



MAY 2026

Senegal

Impact Investing Landscape Mapping



Table of Contents

Table of illustrations	2
List of abbreviations	3
About GSG Impact	5
About the Senegal Impact Investing Task Force	6

Section 1

Executive Summary	7
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Section 2

Objectives and methodology	10
Objectives of the mapping	10
Methodological approach	10

Section 3

Context and strategic positioning of Senegal	11
Macroeconomic constraints and opportunities	11
Government priorities and strategic sectors	14
Definitions of impact investing: from global to local	16
Regional overview of impact investing: lessons from Kenya, Ghana, and Côte d'Ivoire	19

Section 4

Mapping the ecosystem by pillar	22
Sources and supply of capital	22
Capital intermediation	28
Demand for capital	35
Government and regulation	38
Market and infrastructure development	47
Illustrative impact cases	50

Section 5

Cross-cutting analysis and opportunities	53
Structural barriers preventing the flow of capital	53
Transformational opportunities	56

Section 6

Recommendations and role of the National Partner	58
Strategic priorities and recommended actions	58
Sequencing and conditions for success	65
Mobilizable platforms and alliances	66

Section 7

Conclusion	67
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Appendices	68
People interviewed for semi-structured interviews	68
People who responded to the questionnaire for consortium members	68
Bibliography	69
Directory of financial actors in Senegal: types and impact approaches	71

Table of illustrations

List of figures	Page
Figure 1: Breakdown of PAP public investment by strategic sector (SND 2025-2029)	15
Figure 2: Overview of active sources of capital in the investment ecosystem in Senegal	23
Figure 3: Mapping of capital flows and critical disruptions in the impact investment ecosystem in Senegal	53

List of tables	Page
Table 1: Overview of actors in the impact investment ecosystem in Senegal	22
Table 2: Prioritization matrix	59
Table 3: Recommended actions for financial architecture and capital mobilization mechanisms	60
Table 4: Recommended actions for financial architecture and capital mobilization mechanisms	61
Table 5: Recommended actions for institutional framework and public policy	63
Table 6: Recommended actions for measurement and transparency	64

List of boxes	Page
Box 1: FONSI and REEF: the first public vehicle focused on climate impact	24
Box 2: The AFD Group in Senegal: structuring projects and impact SMEs	25
Box 3: WIC Capital: an example of a local impact fund	30
Box 4: VIF Sonatel & Orange Ventures: a corporate financing model	30
Box 5: La Laiterie du Berger - Revitalizing a local dairy industry and creating rural value	51
Box 6: ShezNou – Local industrialization of furniture and structuring of a craft sector	51
Box 7: Wave – Mobile money revolution and mass financial inclusion	52
Box 8: ASKCare - Femtech and access to health diagnostics in underserved areas	52

List of abbreviations

Abbreviation	Signification
AFD	French Development Agency
AMF-UEMOA	Financial Markets Authority of the West African Monetary Union (AMF-UMOA)
AMMC	Moroccan Capital Market Authority
ANSD	National Agency for Statistics and Demography
APIX	Agency for the Promotion of Investments and Major Projects
ARIZ	Risk-sharing mechanism of the French Development Agency
AfDB	African Development Bank
BCEAO	Central Bank of West African States
EBRD	European Bank for Reconstruction and Development
BNDE	National Bank for Economic Development
CA	Turnover
ECOWAS	Economic Community of West African States
CEO	Chief Executive Officer
CMS	Crédit Mutuel du Sénégal
COFINA	Compagnie Financière Africaine
CTIC	First Francophone and Senegalese ICT incubator in Sub-Saharan Africa
DER	General Delegation for Rapid Entrepreneurship of Women and Youth
DFI	Development Finance Institution
EIIC	European Impact Investing Consortium
ESG	Environmental, Social, and Governance
ESS	Social and Solidarity Economy
XOF	African Financial Community franc
FDA	Food and Drug Administration
FONGIP	Guarantee Fund for Priority Investment of Senegal
FONSIS	Sovereign Strategic Investment Fund of Senegal
GIIN	Global Impact Investing Network
IFC	International Finance Corporation
IPO	Initial Public Offering
IRPP	Personal Income Tax

SRI	Socially Responsible Investment
KOICA	Korea International Cooperation Agency
LDB	La Laiterie du Berger
MSAS	Ministry of Health and Social Action (Senegal)
SDG	Sustainable Development Goals
NGO	Non-Governmental Organization
PAMECAS	Partnership for the Mobilization of Savings and Credit in Senegal
PAP	Priority Action Plan of Senegal
GDP	Gross Domestic Product
SME	Small and Medium-sized Enterprise
NP	National Partner
PPP	Public-Private Partnership
REEF	Renewable Energy and Energy Efficiency Fund
NDS	National Development Strategy
VAT	Value Added Tax
WAEMU	West African Economic and Monetary Union
USD	United States Dollar
VC	Venture Capital
IMF	International Monetary Fund
UCITS	Undertaking for Collective Investment in Transferable Securities
TPE	Very small enterprises
WIC	Women's investment club

About GSG Impact

GSG Impact builds impact economies. We do this by working to embed social and environmental impact at the heart of every political, investment, business and consumption decision.

We connect global leaders, governments, investors, regulators and social innovators, so that together we can build the infrastructure and incentives for social and environmental impact to be central to all decision making.

GSG Impact is the cornerstone of the wider GSG Impact Partnership – a global network of 43 National Partners representing

48 countries:

more than half in emerging markets.



If you want to know more about GSG Impact, visit gsgimpact.org

The GSG Impact Partnership is a global community committed to driving **improved social and environmental conditions** for people around the world.

About the Senegal Impact Investing Task Force

The Senegal Impact Investing Task Force is a collective of committed leaders and professionals from key networks and organizations who work to promote and support the development of impact investing in Senegal, in collaboration with GSG Impact.

The Senegal Impact Investing Task Force is currently composed of volunteers from the following organizations: Baobab Institute for Health Development, SenFinances Foundation, Icone Capital Jokkolabs, Magando, VAS&Cie, Women's Investment Club Senegal, WIC Capital, CONCREE, Beenih Ventures, Digital Senegal, MCV, MAAD, CTIC, JS Conseil, SEN Startup, Elite Capital, I&P, and WURI Ventures.

The Task Force receives technical assistance from Open Capital Advisors (OCA) as part of a partnership with GSG Impact.

The members of the Task Force are working together to mobilize stakeholders in the ecosystem and establish a roadmap for setting up an entity recognized as a GSG Impact National Partner, thereby joining a network of nearly 50 member countries. In this context, it commissioned this study on mapping and analyzing the impact investment landscape in Senegal (Impact Investment Landscape mapping).

The study was conducted by Ashia Group.

Acknowledgements

This report was co-authored by Open Capital and ASHIA Group, a local consulting firm. Special thanks are extended to all members of the Senegal Task Force for their valuable feedback and guidance throughout the process, as well as to the stakeholders interviewed and participants in the validation workshop for sharing their time, insights, and perspectives.

We are a collective of committed leaders and professionals from key networks and organizations who work to promote and support the development of impact investing in Senegal.

Section 1

Executive Summary

Overview of the ecosystem in 5 key findings

The Senegalese impact investment ecosystem is characterized by a paradox: solid structural foundations and significant activity, but critical disruptions in the flow of capital and a lack of coordination between actors, which limit its ability to produce a transformational effect at scale. It should be remembered that this ecosystem is still young—only about ten years old—and continues to learn and structure itself across all its pillars.

1

A structured ecosystem, but operating in silos.

Senegal has actors in the five pillars of impact investing. The ten facilitators interviewed have supported more than 1,400 companies over three years. However, these actors operate in a fragmented manner, without a common coordination platform, limiting synergies and the ability to produce a systemic effect.

2

A “missing middle” that excludes growing companies.

The financing offer covers a narrow window. Companies in transition—too mature for microfinance and donor programs, not structured enough for large tickets—struggle to find suitable instruments. This gap, which concerns financial needs between USD 300,000 and USD 2 million (\approx XOF 167 million-1.1 billion), is exacerbated by a lack of preparation: 4/5 of the facilitators surveyed point to insufficient financial reporting, and 2/3 to weak governance, creating a mismatch between available supply and qualified demand.

3

A geopolitical window of opportunity in a constrained financial context.

Instability in the Sahel is repositioning Senegal as a preferred destination for development flows. But this opportunity coincides with structural tightening: public debt at 99.7% of GDP is crowding out private financing, with the state absorbing domestic liquidity to the detriment of the private sector. The budget deficit of 11.3% and the tax burden of 18.4% limit the scope for structural incentives.

4

Lack of an institutional framework for impact investment in the National Development Strategy (NDS).

The National Development Strategy 2025-2029 expects one-third of its funding to come from the private sector, with billions of XOF in public-private partnerships quantified in sectors aligned with the Sustainable Development Goals (SDGs) (energy, water, health, education). However, the strategic documents never mention impact investing and do not specify how to mobilize this private capital or which instruments to use.

5

A measurement infrastructure under reconstruction.

The Observatory created in 2020 remained non-functional until its relaunch in January 2025. The absence of a consolidated system reduces visibility on funding gaps and the real impact of interventions, depriving decision-makers and investors of benchmarks to guide their allocations.

Critical gaps and transformational opportunities

The ecosystem has structural shortcomings: fragmented coordination, a lack of skills in financial management and impact measurement, support programs that are too short (3-6 months vs. the 12-24 months needed), an informal financing system (USD 928 million per year, ≈ XOF 516 billion) that is completely isolated from structured financing, and an unattractive tax framework.

Four transformational opportunities are opening up. Geopolitical repositioning makes it possible to capture a portion of the USD 6 billion (≈ XOF 3,336 billion) in blended finance—a mechanism combining public and private capital to reduce risk and attract investors to impact projects—deployed in the Sahel over an 18-24 month window. The estimated XOF4,371 billion (≈ USD 7.86 billion) in public-private partnerships (PPPs) offer a structuring vehicle combining secure revenues, high ticket prices (USD 12-120 million, ≈ XOF 6.7-66.7 billion), and measurable impact. The gradual digitization of informal financing would make it possible to structure 15-20% of flows (USD 140-185 million, ≈ XOF 77.8-102.9 billion) while maintaining 70-80% for basic inclusion. CREPMF (Regional Council for Public Savings and Financial Markets)-regulated Impact UCITS (Undertakings for Collective Investment in Transferable Securities) could unlock USD 300 to 500 million (≈ XOF 166.8-278 billion) of the USD 3.8 billion (≈ XOF 2,113 billion) in institutional savings trapped by prudential ratios favoring public debt.

Priority recommendations and role of the National Partner

The objective of the National Partner (NP) is to participate in transforming the ecosystem so that it can effectively mobilize private capital for companies with social and environmental impact. This requires preparing entrepreneurs to raise funds, rigorously measuring the impact generated, and extending access to financing beyond Dakar.

Two priority actions need to be implemented quickly.

First, strengthen the capacities of entrepreneurs and their mentors: today, companies do not understand investor requirements (financial reporting, governance, human resources, etc.), and the support structures themselves lack the skills to prepare them. Incubators and accelerators must therefore be professionalized, support programs tailored to real needs (12-24 months instead of 3-6 months) must be created, and specialized networks by sector and region must be developed. Second, a reliable impact measurement system must be put in place: currently, no one has consolidated data on who is investing how much, in which sectors, and with what results. The National Observatory must be made operational so that it can collect and disseminate this information in a standardized manner. The National Partner would play a central role in supporting the training of stakeholders, defining standards adapted to the Senegalese context, and facilitating the flow of information between investors and entrepreneurs.

Four structural reforms to be carried out in parallel.

Create a national facility that pools risk-sharing mechanisms (guarantees, first-loss tranches) to unlock financing for small and medium-sized enterprises (SMEs). Develop regulated investment vehicles to mobilize local savings (bond funds, equity funds, infrastructure funds). Gradually structure informal financing (digitalized tontines) to make it accessible to formal companies while preserving its role in promoting inclusion. Reform the regulatory framework: ease the constraints that prevent institutional investors (banks, insurance companies, pension funds) from investing in SMEs, standardize public-private partnership contracts by incorporating measurable impact criteria, and maintain a tax environment conducive to financial digitalization.

A two-stage sequence.

The first 18 to 24 months should focus on regulatory reforms and the establishment of institutional mechanisms, because without this favorable environment, financial instruments will not be able to function. At the same time, the three opportunities identified must be activated in a coordinated manner: capturing international reallocated financing (blended finance), structuring the public-private partnerships quantified in the national strategy (XOF 4,371 billion, ≈ USD 7.86 billion), and gradually integrating informal financing (USD 928 million mobilizable, or XOF 516 billion). These three levers reinforce each other: international capital finances infrastructure through PPPs; PPPs create replicable models that reassure investors, and the mobilization of local savings reduces dependence on external financing.

Key Insight from the Analysis	What This Means for the Impact Market	Potential Action
The ecosystem remains fragmented, with multiple actors operating without coordination or shared standards or impact investment definitions.	Fragmentation reduces market visibility, limits collaboration between investors and ecosystem actors, and slows capital mobilisation.	Establish a national impact investment platform to coordinate ecosystem actors, promote shared definitions and standards, and facilitate regular dialogue between investors, government and intermediaries.
A major constraint identified by investors is the limited pipeline of investment-ready SMEs capable of meeting investor requirements.	Even where capital is available, weak pipeline quality prevents deployment of funds and limits the growth of the market.	Expand SME investment readiness programmes through incubators, accelerators, and technical assistance facilities to strengthen the pipeline of investable businesses.
The supply of impact capital is largely dominated by development finance institutions and foreign investors, with limited mobilisation of domestic capital.	Heavy reliance on international capital limits market depth and long-term sustainability of the ecosystem.	Develop strategies to mobilise domestic capital, including engaging pension funds, banks, and diaspora investors in impact investment opportunities.
Many SMEs fall into the "missing middle" financing gap, where funding needs exceed microfinance but remain too small or risky for banks and private equity funds.	The financing gap limits SME growth and prevents impact investors from scaling investments in high-potential enterprises.	Develop blended finance instruments or risk-sharing mechanisms to de-risk SME lending and crowd in private capital.
The policy and regulatory framework supports entrepreneurship but does not yet fully enable impact investing (e.g. limited incentives, unclear regulatory treatment of impact vehicles).	Without targeted policy support, private capital mobilisation and innovation in financing instruments remain constrained.	Strengthen policy frameworks supporting impact investing, including fiscal incentives, regulatory clarity for impact funds, and policy tools that encourage private investment into SMEs and priority sectors.

Section 2

Objectives and methodology

Objectives of the mapping

This mapping of the impact investment ecosystem in Senegal is part of the process of creating a GSG Impact National Partner (NP). It aims to provide an in-depth understanding of the local landscape to guide the future NP's strategy and catalyze the development of an impact investment market aligned with national priorities and the Sustainable Development Goals (SDGs).



Methodological approach

The methodology adopted combines in-depth documentary research, primary data collection via semi-structured interviews and questionnaires, and participatory validation with ecosystem stakeholders. This triangulated approach allows for the cross-referencing of secondary sources and testimonials from stakeholders in the field to produce a robust analysis despite the constraints of quantitative data availability.

The analysis draws on three complementary approaches: desk research, stakeholder interviews and surveys, and a mid-term validation workshop.

Desk research combined national strategy documents, publications from development finance institutions, investor and entrepreneur network reports, and GSG mapping work from comparable African markets.

Primary data collection involved semi-structured interviews with key players across five ecosystem pillars: capital supply, financial intermediation, capital demand, government and regulation, and market infrastructure. Structured questionnaires were also sent to Senegal Impact Investing Task Force members and a wider stakeholder group. A mid-term workshop was held in November 2025 at the DER during Entrepreneurship Week to pressure-test early findings. We are grateful to everyone who gave their time.

A note on limitations: Reliable data is scarce. Informal actors don't track capital flows, and formal data isn't aggregated, as the impact investment observatory has only recently been reactivated. As a result, this report prioritizes analytical depth over exhaustive coverage, focusing on formalized actors with meaningful track records. Total volumes circulating in Senegal's entrepreneurial economy are likely higher than what this mapping captures.

Section 3

Context and strategic positioning of Senegal

Macroeconomic constraints and opportunities

Senegal is at a turning point where exceptional growth dynamics and structural macroeconomic constraints are converging, profoundly redefining the conditions for mobilizing impact investment capital. This tension between economic dynamism and financial constraints defines the conditions for impact investment: a geopolitical window of opportunity is opening in a context of structural tightening of liquidity available to the private sector.

A geopolitical repositioning with limited effects

Persistent instability in the Sahel, marked by military transitions in Mali, Burkina Faso, and Niger, not to mention the most recent one in Guinea-Bissau, has automatically repositioned Senegal as a preferred destination for development capital flows in West Africa. International donors and development finance institutions are actively seeking stable alternatives in a fragile subregional context.

Senegal has undeniable comparative advantages: consolidated political stability, recognized democratic governance, and strategic geographical positioning. Data from the African Development Bank ranks the country among the "consistent growers" of West Africa, with a trajectory that differs from that of its neighbors¹.

However, this geopolitical window of opportunity is hampered by two structural realities. On the one hand, the reorientation of donor flows remains limited in scope: while some development finance institutions (IFC, Proparco, FMO) are stepping up their presence, their deployment capacities are constrained by broad geographical mandates and rigid allocation processes. On the other hand, and more critically, this favorable dynamic coincides with a global tightening of liquidity available to African emerging markets. Between 2022 and 2024, access to international bond markets has been significantly restricted, with increased volatility and sharply rising issuance costs, despite some selective returns by high-quality issuers at the end of 2024.

Public debt crowding out the private sector

The trajectory of Senegal's public debt is a major structural constraint. The budget deficit, at 11.3% of GDP in 2024, reflects substantial public financing needs. A preliminary audit of public finances conducted in 2024 revealed the existence of significant unrecorded capital expenditures, calling into question the sustainability of projected budgetary trajectories.

This situation generates three knock-on effects that directly penalize private sector financing:

· Crowding out on domestic markets

Faced with the closure or rising costs of international markets, the WAEMU (West African Economic and Monetary Union) countries have turned en masse to domestic and regional markets². This pressure has created a major crowding-out effect: issuance costs rose between 2022 and 2023, while coverage rates for transactions fell significantly. Available pockets of liquidity are now concentrated in short and medium maturities (3 months to 7 years), which are unsuitable for the long-term financing needs of impact companies.

¹ African Development Bank, African Economic Outlook 2025.

² Deloitte, African Financial Industry Barometer 2024.

· **Strengthened prudential approach in the banking sector**

WAEMU central banks have strengthened prudential ratios in response to regional and global macroeconomic uncertainties. Financial institutions have adopted a conservative stance. This regulatory and operational caution automatically reduces the private sector's financing capacity, particularly for segments perceived as higher risk, such as SMEs and impact companies.

· **Pressure on sovereign ratings**

International agencies are keeping a close watch on the debt trajectories of West African economies. Any deterioration in Senegal's sovereign risk would immediately translate into higher capital costs for all economic actors, both public and private.

The tax burden, at 18.8% of GDP in 2023, remains below the WAEMU standard of 20%. This situation limits fiscal room for maneuver for, among other things, structural tax incentives. In a context where the government is seeking to increase its revenues, any tax incentive for impact investment constitutes a complex political trade-off between resource mobilization and support for the private sector³.

Structural implications for impact investment

The macroeconomic constraints described above fundamentally redefine the conditions for mobilizing impact investment capital in three ways:

1

A cost of capital that is unfavorable to impact models.

The rising cost of capital directly affects the expected return on investment. Impact companies, whose business models often involve trade-offs between financial returns and social or environmental impact, find themselves in a weakened competitive position compared to conventional investments in a high interest rate environment.

2

A pronounced missing middle

The scarcity of resources leads to more selective capital allocation, favoring established players, sectors perceived as low risk, and larger investment tickets. The "missing middle" is becoming more pronounced for formal impact companies in the growth phase (turnover of USD 300,000-2 million, or XOF 167 million-1.1 billion). These companies have a legal structure but remain below the threshold required by institutional investors in terms of governance, auditing, and accounting transparency.

3

Structural dependence on blended finance

Without de-risking mechanisms, private capital will not be deployed. Partial guarantees, first-loss concessional loans, and risk-sharing mechanisms are essential to unlock commercial capital for impact companies. This configuration makes financial engineering indispensable for mobilizing significant volumes.

³ AFD. Analysis of the impact of taxation and social spending on poverty and inequality in Senegal, 2024.

The Senegalese paradox: robust growth and financial constraints

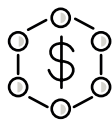
Despite these structural constraints, Senegal has one of the most dynamic growth prospects on the continent. After growing by 6.9% in 2024, projections point to rates of 10.3% in 2025, the highest on the continent, and 7.1% in 2026⁴, driven by hydrocarbon exploitation and associated industrialization.

This trajectory generates three structural opportunities for impact investing:



Expansion of the domestic capital base

Sustained economic growth (averaging 6% over 2014-2019, maintained at 4% over 2020-2022) has led to an improvement in per capita income of 3.9% per year. This dynamic is creating an emerging middle class and high net worth individuals (HNWIs) who could potentially be mobilized for domestic impact investment vehicles.



Sector diversification and infrastructure needs

Hydrocarbon exploitation and related structural investments are creating impact investment opportunities in adjacent value chains: local content, services to extractive industries, and social infrastructure for exploitation areas. The Emerging Senegal Plan and Senegal Agenda 2050 maintain a focus on investments with high economic and social impact.



Relative macroeconomic stability

Controlled inflation (0.8% in 2024, projected at 2.6% in 2025) and demonstrated economic resilience during the pandemic (positive growth of 1.3% in 2020) reinforce Senegal's credibility as a stable investment destination in a volatile regional environment.

Senegal's macroeconomic trajectory presents a fundamental tension that directly shapes the conditions for impact investment. The public debt burden and the crowding-out effect it generates on domestic liquidity are not peripheral constraints - they structurally limit the space available for private capital deployment, particularly for patient instruments suited to impact companies. At the same time, the geopolitical window opened by regional instability is real but time-bound: without proactive absorption capacity, Senegal will not capture a meaningful share of the development finance flows currently being reallocated across West Africa. The central implication is clear - blended finance mechanisms are not a complement to market-rate capital in this context, they are a prerequisite for it. Building the institutional infrastructure to systematically deploy these instruments, before the window narrows, is the most urgent near-term priority for the ecosystem.

Methodological note: The data presented uses the old national accounts base (2014 base). The ANSD rebasing published on November 25, 2025 (new 2021 base) revises several key indicators downward, notably the 2021 tax burden rate (15.9% vs. 18.0% under the old base) and the public debt ratio (80.0% vs. 90.8%). The argument developed on the fiscal constraint remains valid, although the exact ratios would need to be updated with the new base for the years 2022-2023.

⁴ African Development Bank, African Economic Outlook 2025.

Government priorities and strategic sectors

National strategic guidelines define the framework within which impact investing can be deployed in Senegal. The Senegal Vision 2025–2050 and the National Development Strategy (NDS) 2025–2029 identify priority sectors and financing mechanisms envisaged for the structural transformation of the economy.

Analysis of these documents reveals a paradox: high economic development ambitions that implicitly call for impact investment models, but a total absence of explicit reference to this type of financing in the national strategic architecture.

Budgetary ambition and the role assigned to the private sector

The NDS 2025–2029 mobilizes a budget of XOF 18,497 billion (≈ USD 33.3 billion) over five years, of which 31% (XOF 5,675 billion, ≈ USD 10.2 billion) is expected to come from the private sector. This significant private contribution theoretically represents a major window of opportunity to structure an impact investment market: the volumes are substantial, the targeted sectors correspond to the SDGs, and the need for patient capital aligned with development objectives is structural. However, the strategy document does not specify the mechanisms for mobilizing this private capital, the financial instruments envisaged, or the incentives likely to direct investment towards priority sectors.

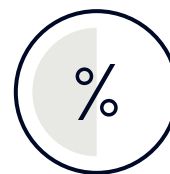
The National Strategy for Private Sector Development and Investment (SNDSPI), mentioned in the NDS⁵, is not detailed, creating uncertainty about the effective levers for mobilization.

Structural macroeconomic constraints

Three major constraints weigh on the mobilization of public capital and limit the scope for pro-impact tax incentives.

- The tax burden stands at 18.4% of GDP, significantly below the levels observed in OECD economies (35%+) and even the WAEMU standard (20%). This low level of tax revenue is partly explained by losses linked to tax evasion, estimated at XOF 161 billion per year (≈ USD 289.6 million, or 5.65% of budget revenue), and by a system of tax exemptions representing around 30% of potential tax revenue. In this context of constrained public resources, the introduction of tax incentives for impact investing represents a complex political trade-off between mobilizing immediate revenue and providing long-term support to the private sector.
- Public debt, estimated at 99.7% of GDP, significantly exceeds the sustainability threshold of 70%, generating a crowding-out effect on domestic capital markets to the detriment of private sector financing. The strategy document explicitly acknowledges that "the economy experiences a cycle of over-indebtedness every 20 years, which undermines any ambition for long-term economic sovereignty." This debt trajectory structurally limits the state's ability to act as a catalyst through guarantee or co-investment mechanisms, effectively transferring responsibility for capital mobilization to private actors and international donors.
- The relative inefficiency of investment is a third constraint that has been identified. Senegal invests heavily, but is poor at transforming these investments into concrete economic growth: it takes 6.7 units of investment to generate one unit of growth, compared with less than 4 in high-performing economies. The problem is not the volume of investment, but its quality, its sectoral allocation, and the governance of the projects financed. This reality underscores the importance of investment approaches that include structured technical support and rigorous monitoring of results, rather than simply providing capital.

⁵ National Development Strategy 2025–2029, page 127



Impact investing in Senegal remains weakly institutionalized, constrained by public debt nearing

100%

of GDP and a tax burden of only 18.4% of GDP.

Lack of explicit recognition of impact investing.

The term “impact investing” does not appear anywhere in the NDS 2025-2029. Similarly, related concepts (social enterprise, green or social bonds, venture capital, specialized incubators, impact measurement frameworks) are absent from the document.

This invisibility contrasts with other comparable countries that have developed public instruments dedicated to mobilizing capital for impact companies. In Ghana, the Venture Capital Trust Fund, created in 2004, operates as a public fund of funds investing in SMEs. In Kenya, pension funds have been able to invest up to 10% of their assets in private equity since 2016, accompanied by three public funds (Youth Enterprise Development Fund, Women Enterprise Fund, Uwezo Fund) targeting young people, women, and people with disabilities.

These instruments suggest that impact investing in Senegal remains an emerging market that is not yet institutionally structured and operates outside official strategic frameworks. Islamic finance, which could potentially be relevant in a country that is 95% Muslim, is also not mentioned, highlighting a gap between opportunities for mobilizing domestic capital and formalized strategic priorities.

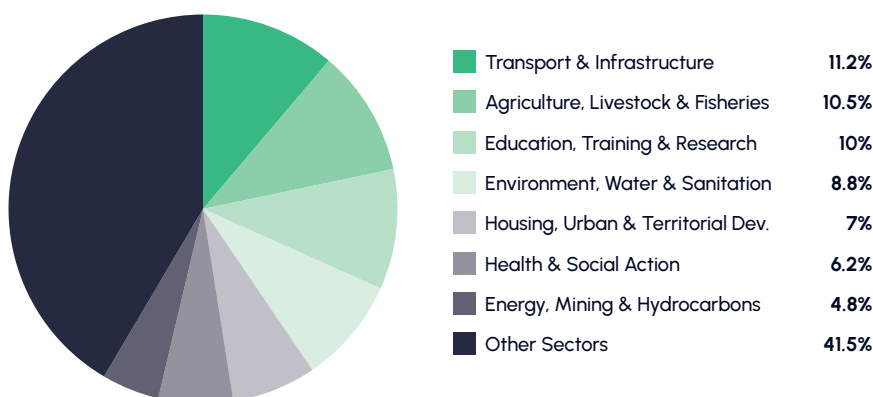


Comparable African markets like Kenya and Ghana have introduced dedicated public instruments for impact financing, while impact investing remains absent from Senegal's national development strategy.

Key sectors of the NDS

The Priority Action Plan (PAP) of the National Development Strategy allocates substantial public investment to several sectors whose social and environmental challenges call for impact investment models. These six priority sectors together account for approximately 58% of public investment, with a marked concentration on infrastructure and rural development.

Figure 1: Breakdown of PAP public investment by strategic sector (NDS 2025-2029)



Source: Priority Action Plan (PAP) — Senegal National Development Strategy (SND) 2025-2029

Implications for impact investing

Under the banner of “human-centered development,” the PAP prioritizes human capital while providing for a gradual withdrawal of the state from productive sectors in favor of the private sector. This orientation creates a structural need for investment models that combine financial profitability with measurable social/ environmental impact.

However, the lack of explicit recognition of impact investing in national strategic documents has three structural consequences:

- On the one hand, actors in the impact investment ecosystem operate without a clear national reference framework, complicating the coordination and legitimization of their initiatives with public authorities.

- On the other hand, tax and regulatory incentives that could catalyze impact investing (social enterprise status, targeted exemptions, guarantee mechanisms) have not been developed, keeping the cost of capital at levels that are not well suited to impact models.
- Finally, impact monitoring and measurement are not part of the NDS's monitoring mechanisms, limiting the ability to assess the effective contribution of impact investing to national objectives.

The strategic alignment between Senegal's priority sectors and impact investment objectives is genuine and significant - but it remains implicit and unactivated. The NDS 2025–2029 identifies exactly the sectors where impact capital is most needed, and quantifies substantial private financing ambitions, yet contains no reference to the instruments, incentives, or frameworks that would make this mobilisation possible. The absence of impact investing from official strategic documents is not a minor gap: it means that ecosystem actors operate without institutional legitimacy, that tax and regulatory incentives remain underdeveloped, and that impact contributions to national objectives go unmeasured. Advocating for the explicit integration of impact investing into the next iteration of the NDS - and into the monitoring mechanisms that accompany it - is therefore not simply a communication exercise. It is the foundational condition for unlocking the policy levers that would allow private capital to flow toward nationally strategic, measurable-impact investments.

Definitions of impact investing: from global to local

The definition of impact investing structures the entire ecosystem: it determines which actors are eligible, which instruments are relevant, and which measurement standards apply. In Senegal, the coexistence of international reference frameworks and local contextual interpretations generates productive tensions, but also gray areas that complicate coordination among actors

International reference frameworks

GIIN (Global Impact Investing Network) definition

The GIIN, a global network of 350+ impact investors managing more than USD 1.5 trillion, or XOF 834 trillion (2024), defines impact investing as “investments made with the intention of generating positive and measurable social and environmental impact, in addition to financial returns.” The GIIN identifies four fundamental characteristics of impact investing:

- 1 Intentionality—a deliberate desire to contribute to measurable social/ environmental benefit
- 2 Use of data and evidence to guide investment design,
- 3 Active impact management—using collected data to understand what works and make better-informed decisions
- 4 Contribution to impact market development—sharing learnings where possible.

- The GIIN is also developing IRIS+ (Impact Reporting and Investment Standards), a system of standardized metrics that enables the comparability of impact performance across investments and portfolios.

Conceptual framework European Impact Investing Consortium (EIIC)

The European Consortium (Impact Europe, GSG Impact, GSG National Partners from Germany, Italy, Spain, the Netherlands, Belgium, and the UK) refines this definition by identifying **three defining characteristics** of impact investing:

- A clear ex-ante intention to contribute to solving social/environmental problems, in addition to generating an appropriate financial return (ranging from capital recovery to market returns)



Investments made with the intention of generating positive and measurable social and environmental impact, in addition to financial returns.



GIIN

- Impact measurement and management - using collected data to understand what works and improve decisions;
- Financing companies or projects whose primary mission is to provide solutions to social/environmental challenges and/or benefit neglected/underserved target groups.

The EII Consortium also introduces a critical distinction: impact investing is not limited to investing in assets with a positive impact ("buying impact"), but involves an active contribution by the investor ("making impact") through financial and/or non-financial activities. This investor contribution can take four forms:

- 1 Bringing in new capital (IPOs, new fundraising)
- 2 Providing flexible capital (first-loss capital, long-term patient capital)
- 3 Active ownership and engagement with investee companies
- 4 Market development efforts (pioneering new financing models).

IFC (International Finance Corporation) positioning

The IFC, the investment arm of the World Bank Group, uses an aligned but broader operational definition: "investments in sectors or companies contributing to the SDGs, with a focus on **additionality** and environmental and social safeguards (Environmental and Social Performance Standards)." The IFC approach emphasizes the need to prove that the capital deployed generates a greater impact than the counterfactual scenario without intervention.

Adaptation and interpretation by Senegalese actors

Documentary research, structured interviews, and the validation workshop reveal significant heterogeneity in the understanding and application of the concept of impact investing by local actors. Three categories of interpretation coexist:

· Sectoral approach and target populations.

Many actors, particularly medium-sized intermediaries and public institutions, consider any financing of companies operating in sectors with positive externalities (agriculture, health, education, clean energy) or targeting underserved populations (SMEs in rural areas, young entrepreneurs, or women) to be impact investing. The impact is assumed based on the sector or target, without necessarily being formally measured ex-post. This pragmatic interpretation recognizes that the requirement for rigorous measurement may exclude actors who are genuinely creating impact but do not have the technical capacity to document it according to international standards.

· Employment-centered approach.

Several actors interviewed equate investment with impact and investment with job creation, particularly jobs for young people. This view, while legitimate in the context of structural unemployment, is challenged by rigorous impact practitioners who point out that a job is not automatically synonymous with positive impact (working conditions, level of remuneration, sustainability). Feedback from the mid-term workshop explicitly highlighted this tension: "Creating a job ≠ automatically creating impact. An example of real impact: La Laiterie du Berger, which has increased a female herder's income from XOF 500/month (≈ USD 0.90) to XOF 15,000/month (≈ USD 27)."

· Islamic finance approach.

Khuwaylid Capital offers a specific link between Islamic finance and impact investing, defining impact through the higher objectives of Sharia (Maqasid al-Shariah): preservation of life, creation and protection of wealth, preservation of intellect, physical integrity, and faith. The fund, a pioneer of its kind, establishes a correspondence between these objectives and the United Nations SDGs, considering that any Sharia-compliant investment inherently generates a positive impact.



Creating a job is not automatically synonymous with positive impact. Real impact is measured by the change in the quality of life and sustainability of income.



Lack of systematic impact measurement.

A cross-cutting observation emerges from the interviews: the majority of the actors interviewed do not have formalized impact measurement mechanisms in place. Some financial intermediaries mention internal methodological approaches without specifying the frameworks used. One social enterprise that has raised more than XOF 1 billion from impact investors acknowledges that it does not currently measure its impact formally, citing a lack of time, budget, and methodology ("don't know where to start"). One support provider indicated that success is mainly assessed through the ability of the companies they support to grow and contribute to the economy, without any formal impact measurement system.

This structural weakness in impact measurement contrasts with the growing demands of international investors and donors, who are increasingly making their funding conditional on rigorous demonstration of the impact generated. This can be explained by several factors: additional costs of data collection and analysis that small intermediaries cannot absorb, a lack of specialized skills in impact measurement in the local ecosystem, and the prioritization of financial survival and capital deployment over impact reporting when resources are limited.

Tensions and gray areas

· **Traditional SME financing versus intentional impact investing.**

The central tension identified by all stakeholders concerns the boundary between general SME financing and impact investing. Does all financing of a Senegalese SME generate impact (job creation, contribution to GDP, local economic development)? Or does impact investing require explicit intentionality, selection criteria that incorporate social/environmental dimensions, and systematic impact measurement?

· **Social enterprises versus impact enterprises.**

A recurring confusion, highlighted during the mid-term workshop, concerns the assimilation between the Social and Solidarity Economy (SSE) and impact investing. The SSE refers to a specific mode of governance (cooperatives, mutual societies, associations, foundations) characterized by a priority social purpose, democratic governance, and limited profitability. Impact investing, on the other hand, is agnostic to legal form: a traditional corporation can be an impact company if it incorporates social/environmental intentionality, measures its impact, and generates a proven positive impact. Conversely, a cooperative may have little social impact if it does not create significant value for its members or community.

· **The absence of a legal status for social enterprises in Senegal**

(unlike in the United Kingdom with Community Interest Companies, or in France with ESUS accreditation) complicates the identification of target companies. Investors must assess the intent and actual impact on a case-by-case basis, without being able to rely on administrative certification to facilitate selection. This regulatory gap is an obstacle to the development of a structured impact investment market.



This structural weakness in impact measurement contrasts with the growing demands of international investors and donors, who are increasingly making their funding conditional on rigorous demonstration of the impact generated.

Position adopted for this report

This report does not adopt a single definition of impact investing, but documents the diversity of existing approaches to inform three priority areas of intervention for the future GSG National Partner:



Institutional advocacy

integrating impact investing into national strategic documents and developing an appropriate regulatory framework (social enterprise status, tax incentives).



Support for measurement capabilities

supporting stakeholders in the implementation of contextualized and accessible impact analysis tools, positioned as strategic tools for accessing capital rather than compliance constraints.



Facilitation of coordination

develop shared minimum standards (e.g. terminology) without imposing rigid harmonization, respecting the diversity of operational models and contexts (informality, multi-activity, local realities).

The diversity of interpretations of impact investing observed in the Senegalese ecosystem reflects legitimate contextual adaptations but also generates coordination costs that limit collective effectiveness. When actors cannot agree on what counts as impact - or what distinguishes an impact enterprise from a well-intentioned SME - it becomes difficult to build shared pipelines, common standards, or credible market data. The structural absence of a legal status for social enterprises compounds this, forcing every investor to reinvent the selection process without the benefit of administrative certification. Addressing this fragmentation does not require imposing a single international framework ill-suited to local realities. It requires the ecosystem to converge on minimum shared definitions and measurement practices - positioned, critically, as tools for accessing capital rather than compliance obligations. The National Partner is well placed to facilitate this convergence, starting from the practical needs of active investors and the documented challenges of local entrepreneurs.

Regional overview of impact investing: lessons from Kenya, Ghana, and Côte d'Ivoire

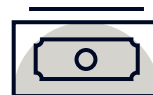
The regional benchmark highlights contrasting trajectories in the development of impact investing. Ghana illustrates the key role, but also the limitations, of public intervention in the face of a persistent missing middle. Kenya, a mature regional hub, reveals the risks of excessive capital concentration and dependence on foreign financing. Côte d'Ivoire, an emerging ecosystem in the process of structuring itself, shows the importance of risk-sharing mechanisms and support for formalization. These three trajectories provide a better understanding of the Senegalese context and identify the critical levers for building a sustainable impact ecosystem.



Ghana: public intervention necessary, but critical calibration

Ecosystem dynamics

Between 2005 and 2015, development finance institutions dominated impact investment with 95% of the total, with average ticket sizes of USD 28 million (\approx XOF 15.6 billion), compared to 5% for private investors (ticket sizes of USD 900,000, \approx XOF 500 million). This asymmetry has created a structural missing



In Ghana, the 26,000 social enterprises seeking financing between USD

50,000-1mn

(\approx XOF 27.8-556 million) remain excluded.

middle: the 26,000 social enterprises seeking financing between USD 50,000 and USD 1 million (≈ XOF 27.8-556 million) remain excluded, too small for development finance institutions (DFIs) and too large for rural banks. In 2022, the ecosystem had 38 PE/VC funds, but they were highly fragmented, and social enterprises were 44% dependent on grants in the face of prohibitive banking costs of 25%. The December 2022 debt default brutally exposed the ecosystem's vulnerability to macroeconomic volatility, despite the existence of public structuring instruments (Venture Capital Trust Fund recapitalized to USD 40 million (≈ XOF 22.2 billion) in 2021, Development Bank Ghana with nearly USD 1 billion in assets (≈ XOF 556 billion)).

Strategic lessons for Senegal

The Ghanaian experience confirms that public intervention is necessary to catalyze the ecosystem, but its calibration is critical. The capping of interest rates in 2016 had the opposite effect to that intended: banks reduced their lending to SMEs in favor of large companies and Treasury bills, exacerbating the exclusion of impact companies seeking patient capital. Conversely, the first major local private equity investment made in 2021 by five pension funds (~USD 21 million, denominated in cedis, or ≈ XOF 11.7 billion) demonstrates the untapped potential of domestic capital. For Senegal, two imperatives emerge: designing public incentive policies without creating adverse effects on the allocation of bank capital, and prioritizing the mobilization of local institutional investors (pension funds, insurance companies) to reduce dependence on volatile international flows. Ghana's financing gap to achieve the SDGs (USD 43 billion annually until 2030, or XOF 23,908 billion) underscores that no ecosystem, even a mature one, can do without a strategy to mobilize domestic capital.



Kenya: avoiding concentration and unlocking local capital

Ecosystem dynamics

Kenya presents the paradox of a recognized regional hub where the concentration of capital excludes the majority of companies. In 2017, 70% of private capital was allocated to just five companies (fintech, off-grid energy), a pattern that continued in 2024 with 67% of climate finance captured by startups led by non-local founders. Social enterprises, which make up the bulk of the entrepreneurial ecosystem, depend on personal savings for 86% of their funding, as bank lending costs of 20-25% exclude them from institutional financing. Dependence on foreign capital (75% from Europe and North America) weakens local roots. The low number of exit transactions (60 over the decade) limits capital turnover. The most striking paradox concerns pension funds: despite authorized allocations of 10-20% in private equity, they keep their investments below 1% due to risk aversion, leaving massive untapped potential.

Strategic lessons for Senegal

The Kenyan experience highlights three risks to avoid and one opportunity to seize. First, geographical (Nairobi) and sectoral concentration limits territorial impact: Senegal must aim for decentralization and regional capacity building from the outset of the ecosystem. Second, the increase in capital gains tax to 15% (2023, vs. 5% previously) has discouraged exits and risk-taking in the early stages: fiscal stability is critical to building a sustainable ecosystem. Thirdly, the shortage of managerial skills is hampering the effective absorption of investment: technical support must precede the mobilization of capital. The opportunity lies in unlocking domestic capital: Senegalese and WAEMU pension funds present the same paradox (regulatory approvals vs. practical risk aversion). The creation of structured and regulated investment vehicles (CREPMF-certified impact UCITS) could facilitate allocation by local institutions, reducing structural dependence on international investors and strengthening local ownership of the ecosystem.



In Pension Funds in Kenya, despite authorized allocations of 10-20% in private equity, they keep their investments below

1%

due to risk aversion, leaving massive untapped potential.



Côte d'Ivoire: gradual structuring and inclusive mechanisms

Ecosystem dynamics

Côte d'Ivoire has a maturing ecosystem characterized by an unbalanced financial architecture. Banks dominate massively (77% growth in loans between 2017 and 2023), while investment funds active in the country deploy little capital there (only 8 to 12% actually invested in Côte d'Ivoire). In 2025, 80% of companies applied for financing, but only 10% of applications were approved, revealing a critical gap between needs and available resources. However, demand is gradually becoming more structured: it is now concentrated between XOF 100 million and XOF 200 million (\approx USD 180,000 - USD 360,000) with a preference for flexible financing, and companies are accepting a dilution of 10 to 25%, demonstrating a better understanding of capital issues. Nevertheless, the low level of formalization of companies limits access to institutional financing, and impact measurement remains virtually non-existent.



Côte d'Ivoire has a maturing but unbalanced financial ecosystem, characterized by the strong dominance of banks, while investment funds active in the country continue to deploy relatively limited capital.

Strategic lessons for Senegal

The Ivorian experience highlights the importance of the regulatory framework as a lever for unlocking potential. Social security and pension organizations (CNPS, CGRAE) have significant capital at their disposal but invest little in SMEs due to restrictive regulatory constraints: reforming prudential frameworks is a powerful lever for mobilizing local savings towards impact-driven companies. The emergence of inclusive mechanisms offers promising avenues: risk-sharing mechanisms (IFC), co-investment programs (AfDB, IFC), and accelerators such as Y'ello Startup, which structure investable projects. These instruments can be replicated in Senegal with adaptation to the local context. Finally, the growing acceptance of dilution by Ivorian entrepreneurs confirms that support for formalization and investment preparation must precede the mobilization of capital: first structure demand, then deploy supply.

These three trajectories confirm the structural principles for Senegal. Public intervention is necessary, but must be carefully calibrated to avoid the adverse effects observed in Ghana. Mobilizing domestic capital (pension funds, insurance companies, institutional investors) is essential for sustainability in the face of the volatility of international flows demonstrated in Kenya. Without systematic risk-sharing mechanisms and appropriate regulatory frameworks, ecosystems remain fragmented, as in Côte d'Ivoire. Senegal has a unique opportunity: to combine political stability, sustained economic growth, and domestic mobilization potential to build a balanced ecosystem by learning from regional lessons without repeating their structural mistakes.

Section 4

Mapping the ecosystem by pillar

The impact investment ecosystem in Senegal is structured around five interdependent pillars: supply of capital, financial intermediation, demand for capital, governmental and regulatory framework, and market development infrastructure. A detailed analysis of each of these pillars reveals a paradoxical ecosystem: all the ingredients are present, but structural barriers prevent them from working together effectively. The table below presents the main actors identified within each pillar. This list is not exhaustive; it reflects the situation at the time of the study and is intended to be expanded by the National Partner.

Table 1: Overview of actors in the impact investment ecosystem in Senegal

Pillar	Identified stakeholders
Capital Supply	
Capital Intermediation	
Capital Demand	Impact enterprises across all sectors (agriculture, health, financial services, high technology, energy, handicrafts, education etc.)
Government & Regulation	
Market Development & Infrastructure	



Sources and supply of capital

The capital supply in Senegal is based on a diverse set of sources: DFIs and international donors, banks and credit institutions, microfinance institutions, domestic public actors, investment and venture capital funds, business angel networks, and foundations. Despite this apparent diversity, each category operates in a narrow segment of ticket sizes and maturities, leaving the intermediate zone structurally underserved. This section analyzes the actual deployment capacities of these actors, their operational constraints, and the instruments they make available to the ecosystem. The map above, based on interviews and documentary analysis, is not exhaustive: it reflects the situation at the time of the study and is intended to be expanded by the National Partner.

Figure 2: Overview of active sources of capital in the investment ecosystem in Senegal



Sources of impact capital

Domestic public investors: catalysts with limited capacity

Senegalese public institutions are the primary source of impact financing, with explicit mandates to support the private sector and economic development. FONSIS (Sovereign Strategic Investment Fund) is the main vehicle, investing in equity or quasi-equity in structuring projects. However, its capacity for intervention remains constrained by the size of its assets under management and the need to focus its resources on significant investments aligned with its profitability and national economic impact objectives.

Specialized institutions (BNDE, DER Femmes/Jeunes, FONGIP, REEF) operate in more targeted segments with tailored instruments. The BNDE (National Bank for Economic Development) finances structural projects through subsidized loans, but with limited refinancing capacity. The DER mobilizes budgetary resources for women's and youth entrepreneurship, mainly through guarantee mechanisms and preferential interest rates, but with tickets generally below USD 60,000 (\approx XOF 33.4 million), which do not allow for ambitious growth trajectories. The Priority Investment Guarantee Fund (FONGIP) plays a facilitating role through partial guarantee mechanisms, but does not fundamentally resolve the issue of capital availability. The newly launched REEF (Renewable Energy and Energy Efficiency Fund) aims to finance private projects in the energy transition, with a relevant sectoral focus, but there is still no assurance that it will be able to achieve its objectives.

These public actors play an important catalytic role in mobilizing additional capital (leverage effect), but cannot bridge the financing gap on their own. Their combined annual deployment capacities remain well below identified needs, and their operational constraints (cumbersome approval processes, guarantee requirements, rigid mandates) limit their ability to effectively address the missing middle.



The DER, like most public financing mechanisms in Senegal, deploys relatively small ticket sizes, often below

USD 60,000

limiting their ability to support ambitious SME growth trajectories.

BOX 1

FONSIS and REEF: the first public vehicle focused on climate impact

The launch of the Senegal Green Energy Fund (REEF) in October 2025, with a target size of XOF 135 billion (approximately USD 242.8 million), marks a turning point for FONSIS. Developed with the Africa Climate Foundation

and GGGI, REEF is Senegal's first public vehicle explicitly focused on energy transition and climate impact, investing capital in private renewable energy and energy efficiency projects.

This initiative illustrates a possible evolution for public actors: moving from a generalist economic development mandate to thematic vehicles with the intention of achieving measurable impact.

International development finance institutions: strong presence, selective deployment

International DFIs (IFC, Proparco, AFD, EBRD, FMO, etc.) are the primary sources of impact investment capital in Senegal, both in terms of the volumes available and the sophisticated instruments they deploy. The IFC (International Finance Corporation), the World Bank Group's arm dedicated to the private sector, invests in projects with high economic and social impact, with advanced financial structuring capabilities and tickets typically exceeding USD 1.2 million (\approx XOF 667 million). Proparco, a subsidiary of AFD dedicated to the private sector,

supports companies and financial institutions through loans, guarantees, and equity investments, with a particular focus on ESG criteria and development impact. AFD itself finances projects promoting just transition, climate, health, and economic inclusion. The EBRD (European Bank for Reconstruction and Development), although geographically focused on Eastern Europe, is gradually expanding its mandate in Africa to support the transition to a green, inclusive, and digital economy.

These institutions provide not only capital, but also advanced financial engineering: guarantee mechanisms, subordinated tranches, technical assistance, and structuring of blended finance vehicles. Their presence in Senegal has intensified following regional geopolitical repositioning, but their deployment remains selective. Operational constraints include:

- 1 lengthy and costly due diligence processes (6–18 months from sourcing to signing)
- 2 strict compliance and reporting requirements
- 3 high minimum ticket sizes to make transaction costs profitable
- 4 internal competition for resource allocation between different countries and sectors within expanded geographical mandates.

BOX 2

The AFD Group in Senegal: structuring projects and impact SMEs

In terms of infrastructure, AFD co-financed the Dakar Bus Rapid Transit (BRT) project, a structuring project combining urban mobility, emissions reduction, and territorial inclusion.

In the private sector, Proparco invests in local impact funds (equity or debt, such as the ARIZ PRIME guarantee granted to FNB Bank Senegal or Teranga Capital), directly in mature companies, and through its subsidiary Digital Africa.

This financing is particularly aimed at structuring projects, such as high-impact SMEs and startups. The AFD Group (AFD, Proparco, Digital Africa, and Expertise France) illustrates the diversity of DFIs in Senegal.

Banking systems: abundant liquidity, but conservative allocation

The Senegalese banking system theoretically has significant liquidity, with a favorable transformation ratio and growing deposits. However, the allocation of these resources to impact financing remains limited by a cautious approach reinforced in the current macroeconomic context. Commercial banks favor secured financing (collateral, mortgages), short maturities (12–36 months), and established clients with solid financial histories. SMEs and impact companies in the growth phase, which have higher risk profiles and require patient financing, struggle to access traditional banking resources.

Specialized windows developed by some banks (SME departments, products dedicated to women entrepreneurs) provide marginal adjustments, but do not fundamentally change the risk-return equation that guides bank allocation. The crowding-out effect generated by public financing needs (analyzed in section 3.1) absorbs a significant portion of available liquidity, directing resources toward investments in Treasury bills, which are considered safer and more liquid than corporate credit.

Informal financing and the diaspora: untapped potential

Two emerging sources of capital deserve special attention for their future mobilization potential, although they currently contribute only marginally to structured impact financing.

Informal financing systems (tontines, community savings and credit mechanisms) mobilize significant volumes of resources within the Senegalese economy, with amounts estimated to be equivalent to or greater than formal microfinance flows. These mechanisms are based on trust, social proximity, and a contextual understanding of risk that allows for the financing of profiles excluded from the formal system. Their integration into the impact investment ecosystem remains limited by the lack of legal structure, the difficulty of certifying flows, and the mismatch between the amounts that can be mobilized (generally less than USD 12,000, or \approx XOF 6.7 million) and the financing needs of growing companies.

The Senegalese diaspora is a major potential source. Remittances to sub-Saharan Africa reached USD 91.1 billion in 2023 (\approx XOF 50,651 billion), with projections between USD 283 and USD 500 billion (\approx XOF 157,348 - 278,000 billion) by 2035⁶. Mechanisms for mobilizing diaspora savings for productive investment (diaspora bonds, co-investment platforms, dedicated vehicles) are emerging but remain in their infancy in Senegal. Constraints include:

- 1 Geographical and institutional fragmentation of the diaspora
- 2 Lack of suitable investment vehicles combining security, return, and contribution to the development of the country of origin
- 3 An incomplete regulatory framework to facilitate diaspora-investment financial flows, and, last but not least
- 4 The diaspora's confidence in the structures through which their funds would pass, from the manager to the beneficiary companies.

Thus, mobilizing the diaspora toward productive investment remains complex: the primary motivation for remittances continues to be support for families (residential real estate, everyday consumption). However, mechanisms perceived as risk-free and inspiring confidence—particularly government bonds—have proven attractive to this segment.

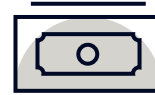
Segmentation and orders of magnitude

Segmentation by maturity stage of target companies

The size of the financiers does not segment the offer. The stage of maturity does. The supply of capital is structured according to the stage of maturity of the companies it targets, revealing critical discontinuities in the financing continuum.

The segment of structuring projects and mature companies (tickets above USD 2 million, \approx XOF 1.1 billion) benefits from a relatively diversified capital offering, mobilizing international DFIs (IFC, Proparco, EBRD), FONSIS for strategic investments, and commercial banks for large-scale financing. These players require solid fundamentals: an audited track record over several years, mature governance with active boards of directors, robust internal control systems, and the ability to absorb long and demanding institutional due diligence processes.

The USD 300,000 - 2 million (\approx XOF 167 - 1.1 billion) range is where the missing middle is concentrated. These formal companies in the growth phase have an established legal structure and generate revenue (typically USD 120,000–USD 600,000, or XOF 66.7–333.6 million), but their financial fundamentals and governance remain insufficiently robust for institutional capital. This segment is characterized by a pronounced scarcity of capital supply: too large for local mechanisms, too small for DFIs, and not corresponding to the mandates of either. The few available sources (analyzed in detail in section 4.2) face an unfavorable economy: high structuring costs that are difficult to amortize on relatively modest tickets.



With remittance flows to Sub-Saharan Africa projected to reach up to

USD 500 bn

by 2035, mechanisms for mobilizing diaspora savings for productive investment are emerging but remain in their infancy in Senegal.

⁶ African Development Bank, African Economic Outlook 2025

The financial inclusion segment (tickets under USD 60,000, ≈ XOF 33.4 million) has a denser ecosystem via microfinance institutions (PAMECAS, CMS, Baobab Finance, VisionFund), public support mechanisms (DER, FONGIP), and incubation programs, some of which are supported by certain embassies in Senegal. These players effectively address formalization and entrepreneurial seed funding, but their instruments do not allow them to support growth trajectories beyond a certain threshold. Although the USD 50,000 to USD 250,000 (≈ XOF 27.8 to 139 million) tranche also has certain shortcomings, the supply is more aligned with the needs and access capacities of SMEs and startups. On the other hand, for the missing middle, needs remain largely unmet and the supply remains problematic for all stakeholders—financiers, lenders, and entrepreneurs.

Order of magnitude and annual flows: a modest fraction of needs

Blended finance flows to sub-Saharan Africa amount to around USD 6 billion annually⁷, or approximately XOF 3,336 billion, but Senegal captures only a modest fraction of this, reflecting intense competition among African countries to attract this capital. The crowding-out effect generated by public financing needs (section 3.1) absorbs a substantial portion of available domestic liquidity: bond issuance costs increased between 2022 and 2023, while transaction coverage rates fell, automatically reducing the resources available to the private sector.

Instruments and vehicles

An unbalanced concessional-commercial continuum

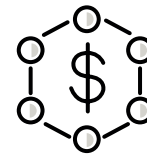
The theoretical range of instruments covers everything from concessional financing (grants, subsidized loans) to commercial capital (equity, senior debt), but with critical gaps that create financing voids. Concessional instruments, mainly deployed by donors and development agencies, target the startup phases and sectors with high positive externalities but deferred profitability. Commercial instruments focus on established companies that generate predictable cash flows and are able to absorb the cost of market capital.

Between these two extremes, the USD 300,000–2 million (≈ XOF 167 million –1.1 billion) range is characterized by a marked instrumental deficit. Companies in this segment require patient capital (5–7 year horizon), but cannot access either grants (limited to seed stages) or pure commercial capital (requiring returns and guarantees that they cannot offer). Quasi-commercial instruments that should fill this gap (mezzanine debt, convertible bonds, participatory loans) remain marginally deployed due to a lack of dedicated vehicles and a clear legal and fiscal framework.

Blended finance: emergence of concrete mechanisms despite still limited deployment

After a long experimental phase, concrete blended finance structures are emerging in Senegal. The Proparco–Teranga Capital partnership, announced in December 2025, illustrates this dynamic: Proparco is providing an ARIZ PRIME portfolio guarantee of USD 1.8 million (≈ XOF 1 billion) to support the deployment of a USD 3.6 million (≈ XOF 2 billion) investment portfolio dedicated to high-impact Senegalese SMEs⁸. This risk-sharing mechanism enables the deployment of capital to growth-stage SMEs requiring commercial development and patient long-term financial support through equity investments, targeting in particular agri-food, access to energy, and information technology.

These mechanisms (partial guarantees, first-loss tranches, concessional loans combined with commercial investments) reduce perceived risk and improve financing conditions for otherwise excluded business segments. However, their



Blended finance flows to sub-Saharan Africa amount to around

USD 6 bn

in annually, or approximately XOF 3,336 billion, but Senegal captures only a modest fraction of this.

⁷ IMF, Regional Economic Outlook: Sub-Saharan Africa, October 2025

⁸ Proparco, "In Senegal, Proparco and Teranga Capital support the financial inclusion of SMEs," December 4, 2025.

systematic deployment remains limited by the complexity of structuring (aligning the interests of multiple stakeholders with different rationales), high transaction costs, and the lack of dedicated local vehicles capable of effectively mobilizing and allocating this hybrid capital.

The supply of impact capital in Senegal is characterized by an apparent diversity of sources, but an effective concentration on the extreme segments: seed and inclusive financing (< USD 60,000, ≈ XOF 33.4 million), which is relatively well served, structuring projects (> USD 1.2 million, ≈ XOF 667 million) accessible to mature companies, and a critical gap in the USD 300,000 - USD 2 million range (≈ XOF 167 million - XOF 1.1 billion) where formal growth companies are concentrated.

This structural configuration calls for three priority levers for action:

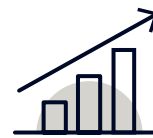
- 1 The systematization of blended finance mechanisms to reduce the perceived risk on the missing middle
- 2 Capacity building for domestic public actors to broaden their scope of intervention
- 3 The mobilization of alternative sources (diaspora, domestic savings) via innovative investment vehicles adapted to the local context.

Without the systematization of blended finance, the Senegalese paradox will persist: robust growth, but insufficient access to capital.

The capital supply analysis points to a central structural finding: the binding constraint in the Senegalese impact investment ecosystem is not the absence of capital, but the absence of vehicles capable of efficiently connecting available capital to local investment opportunities. Development finance institutions, philanthropic capital and international impact funds are already present in the region, but deployment remains constrained by high transaction costs and fragmented deal pipelines.

For the Task Force, this implies that early efforts should prioritise the creation of structured investment platforms capable of pooling capital and reducing transaction complexity. Blended finance facilities combining concessional and commercial capital represent the most immediately actionable mechanism to achieve this objective.

For the future National Partner, the implication is more operational: its institutional credibility will depend on its capacity to function as a coordination infrastructure - aggregating investment opportunities, sustaining dialogue between investors and entrepreneurs, and producing the market intelligence that no single fund can generate independently.



Without the systematization of blended finance, the Senegalese paradox will persist: robust growth, but insufficient access to capital.



Capital intermediation

Intermediation converts the USD 6 billion (≈ XOF 3,336 billion) of blended finance into SME tickets, but the USD 300,000 - 2 million (≈ XOF 167 million - 1.1 billion) range remains unserved. This is the essential link between sources of capital (analyzed in section 4.1) and demand from impact companies. In Senegal, this function remains structurally underdeveloped, creating major friction in the flow of capital. Unlike mature markets where intermediation is industrialized and diversified, the Senegalese ecosystem is characterized by a limited number of specialized players, restricted deployment capacities, and business models still in the validation phase. These intermediaries raise capital from primary sources (DFIs, public investors, banks) and channel it to companies, performing the critical functions of sourcing, structuring, due diligence, and post-investment support.

Mapping of intermediaries

Typology and positioning of actors

Capital intermediation in Senegal revolves around four categories of actors with distinct mandates and capacities, but which together fail to provide complete coverage of the financing spectrum.

Private equity and impact investment funds represent the most structured segment. These funds deploy sophisticated intermediation: raising capital from institutional investors (DFIs, family offices, foundations), structuring investment vehicles, conducting in-depth due diligence, and providing post-investment support. However, their fundraising capacity remains limited: local funds typically raise between USD 3.6 and 18 million (≈XOF 2-10 billion) per vehicle, significantly less than their leading African counterparts (particularly in Kenya and South Africa), which regularly raise USD 60 to 120 million (≈ XOF 33.4-66.7 billion).

This constraint can be explained by three structural factors:

- 1 The size of the market and the scarcity of a pipeline of truly investable companies with the required fundamentals
- 2 The high cost and difficulty of building experienced management teams capable of executing complex investment strategies
- 3 The complexity of establishing a solid track record in an SME investment ecosystem that is less than 20 years old and remains in a consolidation phase, making it difficult to demonstrate risk-adjusted performance over complete investment cycles. This reality reinforces the relevance of the "missing middle" (USD 300,000-2 million, or ≈ XOF 167 million - XOF 1.1 billion), the segment that weighs most heavily on the economics of funds and constrains managers' allocation choices.

Microfinance institutions (PAMECAS, CMS, Baobab Finance, VisionFund) provide critical local intermediation for financial inclusion and financing for microenterprises. They mobilize local savings and credit lines from DFIs to provide small loans (generally < USD 12,000, ≈ XOF 6.7 million) to microentrepreneurs and small companies. Their business model is based on high volumes of small transactions, detailed contextual knowledge of risk, and geographical proximity allowing for close monitoring. These institutions effectively fulfill their mandate of inclusion, but by design, they cannot support growth trajectories requiring more substantial financing.

Specialized financial institutions (COFINA, SME windows of commercial banks) provide debt-oriented intermediation for established SMEs, with tailored credit products, but are limited by WAEMU prudential constraints and the lack of accessible long-term refinancing. Corporate investment vehicles (VIF Sonatel) represent an emerging form of intermediation, mobilizing the resources of large groups to finance the entrepreneurial ecosystem, but within targeted sectors (digital, telecom, fintech). Collaboration between investment funds and commercial banks remains complicated at times, but the challenge is to intensify it: companies, particularly industrial companies, need both debt and capital. However, banks continue to operate bilaterally with each client, which limits the possibilities for coordinated action, as their risk assessment model is not designed for group approaches.

Business angel networks are slowly emerging, with Dakar Network Angels (DNA) and La Tanière Business Angels as the first structured players. Their activity is still limited in terms of the number of deals concluded and the average size of tickets (ranging from USD 6,000 to USD 60,000, ≈ XOF 3.3 to XOF 33.4 million), but they provide valuable personalized support and networking opportunities for entrepreneurs in the seed phase. Their development is constrained by the small pool of wealthy individual investors willing to invest in high-risk startups and by the lack of tax incentives that exist in other jurisdictions to stimulate angel investing.



Senegalese private equity and impact investment funds raise between

USD 3.6 and 18 mn

per vehicle, compared to USD 60-120 million for their leading African counterparts.

BOX 3

WIC Capital: an example of a local impact fund

The WIC Capital fund, created in 2019 by the Women's Investment Club Senegal, is an investment vehicle dedicated to SMEs run or majority-owned by women in Senegal and Côte d'Ivoire. It brings together local and international

capital to invest in equity and quasi-equity in high-potential companies while providing tailored support (coaching, mentoring, capacity building via WIC Academy) to strengthen their structure.

Through its operations, the fund helps prepare companies for investment, finance underserved segments, and structure post-financing development, with measurable actions in terms of local company growth and job creation.

BOX 4

VIF Sonatel & Orange Ventures: a corporate financing model

Orange Sonatel, a long-standing player in telecommunications infrastructure in Senegal, deploys the only Corporate Venture Capital (CVC) funds operating in Senegal through Venture Innovation Fund (VIF) Sonatel and Orange Ventures. It illustrates the structuring role that corporate players can play in financing innovative projects

with high potential and high impact, from the earliest stages of development. Beyond financing, these vehicles stand out for their ability to mobilize the industrial and commercial expertise of the Orange Sonatel group, giving the companies they support a decisive advantage in one of the main challenges to their growth: access

to markets and their first major customers.

This combination of early-stage investment and commercial support strengthens the viability of the projects supported and argues for greater involvement by corporate players in the financing and structuring of the local economy.

Fundraising and deployment capabilities: a structural gap

A critical constraint on intermediation in Senegal is the gap between theoretical fundraising capacity and actual deployment volumes. Local funds face a double challenge: raising capital from demanding international institutional investors (expected return of 15-20% net, established track record, experienced teams), while identifying a sufficient pipeline of investable companies that meet their criteria.

A typical impact investment fund operating in the SME segment illustrates this dynamic: theoretical deployment capacity of USD 3.6 to 6 million (≈ XOF 2 to 3.3 billion), but constrained by the need to build a diversified portfolio (15-20 investments) from a limited universe of companies with the required fundamentals (governance, financial systems, growth potential). The average investment cycle (sourcing, due diligence, structuring, deployment) spans 12 to 18 months, creating constant tension between deployment speed and portfolio quality. This operational reality explains why funds with theoretically available capital can take 3 to 4 years to fully deploy a vehicle, while their investors expect faster deployments to start generating returns.

Intermediation instruments and mechanisms

Between structured debt and patient capital

Senegalese intermediaries mainly deploy two families of instruments, with variants adapted to local specificities. Equity (equity investment) is the preferred instrument of impact funds, with typical ticket sizes ranging from USD 90,000 to USD 600,000 (≈ XOF 50 to 333.6 million) for minority stakes (10-30% of capital). This approach allows for strategic and managerial support, but generates high structuring and monitoring costs that are only recouped with significant minimum investments, automatically excluding companies below this threshold.

Structured debt (senior, mezzanine, convertible) is emerging as an alternative, particularly through specialized financial institutions. Investments range from USD 24,000 to USD 240,000 (≈ XOF 13.3 to 133.4 million), with maturities of 2 to 5 years and effective nominal rates of 8-12%. The emergence of private credit funds illustrates a structural trend in Africa: private credit addresses both the exit issue for equity funds (which can sell their holdings to debt funds for refinancing) and the structured debt financing gap for companies that generate cash flows but cannot access traditional bank credit. Enko Impact Credit Fund, with a target of raising USD 150 million (≈ XOF 83.4 billion) by June 2026, targets this segment of medium-sized African SMEs facing an estimated financing gap of USD 330 billion⁹ (≈ XOF 183,480 billion), by offering private credit denominated in dollars with tailored maturities. The major constraint on structured debt remains the requirement for collateral (real or personal), which replicates the bottlenecks in the commercial banking sector, and the mismatch between short maturities and long-term growth financing needs.

Quasi-equity and hybrid instruments: untapped potential

Hybrid instruments (convertible debt, participating loans, bonds redeemable in shares) theoretically represent the optimal solution for the missing middle: debt flexibility (no immediate dilution, regular servicing), with the option of conversion into capital if the growth trajectory is confirmed. Their use remains marginal in Senegal, hampered by the legal complexity of structuring, the lack of a clear tax framework, and the reluctance of entrepreneurs to engage with mechanisms they perceive as opaque. In practice, the debt-to-equity ratio depends on the maturity stage of the company. Debt remains possible—both in terms of funds and portfolios—depending on maturity, interest rates, and repayment periods. However, at the current stage of companies financed in Senegal, the need for equity remains predominant to support their growth.

Innovative hybrid models are emerging, such as Melanin Kapital, which will open an office in Senegal in 2026. This neo-bank combines traditional debt, revenue-based financing (RBF), and invoice financing to finance up to USD 120,000 (≈ XOF 66.7 million) for SMEs with a positive climate impact, with funding from GIZ, Ecobank, and other players. Revenue-based financing, which indexes repayment to revenue rather than a fixed schedule, could be a particularly suitable innovation for SMEs with recurring revenues but volatile cash flow. However, its deployment on a large scale would require digitalized financial monitoring systems that few Senegalese companies currently have. This diversification of instruments illustrates a positive trend, but one that is still marginal in terms of volumes deployed.



Neo-bank combines traditional debt, revenue-based financing (RBF), and invoice financing to finance up to USD

12,000

(≈ XOF 66.7 million) for SMEs with a positive climate impact, with funding from GIZ, Ecobank, and other players.

⁹ International Finance Corporation (IFC). SME Finance Gap: An Updated Estimation and Evolution of the SME Finance Gap in Emerging Markets and Developing Economies, March 2025.

Integrated technical support: a differentiating added value

High-performing intermediaries stand out less for their financial instruments than for their ability to provide integrated technical support. A structured impact fund typically organizes its offering around four pillars:



However, this “capital + skills” approach generates significant fixed costs that can only be amortized with a minimum portfolio of active investments, creating a significant barrier to entry for new intermediaries.

This support can be made financially viable when donors cover these costs through dedicated programs. The I&P Acceleration in the Sahel (IPAS) program, funded by the European Union between 2019 and 2023, has financed 87 companies with grants ranging from USD 3,600 to USD 72,000 (≈ XOF 2-40 million) in the form of repayable advances, accompanied by technical assistance on strategy, marketing, HR, and accounting. The results show that 75% of the supported companies validated their business model and increased their turnover by 59% on average¹⁰. Funds such as I&P and their local partners have benefited from this mechanism. However, these programs require a sufficiently structured team to respond to complex calls for tenders, funds are not necessarily organized for this, and the mechanisms remain focused on startups and SMEs without reaching companies in the structuring and maturation phase. In addition, repayment terms, which are often short and intensive, limit the ability of companies to create sufficient sustainable value.

Financing gap and missing middle



The financing gap identified in section 4.1 is particularly acute at the intermediation level. Companies requiring tickets of USD 300,000 to USD 2 million (XOF 167 million to XOF 1.1 billion) find themselves in an instrumental vacuum: too large for microfinance and community financing mechanisms (<USD 60,000, ≈ XOF 33.4 million), too small to attract institutional funds that mainly deploy tickets > USD 2 million (≈ XOF 1.1 billion), and with intermediate characteristics that do not correspond to the mandates of either.

¹⁰ I&P, Lessons learned from the I&P Acceleration program in the Sahel, Evaluation report, May 2025

However, this segment represents the most significant growth potential: companies that have demonstrated an initial product-market fit, generate recurring revenues (typical turnover of USD 120,000-600,000, or \approx XOF 66.7-XOF 333.6 million), have a formal legal structure, but require patient capital to professionalize their governance, strengthen their teams, and finance their commercial expansion. The lack of suitable intermediation forces these companies to self-finance their growth (limiting their expansion speed) or to accept unsuitable financing conditions (short-term bank debt requiring excessive collateral).

Explanatory factors: unfavorable intermediation economy

The underdevelopment of intermediation in the missing middle can be explained by an unfavorable economy. The costs of structuring an investment (sourcing, legal and financial due diligence, negotiation, legal documentation, external consulting, etc.) are substantial and largely independent of the size of the ticket. For a fund deploying tickets of USD 350,000 (\approx XOF 194.6 million), these fixed costs represent a much higher proportion of the amount invested than for tickets of USD 2 million (\approx XOF 1.1 billion) or more. This fixed cost structure creates an economic incentive to favor high tickets, even if demand is concentrated on medium tickets.

The perceived (and real) risk in this segment amplifies this dynamic: companies with insufficiently robust financial fundamentals, governance still being structured, strong dependence on the founder, and limited capacity to absorb external shocks. The default rates observed in existing portfolios (15-25% according to managers) require high gross returns (20-25% IRR) to generate attractive net returns for end investors, which are difficult to achieve without de-risking mechanisms.

Structural challenges and mitigation strategies

Limited investable pipeline and operational constraints

The first structural challenge identified by all intermediaries is the weakness of the pipeline of truly investable companies. Out of a theoretical universe of several thousand formal SMEs in Senegal, only a few hundred meet the minimum requirements: clear legal structure (up-to-date articles of association, commercial register), reliable accounting (auditable financial statements, separation of personal and company assets), structured governance (formalized decision-making bodies, documented processes), and a demonstrable growth trajectory.

Mitigation strategies that have been tried and tested include:

- ① Pre-investment programs aligned with the initial interests of investment funds for a specific project, as this encourages the company to commit the necessary resources in the knowledge that this will lead to real, rather than just theoretical, change
- ② Partnerships with incubators and accelerators for pre-qualified sourcing
- ③ Selective relaxation of investment criteria (acceptance of partial fundamentals if there is a commitment to upgrade)
- ④ Creation of vehicles dedicated to under-invested segments (women entrepreneurs, specific sectors).

Tax and regulatory environment: friction in deployment

The Senegalese tax environment structurally penalizes private equity intermediation. Dividends are taxed at 10% (withholding tax), capital gains on disposals at 25% (marginal corporate tax rate), and interest on debt at 8-16% depending on the nature of the lender. This uniform taxation, which does not distinguish between passive investments and productive investments in equity,

creates a relative disincentive for venture capital, which generates uncertain and deferred returns, compared to government bonds or secured bank loans.

The regional benchmark reveals contrasting tax approaches. In Rwanda, investors registered with the Rwanda Development Board benefit from total exemption from capital gains tax on the sale of securities, with the exception of commercial real estate¹¹. This measure is part of a broader strategy of tax incentives, including preferential corporate tax rates (15% for priority sectors, and even 0% for certain regional holding companies). In Kenya, the tax framework has been tightened, with a capital gains tax rate of 15% since January 2023, up from 5% previously¹². However, companies certified by the Nairobi International Financial Centre Authority investing at least KES 5 billion (approximately USD 40 million, or ≈ XOF 22.2 billion) can benefit from a reduced rate of 5% on condition that they hold the investment for a minimum of five years. In Morocco, capital gains on listed shares are taxed at 15%, while unlisted securities are taxed at 20%¹³. These tax disparities significantly influence the capital allocation decisions of fund managers operating on the continent.

The legal framework for investment funds remains incomplete: there is no specific status for venture capital funds (vehicles use common law structures that are not well suited), there is administrative red tape for statutory changes and exits (disposals of holdings), and there are no clearly regulated carried interest mechanisms to align the interests of managers with those of investors. The absence of a dedicated legal vehicle for investment funds carries direct financial consequences. Funds structured as ordinary commercial companies bear the full standard corporate tax burden – on dividends, capital gains, and distributions – with no distinction between passive investment income and productive equity deployment into the real economy. This treatment materially erodes net returns and reduces the competitiveness of Senegalese-domiciled vehicles relative to funds structured in more accommodating jurisdictions. The repatriation of distributions to General Partners – a prerequisite for maintaining investor confidence and ensuring fund succession – faces additional friction through WAEMU foreign exchange controls that, despite the zone's theoretical commitment to free capital movement, introduce procedural uncertainty that international investors find difficult to price.

Repositioning of lenders: opportunities, risks, and priority levers

Senegal's geopolitical repositioning (as a preferred destination following instability in the Sahel) is intensifying interest from donors and DFIs, creating increased financing opportunities for local intermediation. Blended finance mechanisms (guarantees, first-loss tranches, technical assistance) are multiplying, as illustrated by the Proparco-Teranga Capital partnership. However, this dynamic carries a risk: cyclical overinvestment followed by withdrawal if expected returns do not materialize, creating a boom-bust effect that is detrimental to the structuring of sustainable intermediation.

Three levers for action are emerging as priorities for strengthening intermediation. First, the creation of a tax incentive scheme for certified venture capital investment: total or partial exemption from capital gains tax subject to minimum holding periods, exemption from reinvested dividends, deductibility of losses on qualifying investments. Second, the strengthening of de-risking mechanisms: systematization of portfolio guarantees, creation of public-private co-investment vehicles with a public first-loss tranche, subsidization of structuring costs to reduce



In Senegalese tax environment, uniform taxation, which does not distinguish between passive investments and productive investments in equity, creates a relative disincentive for venture capital, which generates uncertain and deferred returns, compared to government bonds or secured bank loans.

11. Republic of Rwanda, Law on Investment Promotion and Facilitation No. 006/2021, Article XVIII; Rwanda Development Board, Investment Incentives Guide, August 2023

12 Kenya Revenue Authority, Finance Act 2022; Afriwise, "Capital Gains Tax Increase in Kenya," 2023

13 Kingdom of Morocco, General Tax Code, Article 73; Moroccan Capital Market Authority (AMMC)

the minimum economically viable ticket size. Thirdly, professionalizing the pipeline: pre-investment programs aligned with the initial interests of investment funds for a specific project, standardization of due diligence (cost reduction), digitization of monitoring processes (reduction of post-investment monitoring costs).

In short, capital intermediation in Senegal is at a turning point. Pioneering players have validated the feasibility of impact investment models in the local market, but their scaling up remains constrained by structural challenges: limited pipeline, unfavorable economics on the missing middle, penalizing tax environment, and limited fundraising capacity. Strengthening this intermediary function is an essential prerequisite for the effective mobilization of available capital (supply analyzed in section 4.1) towards companies in need of financing.

The three priority levers—incentive tax regimes, systematic de-risking mechanisms, and pipeline professionalization—require coordination between public actors, lenders, and private investors to transform the current geopolitical opportunity into concrete and sustainable capital mobilization.

Without effective intermediation, the gap between theoretically accessible capital and effectively deployed capital will continue to widen, perpetuating the chronic underfunding of impact entrepreneurship in Senegal.

The intermediation analysis reveals a structural disconnect between capital supply and enterprise demand that no volume of additional financing will resolve on its own. Even where capital exists, the absence of sufficiently strong intermediary institutions - fund managers with local market knowledge, transaction advisors capable of structuring sub-institutional tickets, business development service providers with investor-grade standards - generates transaction costs that make deployment economically unviable for most international allocators.

The strategic implication is clear: strengthening intermediary capacity is a prerequisite for capital mobilisation, not a parallel activity. Additional capital commitments without a functioning intermediation layer produce pipeline congestion, not investment volumes.

For the National Partner, supporting the development of a qualified deal flow pipeline - through structured collaboration with existing funds, accelerators and advisory firms - should therefore be treated as a core institutional function rather than an ancillary programme.



The strategic implication is clear: strengthening intermediary capacity is a prerequisite for capital mobilisation, not a parallel activity.



Demand for capital

Sectoral concentration and financing gap

The Senegalese ecosystem has substantial but poorly documented capital demand. The ten market facilitators surveyed report having collectively supported more than 1,400 companies over the past three years, revealing a significant volume of activity concentrated mainly in agriculture and agri-food, financial services, renewable energy, and digital technology. However, the financial mobilization capacity of these structures remains limited: half have mobilized less than XOF 100 million (≈ USD 180,000) over three years, with only two structures exceeding XOF 1 billion (≈ USD 1.8 million).

The available data confirm a concentration of investment activity in the XOF 100- XOF 250 million (≈ USD 180,000 - USD 450,000) range, with a few players investing up to around XOF 650 million (≈ USD 1.17 million). This observation reveals a critical “missing middle” at several levels. On the one hand, companies requiring

investments of less than XOF 100 million (≈ USD 180,000) or between XOF 250 million and XOF 1 billion (≈ USD 450,000 - USD 1.8 million) struggle to find suitable instruments. On the other hand, even when funds are available in certain tranches, the number of companies that are actually prepared to receive these investments remains limited, creating a gap between the supply of available capital and qualified demand. The needs expressed by the companies surveyed confirm this heterogeneity, ranging from tens of thousands of dollars for MVP development to several hundred thousand for industrialization and scaling up, to millions of dollars for structuring projects subject to regulatory approvals. The companies surveyed reflect distinct typologies: established SMEs seeking to scale up to industrial level with a focus on health and digital technology, manufacturing companies structuring a training model in the craft sector, and early-stage startups developing a technology platform in sustainable tourism.

There is a major sectoral distortion between the supply and demand for financing. Certain sectors with high impact potential (sustainable tourism, crafts, certain healthcare niches) struggle to access financing, which is concentrated in traditional technology sectors (EdTech, FinTech, AgriTech). This asymmetry leads entrepreneurs to make strategic pivots motivated not by market opportunities, but by the need to secure financing, with the risk of diluting their initial value proposition and theory of change.

Bankability of local companies and limiting factors

Facilitators identify a structural deficit in the bankability of Senegalese companies. Approximately 80% point to insufficient financial reporting, 70% to weak governance and the absence of solid business plans, 60% to unsustainable business models, and 50% to a lack of management team skills. The financial intermediaries surveyed corroborate these observations, identifying governance, financial reporting, and managerial skills as the main shortcomings. These deficits do not necessarily reflect a lack of economic potential or impact, but rather the inability of companies to document and structure their proposals according to the standards expected by institutional investors.

The problem of financial management illustrates a vicious circle: early-stage companies cannot afford to recruit the qualified personnel (CFOs, management controllers) needed to produce the financial statements and projections required by investors, while the absence of these documents prevents them from accessing the capital that would enable them to recruit such personnel. Companies that have benefited from structural support report that the financial models developed with the support of investors remain too complex to be appropriate and presented independently, creating ongoing dependency.

Impact measurement is an additional challenge. One company that has raised more than XOF 1 billion (USD 1.8 million) from impact investors does not currently measure its impact formally, citing a lack of time, budget, and methodological knowledge. This paradoxical situation raises questions about the rigor of investors' impact due diligence and the lack of post-investment monitoring mechanisms. Conversely, companies that have accessed specialized international support (TechBio to HealthTech, UNDP, KOICA) have been assisted and have sometimes developed robust measurement systems, suggesting that targeted capacity building produces tangible results when available. However, this measure should be monitored over time, given its costly human and financial resources.

Existing support services

The support ecosystem appears to offer a wide range of services (training, coaching, strategic advice, fundraising support, impact measurement), but suffers from three major structural deficits.

Firstly, fragmentation and lack of coordination: programs overlap in content without any clear articulation of entrepreneurial pathways or guaranteed bridges to financing. Entrepreneurs lack visibility on the complementarity and optimal sequencing of available programs.

Second, timing issues: standard support cycles of three to six months do not correspond to the actual maturation cycles of projects, particularly in regulated sectors that require at least 12 to 18 months for maturation between each cycle. This time compression leads to training entrepreneurs in pitching and structuring without giving them the time to really develop their solutions, generating growing frustration at the lack of subsequent access to capital.

Third, the lack of sector specialization: generalist incubators do not cover the critical issues in sectors such as healthcare (regulatory affairs, personal data, sectoral authorizations), crafts (certification, quality standards), tourism (specific approvals, regulations), logistics (transport licenses, customs compliance), and agri-food (health standards, traceability, quality certifications). This shortcoming forces companies to acquire these skills on their own or to forego certain regulatory opportunities due to a lack of appropriate support.

The financial fragility of the facilitators themselves (70% cite limited funding as the main obstacle, with 90% dependent on international donors) limits their ability to provide long-term support and mobilize the necessary specialized technical expertise. This dependence on donor funding cycles creates instability that affects the quality and continuity of the support offered to companies, as well as the choice of programs and their designs.

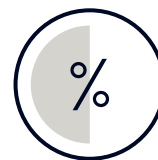
Specific challenges

Access to capital is characterized by a lengthy and complex process that acts as a deterrent. Due diligence processes take several months and involve what are perceived as excessive documentation requirements, often leading to abandonment even when initial interest has been established. The proposed conditions (interest rates, exit obligations, dilution) are considered unsuited to the realities of Senegalese SMEs, leading some entrepreneurs to abandon fundraising altogether in favor of alternative strategies (love money, government partnerships, bank financing secured by real estate). The opportunity cost of spending six months on fundraising with no guarantee of success appears prohibitive for teams with limited staff.

Human resource constraints create a glass ceiling for growth. The inability to recruit qualified talent while maintaining day-to-day operations prevents founders from seizing strategic opportunities (international events, major partnerships, geographic expansion) and reduces attractiveness to investors seeking complete teams.

Sector-specific regulatory barriers significantly complicate access to capital. Multi-million dollar financing deals remain blocked pending regulatory approvals with uncertain timelines and opaque processes, even when products have international certifications (e.g., FDA - US Food and Drug Administration). Tourism accreditation requires a non-refundable fee of XOF 5 million (≈ USD 9,000) and physical obligations that are unsuited to digital models. The lack of post-startup support on legal and tax rights and obligations creates uncertainty that hinders formalization and structuring.

The costs and constraints of formalization create a structural competitive disadvantage. Formal companies bear multiple costs (accountant, lawyer, social security and tax contributions, VAT) that can absorb up to half of their turnover, which is particularly penalizing for startups that reinvest all of their income. These obligations cannot be passed on to sales prices (which are determined by the overall market), creating margin compression compared to informal players who are exempt from these constraints. Payroll costs are



In Senegal,

70%

of facilitators cite limited funding as the main obstacle, with

90%

dependent on international donors.

considered prohibitive, and administrative controls are being tightened with repeated summonses. Post-creation support is virtually non-existent, with entrepreneurs being "left to fend for themselves" after obtaining their NINEA and commercial register numbers, forced to navigate a complex system on their own. The lack of tangible benefits associated with formal status (easier access to credit, public procurement, support programs) makes the value proposition of formalization unattractive.

A worrying structural phenomenon is emerging: competition between the state and the private sector in certain sectors. Ministerial departments are developing projects initiated by private actors internally, becoming direct competitors and creating a climate of mistrust where entrepreneurs are reluctant to share their innovations for fear of institutional replication. This situation limits the potential synergies between private innovation and public deployment at scale.

Finally, network dynamics play a decisive role in access to funding opportunities. The recurring observation of entrepreneurs repeatedly accessing grants through personal connections in funding organizations, while others apply without response, raises questions of fairness and suggests the need for more transparent selection mechanisms based on objective criteria of performance and impact rather than on the social capital of the founders.

The demand-side analysis points to a finding that has direct consequences for programme design: the investment readiness gap among Senegalese enterprises is less a financing problem than a translation problem between entrepreneurs and institutional investors. Many enterprises have commercially viable models and demonstrable social impact; what they lack is familiarity with the financial, governance and reporting standards that professional investors require before deploying capital.

This distinction matters operationally. Investment readiness programmes are most effective when designed in direct collaboration with active investors and calibrated to their specific due diligence requirements. Generic entrepreneurship support programmes, however well-designed, rarely produce enterprises capable of absorbing institutional capital within a realistic timeframe.

For the National Partner, this implies that investment readiness initiatives must be structured around the requirements of funds already operating in the ecosystem - WIC Capital, Teranga Capital, Khuwaylid Capital, etc.

Finally, network dynamics play a decisive role in access to funding opportunities. The recurring observation of entrepreneurs repeatedly accessing grants through personal connections in funding organizations, while others apply without response, raises questions of fairness and suggests the need for more transparent selection mechanisms based on objective criteria of performance and impact rather than on the social capital of the founders.



The investment readiness gap among Senegalese enterprises is less a financing problem than a translation problem between entrepreneurs and institutional investors.



Government and regulation

The government pillar plays a decisive role in structuring the impact investment ecosystem through its public financing initiatives, regulatory framework, and policies supporting the private sector. The analysis reveals a structural paradox: substantial public financing initiatives coexist with a regulatory framework specific to impact investing that is still in its infancy, creating a situation where the state massively finances entrepreneurship without necessarily directing these flows towards intentional impact models or even systematically documenting them.

Structuring public initiatives

The Senegalese government has created several public financial institutions to support companies and entrepreneurship, mobilizing significant volumes of funding. These structures, organized according to sectoral and demographic logic, do not operate within a unified impact framework. They are presented here under the heading "Government and Regulation" because their mandates and instruments directly reflect the government's strategic orientations and structure the entrepreneurial ecosystem.

Rapid Entrepreneurship Delegation (DER/FJ)

Created in December 2017 by presidential decree, the DER is one of the main public initiatives for financing entrepreneurship in Senegal, targeting women and young people in particular. The DER has a substantial annual budget of between XOF 30 and XOF 40 billion (≈ USD 54-72 million) financed by the Senegalese government through the national budget. In addition, the structure has received hundreds of millions of dollars in funding from PTFs such as AFD (PAVIE I & II), demonstrating the interest of international PTFs in this mechanism. The volumes deployed are significant: in 2024, the DER financed 9,000 projects for a total amount of XOF 5.6 billion (≈ 10 million USD) and plans to invest XOF 11.3 billion (≈ 20.3 million USD) in 2025 to finance 15,000 micro-enterprises and formalize 10,000 structures.

The institution operates mainly through grant mechanisms and loans on preferential terms, aimed at facilitating access to finance for populations traditionally excluded from the formal banking system. The scheme is based on a logic of economic inclusion through the financing of self-employment and company creation.

The DER's positioning focuses on demographic criteria (age, gender) and financial inclusion. The publicly available data do not allow for an assessment of the integration of formalized social or environmental impact criteria into the selection and monitoring processes for funded projects.

Sovereign Strategic Investment Fund (FONSIS)

FONSIS is the Senegalese government's main strategic investment vehicle, with a mandate to mobilize resources to finance structural projects in priority sectors of the economy. The fund operates through various subsidiaries and specialized vehicles, allowing for diversification of intervention instruments.

FONSIS' investment strategy focuses on four strategic sectors identified in national policy documents: (i) water & energy, (ii) agribusiness, (iii) health & pharmaceuticals, and (iv) infrastructure & transport. Investment tickets generally target established companies or large-scale projects, which effectively limits accessibility for SMEs in the growth phase and early-stage impact companies.

Among FONSIS's recent initiatives is the launch of the Senegal Green Energy Fund (Renewable Energy and Energy Efficiency Fund - REEF) in October 2025. With a target size of XOF 135 billion (≈ USD 242.8 million), REEF will invest capital in renewable energy and energy efficiency projects initiated by private companies in Senegal or the sub-region. Developed in collaboration with the Africa Climate Foundation (ACF) and the Global Green Growth Institute (GGGI), this fund represents FONSIS's first initiative explicitly focused on energy transition and climate impact.

Beyond its thematic investment vehicles, FONSIS has integrated gender lens criteria directly into its due diligence process through the Wee Index, developed in partnership with UNCDF, UNDP, and UN Women. The tool functions as a locally calibrated adaptation of internationally recognized gender screening frameworks, such as the 2X Criteria, adjusted to Senegalese business realities.



DER is one of the main public initiatives for financing entrepreneurship in Senegal, targeting women and young people with XOF

30-40 bn

in annual budget.

It evaluates investments taking into account: women's share of employment, equity ownership, governance representation, adaptation of working conditions to women, among others. The index introduces a binding mechanism: any investment scoring below 50% on the composite rating is blocked at the due diligence stage. The initiative signals the integration of locally grounded, quantified gender criteria into the investment decision-making of Senegal's principal public investor.

The publicly available data does not allow for an assessment of the systematic integration of social or environmental impact criteria in the due diligence and monitoring processes of FONSIS' historical portfolio beyond REEF. Allocation decisions appear to be based primarily on financial viability and sector alignment criteria.

Agency for the Development and Support of Small and Medium-Sized Enterprises (ADEPME)

ADEPME acts as a catalyst in the SME ecosystem, with coverage ranging from support programs to technical assistance and guidance for entrepreneurs toward appropriate financing structures. The agency has developed a good understanding of the links between public actors: a company that is not eligible for one structure can be redirected to a more suitable mechanism (e.g., DER for women and young people, ESS Directorate for social enterprises). Coordination with private actors—commercial banks and investment funds—is an identified area for strengthening to complement this mechanism. In addition, confusion between the various public support structures for SMEs—linked to the multiplicity of actors, the partial overlap of their mandates, and a lack of knowledge of their respective eligibility criteria—has been identified as an obstacle for entrepreneurs. In response, ADEPME, with the support of GIZ, has launched a One-Stop Shop for Financing that lists all the actors, their roles, and the services they offer. This promising first step in simplifying the entrepreneurial journey would benefit from being supplemented by the consolidation of evaluation data (referral rates, satisfaction, conversion to financing) to measure its effectiveness and fuel a process of continuous improvement.

Finally, in terms of measurability, ADEPME has a monitoring and evaluation service that measures the development capacity and performance of companies after support. Their gender/environment unit also incorporates specific indicators. Extending these practices to more systematic social and environmental impact measurement would be a natural development, in line with the growing expectations of international partners.

Priority Investment Guarantee Fund (FONGIP)

FONGIP, a subsidiary of FONSIS, operates as a partial guarantee mechanism aimed at facilitating access to bank credit for SMEs. The scheme offers guarantees covering part of the credit risk, enabling partner banks to relax their collateral requirements and expand their financing portfolio to SMEs, economic interest groups, etc.

The mechanism operates in partnership with Senegalese banking institutions, creating leverage on the private sector's financing capacities. Aggregate public data on guaranteed volumes and the number of beneficiary companies remain limited.

National Bank for Economic Development (BNDE)

The BNDE is a public banking institution dedicated to financing economic development, with a mandate to fill the financing gaps left by the commercial banking sector. The bank offers various instruments (medium- and long-term loans, refinancing lines, guarantees) targeting primarily SMEs and structuring projects in productive sectors.



ADEPME, with the support of GIZ, has launched a One-Stop Shop for Financing that lists all the actors, their roles, and the services they offer.

The BNDE's financing conditions include concessional elements (preferential rates, long maturities) designed to make capital accessible to companies that are underfinanced by conventional channels. The publicly available data do not allow for a precise assessment of the actual conditions of access (guarantee requirements, minimum ticket sizes) or the sectoral distribution of the portfolio.

The BNDE operates in a context of structural financial constraints inherent to public development banks (balance between development mandate and financial viability, refinancing needs).

Cross-cutting analysis of public initiatives

Three major findings emerge from the review of these institutions.

- **Institutional fragmentation and coordination challenges.**

The four structures operate with distinct mandates, specific eligibility criteria, and autonomous decision-making processes. This configuration creates complexity for entrepreneurs who navigate between multiple channels. The absence of a unified guidance platform or formal inter-institutional coordination mechanism presents an opportunity to improve the overall effectiveness of the public financing system.

- **Limited alignment with impact investing principles.**

With the exception of the recently launched REEF, publicly available data does not indicate the formal integration of social or environmental impact criteria into the selection or monitoring processes of public financing institutions. Allocation decisions appear to be based primarily on criteria such as financial viability, sector of activity, or demographic characteristics of beneficiaries (young people, women), without a standardized impact measurement framework.

- **Lack of public data and impact reporting.**

Aggregate data on actual disbursement volumes, beneficiary sectors, repayment rates, and economic impact generated remain difficult to access for most of these institutions. This situation limits the ability to externally evaluate the effectiveness of public policies and prevents collective learning about the most effective intervention models.

Regulatory framework

The Senegalese regulatory framework includes several initiatives aimed at supporting the entrepreneurial ecosystem, but their effective implementation remains uneven and their articulation with impact investing has yet to be developed.

Startup Act: status of implementation

The Senegalese Startup Act, passed in 2020, aimed to create a legal and fiscal framework conducive to the development of startups. The measure provides for a certification mechanism allowing eligible companies to benefit from tax advantages, easier access to financing, coaching and incubation, as well as connections with investors and partners.

However, the time lag between legislative adoption and effective operationalization is a major challenge. Five years passed between the law being passed (2019) and the operational platform actually being launched (November 2025). This delay illustrates a recurring problem with public policies supporting entrepreneurship in Senegal: the gap between legislative ambition and operational effectiveness.

The platform launched in November 2025 offers a "single centralized tool for the entire Startup Act" with several features: online submission of certification applications, real-time progress tracking, direct access to eligibility criteria, and connection to the support and financing ecosystem.



The gap between legislative ambition and operational effectiveness is a recurring problem with public policies supporting entrepreneurship in Senegal.

The first few months of implementation will allow for an assessment of how effectively startups are taking advantage of the program and whether the promised benefits are being realized. Several questions remain unanswered: the volume and nature of the tax benefits that can actually be mobilized and the concrete bridges between certification and access to financing.

Social and Solidarity Economy (SSE) Act

In 2020, Senegal adopted a framework law on the social and solidarity economy covering economic, social, environmental, and participatory dimensions. This law provides for several structural mechanisms designed to organize and support the sector. A national database and local SSE registers at the level of each administrative district are planned to identify stakeholders. An accreditation system allows SSE actors to benefit from the tax regime applicable to cooperative societies, and the law opens up the possibility for the State to grant other tax and customs advantages to strengthen the development of the sector. Accredited actors can also access dedicated financing and training schemes.

The creation of a Ministry of Solidarity Economy and Microfinance in September 2017 demonstrates a political will to structure this sector. Several public structures are involved in financing and supporting small entrepreneurs (ADEPME, APIX). However, several structural weaknesses persist in the operationalization of this framework. First, the SSE sub-sector remains unclear despite the adoption of the law, making it difficult to identify all the actors concerned. Second, the fragmentation of actors limits the formation of a single national federation capable of speaking with a collective voice. Third, the absence of a framework for interprofessional consultation and action for all SSE actors hinders sectoral coordination.

Assessing the concrete impact of these measures remains difficult due to the lack of consolidated factual data. The latest general business census (RGE, ANSD, 2022) does not include social enterprises as a separate legal status beyond traditional forms (cooperatives, mutual societies). There is no comprehensive public data on the number of accredited social enterprises, their sectoral distribution, their economic and social performance, or the actual use of the tax and customs benefits provided for by law. This lack of data limits the ability to steer the sector's development and measure the effectiveness of the support mechanisms put in place. Substantial quantitative and qualitative work remains necessary to characterize Senegalese social entrepreneurship in a robust manner and guide public policy on the basis of evidence. To this end, documentation work is underway: the SSE Promotion Department of the Ministry of Microfinance and SSE is finalizing a mapping of approved actors (number, sectoral distribution, amounts). Once available, this resource could feed into the work of the National Partner and improve the visibility of the SSE ecosystem.

Oil & Gas Law and local content mechanism

Senegal has adopted an Oil and Gas Code that includes provisions on local content, aimed at maximizing the participation of Senegalese companies in value chains related to hydrocarbon exploitation. The mechanism imposes obligations on oil and gas operators to give priority to local suppliers, to train and employ Senegalese personnel, and to transfer skills.

Local content in the hydrocarbon sector theoretically represents a major opportunity for impact investment, directing a significant share of the value created to the local economy and stimulating the development of Senegalese SMEs capable of supplying goods and services to the extractive sector. The financial volumes involved are substantial, with exploitation projects generating supply, service, and infrastructure needs amounting to billions of XOF.



There is no comprehensive public data on the number of accredited social enterprises, their sectoral distribution, their economic and social performance, or the actual use of the tax and customs benefits provided for by law.

Regional sustainable finance architecture: an underused policy lever

Senegal operates within a regional financial architecture that already contains several of the building blocks required to mobilise impact capital. In 2024, the regional capital markets authority (AMF-UMOA) published a sustainable finance taxonomy establishing eligibility criteria for green, social and sustainable bond issuances on the regional stock market (BRVM). Unlike many emerging market taxonomies that focus narrowly on climate mitigation, the WAEMU framework explicitly includes social and blue economy categories, making it structurally compatible with impact investment approaches that combine financial returns with measurable social or environmental outcomes.

Despite the existence of this regional framework, no sustainability-labelled bond issuance has yet been undertaken by Senegalese issuers. The issue is therefore not the absence of regulatory architecture, but rather the absence of national operationalisation. Senegal already has access to a recognised classification framework capable of signalling credible impact assets to international investors. What remains missing is the national policy decision to activate it — through sovereign or institutional issuance and through the alignment of domestic regulatory guidance with the regional taxonomy. Operationalising this framework would require no new institutional infrastructure: only the political commitment to issue and report under it.

Tax environment and attractiveness

The Senegalese tax landscape is based on a General Tax Code (CGI) reformed in 2012, which structures direct and indirect taxation. The tax system includes a corporate income tax (IS) set at 30%, a progressive personal income tax (IRPP), and a value added tax (VAT) of 18% (with a reduced rate of 10% for certain sectors such as hotels and restaurants). Tax revenues have grown steadily, from 15.2% of GDP in 2014 to 18.8% in 2023¹⁴. This rate of 18.8%, recently reevaluated following the rebasing of the national accounts announced by the ANSD in November 2025, places Senegal slightly below the WAEMU standard of 20%. This drive to mobilize domestic resources is a key pillar of the 2025-2029 National Development Strategy (NDS), the first five-year plan of Vision Senegal 2050, which aims to restore fiscal flexibility while financing development investments¹⁵.

The structure of Senegal's tax revenues remains dominated by indirect taxation, which accounts for 67.5% of total revenues, with VAT alone contributing 52.8% of indirect taxes. This configuration, coupled with the significant weight of the informal sector, estimated at 43.9% of GDP in 2022, limits the expansion of the tax base and constrains the State's ability to mobilize additional resources to finance the infrastructure and public services essential to a robust impact investment ecosystem.

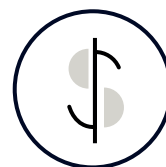
The new Investment Code, adopted on September 19, 2025, and presented at the "Invest in Senegal" Forum in October 2025¹⁶, aims to modernize the incentive framework and strengthen Senegal's competitiveness in attracting investment. The main innovations include four key areas:

- A single, paperless point of contact via APIX, with applications processed in less than 10 business days.
- Tax and customs incentives for 3 years for Dakar and Thiès, and 5 years for other regions.

¹⁴ French Development Agency (AFD). Analysis of the impact of taxation and social spending on poverty and inequality in Senegal, 2024.

¹⁵ Republic of Senegal, Vision Senegal 2050 - National Development Strategy 2025-2029, October 2024.

¹⁶ APIX. Senegal takes a new step in improving the business climate with the adoption of the 2025 Investment Code, press release, September 22, 2025.



The structure of Senegal's tax revenues remains dominated by indirect taxation, which accounts for

67.5%

of total revenues, with VAT alone contributing 52.8% of indirect taxes.

- Two targeted schemes: Strategic Investments and Socially Responsible Investments (SRI).
- Enhanced guarantees including free transfer of capital, currency convertibility, guaranteed access to raw materials, and recourse to international dispute settlement mechanisms¹⁷.

APIX now centralizes all approvals and administers three special economic zones (SEZs), offering additional tax and customs exemptions.

Despite these advances, three structural limitations stand out and weigh on the development of impact investing.

First, the lack of specific tax incentives for social enterprises or investments with a high environmental impact contrasts with the measures put in place by some countries in the region. Rwanda, for example, exempts investors registered with the Rwanda Development Board (RDB) from capital gains tax, except for commercial real estate transactions, and applies preferential corporate tax rates of 15% for priority sectors and even 0% for regional holding companies¹⁸. Kenya, despite having increased capital gains tax from 5% to 15% since January 2023, it maintains a reduced rate of 5% for companies certified by the Nairobi International Financial Centre (NIFC) that invest at least KES 5 billion (≈ USD 38.5 million, or XOF 21.4 billion) and retain their holdings for at least five years¹⁹. In Morocco, capital gains on listed shares are taxed at 15%, while those on unlisted securities are taxed at 20%²⁰.

Secondly, non-consistent application of tax and customs penalties, combined with slow legal proceedings and the opacity of certain contractual decisions, can create uncertainty for investors, particularly new entrants to the market who do not yet have established networks²¹.

Third, the tax system remains partially regressive: while personal income tax (IRPP) is progressive, VAT and excise duties weigh proportionally more heavily on low-income households and informal companies, limiting the redistributive impact of fiscal policy and exacerbating inequalities²².

While several fiscal incentives exist to encourage investment activity more broadly, the current framework does not specifically target investments that generate measurable social or environmental outcomes. Tax incentives therefore reward investment volumes in general rather than directing capital toward activities aligned with national development priorities.

A more targeted approach would involve linking certain fiscal provisions to clearly defined impact criteria - for example, investments aligned with a recognised sustainable finance taxonomy or vehicles subject to mandatory impact reporting. Such a mechanism does not require significant fiscal expenditure; its primary function is signalling, orienting private capital toward sectors where development needs and financing opportunities converge.

At the regional level, WAEMU directives governing collective investment vehicles already provide a basis for harmonised fiscal treatment. Aligning future national fiscal incentives with these regional frameworks would strengthen market



Tax incentives therefore reward investment volumes in general rather than directing capital toward activities aligned with national development priorities.

¹⁷ US Department of State, Investment Climate Statements: Senegal, 2024-2025; UNCTAD Investment Policy Hub.

¹⁸ Rwanda Law on Investment No. 006/2021, Article XVIII; Rwanda Development Board (RDB), Investment Incentives Guide, August 2023.

¹⁹ Kenya Revenue Authority (KRA), "Capital Gains Tax"; Kenya Finance Act 2022.

²⁰ Kingdom of Morocco, General Tax Code; Moroccan Capital Market Authority (AMMC).

²¹ US Department of State, Investment Climate Statements: Senegal, 2024-2025.

²² AFD, Analysis of the Impact of Taxation and Social Expenditure on Poverty and Inequality in Senegal, 2024.

credibility while avoiding the regulatory fragmentation that typically results from uncoordinated national measures across member states.

However, regional integration within the WAEMU and ECOWAS represents an opportunity for Senegal. The gradual harmonization of indirect taxation, particularly through the Common External Tariff (CET), facilitates cross-border trade and expands the potential market for Senegalese companies. Nevertheless, the effective implementation of these regional frameworks remains uneven, and non-tariff barriers continue to hinder the movement of goods and capital.

Other regulatory constraints

Beyond taxation, several regulatory and institutional constraints hinder the development of a fully functional impact investment ecosystem in Senegal.

· **Company registration and formalization**

Although Senegal has made progress in simplifying company registration, with a theoretical timeframe of less than 10 days according to World Bank indicators and the use of a one-stop shop via APIX, procedures remain cumbersome due to the requirement for notarized certification of certain documents and the need to navigate between several registers (Trade and Movable Property Register, tax register, social security). These formalities increase costs and delays for social entrepreneurs, particularly those from the informal economy or rural areas.

· **Prudential and regulatory standards in the banking sector**

The Senegalese banking system, regulated by the BCEAO (Central Bank of West African States), applies conservative prudential standards that favor collateral requirements. These requirements effectively exclude a large proportion of SMEs and social entrepreneurs who do not have sufficient collateral assets. Loan-to-deposit ratios and non-performing loan (NPL) rates favor large, established companies at the expense of emerging or innovative structures.

· **Institutional investors and fiduciary clarity**

Another structural barrier affecting the supply of impact capital relates to the regulatory environment governing institutional investors themselves. Pension funds, insurance companies and asset managers in the WAEMU region operate under prudential and fiduciary obligations designed to protect beneficiaries. In the absence of explicit regulatory guidance confirming that impact-aligned investments are compatible with fiduciary duty when appropriate risk-return conditions are met, many institutional investors default to highly liquid sovereign instruments.

This dynamic does not necessarily reflect a lack of interest in impact investments, but rather a risk management response to regulatory uncertainty. Without clear supervisory guidance, trustees may perceive allocations to impact funds, blended finance vehicles or SME-focused instruments as legally ambiguous, regardless of their financial merits.

Experience from other markets demonstrates that clarifying fiduciary guidance can have a material effect on institutional capital allocation, without requiring mandatory quotas or prescriptive mandates. By confirming that environmental, social and governance considerations can be integrated into investment decisions without breaching fiduciary obligations, regulators effectively expand the investable universe for institutional actors. In the WAEMU context, such guidance would need to originate at the regional supervisory level – a reform that, once adopted, would apply simultaneously across all eight member states and represent one of the highest-leverage regulatory interventions available to the ecosystem.

· **Access to capital markets**

The Regional Stock Exchange (BRVM) offers limited liquidity, and initial public offerings (IPOs) remain marginal for Senegalese SMEs. The bond market remains largely inaccessible to SMEs due to high minimum ticket sizes and rating costs. The absence



The gradual harmonization of indirect taxation, particularly through the Common External Tariff (CET), facilitates cross-border trade and expands the potential market for Senegalese companies.

of a national framework enabling sustainability-labelled bond issuance also limits the ability of Senegalese issuers to access the rapidly expanding pool of ESG-mandated capital seeking emerging market exposure. Even a basic use-of-proceeds framework aligned with the regional AMF-UMOA taxonomy could provide the necessary signalling to investors and enable sovereign or institutional sustainable bond issuance.

Sovereign green and social bond programmes in comparable emerging markets have demonstrated that a first issuance typically serves a structuring function beyond its financing value: it establishes reporting standards, embeds impact measurement practices across the issuer's operations, and builds investor familiarity with labelled instruments in that market. For Senegal, which already benefits from regional capital market infrastructure through the BRVM, the binding constraint is not institutional capacity but the absence of a national policy framework enabling these instruments.

· **Commercial dispute resolution mechanisms**

The lack of an effective commercial arbitration mechanism and the slowness of legal proceedings discourage investors, particularly international funds accustomed to high standards of judicial efficiency. The absence of an independent mediator dedicated to commercial matters often forces investors to take their disputes to the ministerial level, creating a dependence on informal networks. There are isolated cases of successful mediation: in 2025, ADEPME assisted a company in renegotiating unfavorable pricing terms, demonstrating its ability to intervene directly on regulatory obstacles. However, this type of action remains exceptional—only one documented case in the year—and does not constitute a systematic mechanism for resolving deadlocks.

· **Sectoral regulation**

Certain sectoral regulations, particularly those relating to anti-money laundering and counter-terrorist financing (AML-CTF), impose disproportionate compliance burdens on microfinance institutions and fintechs, which play a crucial role in financial inclusion. Furthermore, the regulation of digital financial services lags behind innovation, creating legal gray areas for mobile money and crowdfunding platforms.

· **Investor protection and transparency in public procurement**

Although the Public-Private Partnership (PPP) Act of March 2021 modernized financing mechanisms and strengthened local content, the awarding of public contracts remains opaque, and contractual decisions are not always transparent, exposing investors to governance risks.

These regulatory constraints call for targeted reforms to create a truly enabling environment for impact investing, including:

- 1 Introducing a recognized legal status for social enterprises
- 2 Relaxing collateral requirements for loans granted to certified impact companies
- 3 Establishing a specific guarantee fund for impact investments
- 4 Strengthening the capacity of regulators (BCEAO, AMF) to support financial innovation while preserving the stability of the system.

The regulatory analysis reveals a structural characteristic of the Senegalese policy environment with direct consequences for advocacy strategy: the most influential financial regulations governing impact investment are defined at the regional WAEMU level rather than nationally. Monetary policy, banking supervision, capital market rules and collective investment frameworks are largely governed by regional institutions - BCEAO, AMF - whose decisions apply across eight economies simultaneously.



For Senegal, which already benefits from regional capital market infrastructure through the BRVM, the binding constraint is not institutional capacity but the absence of a national policy framework enabling these instruments.

This architecture means that several of the highest-leverage reforms available to the ecosystem - fiduciary guidance for institutional investors, operationalisation of the sustainable finance taxonomy, capital market disclosure standards - are not achievable through national legislative change alone. Pursuing them requires sustained engagement with regional bodies, supported by country-specific evidence and concrete reform proposals.

For the Task Force, this implies that the most productive near-term institutional conversations extend beyond the Ministry of Finance to include the BCEAO and the AMF-UMOA. For the National Partner, building the analytical capacity to engage these regional institutions effectively - and to do so with the credibility of a body that aggregates market evidence from across the ecosystem - is a higher-order priority than any individual national regulatory intervention. In this regard, coordination with peer National Partners in the WAEMU region, including Côte d'Ivoire, will be essential: a shared regional advocacy position, grounded in consistent market evidence across multiple countries, carries substantially more weight with BCEAO and AMF-UMOA than any single-country submission.



Market and infrastructure development

The ecosystem infrastructure (incubators, accelerators, consulting firms, business angels, professional networks) plays as decisive a role as the availability of capital in the development of impact investment. It prepares entrepreneurs for investment, disseminates the information necessary for transactions, and creates the standards that enable coordination between actors. However, analysis reveals a paradox: an apparent density of players masks critical failures in coordination, impact measurement, and effective investment preparation, limiting the ecosystem's ability to develop a pipeline of truly investable companies.

Support and assistance stakeholders

Dakar is home to some 20 incubators and accelerators, reflecting a dense entrepreneurial support ecosystem. However, this abundance of players does not translate into effective and coordinated coverage of entrepreneurs' needs. The players fall mainly into three categories:

Generalist incubators (such as Jokkolabs, Concree, Impact Hub Dakar, and CTIC Dakar): these offer programs lasting 3 to 12 months, mainly focused on the very early stages (ideation, market validation).

Specialized sector programs: these operate in specific sectors, for example:

- Teranga Tech Incub: ICC in Dakar and blue economy in Saint-Louis
- Lafiya (Impact Hub Dakar): health
- Sonatel Academy: tech

Consulting firms (Open Capital, Haskè Conseil, Deloitte, KPMG, Dalberg): mobilized on an ad hoc basis to provide technical assistance, mainly to SMEs.

La Tanière Business Angels is a hybrid investor/mentor. The network targets entrepreneurs who have gone through incubation programs and passed the initial validation phase but are not sufficiently structured to access institutional financing. With tickets ranging from USD 10,000 to USD 20,000 (\approx XOF 5.6 - XOF 11.1 million), the goal is to make these companies investable by institutional investors or banks within a 12-month timeframe. This positioning highlights a critical segment that has historically been poorly covered: the intermediate phase between early-stage support and institutional financing.

The investment readiness gap

The most critical gap identified concerns entrepreneurs' preparation for investor requirements. While entrepreneurs generally have a good grasp of their operational activities, they often lack the skills and human resources needed to engage with financiers: translating a business strategy into financial language, monitoring key indicators (customer acquisition cost, retention), structuring a data room, or producing standardized reports.

This observation is confirmed by investors. WIC Capital says it is "willing to pay for a more qualified pool," pointing out that deploying small tickets in insufficiently prepared companies generates disproportionate costs. In fact, funds emphasize the need to say no quickly to entrepreneurs and to be transparent about selection criteria. Questionnaires deemed "too detailed" by some entrepreneurs are precisely what enable funds to filter out structures that do not meet their expectations, thus avoiding a waste of time and resources for both parties. Technical support can be provided once the process is well underway, but not at the outset due to the costs involved. The investment readiness gap is therefore an active constraint on capital deployment, rather than a mere theoretical issue. Unsuccessful companies can be referred to incubators, provided that these support structures can then refer them back to the funds once the structuring process is complete. This virtuous cycle between support providers and financiers remains insufficiently organized in the current ecosystem. The integrated WIC Capital/WIC (Women's Investment Club) model, which combines investment funds and support structures, illustrates one possible response to this fragmentation.

This gap becomes particularly critical when the entrepreneur has moved beyond the survival phase (income covering basic costs) but remains unable to scale up. However, the current ecosystem remains heavily focused on the very early stages, leaving this transition from survival to growth insufficiently supported.

Three structural dysfunctions

Three dysfunctions limit the collective effectiveness of the ecosystem:

1 Lack of a shared language

Key concepts (pre-seed, seed, early-stage, impact investing, support) are not defined by consensus, with different interpretations between startups and SMEs. This confusion complicates coordination and effective guidance for entrepreneurs.

2 Lack of accountability

Most programs do not report their results according to standardized criteria (1/3/5-year survival rates, amounts raised, jobs created). In the absence of comparable data, the ecosystem cannot identify successful models, and resources continue to be allocated on the basis of promises rather than evidence.

3 Lack of a centralized tool

There is no platform that provides a comprehensive list of entrepreneurs receiving support and the programs they are enrolled in. This results in double counting, an accumulation of programs with no real progress for some entrepreneurs, and the inability to identify segments that are not covered.

Emerging innovations

In response to these shortcomings, innovative approaches are emerging. One of these involves financing via incubators, with the aim of better aligning incentives between donors, support structures, and entrepreneurs. Rather than directly selecting the beneficiary companies, donors allocate global budgets to incubators, which redistribute the funds to the companies they support. This approach is based on the incubators' detailed knowledge of the actual progress made by entrepreneurs and reinforces their responsibility for the results obtained. It also enables incubators to develop their skills, equipping them to better prepare companies to eventually become attractive to private investors. This model is notably implemented by the Concree incubator through the Impact Teranga Tech Incub fund. Several incubators also manage seed funds, which could be relevant to support in order to go beyond the granting of financing in the form of grants or repayable advances.

Impact measurement in Senegal

The diagnosis is unanimous: the impact exists, but is not measured. Companies generate a real impact (job creation, access to essential services), but few have structured systems in place to document it according to international standards. This weakness reflects not so much a lack of interest as a practical impossibility for the majority of actors.

Four structural obstacles prevent the widespread use of impact measurement:



Financial cost: rigorous measurement requires dedicated human resources and technological tools that are beyond the reach of early-stage organizations.



Lack of local expertise trained in international standards (IRIS+, GIIRS, B Impact Assessment), making outsourcing prohibitively expensive.



Rational prioritization of survival: as long as funding is not strictly conditional on impact measurement, investing in this function represents a direct opportunity cost for entrepreneurs focused on generating revenue.



International frameworks are ill-suited to local realities (informal economy, multi-activity households, subsistence activities).

However, some funds are beginning to structure their measurement systems despite these constraints. WIC Capital, for instance, has recruited a person dedicated to impact monitoring since September 2025, supplemented by an external consultant, all financed in part by technical assistance. This paves the way for the drafting of an impact report. However, these initiatives remain isolated. A few exceptions exist (Wee Index by FONSIS or those followed by impact funds like I&P and Teranga Capital). They illustrate both the potential and the limits of locally adapted measurement frameworks: meaningful accountability through a blocking threshold, but that create necessity to work on fully formalized corrective mechanisms for companies that fall below it. This situation creates a paradox: in some support mechanisms, the ability to formalize and present one's impact becomes a decisive selection criterion, sometimes even more so than the actual impact generated. This dynamic automatically favors entrepreneurs with communication and reporting skills at the expense of entrepreneurs who potentially generate a greater impact but are unable to document it in the expected formats. Impact measurement thus functions more as a selection criterion than as a management tool.

Beyond these obstacles at the company level, the ecosystem as a whole suffers from a structural gap in the collection and sharing of aggregate data. The absence of a centralized platform or functional impact investment observatory in Senegal makes it difficult to consolidate reliable data on investment volumes, priority sectors, amounts raised by companies, or portfolio performance. While the National Investment Observatory (ONI) exists to monitor public and private investment in general, it does not have a specific focus on measuring social and environmental impact. Each actor (funds, intermediaries, support structures) collects its own data using heterogeneous methodologies, without any mechanism for sharing or aggregation. This fragmentation limits the ecosystem's ability to produce robust sectoral analyses, identify funding gaps by segment or geography, and attract new international investors who require consolidated market data to make their allocation decisions.

In light of this observation, a change in perspective appears necessary on two levels. At the company level, rather than imposing impact measurement as an ex-post compliance constraint, some stakeholders propose developing it as an ex-ante strategic capability: supporting entrepreneurs in structuring their theory of change, defining actionable indicators, and using this data to steer their company and improve their attractiveness to financiers. At the ecosystem level, a GSG National Partner could play a catalytic role in creating a system for collecting and sharing standardized data, significantly improving the visibility and credibility of the ecosystem among international investors.

The ecosystem infrastructure analysis reveals a pattern that recurs across several emerging impact markets: support programmes for enterprises are numerous but structurally disconnected from sources of capital. Training, incubation and acceleration initiatives typically operate independently from investment networks, which limits their ability to generate the financing outcomes that justify their existence.

Correcting this structural disconnect requires a shift in how programme success is measured and incentivised. Output metrics focused on the number of enterprises trained or graduated provide limited insight into economic impact. A more meaningful performance indicator is the proportion of supported enterprises that successfully access financing within a defined period - a metric that creates accountability for the quality of the investor connection, not only the quality of the programme.

The National Partner is well positioned to drive this reorientation: by facilitating structured information sharing between support providers and investors, and by developing a consolidated, publicly accessible overview of pipeline opportunities and ecosystem actors, it can progressively transform a fragmented support landscape into a functional investment preparation system.



Illustrative impact cases

Senegalese impact companies are characterized by their ability to combine economic viability with social or environmental impact. The four initiatives presented below illustrate the diversity of the models deployed and the sectors invested in, while revealing the key success factors and challenges common to the ecosystem. These cases were selected based on four criteria: business model innovation, demonstrated or potential scalability, measurable social/ environmental impact, and lessons transferable to other companies.

These are La Laiterie du Berger, ShezNou, Wave, and ASKCare, presented in the boxes on the following page.

BOX 5

La Laiterie du Berger - Revitalizing a local dairy industry and creating rural value

Founded in 2006 by Bagoré Bathily, La Laiterie du Berger (LLB) collects milk daily from more than 3,500 Fulani herders in Ferlo, processes it in Richard-Toll, and distributes it (under the Dolima and Kossam brands) through 35,000 points of sale in Senegal, Gambia, and Mali. Its subsidiary Kossam provides technical support, animal health, livestock feed, and training, ensuring complete vertical integration of the value chain.

Impact in figures

- 3,500 beneficiary herding families; milk accounts for 25% of their income (compared to almost zero before 2006)
- Milk production doubled in 10 years in the collection area
- More than 500 direct jobs and 32,000 stakeholders impacted
- Significant reduction in dependence on milk powder imports (90% of national consumption before LDB)
- Partial sedentarization promoting children's schooling and access to healthcare

Key lessons

- The VAT exemption on pasteurized milk was crucial to the model's viability in the face of imports
- Patient capital is essential: 15 years of support from Danone Communities without pressure for short-term profitability

Scalability depends on the ecosystem: a USD 708,000 loan (EU – EDFI AgriFI) is dedicated to strengthening the capacities of farmers via Kossam.

BOX 6

ShezNou – Local industrialization of furniture and structuring of a craft sector

Founded in 2020 by Victoria Peter and Sarah Bonetti, ShezNou designs and manufactures modern furniture in Dakar and operates in B2B (private sector, NGOs). Its model combines local industrial production and training of artisans through the ShezNou Academy, with the vision of becoming a service provider that shares a methodology for creating functional production units from limited resources

Qualitative impact

- Skills development for trained artisans, improving the perception of quality and craftsmanship
- Monitoring of post-training integration, with indicators of transition to paid and stable employment

Key lessons

- **Missing middle in manufacturing:** mismatch between the startup funds available (lenders, direct networks) sufficient to test the model, and the requirements of VC funds, which are geared

towards rapid growth that is incompatible with the long cycles of manufacturing and training

- **Disadvantage of formality:** informal competition, exempt from tax and social security contributions, structurally compresses margins and limits the investment capacity of formalized companies
- **Vicious circle of structuring:** the need for HR and finance profiles to access financing requires prior financial resources, creating a circular blockage for manufacturing SMEs

BOX 7

Wave – Mobile money revolution and mass financial inclusion

Founded in 2018, Wave provides digital financial services (deposits, withdrawals, transfers, bill payments) at rates well below those of incumbent operators (transfers at 1%, basic services free of charge). The first non-banking and non-telecom fintech to obtain an electronic money issuer (EMI) license from the BCEAO (April 2022), it operates in several WAEMU countries thanks to proprietary technological infrastructure and a large network of agents.

Impact in figures

- More than 20 million monthly active users, including more than

7 million in Senegal (specialized press)

- Significant reduction in transaction costs, freeing up purchasing power for low-income populations
- Easier access to payments for small merchants, with no setup fees or minimum requirements

Key lessons

- **Aggressive pricing strategy as a lever for inclusion:** Value proposition centered on significantly lower prices enabled rapid mass adoption in markets where high fees were a structural barrier

- **A progressive regulatory approach:** Initial partnership with sponsor banks to validate the operating model before investing in obtaining a license, reducing regulatory risks while demonstrating traction
- **Appetite among investors (African and international) and debt players for fintech:** The ability to raise equity and debt on a large scale demonstrates the attractiveness of models combining financial inclusion and exponential growth potential, but also reveals the massive capital requirements (technological infrastructure, agent network) needed to achieve scale

BOX 8

ASKCare - Femtech and access to health diagnostics in underserved areas

Founded in 2019 by Aissatou Diallo and certified Female Technologies since 2023, AskCare distributes rapid diagnostic kits in rural and peri-urban areas. Refocused since 2021 on cervical cancer (3-in-1 kit: HPV test, digital colposcopy, thermoablation in one visit), the company operates in B2G through established health partnerships (80 Catholic health posts, 66 clinics, 30 laboratories), cohort training of health personnel (40–50 midwives/nurses over 2–3 days), and a call center dedicated to awareness-raising.

Qualitative impact

- + 600,000 ultrasound examinations performed in rural areas since 2019 at an affordable price

- Several thousand cervical cancer screening tests distributed, with a positivity rate of over 26%, including a significant number of precancerous lesions treated on site
- Product certified by the FDA (United States) and CE (Europe), awaiting approval from the MSAS (Senegal) as a condition for access to the SENPHARM public market and international funding

Key lessons learned

- **Regulatory bottleneck:** despite FDA and CE certifications, national approval is a prerequisite for access to the public market and the release of international funding

- **Complex public-private coordination:** risk of public initiatives developing in parallel with private solutions, creating uncertainty between complementarity and competition
- **VC unsuitable for B2G healthtech:** long cycles, revenue from government contracts, and explicit rejection of the VC model in favor of public partnerships and revenue reinvestment, highlighting the need for appropriate hybrid financial instruments
- **Lack of sector-specific support:** generalist incubators do not adequately cover healthtech issues (regulation, personal data, authorizations), with durations (3–6 months) unsuited to maturation cycles

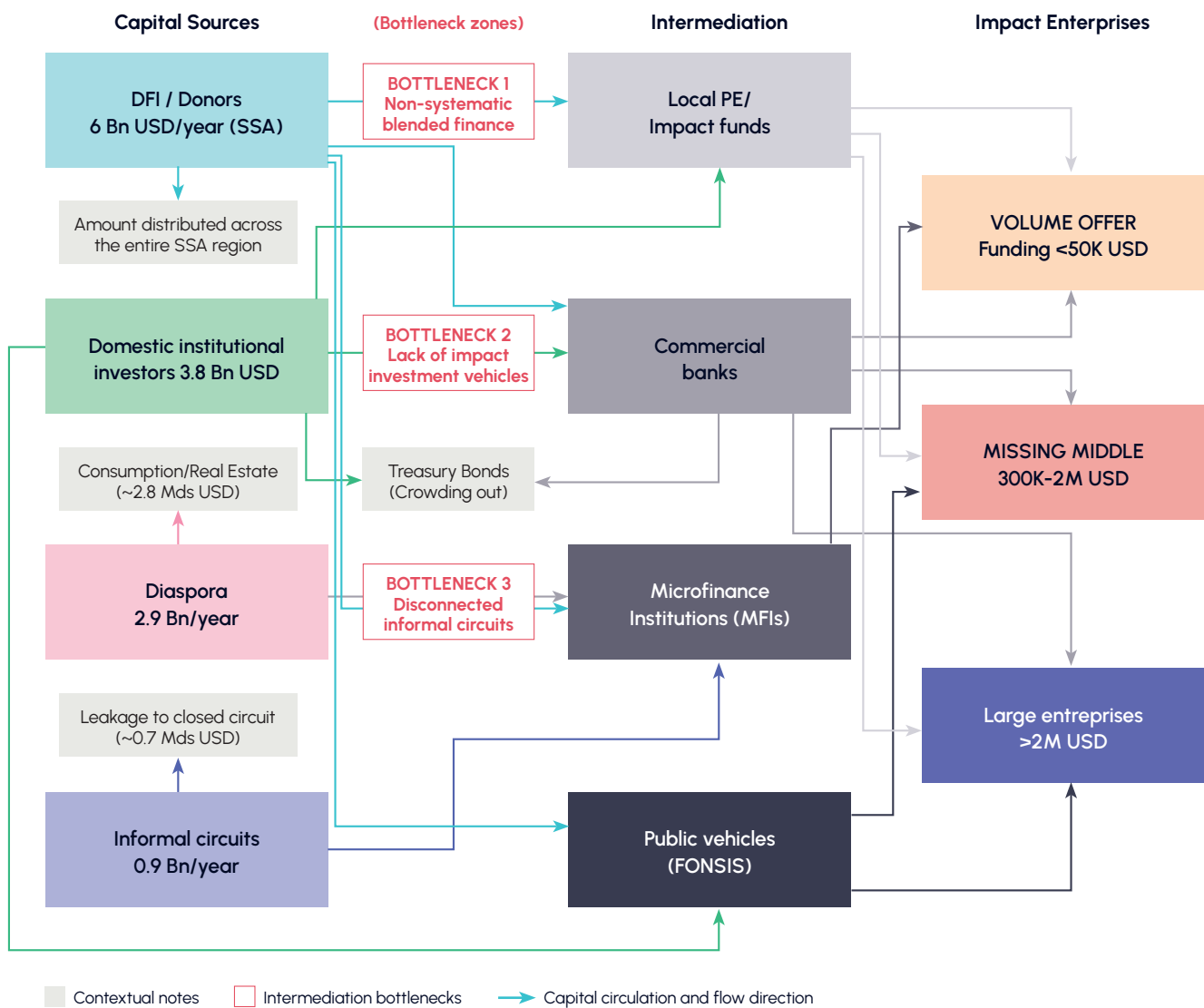
Section 5

Cross-cutting analysis and opportunities

Structural barriers preventing the flow of capital

The Senegalese impact investment ecosystem presents a striking paradox: theoretically substantial sources of capital (USD 6 billion - \approx XOF 3,336 billion - of blended finance available in sub-Saharan Africa, USD 2.9 billion \approx XOF 1,612 billion in annual diaspora transfers to Senegal²³, excess bank liquidity) coexist with an SME financing gap of USD 1.56 billion (\approx XOF 867 billion) that structurally constrains the growth of impact companies²⁴. This paradox cannot be explained by a lack of available capital, but rather by three breaks in the circulation chain that transform this theoretical liquidity into a practical obstacle for growing companies.

Figure 3: Mapping of capital flows and critical disruptions in the impact investment ecosystem in Senegal



²³ Mo Ibrahim Foundation, Financing the Africa We Want, 2025

²⁴ IFC, SME Finance Gap Database 2024

The diagram illustrates the flow of capital from four main sources to impact companies, highlighting three critical bottlenecks in the intermediation zone: (1) the absence of systematic blended finance between DFIs and local funds, (2) the lack of UCITS vehicles enabling domestic institutional investors to invest in SMEs, and (3) the total disconnect between informal circuits and the formal system. The thickness of the flows illustrates the concentration of capital in the extreme segments (< USD 60,000 and > USD 2 million // < XOF 33.4 million and > XOF 1.1 billion) to the detriment of the missing middle (USD 300,000-2 million, or XOF 167 million- XOF 1.1 billion).

First break: blended finance that does not systematize

There is a significant amount of international capital available for sub-Saharan Africa. DFIs collectively mobilize USD 6 billion annually in blended finance for the region²⁵ (≈ XOF 3,336 billion) with explicit mandates for social and environmental impact investments. However, Senegal captures only a modest fraction of this, not because of a lack of intrinsic attractiveness, but because of a structural inability to convert this capital into tickets suitable for local SMEs.

Senegalese funds, constrained by their size (typically USD 3.2-16.2 million, or XOF 1.8-9 billion), are unable to absorb the pipeline of investable companies they identify, nor can they offer the necessary post-investment support with their small teams. DFIs, for their part, are looking for local vehicles capable of deploying their capital effectively, but require fundamentals (track record, experienced teams, mature governance) that these emerging funds struggle to demonstrate.

Partial guarantee mechanisms (such as the Proparco-Teranga Capital partnership analyzed in section 4.1.3) demonstrate the viability of the model, but remain exceptional rather than systematic. The absence of a national pooled blended finance facility forces each fund to negotiate bilaterally with each DFI, generating prohibitive transaction costs and delays that are incompatible with the needs of companies.

This disconnect explains why the missing middle of USD 300,000-2 million (≈ XOF 167 million-1.1 billion), which accounts for a substantial portion of the gap, remains largely unserved. Local funds have the sector expertise and local presence to serve this segment, but lack the patient capital and de-risking mechanisms that would make their model economically viable.

Second gap: domestic savings that cannot find a vehicle

Senegal and the WAEMU zone have considerable institutional savings, including pension reserves, assets managed by insurance companies, and sovereign wealth funds such as FONSIS. These institutions are actively seeking investment opportunities that offer higher returns than sovereign bonds (currently 5-6% in real terms) while complying with their prudential and fiduciary constraints.

However, their allocation to impact SMEs remains virtually zero (less than 1% of total assets). This disconnect does not reflect a lack of interest, but rather the absence of regulated investment vehicles offering the required threefold combination: a risk-return profile compatible with fiduciary mandates, partial liquidity, and reassuring governance. The BCEAO's prudential ratios structurally favor sovereign bonds and corporate bonds from large companies, while there are currently no specialized SME impact investment UCITS in the WAEMU area.

These savings, which are structurally long-term (retirement reserves with a horizon of 20-30 years), perfectly match the patient financing needs (minimum 7-10 years) of formal growth companies. Current regulations legitimately protect savers from the level of investment risk (uncertain returns, default rates). However, exploratory initiatives are emerging, such as the "risk bonds" launched by Baobab Finance for



DFIs collectively mobilize

USD 6 bn

annually in blended finance for the region, yet Senegal captures only a modest fraction because of a structural inability to convert this capital into tickets suitable for local SMEs.

²⁵ IMF, Regional Economic Outlook: Sub-Saharan Africa, October 2025

SME financing, the results of which are worth studying. The main opportunity identified lies in the introduction of targeted incentives for insurance companies.

Domestic institutional investors could theoretically mobilize several hundred million USD for SME impact vehicles if the regulatory and structural conditions were in place, creating a virtuous circle where local economic development finances its own acceleration. But in the absence of this intermediary financial infrastructure, this capital remains captive to conservative allocations that generate mediocre returns for institutional investors and deprive the real economy of financing resources.

The Senegalese diaspora (transfers analyzed in section 4.1.1) represents an even more striking anomaly: these flows are directed almost exclusively toward family consumption and residential real estate, due to the lack of structured vehicles channeling these savings toward productive investment.

Third disruption: informal circuits that do not connect

Senegal's informal financing system (analyzed in section 4.1.1) operates with remarkable efficiency, but remains a closed circuit, contributing nothing to the structuring of growing formal companies.

This mass of capital circulates in a closed circuit, without contributing to the structuring of formal growth enterprises. Informal mechanisms mainly operate on amounts of less than USD 12,000 (\approx XOF 6.7 million) and short terms (3-12 months), which are unsuited to the capitalization and long-term financing needs of SMEs. More fundamentally, the absence of a legal framework recognizing these circuits and regulatory bridges allowing for their gradual formalization maintains this sterile dichotomy between an under-liquid formal system and over-liquid informal circuits incapable of scaling up.

The informal sector nevertheless represents a real opportunity, but operational solutions have not yet been found when it comes to integrating these companies into fund financing: prior audit requirements are a major obstacle. Stakeholders recognize the need to work with the informal sector to support the transition to the formal sector. Only after this structuring work has been done will these companies become eligible for traditional financing instruments.

The emergence of digital platforms (Wave, a money transfer fintech with several million active accounts) creates a historic opportunity to digitize and gradually structure these flows without destroying their social logic. Legal recognition of digital tontines, bank guarantee mechanisms backed by tontine payment histories, and gradual taxation could transform a fraction of informal capital into structured financing for formal companies, while preserving its essential function of basic financial inclusion for vulnerable segments.

Strategic implications: unlocking rather than creating

Analysis of structural barriers reveals a major strategic conclusion: the challenge is not to create new sources of capital, but to unblock the flow of existing capital. The SME financing gap of USD 1.56 billion (\approx XOF 867 billion) can be significantly reduced by resolving the three identified bottlenecks, without requiring the massive mobilization of additional external resources. The flows currently being lost (diaspora to consumption, bank liquidity to Treasury bills, informal capital in closed circuits) alone represent more than USD 3 billion annually (\approx XOF 1,668 billion).

This transformation requires three complementary types of intervention, which are analyzed in the following sections: innovative financial mechanisms; targeted regulatory reforms; and strengthening local intermediation capacities. The role of the National Partner is precisely to catalyze this systemic transformation by acting simultaneously on these three dimensions.



The SME financing gap of USD

1.56 bn

(\approx XOF 867 billion) can be significantly reduced by resolving the three identified bottlenecks, without requiring the massive mobilization of additional external resources.

Transformational opportunities

Despite the obstacles identified, major windows of opportunity are currently opening up, combining geopolitical dynamics, financial innovations, and the political will expressed in national strategic documents. These opportunities are not speculative hypotheses, but identified, quantifiable, and time-bound levers whose coordinated activation could structurally transform the ecosystem's capacity to mobilize and deploy impact capital.

Geopolitical repositioning as a window of opportunity for reallocation

Persistent instability in the Sahel, with several military transitions, is automatically repositioning Senegal as a preferred destination for development flows in West Africa. International donors and DFIs are actively seeking stable alternatives for deploying regional programs initially planned for the entire Sahel region. Blended finance flows to sub-Saharan Africa amount to USD 6 billion annually (\approx XOF 3,336 billion), with a significant portion historically deployed in the Sahelian belt now being reallocated. The I&P Acceleration in the Sahel report (100 companies 2020–2023) illustrates this dynamic: Senegal has attracted 17 beneficiary companies, reflecting not relative needs but absorption capacities in secure contexts.

This opportunity requires three activation conditions identified over a constrained horizon of 18–24 months:

- **Institutional proactivity:** a dedicated interministerial task force to systematically map reallocation programs (IFC, AFD, KfW, USAID) and present credible Senegalese alternatives
- **Strengthened absorption capacities:** Pipeline of bankable projects, experienced management units, reporting to international standards to meet donor requirements ("credible policy and regulatory frameworks, data and debt transparency, public finance management")
- **Time constraints:** This window is temporary in nature. Even partial stabilization in the Sahel (3–5 years in the best-case scenario) would automatically close the opportunity.

PPPs as a vehicle for structuring impact capital

The 2025–2029 National Development Strategy quantifies the expected PPP investments precisely: XOF 4,371 billion (\approx USD 7.86 billion) over five years, including XOF 3,060 billion (\approx USD 5.5 billion) in pure private financing. The National Transformation Agenda 2050 stipulates that "two-thirds of the financing plan must be mobilized by the private sector" and that "the unit in charge of PPPs will be strengthened to accelerate the preparation of eligible projects," creating an institutional window for structuring high-impact PPPs.

PPPs have four characteristics that make them preferred vehicles for impact investment, beyond traditional infrastructure financing:



Secure revenues

Long-term contracts (typically 15–25 years) with public counterparties reduce commercial risk, enabling the mobilization of patient institutional capital.



Attractive high ticket sizes

Typical ticket sizes of USD 10.8–108 million (\approx XOF 6–60 billion), an area where DFIs, infrastructure funds, and insurers operate effectively.



Measurable direct impact

Infrastructure PPPs (water, sanitation, health, education, energy) generate directly quantifiable impacts (people served, access created, emissions avoided).



Demonstration catalyst effect

A successful PPP with demonstrated impact creates a precedent that can be leveraged to structure similar transactions.

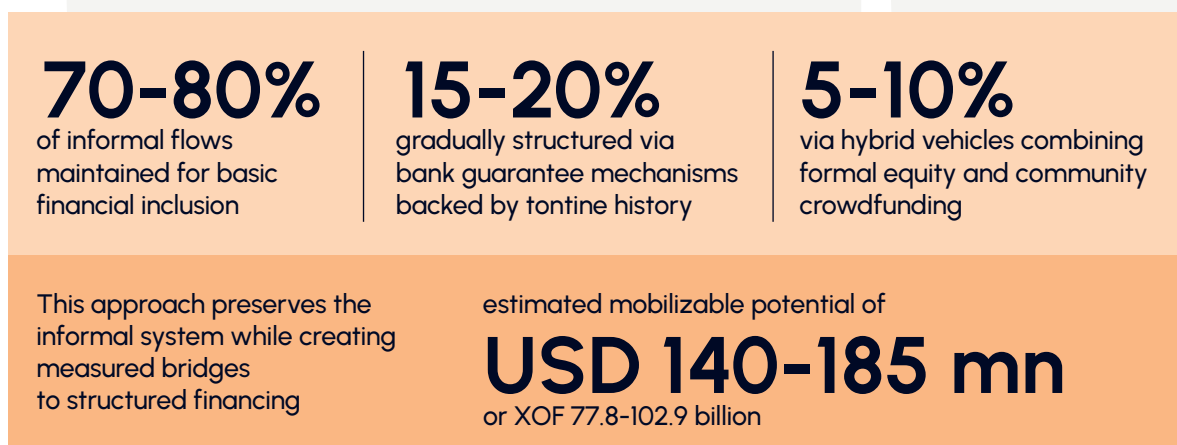
The 2025–2029 NDS provides a sectoral breakdown of public investment that implicitly identifies priority sectors: Energy (4.8% of public investment + JETP USD 3 billion, or XOF 1,668 billion), Water and sanitation (8.8%), Health (6.2%, vaccine production unit, health centers), Education and training (10%, universities, technical centers). The regulatory finalization window mentioned by the NDS offers the opportunity to integrate mandatory impact clauses: minimum 30% weighting of impact criteria in project ratings, quantified objectives (people served, local jobs, emissions avoided), standardized reporting (IRIS+, SDG), financial penalties for non-compliance.

The gradual structuring of informal financing

The informal financing system (analyzed in section 4.1.1) represents an untapped source of impact investment, provided that its social logic is preserved while building bridges to the formal system. The NDS 2025–2029 explicitly recognizes these “informal financing systems (tontines, community savings and credit mechanisms)” which “mobilize significant volumes of resources,” creating a basis for public policies aimed at structuring them. The emergence of digital platforms creates a historic opportunity to digitize and gradually structure these flows without destroying their social logic, offering three simultaneous advantages: traceability (payment histories that can be used for alternative credit scoring), scalability (digital tontines aggregate larger amounts than physical tontines), and regulatory gateways (a specific light regulatory framework).

Operational collaborations are emerging between MFIs and digital operators: several microfinance institutions have already integrated digital tontine applications in partnership with players such as Orange Money, thereby creating usable transaction histories. These initiatives, for which results are still poorly documented, serve as laboratories for the gradual structuring of informal flows.

It is critical to scale the ambition of structuring in order to preserve the function of inclusion:



Simultaneous activation for a multiplier effect

These three opportunities are complementary and must be activated simultaneously: geopolitical repositioning mobilizes patient international capital (7–10 year horizon) suited to financing infrastructure PPPs; impact PPPs offer structured vehicles (high tickets, secure revenues, traceable impact) capable of absorbing this capital while generating measurable impact; the structuring of informal financing broadens the domestic capital base and creates inclusive mechanisms enabling excluded segments to participate in the financing of the formal economy. The role of the National Partner is precisely to orchestrate this coordinated activation.

Section 6

Recommendations and role of the National Partner

Not all recommendations carry equal weight, and sequencing matters. The analysis in this report points to a clear strategic logic: regulatory reform and intermediary strengthening are preconditions rather than parallel tracks, and the National Partner's coordination role only becomes effective once a minimum threshold of pipeline density and institutional credibility has been established.

- For policymakers, the priority is to strengthen the enabling environment by operationalising the AMF-UMOA sustainable finance taxonomy at the national level, issuing formal fiduciary guidance for institutional investors through the relevant regional supervisory bodies, and introducing impact-linked conditionality within the Socially Responsible Investment scheme of the 2025 Investment Code. Regional advocacy through the BCEAO and AMF should be treated as a core policy lever, not a secondary channel.
- For capital providers, the immediate opportunity is to establish a pooled blended finance facility using FONSIS as a first-loss anchor to reduce transaction costs and catalyse private co-investment, while exploring AMF-regulated collective investment vehicles to mobilise domestic institutional savings alongside international capital.
- For enterprises and ecosystem actors, the most productive near-term action is to engage with investment readiness programmes structured around the due diligence requirements of active investors - prioritising governance standards, financial reporting, and impact measurement practices aligned with internationally recognised frameworks.
- For the National Partner, the mandate is at once institutional and operational: establish the Impact Observatory as the ecosystem's primary market intelligence infrastructure, coordinate strategic dialogue among public investment actors to eliminate duplication, and lead regional regulatory advocacy with BCEAO and AMF-UMOA on the basis of country-specific evidence. The National Partner's value to the ecosystem will ultimately be measured by the volume of financing that flows through the pipelines it helps create - not by the number of activities it coordinates.



Strategic priorities and recommended actions

Theory of change

The objective of the National Partner (NP) is to participate in transforming the ecosystem so that it can effectively mobilize private capital for companies with social and environmental impact. This requires preparing entrepreneurs to raise funds, rigorously measuring the impact generated, and extending access to financing beyond Dakar.

Two priority actions need to be implemented quickly. First, strengthen the capacities of entrepreneurs and their mentors: today, companies do not understand investor

requirements (financial reporting, governance, human resources, etc.), and the support structures themselves lack the skills to prepare them. Incubators and accelerators must therefore be professionalized, support programs tailored to real needs (12-24 months instead of 3-6 months) must be created, and specialized networks by sector and region must be developed. Second, a reliable impact measurement system must be put in place: currently, no one has consolidated data on who is investing how much, in which sectors, and with what results. The National Observatory must be made operational so that it can collect and disseminate this information in a standardized manner. The National Partner would play a central role in supporting the training of stakeholders, defining standards adapted to the Senegalese context, and facilitating the flow of information between investors and entrepreneurs.

Transversal enablers

Before the four strategic axes can be activated, four cross-cutting conditions must be in place. These are not standalone priorities - they are the enabling environment without which the specific recommendations below will remain theoretical. They cut across all four axes and must be pursued in parallel with the structural reforms described below.

Table 2: **Prioritization matrix**

Transversal enabler	Why it matters	Priority
Capacity building & investment readiness	Companies cannot absorb capital they are not prepared for; intermediaries cannot prepare them without being equipped themselves	High
Impact measurement & transparency	Without reliable, comparable data, capital allocation remains inefficient and international investors stay away	High
Standardisation & professionalisation	A shared language and common reporting standards reduce coordination costs across the ecosystem	Medium
Sectoral & territorial inclusion	Current concentration on Dakar and generalist tech sectors limits the reach and depth of impact	Medium

The recommendations that follow are organized into four strategic axes, each addressing a distinct dimension of the ecosystem. Together, they constitute the operational roadmap for the National Partner and its allies.

AXIS 1

Financial architecture and capital mobilization mechanisms

The obstacles identified are not the result of a lack of capital, but rather of disruptions in its circulation. Four complementary levers could help to unblock these flows:

1 National blended finance facility

Systematize risk sharing between development finance institutions and local funds through a pooled mechanism offering standardized portfolio guarantees and first-loss capital. The USD 6 billion (≈ XOF 3,336 billion) of blended finance available annually in sub-Saharan Africa (IMF, 2025) is not being effectively converted into financing for Senegalese SMEs due to the lack of a centralized structure, with each fund having to negotiate bilaterally with each DFI. The facility would eliminate these prohibitive transaction costs and could capture a portion of the funds dedicated to Sahel countries as part of the geopolitical repositioning of donors.

Expected impact: 2-3-fold increase in the deployment capacity of local funds on the missing middle USD 300,000-2 million (≈ XOF 167 million -1.1 billion)

2 AMF-regulated UCITS vehicles

Unlock domestic institutional savings (USD 3.8 billion, or XOF 2,113 billion according to Deloitte, 2024) currently trapped by BCEAO prudential ratios favoring sovereign bonds. Three complementary vehicles would address different risk-return profiles: SME Bond UCITS (conservative profile, 8-10% target return), Growth Equity UCITS (balanced profile, 12-15%), and Closed-End PPP Infrastructure Fund (long-term profile, 10-12% with inflation hedging). This activation requires three critical regulatory reforms: relaxation of BCEAO ratios, creation of a AMF label, and tax incentives.

Expected impact: USD 300-500 million (≈ XOF 166.8-278 billion) raised over three years, representing 8-13% of available institutional savings.

3 Gradual structuring of informal financing

Create measured bridges between informal circuits (USD 928 million, or XOF 516 billion annually according to IFC, 2024) and the formal system while preserving the function of financial inclusion for vulnerable segments. Three progressive mechanisms: bank guarantees backed by digital tontine history, hybrid vehicles combining community crowdfunding and formal equity, and progressive certification towards formal cooperative status. The proposed scale structures 15-20% of flows (USD 140-185 million, or XOF 77.8-102.9 billion) while maintaining 70-80% for basic inclusion.

Expected impact: Expansion of the domestic capital base and access to formal credit for regular members of digital tontines.

4 Fund of funds for the emergence of local funds

Breaking the vicious circle of undercapitalization of Senegalese funds (typically USD 3.6-18 million - XOF 2-10 billion - vs. USD 60-120 million - XOF 33.4-66.7 billion - for leading regional funds) via a vehicle with tens of millions of dollars investing as LP in the emergence of local funds. The fund of funds would simultaneously provide patient capital and professionalization through shared services (technical due diligence, impact auditing, legal support), making investment conditional on raising operational standards. Sources of funding: international DFIs, impact foundations, FONSI.

Expected impact: 5-8 local funds capitalized at USD 12-24 million (≈ XOF 6.7-13.3 billion) each over 5 years, creating a critical mass of professional intermediation.

The coordinated activation of these four levers would structurally transform the ecosystem's capacity to mobilize and deploy impact capital, simultaneously addressing the three gaps identified in section 5.1.

Table 3: Recommended actions for financial architecture and capital mobilization mechanisms

Recommended action	Expected impact	Key actors	Timeframe
National blended finance facility pooling DFI guarantees and first-loss capital	2-3x increase in local fund deployment capacity on the missing middle (USD 300K-2M)	FONSIS, IFC, Proparco, AFD, local PE funds	18-24 months
AMF-regulated impact UCITS vehicles (SME bond, growth equity, PPP infrastructure)	USD 300-500M mobilised from domestic institutional savings over 3 years	BCEAO, AMF, pension funds, insurance companies	24-36 months
Gradual structuring of informal financing via digital tontines and bank guarantee mechanisms	USD 140-185M structured while preserving 70-80% of flows for basic inclusion	MFI, fintechs, BCEAO	12-24 months
Fund of funds to capitalise emerging local impact funds	5-8 local funds capitalised at USD 12-24M each over 5 years	DFIs, impact foundations, FONSI	36-60 months

AXIS 2

Capacities and support

The ecosystem suffers from a critical gap in investment readiness: companies do not understand the codes of institutional financing, and intermediaries lack the capacity to prepare them effectively. Entrepreneurs understand their operational activity, but struggle to translate their business strategy into financial language, to track key indicators (customer acquisition cost, retention, operating margin, etc.), or to structure a data room according to the standards expected by investors. Filling this gap requires structured support targeting companies in the survival and scaling phases, focusing on the production of standardized reports and mastery of financial fundamentals.

The professionalization of intermediaries is a prerequisite. Incubators, accelerators, and consulting firms must themselves be equipped to strengthen the selection, preparation, and accountability of the companies they support. Several investors surveyed said they were "willing to pay for a more qualified pipeline," pointing out that deploying small tickets in insufficiently prepared companies generates disproportionate costs. Training tailored to senior and middle management covering financial management, growth strategy, and impact measurement would gradually raise the standards of support. Beyond Dakar, the creation of sectoral and regional networks would make it possible to provide specialized support to strategic sectors (health, crafts, tourism) and underserved areas, filling the sectoral support gap identified by the companies surveyed.

The National Partner can play a central role in this transformation. By training and equipping intermediaries, this creates a leverage effect across the entire ecosystem. By structuring and qualifying the deal flow through an exhaustive census of supported companies, an assessment of their maturity according to standard criteria, and an identification of those ready to raise funds, it reduces the information asymmetries that currently penalize investors. By promoting the creation and facilitation of sectoral and territorial networks, it guarantees specialized, inclusive, and scalable support. This systemic approach generates a qualified pipeline of companies ready to raise funds, strengthens local capacities, and structures the market around shared standards that facilitate coordination between actors.

Beyond strengthening existing intermediaries, the key factor that could accelerate the ecosystem would be the creation of a national seed fund: strengthening the supply of early-stage financing to truly build a pool of investable companies, based on the IPAS model (I&P Acceleration in the Sahel, managed by Investisseurs et Partenaires) but on a Senegalese scale, and coupled with structured support enabling micro-enterprises to move to the SME stage. This role could be assumed by the DER, whose focus on young people and women offers a natural gateway to this segment of entrepreneurs.

Table 4: Recommended actions for financial architecture and capital mobilization mechanisms

Recommended action	Expected impact	Key actors	Timeframe
Structured investment readiness programmes aligned with active investors' due diligence requirements	Qualified pipeline feeding directly into WIC Capital, Teranga Capital, Khuwaylid Capital and others	Incubators, accelerators, impact funds	12–18 months
Professionalisation of intermediaries (training on financial management, impact measurement, investor standards)	Leverage effect across the entire ecosystem; reduced sourcing and structuring costs for funds	National Partner, donors, DFIs	12–24 months
Creation of sectoral and regional networks beyond Dakar	Specialised support for health, crafts, tourism; reduced geographic concentration of investment	Local support structures, sector associations	18–36 months
National seed fund on the IPAS model coupled with structured support	Expands the pool of investable companies at early stage; bridges micro-enterprise to SME stage	DER, donors, National Partner	24–36 months

AXIS 3

Institutional framework and public policy

Financial mechanisms cannot be activated without targeted regulatory reforms. Below are those that create the necessary environment.

1 BCEAO and CIMA prudential reforms

More than 70% of WAEMU institutional portfolios are concentrated on public debt due to prudential ratios that structurally favor public financing at the expense of the productive private sector. When a bank or insurer purchases government bonds, it can invest the entire amount without tying up security reserves, whereas any financing of a private company requires it to block a substantial portion of its funds in prudential reserves. Three coordinated adjustments would reverse this dynamic: easing reserve requirements for investments in regulated funds targeting certified local SMEs (drawing on sectoral relief already granted to agriculture and social housing), introducing a progressive minimum allocation to the real economy for pension funds and insurance companies, and creating targeted tax incentives for savers who channel their savings into SME impact vehicles. These reforms would mobilize several hundred million USD of institutional savings towards productive vehicles.

2 Tax and regulatory framework for informal channels.

The central issue concerns the taxation of mobile money: this digitalization is the main tool for tracking informal flows (enabling the creation of usable payment histories), but any excessive taxation would threaten its widespread adoption. The tax on mobile money transactions announced in 2024, although suspended in the face of popular mobilization, illustrates this risk. Maintaining a tax environment favorable to mobile money is essential for the gradual structuring of digital tontines and for their regular members to access bank guarantees based on payment histories. At the same time, light legal recognition mechanisms for digital savings groups would facilitate access to formal financial services without imposing the full regulatory constraints of microfinance institutions. This approach would make it possible to gradually structure USD 140-185 million (\approx XOF 77.8-102.9 billion) while preserving the financial inclusion function for 70-80% of flows.

3 Simplification and integration of impact criteria in PPPs.

Despite the existence of a PPP law in 2021 and the quantified ambition of the NDS 2025-2029 (XOF 4,371 billion, including 3,060 billion in pure private financing²⁶), the strategic document itself recognizes the need to finalize its operationalization. Three levers would accelerate deployment: the development of standardized sectoral contract models for priority sectors (energy, water, health, education, infrastructure) based on the Kenyan or South African PPP manuals, the introduction of a mandatory substantial weighting (minimum 30%) for impact criteria in bid evaluation grids with penalty and bonus mechanisms based on the achievement of quantified objectives (people served, emissions avoided, local jobs created), and the transformation of the PPP Unit into a one-stop shop offering technical assistance and co-financing for feasibility studies. International experience shows that contractual standardization significantly reduces structuring time while improving the quality and bankability of projects.

4 Strategic management of the ecosystem.

The multiplicity of existing public actors (FONSIS, EBRD, DER, ADEPME, BNDE) without a formal coordination mechanism creates risks of duplication and confusion for entrepreneurs. The National Partner must play a central role in facilitating strategic dialogue between public and private stakeholders and donors, arbitrating overlapping mandates, and monitoring the effective implementation of recommendations through consolidated reporting.

²⁶ That is USD 7.86 billion, including USD 5.5 billion in pure private financing.

This strategic coordination function avoids the creation of a new public structure while capitalizing on the legitimacy and neutrality of the National Partner to align sectoral interventions. Experience with similar structures in Ghana and Kenya shows that such a dialogue mechanism can substantially accelerate structural reforms and mobilize joint public-private financial commitments.

These four families of reforms create the enabling environment necessary for the deployment of financial mechanisms.

Table 5: **Recommended actions for institutional framework and public policy**

Recommended action	Expected impact	Key actors	Timeframe
BCEAO and CIMA prudential reforms easing reserve requirements for regulated SME impact funds	Several hundred million USD of institutional savings redirected toward productive vehicles	BCEAO, CIMA, Ministry of Finance, National Partner	24–36 months
Operationalisation of AMF-UMOA sustainable finance taxonomy and first sustainability-labelled bond issuance	Signals credible impact assets to international ESG investors; establishes reporting standards	Ministry of Finance, AMF-UMOA, BRVM	18–24 months
Introduction of impact-linked conditionality in PPP evaluation grids (minimum 30% weighting) and standardised sectoral contract models	XOF 4,371 billion in NDS-quantified PPPs structured with measurable impact criteria	PPP Unit, Ministry of Finance, donors	18–24 months
Preservation of favourable tax environment for mobile money and light legal recognition of digital savings groups	Enables gradual structuring of informal flows without destroying financial inclusion function	Ministry of Finance, BCEAO, fintechs	12–18 months
Strategic coordination mechanism among public actors facilitated by the National Partner	Eliminates mandate overlap; maximises leverage of public resources	National Partner, FONSI, DER, ADEPME, BNDE	12–18 months

AXIS 4 Measurement and transparency

Impact measurement remains the poor relation of the Senegalese ecosystem, even though it is a strategic lever for attracting investors and guiding decisions. The lack of reliable and comparable data limits visibility on the actual performance of companies and reduces the ability of stakeholders to identify investment opportunities and financing gaps. Several companies surveyed acknowledge that they do not formally measure their impact, citing a lack of time, budget, and methodological knowledge. This weakness is not specific to Senegal, but can be explained by four identified structural obstacles: the financial cost of rigorous measurement, the lack of local expertise trained to international standards (IRIS+, GIIRS, B Impact Assessment), the rational prioritization of survival over reporting as long as financing is not strictly conditional on measurement, and the unsuitability of international frameworks to local realities (informal economy, multi-activity households, etc.).

Making measurement an ex-ante management tool rather than an ex-post compliance constraint requires centralizing data and standardizing reporting through a single system that collects, consolidates, and anonymizes indicators in comparable and usable formats. Strengthening the National Impact Investment Observatory, created in 2020 but remaining non-functional until its relaunch in January 2025, is essential for producing reliable analyses, disseminating strategic information, and attracting domestic and international investors. This infrastructure reduces a current critical problem: each actor (funds, intermediaries, support structures) collects its own data using heterogeneous methodologies, without any mechanism for sharing or aggregation, limiting the ecosystem's ability to produce robust sectoral analyses.

The National Partner is catalyzing this transformation by defining and disseminating local measurement and reporting standards adapted to the Senegalese context and to different business segments, avoiding the pitfall of imposing unsuitable international frameworks. Rather than creating tools from scratch, it can also support the structuring of existing public measurement systems or, at a minimum, ensure the collection and promotion of their results to fuel advocacy efforts with international investors. In a context where no agreed definition of impact investing exists, establishing such standards is particularly important to reduce the risk of impact washing and to preserve the credibility of the National Partner.

By acting as a link between investors and entrepreneurs, it serves as a transparent conduit for needs and opportunities, reducing information asymmetries that penalize capital allocation. By ensuring the reliability, comparability, and accessibility of data via the Observatory, it works to strengthen the credibility and visibility of the ecosystem among international investors who require consolidated market data to make their allocation decisions. Through this, impact measurement becomes a management tool for companies, guiding operational decisions and improving attractiveness to financiers, rather than an administrative burden with no perceived value.

Table 6: **Recommended actions for measurement and transparency**

Recommended action	Expected impact	Key actors	Timeframe
Operationalisation of the National Impact Investment Observatory as the ecosystem's primary market intelligence infrastructure	Consolidated, publicly accessible data on investment volumes, sectors and portfolio performance; reduced information asymmetry for international investors	National Partner, ONI, Ministry of Finance	12–18 months
Development and dissemination of local measurement standards adapted to Senegalese context and business segments	Avoids imposition of unsuitable international frameworks; builds measurement capacity across the ecosystem	National Partner, GIIN, active funds	18–24 months
Mandatory impact reporting integrated into public financing instruments (DER, FONSI, FONGIP)	Enables external evaluation of public policy effectiveness and collective learning on most effective intervention models	Ministry of Finance, DER, FONSI, FONGIP	18–36 months



Sequencing and conditions for success

Implementation requires sequencing that respects the interdependencies between regulatory reforms and financial instruments. Investment vehicles require an enabling environment: without adjustments to prudential ratios, the preservation of a tax system favorable to the digitization of payments, and the standardization of public contractual processes, the recommendations remain theoretical. This institutional preparation phase thus determines the viability of the entire subsequent deployment.

Capital mobilization then follows different timelines depending on the instruments. Risk-sharing facilities and catalyst funds, which require substantial international commitments, require long negotiation cycles but can capitalize on the identified window of regional repositioning. At the same time, domestic savings vehicles depend on regional regulatory timetables that are partially beyond national control, while mechanisms for the gradual structuring of informal circuits can be initiated quickly once the fiscal framework has stabilized, with a trial-and-error approach allowing the model to be adjusted before it is rolled out more widely.

The conditions for success transcend the purely financial dimension of these mechanisms. Political ownership of structural reforms at the highest level ensures their effective implementation in regional decision-making bodies, while coordination among existing national public actors prevents fragmentation and maximizes the leverage of the resources mobilized. This institutional dynamic must be accompanied by the ongoing professionalization of intermediaries, which determines the effective absorption capacity of capital, and transparency on measurable results, the regular publication of which creates accountability and maintains commitment over time.

The main risk lies in a dispersion of efforts that would dilute the impact. An approach focused on two or three priority levers, deployed in depth, generates more impact than a superficial activation of all recommendations. Strategic dialogue between stakeholders should make it possible to arbitrate these priorities according to real financing opportunities, institutional maturity, and available implementation capacities. It is this tactical flexibility, maintained within an overall strategic coherence, that guarantees realistic and effective implementation. It is precisely at this point that the National Partner can play a decisive catalytic role.



Mobilizable platforms and alliances

The deployment of recommendations is based on an ecosystem of strategic alliances that create both institutional legitimacy and operational capabilities. Integration into the global GSG network provides a foothold in a vast, multi-regional community facing similar challenges in structuring impact investment ecosystems, accelerating learning through direct access to comparable experiences and proven international standards. This affiliation also facilitates the mobilization of technical and financial partners already engaged with the GSG in other geographies.

Regional dynamics are a key lever for the structural reforms required. The identified prudential and fiscal regulatory adjustments need to be carried through at the WAEMU and ECOWAS levels, where decision-making bodies are partially outside national control but remain sensitive to well-constructed technical and political arguments. The African Development Bank, of which Senegal is an active member, is a natural institutional partner to co-lead these reforms with regional bodies while providing sectoral expertise on innovative financing mechanisms. This multilateral regional approach amplifies the impact of the recommendations beyond national borders.

The mobilization of development finance institutions and private foundations capitalizes on dynamics that are already underway. The European DFIs present in Senegal, the positioning of actors such as the Mastercard Foundation and the Bill & Melinda Gates Foundation on themes that converge with the identified areas of focus, and existing sectoral programs constitute concrete anchors for structuring the proposed co-investments and risk-sharing facilities.

Finally, sectoral and geographical communities of practice enrich implementation through continuous learning. African impact investor networks, patient capital initiatives in similar contexts, and capacity-building programs developed by associations such as AVCA, donors, or entrepreneurial networks provide spaces for sharing experiences and collectively resolving common operational challenges. This community dimension, often underestimated, is a critical success factor in creating solidarity, ongoing benchmarking, and access to shared technical resources.

Section 7

Conclusion

This mapping has documented an impact investment ecosystem that is active, entrepreneurially vibrant, and structurally positioned to grow – but held back by coordination failures, regulatory gaps, and a persistent mismatch between available capital and investment-ready enterprises. The central finding is not a shortage of resources. It is the absence of the vehicles, standards, and institutional infrastructure needed to deploy them effectively.

The recommendations set out in this report address four interconnected dimensions: unlocking domestic and international capital flows through smarter financial architecture; building the capacity and support infrastructure that produces a qualified pipeline of investable companies; pursuing the regulatory reforms – primarily at the regional WAEMU level – that will determine whether institutional investors can meaningfully participate; and establishing the measurement and transparency systems without which neither investors nor policymakers can make informed decisions.

The future National Partner sits at the intersection of all four. By establishing itself as a trusted, neutral convener – producing market intelligence, facilitating dialogue between investors and entrepreneurs, and leading evidence-based advocacy with regional institutions — it can progressively transform a fragmented landscape into a functional and credible impact investment market. The window is open. The sequencing is clear. What remains is the collective commitment to act on it.

Appendices

People interviewed for semi-structured interviews

Category	Name of organization	Person interviewed	Position
Supply of capital	FONSIS	Seynabou NDIAYE	Managing Director of F Capital
Supply of capital	AFD	Pierre MASPOLI	Head of FISEA
Financial intermediation	Khuwaylid Capital	Stanislas FAYE	Founder and Manager
Financial Intermediation	VIF Sonatel	Diago DIEYE	Senior Investment Officer
Companies	ShezNou Academy	Maguette NIANG	Founder
Consulting firms / Think tanks / Media / Consulting / Research	La Tanière Business Angel	Mafal LÔ	Co-founder

People who responded to the questionnaire for consortium members

Category	Name of organization	Respondent
Financial intermediaries	WIC Capital	Evelyne DIOH
Companies	MAAD	Sidy NIANG
Consulting firms / Associations / Firms	SenFinances Foundation	Denise NDOUR
	Magando	Khadija TOURE
	WIC Senegal	Ouma SANI
	Concree	Adia GNACKO
	CTIC	Isidore MBODJI
	Sen Start Up	Momar DIOP
	Comdevafrica	Seynabou CISSÉ
	Vas&cie	Didier LESOURANT
	Open Capital	Youssouf TONI
ASHIA Group	Sedera RAKOTONIRAINY	

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Directory of financial actors in Senegal: types and impact approaches

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