

JBIC Signs ODA Loan Agreement with Senegal --First Project Cofinancing with AfDB Under EPSA for Africa--

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) signed today an ODA loan agreement totaling up to 960 million yen to finance the "Road Improvement and Transport Facilitation Program on the Southbound Bamako-Dakar Corridor under EPSA for Africa" with the Government of Republic of Senegal. The Enhanced Private Sector Assistance (EPSA) for Africa was proposed by the Government of Japan as a joint initiative with the African Development Bank (AfDB). This is the first project implemented under "the scheme to promote cofinancing with AfDB" based on EPSA for Africa.
2. The Project aims at enhancing transportation capacity by constructing an international arterial highway linking Dakar, the capital city of Republic of Senegal, to Bamako, the capital city of neighboring Republic of Mali. The Project will also develop farm roads connecting to the highway, thereby improving access to basic social services for people living along the highway. Whereas the region along the Project has good potential for agricultural development, the underdeveloped roads providing linkage between the farm land and the market are creating a bottleneck to invigorating local economic activities and upgrading the living standard of community residents. The Project is thus expected to boost transportation capacity and eventually contribute to poverty reduction in this region.
3. The Western African region including Senegal has been pursuing regional integration by forming Union Economique et Monetaire Ouest Africaine (UEMOA) and Economic Community of West African States (ECOWAS). There is thus a growing call for cross-border infrastructure development. Mali is a land-locked country and relies on its neighboring countries for marine transport. Because the civil conflict that broke out in Ivory Coast has made it difficult for the country to use overland transport route to Abidjan Port, the largest imports and exports base, Mali has been shifting its cargo distribution route to Senegal. Against this background, the Project is expected to secure a distribution route to ship farm products, mineral resources and others to Dakar, a market and an exporting base of these products, by developing an artery highway, thereby contributing to economic growth not only in Senegal but in the surrounding areas as well. In this context, the Project is regarded as a feature project of efforts advocated by "the New Partnership for Africa's Development (NEPAD)", which aims to develop cross-border infrastructure for regional integration in Africa.
4. The Government of Japan, which has traditionally been leading the global community in assistance to Africa, expressed its active commitment to African development by proposing an initiative, "EPSA for Africa", at the G8 Gleneagles Summit in July, 2005. Under this initiative, JBIC has worked with AfDB to establish a scheme to promote cofinancing^[1], which aims at supporting private sector development in countries that have reached the completion point of debt reduction under the HIPC initiative. JBIC will continue to support infrastructure development, which will benefit a large area across national borders, as well as development of the private sector and the agricultural sector, in its assistance to Sub-Saharan Africa.

[\(Click here for more details\)](#)

[1] JBIC and AfDB concluded an agreement on implementation guidelines for the accelerated cofinancing scheme on January 25, 2006.

1. Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)	Repayment Period/ Grace Period(Years)	Procurement
Road Improvement and Transport Facilitation Program on the Southbound Bamako-Dakar Corridor under EPSA for Africa	960	0.75	40/10	Untied*

*Decided through international competitive bidding among companies of participating countries and member countries as defined by the agreement on the establishment of African Development Fund (AfDF).

2. Project Executing Agency

Agence Autonome des Travaux Routiers (AATR)

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3. Political and Economic Conditions in Senegal

Senegal is located on the western tip of West Africa and faces the Atlantic Ocean. Its total land area extends some 200,000 square kilometers, and the country has a population of about 10 million.

Since independence from France in 1960, Senegal has enjoyed stable political conditions for over 40 years under a socialist administration. It is one of the countries where democratization has advanced to the highest level in Africa, as attested by the adoption of a multiparty system as early as 1976. In the presidential election held in March 2000, amid growing calls for reforms voiced mainly by young people, Abdoulaye Wade, head of the Democratic Party of Senegal, defeated the then President Diouf and was sworn in as the new President. This peaceful regime change was a fresh reminder for people in and outside the country that democracy had actually taken root in Senegal.

In the foreign policy area, Senegal takes a moderate and practical approach by placing cooperation with France, the former colonial power, at the center of its policy, while at the same time building up friendly ties with other industrial countries. The country also has strong ties with developing countries, enjoying particularly close and traditional relations with Arab and Muslim countries. Senegal actively takes part in international organizations, particularly in regional organizations of Africa, including African Union (AU) and Economic Community of West African States (ECOWAS). In addition, the country contributes to the economic development of Africa by joining the establishment of NEPAD in 2001.

The major industry of Senegal is agriculture, including the production of peanuts, which accounts for about half of the country's working population. Farming accounts for only 10% of GDP, however. Emerging as the main economy in terms of GDP is the tertiary industry (including commerce, tourism, and information and telecommunications service), which makes up over 60% of GDP. Thanks to the effects of debt reduction and the government's reform efforts, the Senegalese economy has been stable in recent years and is projected to post a 5.1% average annual GDP growth, with a 1.8% inflation rate in 2005.