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(MINISTRY OF INFRASTRUCTURE, LAND TRANSPORT AND OPENING UP)



FORUM INTERNATIONAL
Le financement des projets ferroviaires en Afrique
INTERNATIONAL FORUM
Financing rail projects in Africa

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Dakar, Senegal



**REPORT OF THE DAKAR INTERNATIONAL FORUM ON FINANCING
RAIL PROJECTS IN AFRICA: THE FUTURE OF RAIL IN AFRICA**

25 October 2023

- **Official opening**

On 19 and 20 October 2023, the first international forum on financing rail projects in Africa was held at the Abdou Diouf de Diamniadio conference centre (CICAD). The forum, a first in railway history, was organised by the International Union of Railways (UIC) and the Railway Company of Senegal (CFS). The opening ceremony was presided over by Mr Amadou BA, Prime Minister of Senegal. Also present at the official opening were the Minister of Infrastructure, Land Transport and Opening-up, the Minister in charge of railway development, the Chairman of the UIC Africa Region and the President of the Union of African Railways (UAC).

The forum was attended by more than 500 participants from the African and global rail sector, including the chairs and managing directors of African rail companies, public decision-makers, donors, technical and financial partners, representatives of UIC and UAR, representatives of regional organisations (AU, WAEMU, ECOWAS), and representatives of the private sector and civil society.

In his opening remarks, the Managing Director of CFS praised the strong presence of railway operators, which testifies to their interest in the development of the sector in Africa. He went on to outline the objectives of the Dakar Forum and praised the initiative behind the meeting. He also outlined the expectations that would emerge from the fruitful discussions that would take place, with a view to identifying appropriate financing strategies for rail projects in Africa.

The Chairman of the UIC Africa Region and Director General of Moroccan Railways (ONCF), Mohamed Rabie Khlie, then took the floor and congratulated the Government of Senegal on its commitment to making the railways an essential sector of development. He welcomed the choice of Senegal, a crossroads of cultures, as the venue for this first forum. He emphasised the TER as an edifying example of Senegal's success, a strategic choice whose performance clearly demonstrates its vitality and usefulness as a profitable solution for eco-responsible, inclusive and sustainable mobility between Dakar and the suburbs.

He stressed the importance of sustainable mobility, which is at the heart of inclusive development, in line with the African Union's Agenda 2063. This is an absolute necessity, given the continent's great potential and the challenges it faces for the future, including significant demographic growth, a young population in full transition, abundant natural resources to be utilised, expanding urbanisation, and an economy in full transformation in the face of the challenges of climate change.

He also noted that there is still a long way to go, given the huge infrastructure deficit, which is causing an estimated 2% annual shortfall in economic growth. He deplored a 40% loss in productivity, which is having a negative impact on the continent's position on the international stage. He also highlighted the low density of the pan-African network and its territorial coverage, which accounts

for only 6% of the world's rail network – for a continent that covers around 20% of the earth's surface and is home to almost 17% of the world's population.

Encouraged by this renaissance and aware of the challenges ahead, the UIC Africa Region has, for its part, co-constructed a renewed rail development strategy for 2022 as a forward-looking roadmap, the first of its kind in terms of the sectoral deployment of Agenda 2063.

To meet the challenges of rail infrastructure development in Africa, it is vital to speed up the search for financial solutions that call for greater imagination and innovation, as well as more sustained support from development partners. The Chairman of the UIC Africa Region suggested numerous options, including setting up a rail investment fund, adopting incentive measures, getting the private sector more involved, using green financing, and developing PPPs in the sector.

The President of the Union of African Railways (UAR) concurred, underlining the technical, financial and legal difficulties that militate against the integration and interoperability of rail networks. He additionally highlighted the slowness in implementing infrastructure development activities, particularly rail projects, due to a lack of funding.

He also spoke of the lethargy affecting UAR since 2010, the date of its last General Meeting, and proposed that it be revitalised to boost the development of railways in Africa.

In his speech, Prime Minister Amadou BA praised Senegal's choice to host this international forum on the financing of rail projects. Africa is unique in that it is the continent where the mobilisation of resources for investment in land transport is most acute. Financing the railways is a challenge at both national and continental level, against a backdrop of severe budgetary constraints and debate about the profitability of rail investment.

He went on to outline the expectations and relevant proposals that would emerge from the discussions, and invited participants to produce objective arguments on economic calculation and strategic approaches, as opposed to value judgements on Africa. He recalled that the profitability of public investment should not be analysed solely in terms of financial profitability. Investment in railways, in Africa as elsewhere, boosts the medium- and long-term productivity of economies, contributes to regional development and strengthens human capital.

The Prime Minister underlined the role played by the railways in combatting climate change, by reducing greenhouse gas emissions.

He also recalled the importance attached to the revival and development of the railways by the President of the Republic. This political will has been reflected in the construction and commissioning of the Regional Express Train, which

has enabled Senegal to take a major step forward on the road to emergence. The TER marks Senegal's entry into a new era and puts the issue of revitalising the rail sector at the heart of public policy.

Before closing his speech, the Prime Minister congratulated and encouraged the Minister of Infrastructure, Land Transport and Opening-up and his colleagues, the International Union of Railways and regional organisations, and wished for the work of this first forum on the financing of rail projects in Africa to have every success.

Following the opening ceremony, several sessions were led by panellists from around the world, each specialising in the issues under discussion.

Session 1: The railway renaissance in Senegal and Africa

The renaissance of rail in Africa is a promising topic. All the panellists recognised the importance of developing rail infrastructure to stimulate economic growth and improve regional connectivity. This rail renaissance in Africa aims to reduce dependence on road transport, improve freight and passenger transport, and foster regional integration. It will also help to reduce greenhouse gas emissions by promoting more sustainable modes of transport.

However, there are challenges to overcome, including funding, infrastructure maintenance, and coordination between countries to ensure seamless connectivity. The renaissance of rail represents considerable potential for economic development and mobility in Africa.

As far as existing tracks are concerned, their rehabilitation was deemed necessary during the debates in order to prepare for increases in load, but also for the construction of new tracks. The issue today is no longer to limit ourselves to the economic profitability of railway projects, but rather to reduce the negativity of profitability. We need to find a global model within the framework of a macro-economic approach that can generate a financial return and better attract investors.

As far as technical options are concerned, we need to ensure that we no longer make technology choices that have costs, remain unused or have a negative impact on profitability. The decisive factor in these projects is their socio-economic profitability. To achieve this, certain positive externalities need to be monetised, calculated and integrated into socio-economic profitability, and a threshold reached at which the relevance of the investment is assessed.

A project such as the TER in Senegal may have a cost, but its impact on the population should not be overlooked. A project may be financially profitable, but it may also have a negative impact on the country's overall economic situation or on the environment. Today, the rail community's next battles must be to make the most of the gains in CO₂ emissions and translate them into resources to be channelled into the sector. The importance of political will is a condition for the success of a major rail project such as the TER.

The issue of privatisation and the renaissance of the railways in Africa is complex and varies from country to country.

Other rail projects are underway, such as the rehabilitation of the Diamniadio-Tambacounda section in the short term, or the search for funding to build new tracks on the same section in the medium and long term, with the aim of covering the whole of Senegal by 2035.

Morocco's rail sector has developed significantly over the last few decades. The government has invested heavily in rail infrastructure, including the construction of the Al Buraq high-speed line linking the cities of Tangiers and Casablanca. This high-speed line is designed to considerably reduce journey times between Tangiers and Casablanca (295 km), offering a fast and efficient alternative for travel. The financial package is based on concessional loans. ONCF is responsible for infrastructure maintenance, while SNCF is responsible for rolling stock maintenance, with a transfer of skills. Its business model is based on a highly optimised load structure and an operating margin that exceeds that of many European operators.

Unlike other railway networks, the Trans-Gabon Railway (648 km) was built very recently. The initial section was opened in 1978 between Libreville and Franceville in the south-east of the country. It has suffered from poor maintenance and its capacity has been severely compromised. The first challenge is to restore its initial capacity. The second challenge is to find the funding to double its capacity and meet the needs to make the most of Gabon's abundant mineral resources.

The Simandou railway in Guinea is one of the projects devoted to the exploitation of the country's large iron ore deposits. The model proposed was a mining concession with the obligation to build the railway line linking the mine to the port of Conakry. However, given the slow progress made since the mine concession was granted in the 1980s, the new authorities had to renegotiate the contract to take account of the country's interests and allow the line to be built. This has enabled significant progress to be made in the development of the country's railways.

Session 2: Development of rail corridors and regional integration

At this session, the WAEMU Director of Infrastructure gave an overview of the sub-region's transport corridors, highlighting the shortfall in rail transport. In light of this situation, the sub-regional institution, in consultation with ECOWAS, has for some time been conducting a regional transport development programme, which would revitalise rail transport and give it a leading role in Member States that have no access to the sea. The Dakar-Bamako-Bobo Corridor is one component of this programme.

The main constraints noted in the development of corridors are linked to financing and the mobilisation of resources, and to the lack of interest shown

by private investors and development banks in the economic profitability put forward by the countries, as they only look at financial profitability.

It was therefore recommended that a balance be struck between public and private investment, by sharing the very heavy infrastructure costs with the African States and granting concessions for operation, in order to optimise sub-regional rail projects and make them profitable.

The interoperability of rail networks also appears to be a major barrier to rail corridor operation for the African States. The heterogeneity of African rail networks was highlighted as a constraint on the development of corridors.

The AU “African Integrated Railway Network” flagship project of Agenda 2063, was presented as a catalyst for the implementation of the AfCFTA for the interconnection of Africa’s major metropolises. Two pilot projects were being studied by the African Union Commission. The major difficulty noted for these intercontinental projects remained the institutional preparation and financing arrangements.

It was also recommended that the preparation and assembly of these projects be aligned with the AU’s Agenda 2063, taking into account the environmental challenges as recommended by the recent report of the GEEC:

- Globalisation of the Mining-Railways Business Plan to overcome the time inconsistencies associated with projects;
- Proposal to extend levies to all modes of transport and operating activities to partially finance rail projects;
- A proposal for a Mines for Infrastructure model along the lines of the current bilateral relationship between the DRC and China;
- Strong political will in favour of PPPs, with governments bearing the costs of infrastructure, which is profitable in the long term, and the private sector bearing the operating costs, the financial profitability of which is measurable in the medium term.

Session 3: Technical governance of major railway areas

Technical governance within a harmonious sub-regional framework must take into account the safety and interoperability of rail systems. The case of the « Single European Railway Area » was given as an example that enables perfect communication within the framework of standardisation between the various European railway companies and saves a considerable amount of time.

It is about the introduction of common standards and specifications that allows trains to move freely from one country to another (without being subject to a number of technical checks), the harmonisation of freight contracts, the standardisation of working methods, and the creation of a single information system.

For the governance of railway areas in Africa, it was recommended that, in the short term, a conventional framework be established between the African

States for the management of interoperability, and that the same procedures and contract types be applied for logistics, maintenance and insurance.

The President of UAR supported the coordination of UAR members to standardise practices and to emphasise research and the transmission of knowledge in the railway sector. He added that technical governance in rail matters was not limited solely to infrastructure and rolling stock, but also to public land. In this way, the railway domain could be the subject of a financial valuation that could contribute in part to the financing of railway projects.

In this respect, the Tunisian example of land development was shared. They have an inalienable estate of railway stations and agricultural land that they make available to companies in the form of temporary occupation authorisations subject to fees. These fees are used to finance part of their rehabilitation project.

For the rail sector to be properly integrated in Africa, it was also recommended that the private sector, the research and development community (universities and technological innovation), and the government coordinate their efforts to develop value chains in the rail sector. Standardising technological investment and institutional regulations were also suggested.

Session 4: How to raise finance for rail infrastructure?

The problem of raising finance for rail projects discussed in this session raised the issue of the payback period for investment. The lack of investment capacity is above all linked to the lack of financial viability, which is why it is in the interest of governments to set up investment funds, similar to those for maritime and air transport, to support projects over the long term within a realistic and achievable framework supported by strong political will. Rail projects with a focus on mining stand out as the easiest to implement.

In order to optimise investment, it is necessary to demonstrate the measurable and quantifiable impact of rail projects, both in socio-economic terms and in terms of financial profitability.

To close the rail investment gap, a development approach was recommended, optimising value chains and promoting green financing.

It is therefore necessary to instil confidence with regard to the perception of the risks associated with rail investment and to make the case for the African continent, taking into account the proportion of pollution, which is less than 4% for the whole of Africa.

The PPP financing model, a simple partnership attractive to investors, accompanied by the industrialisation of the African rail sector, seems to be the most favourable for the African States.

Session 5: Financing rolling stock and combating climate change: an alternative or a necessity?

The development of the railways as an alternative to the problem of climate change was at the heart of the discussions in this session. Rail is presented as a clean, competitive and safe mode of transport. Consequently, the major challenge is to find the right balance for sustained economic growth in the context of global warming.

In this context, it was recommended that investment flows migrate southwards, in line with Article 16 of the Paris Climate Agreement, which could help to finance rail corridor projects.

As a key mechanism for taking account of and mitigating rail risks, such as that advocated by the European Investment Bank for infrastructure projects outside the EU, it was suggested that care be taken to ensure that projects mature and that the national or international private sector be allowed to finance part of the rolling stock.

African countries were also asked to ratify the Luxembourg Protocol on Railways, which establishes a new legal regime for the recognition and enforcement of lessors' and lenders' security interests in railway rolling stock.

Session 6: Investors' forum

Africa is experiencing strong economic growth, which presents numerous opportunities for the development of rail infrastructure, but also specific challenges that need to be taken into account when financing projects. These were the main themes of this panel, which put forward a number of recommendations:

Rail concessions: it is crucial to consider the impact of concession agreements on local communities. African countries should ensure that the interests of communities are taken into account by guaranteeing high safety standards, local employment opportunities and fair access to transport services.

Environmental challenges: rail projects must be designed and managed to minimise their impact on the environment. It is important to adopt sustainable practices, such as using clean energy sources, reducing carbon emissions and preserving natural ecosystems along railway lines.

Passenger concerns in the transport chain: safety, punctuality and comfort are essential to guarantee passenger satisfaction. This requires ongoing investment in infrastructure maintenance, the modernisation of trains and stations, and technological solutions to improve the passenger experience.

Maintaining product quality: products transported must maintain their quality from start to finish, because the aim of "first to last mile" management is to ensure close collaboration at every stage of the process between rail

operators, freight forwarders, shippers, logistics companies, port authorities and other players in the supply chain.

Making use of the railway's heritage: creating clusters of economic activity around the station, attracting businesses, start-ups, shops and related industries are all ways to stimulate the local economy and provide employment opportunities, within the context of the strong urbanisation underway in Africa.

Preserving existing networks: preserving and modernising existing rail networks is crucial for ensuring efficient connectivity between regions. This requires investment in the maintenance, safety and modernisation of existing rail infrastructure.

Linking mines to railways: new investment for rail in Africa must be made around mines and integrating rail investment into mining concessions in Africa, while considering passenger transport services, may be a beneficial approach to maximising infrastructure efficiency and meeting social needs.

Aligning with job creation: rail projects provide opportunities to create sustainable jobs while helping to reduce carbon emissions. By promoting a sustainability-focused approach, investment in railways can contribute to achieving climate goals while stimulating economic growth and job creation.

Pre-feasibility studies for bankable projects: in-depth pre-feasibility studies are essential to guarantee the economic viability of rail projects. This involves the careful assessment of technical, financial, environmental and social aspects to ensure that investments are profitable and sustainable in the long term.

Public-private partnerships: PPPs can be an effective way of mobilising the resources needed to develop rail infrastructure while ensuring efficient and transparent management. However, careful planning, balanced negotiation and rigorous monitoring are essential to ensure the success of these partnerships.

Multiple and competitive sources of finance: a combination of different sources of finance may be required to deliver major rail projects.

The Luxembourg Protocol: countries should be encouraged to ratify the Luxembourg Protocol, which makes it possible to mobilise funding for rolling stock.

Human capital: there is a need to move away from the traditional model where the railways have their own schools and remain in their own closed world. Investment in training young people on what the railways of tomorrow should be, taking into account the climate dimension, the employment dimension and growth, should be prioritised. Training that has an impact on the various value chains in the rail industry must be implemented.

Local content: this needs to be generalised in all sectors of activity, including port, airport and rail concessions, to ensure greater ownership by local populations and communities.

On the sidelines of the forum, UAR held a meeting to reflect on the ways and means of revitalising itself as an organisation bringing together African railway companies. The UAR meeting decided to set up an ad hoc committee to draft a proposal for a UAR work programme by 20 November 2023 at the latest. This programme will then be submitted, at a virtual meeting, to the members of UAR, as well as to the African States and African regional organisations. Under the aegis of Senegal, a letter has been sent to the African ministers responsible for rail transport, asking them to contribute to the smooth running of UAR. A UAR General Assembly is scheduled for January 2024 to: (i) validate the work programme, and (ii) ask its officers to study ways of implementing it.

Closing session

In a statement delivered by the CFS Managing Director, the participants thanked Senegal for hosting the first forum on the financing of rail projects. At the end of the forum, five main recommendations were formulated and should be followed up (see attached declaration). The participants would like the forum on the financing of rail projects to be held every two years.

The Minister attached to the Minister for Infrastructure, Land Transport and Opening-up, responsible for railway development, reiterated the thanks and congratulations of the highest authorities for holding this forum in Dakar. It had provided a great opportunity for stakeholders to meet and reflect on ways and means of mobilising resources for the rail sector in Africa.

He also returned to the issues of sustainable development and the advantage offered by rail in terms of carbon footprint, calling for the Green Funds to be redirected towards rail and mentioning the adoption by the African heads of state of the common African position on climate. To this end, he recommended that a prominent place be given to the financing of rail projects through the Green Climate Funds at COP28 to be held in Dubai in December.

He recalled Africa's untapped mining and energy potential due to the lack of competitive rail corridors, the AU's Agenda 2063 and the 2043 intermediate agenda for railways, which advocate an integrated, prosperous and peaceful Africa whose aspiration to emerge is driven by its own citizens, who at the same time embody a dynamic force on the international stage.

He called for the rapid implementation of all the recommendations and proposals arising from this forum for more innovative mechanisms for financing rail infrastructure.

Before closing his speech, the Minister called for the revitalisation and strengthening of UAR.

DAKAR DECLARATION ON THE FINANCING OF RAIL PROJECTS IN AFRICA

INTRODUCTION:

The "***Dakar International Forum on Financing Rail Projects in Africa***" is a world first, including both the **financing of African infrastructure and rolling stock**.

It introduces a series of events on the same topic, as **the development of railways in Africa is crucial** for the population, to promote trade and economic growth, and manage (mitigate and adapt to) climate change.

Organised by the Chemins de Fer du Sénégal (CFS) and the International Union of Railways (UIC), the first "*International Forum on Financing Rail Projects in Africa*" was held on 19 and 20 October 2023 in Diamniadio-Dakar, under the chairmanship of **Macky Sall, President of the Republic of Senegal**.

Amadou Ba, Prime Minister of the Republic of Senegal opened the proceedings in front of more than **500 participants**.

These included the **African Union**, representatives of the **United Nations**, sub-regional organisations, representatives of **African transport, railway and technology ministers, chairs and managing directors** of major **African railway companies**, technical and financial partners, **investors**, and representatives of the **railway industry and railway regulators**.

BACKGROUND:

The participants identified the following factors for context:

1. The potential for rail development, which will influence the factors driving inclusive economic growth and sustainable development in Africa. With **22% of the world's land mass and 17% of the world's population**, Africa **only has a 7-8% share of the global rail market**.

The “African Rail Network” is one of the 15 flagship projects of the African Union's Agenda 2063.

The African Union Commission published a technical document entitled *“Roadmap towards a Continental Rail Market”* in June 2021, as well as organising a continental workshop on the “Integrated African Rail Network” from 30 May to 2 June 2023 in Midrand, South Africa.

The African Union's objective is to build a rail network to ensure connectivity across all regions of the continent by 2043, transforming each of the current national rail systems into a connected and interoperable rail network. The UIC Africa Region and the African Union of Railways, in conjunction with the countries, should work together, under the aegis of the African Union Commission, on the institutional and technical framework to be put in place for African network interoperability, interfaces between the different signalling systems, and governance and standardisation, among other things.

2. At the same time, Senegal is rolling out its *“Emerging Senegal Plan”*, to promote the introduction of high-performance transport systems and develop increasingly public, modern, and sustainable modes of transport that are capable of meeting sustainable mobility requirements, particularly in urban areas, for low-carbon and inclusive economic growth. The Dakar Rapid Transit Bus (**BRT**) and the Dakar-AIBD Regional Express Train (**TER**) are the **first two concrete modes of transport which both respond to the sustainable mobility strategy, and also limit greenhouse gas emissions.**

3. **Africa** is in the process of implementing **the African Continental Free Trade Area (AfCFTA)**. Increased economic activity, particularly on an industrial level, offers opportunities for trade within and between African countries. This structural economic transformation requires strategies to optimise transport and logistics capacity in order to meet major challenges in terms of profitability, as well as economic efficiency and environmental transition. Railway development is essential to guarantee the movement of people and goods, and provides the conditions for boosting the productivity and competitiveness of African economies, while also contributing to the fight against climate change.

4. In the “Nairobi Declaration”, adopted at the African Climate Summit on 6 September 2023, African leaders from 54 countries call for:

"6. We note that multilateral finance reform is necessary but not sufficient to provide the scale of climate financing the world needs to achieve 43 percent emission reduction required to meet the Paris 2030 agreements, without which, keeping global warming to 1.5°C will be in serious jeopardy. Additionally, that the scale of financing required to unlock Africa's climate positive growth is beyond the borrowing capacity of national balance sheets, or at the risk premium that Africa is currently paying for private capital."

"7. We urge world leaders to rally behind the proposal for a [global] carbon taxation regime including a carbon tax on fossil fuel trade, maritime transport and aviation, that may also be augmented by a global financial transaction tax (FTT) to provide dedicated affordable and accessible finance for climate positive investments at scale and ringfencing of these resources and decision making from geopolitical and national interests."

"8. Propose to establish a new financing architecture that is responsive to Africa's needs including debt restructuring and relief, including the development of a new Global Climate Finance Charter through UNGA and COP processes by 2025."

DAKAR DECLARATION ON THE FINANCING OF RAIL PROJECTS IN AFRICA

DECLARATION:

Across two days of intense debate and productive meetings, the participants were able to tackle the very real issues of financing and developing rail projects in Africa.

Pape Amadou Ndiaye, Minister in charge of Railway Development, closed the Forum. During the two days of deliberations, it was noted that:

1. The African States and their respective railway sectors have already made considerable effort in developing the railways, with internationally recognised success.

2. The African States and the African Union are working together to roll out an *"Integrated African Rail Network"* as part of Agenda 2063.
3. The African States are working to establish centres of excellence in railway training.
4. Mobilising resources to finance rail and public transport projects remains the key to success.

In this respect, more advantageous subsidy and funding frames of reference for future rail and public transport projects are desirable.

In this respect, the participants would like to highlight the following points:

1. Proactive strategies for developing the **African rail sector**, with the extensive support of the African States, already exist, with: (i) the commissioning of internationally recognised projects, such as the TER in Dakar and the high-speed line in Morocco, among others; (ii) the creation of centres of excellence to train and enhance the skills of railway staff and engineers; (iii) the development of rail projects which can be quickly financed.

In addition, **some African countries** are in the process of adopting the **Luxembourg Protocol** into their national legislation to secure and finance rolling stock. These **ownership efforts** are **encouraged** by the **African Union**. It is therefore strongly suggested that African countries support the Luxembourg Protocol ratification process.

The Agenda 2063 is the African Union's master plan, and the Integrated African Rail Network is **one of its 15 flagship projects**. To this end, the African Union Commission: (i) published its *"Roadmap towards a Continental Rail Market"* in June 2021; (ii) organised a continental workshop on the Integrated African Rail Network in Midrand, South Africa, from 30 May to 2 June 2023; (iii) suggested that common technical specifications and standards be introduced in the rail sector to increase interoperability; (iv) encourages the implementation of technical governance over large geographical areas in Africa.

2. Despite the efforts made, **funding for rail projects in Africa remains crucial**, both to maintain the existing network and to roll out the Integrated African Rail Network project. From this point of view, the

Forum provided African States, railway investors and sponsors, and manufacturers with an opportunity for a better mutual understanding in terms of their respective ambitions and/or constraints, and to move resolutely towards a mutually beneficial relationship for economic growth and sustainable development.

Despite the capital being available at international level to finance rail projects, the discussions called attention to a number of points which highlight persistent difficulties:

- Access to international funding for such projects, as they are often considered as financial risks and non-priority expenditure for Africa.
- The lack of financial return on investment for the construction of rail infrastructure. In fact, private or public rail company investments include the operation of rail services and a part of the maintenance costs, but do not cover the infrastructure. The investment has a socio-economic return, but this is not attractive to private investors unless the infrastructure is financed by public subsidies.

3. The Forum encourages continued efforts to promote mutual understanding.

Exchanging best practices is not enough. Previous achievements must be consolidated.

The Forum calls for the definition of an innovative subsidy and financing framework, focused on the operational effectiveness of aid and support from international sponsors and investors. Effectively, the challenge is to develop rail, as it has relatively few negative externalities, while compensating for almost all of them, unlike other economic sectors and modes of transport. In the future, some sectors will not be able to achieve carbon neutrality. They will therefore have to invest in rail projects through carbon offsetting.

This is why the Forum supports the introduction of a **global carbon taxation system**, consisting of a carbon tax applied to fossil fuel trading, and to road, sea, and air modes of transport, complemented by a global Financial Transaction Tax (FTT) to provide dedicated, affordable services and accessible funding to boost rail investment and promote public transport with interconnected cycling and pedestrian infrastructure.

- 4. As part of this global system, new rules for financing rail projects should enable industrial or service sectors, that are unable to achieve the required carbon neutrality, to subsidise or finance rail infrastructure and public transport projects through carbon offsetting.**
- 5. At the end of the Dakar forum, the participants recommended that a committee be created to follow up the recommendations and periodically review progress between now and the next forum. The participants also recommended that railway standards tailored to Africa be drawn up with the help of UIC.**

At the end of this first Forum, the participants asked UIC to organise regular meetings in order to prepare the "***Second International Forum on the Financing of Railway Projects in Africa***", which will take place in **2025**.

Signed in Dakar on 20 October 2023