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# GLI FOR CREDIT UNIONS ACTIVITY: ASSESSING OPPORTUNITIES TO FINANCE WOMEN-LED ENTERPRISES IN SENEGAL

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Photo Credit: Sophie Romana, GLI4CUs Consultant

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## ACRONYMS

AFSSEF – *Accès des Femmes Sénégalaises Aux Services Financiers*

ANSD – *Agence Nationale de la Statistique et de la Démographie* (National Agency for Statistics and Demographics)

BCEAO – *Banque Centrale des États de l'Afrique de l'Ouest* (Central Bank of West African States)

CSO – Civil Society Organization

DEEG – Directorate of Equity and Gender Equality (DEEG)

DER – *Direction de l'Entreprenariat Rapide* (Office of the President's Department for Rapid Entrepreneurship)

DFS – Digital Financial Services

GLI – Gender Lens Investing

GLI4CUs – Gender Lens Investing for Credit Unions

GOS – Government of Senegal

DFS – Digital Financial Services

GIE – *Groupement d'Intérêt Economique Commun* (Group of Common Economic Interest Cooperative)

MFI – Microfinance Institutions

MSME – Micro, Small, and Medium Enterprises

OECD – Organization for Economic Co-operation and Development

ROSCA – Rotating Saving and Credit Association

SFD – *Système Financier Décentralisé*

SNEEG I and II – *Stratégie Nationale pour l'Égalité et l'Équité du Genre (2005-2015) / (2016-2026)* (National Strategy for Gender Equality and Equity)

UNCDF – United Nations Capital Development Fund

UM-PAMECAS – *Union des Mutuelles du Partenariat pour la Mobilisation de l'Épargne et du Crédit au Sénégal*

VSLAs – Village Savings and Loan Associations

WOCCU – World Council of Credit Unions, Inc.

## I. INTRODUCTION

Through the Gender Lens Investing for Credit Unions Activity (GLI4CUs), the World Council of Credit Unions (WOCCU) is developing a Gender Lens Investing (GLI) methodology to connect women-led businesses with needed capital in Senegal. GLI4CUs will work with our partner *Union des Mutuelles du Partenariat pour la Mobilisation de l'Épargne et du Crédit au Sénégal*<sup>1</sup> (UM-PAMECAS), a leading Senegalese credit union network, to design and deliver a GLI Accelerator Kit. The GLI Accelerator Kit will include customized tools that credit unions can adopt to better understand and serve the financial needs of female entrepreneurs. The Kit will enable women to increase their access to capital, which, in turn, has the potential to increase women's financial status and improve gender equity.

GLI4CUs is an activity under the White House-led Women's Global Development and Prosperity (W-GDP) Initiative's Fund at the United States Agency for International Development (USAID) through its Invest in Women Portfolio supported by USAID INVEST. USAID INVEST is an initiative that mobilizes private capital for better development results. This includes promoting women's economic empowerment through gender-smart investing, expanding innovative financial services to women, and empowering women through workforce development opportunities while also strengthening the enabling environment for female entrepreneurs.

WOCCU and UM-PAMECAS conducted a joint credit and finance market ecosystem analysis to examine the factors that affect women's access to capital in Senegal and specifically how UM-PAMECAS can adapt its methods to better serve micro, small, and medium enterprises (MSMEs). This report assesses: i) how gender affects demand and supply for entrepreneurial finance in Senegal; ii) UM-PAMECAS's position in the market; and iii) contextual factors and recommendations that inform the development of the WOCCU GLI Accelerator Kit.

### KEY FINDINGS

The following summarizes the key factors that affect women's access to credit in Senegal. As described in Section II. Methodology below, these findings are derived from a comprehensive literature review, a focus group with UM-PAMECAS loan recipients, and key informant interviews. These findings will form the basis for our gender lens investing framework for credit unions in Senegal.

### SUPPLY SIDE FACTORS

#### **LENDING THROUGH WOMEN'S GROUPS VERSUS INDIVIDUALLY IS PERCEIVED TO BE PREFERABLE FOR FINANCIAL PROVIDERS DUE TO LOWER PERCEIVED COST AND RISK.**

Financial institutions (including UM-PAMECAS) conveyed that they prefer to lend through informal savings groups, such as rotating credit and saving associations (ROSCA), village savings and loan

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<sup>1</sup> The Credit Union Partnership Association for the Mobilization of Savings and Loans in Senegal

associations (VSLA), *tontines*,<sup>2</sup> and registered *groupements d'intérêt économique commun*<sup>3</sup> (GIE). Groups are a more attractive client to a financial institution as they reduce both transaction costs and risk since only one loan is made to an entire group. Group loans are then distributed to members through smaller loans instead of a financial service provider lending to each client individually.

**WOMEN REPORT THAT INFORMAL CHANNELS OFFER BETTER PRICES AND TERMS.**

Women in our focus group reported that informal savings networks offer less expensive credit terms. The perception is that banks and other financial service providers offer high interest rates combined with short repayment periods, which makes loan reimbursement a challenge.

**CREDIT UNIONS LACK METHODS TO ASSESS CREDITWORTHINESS FOR WOMEN WHO DON'T HAVE COLLATERAL.** Our study observed that microfinance institutions (MFI) in Senegal sometimes pool together to provide female entrepreneurs with the credit they need, but it does not yet result in a simplified process with a streamlined consolidation of loans. It is not uncommon, for instance, for female entrepreneurs to manage several small loans because they could not obtain a larger one to cover their expenses due to insufficient guarantees, such as collateral.

**INTERVIEWEES HAVE OBSERVED DISCRIMINATORY PRACTICES BY CREDIT AGENTS AND LOAN OFFICERS.** Women's access to financial products is hindered by discrimination in underwriting standards and attitudes towards lending to women. Financial institutions could benefit from diversity training that includes instruction to better address the needs of their women customers.

**DEMAND SIDE FACTORS**

**WOMEN TAKE DIFFERENT PATHS THAN MEN DO TO BECOME ENTREPRENEURS.** Many women, especially in rural areas, tend to not be entrepreneurs by choice. Instead, external factors push them into entrepreneurship because of i) lack of available jobs; and 2) competing time priorities from domestic work, such as child rearing, cooking, and cleaning. Others pursue a specific ambition to grow and multiply their enterprises by developing strategies such as packaging and marketing.

**WOMEN'S ACCESS TO CREDIT IS CAPPED SO THEY OFTEN RESORT TO MULTIPLE LOANS, INCREASING THEIR BURDEN.** Women who want to grow their businesses currently do so through multiple small loans that can be obtained from informal sources (family, friends, saving groups) and formal ones (MFIs, credit unions), increasing the time they spend managing repayments.

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<sup>2</sup> A *tontine* is an informal system for raising capital. Individuals pay into a common pool and receive dividends based on their share of returns from investments made with the pooled money.

<sup>3</sup> A *groupement d'intérêt économique commun*<sup>3</sup> (GIE), or 'common economic interest groups' in English, is a consortium of businesses that pool their efforts to gain a competitive advantage in the market.



**WOMEN LACK ACCESS TO REQUIRED COLLATERAL FOR CREDIT.** It is often difficult for women to come up with the strict guarantees required by formal financial institutions, such as collateral, to obtain financing.

**CREDIT UNIONS AND MFIS LACK UNDERSTANDING OF FEMALE ENTREPRENEURS' NEEDS.**

The focus group discussion held with female clients of UM-PAMECAS underscores the necessity for client-centric design that respond to women’s needs and their capacity to repay, as well as the need for business training that will support their entrepreneurial ambitions.

**DIGITAL FINANCE OFFERS OPPORTUNITY TO OVERCOME SOME BARRIERS TO ACCESS.**

The rise of digital financial services (DFS) and the entrance of mobile money operators like *Orange* in the credit business – underscoring the necessity of education and training – could be a time saver for women. Likewise, it will be important to adapt processes to make them more gender sensitive. Challenges currently exist with know your customer (KYC) requirements and business registration.

**SOCIAL NORMS TEND TO FAVOR BOYS (EDUCATION) AND MEN (ACCESS TO CREDIT) WHEN GROWING BUSINESSES.** The group also identified several misperceptions, despite clear evidence to the contrary. Informant interviews confirmed these perceptions. See Table I below.

**Table I. Misperceptions about women hinder access to finance**

PERCEPTION	CLEAR OBSERVATIONS TO COUNTER
Women are not viewed as entrepreneurs	This perception likely comes from the fact that women often manage their households like small businesses and are often pushed into entrepreneurship by necessity, not by course of study or choice of profession.
Women don't have ambition	Even when women pursue ambitions, they report having a harder time obtaining the level of credit they need to grow their businesses.
Women are not perceived as <i>good entrepreneurs</i>	According to UM-PAMECAS, women's default rates are lower than men's, yet they face higher hurdles to provide loan guarantees and deposits.
Women lack management skills	Within the focus group, the women reported they faced this perception though they in fact do know exactly their profit, their investment, and how much they need to grow their businesses. In fact, some women interviewed manage multiple loans with multiple institutions, without missing a payment.
Women are not innovators	In urban areas, many young educated women are designing innovative businesses in the digital and service industries, with growth trajectories that make them highly desirable investments for commercial banks and funds.

Source: focus group and key informant interviews

**WOMEN LACK EDUCATION AND INFORMATION, AND FEAR SHAME IN REQUESTING LOANS.** Women in Senegal suffer from a higher level of illiteracy, and therefore many also struggle to find and access the information they need to grow a business. There is a notable disparity in literacy

rates, with 68% of men and 43.8% women who are literate.<sup>4</sup> Low literacy rates mean that women who might otherwise take a business loan risk fear of being publicly shamed by the visit of a collection agent for a failure to repay due to their lack of sufficiently understanding all aspects of the loan terms.

### **BUSINESS MANAGEMENT TOOLS ARE TOO COSTLY FOR FEMALE ENTREPRENEURS.**

Female entrepreneurs want tailored business management tools to help them better market their businesses, expand sales, generate increased revenue, and attract investment. Business services such as networking, coaching, and mentoring would also help improve business performance. Currently, tools cater to large business and not to the main sectors in which women work, such as agriculture.

### **GOVERNMENT, LEGAL, AND REGULATORY FACTORS**

**LAWS PROTECTING WOMEN ARE NOT ENFORCED.** Parliament has passed several laws either extending women's rights (access to land, tax equality) or protecting them from harm (law against female genital mutilation, early marriage for girls). Enforcement, however, is lagging behind, as social norms, and cultural and religious practices supersede the law.

**GENDER POLICIES ARE FRAGMENTED.** Key informants are split over the need to address the challenges that are specific to female entrepreneurs through legislation, arguing that the law being gender neutral neither helps nor hinders women's engagement as economic actors. However, they do recognize that the fragmentation of initiatives weighs on women's economic empowerment.

**LEGAL FRAMEWORK DOES NOT ACCOMMODATE FUNDS FOCUSED ON LOWER-VALUE CREDIT.** The Senegalese legal environment lacks a framework to support the creation of venture capital or equity funds that could lead to increased private investment in women's businesses. The right legal framework could encourage women to formalize their business, allowing them to diversify their sources of capital to support their growth.

### **THE ENTREPRENEURIAL ECOSYSTEM IN SENEGAL**

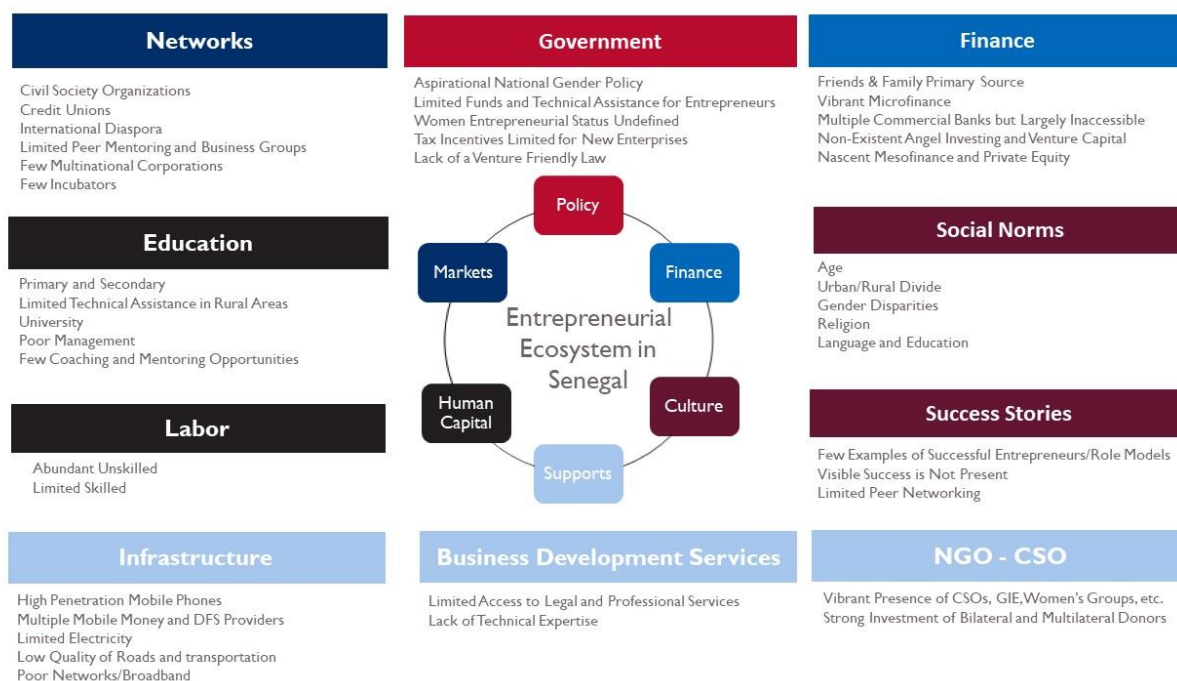
Using Daniel Isenberg's entrepreneurial ecosystem model, WOCCU has synthesized findings in a detailed entrepreneurial ecosystem map. In this map (see Figure I on the following page), we envision a woman entrepreneur at the center of her own business ecosystem, and the various factors that contribute to and challenge her success. Notably, Isenberg's model does not include causal pathways to define the relationships between root causes and outcomes because causes and outcomes are often interchangeable. "What we conceive of as outcomes are also powerful causes."<sup>5</sup>

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<sup>4</sup> CIA World Factbook, 2015

<sup>5</sup> Isenberg, D., *The Entrepreneurship Ecosystem Strategy as a New Paradigm for Economic Policy: Principles for Cultivating Entrepreneurship*, Babson College, Babson Park, MA, 2011

Figure I: A Female Entrepreneur’s Ecosystem in Senegal<sup>6</sup>



## II. METHODOLOGY

WOCCU adopted a three-pronged approach to conduct the credit and finance analysis.

### A. DESKTOP REVIEW

WOCCU conducted a detailed literature review to establish a general understanding of the opportunities and challenges to women’s entrepreneurship and investment in Senegal.

### B. KEY INFORMANT INTERVIEWS

The assessment team interviewed 14 individuals with specific expert knowledge of the opportunities and challenges affecting female entrepreneurs in Senegal. These interviews included Government of Senegal (GOS) officials, trade association members, finance and investment professionals, staff from foundations and development assistance organizations, and UM-PAMECAS staff. WOCCU also worked closely with UM-PAMECAS’s leadership team to analyze its position in the MSME finance market.

<sup>6</sup> Model derived from Isenberg, D., *The Entrepreneurship Ecosystem Strategy as a New Paradigm for Economic Policy: Principles for Cultivating Entrepreneurship*, Babson College, Babson Park, MA, 2011

### C. FOCUS GROUP

A focus group was organized jointly by WOCCU and UM-PAMECAS, with seven female clients of UM-PAMECAS participating in this discussion, which was held in-person<sup>7</sup> in Dakar on September 21, 2020. The focus group discussion centered on better understanding their customer journey and how UM-PAMECAS and other financial institutions meet their business's financial needs.

#### FOCUS GROUP PARTICIPANT CHARACTERISTICS

**A. RELATIONSHIP WITH UM-PAMECAS.** All seven participants report having checking accounts and active loans with UM-PAMECAS. All participants are also members of a *tontine*, VSLA, or GIE.

**B. ECONOMIC ACTIVITY.** The focus group participants operate both in the formal and informal sectors, including trade, transportation, and aviculture. All participants are engaged in an income generating activity or business that makes a profit, which they save to pay off their loans. They all report wanting to see their activity grow.

**C. HOW THEY BECAME A MEMBER.** Respondents report they became a member after either being approached by a credit agent or a member of their *tontine* who recommended UM-PAMECAS to them. One woman, for example, works for a hospital and reports she became a member of UM-PAMECAS because the hospital she works at has an agreement with the credit union. Another woman reports she joined because of UM-PAMECAS's good reputation.

## III. REVIEW OF ECONOMICS AND DEMOGRAPHICS

**DEMOGRAPHICS ACROSS THE COUNTRY AFFECT WOMEN'S ECONOMIC LIVES AND ABILITY TO ACCESS TO CREDIT.** The GOS's *Agence Nationale de la Statistique et de la Démographie* (ANSD) reports that 52.1% of the population is less than 20 years old<sup>8</sup> and 53.3% of the population is rural.<sup>9</sup> Women living in rural areas have an average of six children compared to urban women, who have just under four children on average.<sup>10</sup> Though more than 53% of the population resides in rural areas, the rural – urban divide creates cascading barriers to women, especially regarding entrepreneurship and financial inclusion.

Women often dominate the informal sector, particularly in rural areas, but they often lack a bridge to the formal sector especially within larger urban markets like Dakar. There are several factors that contribute to this divide. Informal savings groups can inadvertently trap women at the same level of financial activity because of the relatively small amount of money available for borrowing. Formalizing a

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<sup>7</sup> WOCCU follows proper COVID-19 prevention guidelines whenever conducting in-person meetings.

<sup>8</sup> ANSD, May 14, 2020. [https://satisfaction.ansd.sn/index.php?option=com\\_content&view=article&id=608:2020-05-14-10-04-38&catid=56:depeches&Itemid=264](https://satisfaction.ansd.sn/index.php?option=com_content&view=article&id=608:2020-05-14-10-04-38&catid=56:depeches&Itemid=264)

<sup>9</sup> ANSD, April 15, 2019

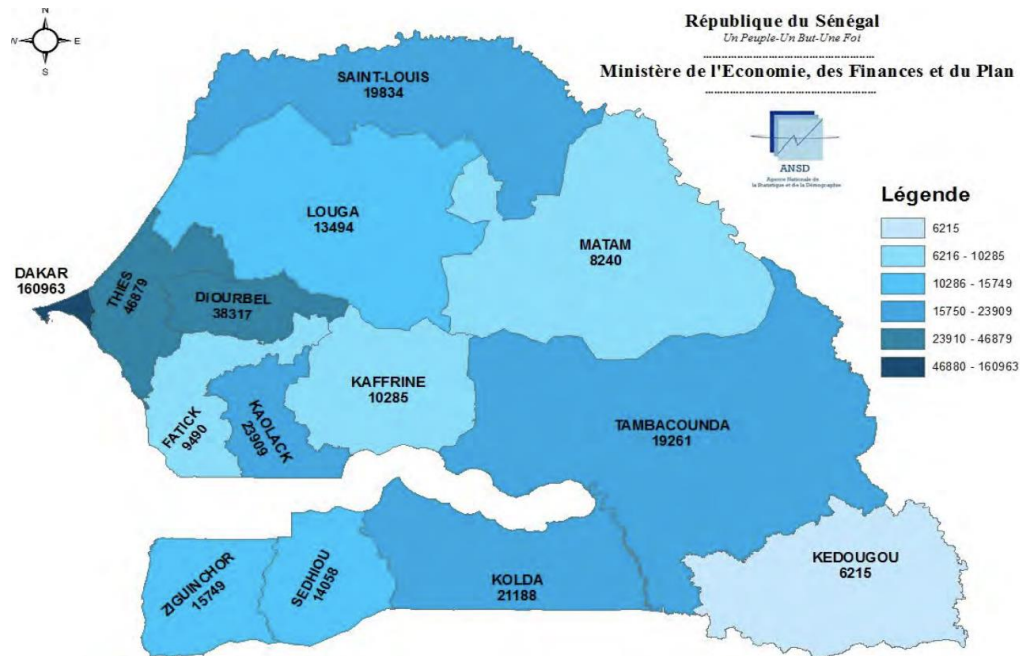
[https://satisfaction.ansd.sn/ressources/publications/Rapport\\_population\\_060219%20002%20RECsn%20.pdf](https://satisfaction.ansd.sn/ressources/publications/Rapport_population_060219%20002%20RECsn%20.pdf)

<sup>10</sup> SNEEG II, p.23, <http://www.directiongenre.com/docs/SNEEG%202.pdf>

business is complicated, requires documentation, and in some cases the support (if not the authorization) of a male family member – husband or father – as well as a dedicated process for management, finance, marketing, accounting, etc. One key informant also believes that women’s reluctance to move to the formal sector is linked to the relative increase in tax liability.<sup>11</sup>

As Figure II shows, both formal and informal businesses tend to be clustered around major population centers. The larger Dakar metropolitan area accounts for the highest number of businesses, followed by St Louis, Kaolack, Tambacounda and Kolda. Businesses outside of major population centers are almost exclusively related to agriculture. Whereas cities and large towns contain markets for products, services, ideas, information, networks, and technical programs, rural entrepreneurs typically lack direct access to these marketplaces making it difficult to grow their businesses. Additionally, rural businesses often lack access to basic equipment, infrastructure (e.g. roads, cold chain, transportation, post-harvest management, etc.) and adequate services. Many rural women entrepreneurs have difficulty envisioning that their products could be sold further away regardless of production quality. Rural women also tend to be more isolated, less educated, and more poorly connected than their urban counterparts.

Figure II: Geographic Distribution of Economic Units Identified in per 2016 Business Census



Source: ANSD<sup>12</sup>

<sup>11</sup> There is a new charter offering tax deferral for entrepreneurs in the first years of operations, but it has not received the necessary implementing regulation.

<sup>12</sup> ANSD, *Rapport Global du Recensement général des Entreprises*, 2017, p.10, <https://www.ansd.sn/ressources/publications/Rapport%20global-juil-2017.pdf>

When women do run a business with potential for growth, they often lack the skills – whether they possess them directly or hire them – necessary to increase growth. They also lack market information and networks needed for expansion. A key motivation of many female entrepreneurs tends to be obtaining financial independence, often in parallel to or instead of growth. In one case, a woman started a textile business to secure her own resources and generate income to support her husband. Over her 50-year career she has hired workers, grown her business, and invested her profits in gold and real estate, but despite her success her primary motivation remains financial independence.

Uneducated and illiterate women struggle to access the information they need to apply for loans. Their urban counterparts tend to have access to multiple financial service providers, as well as larger networks of friends and family members who serve as role models and support resources. Many rural women rely on informal savings groups as their main source of information and only solution for taking their first step towards financial inclusion.

While Senegal's education outcomes have improved overall, gender disparities still occur. For example, girls still tend to drop out of school at a much higher rate than boys. The second *Stratégie Nationale pour l'Égalité et l'Équité du Genre* (SNEEG II)<sup>13</sup> provides ample data documenting the difference between girls and boys in terms of enrollment and success. For instance, only 43.4% of female candidates graduated middle school in 2014 (38,193) compared to 46.2% of male candidates (42,145). This disparity is even more pronounced in high school. Only 35.8% of female candidates graduated in 2012 (17,481) compared to 40.7% of male candidates (24,112).<sup>14</sup>

Finally, digital finance is hard to access in rural areas. While DFS offer a promising new avenue to connect women to the larger financial system, the cost of a simple handset phone and the lack of support services may mean they are kept out of this market. Rural mobile technology suffers from poor connectivity, and literacy remains a challenge that prevents women from using DFS.

## **POLICIES OF THE GOVERNMENT OF SENEGAL**

According to a Freedom in the World report from 2016, gender inequalities are considered more severe in the political sphere than the economy, health, education.<sup>15</sup> While the GOS has made reducing gender disparities a priority, its success of doing so has been mixed.

Senegal's second national gender policy (SNEEG II, published in 2015) prioritizes women as an engine of economic growth. SNEEG II includes initiatives to address stereotypes and social norms like affirmative action for protected groups and updated schoolbooks with more positive images of women. However, as the strategy is still being implemented, it remains largely aspirational at this point. Under SNEEG I key ministries were designated to be staffed with Gender Focal Points, but budget issues made this GOS

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<sup>13</sup> *Stratégie Nationale pour l'Égalité et l'Équité du Genre 2016 –2026*: <http://www.directiongenre.com/docs/SNEEG%202.pdf>

<sup>14</sup> SNEEG II: <http://www.directiongenre.com/docs/SNEEG%202.pdf>

<sup>15</sup> Cited in USAID's Gender Analysis for the USAID/SENEGAL CDCS (2019-2024)

commitment difficult to fulfill. In 2019, USAID noted that although “each line ministry has established a Gender Unit to coordinate with the Directorate of Equity and Gender Equality (DEEG) ... the DEEG only has one Gender Consultant” coordinating the work of multiple ministries.<sup>16</sup> Only seven women are ministers in the current government, and in the past 50 years, Senegal has only had one woman prime minister for a total period of three years. Additionally, the *Banque Nationale pour le Développement Economique*, whose role is to support entrepreneurship in Senegal, has no specific line of credit for female entrepreneurs and has no women serving on its Board.

The SNEEG has generated some successes. One of the most dynamic state agencies is the *Direction de l’Entrepreneuriat Rapide* (DER), which offers both funding and technical assistance to entrepreneurs, as well as links to incubators and business accelerators.<sup>17</sup> The DER supports youth and women entrepreneurship with a global credit fund of 1.5 billion CFA and a low interest rate of 5%.

SNEEG has also shown a demonstrated improvement in women’s access to health care. For example, according to SNEEG II, the rate of contraception usage increased from 5% in 1992 to 21% in 2015.<sup>18</sup> More births were attended by trained medical staff, and more women attend neonatal medical appointments. Despite these improvements, access to basic services remains an obstacle for many women, limiting their capacity to contribute to Senegal’s economy, especially in rural areas.

Women have made strides in achieving political parity. In 2010, the GOS passed a parity law designed to increase women’s representation in political institutions. The 2012 elections saw a significant increase in women’s representation in parliament, from 23% to 43%. At the local level, there was an even greater increase in women’s participation, with the 2014 local elections increasing elected female candidates from 16% to 47%.<sup>19</sup> The passing of the Constitution of 22 January 2001, specifically Article 5, paragraph 2, gave women the right to own land. Furthermore, Article 19 of the 1972 Family Code gave women the right to own property and the right to manage their property autonomously. Just as importantly, Family Code, Article 371 permits equal rights to married and unmarried women over the ownership, use, decision-making power, and use as collateral of land and non-land assets. Additionally, Civil Code, Article 368 outlines the default marital regime of separation of property where each partner administers their original property. While these laws theoretically establish equal rights for women, they are not always followed, as cultural attitudes and traditions supersede their application. In practice, women remain unable to inherit land, and their husbands can block attempts to acquire land. The 2008 Tax Equality Act provides for women’s and men’s income to be taxed at the same rate.

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<sup>16</sup> Gender Analysis for the Follow-on USAID/SENEGAL CDCS (2019-2024). <https://msiworldwide.com/sites/default/files/additional-resources/2019-01/Senegal%20Gender%20Analysis%20for%20CDCS.pdf>

<sup>17</sup> <https://der.sn/>

<sup>18</sup> SNEEG II: <http://www.directiongenre.com/docs/SNEEG%202.pdf>

<sup>19</sup> Marianne Tørraasen (2017) Bergen: Chr. Michelsen Institute <https://www.cmi.no/publications/6230-gender-parity-in-senegal-a-continuing-struggle>

Yet despite these challenges, Senegal has made great strides in prioritizing women’s empowerment as critical to achieving national economic growth. Unlike many of its neighbors, Senegal is politically stable with Dakar acting as a regional socio-economic powerhouse. Though development targets and economic gains are not equally distributed outside the capital, the services sector – including financial services – has made inroads in reaching urban centers and rural areas in other regions of Senegal. In the next section we will review the how UM-PAMECAS has positioned itself as a provider of savings and credit to both rural and urban women in Senegal.

#### **IV. UM-PAMECAS’S MARKET POSITION**

UM-PAMECAS is a registered credit union association in Senegal and is the third largest financial institution by savings in the microfinance sector. UM-PAMECAS is part of the “*Système Financier Décentralisé*” (decentralized financial system, SFD), which is defined by its mission to serve the population that the traditional banking system is leaving behind. The SFD sector is composed of microfinance institutions such as microcredit providers and credit unions.

Since 2015, UM-PAMECAS’s hybrid strategy has focused on dominating the market through service delivery quality and continued innovation in its core businesses of savings and credit, combined with the intention of keeping the Global Effective Rate<sup>20</sup> as low as possible to remain competitive and below the usury rate set by the regulator.

The following represents UM-PAMECAS’s competitive position:

- A large and diversified membership base with 107 points of service across the nation (see Figure III on the following page). UM-PAMECAS has 849,506 members<sup>21</sup> comprised of both individuals and companies/groups (informal savings groups, formal groups, GIEs, cooperatives, incorporated businesses, etc.). UM-PAMECAS is the second largest national network in terms of membership with a good national representation.

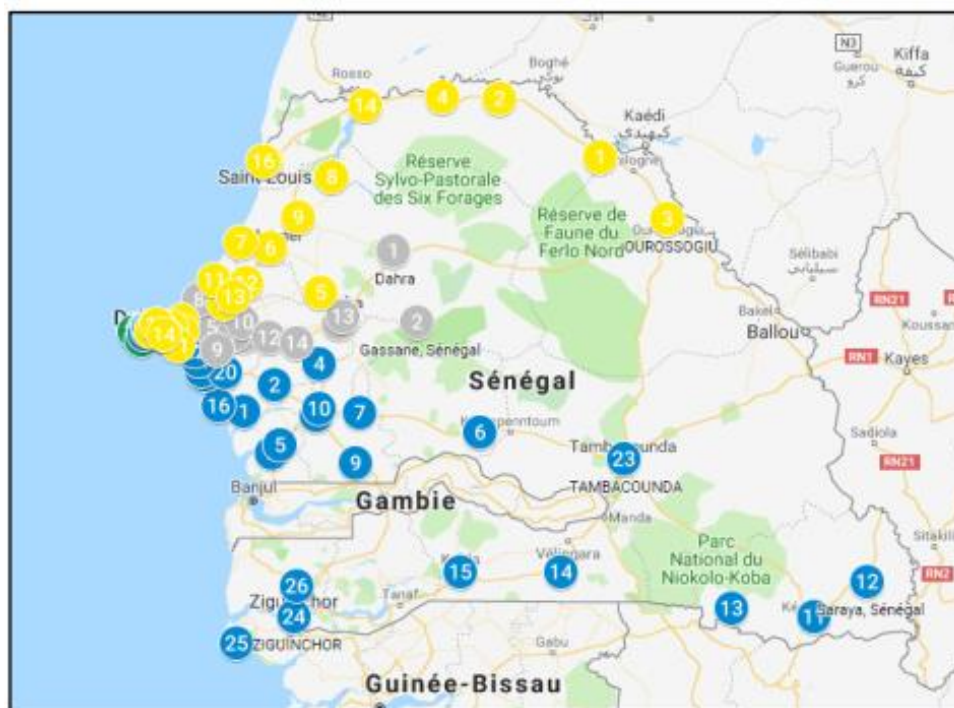
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<sup>20</sup> Global Effective Rate (Taux Effectif Global) is the all in cost of a loan calculated by adding interest rates, fees, insurance, etc.

<sup>21</sup> As of June 30, 2020



Figure III: UM-PAMECAS National Points of Service



Jaune : Agences de la caisse régionale de Tivaouane  
 Bleu : Agences de la caisse régionale de Mbour  
 Gris : Agences de la caisse régionale de Thiès

Source: UM-PAMECAS

- A local footprint allows UM-PAMECAS to create strong relationships with members, especially in peri-urban zones with high poverty rates like those around Dakar. Competition is fierce in urban and peri-urban zones with high population density, and financial activities focus on the short-term and increasing the number of financial service providers. UM-PAMECAS is also present in underserved rural areas. For example, in the Region of Kolda, one of the poorest in the country, UM-PAMECAS is one of only 10 registered SFDs serving of 772,000 inhabitants.
- The management team has gained the confidence of funders and is keen on mobilizing and energizing the staff to fulfill its financial and social missions. In particular, UM-PAMECAS is rolling out a new HR policy to motivate competent staff with a career path in the organization. The strong governance of UM-PAMECAS is an asset in building partnerships, which benefits members through the introduction of new products and services.
- UM-PAMECAS is well aware of the impact of DFS, especially in serving rural populations. The network is currently undergoing a digital transformation and re-branding products and services, UM-PAMECAS is increasing its DFS offerings, including the use of pre-paid banking card through Danaya Cash, a card launched in partnership with *La Confédération des institutions Financières d’Afrique de l’Ouest* (commonly referred to as CIF) and *La Financière de L’Afrique de L’Ouest* (commonly referred to as FINAO).

- UM-PAMECAS has also expanded its offering of insurance products:
  - Takaful: insurance product developed in partnership with *Sen Assurances* and in accordance with the principles and rules of Islamic finance.
  - Assur'Ma: life insurance for members developed in partnership with *Sunu Assurances*.
  - Debtors death insurance: insurance that covers all unpaid loan debts at the time of a loan recipient's death. This insurance is a product developed by a consortium of three insurance companies: *Sunu Assurances*, *Sonam Assurance*, and *Amsa Assurances*.
  - Fire insurance: insurance developed by *ASKIA Assurance* to cover property (including warehouse stocks) lost as a result of fire.
  - WERLEEN: medical insurance developed by PAMECAS in collaboration with public and private healthcare providers.
- The Microfinance Observatory of Senegal conducted a 2017 survey of UM-PAMECAS members. Per the survey, 95.1% of members report being satisfied with the quality of the points of service compared with a 93.3% satisfaction rate for the rest of the market.
- Senegal's microfinance market is more competitive now that many national and transnational commercial banks, such as Microcred, COFINA, Credit Cash/BDK, and Manko/SGBS, have increased their microfinance offerings. However, UM-PAMECAS's primary competition is from other institutions in the SFD Sector and not from larger commercial banks (see Table II below).<sup>22</sup>

**Table II. Portfolio Comparison of Microfinance Institutions and Credit Unions in Senegal**

INSTITUTION	NUMBER OF MEMBERS	%	OUTSTANDING CREDIT (IN 000 CFAS)	%	DEPOSITS (IN 000 CFAS)	%
CMS	1,007,418	35.3%	149,333,202	34.7%	155,000,000	46.3%
UM-PAMECAS	767,327	26.9%	30,669,075	7.1%	38,823,445	11.6%
MICROCRED	270,740	9.5%	89,156,363	20.7%	39,439,503	11.8%
ACEP	168,310	5.9%	53,660,224	12.5%	16,962,912	5.1%
Other DFS	638,559	22.4%	107,396,435	25.0%	84,638,040	25.3%
<b>Total</b>	<b>2,852,354</b>	<b>100.0%</b>	<b>430,215,299</b>	<b>100.0%</b>	<b>334,863,900</b>	<b>100.0%</b>

<sup>22</sup> GOS *Direction de la Regulation et de la Supervision, Ministère de l'Economie et des Finances du Sénégal*, December 31, 2019 – Ranking of top 5 microfinance networks in Senegal

## UM-PAMECAS'S GENDER APPROACH

UM-PAMECAS states that it has always supported women's empowerment, especially through its staffing, but it has not adopted an organizational gender policy. As part of its market assessment process, WOCCU conducted an internal review of UM-PAMECAS's gender profile using a modified Mennonite Economic Development Association (MEDA) Gender Equality Mainstreaming framework.<sup>23</sup> Preliminary data show that women are well represented throughout the institution. Fifty-one percent of UM-PAMECAS's 467 staff are women (237), and 49% of 236 supervisor roles are filled by women (115). Seventy-nine percent of internal promotions have benefited women.

The assessment also demonstrated the extent to which UM-PAMECAS has strived to offer services to women throughout its extensive national network. To expand its national footprint, UM-PAMECAS has partnered with local community leaders, including women-leading civil society organizations, local women's movements, politicians, and women leading large *tontines*. This strategy explains why 55% of the credit portfolio and 43% of the savings portfolio are comprised of women. Furthermore, UM-PAMECAS has developed two dedicated credit products for women: *Accès des Femmes Sénégalaises Aux Services Financiers* (AFSSEF), which can be obtained either through a group or individual loan, and "Doleel Djiguen" (Empower Women). Both products are designed to be easily obtainable by women who have little or no collateral: for instance, furniture and home appliances may be used as collateral.<sup>24</sup>

## UM-PAMECAS PRODUCTS AND SERVICES

UM-PAMECAS offers current accounts, savings, and credit products to its membership. Credit is provided for three "economic reasons": equipment, consumption/consumer loans, and/or working capital. Credit products are made available across the following sectors:

- Agriculture, animal husbandry, hunting, forestry, fishing, aquaculture
- Manufacturing activities
- Financial activities (group lending)
- Construction
- Commerce/trade, hotels, restaurants, tourism
- Production and distribution of electricity, (household bottled) gas, and water (filtered water)
- Transportation, ancillary activities (logistics), communications

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<sup>23</sup> MEDA-GEM <https://www.meda.org/gem>

<sup>24</sup> By law, personal furniture including beds, tables, and chairs can be used as collateral, but should the borrower default on a loan only appliances could be collected, not personal furniture.

- Real estate (purchase, renovation, new construction), property rentals, services to enterprises (architecture, equipment, cleaning services, IT services, etc.)
- Education, arts and culture, health-related activities, social activities, collective activities (cultural or sports association) or personal activities (artist’s exhibit, events promotion)

Table III below details the types of credit products available by UM-PAMECAS. The following general terms are applicable to all loans:

- Member personal contributions to a funded project can serve as a cash guarantee. Interest varies from 10% to 25% depending on the amount of the loan and the type of project. The guarantee can either be given back to the member or used to anticipate cover the last installments of the loan.
- Application fees: 0.5% amount credit
- Insurance fees: 0.6% to 1% depending on the loan duration
- Loan managing fees:
  - Short-term loan: 2.05% -- interest rate 16% declining balance
  - Mid- & long-term loan: 1% -- interest rate 18% declining balance

Table III. UM-PAMECAS Credit Products		
PRODUCTS	DESCRIPTION	AMOUNT
Youth credit	For clients 18 to 30 years old	Individually: up to 3,000,000 CFA Group: max 50,000 CFA per member
Women’s credit (AFSSEF)	Individual petty trade	First Loan 25,000 to 50,000 CFA; Second loan increased by 25,000 max up to 150,000 CFA max
	Group: 3 to 5 PP	First loan max 250,000 CFA, Second loan increased by 100,000 CFA max. Max per member 500,000 CFA
	AFSSEF Femme, or GIE Femme	100,000 CFA to 3,000,000 CFA
Group loan for artisans and traders in local markets	3 to 10 members	Agriculture and working capital: max 3,000,000 CFA ; Group loans are similar to AFSSEF group loans
Agriculture, fishing and breeding	Group or individual loans	Ag: max 3,000,000 CFA; Group loans are similar to AFSSEF group loans

### Other Services offered to UM-PAMECAS Clients

The following services can be performed by UM-PAMECAS branch credit unions. Services in italics are not available in smaller points of services: Cash in, cash cut (CICO); cash transfer; check deposit; credit

(disbursements, payments); balance; statement printing; subscription to products; grievances; *account opening; sale of products; credit application.*

## **FOCUS GROUP INPUT ON UM-PAMECAS'S PRODUCTS AND MEMBER RELATIONS**

**GROUP VS. INDIVIDUAL MEMBER RELATIONSHIP WITH CREDIT AGENT KEY TO FINANCIAL STANDING.** Focus group participants report that they often see their UM-PAMECAS credit agent, but those who are members of a credit group see a credit agent less often since the group lead interacts with the credit union on behalf of its members. The participants note that women who live further away and are involved in an economic activity need to be contacted more often as may they have more difficulty meeting with their credit agents, especially women selling fish products. Overall, they believe it is easy to obtain a loan, but renewing one takes more time for GIE members because it can only happen once everyone has reimbursed their loans. They report that being a member of the group can hinder increasing the loan amount one needs. If some members of the GIE default, then the next loan to the group will be reduced, thereby reducing the amount available to members in good standing. Individual members report having substantially increased their loans, in one instance from 15,000 to 50,000 CFA and another from 400,000 to 1,000,000 CFA. At the same time they acknowledge that they do not always receive the amount requested, either because they cannot produce the required guarantees or they lack sufficient credit history. Generally, once approved, however, credit is disbursed within the week.

**AREAS FOR IMPROVEMENT OF UM-PAMECAS'S PRODUCTS.** The participants unanimously agree that UM-PAMECAS should offer lower interest rates on loan products. They also believe the insurance and terms and conditions of products are unnecessarily burdensome. For instance, they report that women must bring a deposit of 15%, which can be difficult for women with very low income and competing spending demands. However, they are aware that female members of group loans do not have to bring a guarantee since the group provides Group Solidary Joint Collateral.<sup>25</sup> They also believe that UIMICEC, a competing credit union association, requires a deposit of 40,000 CFA in order to lend 500,000 CFA, whereas the maximum UM-PAMECAS would lend with a 40,000 CFA deposit is only 100,000 CFA, making the UM-PAMECAS loan more expensive and less attractive.

**COSTS SHOULD BE MORE TRANSPARENT.** While participants feel that the explanation they receive from their credit agents tend to be clear, they also report being confused by the costs associated with their loans. They say there is a difference between how these costs are communicated and how they are being calculated, requiring more transparency. The focus group respondents say they have not read the contracts they have signed, nor have they asked any questions. They also believe they have not received all the information on their rights and duties as a member of UM-PAMECAS.

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<sup>25</sup> Group loans from UM-PAMECAS do not require collateral. Instead they function on the principle of solidarity: each member commits to repaying the loan if another member defaults.

**IN CONCLUSION**, UM-PAMECAS has a significant opportunity to act as a key driver of economic equity for women. UM-PAMECAS's wide geographic reach and client base position GLI for significant scale and penetration, and a renewed emphasis from both its Board and leadership on prioritizing GLI demonstrates that there is already buy-in and ownership from both members and staff. Yet for UM-PAMECAS to become a leader of GLI it will need to institutionalize both tangible tools to support women entrepreneurs (i.e. the GLI Accelerator Kit), as well as a recognition that UM-PAMECAS can leverage its influence to push successful entrepreneurs into more diversified funding sources and specialized business development services.

## **V. DEMAND SIDE PERSPECTIVES: UNDERSTANDING OBSTACLES FACED BY FEMALE ENTREPRENEURS**

According to the World Bank's Global Findex survey, 38.4% of women in Senegal own an account<sup>26</sup> (up from 5.5% in 2011), but just 15.7% of them hold one within a financial institution (also up from 5.5% in 2011).<sup>27</sup> Despite this expansion in account ownership, women are still excluded from formal financial institutions. In fact, the rise of mobile money is largely attributed to the increase in the number of accounts held by women.<sup>28</sup> Existing financial institutions – especially banks – largely fail to meet the needs of women in Senegal.

So where do women access finance if they are not saving in a formal institution? The same survey further details 31.8% of women 15 years old and over report they prefer saving through a savings club or through a person outside of the family, while nearly 47.5% of women rely on friends and family to overcome shocks.<sup>29</sup> Women's credit needs are important, as overall 44.4% of women have borrowed money through formal or informal channels in the previous year.<sup>30</sup> DFS are progressing, with 28.1% of women 15 years old and over having a mobile money account.<sup>31</sup> Overall, 71% of women own a mobile phone (compared to 73% of men), but the usage gap is wider in rural areas, where women are 32% less likely to use the mobile internet compared to men; a gap much wider than in urban areas<sup>32</sup> where it stands at 11%. Thirty six percent of women surveyed reported that reading and writing are the biggest obstacles to accessing mobile internet, compared with only 12% of men stating the same answers.<sup>33</sup>

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<sup>26</sup> The World Bank Global Findex uses a broad definition of "account." It is defined as the "percentage of respondents who report having an account (by themselves or together with someone else) at a bank or another type of financial institution (see definition for financial institution account) or report personally using a mobile money service in the past 12 months."

<sup>27</sup> World Bank DataBank: <https://databank.worldbank.org/reports.aspx?source=global-financial-inclusion>

<sup>28</sup> Women's Financial Inclusion in Senegal, IDRC 2020: <https://idl-bnc-idrc.dspacedirect.org/bitstream/handle/10625/59155/59309.pdf>

<sup>29</sup> World Bank DataBank: <https://databank.worldbank.org/reports.aspx?source=global-financial-inclusion>

<sup>30</sup> Ibid.

<sup>31</sup> Ibid.

<sup>32</sup> GSMA: <https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2020/05/GSMA-The-Mobile-Gender-Gap-Report-2020.pdf>

<sup>33</sup> Ibid.

Financial institutions often fail to meet the demand of women. Twenty-two percent of women claim that financial institutions are located too far to be useful, and 33% report that they are too expensive. Further, 16% do not have the necessary documents to open an account, 18% do not trust formal institutions, and 12% will not open accounts for religious reasons. Though having access to financial services to “start, operate or expand a farm or business”<sup>34</sup> is important for 14% of women aged 15 years old and over, just 3% borrowed from a formal institution to support their commercial activities.

It is important to note that women are heavily involved in the lending system but are constrained by the number and amount of loans granted. According to the GOS’s *Direction de la Microfinance*<sup>35</sup>, “Women represent on average 43% of decentralized financial institution members/clients and mobilize about 27% of IFD deposits; and they represent 53% of active entrepreneurs and contribute only 28.5% to their loan portfolio.”<sup>36</sup> Implementing a diversity and inclusion program could address these loan portfolio deficits.

Many female entrepreneurs tend to live in Senegal’s rural areas and operate in the informal sector. These women are served almost exclusively by micro-finance institutions (MFIs) and informal savings groups. Out of 13 key informants interviewed from the GOS, MFIs, banks, funds, civil society organizations (CSOs), and non-governmental organizations, only one person focused primarily on female entrepreneurs in the formal sector with high potential for growth.

Cultural barriers present major obstacles to women’s economic empowerment, especially as entrepreneurs. There is a general understanding that “women in Senegal are entrepreneurs by nature: they manage a household and an income generating activity.”<sup>37</sup> This statement underscores the complexity and challenge of what it means to be a female entrepreneur in Senegal. For the most part, women do not have access to or control over the productive resources necessary for investment. Moreover, their level of unpaid work is neither recognized nor well-remunerated. Starting a business or a small income generating activity may not be well-perceived by other members of their family or even village authorities. Women may not be able to register their business in their own name, either due to a lack of documentation or support from their husbands.

*“When my banker refused to provide me with the guarantee I needed to expand my business, because I was a woman, I met with his director and closed my accounts with the financial institution and went somewhere else with my 50M CFA.”*

– Female entrepreneur in Dakar

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<sup>34</sup> Findex’s categorization

<sup>35</sup> “*La Direction de la Microfinance*” : Microfinance Department, Ministry of Microfinance, Social and Solidarity Economy

<sup>36</sup> Direction de la Microfinance, 2015

<sup>37</sup> UM-PAMECAS employee interview 09/23/2020

Collateral and guarantees also present difficult challenges to obtaining credit, especially for women. The reason is mainly due to their relatively low levels of income and difficulty in accessing land as an input. Despite the new Constitution guaranteeing equal access to land for women and men (see Section III above), women still report having a difficult time inheriting land.

A 2015-2016 report from UN Women estimates that 75% of women in Senegal work in the informal sector.<sup>38</sup> The same report provides interesting, albeit grim, data on the situation of women at work: 34% are unemployed; 25% are employed without being paid; and only 40% are employed with pay (either cash, cash and in kind, or in kind only).

While the data on gender disparities is staggering, what is important to consider are community attitudes towards women in the workforce. According to the OECD's Social Institutions and Gender Index for Senegal,<sup>39</sup> 15% of the population declares that it is not acceptable for a woman in their family to work outside home for a pay. This suggests that although women are generally expected to work for pay, their treatment in the workforce leads to many barriers to access managerial positions, build wealth, and create financial independence. Seventy-seven percent of the managerial workforce is male, which creates a gap in diversity that perpetuates the continued denial of high-level positions for women. The path to change cannot take place without increasing women in managerial positions and contributing to changing both policies and practices. Without empathy or even knowledge of this disparity, the status quo is the continued outcome, and a male dominated workforce will likely continue to financially isolate women in all areas of society.

The 2017 ANSD census provides valuable sex disaggregated data on the way men and women conduct their businesses in Senegal. In this survey, the ANSD finds that entrepreneurs are 68.7% male and 31.3% female.<sup>40</sup> Women dominate the sector of food service/restaurants (72.8%), and hair salon and trade/commerce (38.9%),<sup>41</sup> and at least 50% of women leading businesses are younger than 40. In general, informal enterprises are cut out of the formal financial market. In Senegal, 82.3% of enterprises are individual enterprises in the informal sector; non-individual entities are dominated by GIEs (53.7%) and the Senegalese equivalent of an LLC (20.3%). The ANSD defines an entrepreneur as "any person undertaking for his/her own benefit a professional, civil, commercial, artisanal, agricultural activity or offering services on their own and whose annual turnover does not exceed 30M CFA (commercial activities), 20M CFA (artisanal craft and trade/commerce activities), or 10M CFA for services."<sup>42</sup> Further descriptions of enterprise types, size, and sector is presented in Table IV.

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<sup>38</sup> Progress of the World's Women 2015-2016, UN Women:

[https://progress.unwomen.org/en/2015/pdf/UNW\\_progressreport.pdf](https://progress.unwomen.org/en/2015/pdf/UNW_progressreport.pdf)

<sup>39</sup> See OECD Development Centre's Social Institutions and Gender Index (SIGI), page 1;

<https://www.genderindex.org/wp-content/uploads/files/datasheets/2019/SN.pdf>

<sup>40</sup> ANSD – Recensement Général des Entreprises 2017:

<https://satisfaction.ansd.sn/ressources/publications/Rapport%20global-juil-2017.pdf>

<sup>41</sup> Ibid. p. xvi

<sup>42</sup> Ibid. p. 18



**Table IV. Types of Enterprises by Size as defined by the ANSD**

TYPE	DESCRIPTION
Individual	Excluding registered businesses Annual turnover does not exceed between 10M and 30M CFA depending on activity
Micro	Formal and informal excluding individual entrepreneurs Annual turnover does not exceed 100M CFA
Small	Formal Annual turnover is less or equal to 100M CFA but does not exceed 500M CFA
Middle	Formal Annual turnover is less or equal to 500M CFA but does not exceed 2BN CFA.
Large	Formal has an annual turnover in excess of 2BN CFA

### Women's Financing Needs

Table V demonstrates that both men and women business owners in Senegal have the same priority of financing needs. Yet even though needs are very similar, financing for women is generally less available.

**Table V. Financing Needs: Proportion of individual entrepreneurs by financial need according to gender of owner (%)<sup>43</sup>**

FINANCING NEEDS	MEN	WOMEN
Working Space Improvement	62.9%	64.7%
Business Expansion	62%	64.8%
Raw Material Purchase	45.9%	49.7%
Equipment Acquisition or Maintenance	27.5%	19.5%
Debt Reimbursement	4.9%	5.3%
Labor Training	4.4%	2.6%
Payroll	3.5%	2.5%
Other	0.8%	0.6%

<sup>43</sup> Ibid, p 27

## VI. SUPPLY SIDE PERSPECTIVES: OPPORTUNITIES AND RECOMMENDATIONS

The financial sector in Senegal has multiple actors covering different niche segments: microfinance and microcredit institutions, credit unions, a mesofinance<sup>44</sup> fund (COFINA Senegal), multiple commercial banks (both domestic and foreign, with a number linked to France, Senegal's former colonial power), and sovereign funds (FONSIS, WE! Fund). The GOS also manages several funds and credit lines, such as the DER, mentioned above. Despite this wide range of actors in Senegal's finance sector gaps remain in mesofinance, with private investors providing equity and quasi-equity investments that are only just entering the market without a strong history in this market segment. The market for finance is also highly competitive. The *Banque Centrale des États de l'Afrique de l'Ouest* (BCEAO) lists 26 banks, four banking financial institutions<sup>45</sup>, and 99 microfinance providers operating in Senegal.<sup>46</sup> Very few financial institutions post general terms and conditions on their websites.

In a 2018 assessment, the *Banque de France* observed that however dynamic the overall banking system is, with 27 companies providing credit at the end of 2017, the provision of loans to MSMEs remains difficult.<sup>47</sup> This is largely due to structural issues within the GOS. For example, potential borrowers must share their credit history before being approved for a loan, an improvement supported by the BCEAO, but that requires the involvement of banks in sharing information with the consent of their clients. The assessment further observes that Senegalese companies tend to shy away from formal regional financial markets. Out of 40 companies on the regional stock market of Abidjan, Côte d'Ivoire, just three are from Senegal (Bank of Africa Senegal, Total Senegal, and Sonatel).<sup>48</sup> Because credit histories are difficult to establish, entrepreneurs tend to rely on other networks to finance their businesses, a trend supported by the persistence of the informal lending sector. The deposit requirements to obtain commercial loans may also explain the low level of SME financing, with some banks requiring deposits of up to 25% of the amount of the loan.

As Figure IV shows, friends and family remain the first source of capital for both Senegalese men and women entrepreneurs with microcredit institutions closely following.

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<sup>44</sup> Mesofinance provides financing above the maximum limit of MFIs and below the entry point to commercial finance.

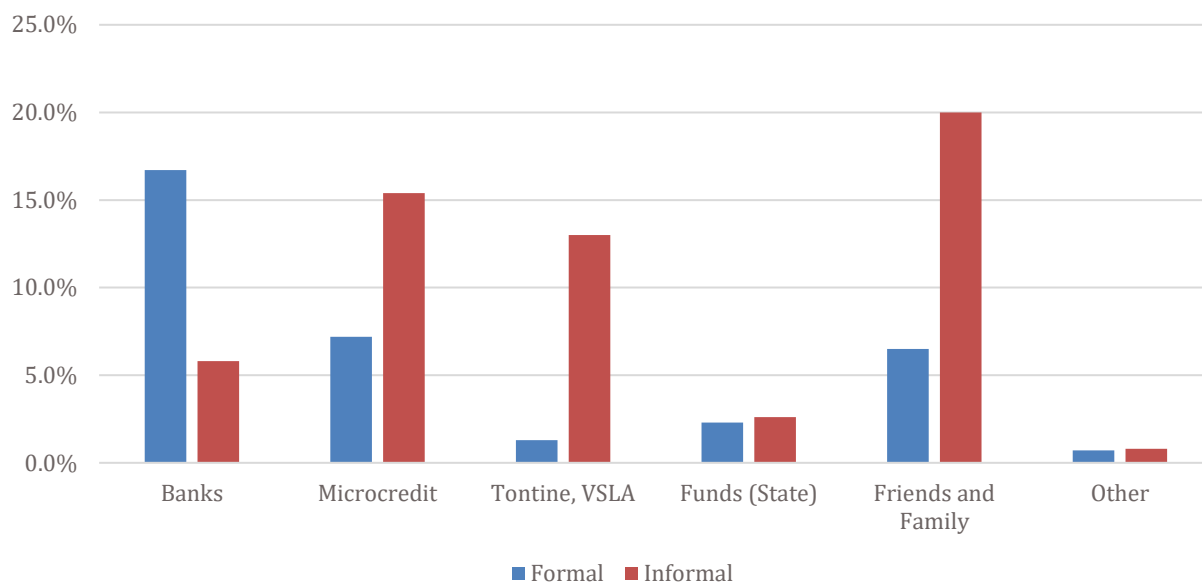
<sup>45</sup> BCEAO, as of May 31, 2020 - <https://www.bceao.int/fr/content/paysage-bancaire>

<sup>46</sup> BCEAO, as of March 31, 2020, <https://www.bceao.int/sites/default/files/2020-08/Indicateurs%20SFD%20UMOA%20au%2031%20mars%202020.pdf>

<sup>47</sup> Banque de France: <https://www.banque-france.fr/sites/default/files/media/2019/03/28/senegal.pdf>

<sup>48</sup> Banque de France: <https://www.banque-france.fr/sites/default/files/media/2019/03/28/senegal.pdf>

Figure IV: Fundraising Solicitations by Source



Source: ANSD, Recensement Général des Entreprises 2017

**DEBT MARKET.** Banks, mesofinance, and microfinance institutions are mainly providing debt, with little equity available. Senegal’s legal and regulatory environment has not yet allowed the formation of Limited Partnerships, the cornerstone of venture and private equity funds. Equity is therefore only provided by a few actors, mainly in the form of self-liquidating equity or quasi equity. These types of equity allow the fund to manage its cashflow while providing the entrepreneur with flexibility in terms of debt service and cost of capital, which can be quite high given the interest rates in Senegal (9% commercial and between 14% to 26% in the microfinance sector at the time of publication).

**MESOFINANCE LEVEL.** Only one company, COFINA Senegal, provides mesofinance. COFINA Senegal seeks to finance the “missing middle:” companies or entrepreneurs whose needs exceed the amount of microcredit financing microcredit but are not yet ready for commercial banking. COFINA has a social mission that promotes inclusive finance. Its investment policy targets SME’s missing middle in sectors such as education, health, general businesses, and the environment.<sup>49</sup>

**VENTURE CAPITAL.** Senegal does not have the equivalent of a Limited Partnership incorporation law. This creates a hurdle for much-needed venture capital and private equity funds that have to register in foreign countries with adequate legal status, such as Morocco and Mauritius. The Women’s Investment Club of Senegal, launched in 2019, provides funding for women-owned businesses and technical assistance to increase their chances of success and growth. Teranga Capital is another private equity fund with €5M in capital looking to support SMEs with a generalist approach.

<sup>49</sup> See COFINA’s website: <https://www.groupecofina.com/modele-cofina/>

**SOVEREIGN AND GOVERNMENT FUNDS:** FONSI'S WE! Fund<sup>50</sup> is a joint venture between the GOS and UN Capital Development Fund (UNCDF). The WE! Fund invests in businesses along criteria of the WEE Index, developed by UN Women and UNCDF, which have the capacity to absorb investments between 100M and 200M CFA.<sup>51</sup>

The National Fund to Support Women Entrepreneurs receives annual credit applications in excess of 1.5B CFA (US\$2.7 million), while its current fund available for investment is only 500M CFA.<sup>52</sup> The DER, supported in part by the United States African Development Foundation (USADF), has launched a new initiative to invest debt in small enterprises led by women and youth through MFIs and credit unions.

## VII. OPPORTUNITIES FOR GLI

Though the analysis reviewed credit and financing barriers at the national level, our analysis was designed to produce recommendations that support the development and integration of our GLI methodology within partner UM-PAMECAS's service offerings. Barriers and opportunities are summarized in Table VI.

### Access to Formal Financial Services

Senegal has a low rate utilization of formal banking services: only 18.98%<sup>53</sup> of adults 15 years and older report having a bank account. Women favor informal savings, and they often lack collateral (land in particular) and other forms of guarantee, creating difficulties in their entering the formal financial sector. Women feel the price of credit is too high and the terms are difficult to negotiate, so they prefer to borrow from informal groups that allow them to negotiate repayment easily. On the supply side, formal financial services offer gender neutral products which may not always be adapted to women's financing needs and capacity to repay, with required guarantees and collateral that are hard to meet.

**GLI OPPORTUNITY: NEW FINANCIAL PRODUCTS.** Facilitating access to formal financial services will allow women with high potential businesses to access the level of capital they need to grow by designing gender sensitive products and services that take into account women's needs, capacity to repay, and desire for flexibility, as well as capitalize on their savings groups track records and other

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<sup>50</sup> FONSI – *Fonds Souverain d'Investissements Stratégiques* (<https://www.fonsis.org/en>) and its subsidiary the WE! Fund, which focuses on Women's Economic Empowerment

<sup>51</sup> WE! Fund is part of FONSI – and has recently revised its investment policy lowering its minimum investment to 100M CFA because of the COVID-19 emergency.

<sup>52</sup> Interview with [REDACTED]

<sup>53</sup> *Evolution des Indicateurs de Suivi de l'Inclusion Financière dans l'UEMOA au Titre de l'Année 2019*, BCEAO, Juillet 2020 -- <https://www.bceao.int/sites/default/files/2020-09/Evolution%20des%20indicateurs%20d%27inclusion%20financie%CC%80re%20dans%20l%27UEMOA%20au%20titre%20de%20l%27anne%CC%81e%202019.pdf>

innovative forms of collateral. Women involved in agriculture particularly need affordable financial products to help them manage risks (e.g. insurance, inventory credit systems/warrantage<sup>54</sup>).

### Business Types and Sizes

Women tend to be involved in income generating activities in the informal sector and in rural areas, focusing on agriculture. When they come together as a GIE, the group is a legal entity that can borrow from formal financial institutions and then redistribute loans to each member individually. The advantage of group borrowing is the absence of collateral requirements. The benefit of group borrowing, however, is offset by the inability of promising entrepreneurs to borrow and establish a direct relationship with credit agents that would otherwise only deal with the GIE management team.

**GLI OPPORTUNITY: FORMALIZING.** Women often don't know what they don't know in terms of the steps and documentation needed to formalize a business, with the information deficit being particularly acute in rural zones. Offering administrative and business services as a "one stop shop" or through specialized agents should be explored as UM-PAMECAS's agent network is trusted by women.

### Education

While the GOS has included education as priority in its National Gender Policy (SNEEG I and II), and there is evidence of progress, women are still less literate than men and have more difficulty accessing technical trainings. Information is also hard for women to obtain, especially in rural areas where they are more isolated. Supporting female entrepreneurs by providing them with non-financial services to improve their management skills could yield high benefits.

**GLI OPPORTUNITY: FINANCIAL LITERACY AND VALUE CHAIN LINKAGES.** With the progress of DFS, financial institutions can increase usage by providing digital financial literacy training to women. They can also provide other non-financial services and simplified business management tools to help women keep track of their progress and present documentation when dealing with a financial institution. Creating links to professional services and networking opportunities can also remedy women's isolation and provide them with the skills they need to grow their businesses. Financial institutions could also benefit from improving credit agents and loan officers' understanding of the needs of agricultural value chains in rural areas and startups in more urban settings.

### Social Norms and Rural Divide

The weight of women's domestic work, as well as the perception that women are not entrepreneurial are also major obstacles. Senegal is a patriarchal society where men's and women's roles are defined by their gender. Changes are emerging in cities, where more women are working in traditionally male-dominated sectors such as auto-mechanic repair. But the disparity between cities and rural zones underlines the difference between rural women who have little to no access to financial services, infrastructure, information and networks and urban women, who have more choices of financial

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<sup>54</sup> An inventory credit system that relies on warehouse receipts. See: <https://www.oxfam.org/en/research/smallholder-warrantage-burkina-faso>

providers, are better educated, and have access to larger networks, opportunities and role models they can emulate. The high transaction costs incurred by financial institutions, when they chose to deliver services in rural areas, justifies their targeting of groups instead of individuals, who borrow very small amounts of money.

**GLI OPPORTUNITY: DFS AND NETWORKING.** Facilitating physical access to services could be explored with meeting women where they are, especially in rural areas, both physically (marketplaces, schools, beauty parlors, etc.) and financially in their financial and business lifecycle. As DFS become more available, women need to have digital financial literacy to capture this opportunity. Women can also benefit through accessing peer networks, either through in-person roundtables or forums, or through social media channels.

**GLI OPPORTUNITY: GENDER TRAINING AND POLICY.** Finally, diversity training and adoption of gender policies in the workplace would most likely benefit women’s access to financial products by addressing discrimination in underwriting standards, attitudes towards lending to women, increasing recruitment and retention of female hires, and addressing the needs of women seeking loans. Financial institutions could benefit from diversity training that includes particular instruction on better addressing the needs of their female customers.

### A Note on Startups

Young, educated women are creating innovative businesses in services, product transformation, and in the digital space. Credit unions don’t have the skills in house to identify and support promising ventures, constituting a missed opportunity, especially in urban zones. From a strategic perspective, a decision needs to be made whether financial institutions will enter particular markets. If so, competencies and expertise would be needed in the form a special investment committee focused on start-up ventures.

**Table VI. Barriers Women Face in Accessing Finance<sup>55</sup> and GLI Opportunities**

DEMAND SIDE BARRIERS	SUPPLY SIDE BARRIERS	GLI OPPORTUNITY
<b>Access to formal financial services</b>		
Low level of bank formal account ownership	Inappropriate product offerings	Gender sensitive products
Lack of collateral and guarantees	Gender neutral credit product	Gender policy
High price of credit	Persistence of savings groups as preferred model	Innovative guarantees
Difficulty negotiating terms	High transaction cost for small loans	Flexibility of terms, lower interest rate
		Adopt customer-centric design
<b>Business Types and Size</b>		

<sup>55</sup> Table adapted from “Women’s Economic Empowerment through Financial Inclusion: A Review of Existing Evidence and Remaining Knowledge Gaps”, IPA, March 2017.

**Table VI. Barriers Women Face in Accessing Finance<sup>55</sup> and GLI Opportunities**

DEMAND SIDE BARRIERS	SUPPLY SIDE BARRIERS	GLI OPPORTUNITY
Concentration in lower-paying economic activities	Clients in Informal sector	Identify high potential businesses
Informal sector	Credit agents unfamiliar with agricultural value chains (missed opportunities)	Accompany transition to formal sector
Group businesses (GIE)		Hire/train credit agent on agricultural value chains
Agricultural sector		Provide risk management (insurance)
<b>Education</b>		
Low literacy rates	DFS low usage rate (literacy issue)	Integrate non-financial services into product offerings:
Low access to formal education	Lack of non-financial services	<ul style="list-style-type: none"> <li>• Digital Literacy</li> <li>• Mentoring, coaching</li> <li>• Simplified tools</li> </ul>
Low access to technical training		
<b>Social Norms</b>		
Competing demands on time with domestic work	Perception as non-entrepreneurs	Meet women where they are (financially and physically)
Religious norms (inheritance)		Recognize their value as entrepreneurs
		Gender policy
<b>Rural Divide</b>		
Access to financial services (distance)	Cost of investing in rural areas	Capitalize on DFS
Access to infrastructure and services	Infrastructure (transportation, roads)	Offer administrative services
Access to information		
<b>Regulatory</b>		
Access to land	Lack of access to equity funds	Regulatory is outside the scope of the GLI, but a project can provide recommendations.
Inheritance		
Family code		
Legal status of microentrepreneur		

# ANNEX I – KEY INFORMANT INTERVIEW QUESTIONNAIRE

## QUESTIONS FOR KEY INFORMANTS

- What are the 2 biggest challenges a woman entrepreneur faces in Senegal?
  - Is there a difference if she lives in a big city (Dakar, St Louis, Kaffrine) or if she lives in a rural area? If yes, can you name them (or biggest ones)
  - Is there a difference if she is young (18 – 45) or older?
- What are the barriers to accessing financing?
  - Supply side: do you think current financial institutions in Senegal serve this market well? (please clarify which FIs you are thinking about = MFIs, Banks, Mobile Money, CUs)
  - What current gaps exist in regulation that may be detrimental to gender equity and women’s access to financial services?
- What steps can women effectively take to improve their relationship with financial services?
- What is an opportunity that is being overlooked when it comes to financing women entrepreneurs? (A sector, an age group, a non-financial service that would make a difference, a change of policy, other)
- Do you know about the Credit Union model?
  - If yes: do you think CU could be an effective channel to support women entrepreneurs in Senegal?
  - If no: would you like to learn more about the potential CU offer?
- How is your organization working to address the challenges?
  - Program?
  - Policy?
  - Policy change at the national level?
- What do you think we should know about women entrepreneurs in Senegal?
- What are the necessary steps to change patriarchal and hyper-masculine attitudes toward women and the governing attitudes it creates? Is it possible under the current climate in Senegal, or are there other initial steps needed before we can address these issues?
- Are there locales in Senegal that are extremely progressive? Are there any studies or assessments encompassing the success of these Senegalese areas?



- Would you put us in touch with 3 people in your network that could help us further our understanding of the challenges and opportunities regarding women entrepreneurs' access to finance in Senegal.

## KEY INFORMANT INTERVIEW LIST

Key Informant Interviews				
NAME	ROLE	ORGANIZATION	TYPE	INTERVIEW DATE
[REDACTED]	Directeur General	[REDACTED]	MFI	9/24/2020
[REDACTED]	Gender Consultant	[REDACTED]	Donor	9/23/2020
[REDACTED]	Executive Director	[REDACTED]	Fund/Investor	9/23/2020
[REDACTED]	Directeur de la Microfinance	[REDACTED]	Govt	9/18/2020
[REDACTED]	Administrateur	[REDACTED]	Govt	9/18/2020
[REDACTED]	Directrice	[REDACTED]	CSO	9/23/2020
[REDACTED]	Directeur des Petites et Moyennes Industries; Coordonateur Projet	[REDACTED]	Govt	9/24/2020
[REDACTED]	Founder & MD	[REDACTED]	CSO	9/22/2020
[REDACTED]	Program Director	[REDACTED]	Expert	9/21/2020
[REDACTED]	Regional Program Director	[REDACTED]	Expert	9/23/2020
[REDACTED]	CFO	[REDACTED]	Expert	9/23/2020
[REDACTED]	West Africa Regional Director	[REDACTED]	Donor	9/24/2020
[REDACTED]	Director,	[REDACTED]	Donor	7/9/2020

### Key Informant Interviews

NAME	ROLE	ORGANIZATION	TYPE	INTERVIEW DATE
██████████ ██████████	Value Chain Expert. (Fisheries)	████████████████████	Donor	9/17/2020

## ANNEX II – FOCUS GROUP DISCUSSION QUESTIONS



### MÉTHODOLOGIE POUR LES GROUPES FOCUS – ETUDE DE MARCHÉ

Dans le cadre du projet WGDP, WOCCU travaille en partenariat avec le groupe UM-PAMECAS afin de mettre au point un cadre d'investissement avec une focale genre afin de soutenir l'entrepreneuriat féminin au Sénégal.

Le projet est en phase d'évaluation du marché et de l'exploration de la chaîne de valeur « financement des entreprises féminines » afin de mieux comprendre les obstacles qui ralentissent l'accès au crédit ainsi que les opportunités existantes et inexploitées qui s'offrent au secteur financier.

#### Objectifs des Discussions

Comprendre le parcours client de femmes entrepreneurs membres/sociétaires de UM-PAMECAS, leurs besoins de services financiers et non financiers et leur perception de la qualité de la relation avec UM-PAMECAS.

#### Caractéristiques du Groupe

Le groupe devra, dans la mesure du possible offrir une représentation moyenne des femmes entrepreneurs en zone urbaine et péri-urbaine :

- Un groupe de 15 personnes au maximum est recommandé
- Les femmes peuvent être mariées, célibataires (qu'elles soient célibataires, divorcées ou veuves)
- Une représentation de différents niveaux d'éducation est souhaitable pour mieux comprendre les obstacles liés à différents niveaux d'éducation (considérer plusieurs sous-groupes de même niveau)

#### Critères de Sélection

- Age minimum de 18 ans
- Avoir une activité commerciale depuis au moins un an (qu'elle soit formelle ou informelle)
- Être sociétaire de UM-PAMECAS
- Avoir un crédit à vocation commerciale, soit en cours, soit dans les 12 mois précédents.
  - Si possible une participante au moins avec un crédit Dolél Djiguen

#### Déroulement

Modératrices : [REDACTED]

## Délivrables

- Résumé des discussions et des réponses apportées
- Quelques photos des participantes

Questions	
TOPIC	QUESTIONS
Profile	<ol style="list-style-type: none"><li>1. Quel est votre âge?</li><li>2. Quel est votre statut marital?</li><li>3. Quel est votre niveau d'éducation?</li><li>4. Depuis combien de temps êtes-vous membre de UM-PAMECAS?</li><li>5. Quels sont les types de comptes que vous avez personnellement chez UM-PAMECAS (compte courant, compte épargne, crédit commerciale, crédit conso, etc...)</li><li>6. Est-ce que votre crédit est un crédit individuel? Un crédit de groupe?</li><li>7. Si vous êtes mariée, est-ce que votre mari a aussi des comptes chez UM-PAMECAS?</li></ol>
Activité commerciale	<ol style="list-style-type: none"><li>1. Quelle est votre activité commerciale? Secteur formel? Secteur informel?</li><li>2. Activité? (Pêche, agriculture, maraichage, couture, beauté, commerce, etc...)</li><li>3. Est-ce que votre activité commerciale fait un bénéfice/profit? Oui Non Je ne sais pas</li><li>3. Que souhaitez-vous pour votre activité commerciale? Grandir : augmenter mon chiffre d'affaires? Rester stable : les revenus de mon activité me suffisent</li><li>4. Pourquoi avez-vous choisi UM-PAMECAS Mon mari y était Proximité Bon taux d'intérêt sur les prêts Bonne réputation Les membres de ma tontine ont recommandé J'ai été approchée par un agent de UM-PAMECAS qui m'a convaincue</li><li>5. Voyez-vous votre agent de crédit régulièrement?</li><li>6. Combien de crédits avez-vous chez UM-PAMECAS/dans les derniers 12 mois?</li><li>7. Est-il facile d'obtenir un crédit?</li><li>8. Avez-vous toutes les pièces justificatives pour obtenir un crédit</li><li>9. Avez-vous augmenter le montant de crédit demande ou est-ce toujours le même?</li><li>10. Recevez-vous toujours le montant de crédit demandé? Si non, recevez-vous une explication de la décision Combien de temps se passe-t-il entre la demande de crédit et le déboursement?</li><li>11. A votre avis, qu'est-ce que UM-PAMECAS pourrait changer pour mieux vous aider dans vos objectifs financiers?</li></ol>

## Questions

TOPIC	QUESTIONS
Parcours cliente	<ol style="list-style-type: none"> <li>1. Quelle est la première personne que vous avez rencontrée lors de l'ouverture de votre compte chez UM-PAMECAS?</li> <li>2. Est-ce que quelqu'un vous a accompagné lors de l'ouverture de ce compte? (Mari, enfant, amie, membre d'une tontine, etc...)</li> <li>3. Est-ce que les informations données étaient dans une langue/dialecte claire pour vous?</li> <li>4. Avez-vous compris tous les documents que vous avez signés?</li> <li>5. Avez-vous reçu toutes les informations nécessaires sur vos droits et vos obligations en tant que cliente de UM-PAMECAS?</li> <li>6. Avez-vous pu poser toutes les questions que vous souhaitez?</li> <li>7. Y-a-t'il un point service physique près de chez vous? Proche de votre lieu d'activité commerciale?</li> <li>8. Avez-vous un téléphone mobile?</li> <li>9. Avez-vous un compte d'argent mobile (orange money, wari, Tigo, etc...)</li> <li>10. Avez-vous le numéro de téléphone de votre agent de crédit? Du chef d'agence UM-PAMECAS? Du numéro vert/gratuit?</li> </ol>
Education and Confiance en soi	<ol style="list-style-type: none"> <li>1. Est-ce que vous avez confiance dans les choix que vous faites à propos de vos finances?</li> <li>2. Est-ce que quelqu'un vous aide à faire ces choix? <ul style="list-style-type: none"> <li>Non, je décide toute seule</li> <li>Mon mari</li> <li>Un autre membre de ma famille</li> <li>L'agent de UM-PAMECAS</li> <li>Autre</li> </ul> </li> </ol>
Questions générales sur position UM-PAMECAS	<ol style="list-style-type: none"> <li>1. Avez-vous des comptes dans d'autres institutions financières que UM-PAMECAS <ul style="list-style-type: none"> <li>Si oui : pourquoi et lesquels</li> <li>Si non : pourquoi</li> </ul> </li> <li>2. Êtes-vous membres d'une tontine, d'un groupe d'épargne?</li> <li>3. Est-ce que UM-PAMECAS est votre partenaire de préférence pour votre activité commerciale? Si ou pourquoi?</li> <li>4. Quelle est votre expérience avec d'autres partenaires financiers?</li> <li>5. Quelles sont 3 des qualités principales de UM-PAMECAS?</li> <li>6. Quelles sont 3 des faiblesses de UM-PAMECAS? <ul style="list-style-type: none"> <li>Question ouverte : avez-vous d'autres commentaires à partager avec nous.</li> </ul> </li> </ol>