Signature of a Second Loan Agreement in the Republic of Senegal

Sunday, 15 July 2012
Last Updated Thursday, 19 July 2012

On the occasion of the 19th African Union Summit in Addis Ababa, the Federal Democratic Republic of Ethiopia, a second Loan Agreement was signed today between the Republic of Senegal and Kuwait Fund for Arab Economic Development, in the gracious presence of His Highness Sheikh Sabah Al-Ahmed Al-Jaber Al-Sabah, the Amir of the State of Kuwait, as the Guest of Honor, whereby the Fund shall make a Second Loan of KD. 5,000,000/- (i.e. about US$ 17.5 million) to assist in covering the increased costs of the Dakar Northern Slip Road Project (Section 3) in the Republic of Senegal.

The Second Loan Agreement was signed on behalf of the Republic of Senegal by H.E. Mr. Amadou Kane, Minister of Economy and Finance, and on behalf of the Fund by H.E. Sheikh Sabah Khaled Al-Hamad Al-Sabah, Deputy Prime Minister and Minister of Foreign Affairs and Minister of State for Cabinet Affairs and Chairman, Board of Directors of Kuwait Fund for Arab Economic Development.

The Project aims to relieve the congestion on the northern entrances of Dakar, to improve the link between the northern suburbs and the City center, and the link between Dakar and the other Regions of Senegal by reducing travel time and vehicle operating costs.

The Project comprises the construction of the Third Section of the Northern Slip Road of Dakar between the Golf Club at Guediawaye and Diam Niadio Junction with RN1 and RN2, for a length of about 33 km, to a 4-lanes road of 2x7m width with a 2.0 m central island, 1.5 to 2.0 m wide shoulders, roundabouts, access roads and railway overpass. The Project also includes environmental protection works and the consultancy services for the feasibility study, detailed engineering design, preparation of tender documents and supervision of construction works.

The total cost of the Project was estimated during the evaluation of the project in 2005 at about FCFA 20.7 billion, i.e. equivalent to KD. 12.3 million, of which the foreign currency is the equivalent of about KD. 8.6 million.

It was assumed that the First Loan with a total amount of KD. 5 million will cover 41% of the total cost of the project, while the Government of Senegal will cover the remaining costs of the project. The detailed engineering designs were completed by the end of 2009, yet the revised studies had clarified that the increasing costs of the project had reached FCFA 47 billion,

equivalent to KD. 28 million as a result to the international increase in petrol and unit prices in similar road projects in Senegal, in addition to the modifications to the project specification in its final steps.

The integrated Loan â€“ including the First and the Second Loan â€“ shall be for a period of 25 years, including a grace period of 5 years amortized in 50 semi-annual installments.

The Loan bears an interest rate at 2% per annum, in addition to 0.5% per annum to cover administrative and other expenses incurred in the implementation of the Loan Agreement.

Upon signature of this Loan Agreement, this loan will be the 27th one accorded by the Fund to the Republic of Senegal to finance projects in different sectors. The total amount of the previous 26 loans is estimated at about KD. 80.8 million (i.e. about US$ 282.8 million). The Republic of Senegal had also obtained 3 Technical Assistance Grants from the Fund for financing the technical and economical feasibility studies for the same projects, the total value of them is about KD. 663,000/- (i.e.US$ 2.32 million).