THE LANDSCAPE FOR IMPACT INVESTING IN WEST AFRICA
Understanding the current status, trends, opportunities, and challenges
This project was funded with UK aid from the UK Government through the Department for International Development’s Impact Programme. The Impact Programme aims to catalyze the market for impact investment in sub-Saharan Africa and South Asia.

www.theimpactprogramme.org.uk

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<tr>
<td>ADEPME</td>
<td>Agence de Développement et d’Encadrement des Petites et Moyennes Enterprises</td>
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<td>AfDB</td>
<td>African Development Bank</td>
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<td>AMSCO</td>
<td>African Management Services Company</td>
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<td>APC</td>
<td>All Progressives Congress</td>
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<td>APIX</td>
<td>Agence de Promotion des Investissements et des Grands Travaux</td>
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<td>AUM</td>
<td>Assets Under Management</td>
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<td>BCEAO</td>
<td>Banque Centrale des Etats de l’Afrique de l’Ouest</td>
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<td>BIO</td>
<td>Belgian Investment Company for Developing Countries</td>
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<td>BMN</td>
<td>Bureau de Mise à Niveau</td>
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<td>BOAD</td>
<td>Banque Ouest Africaine de Développement</td>
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<td>BoP</td>
<td>Base of the Pyramid</td>
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<td>CACS</td>
<td>Commercial Agriculture Credit Scheme</td>
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<td>CNASC</td>
<td>Caisse Nationale de Crédit Agricole du Sénégal</td>
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<td>CTIC</td>
<td>Conseil en Technologies de l’Information et de la Communication</td>
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<td>DEG</td>
<td>German Investment and Development Corporation</td>
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<td>DFI</td>
<td>Development Finance Institution</td>
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<td>ECOWAS</td>
<td>Economic Community of West African States</td>
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<td>ESG</td>
<td>Environment, Social, and Governance</td>
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<td>Franc Communauté Financière Africaine</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>FMO</td>
<td>Netherlands Development Finance Company</td>
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<td>FONGIP</td>
<td>Fonds de Garantie des Investissements Prioritaires</td>
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<td>FONSIS</td>
<td>Fonds Souverain d’Investissement Stratégiques</td>
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<td>GAIN</td>
<td>Ghana Angel Investor Network</td>
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<td>GDP</td>
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<td>Global Impact Investing Network</td>
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<td>Ghana Investment Promotion Center</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<td>High-Net-Worth Individuals</td>
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<td>Investisseurs et Partenaires</td>
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<td>Danish Investment Fund for Developing Countries</td>
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<td>Initial Public Offering</td>
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<td>Institution de Prévoyance Retraite du Sénégal</td>
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<td>IRR</td>
<td>Internal Rate of Return</td>
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<td>LAN</td>
<td>Lagos Angel Network</td>
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<td>MENA</td>
<td>Middle East and North Africa</td>
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<td>MEST</td>
<td>Meltwater Entrepreneurial School of Technology</td>
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<td>MFI</td>
<td>Microfinance Institution</td>
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<td>MIS</td>
<td>Management Information System</td>
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<td>NFSP</td>
<td>National Food Security Program</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>OHADA</td>
<td>Organization for the Harmonization of Business Law in Africa</td>
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<td>OIC</td>
<td>Organization of the Islamic Conference</td>
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<td>OPIC</td>
<td>Overseas Private Investment Corporation</td>
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<td>Private Equity</td>
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<td>PSE</td>
<td>Plan Sénégal Emergent</td>
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<td>R&amp;D</td>
<td>Research and Development</td>
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<td>SME</td>
<td>Small and Medium-sized Enterprise</td>
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<td>SMEDAN</td>
<td>Small and Medium Enterprises Development Agency of Nigeria</td>
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<td>SSA</td>
<td>Sub-Saharan Africa</td>
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<td>TA</td>
<td>Technical Assistance</td>
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<td>UNDP</td>
<td>United Nations Development Program</td>
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<td>VC</td>
<td>Venture Capital</td>
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<td>WAEMU</td>
<td>West African Economic and Monetary Union</td>
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SENEGAL
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OBJECTIVES, DEFINITIONS, AND METHODOLOGY

About this Report

This report provides much-needed information on the impact investing market in West Africa. It contains four chapters—one outlining regional findings and three outlining specific findings in Nigeria, Ghana, and Senegal—each organized into four sections:

1. “Overview” provides a high-level outline of the political, economic, and investment climate of the region or country.

2. “Supply” outlines findings related to the volume of impact investing capital deployed to date—broken down by sector, instrument, and deal size. It describes the key barriers and opportunities identified by impact investors interviewed for this study and outlines impact measurement and reporting practices.

3. “Demand” describes the characteristics of impact investment recipients, as well as their needs for, and the perceived barriers to, accessing capital.

4. “Ecosystem” describes the regulatory environment for impact investing and the key actors involved in enterprise and investor support.

In addition to our primary countries of Nigeria, Ghana and Senegal, information on four additional countries is included in boxes throughout the regional chapter (Sierra Leone, Cote d’Ivoire, Togo, and Benin).

*The Landscape for Impact Investing in West Africa* is the third in a series of regional market landscaping studies published by the Global Impact Investing Network (GIIN) that seek to address the lack of data available on impact investing in emerging economies. The first such report focused on South Asia, the second examined East Africa, while a forthcoming report will examine Southern Africa.
Definitions

SUPPLY SIDE

The GIIN defines impact investments as “investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return.”1 Additionally, impact investors are defined as those having the following three characteristics:

1. **Expectation of financial return**: Expectation of a positive financial return over the life of the investment.

2. **Intention to create impact**: Stated intention to create positive social or environmental impact.

3. **Commitment to measure impact**: Commitment to measure and track social and/or environmental impact.

Impact investments are made across a large variety of sectors and investment instruments. A broad range of investor types are active in the impact investing sector in West Africa, including development finance institutions (DFIs), foundations, family offices, banks, institutional investors, and fund managers.

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**A NOTE ON DFI PORTFOLIOS**

The definition of impact investing used in this study is based on investor intent to create positive impact. However, the authors recognize that intent can manifest itself in a range of different investment strategies. In particular, due to the unique nature and large size of DFIs, the authors of this report analyzed their activity separately from the activity of other types of impact investors (“non-DFI”), and present this separate analysis when appropriate. (As this report focuses on private sector development, finance provided directly to governments by DFIs is excluded.)

While there is value in attempting to segment DFI portfolios into “impact investments” and “other” types of investments, doing so was not feasible for this study. In the case of DFIs, there is continued evolution in how they are thinking about their portfolios. Some consider everything they do to be impact investing while others have begun to segment their activities into buckets. However, most do not publicly indicate which of their investments they consider impact investments and, given that there are many ways to achieve social and/or environmental impact, it would be inappropriate for the research team to segment portfolios for this study. Instead, we segment our analysis so readers are able to more easily interpret numbers in context.

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2 DFIs are defined as government-backed financial institutions that provide finance to the private (and in some cases public) sector for investments that promote development.
Impact investors invest both directly into enterprises and projects and indirectly through financial intermediaries (e.g., fund managers). To avoid double counting, since an unknown proportion of indirect investment acts as a source of direct investment, and due to severe data limitations on the nature of indirect investments, this report focuses on direct investments. Indirect investments are, however, discussed in more detail in Section 2 of this chapter.

Only capital deployed has been considered for inclusion in this study. Funds that have been committed but not yet deployed have been excluded from the data. All references to “capital deployed” and “impact capital” refer to impact investment unless otherwise stipulated. Available data fall within the period 2005 to mid-2015; all references to “capital deployed to date” refer to this period.

DEMAND FOR IMPACT INVESTING CAPITAL

Impact investors target a range of enterprises, both large and small. DFIs tend to favor larger enterprises due to their ability to absorb the large amounts of capital DFIs are able to provide. This section focuses on two aspects of the demand landscape: social enterprises and the broader landscape of SMEs, the latter of which account for 90% of all businesses in the region.

For the purposes of this report, social enterprises are defined as those that:

• articulate a core objective of generating a positive social or environmental impact, and

• seek to grow to financial viability and sustainability.

The precise definition of small and medium-sized enterprises varies by country, but typically refers to enterprises with fewer than 250 employees. Interviewees did not specify revenue or employee numbers when discussing SMEs. Note that many social enterprises are also SMEs.

Both social enterprises and SMEs with no explicit social impact objectives are potential recipients of impact capital due to their role in creating employment and providing goods and services to underserved populations; however, they face significantly greater obstacles to accessing finance and driving growth than do large enterprises. The experiences of these enterprises therefore illustrate the main obstacles to accessing and deploying impact capital.

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3 Social enterprises in West Africa are almost exclusively SMEs.

ECOSYSTEM ACTORS

For the purposes of this report, actors in the impact investing ecosystem are defined as those that are active in either investor or enterprise support. These include the following types of organizations:

- Incubators/accelerators
- Technical assistance providers (including advisory service providers)
- Credit ratings services
- Industry associations and networks
- Research institutions
- Business plan competitions

Methodology

This research relies on more than 50 in-person and telephonic interviews with impact investors, ecosystem actors, entrepreneurs, and business managers operating in West Africa. In-person interviews were conducted in the primary focus countries of Nigeria, Ghana, and Senegal, while telephonic interviews were used with those either situated outside of the region or operating across other West African countries. A full list of interviewees is provided in the annex.

To supplement interview insights and ensure wide data coverage, desk research was conducted on impact investment portfolios and investment dynamics using academic studies, publicly available datasets, previous Dalberg projects, DFI and investor reports, government reports, and enterprise websites/publicity materials. In total, the data presented include transactions made by 13 DFIs and 27 non-DFI impact investors.

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5 Incubators and accelerators help SMEs establish themselves and grow through a combination of business development services (e.g., mentoring, coaching, and training in accounts management), funding, and access to physical space and/or machinery. Incubators usually focus on seed- and early-stage SMEs, while accelerators usually focus on growth-stage SMEs.

6 Cote d’Ivoire, Liberia, Sierra Leone, Benin, Burkina Faso, Cape Verde, The Gambia, Guinea, Guinea Bissau, Mali, Niger, and Togo.
1. COUNTRY OVERVIEW

Brief Historical and Political Context

Senegal is the fourth largest economy in West Africa, with a per capita gross domestic product (GDP) of over USD 2,300. Along with Cote d’Ivoire, it is viewed as a gateway to business investment in francophone Africa, with the capital city of Dakar serving as the third largest port in the region behind Lagos (Nigeria) and Abidjan (Cote d’Ivoire). In addition to its placement in major Atlantic shipping lanes connecting sub-Saharan Africa (SSA) to North Africa, Europe, and the United States, Dakar is served by relatively short direct flights to other economic centers in these regions as well as in sub-Saharan Africa. Along with seven other countries, Senegal is a member of the West African Economic and Monetary Union (WAEMU, also known by the French acronym UEMOA), and hosts the Central Bank (BCEAO) headquarters for this institution in Dakar. The local currency, the West African CFA franc, is pegged to the euro.

Senegal has among the most impressive track records of political stability in sub-Saharan Africa. Since its independence from France in 1960, the country has had three peaceful democratic transitions of power. The current president, Macky Sall, will be implementing a referendum in 2016 to reduce the presidential term of office from seven to five years—a strong pro-democratic move at a time when many other African leaders are attempting to remain in power.

While Senegal has experienced relatively modest annual GDP growth of 3.3% over the past five years, this has recently improved. GDP growth rose to 4.5% in 2014, its highest point since 2008. Under the current administration, the “Emerging Senegal Plan” (Plan Sénégal Emergent, or PSE) has set out to improve growth further through...
key structural reforms and public-private development projects. GDP growth is anticipated to reach 6% in 2016 and the PSE aims for 7% average annual rates to make Senegal a competitive emerging economy in the next two decades.\textsuperscript{14}

While investment barriers remain high due to factors such as a lack of infrastructure—especially in electricity provision—and a complicated environment for business tax compliance, Senegal’s track record of political and monetary stability make it attractive for impact investors seeking a combination of long-term potential and low risk.

**Economic Performance and Structure**

**GDP INDICATORS**

Senegal’s economy is mostly driven by the services sector, reflecting Dakar’s position as a port city. Financial services, transport, the hotel industry, and a booming telecommunications sector taken together contribute 59% of GDP (Figure 1). Agriculture—including primary sector staples of fishery, livestock, and forestry, as well as farming—accounts for 77.5% of employment in the country, but accounts for just 17% of GDP. The sector is vulnerable to climatic shocks—including a poor harvest in 2014 linked to inadequate rainfall—and low overall productivity.\textsuperscript{15}

![Figure 1. Senegal's GDP contribution by sector, 2010-2014](source: World Development Indicators, World Bank (2015))

The overall GDP growth rate in Senegal has until recently been well below the 5% average in sub-Saharan Africa. While economic growth is expected to hit 6% in 2016,\textsuperscript{16} and while the aforementioned PSE has a target of 7% annual growth, a lack of


\textsuperscript{15} Ibid.

\textsuperscript{16} Ibid.
formal private sector development—42% of GDP\textsuperscript{17} is estimated to rest in the informal sector\textsuperscript{18}—remains a major barrier to further growth-rate gains.

**Investment Climate and Drivers of Foreign Direct Investment (FDI)**

**TRENDS IN FDI**

FDI flows were USD 272 million\textsuperscript{19} in 2013—approximately 2% of national GDP, and concentrated on agribusiness and food processing. Information technology (IT)-enabled services, especially call centers, also attracted significant FDI inflows along with investments in construction and real estate.\textsuperscript{20} France has historically dominated official flows (50% of FDI between 2006 and 2011), but Middle East and North Africa (MENA) investors are increasingly active in Senegal and francophone West Africa.\textsuperscript{21} The international Organization of the Islamic Conference (OIC) was hosted in Dakar in 2008,\textsuperscript{22} for example, and King Mohammed VI of Morocco made an official state visit in May 2015.\textsuperscript{23} Major private and public-private business deals were announced at these diplomatic events.

Remittance flows from the Senegalese diaspora—equivalent to roughly 10% of GDP in 2011, or over USD 1.3 billion—far overshadow the impact of FDI. In contrast, remittances are equivalent to 5% of GDP in Nigeria and 0.4% in Ghana. Worldwide, Senegal is among the top 25 countries globally for remittances as a share of

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\textsuperscript{18} The informal economy consists of businesses and economic activities that are not registered with or taxed by government.

\textsuperscript{19} Accounting by governments and international financial institutions in the WAEMU zone is typically in XOF (West African franc). The research team converted historical data to current USD as of the publication of this report using the prevailing July 2015 exchange rate of 600 XOF per dollar. However, the USD has gained sharply in the past two years against the XOF (and EUR) with the Eurozone financial crisis and quantitative easing policy, so this figure does not reflect historical convertible value, where 500 XOF:1 USD was a prevailing rate as recently as mid-2014.


\textsuperscript{23} “Tournée de Mohammed VI: le Maroc et le Sénégal signent treize accords de coopération,” Le Monde and Agence France-Presse (AFP) (22/05/15). Available at: http://www.lemonde.fr/afrique/article/2015/05/22/tournee-africaine-de-mohammed-vi-le-maroc-et-le-senegal-signent-treize-accords-de-cooperation_4638737_3212.html.
GDP, behind only Liberia and The Gambia in West Africa. The vast majority of remittances to Senegal are spent on basic household expenditure such as food, with only 1.3% to 5.7% (depending on the source) going toward investment in businesses. In contrast, in Nigeria, 20.1% to 21.7% of remittances are invested in businesses.

INFLATION AND EXCHANGE RATES

The core goal of WAEMU’s monetary policies is to maintain low inflation and curtail exchange rate volatility. The Central Bank of West African States (BCEAO) has been successful at doing this: the euro peg has been completely stable at XOF655.957 since its introduction in 1999, while annual inflation in Senegal varies from 1% to 3%. As a consequence, Senegal’s—and WAEMU’s—currency and inflation trends structurally reflect the Eurozone rather than neighbors in West Africa.

The tradeoff for this stability is a tightly regulated financial sector with high reserve ratios and collateral requirements and strict capital deployment rules. The BCEAO has provided a preferential loan window at 3.5% since June 2014 to Senegal’s 22 commercial banks. Prevailing retail and commercial loan interest rates are typically 10% to 12%—about three times the typical interest rate in the United States and significantly lower than rates in countries with greater currency devaluation risk such as Ghana, Kenya, Nigeria, and South Africa. Microfinance institutions (MFIs) lend at about double these rates, with their annual interest capped by WAEMU regulation at 24% (as of early 2015). While MFI interviewees indicated that this cap posed a risk to financial sustainability for many institutions, the prevailing interest rates are perceived as too high by most Senegalese SMEs.

EASE OF DOING BUSINESS

Senegal ranks near the bottom of the World Bank’s Doing Business index: 161 out of 181 countries in 2014. The high costs of energy, complex administration of taxation, and difficult transfer of property processes are large deterrents of investment. Lack of access to capital, high levels of corruption, and inadequate infrastructure represent the greatest barriers to entrepreneurship.
Access to electricity is a particularly large challenge for businesses operating in the country. Obtaining an electrical connection requires eight procedures completed over approximately 114 days, at a cost of nearly 60 times income per capita, which is significantly worse than regional neighbors in both francophone and non-francophone West Africa.\(^{32}\) “The country’s power bills are among the highest in the entire West African region and its service delivery among the worst,” said one interviewee while reflecting on Senegal’s reliance on (imported) petroleum sources of energy.\(^{33}\)

Recognizing these challenges, the Government of Senegal has implemented a series of investment-friendly reforms over the past five years to improve Senegal’s competitiveness. For instance, the number of procedures involved in property transfers has dropped from six to four, the time required to start a business has decreased from 122 days to 60, and the country’s investment code has introduced a three-year tax holiday for certain projects.\(^{34}\) As discussed below, ongoing impact investment activity by development finance institutions (DFIs) in large electrical and road projects are directly addressing the historical gap in physical infrastructure. As a result of interventions such as these, Senegal’s Doing Business rank improved by 10 places between 2013 and 2014, making it among the most improved countries in the world, both relatively and in absolute terms.\(^{35}\)

2. SUPPLY OF IMPACT INVESTING CAPITAL

Estimate of Impact Capital Deployed

Twenty-three impact investors are active in Senegal, including 11 DFI and 12 non-DFI investors.\(^{36}\) Identified impact investments, which include 10 DFIs and eight non-DFIs, amount to approximately USD 550 million in deployed capital across 74 direct investments in enterprises and projects since 2005 (Figure 2). The 12 non-DFI investors making direct investments include a mix of fund managers and foundations (Figure 3). In addition, both DFI and non-DFI investors have deployed approximately USD 45 million in nine indirect investments through funds and intermediaries.

36 Due to the unique nature and large size of development finance institutions (DFIs), the authors of this report analyzed their activity separately from those of other types of impact investors (“non-DFI”), and present this separate analysis when appropriate. We also assessed SIMEST, the Italian DFI; however, its single deal in Senegal is indirect and is not counted in [our] figures.
To avoid double counting—an unknown proportion of indirect investment acts as a source of direct investment—and due to severe data limitations on the nature of indirect investments, this chapter focuses on direct investments only. Indirect investments are, however, discussed in more detail in the regional chapter of this report. In sum, they are driven almost exclusively by DFIs and focus on commercial banks, impact fund managers, and private equity funds, reflecting DFI attempts to both support impact investing and build shallow commercial banking and private equity markets.

Senegal has received the fourth highest amount of disclosed impact investment in West Africa, behind Nigeria, Ghana, and Côte d’Ivoire. As in the rest of the region, DFIs make up an overwhelming majority of direct impact investment, accounting for USD 535 million or 97% of total capital deployed across 53 deals. Non-DFIs, meanwhile, account for a mere USD 16 million in disclosed financing across 21 deals. DFIs focus on debt financing of core infrastructure, but there is a growing number of small deals in diversified sectors made by both DFIs and impact fund managers, as discussed in more detail below.37

![Figure 2. Total Identified Impact Investments in Senegal, January 2005–July 2015](image)

Note: Average deal sizes may not equal displayed capital deployed divided by deal sizes. Capital deployed rounded to nearest million, except where less than 1 million (rounded to nearest 100,000). Average deal sizes rounded to nearest 100,000.

Source: Dalberg analysis; DFI and non-DFI portfolio data

Fewer than half (10/23) of the impact investors who have deployed capital in Senegal are present in the country (Figure 3). All DFI and non-DFI actors, except for Teranga Capital,38 are part of international networks. Fund managers rely primarily on a combination of financing from DFIs, family foundations, and high net-worth individuals (HNWIs), with the vast majority of raised capital originating outside Senegal. For instance, I&P and Root Capital both pool DFI funding at a global level along with private capital. Others, such as Grameen Crédit Agricole and the Lundin Foundation, currently deploy private capital only.

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37 Some information on investment value by these fund managers was not disclosed for multiple known deals at the time of writing this report. Our figures thus underestimate non-DFI financial activity.

38 Teranga Capital has not yet deployed capital but is launching formally in September 2015 as a domestic partner to Investisseurs et Partenaires (I&P).
Nearly 97% of impact investment in Senegal is deployed as big-ticket direct debt financing, primarily in infrastructure, electrification, agribusiness, and manufacturing by DFIs. Tenure varies according to the specific project being financed, but typically runs at least five years. DFIs are also active in smaller deals: six of eight have made investments under USD 5 million, with particularly robust activity by the Belgian Investment Company for Developing countries (BIO) in an MFI and several agribusinesses, as well as dozens of varied investments by the West African Development Bank (Banque Ouest Africaine de Développement, BOAD). Notably, BOAD is a major actor unique to Senegal and the WAEMU countries.

Non-DFI impact fund managers primarily invest through smaller deals with somewhat more openness to non-debt instruments. For both debt and equity, fund managers usually prefer to deploy capital across a five-year timeline. It should be noted that although there is a long list of non-DFI impact investors that include Senegal in their target geographies, only 12 have actually deployed capital in the country.

SECTOR

DFIs have invested most of their deployed capital in infrastructure and energy, accounting for USD 313 million (nearly 60%) of their total direct investments (Figure 4). Infrastructure investments focused on building out Senegal’s road networks are driven mainly by the African Development Bank (AfDB) and BOAD. These road investments are a key intervention given that the country’s poor road
Infrastructure is estimated to cost the country 4.6% of its annual GDP. Energy investments, meanwhile, focus on providing electrification to rural areas, which are chronically underserved with power, and are driven by a combination of the AfDB, the International Finance Corporation (IFC), BOAD, and the Dutch FMO (Netherlands Development Finance Company). The IFC covers both these crucial sectors. It has invested in two national toll roads, two large power generation projects, and the Dakar international airport. Manufacturing is also a large recipient of investment, accounting for 17% of total DFI capital deployed, which reflects DFIs’ focus on boosting productivity and diversification in the sector.

Infrastructure and agriculture lead the way in terms of number of deals, together representing nearly half of all DFI deals. Agriculture accounts for the fourth largest share of capital deployed by DFIs, with a particular emphasis on livestock and fisheries. This focus reflects DFIs’ recognition of the need to boost productivity and decrease Senegal’s reliance on food imports.

**FIGURE 4. DIRECT DFI INVESTMENTS BY SECTOR, JANUARY 2005-JULY 2015**

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<tr>
<th>Capital Deployed (USD Millions)</th>
<th>Number of Deals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Infrastructure</strong></td>
<td>15.7</td>
</tr>
<tr>
<td><strong>Energy</strong></td>
<td>12.1</td>
</tr>
<tr>
<td><strong>Manufacturing</strong></td>
<td>18.7</td>
</tr>
<tr>
<td><strong>Agriculture</strong></td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Water and Sanitation</strong></td>
<td>8.8</td>
</tr>
<tr>
<td><strong>Tourism</strong></td>
<td>13.6</td>
</tr>
<tr>
<td><strong>Financial Services</strong></td>
<td>4.8</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Unknown</strong></td>
<td>6.9</td>
</tr>
</tbody>
</table>

Average deal size (USD millions): Infrastructure 204, Energy 109, Manufacturing 93, Agriculture 39, Water and Sanitation 18, Tourism 14, Financial Services 10, Education 0.5, Unknown 48.

Note: Average deal sizes may not equal displayed capital deployed divided by deal sizes. Capital deployed rounded to nearest million, except where less than 1 million (rounded to nearest 100,000). Average deal sizes rounded to nearest 100,000.

Source: Dalberg analysis; DFI portfolio data

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Non-DFI investments, in contrast, focus on a very narrow range of sectors (Figure 5). Financial services makes up the bulk of investment, with USD 10 million deployed to date in the sector representing over 60% of total capital deployed. These investments focus on MFIs, reflecting investors’ recognition of the large needs and opportunities related to enhanced financial inclusion in the country. Agriculture also represents a significant sector of interest, with many investors viewing agro-processing—for example, rice milling—as a key investment opportunity.\footnote{Incidentally, this mix corresponds with the impact-first investment philosophies of investors such as Etimos and Root Capital, which specialize in a mix of smallholder agriculture finance and microfinance but whose Senegal investments are not financially disclosed in our database as of 2015.}

![Figure 5. Direct Non-DFI Investments By Sector, January 2005-July 2015](image)

**Figure 5. Direct Non-DFI Investments By Sector, January 2005-July 2015**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Capital Deployed (USD Millions)</th>
<th>Number of Deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services</td>
<td>1.2</td>
<td>9</td>
</tr>
<tr>
<td>Agriculture</td>
<td>0.5</td>
<td>7</td>
</tr>
<tr>
<td>Construction/Real Estate</td>
<td>0.9</td>
<td>1</td>
</tr>
<tr>
<td>Health</td>
<td>0.4</td>
<td>2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.4</td>
<td>2</td>
</tr>
</tbody>
</table>

Note: Average deal sizes may not equal displayed capital deployed divided by deal sizes. Capital deployed rounded to nearest million, except where less than 1 million (rounded to nearest 100,000). Average deal sizes rounded to nearest 100,000.

Source: Dalberg analysis; DFI portfolio data

**DEAL SIZE**

DFIs in Senegal are channeling most of their capital through large deals. Deals of more than USD 20 million account for almost 60% of total capital deployed (Figure 6); all are focused on large projects and enterprises in infrastructure, energy, and manufacturing. Over 80% of total capital deployed is through deals above USD 10 million.

Smaller deal sizes do, however, account for the majority of deals. More than half (28) are less than USD 5 million. These investments are primarily in agricultural enterprises and, to a lesser extent, small-scale energy projects in rural areas.
Non-DFI deals, on the other hand, are considerably smaller, with all deals below USD 5 million (Figure 7). The majority of deals are below USD 1 million, with these often taking the form of loans to MFIs and small agro-processing enterprises.

INVESTMENT INSTRUMENTS USED

DFIs channel nearly all of their direct investments through debt (Figure 8), with the profile of these investments no different than that of DFI investments generally. Infrastructure, energy, agriculture, and manufacturing account for the bulk of capital deployed. This reflects DFIs’ preference for debt as a lower-risk, easier-to-manage instrument with more a straightforward exit than either equity or quasi-equity. While data on loan tenures are limited, the size and nature of many DFI projects—including the construction of roads and power plants—suggests that they may be as long as...
Equity deals in Senegal have been very small relative to those utilizing other instruments—an average of USD 1.5 million as compared to USD 11-12 million for debt and quasi-equity—and have focused on small energy and infrastructure enterprises. The single quasi-equity deal was in a cement manufacturing enterprise, and was made by the Danish Investment Fund for Developing Countries (IFU).

In general, exit options for equity are highly constrained in Senegal. In terms of public markets, only three Senegalese firms, none of them recipients of impact investment, are listed on the WAEMU regional stock exchange. Private equity activity, meanwhile, is growing but remains limited. For instance, one interviewee indicated that although they ideally would like to see an initial public offering for many of their investees, this is simply not yet a reality in the WAEMU capital markets. Equity and quasi-equity investments have nevertheless been used by BOAD, IFC, and IFU.

For non-DFIs, there is strong interest in equity and quasi-equity deals, but also recognition that foreseeable exit options are constrained in the same manner as for DFIs, resulting in a larger number of companies financed through debt (Figure 9).

Nearly all investments are made into early- and growth-stage companies, although two quasi-equity deals have been deployed with somewhat more mature MFIs with a substantially larger valuation than for pure debt or equity. Impact investors are also constrained in using these instruments by Senegalese entrepreneurs’ relatively low familiarity with equity instruments and reluctance to cede control of their businesses (see more detail in the “Demand” section below).

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44 Early-stage enterprises are those that are in the process of launching themselves, while growth-stage enterprises are seeking to consolidate and grow their existing businesses.
Barriers and Opportunities

MAIN BARRIERS ENCOUNTERED TO DEPLOYING CAPITAL

Although significant progress has recently been made in Senegal’s formal investment climate, it remains less developed than more well-known impact investment destinations like Kenya and India. Capital markets have significantly less liquidity and active participation than other developing countries in sub-Saharan Africa and elsewhere. This is particularly true for impact investing. Interviewees gave examples of multiple bottlenecks:

• **Lack of investable enterprises.** For both DFIs and non-DFIs, sourcing deals is a challenge. The overall financial and management reporting and planning of non-infrastructure investees is a major capacity gap. Bookkeeping in line with accounting norms is often inconsistent, cash flow management is a major pain point, and financial sustainability is a challenge even for many high-profile firms, particularly in agribusiness. Multiple sources, including commercial banks, noted that over half of SME loan applications are rejected due to problems in the dossier even before due diligence. Impact investors in Senegal have responded to this business reality by offering technical assistance, either through dedicated funds and grants (for DFIs) or in-kind via taking board seats and guiding management (for non-DFIs).

• **Limited awareness of impact investment as a source of capital.** The notion of “impact investment” is less well known in Senegal than in anglophone countries on the continent. Self-described social entrepreneurs targeting “base of the pyramid” (BoP) customers or “triple bottom line” models are scarcer in Senegal than in other countries in sub-Saharan Africa, with many such organizations

Defined as having articulated a core objective to generate a positive social or environmental impact and who seek to grow to financial viability and sustainability.
operating strictly as nonprofits. This reflects some differences in the diffusion and appeal of these related concepts in francophone contexts. However, the notion of social entrepreneurship has recently gained ground, including in Senegal, where two social enterprises—Laiterie de Berger (dairy production) and Nest for All (pediatric and maternal healthcare)—now operate.

- **High degree of informal economic activity.** Underlying the business management and reporting gap is the fact that Senegal operates as a two-tiered economy. Up to 90% of job creation and 80% of total employment is in the informal sector, where micro and small enterprises are typically pursuing business activities such as fishing, farming, and wholesale and retail trade. Cultural and religious networks have played a significant role in driving informalization in Senegal, and make it difficult to establish the formal structures required by investors. For example, the Mouride Islamic brotherhood has a significant influence on trade in Senegal, and operates several large firms led by individuals with complex political, business, and religious links.

- **Owners’ reluctance to offer equity to impact investors.** Successful commercial SMEs are typically individual proprietorships and/or family-owned companies run by Senegalese nationals. Given historical underdevelopment of the formal financial sector, these entrepreneurs are seldom acquainted with non-debt financing mechanisms and fear losing management control in the case of accessing such financing alternatives. More mature commercial enterprises that might be attractive for certain types of impact investors, meanwhile, are typically receiving finance from commercial lenders, such as CBAO, a leading national bank in Senegal that was acquired by Morocco’s Groupe Attijariwafa in 2007.

- **Difficulty finding exits.** Plausible exits for equity stakes mostly consist of firm acquisition by a larger (likely regional) firm and buyback by the entrepreneur. No impact investment from Senegal has yet fully exited via public equity markets. The WAEMU regional stock exchange BRVM (Bourse Régionale des Valeurs Mobilières) has a relatively robust total capitalization of approximately USD 10.8 billion (XOF 6.5 trillion) as of early 2015. However, the only Senegalese firms listed on the exchange are local subsidiaries of a banking network majority-held by a private bank in Morocco (Bank of Africa) and two French multinationals (SONATEL/Orange and Total). Secondary markets, which involve the trading of existing investments into a given enterprise, are virtually nonexistent.

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49 Ibid.
MAIN PERCEIVED OPPORTUNITIES FOR DEPLOYING CAPITAL

Impact investors see continued opportunities to deploy funds in Senegal, largely by expanding the volume of deals and funding committed to currently favored sectors and project types—such as further large-scale, largely debt-backed projects in infrastructure and energy—as well through diversification beyond financial services and agriculture. Interviewees identified the following opportunities:

- **Infrastructure, especially energy.** Senegal’s road infrastructure started deteriorating in the early 1990s and subsequently received public and DFI investment, but 40% to 60% of the network was still in poor condition as of 2010. Substantial maintenance, repair, and upgrading is still required. Significant investment is also needed in the power sector, which was privatized in the last two decades.\(^50\) Consumption of electricity continues to grow with GDP, compounding the existing gap between inconsistent, limited supply and extensive demand. BOAD and multiple Senegalese sources specifically cited energy—both in promising renewables like solar and traditionally bigger-ticket deals—as a high-potential and high-growth area, even when this was tangential to their institution’s core activities. BOAD recently established a USD 25 million fund targeted at energy development projects, for example.

- **Agriculture.** Nearly all interviewees cited agriculture as a critical growth sector, as well as one with high social impact. The Senegalese Government has also targeted the sector through the various investment mechanisms in which it takes part (Caisse Nationale de Crédit Agricole du Sénégal [CNCAS], Fonds Souverain d’Investissement Stratégiques [FONSIS], Fonds de Garantie des Investissements Prioritaires [FONGIP]). Peanuts and fish have been Senegal’s leading exports since the colonial period, but productivity gains in both have been historically marred either by policy mismanagement or the absence of policy. Moreover, as the national SME promotion agency noted, very few SMEs are formally registered.

- **Microfinance.** Investors involved in MFIs noted that demand for loans continues to outstrip supply and the sector will continue to grow, particularly as the population becomes better educated and sensitized to methods and advantages of accessing formal financial instruments.

- **Information and communications technology (ICT).** The impact of the internet accelerated this service sub-sector’s importance in Senegal, contributing 7.9% to GDP in 2013, placing Senegal just behind Kenya among countries in sub-Saharan Africa in terms of ICT share of GDP.\(^51\) This trend is exemplified by SONATEL’s national champion status as the most valuable domestic private sector firm and largest employer after the government, but also by the establishment of dedicated incubators such as CTIC and Jokkolabs (discussed below).

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Impact Measurement and Tracking

Almost all DFIs in Senegal consistently measure impact indicators across their portfolios but did remark on some challenges in identifying consistent and complete impact metrics for specific deals. Infrastructure and energy deals are difficult to measure as the downstream economic and social development effects—for instance, from a highway or non-renewable electricity plant—are enormous but indirect. Even for renewable energy projects, sophisticated reporting capacity is required to calculate carbon footprints and social impact beyond total grid connections and power delivered. While all of the DFIs in Senegal issue regular (usually annual) reports of financials, BOAD only recently initiated impact evaluation, as formal impact monitoring has not historically been a high priority for its member governments.

Non-DFI impact investors in Senegal generally have a strong desire to conduct consistent impact measurement and reporting, but note challenges with the cost and skills requirements of data collection. Fund managers are largely driven by the reporting requirements of DFI limited partners. Although there seems to be substantial overlap in the metrics investors would like to use and those contained in IRIS, the catalogue of standardized metrics managed by the GIIN, the only self-identified non-DFI impact investor present in Senegal and registered as an IRIS user is Root Capital.52

The typical metric reported for non-infrastructure investments is jobs created or saved. Employment is at the top of the agenda for both national government and business leader stakeholders in Senegal. Alternatively, some investments were described in terms of (a) total customers reached with affordable and quality goods and services, (b) fiscal tax contributions, or (c) a range of financial and operational indicators (in the case of MFI investments).

3. DEMAND FOR IMPACT INVESTING CAPITAL

Development Context

Despite its political and economic stability, Senegal remains well below the global average score of 0.702 for the United Nations Human Development Index (HDI). Although it has made progress in indicators of health, wealth, and social and environmental welfare tracked by the index, progress has been slow compared to other developing countries in Africa and beyond. Senegal’s global HDI rank fell from 160 in 2013 to 163 in 2014, even though its absolute HDI score has improved over the past decade from 0.451 in 2005 to 0.485 in 2012.53

52 Users of IRIS metrics can register their use on the IRIS website, although those registered represent only a portion of IRIS users. See all registered users at www.iris.thegiin.org/users.

With a population of approximately 14 million—42.5% of which are under 15 years old—growing annually at 2.8%, Senegal exhibits great potential to benefit from future human capital. This potential is constrained by the state of Senegalese education, despite government attempts to address educational deficiencies over the past 30 years. The average Senegalese citizen spends less than five years in formal education, just 11% go on to complete some secondary education, and youth literacy rates are estimated at 65%—4.2 percentage points lower than the average in sub-Saharan Africa. Lack of literacy and numeracy is particularly pronounced among women and rural populations. Although steady progress has been made in life expectancy and health indicators, child and maternal mortality remain pronounced. Almost 50% of the population still lives in poverty. These social dynamics demonstrate a clear need for impact investing that addresses fundamental issues of education, health, and poverty.

Entrepreneurship in Senegal, though prevalent, is driven more by necessity than an opportunistic outlook. According to the National Strategy for Economic and Social Development (2013 – 2017), only one Senegalese citizen in five has procured formal, full-time employment. Business owners have low levels of financial and business knowledge and a tendency to keep their businesses small and informal. The outlook for entrepreneurial development is positive, however, as technical and vocational education have received increased attention in Senegal in the past decade. The government’s Ten Year Program on Education and Training was implemented in 2000 and aimed at addressing these shortcomings in order to increase the technical knowledge and professional qualifications among Senegal’s potential workforce. Indications are that it has been successful in increasing the amount of vocational training and in better matching skills to the job market, though significant work remains to be done.

Types and Distribution of Demand Actors

As detailed above in the Supply section, over half of DFI-driven impact capital deployed in Senegal has targeted large infrastructure projects, as these promise impressive social and environmental impact via the creation or improvement of roads, bridges, power hubs, and water systems, and carry less risk given the public-private nature of the investment. As an example, IFC has reported almost USD 63 million in Senegalese energy infrastructure investment since 2005, with amounts increasing every year. Given their specialized nature and considerable coverage in other studies, however, this report does not focus on demand for large-scale infrastructure and energy projects.

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Apart from these large deals, impact investors in Senegal have also targeted growing social enterprises. Prominently cited examples include Laiterie du Berger, which collects milk from 800 dairy farmers while providing nutritious dairy products to low- and middle-income households, and Nest for All, which operates pediatric and maternal health clinics targeting similar households. Despite these two success stories, social enterprises remain rare. While cultural expectations in Senegal are that private businesses have prominent social roles and responsibilities, the notion of explicitly targeting or tracking both financial and social/environmental impact is relatively new.

MFIs, many of which are also SMEs and/or social enterprises, are worth mentioning, as they make up a significant target of impact investment. In 2013, there were 30 MFIs in Senegal reporting data to the MIX Market, which collates data on microfinance activities across the world. Based on these data, Senegal has the highest number of MFIs (30) in West Africa and leads the way in terms of gross loan portfolio (USD 402 million), closely followed by Nigeria (USD 351 million). According to interviewees, demand for further finance and expansion of microfinance activity remains high and unmet, particularly in rural areas.

### Challenges Faced by Demand Actors in Securing Investment

Demand-side and ecosystem actors cited a series of related barriers, which echoed the remarks of supply-side investors about bottlenecks in the investable deal pipeline.

- **Difficulty in achieving managerial and financial sustainability.** Many SMEs in the country lack well-developed business plans, standardized monitoring systems (e.g., bookkeeping), administrative structures, predictable operations, and adequately skilled employees. If left unaddressed, these factors make it unlikely that the business will survive beyond the first three to five years of operation, making any investment unappealing. Expensive electricity and other operating costs, as well as poor norms for enforcement of contract payments (especially by the public sector), were cited as key challenges. Combined with competition from the informal enterprises, which do not pay taxes and thus have lower costs of doing business, such realities make net profitability a hurdle for even well-established firms. Alternatively, many self-defined social enterprises in Senegal seek to avoid this entirely by operating as nonprofits, as in the case of the SEM Fund. In the MFI sector, the small scale of most institutions and regulatory cap on annual interest rates makes it difficult for many to achieve financial sustainability.

- **Difficulty securing financing.** The typical financial instrument in Senegal is debt, but entrepreneurs’ general distrust in institutional finance often prevents them from seeking it. If they do apply for debt, the quality of their application is more often

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57 Defined as having articulated a core objective to generate a positive social or environmental impact and who seek to grow to financial viability and sustainability.

58 Latest data as of 2013.

59 Dalberg interviews and analysis.
than not insufficient for a bank to release the capital. One ecosystem interviewee noted that there was a circular or chicken-and-egg effect with SME reluctance to seek formal financing. A lack of information on financing vehicles constrains entrepreneurs from growing their firms and installing more formal controls and management processes. This tendency in turn leads them to have difficulty in accessing the typical forms of debt financing, which perpetuates a distrust of unaffiliated third-party investment. Regardless, WAEMU regulation requires commercial financiers in Senegal to be very risk-averse. Such regulation bans most institutional investors\(^{60}\) from taking private equity stakes and imposes significant reserve and collateral requirements for lending while capping retail interest rates. Both lenders and borrowers identified gaps in formal financing for nearly every kind of imaginable instrument, ranging from short-term working capital and trade finance to long-term loans for capital expenditure.

- **Lack of awareness about impact investment instruments, leading to underutilization of funds.** Growing SMEs struggle to obtain investment due to the constraints detailed above, but they also often lack the awareness that pools of capital exist offering more favorable terms than typical commercial investors, especially from "impact-first" fund managers.\(^{61}\) Enterprises are also reluctant to accept equity investment. Since most SMEs begin as family-owned and operated businesses, entrepreneurs often hesitate to grant unaffiliated third parties or institutions a stake. This reluctance is often attributable to a lack of knowledge concerning exit and buyback options. One ecosystem actor noted, for example, that most firms are not even aware that minority and time-bound equity stakes exist.

4. ECOSYSTEM FOR IMPACT INVESTING

Regulatory Environment

Senegal’s membership in the WAEMU zone is a large determinant of its regulatory environment. Combined with extensive public sector involvement and management in the economy, this confers both advantages and challenges on the investing environment:

- **Monetary stability and low-risk growth profile.** The stability of the franc limits risk arising from currency volatility, but the monetary and capital constraints required to maintain the euro peg inhibit speculative financial risk-taking and liquidity throughout the formal economy.

- **Public participation in the economy.** Public financing injects significant liquidity

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\(^{60}\) All domestic banks taking retail deposits and insurance companies.

into the investment market. The Government of Senegal is a shareholder in nearly all medium and large formal-sector enterprises, and exerts further indirect influence through vehicles such as the Institution de Prévoyance Retraite du Sénégal (IPRES), the national public retirement fund, which is one of the country’s largest institutional investors. Further, interviewees noted that the agricultural sector has benefited from direct state subsidies and concessionary loans from CNCAS.

However, government involvement has also crowded out private sector investment and inhibited productivity in certain sectors. Among MFIs, zero-interest finance is occasionally extended by government agencies and has led to the continuation of unsustainable operations. Further, several prior investments by the Senegalese Government under previous administrations have failed due to mismanagement and corruption—a prominent case is the disastrous decline in the performance of the peanut value chain, which remains a staple as well as top export crop, but went through an extended crisis starting in the 1990s.62

Efforts to Support Development of the Impact Investment Market

TYPES OF ACTORS

The recent emergence of ecosystem support actors in Senegal is a welcome development, responding to the tremendous need for enterprise support and technical advisory in tandem with structural efforts to incentivize formalization and reduce the cost of doing business (Figure 10).

Two incubators, CTIC and Jokkolabs, have been launched with a focus on ICT-enabled services. Jiggen ci TIC is an example of a national business competition, and also focuses on ICT. The attention paid to ICT is due to the rapid growth in the number of technology-enabled enterprises in Senegal. In addition to hosting French-language outsourced call centers, the country is experiencing growing startup activity in e-commerce (for instance, Rocket Internet’s introduction of Hellofood, Kaymu, Jovago and other digital retail sites). Further, an increasing number of mobile applications and mobile payment platforms are emerging, though limited literacy and network coverage have limited the uptake in Senegal and West Africa as compared to other regions.

In the last 15 years, the Senegalese government established the national investment promotion agency, APIX (Agence de Promotion des Investissements et des Grands Travaux), and reinforced the national SME support agency, Agence de Développement et d’Encadrement des PMEs (ADEPME), to provide direct technical support and enable business advisory and networking for their respective constituencies. A special “Office for Scaling” (Bureau de Mise à Niveau, BMN) also

exists to improve businesses’ competitiveness via access to advice on technology, marketing, and human resources. Enablis is a nonprofit business incubator offering closely tailored business coaching as well as networking. Expanding on its presence in other capitals in Africa and Latin America, Enablis launched in Dakar—and francophone West Africa— in 2014 and aims to rapidly grow its network to 60 fee-paying members this year. The Global Village Energy Partnership International (GVEP) provides similar support targeted at energy sector SMEs. Finally, there are two management consulting firms with Dakar offices that provide technical advisory.

In addition to ADEPME, APIX, and BMN (discussed above), the government has refreshed or launched since 2012 three institutions with an explicit aim to drive job creation and SME access to finance and growth: a commercial small business bank (BNDE), a national sovereign wealth investment fund (FONSIS), and a national loan guarantee and capitalization fund (FONGIP).

- BNDE has a capitalization of USD 45 million, of which 70% is intended to explicitly benefit SMEs with target interest rates of 9% to 10%.
- FONSIS, the national sovereign wealth fund, has a direct mandate from the government to target job creation and to secure at least 12% annual returns for future generations of Senegalese citizens. While it does not attempt to evaluate

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63 Enablis also opened a branch in Mali in 2014.
impact in an exhaustive manner—one interviewee noted that to do so would be “attempting to define the indefinable”—FONSIS aims to multiply its financial leverage by ten times through attracting outside investors to proposed deals, which are packaged in five- to seven-year funds. It would like to create jobs in the tens or even hundreds of thousands while deploying 20% of its capital to SMEs, and has to date made equity placements in organic farming, thermal energy, and domestic pharmaceutical manufacturing.

• FONGIP has deployed USD 25 million in guarantee funds alongside international DFI actors providing similar instruments (AFD and IFC). FONGIP partners with commercial banks to reach a portfolio of at least 70% SMEs and aims to halve the SME financing gap in Senegal by 2017. It lends to MFIs at concessionary rates of 1.5% to 2%.

These institutions complement the national agricultural bank (CNCAS) and nonprofit microfinance intermediary fund (Sen Finances), both of which have been active for decades.

MAIN OPPORTUNITIES AND CONSTRAINTS

Other than the structural fundamentals in the business environment and WAEMU monetary zone, the main constraint to the investment ecosystem noted by interviewees is a lack of financial and human resources to further accelerate the efforts catalyzed in recent years. One interviewee gave extensive examples of further technical advisory that could be offered to SMEs with more time and resources, ranging from financial coaching sessions with retired bankers to leadership coaching and business plan pitch and presentation demonstrations. Beyond the high-potential sectors cited in the Supply section above, ecosystem actors cited several key opportunities emerging to catalyze investment in Senegal:

• Sustained policy priority. All interviewees agreed that the strategy and policies set out under the “Emerging Senegal Plan” mark an important shift toward SME and private sector development that must be sustained. One interviewee expressed the view that he had “never seen an emerging economy that did not have strong government intervention succeed.” Given the civil law structure prevailing in Senegal, legislation and decrees are required to drive regulatory interventions. The momentum reflected in the Doing Business rankings represents the first steps for engineering a more dynamic economy. However, as approaches and institutions supported by national policy proliferate, there is also a risk of fragmentation and policy incoherence if institutions do not compete, or otherwise coordinate and collaborate to avoid duplication. Some interviewees remarked that ongoing government initiatives could be better communicated to SMEs and entrepreneurs, and also that such policies should continue their recent improvement of being carefully targeted to avoid distorting markets.

• Regional credit bureau. A promising development linking public policy and investment to private enterprise is the imminent process to establish the WAEMU zone’s first-ever regional credit bureau, accorded to private provider Creditinfo VoLo. The BCEAO Central Bank and IFC have led the effort, with a view to
enabling SME formalization and finance, and growing the volume of loans throughout the WAEMU zone by 45% from 2012 to 2017.64

• **Harnessing domestic and diaspora finance.** There are a number of well-known HNWIs in Senegal but, until now, no individual impact investor has emerged—at least publicly—along the lines of Tony Elumelu in Nigeria. Furthermore, given the disproportionate share of Senegal’s population abroad and the economic clout of this group reflected in remittances, further efforts can be made to harness the human and financial capital of this group to support domestic investment and not just consumption. Ethiopia’s successful use of a “diaspora bond” to finance public infrastructure offers a case study.65

• **Increasing SME and investor maturity.** Interviewees expressed hope that their past and current attempts to build enterprise capacity will bear fruit. In the future, they expect to see businesses building the necessary administrative and economic infrastructure through supplier-customer relationships as well as generating healthy competition, enabling an overall growth of the private sector and broader economy. Although there is an obvious self-interest in ecosystem actors advocating for more resourcing and scale of their activities, it is notable that until recently Senegal has lacked well-known “business development support” actors like TechnoServe or the Dutch organization SNV. Whether nonprofit or for-profit, such groups have catalyzed the social enterprise landscape and private sector development in other countries. The launch of groups such as the Synapse Center and Enablis over the past five years represent promising developments.

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ABOUT THE GLOBAL IMPACT INVESTING NETWORK

The Global Impact Investing Network (GIIN®) is a nonprofit organization dedicated to increasing the scale and effectiveness of impact investing. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. For more information, see www.thegiin.org.

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