surprises*” and ordered the government to release Wade and reimburse his legal fees for the case.¹¹

Senegalese justice minister **Sidiki Kaba** rejected the UN working group report, saying that the UN has no authority over rulings made in its courts.¹² A government spokesman also criticised the UN working group for refusing the government’s late report submission, and therefore rejecting its arguments.¹³

Wade and his co-accused have filed appeals with the Senegalese **Supreme Court** to overturn the CREI ruling. Wade’s legal team submitted his appeal on 19 May.¹⁴ Justice minister Kaba also contends that the government was “*awaiting a final ruling by a higher court*”, referring to the Supreme Court appeal.¹⁵ According to a local investigative journalist, the Supreme Court has six months to rule on the case, which means it will make a decision by November.

A related ruling on 26 May called the Senegalese justice system further into question. The **Tribunal Correctionnel de Dakar** acquitted CREI auditor **Pape Alboury Ndao** in a defamation case brought by Wade.¹⁶ Wade’s legal team had strongly argued that Ndao had fabricated documents that falsely linked Wade to a **Singapore** bank account, which the CREI prosecutor later withdrew from the case against Wade. During a CREI hearing in March, Ndao admitted that he had no evidence that Wade was the owner of the account.¹⁷

Sall will gain added influence in the sub-region following his appointment as rotating head of the **Economic Community of West African States (ECOWAS)**. However, the Wade case will continue to bring further scrutiny. Sall was appointed chair for one year on 19 May, succeeding Ghanaian president **John Dramani Mahama** (2012- present). Sall will now lead the regional response to elections in 2015 in **Guinea, Cote d’Ivoire** and **Burkina Faso**.

The government strengthens economic ties with Morocco

Morocco’s King Mohammed VI (1999-present) has sought to expand his country’s business ties during a week-long visit to Senegal. He started a four-nation Africa tour in **Dakar** on 20 May, before visiting Côte d’Ivoire, **Gabon** and **Guinea Bissau**. The large Moroccan delegation comprised several ministers and around 50 businesspeople, including the heads of key Moroccan companies.¹⁸ “*Everything was done in style.*”¹⁹ King Mohammed VI last visited Senegal in March 2013.

During the visit, Senegalese and Moroccan officials established the **Groupe d’Impulsion Economique Sénégal-Marocain (Giesm)**, a forum which aims to increase investment between the two countries.²⁰ The Giesm will meet twice a year to monitor business developments. Sall and Mohammed VI reportedly signed 15 cooperation agreements between the two countries in several sectors

⁷ See ARC Briefing for Senegal, Apr 2015.

⁸ United Nations Working Group on Arbitrary Detention, 7 May 2015.

⁹ Reuters, 3 Jun 2015.

¹⁰ RFI, 2 Jun 2015.

¹¹ RFI, 4 Jun 2014.

¹² Reuters, 3 Jun 2015.

¹³ RFI, 4 Jun 2015.

¹⁴ Senenews, 19 May 2015.

¹⁵ Reuters, 3 Jun 2015.

¹⁶ Sud Quotidien, 29 May 2015.

¹⁷ See ARC Briefing for Senegal, Mar 2015.

¹⁸ RFI, 21 May 2015.

¹⁹ RFI, 21 May 2015.

²⁰ Les Afriques, 26 May 2015.

including customs, industry, tourism and the environment.²¹ However, finance minister **Amadou Ba** has not provided financial details of the “*framework agreements*”.²² King Mohammed VI made several public appearances at Moroccan-funded projects, including the launch of the **Soumbédioune** fishing pier in Dakar, which secured CFA 3 billion (\$5m) Moroccan funding,²³ and a Moroccan-led rural electrification project at **Louga**.²⁴ He also confirmed “*a significant donation of medicines and medical devices*” for the health ministry.²⁵

Behind the scenes Moroccan banking groups were prominent during the visit. The region is a key market for the Moroccan financial sector, and several large Moroccan banks are well established in Senegal. The Senegalese government signed cooperation agreements with **Banque Centrale Populaire (BCP)**, **Attijariwafa Bank** and **Bank of Africa (BoA) Capital Holding**.²⁶ BoA Capital Holding, a subsidiary of **Banque Marocaine du Commerce Extérieur (BMCE)**, also signed an agreement with Senegalese infrastructure company **Marylly BTP** and Senegalese sovereign wealth fund **Fonsis (Fonds souverain d’investissements stratégiques)**.²⁷ The Senegalese finance ministry signed an agreement with BCP and Moroccan property group **Douja Promotion Addoha**, to construct social housing. Senegal investment promotion body **Agence pour la Promotion des Investissements et des Grands Travaux du Sénégal (APIX)** also signed a cooperation agreement with Attijariwafa Bank.²⁸

Moroccan investors secured a foothold in the Senegalese economy under the Wade administration due to close relations between the Wades and Mohammed VI. At the end of 2013 Moroccan investments in Senegal totaled \$210m.²⁹ During the Wade era Moroccan businesses used the Senegalese market as a springboard into the rest of the **sub-Saharan Africa**. Moroccan companies are dominant in banking and insurance, real estate, rural electrification and healthcare.³⁰ During his visit Mohamed VI attended Friday prayers at the **Grand Mosque** of Dakar built in 1964 with funding from his father **King Hassan II**.³¹

“Cooperation with Morocco has expanded since the departure of Wade. Contrary to what was expected, Karim (Wade)’s imprisonment doesn’t seem to have any major impact on the relationship between Morocco’s King Mohammed VI and Sall. Mohammed VI has been honoured during his trips to Dakar, which he seems to be enjoying.”³²

The government seeks to diversify energy mix

The power sector outlook has improved following the government’s attempts to broaden its sources of energy for electricity production. The government aims to introduce liquefied natural gas (LNG) into the energy mix in the coming years. On 27 May state-owned power utility **Société Nationale d’Electricité du Senegal (Senelec)** signed a preliminary agreement with **Qatar’s Nebras Power** and **Japan’s Mitsui & Co** for a feasibility study into a floating LNG regasification terminal and a 400 megawatt (MW) power plant.³³ **Qatar Electricity and Water Company** has a 60% share in Nebras; **Qatar Holding** and **Qatar Petroleum International** also hold 20% stakes.³⁴ The memorandum of understanding commits Nebras and **Mitsui & Co** to a feasibility study that includes development, financing, construction, operation and maintenance of Floating Storage and Regasification Units

²¹ Jeune Afrique, 22 May 2015; Les Afriques, 26 May 2015.

²² Jeune Afrique, 22 May 2015.

²³ Les Afriques, 22 May 2015.

²⁴ RFI, 21 May 2015.

²⁵ Les Afriques, 22 May 2015.

²⁶ Les Afriques, 26 May 2015.

²⁷ Les Afriques, 26 May 2015.

²⁸ Les Afriques, 26 May 2015.

²⁹ Les Afriques, 22 May 2015.

³⁰ Jeune Afrique, 22 May 2015.

³¹ RFI, 21 May 2015.

³² Source, investigative journalist, Dakar

³³ Reuters, 27 May 2015.

³⁴ Reuters, 27 May 2015.

(FSRU) and an LNG-fuelled power plant.³⁵ The investors plan to sell power to Senelec under a power purchase agreement (PPA) with the utility.³⁶

The government is also starting to demonstrate some commitment to renewable energy projects. On 8 June private equity firm **American Capital Ltd** approved \$85m funding for a \$340m, 152MW wind farm at **Taiba Ndiaye**, 75 km north-west of Dakar.³⁷ The project developer, **French** company **Sarreole**, launched the project in 2008, but it faced several delays.³⁸ The financing followed Senelec's award of a 20-year PPA for the project, secured in January 2014.³⁹ The project will have two sites with 20 and 30 turbines, respectively.⁴⁰ According to the **ECOWAS Observatory for Renewable Energy and Energy Efficiency (ECOWREX)**, the plant could generate up to 280 GW annually, replacing 4.1m tonnes of CO₂ from fossil fuels over a 20-year period.⁴¹ The project is in line with the government's plan to increase renewable energy's contribution to the power generation mix from 0% to 7% in the next three years.⁴²

Paul Hanrahan, CEO of American Capital's capital energy and infrastructure unit, said:

"The Senegalese Government has stated that it is committed to shifting from diesel-based power generation to lower-cost energy sources, such as wind power, to lower the cost of electricity, and has taken steps to further reform its electricity sector in a way that makes it an attractive place to invest."⁴³

These moves follow an improvement in Senelec management and power generation in Senegal. In March Senelec claimed it had returned to profitability in 2014, recording a CFA 3 billion (\$4.9m) profit, although the company remains heavily-dependent on state subsidies (77 billion (\$127m) in 2014).⁴⁴ It also said that power outages accounted for less than 100 hours during 2014, down from more than 900 hours in 2011.⁴⁵

Implications

The UN working group once again highlights the concerns surrounding Wade's illicit enrichment trial at the CREI. Several local sources, as well as human rights monitors, have previously noted the lack of due process and absence of documented evidence to support the government's claims against Wade. The government's failure to meet the deadline for its response to the UN working group claims it is another incident that casts a shadow on the Senegalese judiciary. UN working group report will result in further local and international scrutiny on the Supreme Court appeal hearing for Wade.

King Mohammed VI's week-long visit to Senegal highlights the importance of economic ties between the two countries. After a lull in activity – and foreign investment – across the Senegalese economy following the change of power to the Sall administration, Moroccan companies, particularly large banking groups, are now seeking to regain and extend their foothold in the Senegalese market.

The development of non diesel-based power projects is positive for the power sector and Senegal's overall economic outlook. As economists frequently note, the power sector, or lack of sufficient power generation, is the main bottleneck for the economy. In addition, state subsidies to buy diesel fuel significantly strain public finances.

³⁵ Utilities ME, 28 May 2015

³⁶ Utilities ME, 28 May 2015

³⁷ Bloomberg, 8 Jun 2015.

³⁸ Jeune Afrique, 12 Jun 2015.

³⁹ Bloomberg, 8 Jun 2015.

⁴⁰ Jeune Afrique, 12 Jun 2015.

⁴¹ Jeune Afrique, 12 Jun 2015.

⁴² See ARC Briefing for Senegal, Mar 2015.

⁴³ Bloomberg, 8 Jun 2015.

⁴⁴ See ARC Briefing for Senegal, Mar 2015.

⁴⁵ See ARC Briefing for Senegal, Mar 2015.

About Africa Risk Consulting:

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