



PPIAF

Enabling Infrastructure Investment

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PPIAF Supports a Pioneering Transaction in Africa: The Dakar-Diamniadio Toll Road in Senegal

The Public-Private Infrastructure Advisory Facility's support to the Government of Senegal in 2009 led to the construction of the Dakar-Diamniadio Toll Road, one of the first toll roads to be built through public-private partnerships (PPPs) in Sub-Saharan Africa (excluding South Africa). The highway now provides substantial socioeconomic benefits for the 2 million Senegalese living in Dakar and surrounding cities. The highway is essential to Dakar's development as a sub-regional economic center. It will reduce crowding in Dakar and improve the ease of travel to and from the Dakar metropolitan area, which includes the emerging business center of Diamniadio.

In 2007, PPIAF approved a \$250,200 grant to help establish the institutional and regulatory framework for the transport sector in Senegal. The PPIAF grant supported technical assistance to the National Agency for the Promotion of Investments (APIX) to consolidate the institutional framework and develop contractual arrangements for the Dakar-Diamniadio Toll Highway project. The highway will reinforce the Dakar metropolitan area as the driver of Senegal's economic development. It will help expand this densely populated capital city and integrate it with the rest of the country and sub-region, directly benefiting its people, businesses, and economy. The highway is expected to reduce crowding and travel time by more than half.

PPIAF SUPPORT

The Dakar-Diamniadio Toll road project is a good example of PPIAF's strategy to encourage public-private partnerships for developing priority infrastructure projects in Sub-Saharan Africa. PPIAF support focused on the following five areas:

- Designing a framework for the oversight of the highway project taking into consideration the context and institutional characteristics of the country;
- Helping to build consensus on the Government's preferred option or models through seminars for specific stakeholder groups;
- Recommending an organizational structure for the entity in charge of overseeing the highway concession;
- Providing tailored technical assistance to support technical and operational capacity building of the APIX;
- Contributing to a broader review of the institutional management of public-private partnerships in Senegal.

OUTCOMES

The institutional and regulatory framework developed following the PPIAF technical assistance for the oversight of the highway concession contract was adopted by the government of Senegal in early 2009. In addition, a segment of the road to be developed pursuant to a 30 year concession was successfully awarded to a private sector company.

DONOR COORDINATION

PPIAF has established strong relationships with the donor community and private firms involved in the highway and, through APIX, with the government of Senegal. The Pikine-Diamniadio road segment is the private component of a larger €419 million integrated urban development program being developed by the government of Senegal together with the World Bank, African Development Bank (AfDB), and Agence Française de Développement (AFD).

IMPACTS

PPIAF's intervention in Senegal contributed to the development of the first greenfield toll road in Sub Saharan Africa (excluding South Africa) structured as a PPP, where various road segments are being financed either by the public sector ("the public sector component"), or by both the public and private sectors ("the PPP component").

The PPP component of the road consists of the 20.4 km Pikine-Diamniadio section. This segment was concessioned to Société Eiffage de la Nouvelle Autoroute Concédée ("SENAC"), a Senegalese special purpose company created to implement the project, owned by the Eiffage Group (France), one of the leading European construction groups. The concession contract between the government of Senegal and SENAC was signed on July 2, 2009; it requires the concessionaire to build, finance, operate and maintain the Pikine-Diamniadio segment for 30 years, and to operate and maintain an existing road segment (Patte d'Oie - Pikine) for the same period of time.

The PPP component of the road reached financial closing on November 15, 2010. This road segment in the amount of €226¹ million will be financed as follows: €93 million, representing 41% of total project costs, with equity from the sponsors and debt from international financial institutions and a local bank, and the remaining €133 million, representing 59% of total project costs, will be financed with public sector funds, consisting of loans from development institutions in the amount of €75.75 million (provided by AfDB and AFD), and contribution from the

government of Senegal in the amount of €57.25 million.

The Public sector component of the road consisted of several components, including (i) supporting right-of-way clearance, (ii) urban restructuring of the impoverished Pikine neighbourhood, (iii) related environmental projects and (iv) implementation budget. This component in the amount of €227.5 million was financed as follows: funds from the government of Senegal in the amount of €111.3 million and loans from the World Bank IDA in the amount of €80.2 million and from AFD in the amount of €36 million.

Inaugurated in August, 2013, the toll road is markedly improving urban mobility by reducing commute times between central Dakar and its outlying neighbourhoods from more than two hours to less than 30 minutes. The project has created approximately 700 jobs during the construction phase and 250 jobs during the operations phase). The new toll road has also improved urban mobility, opened up access to security, transport, administrative, health and education services, and made it easier to access key tourist attractions in the city. The project will have several other positive spin-off effects through the urban restructuring of Pikine Irregulier Sud and the preservation of the 700ha classified forest of Mbao.

In February 2014, the Government of Senegal awarded SENAC a 25-year concession to design, build, finance and operate the 16.5 kilometers extension to connect the existing motorway to Dakar's new Blaise Diagne International airport, and to the seaside tourism areas on the coast, while streamlining the road link between Dakar and Thiès, Senegal's second most populous city. This expansion will require €121 million in total new investment, which will be financed as follows: €35.5 million with equity from the sponsors and debt from the same lenders as for the initial project, and €85.5 million as a subsidy from the Government of Senegal (itself financed by a sovereign loan from AFD).

RELATED PPIAF ACTIVITIES

2000: Country Framework Report, \$410,000

2003: Enhancing Delegated Contract Management Framework, \$73,000

2007: Institutional and Regulatory Arrangements for the Dakar-Diamniadio Toll Road, \$250,000

2009: Analysis of Spatial and Growth Pole Approach for Sustainable Development, \$75,000

Learn more about the Dakar-Diamniadio Toll Highway project at www.investinsenegal.com

¹ Amounts presented in this note have been provided by the APIX