

# **AFRICAN DEVELOPMENT BANK**



## **SENEGAL**

### **DIGITAL TECHNOLOGY PARK**

#### **APPRAISAL REPORT**

**OITC DEPARTMENT**

October 2015

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## TABLE OF CONTENTS

<b>I – STRATEGIC THRUST &amp; RATIONALE .....</b>	<b>1</b>
1.1. Project linkages with country strategy and objectives.....	1
1.2. Rationale for Bank’s involvement .....	2
1.3. Donors coordination .....	3
<b>II – PROJECT DESCRIPTION .....</b>	<b>4</b>
2.1. Project components.....	4
2.2. Technical solution retained and other alternatives explored .....	5
2.3. Project type .....	5
2.4. Project cost and financing arrangements .....	5
2.5. Project’s target area and population .....	7
2.6. Participatory process for project identification, design and implementation .....	8
2.7. Bank Group experience, lessons reflected in project design .....	8
2.8. Key performance indicators.....	9
<b>III – PROJECT FEASIBILITY .....</b>	<b>9</b>
3.1. Economic and financial performance .....	9
3.2. Environmental and Social impacts .....	10
<b>IV – IMPLEMENTATION .....</b>	<b>11</b>
4.1. Implementation arrangements .....	11
4.2. Monitoring .....	13
4.3. Governance .....	13
4.4. Sustainability .....	14
4.5. Risk management.....	15
4.6. Knowledge building.....	15
<b>V – LEGAL INSTRUMENTS AND AUTHORITY .....</b>	<b>15</b>
5.1. Legal instrument.....	15
5.2. Conditions associated with Bank’s intervention.....	17
5.3. Compliance with Bank Policies.....	16
<b>VI – RECOMMENDATION .....</b>	<b>16</b>
Appendix I. Country’s comparative socio-economic indicators .....	I
Appendix II. Table of ADB’s portfolio in the country .....	II
Appendix III. Key related projects financed by the Bank and other development partners in the country.....	V
Appendix IV. Map of the Project Area.....	VI

## **Currency Equivalents**

*As of March 2015*

EUR 1 = CFA 655.957

## **Fiscal Year**

1 January – 31 December

## **Weights and Measures**

1 metric tonne	=	2204 pounds (lbs)
1 kilogramme (kg)	=	2.200 lbs
1 metre (m)	=	3.28 feet (ft)
1 millimetre (mm)	=	0.03937 inch (")
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

## Acronyms and Abbreviations

ADB	African Development Bank
BPO	Business Process Outsourcing
CSP	Country Strategy Paper
DTP	Digital Technology Park
ECOWAS	Economic Community for the West African States
ESAP	Environmental and Social Assessment Procedures
ESMP	Environmental and Social Management Plan
EU	European Union
EUR	European EURO
EIRR	Economic Internal Rate of Return
FIRR	Financial Internal Rate of Return
FONSIS	Sovereign Wealth Fund for Strategic Investment
GoS	Government of Senegal
HA	Hectare
ICT	Information and Communications Technologies
JAS	Joint Assistance Strategy
KOEFEC	Korea Africa Cooperation Fund
MCA	Millennium Challenge Account
MoPT	Ministry of Post and Telecommunication
NGO	Non-Governmental Organisation
NPV	Net Present Value
PAR	Project Appraisal Report
PB	Pentabyte ( $10^{15}$ bytes)
PMT	Project Management Team
PSE	Plan Senegal Emergent
PSC	Project Steering Committee
SNFO	Senegal Country Office of the African Development Bank
IT	Information Technology
UA	Unit of Account
UNDP	United Nations Development Programme
TB	Terabyte ( $10^{12}$ bytes)

## Loan Information

### Client's information

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**BORROWER:** Republic of Senegal

**EXECUTING AGENCY:** Ministry of Post and Telecommunication

### Financing plan

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Source	Amount (EUR)	Instrument
ADB	<b>60.96 million</b>	ADB project loan
Government of Senegal	<b>9.65 million</b>	counterpart funding
<b>TOTAL COST</b>	<b>70.61</b>	

### ADB's key financing information

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Loan currency	FCFA
Interest type	Floating
Interest rate margin	60 pb + the Bank's contribution margin
Commitment fees	Not applicable
Other fees	Not applicable
Loan payment	Half yearly
Maturity	20 years
Grace period	5 years
FIRR, NPV (base case)	7.32%, NPV 42.06 million EUR
EIRR (base case)	16.60%

### Timeframe - Main Milestones (expected)

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Concept Note approval	March, 2015
Project approval	June, 2015
Effectiveness	November, 2015
Last Disbursement	December, 2020
Completion	December, 2019

## Project Summary

**1 Project Overview:** Senegal has a strong telecommunications base, benefitting from multiple submarine cables, good terrestrial fibre deployment and a 98% mobile penetration rate. It now wants to create a solid IT foundation that will allow it to leverage the past investment in networks and both modernise and diversify its economy. To do this, the project will establish a Digital Technology Park in the rapidly urbanizing Diamniadio Commune, 35km outside Dakar. Government investment in the Park will include a Data Centre, Business Process Outsourcing facilities, ICT enterprise incubator, Training, Research and Audio visual & content production centres. The project will occupy an area of 25 hectares and will be implemented within a period of four (4) years starting from 2016.

The total estimated cost of the project is FCFA 46.314 billion (EUR 70.61 million) comprising an ADB loan to the Government of Senegal (GoS) of FCFA 39.984 billion (EUR 60.96 million) and counterpart funding from GoS of FCFA 6.329 billion (EUR 9.65 million).

The project is expected to produce 35,000 direct jobs and a further 105,000 indirect jobs by 2025; modernize Government (who will be a principal user of the Data Centre); diversify the economy into tech-enabled business (supported by the incubator), content development and Business Process Outsourcing; support academic technology-based research; and simplify provision of services to citizens of Senegal. It will also catalyse inward investment, providing a focal point for development of an ICT cluster in francophone West Africa.

**2 Needs assessment:** The Government of Senegal wants to promote Senegal as a destination for the establishment of call centers, e-commerce, software development, wireless Internet facilities and other ICT market segments. To do so, it needs to inject initial capital into the sector to create a sustainable IT foundation on which can be delivered content, applications and services. At the same time, the Government needs to create IT capacity so that it can modernise its own operations and improve its interaction with citizens. The Government also need to meet the demand of more than twenty (20) companies including ATOS, Tigo Senegal and Solution Informatique Durable (SOLID) that have indicated their interest to relocate to the Park provided there is a strong IT foundation that will enable them to deliver their own products and services.

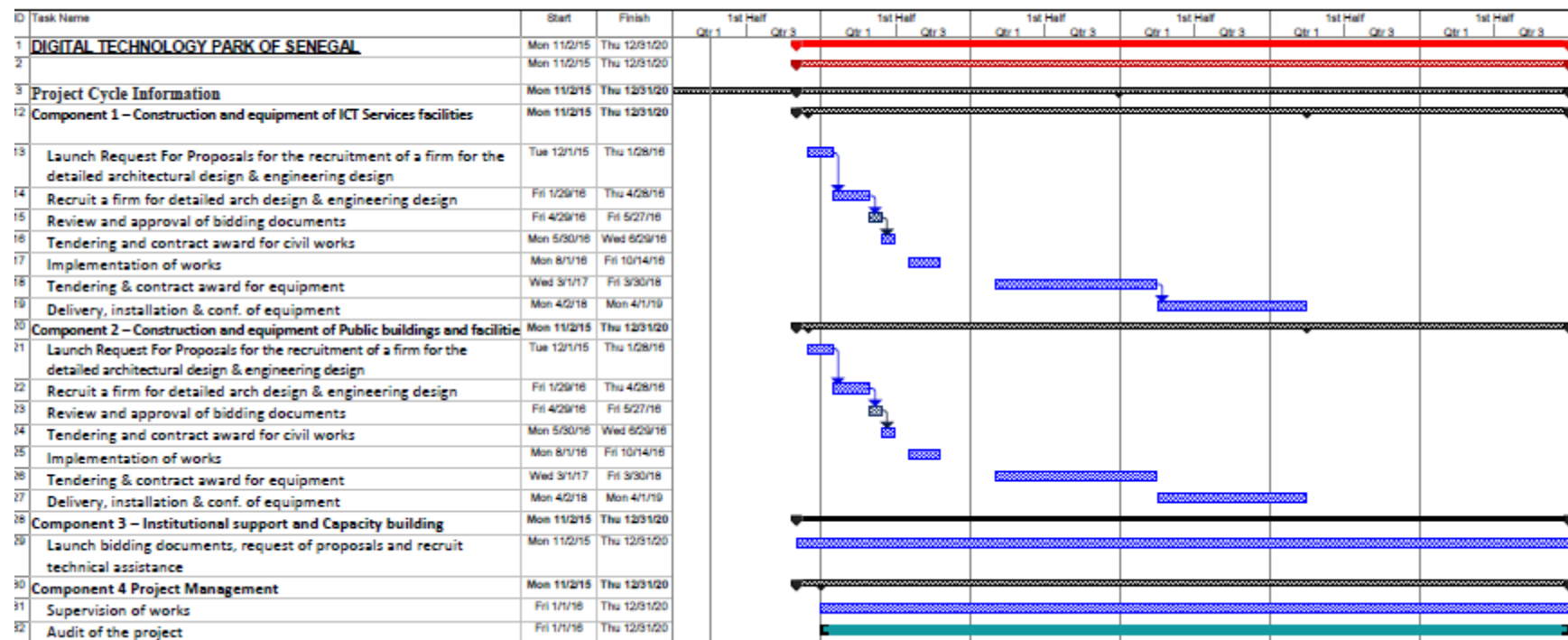
**3 Bank's value added:** The Bank's support is expected to complement the Government's efforts to promote ICTs as a key sector of economic development and as enabling tool for other sectors like health and education. The National Strategy Paper for ICT Development promotes e-governance and strengthening of the domestic ICT industry. At the technical level, the Bank's value added will include providing support in project implementation based on its comparative advantage in the development of Technology Parks in Africa and also supporting other ICT projects such as: Lesotho e-Government Infrastructure, Cabo Verde Technology Park, Senegal Virtual University, and Rwanda ICT center of excellence.

**4 Knowledge management:** The Bank will acquire knowledge from the project design based on innovative aspects such as the establishment of modern Business Process Outsourcing facilities, ICT enterprise incubator and Data center with cloud computing capability. The Bank will use and share the knowledge generated from the project preparation and implementation activities as well as exchange of experience between the project staff, RMCs and experts in Senegal. The design of the project recognises the importance of knowledge transfer and has included a component on institutional support.

Country and project name: Senegal: Digital Technology Park Project						
Purpose of the project: To increase contribution of ICT for economic and inclusive growth in Senegal						
RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS / MITIGATION MEASURES
		Indicator (including CSI)	Baseline	Target		
IMPACT	Contributing to economic diversification, modernization, private sector development and inclusive growth in Senegal through development of the ICT sector	Contribution of ICT to GDP	FCFA 517 billion in 2015	FCFA 1018 billion by 2025	National Agency for Statistics and Demography (ANSD)	
	1.1. Increased ICT-Enabled Services jobs	Additional number of direct and indirect persons employed in ICT Sector	30,000 direct jobs in 2015 (30% women) 35000 indirect jobs 2015 (25% women)	65,000 direct jobs by 2025 (40% women) 140,000 indirect jobs by 2025 (35% women) 17,000 women trained in ICT services job by 2025	ANSD	<b>Infrastructure risk</b> – inadequate provision of electricity – to mitigate this risk the project will diversify energy supply by installing standby generator and solar production units.
OUTCOMES	1.2. Increased foreign investment in the ICT-enabled service sector	Amount in US\$	US\$5,000,000 in 2015	US\$200,000,000 by 2025	Investment Promotion Agency (APIX); Ministry of Post and Telecommunications	<b>Market Risk:</b> failure to attract international anchor companies. To mitigate this risk the Park will rely on:(i) Partnership with anchor international companies to be able to provide the competitive, innovative and added value ICT services;(ii) Marketing activities;(iii) Lowering corporate taxes, etc.
	1.3. Increased number of ICT companies that are involved in applications and services	Number of companies involved in the ICT sector	200 in 2015	700 by 2025	APIX	<b>Capacity and retention risk</b> - lack of adequate training and business management capability and potential loss of skilled staff. To mitigate this risk, the project will conduct on-going entrepreneurship and technical training and by instituting attractive retention package to the staff.
OUTPUTS	New ICT services facilities constructed and equipped	Number of IT Business towers (office space), Incubation Center, Training Center, data Center, BPO center, Research Center, Audio-visual production Center buildings	0	IT Business towers (3), Incubation Center (1), Training Center (1), data Center (1), BPO center (1), Research Center (1), Audio-visual production Center (1) by 2017	Ministry of Post and Telecommunications; ANSD	<b>Implementation risk:</b> Delay in implementation due to late award of civil works and supervision contracts. This will be mitigated by recruiting experienced contractors and consultants and also close supervision by the PMT and the Bank’s supervision team.
		Tier III data center processing and storage capacity	0	2564 Core 20 Terabyte RAM 1 Pentabyte - storage by 2017		<b>Data Center service level risk:</b> This is mitigated by securing service level agreements with major IT service providers.
	New Administrative building and facilities constructed and equipped	Number of staff residence, Park management (Administrative) building.	0	Residence building (1),Park management(Administrative) building (1) Facilities including security posts (1) by 2017		
	Annual Audits Report submitted Supervision of works completed	Number of timely annual audits submitted Number of supervision reports		1 report per year 1 report per year		
KEY ACTIVITIES	COMPOSANTES				RESSOURCES	
	COMPONENT 1: Construction and equipment of ICT Services facilities COMPONENT 2: Construction and equipment of Administrative building and facilities COMPONENT 3: Institutional support and capacity building COMPONENT 3: Project management				Amount in EUR <sup>1</sup> Component 1: 55.18 million Component 2: 5.22 million Component 3: 1.44 million Component 4: 1.40 million	

<sup>1</sup> Basic cost excluding contingencies

## Project Timeframe





# REPORT AND RECOMMENDATION OF THE MANAGEMENT OF THE ADB GROUP TO THE BOARD OF DIRECTORS ON A PROPOSED LOAN TO SENEGAL FOR THE DIGITAL TECHNOLOGY PARK PROJECT

Management submits the following report and recommendation on a proposed loan for EUR 60.96 million to the Republic of Senegal to finance the Digital Technology Park Project in Diamniadio - Dakar, Senegal

## I. STRATEGIC THRUST & RATIONALE

### 1.1 *Project linkages with country strategy and objectives*

1.1.1 Senegalese ICT sector is one of the most advanced in West Africa, with a solid national backbone network and high quality international connectivity with low retail and wholesale prices. The project will establish a Digital Technology Park which will include a Data Centre, Business Process Outsourcing facilities, ICT enterprise incubator, Training, Research and Audio visual & content production centres. In doing so, it will directly address the need to develop the computing side (IT foundation) of the ICT sector which is much less developed compared to the telecommunications sector and hence is retarding use of the available national and international bandwidth (capacity). The IT base will enable the government to modernize its economy, providing a base for BPO operations, while attracting capital to support development of tech enabled businesses. It will also allow the Government, as a user, to modernize its provision of services to the citizenry and will catalyze inward investment, creating jobs and encouraging entrepreneurship.

1.1.2 The project involves the development of 25 hectares. A further 75 hectares is also available for further expansion of the Park by the private sector. By creating now a sound IT foundation, the Government will attract multinationals and companies to relocate their activities to the new urban center developing around Diamniadio, Diass, Sebikotane and Lake Rose. It is worth noting that more than twenty companies including ATOS, Tigo Senegal and Solution Informatique Durable (SOLID) have indicated their interest to relocate to the Park provided there is a strong IT foundation that will enable them to deliver their own products and services. It is forecast that the Technology Park will create 35,000 direct jobs in Business Process Outsourcing such as call centers, software/hardware engineers, and solution application development engineers. In addition, the park will create 105,000 indirect jobs in the housing, telecommunications, building rentals, transportation, restaurants, and other support services. The goal is to increase the contribution of the ICT sector to the economy from 7% to 15% by 2026. The cluster effect created by the Park is expected to contribute significantly to the achievement of this goal.

1.1.3 The project is in line with the country's development plan (2014 – 2035) – *Plan Senegal Emergent (PSE)* which has a goal to create IT enabled services to generate export revenue, economic growth and create sustainable jobs. The project falls under Pillar I of the Country Strategy Paper (CSP) 2010-2015 Mid Term Review. Pillar I aims to provide **support for inclusive growth through diversification and economic integration**. The Pillar focuses on job creation that will have direct impact on women and young people and the improvement of the business climate for private investment and economic diversification. The Digital Technology Park will improve the contribution of the ICT sector to the economy and foster youth employment. Typically, the IT industry has a higher proportion of young workers than other industries and the Park will include an incubator to foster tech-enabled business, often run by recent graduates.

The project includes a gender element and will encourage foreign direct investment. The project aligns with the Bank's ICT strategy and the Private Sector Development strategy (2012 – 2017). It also aligns with the Regional Integration Strategy Paper (2011-2015) for West Africa, in particular with Pillar I that focuses on the investment in regional infrastructure. The proposed project objectives are also in line with the Bank's Strategy (2013 – 2022) objective on inclusive growth and its operational priorities on infrastructure development and private sector development.

## **1.2 *Rationale for Bank's involvement***

1.2.1 Generally, the project will leverage on other infrastructure projects that were financed by the Bank and other partners including the Dakar-Diamniadio toll road, the new Blaise Diagne International Airport and the Senegal Virtual University Support Project (UVS). More specific to ICT, the Bank has financed ICT projects at national and multinational levels such as the Senegal Virtual University Support Project (UVS), Cabo Verde Technology Park, Lesotho e-Government Infrastructure, Regional ICT centres of excellence in Mali and Rwanda respectively. It has also supported Main One and EASSY submarine cable projects, which have started yielding development results including triggering bandwidth increases in the markets they serve. This experience gives the Bank a comparative advantage in the development of Technology Parks in Africa and is directly relevant to the creation of the Digital Technology Park.

1.2.2 The project addresses weaknesses in the economy and identified in the Senegal country support strategy, in particular the challenges of “poor business opportunities and inadequate access to financing<sup>2</sup>” and low level of job opportunities for the youth. The proposed project is expected to create 35,000 direct jobs and 105,000 indirect jobs in housing, food, transport, and consumer goods, telecommunications, building rentals, water, and other core services to the clients by 2025. It will also host an incubation center that will help start-ups to develop their business skills and management efficiencies and attract multinational companies to invest in promoting ideas. The indirect economic benefits of the technology park will include improved status of Senegal as an ICT investment destination, increased growth of the ICT sector that will have spillover effect in the design of applications and services for government and the citizens at large.

1.2.3 The Digital Technology Park will be a key project for the economic growth of Senegal and its competitiveness at the global levels as ICT is currently one of the growth drivers of the country. Senegal needs faster ICT driven growth to attain its ambitions to become an Emerging Economy by 2035. Thus the construction of the digital technology park will contribute to its success.

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<sup>2</sup> Senegal Country Strategy Paper 2010-2015

### 1.3. Donors coordination

Table 1.3: Donor contribution to the sector

Sector or subsector*		Size		
		GDP	Exports	Labor Force
ICT Sector		7%	n/a	n/a
Players - Public Annual Expenditure (average)**				
Government		Donors		
		AfDB		2.12%
		Other Donors (World Bank/IDA, International Telecommunication Union, China, Korea trust fund, Swiss cooperation, UNESCO, Sonatel Foundation)		97.88%
FCFA	41,302,909,380	123,718,000,000		
%	25%	75%		
Level of Donor Coordination				
Existence of Thematic Working Groups				Yes
Existence of SWAPs or Integrated Sector Approaches				No
ADB's Involvement in donors coordination				Member

#### Comments on Donor coordination:

There is a wide range of active donors providing development assistance to Senegal across all the economic sectors. Donors include the Canadian International Development Agency, the United State Agency for International Development/Millennium Challenge Account (USAID/MCA), the European Union (EU), the French Cooperation, the Dutch Cooperation, International Telecommunication Union (ITU), the United Nations Development Programme (UNDP), the World Bank and the African Development Bank. Senegal has a formal donor coordination mechanism led by the G-50 coordination group, the largest donor coordination group that includes all donors present in the country. The Bank has been Co-chair through SNFO for two years (2013-2014), respectively with USAID and Belgium.

The interventions of development partners include basic education, agriculture and food security, social safety net and health, water and sanitation, ICT, infrastructure development, growth and export sector development and public sector performance. The Bank, through SNFO, has regular dialogue with, the government, local authorities and coordinates including within thematic Groups with other development partners.

## II. PROJECT DESCRIPTION

The development objective of the project is to contribute to economic diversification, modernization, private sector development and inclusive growth in Senegal through development of the ICT sector.

The specific objective of the project is to: (i) establish a world class infrastructure Digital Technology Park that will make Senegal as hub for ICT sector investment and Business Process Outsourcing (ii) facilitate the creation of information economy jobs (iii) advance ICT innovation and applications that contribute to social and economic development in Senegal and West Africa.

To achieve these objectives, the project will support the construction and equipping of a Digital Technology Park which will include a Data Centre, Business Process Outsourcing facilities, an ICT enterprise incubator, a Training centre, a Research centre and an Audio Visual and Content Production centre and a self-contained building (Administrative Office and residential for core staff and student). The project also includes institutional support, capacity building and the establishment of a project management team for the implementation of the Park.

The project entails the installation and management of cutting edge computer storage and processing architecture (Core = 2564; Memory = 20 TeraByte; Storage = 1 PentaByte).

### 2.1 Project components

*Table 2.1: project components*

nr.	Component name	Est. cost (EUR in million)	Component description
1	Construction and equipment of ICT services facilities	55.18	<ul style="list-style-type: none"><li>Construction of three enterprise towers</li><li>Establishment of a Tier III Data Centre guaranteeing 99.982% availability of data</li><li>Construction of a BPO Centre</li><li>Construction of an enterprise Incubation Centre</li><li>Construction of a training, research, audio visual and content production building</li><li>Control and supervision of works</li><li>Provision of IT equipment</li><li>Provision of furniture</li></ul>
2	Construction and equipment of administrative building and facilities	5.22	<ul style="list-style-type: none"><li>Construction of a self-contained tower including park management office, small cafeteria, etc.</li><li>Construction of residence building for students, trainees and core staff</li><li>Establishment of a green area for recreation and interaction</li><li>Control and supervision of works</li><li>Provision of IT equipment</li><li>Provision of furniture</li></ul>
3	Institutional support and capacity building	1.44	<ul style="list-style-type: none"><li>Detailed architectural &amp; engineering design</li><li>Capacity strengthening</li><li>Technical Assistance</li><li>Institutional support</li></ul>
4	Project Management	1.40	<ul style="list-style-type: none"><li>Annual auditing during the entire project</li><li>Provision of equipment</li><li>Provision of furniture</li><li>Operational and maintenance</li></ul>

## 2.2 *Technical solution retained and other alternatives explored*

The project proposes the establishment of a Digital Technology Park that will include a Data Centre, Business Process Outsourcing facilities, an ICT Enterprise Incubator, a Training center, an Audio-Visual/Content Production and a Research centers. The project builds upon the existence of a national backbone network and high quality international connectivity of Senegal.

The alternative solutions explored are summarized in table 2.2 below.

*Table 2.2: project alternatives considered and reasons for rejection*

Alternative name	Brief description	Reasons for rejection
Incubation Centres	Using the current incubation centers like CITIC and Jakko labs to improve the participation of local companies in the global ICT business	<b>i)</b> current incubation programmes are externally funded and cannot scale up because of lack of capital; <b>ii)</b> Need to setup an internationally competitive Digital Technology Park with competitive technological infrastructure, which provide environment suitable for growth of Incubation Centres and the businesses they create.
BPO center	Use existing buildings in Dakar and elsewhere to carryout BPO activities	Need for reliable power source, broadband connection and conducive working environment for the BPO operation  Need for adequate space to support a growing BPO sector
Data Centre	Rely on existing data centre owned by the government	<b>i)</b> Need to setup an internationally competitive Data Centre with competitive technological infrastructure (secure and interoperable international broadband networks), located within a Digital Technology Park to be used by both government and private entities. <b>ii)</b> Need to attract foreign direct investment for ICT-based services not necessarily linked to Government facilities. <b>(iii)</b> existing data centre will not meet the availability, redundancy and fault tolerance requirements

## 2.3 *Project type*

This is a stand-alone operation, financed by ADB loan. The project involves the construction and equipment of ICT facilities, institutional support, capacity building and project management. The project is expected to contribute to the national economic growth and competitiveness at the global level.

## 2.4 *Project cost and financing arrangements*

2.4.1 The total cost of the Digital Technology Park is estimated at EUR 70.61 million. The project costs have been estimated on the basis of information obtained from the feasibility study, preliminary design and in consultation with the Ministry of Post and Telecommunications (Executing Agency).

2.4.2 A total amount of EUR 60.96 million is the proposed ADB loan to the Government of Senegal. The Government counterpart funding is estimated at EUR 9.65 million. The following tables 2.3, 2.4 and 2.5 below present the estimated project costs by components, financing source and category of expenditure. In addition, table 2.6 and 2.7 show the expenditure schedule by component and component by financing source respectively. Technical Annex B2 provides detailed cost estimates.

Table 2.3: Project cost estimates by component [figure in FCFA & EUR]

Description	FCFA(billion)			EUR(million)			%foreign	%total
	Foreign	Local	Total	Foreign	Local	Total		
Component 1 :Construction and equipment of ICT services buildings	25.3	10.9	36.12	38.63	16.56	55.18	70%	87.26%
Component 2 : Construction and equipment of administrative building and facilities	2.39	1.03	3.42	3.65	1.56	5.22	70%	8.25%
Component 3: Institutional Support and Capacity Building	0.66	0.28	0.942	1.01	0.43	1.44	70%	2.27%
Component 4: Project Management	-	0.92	0.921	-	1.40	1.40	0%	2.22%
<b>Total Base Cost</b>	<b>28.39</b>	<b>13.09</b>	<b>41.48</b>	<b>43.285</b>	<b>19.954</b>	<b>63.239</b>		<b>100%</b>
Physical contingencies (5%)	1.42	0.65	2.07	2.16	1.00	3.16	-	0.05
Price escalation (2%)	0.60	0.27	0.87	0.91	0.42	1.33	-	0.02
<b>Total Project Cost</b>	<b>30.41</b>	<b>14.02</b>	<b>44.43</b>	<b>46.36</b>	<b>21.37</b>	<b>67.73</b>	-	

Note: Exchange rates are provided in the introduction of this report (page (i))

Table 2.4: Sources of financing [figure in EUR million]

Description	Foreign	Local	Total	%Total
ADB Loan	42.67	18.29	60.96	86.33%
Government of Senegal		9.65	9.65	13.67%
<b>Total Project Cost</b>	<b>42,67</b>	<b>27,94</b>	<b>70,60</b>	<b>100%</b>

Note: GoS contribution includes the opportunity cost of the land @ 2.88 million Euros; the total cost of the project without the opportunity cost of land is still 67.73 million Euros.

Table 2.5: Project cost by category of expenditure ADB funding [figure in FCFA and EUR]

Description	FCFA (billion)			EUR (million)		
	Foreign Cost	Local Cost	Total Cost	Foreign Cost	Local Cost	Total Cost
Works	19.68	8.44	28.118	30.01	12.86	42.87
Goods	7.53	3.23	10.755	11.48	4.92	16.40
Services	1.83	0.78	2.609	2.78	1.19	3.98
<b>Total Base Cost</b>	<b>29.04</b>	<b>12.44</b>	<b>41.48</b>	<b>44.27</b>	<b>18.97</b>	<b>63.24</b>
Physical contingencies (5%)	1.45	0.62	2.07	2.21	0.95	3.16
Price contingencies (2%)	0.61	0.26	0.87	0.93	0.40	1.33
<b>Total Project Cost</b>	<b>31.10</b>	<b>13.33</b>	<b>44.427</b>	<b>47.41</b>	<b>20.32</b>	<b>67.73</b>

Table 2.6: Expenditure schedule by component [figure in EUR]

Components	15%	20%	35%	30%	100%
	2016	2017	2018	2019	Total
Component 1 :Construction and equipment of ICT services buildings	8.28	11.04	19.31	16.56	55.18
Component 2 : Construction and equipment of administrative building and facilities	0.78	1.04	1.83	1.56	5.22
Component 3: Institutional Support and Capacity Building	0.22	0.29	0.50	0.43	1.44
Component 4: Project Management	0.21	0.28	0.49	0.42	1.40
<b>Total Base Cost</b>	<b>9.49</b>	<b>12.65</b>	<b>22.13</b>	<b>18.97</b>	<b>63.24</b>
Physical contingencies (5%)	0.47	0.63	1.11	0.95	71.30
Price contingencies (2%)	0.20	0.27	0.46	0.40	2.69
<b>Total Project Cost</b>	<b>10.16</b>	<b>13.55</b>	<b>23.71</b>	<b>20.32</b>	<b>67.73</b>

Table 2.7: Components by financing source [figure in EUR]

Components	Government		ADB		Total(Euros)	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Component 1 :Construction and equipment of ICT services buildings	5.11	9.26%	50.08	90.74%	<b>55.18</b>	<b>100%</b>
Component 2 : Construction and equipment of administrative building and facilities	0.68	13.03%	4.54	86.97%	<b>5.22</b>	<b>100%</b>
Component 3: Institutional Support and Capacity Building	0.15	10.61%	1.28	89.39%	<b>1.44</b>	<b>100%</b>
Component 4: Project Management	0.38	26.94%	1.03	73.06%	<b>1.40</b>	<b>100%</b>
<b>Total Base Cost</b>	<b>6.32</b>	<b>9.99%</b>	<b>56.92</b>	<b>90.0%</b>	<b>63.24</b>	<b>100%</b>
Physical contingencies (5%)	0.32		2.85		<b>3.16</b>	
Price contingencies (2%)	0.13		1.20		<b>1.33</b>	
<b>Total Project Cost</b>	<b>6.77</b>	<b>10.0%</b>	<b>60.96</b>	<b>90.0%</b>	<b>67.73</b>	<b>100%</b>

## 2.5 Project's target area and population

2.5.1 Senegal's economy is predominantly services-based. Services account for 59.04% of the GDP and employs 36.10% of the population. The population is estimated at 13,635,927 (July 2014) with a growth rate of 2.48%, and 50% of the population under 18 years of age. (WHO, 2014). The unemployment rate is 9.90%.

2.5.2 The immediate target populations are (i) communication operators, (ii) Internet services providers; (iii) multinationals, and (iv) the 30,000 men and women currently involved in the various areas of ICT including sales, networking, systems design and software and content development. Other expected beneficiaries are youth, women and entrepreneurs in search of employment and better skills; and government agencies that will benefit from innovative solutions for improved public service delivery.

2.5.3 The project will be located approximately 35 km from Dakar in a rapidly urbanizing Daminiadio Commune. Since 2000 the Commune's population has grown to approximately 1,414,711 inhabitants; of whom 52% are male and 48% women. The project will therefore provide job opportunities to the expanding population of the Commune.

## **2.6 *Participatory process for project identification, design and implementation***

2.6.1 Between January 2014 and April 2015, during the identification, preparation and appraisal missions, the Bank Team discussed with stakeholders including ICT companies, academic institutions, civil society and development partners on the strategic vision for ICT sector in the country through the activities of the technology park. The ESMP process included inputs from professionals and staff of the office of the Director General Urban Delegation of Diamniadio (DGPU), Investment Promotion Agency (APIX), ICT Incubator (CITIC) and Regulatory Agency for Post and Telecommunications (ARTP).

2.6.2 In addition, a stakeholder workshop was held in December 2014 in which the draft feasibility study findings and recommendations were presented, discussed and validated. Participants included (i) private sector operators: EXPRESSO; OPTIC, RFM, SONATEL/ORANGE, TIGO, CITIC (ii) government institutions (FONGIP, FONSIS, CRSI, ADIE); (iii) Ministries of: Foreign Affairs, Environment and Gender, (iv) Students and the Diaspora.

2.6.3 The issues raised during consultation include: creation of employment opportunities to locals in the project area; need for information content that fosters trust about the project; inclusion of women in project activities; support to local development activities; and issues that have been incorporated in the project's design and the ESMP. To further enhance inclusion and participation, it is envisaged that beneficiaries in the immediate proximity of the project will be involved as pilot groups for the testing of various innovative applications for different social and economic sectors. Finally, through the focal points of Ministry of Gender, a key national stakeholder training activities for women in the use of ICT technology will be proposed and monitored in all sectors, e.g. Health, Education, Agriculture, and Governance.

## **2.7 *Bank Group experience, lessons reflected in project design***

2.7.1 As of March 30<sup>th</sup>, 2015, the active portfolio of the Bank's operations in the country comprises eleven (11) operations for a net total commitment of UA 179.45 million with a disbursement rate of 22.5%. The sectoral breakdown is as follows: rural sector (34%); water and sanitation (31%); infrastructure (19%); social sector (14%) and governance (2%). The portfolio consists of ten (10) multinational operations for an amount of UA 65.54 million for a total disbursement rate of 30%. It consists of rural (41%), social sector (30%), infrastructure projects particularly in the transport sub-sector for about 28% and multi-sector (1%). The commitments of the Bank's private sector in Senegal totaled UA 131.3 million with an overall disbursement rate of 62% and 7 operations. In 2014, the overall performance of the portfolio was satisfactory with an overall average of 2.6 to 3 compared to 2012 (2.5). The projects at risk decreased from 47% (2009) to 9% in 2015. The portfolio comprises one project rated as potentially problematic project (PPP); namely the rural electrification project.

2.7.2 The Bank has financed a number of ICT projects at national and multinational levels such as the Senegal Virtual University Support Project (UVS), Cabo Verde Technology Park, Lesotho e-Government Infrastructure, Regional ICT centres of excellence in Mali and Rwanda respectively. It has also supported Main One and EASSY submarine cable projects. This experience gives the Bank a comparative advantage in the development of Technology Parks in Africa. Lessons from implementing these projects include: (i) the need to conduct preliminary architectural design and detailed feasibility study including business plan to ensure quality at entry, and (ii) the need to have partnership agreements with private sector to increase opportunities for new businesses in the country.



## 2.8. Key performance indicators

The indicators proposed to monitor the construction and equipment of Digital Technology Park, as set out in the logframe, are: Impact indicators: percentage share of ICT sector in GDP; Outcome indicators: (i) Additional number of direct and indirect persons employed in ICT Sector; (ii) Increased foreign investment (amount in \$); (iii) Number of ICT companies involved in the ICT sector; Output indicators: (i) Number of IT Business towers (office space), Incubation Center, Training Center, Data Center, BPO center, Research Center, and Audio-visual production Center buildings constructed and equipped; (ii) Tier III data center processing and storage capacity installed; (ii) Number of staff residence, Park management (Administrative) building constructed and equipped. The feasibility study provided acceptable baseline data. The data to assess outputs and outcomes indicators will be collected and analysed by an Evaluation and Monitoring expert to be recruited by the project.

## III. PROJECT FEASIBILITY

### 3.1 Economic and financial performance

3.1.1 The project is economically and financially viable as shown in table C.1 below.

*Table C.1: Key economic and financial figures*

FIRR (base case) 7.3%	NPV EUR 42.06 million @ 5%
EIRR (base case) 16.60%	NPV EUR 81.29 million @ 10%

NB: detailed calculations are available in Annex B7

The above assumptions are derived from the investment, operations & maintenance and re-investment cost during the economic life of the project which is estimated at 25 years. The project is also assumed to become operational in 2020 after the completion of construction works and installation of IT and Networking equipment. The project financial benefits are based on the feasibility study conducted by the Bank through the KOEFEC fund. Revenues are generated through (i) providing housing, hosting and cloud services through the Data Centre and Business Continuity Plan site; (ii) leasing of office space; (iii) Incubation centre; (iv) Training; and (v) Business Process Outsourcing. The project economic benefits will be to create 35,000 direct jobs such as System Engineers, System solution developers, IT Technicians, Call centers, etc. and 105,000 indirect jobs in housing, food, transport, and consumer goods, telecommunications, building rentals, water, and other core services. It is worth noting that the project is expected to generate other benefits such as to catalyse inward investment, encourage entrepreneurship and competitiveness. The assumptions that serve as the basis for calculations of the EIRR are provided in Annex B7.

In addition, the project benefits from the solid national backbone network and high quality international connectivity which Senegal currently enjoys and which has made the Senegalese telecommunications sector one of the most advanced in West Africa.

3.1.2 The project facilities such as buildings, equipment, and other infrastructure will reach different values at the end of their economic lives. Hence, the salvage value was calculated individually with an average of 30% (please see annex B7 – Table 7.1 for detailed calculation). Sensitivity analysis has been carried out and examined against different risks associated with the project. Sensitivity analysis was conducted with variations in several parameters. The analyses, which are presented in Annex 7 shows that despite the increase in cost and decrease in revenues, the project remains economically and financially viable as stated in tables C.2 and C.3 below:

Table C.2: EIRR Sensitivity Analysis

(figure in EUR million)

Assumption	EIRR	NPV @ 10%
Base Case Scenario	16.60%	81.29
Increase in total Cost by 10% (incl. O&M expenses)	15.58%	72.00
Decrease in Revenues by 10%	15.42%	63.72
Increase in total Cost by 10% and decrease in revenues by 10%	14.38%	54.58

Table C.3: FIRR Sensitivity Analysis

(figure in EUR million)

Assumption	FIRR	NPV @ 5%
Base Case Scenario	7.32%	42.06
Increase in total Cost by 10% (incl. O&M expenses)	6.05%	28.58
Decrease in Revenues by 10%	5.99%	24.43

### 3.2 Environmental and Social impacts

#### Environment

3.2.1 Rated as category II according to Bank's procedures, the project has a footprint of 25 ha on an empty piece of land at Diaminiadio. There is no direct linkage to environmentally or socially sensitive areas. The minimal adverse environmental impacts expected are typical of building construction activities such as elevated dust, noise, traffic, waste and runoff management; and occupational and health safety.

3.2.2 The direct positive environmental impacts of the project will arise due to the landscaping activities that will be carried out especially in the recreational green areas. An Environmental Social Management Plan (ESMP) has been developed. It highlights the positive impacts and outlines the necessary mitigation measures as appropriate. Considering that the Project is the first on the 700ha area designated under the Diaminiadio Urban Development Plan, an Environmental Social Management Framework (ESMF) will need to be prepared to cover environmental and social impacts for future developments over the area. See Annex-B8 for further details on Environmental and Social Analysis.

#### Social

3.2.3 The project will create 35,000 direct jobs and 105,000 indirect jobs. It will contribute to entrepreneurship; allow graduates to establish IT start-ups and to develop mobile applications that will benefit other sectors and lead to transfer of knowledge. The technology park will work closely with the communities and research institutions to test solutions that will directly improve the social wellbeing of communities in the areas of health, judicial process, education, agriculture, trade and others all of which will have positive implications on poverty reduction. The project will also enhance the delivery of e-government through creative solutions generated at the Park to improve public services.

3.2.4 In the immediate context, the project will generate 300 jobs directly tied to the business of the Park's components (of which 40% are women). In addition, 700 IT jobs will be created through companies residing in the Technology Park and start-ups in the incubation process (of which 30-40% are women). It is expected that at least 70% of this workforce will be sourced from within the country. Typically, the IT industry has a higher proportion of young workers than other industries therefore the workforce will include recent graduates. Local community members affected by unemployment (at least 12% among women and 8% among men) will fill unskilled jobs. The Digital Technology Park will improve the contribution of the ICT sector to the economy and foster youth employment.

3.2.5 The HIV prevalence rate in the country is relatively low at 0.7%. (*UNAIDS 2013*) However some 39,000 people currently live with HIV, of which 61% are women. Congregation of the workforce during the construction phase may lead to transmission of HIV and other communicable diseases. Through the ESMP, the project has integrated a program for sensitization of workers and the immediate communities to mitigate the social negative impact.

## **Climate Change**

3.2.6 Flooding is the major effect of climate change in Senegal. Given the project's location away from the coastline, the risk for flooding is considered minimal. However as soils in the region are unstable, architectural and landscaping designs will take into account potential risks to infrastructure and exposed areas such as recreational spaces.

Mitigation measures outlined in the ESMP include an effective drainage network and tree plantation on site areas unlikely to be covered by infrastructures. The project civil engineering design will also provide for efficient water management. The project itself will contribute indirectly to climate change mitigation, given its potential to facilitate the automation of various business process and as such yield efficiencies in traditional energy consumption and transportation behaviors.

## **Gender**

3.2.7 A diagnostic study will be carried out to inform a strategic plan of integration of gender in the business activities of the park. The integration plan will be rolled out under the project. A Gender Consultant will be hired to support in-house resources for target activities. The project is therefore expected to enhance gender development issues and improve participation in the sector

3.2.8 The need for such a diagnostic study and integration of gender within the activities of the park is reflected in statistics from the Senegalese education sector, government agencies and the private sector which show a lower proportion of female access and participation in ICT. For example, (1) Computer ownership: *Men: 39.6%: Women: 18.2%:* (ii) Internet access: *Men: 19.2%: Women: 10.6%;* (iii) (2) Women students in Engineering (*Ecole Supérieure Multinationale des Télécommunications (2011-2012)*): Undergraduate level: 45.11%; Masters level: 17.07%. (3) In the Ministry of Finance's Directorate of computer information processing, women constitute only 26% of staff (2013). (4) The existing business incubation center (CETIC) is currently hosting only 1 female entrepreneur compared to 8 males.

## **Involuntary resettlement**

3.2.9 The project will not involve any involuntary displacement as the site is currently not used for any purpose and belongs to the government.

# **IV IMPLEMENTATION**

## **4.1 Implementation arrangements**

4.1.1 The implementation of the Digital Technology Park will be undertaken by a **Project Management Team (PMT)** to be established at the **Ministry of Post and Telecommunication (Executing Agency)** under the direct responsibility of the Director of IT/Telecom. The implementation of the project will use existing structures within the Ministry of Post and Telecommunications (MoPT) and the Urban Delegation of the new district of Diamniadio. It will be responsible for the overall project coordination, facilitation of meetings, preparation of reports, and provision of administrative support necessary for the establishment of the Digital Technology Park.

The PMT will work in collaboration with a **Technical Committee** (TC) to be established at the said Ministry for addressing technical issues relating to the project implementation. A **Project Steering Committee** (PSC) will also be established by the Prime Minister's office to provide oversight in the implementation of the proposed project. Members of the PSC are composed of representatives of the Ministry of Post and Telecommunications; Ministry of Finance and Economic Planning; Ministry of Teleservices and Investments; Ministry of Higher Education and Research; Ministry of Urban Planning and Housing; Ministry of local governance; Ministry of the environment; Ministry of Water and Sanitation, Ministry of Energy; Ministry in charge of the monitoring of Plan Senegal Emergent (PSE); Ministry of Infrastructure; Ministry of National Education, Chamber of Commerce; Investment Promotion Agency (APIX); Urban Delegation of the Diamniadio; Sovereign Wealth Fund for Strategic Investment (FONSIS); Regulatory Agency for Post and Telecommunications (ARTP); ICT Professionals organization (OPTIC); and ICT Incubator (CTIC).

4.1.2 The assessment on the capacity of the executing agency and the Urban delegation of the district of Diamniadio confirmed that the executing agency has implemented or is in the process of completing projects financed by other international donors such as UNESCO and the ITU. It was also confirmed that the executing agency has the core skills (i.e. a Project Coordinator, a Finance/Admin, IT/Telecom Specialist, an Accountant, and a Secretary) but requires additional staff (i.e. a Procurement Officer; a Civil Engineer to be recruited by the project in collaboration with the Urban Delegation of Diamniadio; Consultant - Monitoring & Evaluation Officer; Consultant - Environmental and Social Officer; Technical Assistant – Procurement) to strengthen the PMT. See Annex-B3 for further details on the Ministry of Post and Telecommunications and its institutional set-up. The arrangement is incorporating lessons and experiences learnt with different operations in Senegal and the region.

### **Disbursement Arrangement**

4.1.4 The Direct Payment, Special Account and Reimbursement Methods will be used under the project. For the special account method, an account will be opened by the borrower at a commercial bank which is acceptable to the Bank. The Director investment will be the signatory of the account. The reimbursement method will be used for eligible expenditures under ADB financing. Disbursements under the loan would be made in accordance with the list of goods and services and Bank's rules and procedures as laid-out in the Disbursement handbook as applicable.

### **Financial Management**

4.1.5 The project financial management transactions will be managed by the Project Management Team (PMT) under the Ministry of Post and Telecommunication. It will maintain accounts in accordance with international accounting standards and will ensure that accounting and financial management systems include internal controls and procedures, and a set of records acceptable to the Bank.

4.1.6 The PMT will be staffed with an administrative and financial officer and an experienced qualified Accountant. They will be responsible for record keeping, accounts, disbursements preparation and financial statements. The PMT will be equipped with appropriate autonomous system, i.e. accounting software. Separate accounts will be maintained for the project, in accordance with the Bank's requirements. The project accounts will be based on the SYSCOHADA applying the standards and taking into account the specificities of development projects. Detailed accounts concerning expenditure financed by the Bank and the Government should facilitate the identification of expenditure by project component, category of expenditure and source of finance.

## **Audit**

4.1.7 The annual financial statements and internal control will be audited annually in accordance with the Terms of Reference approved by the Bank. The Audited report will be sent to the Bank no later than six months after the end of each fiscal year audited. Audit fees will be paid by the direct payment method. Technical Annex B4 and B6 provide details on the financial management and audit arrangements respectively.

## **Procurement Arrangements**

4.1.8 Senegal National procurement procedures have been evaluated by the Bank in 2010. The national public procurement system is in line with international standards (SBDs) and the standard bidding documents of multilateral development banks and international financial institutions. A protocol has therefore been signed last year between the Government and the Bank on the use of the Country system. Consequently, the procurement of goods, works and services for amounts below the thresholds set by the Bank for the country will be conducted by National Competitive Bidding (NCB) and selection of consultants in accordance with national legislation public procurement (Decree No. 2014-1212 of 22 September 2014 concerning public procurement code), using the standard bidding documents of the country. All other purchases of goods, works and services will be through International Competitive Bidding (ICB) in accordance with the Bank's rules and procedures for the acquisition of goods, works and services, dated May 2008, revised in July 2012. Counterpart funds acquisitions will be made following the procedures in the country.

4.1.9 The Ministry of Post and Telecommunication shall have the overall responsibility for implementing the project including procurement of goods, works and services. The PMT will be strengthened by recruiting a local procurement expert during the project implementation period. In addition, a procurement consultant will be recruited for a period of 24 months. All procurement activities will be handled by the local expert and consultant. Technical Annex B5 provides details on the procurement arrangements, the list of procurement items, procurement rules and procedures relating to goods, works, consulting services, and training, as well as the review procedures required by the Bank.

## **4.2 Monitoring**

Monitoring will be based on the Project log-frame, using project resources. The PMT will be responsible for monitoring, and report regularly to the Project Steering Committee (PSC) and to the Bank. Another level of monitoring will be through quarterly progress reports, annual audits and Bank supervision missions. In addition, ad hoc supervisions may be undertaken as the need arises. The proposed Project will support M&E capacity development.

<b><u>Timeframe</u></b>	<b><u>Milestone</u></b>	<b><u>Monitoring process / feedback loop</u></b>
November 2015	Strengthen the operational and technical capacity of Project Management Team (PMT). Project launched.	Launching mission is organized with different skills mix
December 2015	PMT is in place	Completed terms of reference for the detailed architectural & engineering design document, completed tender document, supervision reports
January 2016	Launch Request for Proposals for the recruitment of a firm for the detailed architectural design	Completed detailed architectural & engineering design document, supervision reports
August 2016	Implementation of works	Contract agreement with the selected construction company
October 2017	Construction and equipping of the ICT services facilities completed	Quarterly Progress Reports Supervision missions
February 2018	Construction and equipping of the self-containing tower (Admin. building) completed	Quarterly Progress Reports Supervision missions
December 2020	Project completed	Last Quarterly Progress Reports. PCR mission planned

### **4.3 Governance**

4.3.1 The Senegalese national economic and fiduciary environment does not pose any significant governance risk. The national procurement system and procedures are largely compliance with International Standards. Control institutions (Audit Court, General State Inspectorate and National Anti-Corruption Authority (OFNAC) exist and regularly produce public finance management reports. In addition, the Ministry of Finance and Economic Planning is responsible for disbursements and participates annually in the Bank's portfolio review where financial management issues are addressed.

4.3.2 With regards to ICT sector, the government of Senegal promotes ICTs as a key sector of economic development and as enabling tool for other sectors like health and education. The National Strategy Paper for ICT Development broadly promotes e-governance and strengthening the domestic ICT industry. The Plan Senegal Emergent (PSE) as the main strategic document for economic and social policy in the medium and long-term, and indeed the intervention framework for Senegal's Technical and Financial Partners (PTF) have highlighted ICT as a crosscutting sector that will enable the country to realize its development goals through 2020. In this regard, the government has put the necessary institutional frameworks that promote the sector. The creation of the Agency for Regulation of Telecommunications (ARTP) and establishment of the Ministry of Post and Telecommunication are among the steps that were undertaken by the government. ARTP answers to the President and is widely regarded as independent regulator. The Agence De l'Informatique De l'Etat (ADIE), which replaced the former Direction Informatique de l'Etat (DIE), provides the national government with ICT systems and tools to provide eGovernment services for citizens.

4.3.3 For the present project, a Project Steering Committee (PSC) will be established during implementation to oversee the overall management and operations of the project. The project management team will report to the PSC and the Bank on a regular basis.

### **4.4 Sustainability**

4.4.1 Financial sustainability will be assured through ongoing revenue generation. The main revenue stream include lease charges for offices, open spaces that accommodate incubation, research, BPO centers, charges for cloud storage, hosting and value added services and parking facilities. The DTP will be able to generate the revenue that will sustain its operation and maintenance. The project is expected to generate \$20 million per year that will sustain its operations.

4.4.2 The Sovereign Wealth Fund for Strategic Investment (FONSIS), a Government entity, will manage the Park post implementation and safeguard its sustainability. FONSIS's mission is to promote the Government, as an investor, partner and complement to the private sector, with the aim of supporting direct investments to accelerate economic and social development, creating wealth and jobs for present and future generations.

4.4.3 The project, built on 25 hectares, will provide the catalyst for further development of the site. The remaining 75 hectares will be available for development, allowing expansion room for the Park and for the accommodation of new companies and activities. It will also provide for a commercial center that accommodates a super market, medical, sport and recreational outlets, and food court and security services, all of which will increase the attractiveness of the Park as a place to base ICT businesses and contribute to the Park's sustainability.

## 4.5 Risk management

4.5.1 The project has identified key risks that may negatively affect project outputs and outcomes. The table below presents the main risks, which is elaborated in the results-based logical framework.

Risk	Rating	Risk Mitigation Factors
Unavailability of support infrastructure – electricity	M	Government assurance of maintaining high energy availability, use of alternative energy sources (solar) and availability of high efficiency backup generators
Failure to attract anchor companies and tenants to the DTP	M	(i) Partnership with anchor international companies to be able to provide the competitive, innovative and added value ICT services. (ii) Marketing activities (iii) lower taxes,
Failure of local companies to participate in the global Information Technology-Enabled Services (ITES) market due to capacity and trust issues	M	(i) provide training in entrepreneurship and BPO management skills (ii) improving trust of the local companies by increasing partnerships with established companies (iii) implementation of intellectual property laws
High level of competition from the other technology parks	M	(i) Provide high quality services at lower cost (ii) focus on strengths such as services to francophone consumers

## 4.6 Knowledge building

4.6.1 The project design involves the project preparation activities such as feasibility studies, preliminary master plan design and analysis of technical and financial data. In this regard, the Bank will acquire knowledge from the design and implementation activities for its future use.

4.6.2 The Bank will disseminate the knowledge gained from the project preparation and implementation activities as well as exchange of experience between the project staff, RMCs and experts in Senegal through social media and publication.

## V LEGAL INSTRUMENTS AND AUTHORITY

### 5.1 Legal Instrument

The proposed project shall be financed through a Loan agreement to be signed between the African Development Bank (the “Bank”) on the one part, and the Republic of Senegal (as Borrower) on the other part for an amount of EUR 60.96 million.

### 5.2 Conditions associated with the Bank’s intervention

**Conditions precedent to Entry into force of the Loan Agreement:** The Loan agreement shall enter into force upon the fulfilment by the Borrower of the conditions set forth in Section 12.01 of the *General Conditions Applicable to Loan Agreements and Guarantee Agreements of the African Development Bank (Sovereign Entities)*.

**Conditions precedent to First Disbursement:** The obligations of the Bank to make the first disbursement of the Loan shall be conditional upon the entry into force of the Loan Agreement and the submission by the Borrower, evidence in form and substance satisfactory to the Bank, of the fulfilment of the following conditions:

- (i) The opening of a local currency (FCFA) denominated special account in a bank acceptable to the Bank into which the proceeds of the Loan shall be deposited;
- (ii) The establishment of a Project Management Team (PMT) with Terms of Reference, qualifications and experience acceptable to the Bank; and
- (iii) Evidence of the allocation/setting aside of counterparty funding within the Treasury for purposes of the project.

**Other Conditions:** The Borrower shall provide evidence, in form and substance satisfactory to the Bank, of the fulfilment of the following conditions:

- (i) No later than *three (3)* months after the date of entry into force of the Loan Agreement, the establishment of a Project Steering Committee (PSC) with members whose Terms of Reference, qualifications and experience shall be found acceptable by the Bank;
- (ii) No later than *three (3)* months after the date of entry into force of the Loan Agreement the establishment of a Technical Committee (TC) with members whose Terms of Reference, qualifications and experience shall be found acceptable by the Bank;
- (iii) No later than three (3) months after the date of entry into force of the Loan Agreement, the recruitment of a Project Coordinator, an Accountant, and a Procurement officer whose qualifications and experience shall be found acceptable by the Bank; and
- (iv) No later than six (6) months after the date of first disbursement of the Loan, transmission of the leasehold land documents to the Bank.

**Undertaking:** The Borrower undertakes to submit to the Bank, regular sector monitoring reports along with quarterly progress reports in relation to the Project.

### **5.3 Compliance with Bank Policies**

5.3.1 This project complies with all applicable Bank policies.

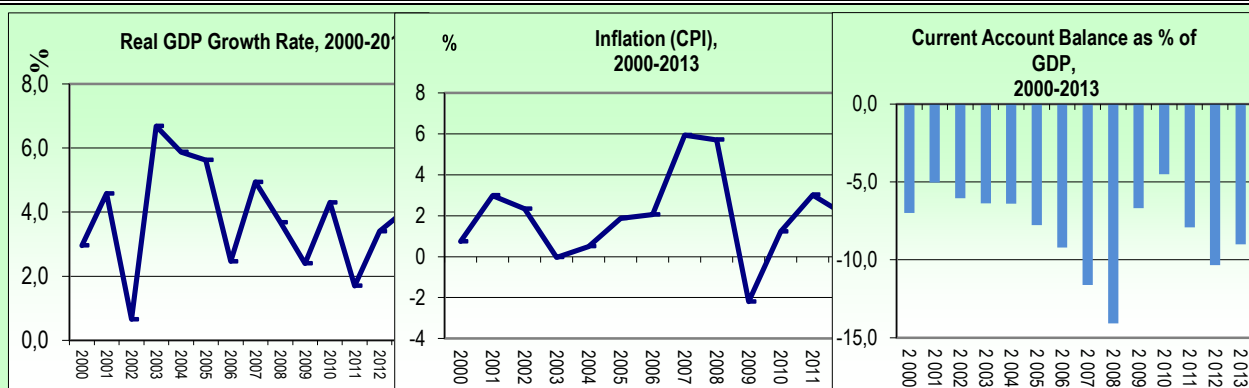
## **VI. RECOMMENDATION**

Management recommends that the Board of Directors approve the proposed loan of EUR 60.96 million to the Republic of Senegal for the financing of the Digital Technology Park Project, for the purposes and subject to the conditions stipulated in this report.



## Appendix I. Country's comparative socio-economic indicators

Indicators	Unit	2000	2008	2009	2010	2011	2012	2013 (e)
<b>National Accounts</b>								
GNI at Current Prices	Million US \$	5 029	11 994	12 964	13 469	13 731	14 138	...
GNI per Capita	US\$	510	980	1 030	0	0	0	...
GDP at Current Prices	Million US \$	4 681	13 414	12 808	12 942	14 386	14 050	13 641
GDP at 2000 Constant prices	Million US \$	4 681	6 553	6 710	6 999	7 118	7 360	7 657
Real GDP Growth Rate	%	3,0	3,7	2,4	4,3	1,7		3,4
Real per Capita GDP Growth Rate	%	0,4	0,9	-0,4	1,4	-1,2	0,5	1,1
Gross Domestic Investment	% GDP	20,5	31,3	22,1	22,1	25,8	29,8	31,2
Public Investment	% GDP	4,5	6,2	6,1	6,5	6,4	7,6	8,0
Private Investment	% GDP	16,0	25,1	16,0	15,6	19,4	22,2	23,2
Gross National Savings	% GDP	14,6	19,7	22,6	25,3	21,2	20,0	22,0
<b>Prices and Money</b>								
Inflation (CPI)	%	0,7	5,7	-2,2	1,2	3,0	2,1	0,7
Exchange Rate (Annual Average)	local currency/US\$	712,0	447,8	472,2	495,3	471,9	510,5	494,0
Monetary Growth (M2)	%	56,5	3,1	12,1	14,2	6,9	6,3	4,7
Money and Quasi Money as % of GDP	%	33,5	45,9	51,1	55,1	55,6	55,9	62,3
<b>Government Finance</b>								
Total Revenue and Grants	% GDP	18,7	21,5	21,6	21,8	22,5	23,3	23,5
Total Expenditure and Net Lending	% GDP	18,2	26,3	26,8	27,2	29,2	29,1	28,9
Overall Deficit (-) / Surplus (+)	% GDP	0,5	-4,8	-5,2	-5,4	-6,7	-5,9	-5,4
<b>External Sector</b>								
Exports Volume Growth (Goods)	%	-12,1	-8,1	24,5	-1,4	15,6	-5,1	6,9
Imports Volume Growth (Goods)	%	-4,5	27,5	-7,8	-5,6	14,1	1,1	7,0
Terms of Trade Growth	%	-1,4	35,6	-4,4	-0,2	-4,8	-2,1	-0,8
Current Account Balance	Million US \$	-328	-1 888	-856	-584	-1 139	-1 454	-1 228
Current Account Balance	% GDP	-7,0	-14,1	-6,7	-4,5	-7,9	-10,3	-9,0
External Reserves	months of imports	2,7	2,7	4,8	4,7	3,6	3,8	3,1
<b>Debt and Financial Flows</b>								
Debt Service	% exports	19,3	4,8	6,2	6,4	13,7	7,7	8,2
External Debt	% GDP	81,0	43,7	51,9	53,1	52,6	58,5	68,5
Net Total Financial Flows	Million US \$	482	1 361	1 396	924	1 255	...	...
Net Official Development Assistance	Million US \$	431	1 069	1 016	928	1 052	...	...
Net Foreign Direct Investment	Million US \$	63	398	320	266	338	338	...



Notes: ... Data Not Available (e) Estimations

## Appendix II. Bank's Active Portfolio-National Operations as at March 2015

Sector/Operation		Approval Date	Amount Approved (UA mil.)	Amount Disbursed (UA mil.)	Disbursement Rate (%)	Closing Date
1	<b>RURAL/AGRICULTURE</b>					
	Community Roads Project in Support of the National Local Development Programme (PPC/PNDL)	17-Jul.-13	15.00	2.35	15.7	31- Dec.-18
	Project to Restore the Ecological and Economic Functions of Lake Guiers (PREFELAG)	4-Sept.-13	15.00	2.33	15.6	31- Dec.-18
	ADF	4-Sept.-13	0.95	0	0	31- Dec.-18
	GEF					
3	Food and Agriculture Sector Development Project (FASDP) in Louga, Matam and Kaffrine Regions					
	ADF	26-April-13	2.00	0.26	13.3	31- Dec.-18
	GAFSP	26-April-13	28.85	2.07	7.2	31- Dec.-18
<b>Sub-total/Average</b>			<b>61.80</b>	<b>7.01</b>	<b>11.3</b>	
<b>INFRASTRUCTURE</b>						
4	Rural Electrification Project	13-Oct.-04	9.58	4.49	46.8	31-Oct.-15
5	Project of Road Dinguiraye-Nioro-Keur-Ayib	28-May-14	23.77	0	0	30-June-18
<b>Sub-total/Average</b>			<b>33.35</b>	<b>4.49</b>	<b>13.5</b>	
<b>WATER AND SANITATION</b>						
6	Rural DWSS Programme (PEPAM II)	18-Feb.-09	30.00	26.70	89	30-sept-15
7	Project for Collection and Management of Faecal Sludge in Ziguinchor (AWF)	23-April-13	0.99	0.28	28.7	30-June.-16
	Sectoral Water and sanitation project					
	- ADF	23-avr.-14	20.00	0.13	0.7	31-déc-18
	- RWSSI	23-avr.-14	4.70	0	0	31-déc-18
<b>Sub-total/Average</b>			<b>55.69</b>	<b>27,11</b>	<b>48.7</b>	
<b>SOCIAL</b>						
8	Support Project for the Promotion of Employment for Youths and Women (PAPEJF)	23-oct.-13	21.19	0.46	2.2	30-June.-19
9	Support Project for the Virtual University of Senegal (PAUVS)	18-déc.-13	3.38	0.17	5.1	30 June.-17
<b>Sub-total/Average</b>			<b>24.57</b>	<b>0.63</b>	<b>2.6</b>	
<b>GOVERNANCE</b>						
11	Private Sector Promotion Support Project (PAPSP)	10-Sept.-12	4.04	1.09	26.9	30-June-16
<b>Sub-total / Average</b>			<b>4.04</b>	<b>1.09</b>	<b>26.9</b>	
<b>TOTAL / AVERAGE</b>			<b>179.45</b>	<b>40.33</b>	<b>22.5</b>	

### **Bank's Active Portfolio-Regional Operations as at Marc 2015**

NO	Sector/Operation	Source of Financing	Approval Date	Amount Approved (UA mil.)	Amount Disbursed (UA mil.)	Disbursement Rate (%)	Closing Date
<b>Social Sector</b>							
1	Higher Education Support Project in WAEMU Countries	Grant	24/07/2006	20.00	13.05	65.3	15/12/2015
	<b>Sub-total/Average</b>			<b>20.00</b>	<b>13.05</b>	<b>65.3</b>	
<b>Rural Sector</b>							
2	Regional Project on Sustainable Management of Endemic Ruminant Livestock in West Africa (PROGEBE)	Loan	25/1/2006	4.44	3.79	85.4	31/06/2015
3	Resilience strengthening Program de (P2RS)		16/03/2015	22.25	0	0	30/06/2020
	<b>Sub-total/Average</b>			<b>26.69</b>	<b>3.79</b>	<b>14.2</b>	
<b>Infrastructure</b>							
4	Road Upgrading and Dakar-Bamako Corridor Transport Facilitation Programme	Grant	21/12/2005	7.90	0.46	5.8	30/06/2014
5	Labé-Sérriba-Médina Gounass Road Upgrading and Conakry-Dakar Corridor Transport Facilitation Programme.	Grant	4/12/2006	5.58	1.66	29.8	31/10/2014
6	Trans-Gambian Bridge Construction and Border Crossing Improvement Project	Loan	16/12/2011	3.18	0	0	30/06/2017
7	Rosso Bridge – Preliminary Studies	IPPF/NEPAD Grant	17/3/2008	0.36	0.10	25.4	31/12/2015
8	OMVG - Energy Project – Additional Studies	IPPF/NEPAD Grant	19/8/2013	1.44	0.22	15.3	31/12/2015
	<b>Sub-total/Average</b>			<b>18.46</b>	<b>2.44</b>	<b>13.2</b>	
<b>Multi-sector</b>							
9	Project to Strengthen Civic Participation for Accountability in Africa	GTF Grant	16/05/2012	0.18	0.06	32.3	31/12/2015
10	Capacity Building Programme to Fight against Money Laundering and Terrorism Financing in West Africa.	GTF Grant	3/10/2013	0.21	0.20	92.3	30/06/2015
	<b>Sub-total/Average</b>			<b>0.39</b>	<b>0.26</b>	<b>66.7</b>	
	<b>TOTAL/AVERAGE</b>			<b>65.54</b>	<b>19.54</b>	<b>29.8</b>	

**Bank's Active Portfolio – Private Sector Window Projects as at March 2013**

Country/Operation		Approval Date	Amount Approved (UA mil.)	Amount Disbursed (UA mil.)	Disbursement Rate (%)	Closing Date
1	Construction of the Sendou Coal-fired Power Plant	25-Nov.-09	43.07	13.58	31.5	31-Dec.-24
2	Dakar-Toll Highway (Phase II) - Senior loan	26-June.-14	2.43	0.00	0.00	31-Dec.-27
	- Standby facility	26-June.-14	0.80	0.00	0.00	31-Dec.-27
3	Blaise Diagne International Airport (AIBD)	17-Dec.-10	54.82	38.84	70.9	5-March-29
4	Kounoune Thermal Power Plant	22-June-05	5.68	5.68	100	30-June-17
5	Dakar Port Container Terminal	20-Jul.-09	15,66	15,66	100	31-Dec.-19
6	Volo Sénégal	5-Aug.-13	0.20	0.19	95.3	18-Oct.-15
7	Dakar Toll Highway - Senior loan - Standby facility	19-juil.-10 19-juil.-10	7,42 1,17	7,42 0	100 0	31-déc.-25
<b>TOTAL / AVERAGE</b>			<b>131,25</b>	<b>81,37</b>	<b>62</b>	

**Appendix III. Key related projects financed by the Bank and other development partners in the country**

<i>Project</i>	<i>Financing source</i>	<i>Amount</i>
<b>Senegal Virtual University</b>	African Development Bank	2 549 000 000 FCFA
<b>Government Intranet</b>	World Bank; China; Korea	38 000 000 000 FCFA
<b>Network for higher education and research of Senegal</b>	World Bank	63 000 000 000 FCFA
<b>Gender and ICT</b>	ITU	50 000 000 FCFA
<b>National Digital Economy Strategy Development (SNDEN)</b>	Korean Trust Fund	75 000 000 FCFA
<b>Community Multimedia Centers</b>	Swiss Cooperation; UNESCO; and Sonatel	518 000 000 FCFA
<b>Performance contract CDP University of Senegal (buildings and information and communications technology)</b>	World Bank; IDA (International Development Association)	19 526 000 000 FCFA

## Appendix IV. Map of the Project Area

