Country overview

Project description

Key partners & Investment Scheme

Project implementation milestones
COUNTRY OVERVIEW

Sectors presenting considerable challenges:

- Agribusiness
- Health & Pharmaceuticals
- Education
- Infrastructure & Systems
- Social and Digital Infrastructure

Plan Sénégal Emergent (PSE):
The economic roadmap

- Increase in Projected GDP to 7-8%
  - Average GDP growth of 6.6% between 2014-2018 against an average of 3.1% in 2009-2013

- Triple the level of exports
  - Level of exports in 2028 multiplied by 1.5 in compared to 2014

- Create 600,000 additional jobs over 10 years (2013-2023)
  - 299,000 jobs created between 2014 and 2018

- Implement 27 projects to foster growth and employment
  - 17 flagship projects already launched

- 17 fundamental reforms to be carried out
  - 13 reforms already launched

- Agriculture, Fishery & Food
- Mining & Fertilizers
- Logistical & Industrial Hub
- Housing
- Service, Health & Tourism Hub
- Social Economy
The launch of PSE has triggered a new economic momentum

Strong increase in GDP and FDI since 2014 ...

GDP, 2014-2019
Mds FCFA constant 2014

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>7,476</td>
<td>7,542</td>
<td>7,989</td>
<td>8,271</td>
<td>8,810</td>
<td>9,346</td>
<td>9,924</td>
<td>10,618</td>
<td>11,286</td>
</tr>
</tbody>
</table>

FDI, 2010-2018
Mds FCFA Taux de change annuel

<table>
<thead>
<tr>
<th>Year</th>
<th>FDI 2010</th>
<th>FDI 2011</th>
<th>FDI 2012</th>
<th>FDI 2013</th>
<th>FDI 2014</th>
<th>FDI 2015</th>
<th>FDI 2016</th>
<th>FDI 2017</th>
<th>FDI 2018</th>
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<tbody>
<tr>
<td>2010</td>
<td>134,5</td>
<td>159,7</td>
<td>140,9</td>
<td>153,6</td>
<td>198,9</td>
<td>241,8</td>
<td>279,7</td>
<td>341,4</td>
<td>471</td>
</tr>
</tbody>
</table>

... Positioning Senegal among the most dynamic economies on the continent

Real GDP growth by country in 2018, top 10

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP Growth (%)</th>
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<tbody>
<tr>
<td>Rwanda</td>
<td>8,6</td>
</tr>
<tr>
<td>Seychelles</td>
<td>7,9</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>7,4</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>6,8</td>
</tr>
<tr>
<td>Ethiopie</td>
<td>6,8</td>
</tr>
<tr>
<td>Sénégal</td>
<td>6,7</td>
</tr>
<tr>
<td>Tanzanie</td>
<td>6,7</td>
</tr>
<tr>
<td>Ghana</td>
<td>6,3</td>
</tr>
<tr>
<td>Kenya</td>
<td>6,3</td>
</tr>
<tr>
<td>Bénin</td>
<td>6,1</td>
</tr>
</tbody>
</table>

1. Excl. Libya with 11% growth rate due to post crisis catch up effects

Source: Ministère de l’Économie, du Plan et de la Coopération (Comptes nationaux, mai 2020), Banque Mondiale, Banque Africaine de Développement
**Business environment attractivity**

- Senegal's **Doing Business ranking** went from 178th place in 2014 to 123rd place in 2020, **a gain of 55 places**
- FDI annual growth rate of **22%** on the period 2014-2018 against **5%** on 2010-2013

**Special Economic Zones (SEZ)**

- Law on SEZ voted
- The country rolled out 3 SEZ (Diass, Diamniadio et Sandiara) on the last 3 years

**Commercial Courts**

*New law voted in 2020* relating to the creation, organization and functioning of commercial courts and commercial courts of appeal:
- Allows a **better management of commercial litigations**
- Ensures a **better business climate** for local and international investors

**PPP law**

**The new PPP law** (whose vote is imminent) will improve the legal framework of PPPs by:
- **extending the latter’s definition**;
- establishing a clear institutional framework to ensure the **delivery performance**
The project “AGROPOLE SUD” is the first of a series of 4 agropoles to be implemented throughout the country in the coming 5 years.

AGROPOLE SUD aims to set up in the south region (Ziguinchor, Kolda, Sedhiou), a world class Special Agro-Processing Zone to translate the region’s huge agroforestry potential into GDP and job creation engine.

AGROPOLE SUD will be managed by a private company named “Société de Construction et d’Exploitation (SCE)” created for this purpose by FONSIS.

The Agro-industrial park will provide world class serviced land and industrial warehouses for the processing of cashew and mango in the project first phase.

The project boasts strong financial, economic and social impact, with a projection of 10,000 direct and indirect jobs.
### TRIPARTITE CONVENTION

- Signed between the 3 entities in January 2019 to supervise the project’s development
- Mandates FONSIS to create the SPV ("Société de Construction et d’Exploitation – SCE") in charge of the construction & management of AGROPOLE SUD

<table>
<thead>
<tr>
<th>KEY PARTNERS</th>
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<tbody>
<tr>
<td><strong>FONSIS</strong></td>
</tr>
<tr>
<td>(Sovereign Wealth Fund)</td>
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<td><strong>MDIPMI</strong></td>
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<tr>
<td>(Ministry in charge of Industrial Development)</td>
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<tr>
<td><strong>BOS / PSE</strong></td>
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<tr>
<td>(President Delivery Unit)</td>
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<table>
<thead>
<tr>
<th>SCE</th>
<th>CEP</th>
<th>Strategic Investor(s)</th>
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<tbody>
<tr>
<td>• Mobilizing technical &amp; financial partners</td>
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<td></td>
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<tr>
<td>• Financing basic private investments</td>
<td></td>
<td></td>
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<tr>
<td>• Promotion, management and maintenance</td>
<td>• Construction of state-funded infrastructure</td>
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<td></td>
<td>• Institutional support to the project</td>
<td></td>
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<td></td>
<td>• Coordinates the public entities support</td>
<td>• Equity financing</td>
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<tr>
<td></td>
<td></td>
<td>• Technical support in operating the Agropole</td>
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<td></td>
<td></td>
<td>• Business network for the promotion of the Agropole</td>
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**TRANSACTION STRUCTURE**

**Strategic Investors**
(Agropole developers)
- Equity investment & Technical support

**FONSIS**
- Land, seed funds (minority stake)
- Management contract

**Financial Investors**
- Equity investment and/or debt

**Construction companies**
- Construction contracts

**Lenders**
- Debt financing

**Private firms operating in the Agropole**
- Serviced Land
- Shared Services
- Warehouses
- Rental Fees
- Payments against services

**Producer groups**
- Outgrower / Sales contracts
# INVESTMENT PLAN

## COST BREAKDOWN (PUBLIC/PRIVATE)

### Public Component

- **State funding (grant)** : $97m
  - Through:
    - AfDB : $48.3m
    - IsDB : $30.2m
    - State budget : $18.5m

### Objectives

- Agropole hard infrastructure in and out each module (energy, access roads, W&S)
- Technical assistance/capacity building to strengthen the targeted value chain
- Support to community resilience and E&S measures implementation

### SPV

- **SPV private funding** : $23.3m
  - Through:
    - Equity : $7m
      - Commitment FONSIS : $2.4m
      - Equity Gap : $4.6m
    - Debt to be raised : $16.3m

### Objectives

- Construction of commercial shared infrastructure (logistics platform inside the Agropole, industrial sheds, etc.)
- Management & operations of the Agropole
- Attract further investment (local and FDI)

### Total Cost

$120.3m

excluding estimated investments of Agropole Clients
OVERVIEW OF KEY FINANCIAL, TECHNICAL AND MARKET ANALYSIS

Technical Analysis

AGROPOLE COMPONENTS
- Central module (85 Ha)
- Regional module (10 Ha)
- Aggregation platform (5 Ha)

SUPPORT INFRASTRUCTURE
- Airport in Ziguinchor (34 km)
- Port in Ziguinchor (32 km)
- Transgambian road (7h to Dakar)

Market Analysis

MAIN CROPS
- **Cashew** *(64 000 Tons of which less than 5% are valued)*
- **Mango** *(72 000 Tons with 50% post-harvest losses. Only 2% of transformation rate)*

OTHERS
- Rice, millet & peanuts
- Bananas, citrus fruits & horticulture
- Milk
OVERVIEW OF KEY REGULATORY, ENVIRONMENTAL AND SOCIAL ANALYSIS

**Regulatory Analysis**
- Fiscal & other incentives included in the public investment code
- Strong involvement of the State of Senegal (grant, incentive package)
- Project coordination through steering committee composed of relevant key stakeholders

**Environment Analysis**
- A detailed Environmental & Social Impact Assessment (ESIA) including a Monitoring Plan was validated by the Ministry of Environment.
- Resettlement Action Plan will be implemented and funded by the State
- Curb illegal deforestation
- Fight against poaching

**Social Analysis**
- Reinforcing peace through economic empowerment & jobs creation
- Capacity building for women
- Know-how transfer and world-class practices
## ANTICIPATED PROJECT RISKS AND MITIGATION MEASURES  |  PRELIMINARY & NOT EXHAUSTIVE

<table>
<thead>
<tr>
<th>IDENTIFIED RISKS</th>
<th>MITIGATION</th>
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<tbody>
<tr>
<td><strong>Economic</strong></td>
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</table>
| ▪ Sustainable GDP Growth | Strong economic growth with about 6% GDP growth from 2014 to 2019  
Good perspectives with upcoming Oil & Gas industry |
| **Political**    |            |
| ▪ Rebellion in Casamance | Internationally known for political and democratic stability  
New sustainable peace process since 2012  
Economic opportunities are key to ensure peace  
Buy in of local communities |
| **Technical & Technological** | |
| ▪ Lack of Infrastructure & Process | World-class standards  
Technological support at all level by the strategic partner  
Construction of an incubation center |
| **Commercial**   |            |
| ▪ Regional competitive markets  
▪ Securing off-takers | Market opportunities (WAEMU, ECOWAS, AfCFTA, EPA, EU-ACP)  
Comparative benefits (close to international markets – Europe, US & Canada, Latin America, low labor force cost)  
Increasing local demand with established distribution channels |
| **Delivery**     |            |
| ▪ Public Investment component | Solid track record by FONSIS & BOS in implementing & monitoring strategic projects (tripartite convention signed with the MDIPMI) |
| **Environmental**|            |
| ▪ Deforestation  
▪ Externalities | Reforestation program  
Construction of a waste treatment plant |
PROJECT IMPLEMENTATION MILESTONES

1. Project Preparation
   - Project formulation
   - Land security
   - Feasibility study
   - Environmental and social analysis
   - SCE Creation
   - Seed fund of $1.8m
   
   12 months

2. Preparation of Tenders
   - Preparation of tender documents
   - Preparation of project documents
   - Obtaining financing terms, guarantees and risk management products

3. Tenders
   - Request for proposal
   - Bidder Consultation
   - Tenders
   - Signature of project documents
   - Allotment

4. Financial Closing
   - Finalization of contracts
   - Final agreements
   - Finalization of financial documentation, insurance and risk management
   - Financial closing

5. Construction & Operations
   - Construction
   - Commissioning
   - Operations
   - Selection of companies

6. To be completed
   - 6 months
   - 30 months
   - 24 months
We are looking for an experienced world-class strategic investor to invest in equity ($4.6m) or provide technical know-how in operating and managing a world-class Agro-Industrial Processing Zone.

We are also looking for lenders for the debt component of the project for about $16.3m.

Finally, we are seeking private investors interested in transformational projects that not only generates financial returns but also creates a positive economic, social or environmental impacts.