

A blurred background image of a city street scene. A yellow taxi cab is visible in the center, moving from left to right. The background is out of focus, showing other vehicles and city buildings. The overall color palette is dominated by the yellow of the taxi and the blue and grey of the city environment.

**PARATRANSIT / POPULAR
TRANSPORTATION**

DAY

Transforming Transportation 2024

SESSION TWO:
**Case Studies in Improving and Decarbonizing
Popular Transportation**

Paratransit / Popular Transportation Day
at Transforming Transportation 2024

Thursday, March 21, 2024

**SESSION TWO | Paratransit / Popular Transportation Day:
Case Studies in Improving and Decarbonizing Popular Transportation**

The Senegal Bus Renewal Scheme: From 2005 to Today

Simon Saddier

Urban Mobility Pillar Lead for the African Transport Policy Program (SSATP)

Thursday, March 21, 2024 | World Bank Headquarters, Washington D.C.

The Senegal Bus Renewal Scheme: from 2005 to today

Simon Saddier
SSATP Urban Mobility Pillar Lead

Paratransit/Popular Transport Day
21 March 2024



- 1. Context**
- 2. Challenges in fleet financing**
- 3. Program origin and principles**
- 4. Main stakeholders**
- 5. Vehicles**
- 6. Bus financing mechanism**
- 7. Results**

- Mode share in Dakar (2015 work trips):
 - Walking = ~40%
 - Public transport = ~50%
 - Private vehicle = ~10%
 - Public bus operator collapsed in 1998
 - Paratransit became the dominant form of PT:
 - Cars rapides (15-20 pax)
 - Ndiaga Ndiaye (~30 pax)
 - Clandos (5 pax)
 - Aging and unsafe vehicles, low profitability
- => Declining fleet size and quality



Credit: CODATU

Challenges in fleet financing

- Banks reluctant to lend to paratransit operators (high risk business)
 - 25% interest rate, short repayment periods (3-4 years)
 - Collateral = vehicle, but rapid decline in residual value in first few years
- => High upfront payment required (25% to 40%)
- Main challenges:
 - Need for another – even more expensive – loan to pay deposit
 - High pressure on vehicle and driver in initial period
 - Maintenance deferred to prioritize loan repayment
 - Loan duration not correlated with useful life of vehicle
 - Repayment dependent of availability of vehicle (vulnerability in case of crash or breakdown)

Program origin and principles

- Started by Senegalese authorities in the late 1990's to:
 - Improve the quality of vehicles
 - Formalize and professionalize the industry
 - Restructure and integrate the transport network
- Vehicles purchased with WB support in 2005
- Give operators access to loans and lease new vehicles on several conditions:
 - Scrapping of an old vehicle
 - 25% upfront deposit
 - Be part of an operator group
 - Respect operational guidelines

Main stakeholders

CETUD *Governance*

- Metropolitan transport authority
- Transport planning and regulation mandate
- Established in 1997

EIGs *Corporatization*

- Economic interest group (operators)
- Members jointly responsible for loan repayment
- Created in the early 2000's

AFTU *Financing*

- Association for urban transport financing
- Purchases and leases vehicles to operators
- Founded in 2001

MECTRANS *Guarantor*

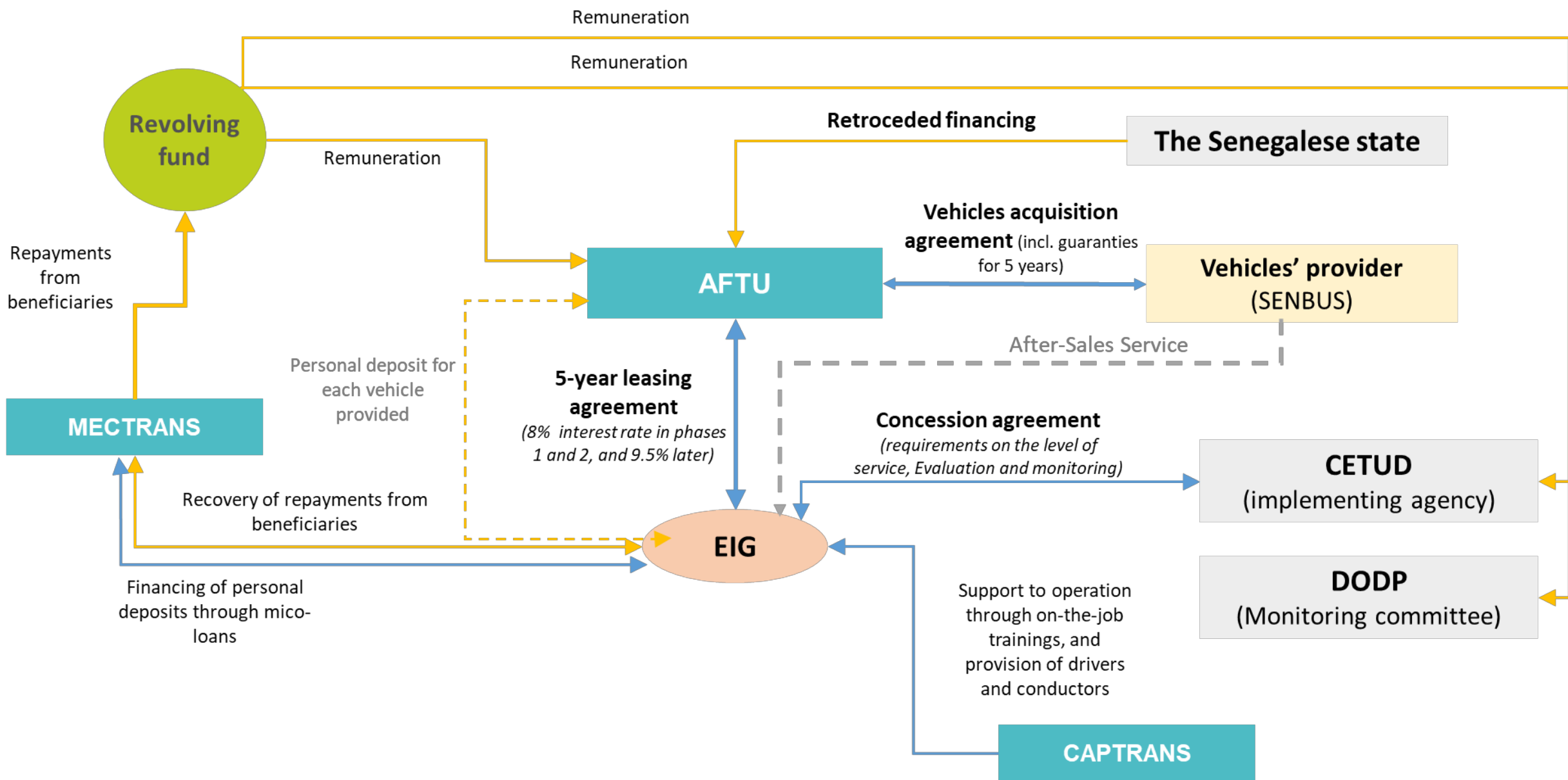
- Mutual Savings and Loans Association for Transport Operators
- Loans for personal deposits
- Created in 2006



TRANSVIE *Workers' Welfare*

- Employee insurance company (compulsory membership)
- Provides health insurance and social security
- Created in 2009

CAPTRANS *Capacity Building*

- Centre for industry professionalization
- Provides operational and managerial support to operators
- Created in 2016



 Contractual/operational relationship
 Financial flow

- Assembled by SENBUS, private company created in 2001 (also in charge of maintenance and manufacturing of some components)
- Phase 1: tender won by TATA (~\$36.5k/vehicle)
- Phase 2: King Long and Dong Feng, assembled locally
- Phase 3: TATA
- Phase 4: Ashok Leyland and TATA
- Unit price of vehicles kept low through tax exemptions



TATA, Phase 1

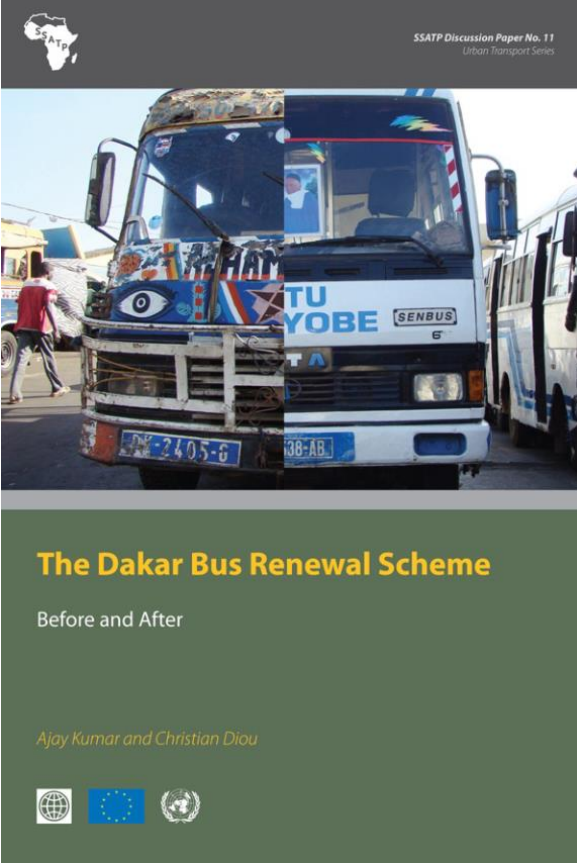


King Long, Phase 2

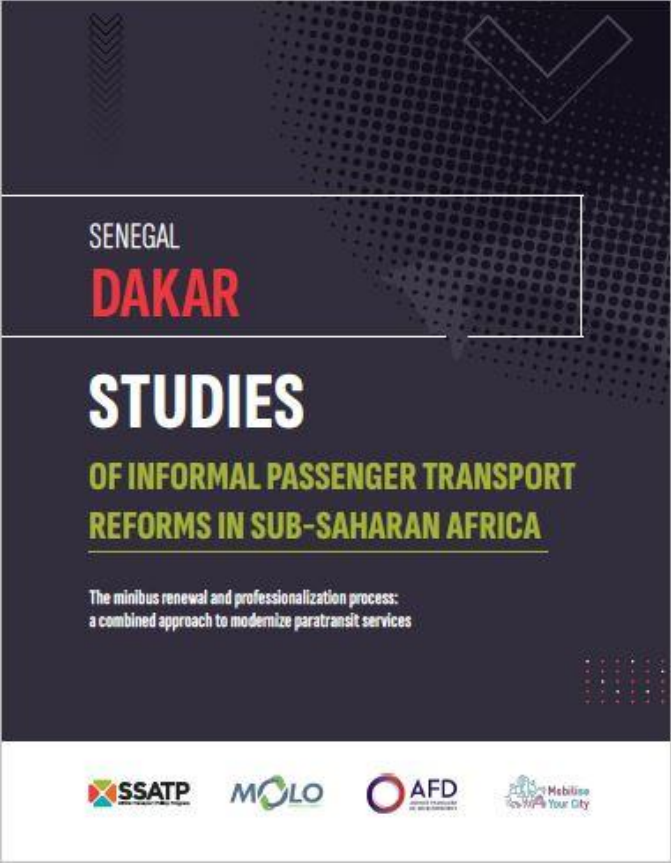
Bus financing mechanism

- Initially, operators grouped in EIG would request loan AFTU
- EIG to provide 25% deposit and AFTU to open a line of credit for remaining 75% (with guarantee from CETUD)
- Loan duration = 60 months, 3-month grace period
- Scrapping premium goes towards deposit (~\$4,000)
- Concessional WB loan for Phase 1, China Exim Bank for Phase 2
- High repayment rate (>90%) increased confidence from local banks
- Repayments from Phases 1 and 2 converted in revolving funds, used a guarantee for AFTU to raise commercial debt from local banks for Phases 3 and 4
- Interest rates under 10% (vs. 25% before)

- 2,636 new vehicles and ~\$103M mobilized
- Strong impact on level of service (scheduled services) and passenger satisfaction
- Transformed structure of the industry (EIG) and improved working conditions
- Increased trust in sector and business model allowing private sector financing
- Extension to secondary cities
- Benefits for local economy (300+ jobs created)
- Limitations of program include:
 - Slow pace of implementation, constrained by capacity of government to pay scrapping allowance
 - Decrease in compliance with new system rules after repayment period
 - Deteriorating operating conditions impacting financial sustainability
 - Competition from unlicensed operators
- A unique and successful model in terms of financial viability



2010



2023



2024 (forthcoming)

**Thank you for your
attention.**

ssaddier@worldbank.org



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