



Introduction to
**Investing and
Scaling in Senegal**

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Digital Collective Africa

[Digital Collective Africa](#) is a collective of African investors, incubators, accelerators, founders who aim to support early-stage startups. We work together on projects to limit frictions and offer more transparency within the ecosystems. We believe in the power of the collective to leverage individuals' talents. We act at ecosystem level to standardize investment processes and offer best practices (gender diversity, governance toolkits...), provide educational content and regulation overviews for early-stage founders and access to market data on African unknown markets for all ecosystem stakeholders.

Sendemo

[Sendemo](#) is a research-based consultancy firm with a focus on African entrepreneurial and innovation ecosystems. It originated as a research project across 13 ecosystems in the continent to build strong convictions and a good understanding of local ground context. Sendemo's scope of expertise includes leading ecosystem assessment and system-level advisory, the design of market expansion strategies for investors and scale ups, open innovation and venture building. Grounded in research and investigation, Sendemo's work is at the frontier between advisory, research and advocacy.

Timothy Motte is the founder of [the realistic optimist](#) and writes about our now globalized startup scene, with fascinating deep dives about frontier markets around the world.



2.

Mapping of the stakeholders of the country

SSOs



Corporates



Universities



Government



Risk Capital



Entrepreneurs



Key indicators (worldwide ranking)

- Ranks 12 in VC received as % of GDP
- Ranks 10 in loans from microfinance as % of GDP
- Ranks 20 for FDI net inflows, as % of GDP
- Ranks 26 in expenditures on education, as % of GDP
- Ranks 36 in tertiary inbound mobility
- Ranks 36 for cultural products and services exports
- Ranks 166 and 142 in Tax legislation and cross border trade
- Ranks 119 in logistics performance
- Ranks 88 in Scientific and technical articles/bn PPP\$ GDP
- Production and export complexity - ranks 94th

3. Analysis

Senegal has all the right intentions, but it needs to round the edges

While stained by recent, internal political skirmishes, Senegal retains its reputation as an oasis of democratic stability in an otherwise downward spiraling region. The country always enjoyed a strong cultural and intellectual influence over the region compared to its small size, around 17 million people only. Its economic and colonial ties to France translate into Senegal's government's proactive role in the economy, which can be both an enabler and a hindrance. Compared to its more liberal Ivorian neighbor, Senegal's government takes a preponderant role in the economy, both by protecting certain sectors and by openly shouldering the responsibility of internal economic development.



Senegal has historically been open to foreign investments, carried by its stated ambition to integrate deeper into the global economy. Those efforts, crystallized by the 2012 “Senegal Emergent Plan”, are substantiated by continuous digital infrastructure improvements (data centers, technoparks), ambitious legislative reforms (Startup Act, AI strategy), and importing foreign savoir-faire (American University of Dakar). As for the local startup ecosystem, the government is the indubitable main actor, in line with Senegal's aforementioned historical economic functioning. The gap left by local banks' reluctance to finance local entrepreneurs is being filled by public entities. Chief among them is “La DER”, who complement their financing activities with incentives to get the private sector involved as well as a conscious effort to evenly spread, geographically speaking, the benefits reaped by digitalization. They are undoubtedly the ecosystem's cornerstone today.



Foreign aid organizations have also played a role in the ecosystem's development, offering a different form of capital to the existing landscape of BA, PE and VC funds, although their role and positioning needs to be clarified for more efficiency. The population's demand for digital service stands in stark contrast to Senegal's private sector, which remains under digitized. Local entrepreneurs, although resolutely supported by their government, often face human-capital issues. Universities don't always adequately prepare their students for the specific needs of the digital economy, tightening the relevant talent pool for tech founders. This has had an adverse effect on Senegal's startup pipeline quality, complicating Senegal's foreign investor attractiveness.

To sum it all up

Senegal's government has all the right intentions, and enthusiasm is high. The edges now need to be rounded, creating coherence between different initiatives while slashing redundancies and inefficiencies. Mentioned at the very beginning, the country's current political woes should not be discounted as a risk factor. Despite being more self-sustaining than a couple of years ago, the ecosystem is still government-reliant, ensuring a strong support during the time of the mandate but adding a relative uncertainty in the long run*. Regionally, the Sahel's various coups and meandering instability can potentially damage the budget and attention the Senegalese government grants its startups.

4.

Hot industries, exits & market scaling use cases

Logistics

Enablers

1. Location: Senegal's [strategic](#) coastal location makes it attractive for EU and US markets looking for a port of entry in West Africa
2. Government support: Ameliorating transport infrastructure is an [integral part](#) of the Senegal Emergent Plan. Senegal is also signatory to the [AfCFTA](#).
3. International investments: crystallized by DP World's \$1B+ investment in the [Ndayane](#) deep water port, set to make it the largest deep water port in West Africa.

Main Market Opportunities

1. Enabling invigorated trade

Startup opportunities lie at every step of the value-chain:

Last-mile delivery

Customs clearance

Storage

Freight-forwarding

2. Boosting other sectors

The market opportunity for logistics startups rests on the need other sectors have for it.

These include:

Transport of locally-produced agricultural products ([8%](#) of Senegal's GDP)

Transport of imports (on which Senegal is [70%](#) reliant)

Growth in e-commerce ([11.8% CAGR, 2023-2027](#))

3. Caveat

Except if startups build their own roads, the logistics opportunity will be constrained by the simultaneous construction of adequate commercial infrastructure. Startups also have little leverage over the region's byzantine cross-border trade legislation.



Main startups to watch



[Fleeti](#): B2B Fleet-management



[ChargeL](#): West Africa focused, trucks-centered freight-forwarding



[Paps](#): Comprehensive suite of logistics solutions (storage, freight-forwarding, customs clearing, B2B delivery services)



[Logidoo](#): Online platform that provides logistics, transportation, delivery of goods, and shipping services



[Maad](#): Digitizing the supply-chain and distribution of FMCG brands and products in the small retail shops network in Senegal.

4.

Hot industries, exits & market scaling use cases

Fintech

Enablers

1. Democratization of mobile money usage + adjacent financial service: (75% of Senegalese adults have a Wave account, 12% of Senegalese adults used mobile money to get a loan)
2. Stated government support: Through the 2022-2026 Stratégie Nationale d'Inclusion Financière
3. Delta between mobile and access to financial services: 100%+ mobile cellular connections but 44% of people still have no access to financial services (loans, insurance, savings accounts)

Main Market Opportunities

1. Payment processing: There's a lag between the explosion in the number of payment methods available to consumers and the ability businesses have to receive them. Fintechs have an opportunity to help businesses process and disburse these new payment methods
2. Adjacent financial services (B2C+B2B): As mobile money's growth posed the first financial inclusion brick, the next brick is logically the offering of more advanced financial services to consumers and businesses alike. For VC-backed fintechs such as Wave, this is a matter of revenue diversification and scaling.
3. Embedded fintech: Non-fintechs who have transactional histories with their users (ex: e-commerce players) are uniquely positioned to attribute relevant credit scores to hitherto unbanked users.





Main startups to watch



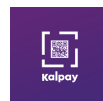
Wave: Very low fees, mobile-money based services. \$200M+ raised

paydunya

PayDunya: Suite of Pay-in, Pay-out for pan-African companies and financial institutions.



Proxalys: Neobank for SMEs and individuals, focus on credit



KalPay: QR-code based payment solution



Cauri Money: Digital wallet designed for the diaspora needs, allowing remittances.



Kalispot: Physical access point running on a proprietary infrastructure enabling access to a variety of financial service providers



Other startups to watch



[Afrikamart](#): Distribution platform for Fresh Produce that offers its go-to-market services to farmers



[Lengo AI](#): AI-driven intelligence platform for FMCG companies, measuring the performance of consumer goods in retail shops in Africa



[Kwely](#): B2B marketplace for made-in Africa products



[Tanél Health](#): From a software management system for pharmacies and insurers to a Health focused neoinurance for employees targeting SMEs and corporates.

Socium Job.

[Socium job](#): Connects African companies to job seekers around the world

5.

Exits pathways in the country

Exits pathways in the country

The ecosystem is young, and the only relatable exits concerned business angels exclusively, at seed or series A stages. However, as the Senegalese startup pipeline grows and constitutes a larger part of the economy's makeup, talks will happen. There are different, potential exit scenarios to anticipate, the most likely being linked to acquisitions or management buy-outs rather than IPOs:

1. Corporate acquisition: In Senegal, the logistics sector seems like an interesting place to look for such a move. The country combines a presence of multinational logistics companies ([Bolloré](#), [CMA CGM](#), Maersk...), a presence which will likely increase with the new port project. On the other hand, local logistics startups are developing hyperlocal solutions to the notoriously complicated supply-chain. Bolloré and CMA CGM have both previously demonstrated interest in the startup scene.
2. Well-funded international startup acquires local one: An international startup could consider buying a Senegalese one to ease their West Africa expansion without starting from scratch. Mexican unicorn Kavak's [acquisition](#) of an Omani startup shows that the startup scene is quickly globalizing, and a potential acquirer can come from anywhere. Particularly relevant to the African context is Stripe's [acquisition](#) of Paystack to ease its Africa expansion.
3. Regional consolidation: Scale-ups in the region considering acquisition as a market expansion move. Example: [MaxAB acquisition](#) of similar but smaller Waystocop and its network of 8000 retailers in Morocco. We'll keep eyes on scale-ups from neighboring Nigeria who have been eyeing at the francophone markets from some time now.
4. Management buy-out: The fund needs to exit and there are no suitable exit opportunities around. The fund can agree on the acquisition of its shares by the executive team, allowing the company to remain valued as it is while pursuing its mission. [Knife Capital prepared FlightScope](#) for exit in South Africa, then facilitated a MBO despite having lucrative offers, for a mutually beneficial outcome. FlightScope was then acquired by IMG Arena in good terms.

6. Senegal-specific investor advice

Senegal-specific investor advice

For this part, we tapped into the knowledge of [Haskè Ventures](#), a key actor in the Senegalese startup scene. They act as a mix between a venture builder and an early-stage VC. Here are the two, overarching tips they had for investors considering Senegalese startups.

1. Adapted due diligence: Local founders, even if they're excellent, aren't necessarily fluent in the "language" of a VC such as a Stanford-bred founder would be for example. This has nothing to do with founder quality. In response, foreign VCs' due diligence should focus deeply on the knowledge of the problem, attention to the right KPIs and the team's quality rather than high-level pitch decks and founders' "storytelling" abilities.
2. Hands-on investing: The markets Senegalese startups are disrupting are often intricate and untrotten. An investor thus has a crucial role in backing the entrepreneur in the opening of these markets and assisting strategically, operationally, and network-wise. For foreign VCs, a smart way to fill that mandate is by co-investing with local investors. Founders will also feel more comfortable to have an investor that truly understands their markets' constraints within their cap table.
3. Get involved in the ecosystem (Carine): VCs considering an ecosystem as young as Senegal should get to know and get involved with the main actors "baking" local startups for future success. This includes actors such as Haskè, for example. Precise market data being scarce, these actors are your best bet to truly comprehending the market from the inside.



7.

Market expansion use case

GoMyCode

Description of the model

GOMYCODE

GOMYCODE is a Tunisian startup founded in 2017 by brothers Yahya and Amine Bouhlel. The company looks to form cohorts of African talent ready to enter and contribute to the digital economy. To do so, GOMYCODE runs intense boot camps on topics such as coding and digital marketing. Students go through a mix of physical and online teaching, all supported by GOMYCODE's proprietary online platform. The company makes a conscious effort to connect graduates with potential job opportunities, a promise it claims to fill over 80% of the time.

The rationale behind their market expansion

GOMYCODE is a VC-backed startup (\$8M Series A in 2022), which implies hyper growth objectives. The company's initial market size (Tunisia) being far from venture scale, an expansion was thus inevitable and necessary. Notably, GOMYCODE decided to initiate a pan-African expansion instead of a European one (unlike other successful Tunisian startups such as Instadeep). This can be attributed to the company's thesis, ushering in African talent into the digital economy, which rings true from Tunis to Lagos.

With regards to Senegal, the country was chosen as a suitable expansion candidate for a couple of reasons. First, Senegal has a decent digital maturity, boasting a relevant internet penetration rate and a voluntarist governmental policy in the digital sector. Second, the country is known as a hub of democratic stability in the region, albeit recent challenges and internal turmoil. Third, the country's socio-economic indicators warrant the expansion of a company like GOMYCODE, a benchmark which would've been more challenging to prove in a country such as neighboring, poorer Niger for example.

How did they manage successfully?

1. Start with the physical presence: GMC's country expansions generally commence with the opening of branded, so-called "Hackerspaces", the physical places where teaching and company events take place. In Senegal, GoMyCode has inaugurated two Hackerspaces, one in the student neighborhood of Point E and one in the less snazzy neighborhood of Yoff. GMC's Senegal GM, Marlène Lasgouttes Sow, stated that GMC was intentionally targeting lower income neighborhoods instead of staying in the comfortable expat ones. The company believes that's where the biggest impact as well as the biggest need for their solution lies.
2. Don't reinvent the wheel: GMC's Senegal expansion follows a well trodden path. Country managers are not expected to be inventive, but rather excel at replicating the operational model that has functioned elsewhere. The local team structure is well established: a sales team, a marketing team, and an operational one, in charge of Hackerspaces' logistics. The elements that have made GMC's success so far, such as locally sourcing instructors and being intransigent on their quality, are truly country-agnostic.
3. Light localization when needed: While country managers are expected to follow the playbook from "HQ", they have some leeway to innovate if local market conditions demand such iterations. In Senegal, GMC instructors have incorporated a more exhaustive "set-up" phase to their bootcamps, given the country's lower median digital literacy levels. Operationally, GMC's local teams have also placed a larger emphasis on offline marketing, adjusting to local consumers' sensitivities.
4. In conclusion, GMC managed its Senegal country expansion by providing country managers with a clear playbook and by maintaining a high-level of involvement in local ops. However, the local Senegalese team has been able to iterate and localize when necessary, without deviating from the company's established, core strategic directives. Country managers and teams, especially sales ones, are expected to share best practices and lessons amongst themselves, fostering room for new ideas around a common objective.

Senegal-specific investor advice

- 1** Replicating a playbook is not always a good idea: When facing market expansion, founders in Africa often have to overcome challenges that are very specific to each location, especially when it comes to expanding outside the capital city (culture, language, logistics, consuming habits...). Replicating a playbook has proved unsuccessful for most businesses that adopted this approach. What helped GMC succeed in this approach is that they are selling a universal product - knowledge in basic digital skills - that they distribute in a very replicable way - bootcamps are locally adapted by design, while the digital platform ensures a similar curriculum and pedagogic method.
- 2** Intransigence in people quality: GOMYCODE has two “people” pillars that can really “make it or break it” during an international expansion: its local managers and its teachers. GoMyCode is unapologetic about recruiting the best, and letting go of the ones that aren’t up to par. With regards to teachers, GoMYCode incentivizes its teachers with a bonus based on their students’ graduation rates, but also reserves itself the right to take rigid, fast, punitive measures if the instructors don’t fill out their mandates. These high standards all serve GMC’s primary mission: “student first”.
- 3** In Africa, physical presence is paramount: GOMYCODE’s founder, Yahya Bouhlel, shared that he believes an understated obstacle to upskilling African talent is the absence of physical spaces where students can work, undisturbed, with access to the relevant infrastructure. That’s why GoMyCode places a strong emphasis on its Hackerspaces, which significantly strengthens the brand in countries where the realm of the offline, be it for marketing or actual delivery of its teaching, is still front and center of consumers’ consumption habits.

8.

Investor Landscape

VC's

Lofty Inc Capital

- Thesis: VC focus on fast growing tech businesses in Africa. 3rd fund currently operational and 14 exits to date.
- Major investments: Andela, Flutterwave, Wave, RelianceHealth, Touch and Pay, Anka, Paps...

Saviu

- Investment thesis: VC fund launched in 2018 focus on tech or tech-enabled early-stage companies in Africa, with a keen focus on francophone West Africa. Hands-on approach to support hand-picked entrepreneurs and be a growth partner.
- Major investments: Julaya, Anka, Waspito, Lapaire, Paps, Tajiri, Rubyx...

Dakar Networks Angels

- Thesis: Angel network supporting and investing in innovative companies in WAEMU with a special focus in early stage and scalable startups in francophone Africa
- Major investments: Senegalese investments are undisclosed.

Partech

- Thesis: Identify and support the next generation of category leaders across the continent. No sector in particular.
- Major investments: Wave, Djamo

VC's

Janngo

- Thesis: Social-startup studio that also invests in startups with impact criteria.
- Major investments: Fleeti

500 Global

- Thesis: B2B sector, BNPL and asset finance, as well as companies that provide solutions to Africa's massive informal sector. Also interested in education, agriculture and healthcare technologies, all of which address some of the continent's most pressing challenges.
- Major investments: Kalispot

Teranga Capital

- Thesis: PE / VC fund operating in Senegal and/or the Gambia with a focus on agriculture and tech, with a strong focus on impact criteria.
- FCFA 4bn. LPs include: Sonatel, I&P, insurance companies and HNW individuals
- Major investments: Afrikamart, Socium Job

PE

Proparco

- Thesis: Pre-seed/seed funding through Digital Africa, direct investments for \$500K-\$5M, Bridge Fund between 2 rounds
- Major investments: Maad, Fleetl

Brightmore Capital

- Thesis: Invests in promising, impact-first SMEs and tech-enabled startups in francophone West Africa, mostly focus on agriculture business. 50% PE / 50% VC
- Size: €30m / 500k < tickets < €2m
- Major investments: Agri-focus digitally-enabled SMEs

CVC

Sonatel

- Thesis: Created in 2021 to invest in high growth startups in Senegal, Gambia, Guinea (x2) and Sierra Leone.
- FCFA 2m, with 2 tickets/ year of FCFA 500 k
- Major investments: Paps

Orange Ventures

- Thesis: 2 funds targeting Middle East and Africa (Seed + Growth). Left Senegal in 2021 for Egypt because of insufficient dealflow.
- Major investments: Paps, Afrikamart

Venture Builders

Haské

- Haské is the unique venture builder in Senegal, born from the observation that a lot of VCs already in the market could not find a sufficient dealflow in the country. Haské is on a mission to build it.
- Haské's team either builds a venture from scratch. Or they invest up to \$250K as pre-seed or seed investors in existing ventures that they help grow up to their Series A. Finally they work with corporates to help them unlock their innovation potential and become active members of the ecosystem.
- Haské has also an ecosystem-level focus through Haské consulting, to help further accelerate the innovation ecosystems.

DFIs, NGOs...

[Digital Africa Seed Fund](#)

[Orange corners](#)

[USAID entrepreneurship & investment programs](#)

[GIZ - SAIS](#)

[World Bank - Digital Entrepreneurship Senegal](#)

[French embassy - Teranga Tech](#)

[IFC](#)

9.

Practical Sheet

Legal offices specialized in the financial industry

[Geni&Kebe](#)

[SCP Houda & Associés](#)

[Cheikh Fall](#)

[LPS Lawyers](#)

[Mame Adama Gueye & Partners](#)

[Deloitte](#)

[EY](#)

Recruitment Agencies

[AfricSearch](#)

[SenJobs](#)

[Talent2Africa](#)

Investor relation and facilitation

Lion's tech Invest

A digital community hosted at the DER, featuring local, regional and international investors, the country's top incubators and accelerators as well as the fastest growing companies in the ecosystem.

Lion's Tech offers foreign investors:

- A free membership
- An access to a deal flow curated by the country's most active investors and accelerators
- Access to any stakeholder in the ecosystem, on request



Disclaimer*

Political elections are to be held in February 2024 in Senegal. [Presidential elections often bring their lot of uncertainties](#) and may affect the investment environment in Senegal as well as part of our analysis above.

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