



## PUBLIC-PRIVATE PARTNERSHIPS BRIEFS

## Senegal: Dakar Toll Road Extension

**Overview**

The Government of Senegal awarded SENAC S.A. the concession to design, build, finance, and operate the expansion of the existing Dakar toll road. This expansion will connect central Dakar to the new international airport as well as to other important economic zones of the country, spurring economic growth, employment, and new opportunities that contribute to poverty reduction by facilitating transport between key infrastructure and outlying areas with the capital city.

Building on IFC's previous role supporting the existing Dakar toll road, IFC is supporting Eiffage, the sponsor of the Dakar toll road project and its expansion, with a global financing package for both projects. Eiffage is a leading European public works and concessions firm with a longstanding presence in Senegal. MIGA is supporting the project through a guarantee supporting a swap between Standard Bank Plc and the government.

This series showcases how the World Bank Group supports the development and implementation of public-private partnerships. This support comes in the form of public sector loans, private sector finance, sector and transaction advice, guarantees, and output-based aid.

## Background

The Dakar toll road was inaugurated in August 2013 by SENAC, the Senegalese concession company set up by Eiffage. As the first greenfield toll road public-private partnership in West Africa, this is widely considered a flagship project for Senegal and the region due to its scale and transformational nature as well as the obstacles overcome to bring this project to fruition. Most notably, the project achieved the resettlement of more than 30,000 people, which is the largest resettlement program that was undertaken by the government and project sponsor. (This was conducted in concordance with IFC's Equator Principles and Performance Standards.) IFC also financed this project, the region's first toll road where full traffic risk was borne by the sponsor.

By filling a missing motorway link, this expansion has played a significant role in the development of the Senegalese road network. More broadly, it facilitated the economic development of the country through its effect on businesses and the housing market. This new transport project supports economic development in line with the objectives of the Senegal Emergence Plan, under which the country will make significant public investments as well as mobilize private sector investment.

## Project Description

The 17 kilometer expansion of the toll road will connect the existing motorway to the new international airport, located 45 km away from Dakar city center. It will also connect to the seaside tourism areas on the coast while streamlining the road link between Dakar and Thiès, Senegal's second most populous city.

SENAC was awarded the 25-year concession contract to design, build, operate, and maintain this new dual carriageway toll road. This expansion will require approximately \$173 million in total new investment.

## World Bank Group Role

IFC acted as the lead arranger and global coordinator of a \$101.2 million debt financing package to

SENAC. IFC's own investment in SENAC to finance both the existing Dakar toll road and its expansion will now reach \$34.6 million, including senior and subordinated long-term debt for IFC's own account. An additional \$66.6 million has been mobilized from the Western African Development Bank, the African Development Bank and CBAO, one of the main Senegalese commercial banks. The financing was signed in December 2014. IFC will also be the exclusive hedge provider for the financing.

MIGA supported the project in 2011 by backing a U.S. dollar cross-currency swap arrangement between Standard Bank Plc (SB) and the Government of Senegal. The Ministry of Economy and Finance entered into the swap with SB as a hedge against currency risk exposure related to a 10-year tenor, \$500 million Senegal Eurobond issued in May 2011. The proceeds of the Eurobond were used to finance new infrastructure projects, including the toll road. MIGA's guarantee of \$99 million to SB provides coverage against the non-honoring of sovereign financial obligations for a period of 10 years. Specifically, it insures against a failure by the Government of Senegal to honor its obligation to make requisite payments under the swap. The MIGA guarantee helped the government access commercial financing needed to fulfill its financial commitments to the toll road construction.

## Outcomes

- The project has improved commute times between central Dakar and outlying neighborhoods from more than two hours to less than 30 minutes.
- Businesses have emerged in Dakar's center due to reduction in land costs.
- Thousands of families have gained access to better housing conditions outside of central Dakar's tight and expensive housing market.
- New economic and residential growth areas have sprung up along the motorway's right of way.

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