

SECTOR BRIEF SENEGAL:



Information and Communications Technologies



Introduction and Overview

The information and communications technologies (ICT) sector is developing fast in Senegal. Digital technologies and services are having an impact right across the local economy with other sectors using ICT products as a driver for growth or to create value. The transformation of traditional patterns of administration, services and consumption is giving rise to new markets and opportunities for investors and entrepreneurs. To support the development of the digital sector, Senegal has introduced incentive-based policies in the fields of legislation, technical infrastructure and training. These have been formalised in a strategic plan entitled “Digital Senegal 2025”, part of the “Plan for an Emerging Senegal.” Moreover, the country’s political and economic stability has helped make it a preferred destination for numerous sub-regional and international organisations. The digital sector is set to become one of the drivers of the country’s structural reforms. As such, it is part of an ambitious plan by the Senegalese government set out in the Digital Senegal 2025 strategy (SSN 2025).

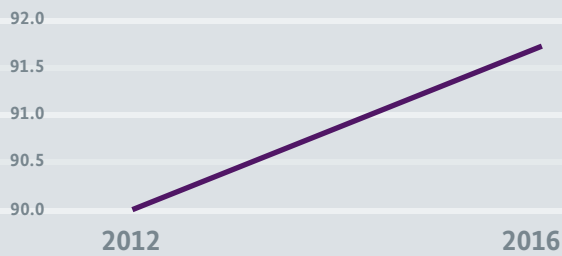
The current status of the digital economy in Senegal

The growth of Senegal’s digital economy is being facilitated by the accelerating spread of technology as well as a stable infrastructure. Senegal ranks among one of the top countries in West Africa in the Network Readiness Index¹. Its mobile internet data coverage grew exponentially between 2012 and 2016, attaining 90% by 2018². This technological growth offers unique possibilities for creating innovative business activities and jobs, and developing remote services, such as online sales and Business Process Outsourcing (BPO). It facilitates access to world markets, for example in business sectors such as BPO and offshoring. Senegal’s digital economy accounts for 3.5% of its gross domestic product (GDP).

¹ World Economic Forum/UNCTAD

² Quarterly Report on the Telecommunications Market 2018 by Senegal’s telecommunications and post regulatory authority, ARTP

Growth of mobile network coverage in Senegal



Source: World Bank, Country Diagnostic of Senegal, 2019

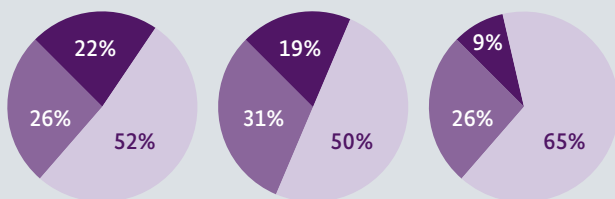


The digital environment and legal framework

Senegal's digital environment is regulated by legislation that is favourable to foreign investment. An illustration of this facilitated entry and favourable environment is the free export status offered to foreign companies. Thanks to its political stability and the reliability of its institutions, Senegal is a hub for numerous sub-regional and international institutions. It hosts the headquarters of the Central Bank of West African States (BCEAO), the regulatory authority for regional affairs, and is the point of entry for numerous providers of digital financial services in the ECOWAS (Economic Community of West African States) region. The government is keen to promote the country's attractiveness as a destination for foreign direct investment in the digital sector. This ambition gave rise to the "Digital Senegal 2025 strategy".

Market share of Mobile Operators in Senegal

■ Sonatel ■ Tigo ■ Expresso



Market Shares for mobile telephony by subscribers

HHI: 3,864

Market Shares for mobile telephony by value

HHI: 4,254

Market Shares for mobile internet based on value

HHI: 4,982

HHI = Herfindahl-Hirschman Index (measure of market concentration)

Source: World Bank, Country Diagnostic of Senegal, 2019

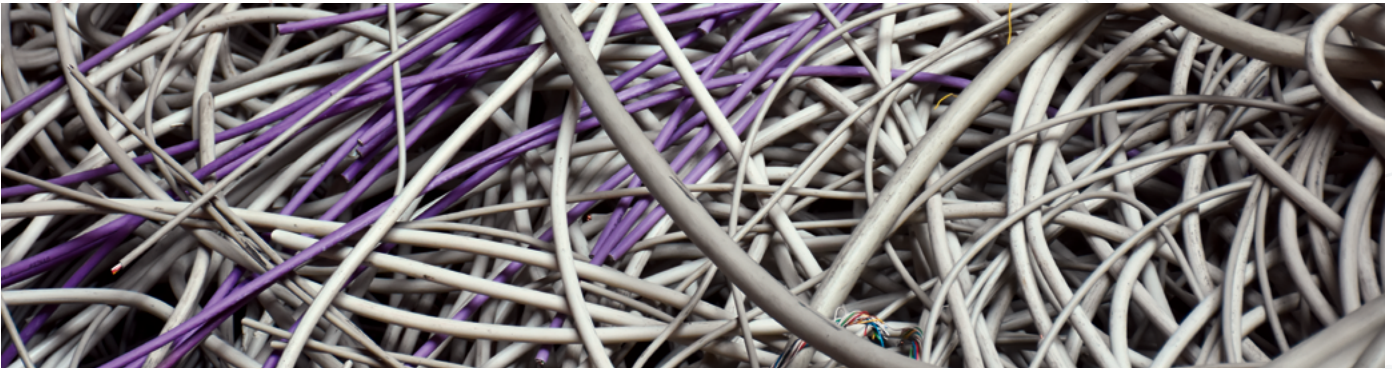
Training and human resources

Senegal is making progress in the key indicators of education and the general level of manual skills. Its stability and the range of available courses make it a sub-regional training hub. The country consequently has a young and well-trained labour force. However, the government is aware of the need for more inclusive education and is therefore implementing capacity-building policies aimed at young people and women.

Feedback and key findings from businesses successfully established in Senegal

Digital infrastructure: Senegal's telecommunications infrastructure is primarily owned by five main players: Sonatel (Senegal's national telecommunications company); Free; Expresso; the state-owned IT agency, ADIE; and the state-owned energy company, Senelec. While the infrastructure ranks among the best in West Africa – 14th place in Africa according to the Network Readiness Index (NRI) – it is still in need of improvement.

Governmental digital platforms: The state is trying to boost the digitalisation of services and procedures by setting up online administrative procedures (setting up businesses, customs formalities, tax collection, tax payment) and by developing powerful business software programs.



Digital financial services:

Four categories are listed below

- **telecommunications companies:** Orange Money, Tigo Cash
- **banking groups:** Yup Sénégal, Kash, Upay, Wave
- **international groups:** InTouch
- **small, independent fintechs:** PayDunya, Orbus Payment

Typical mobile financial services include:

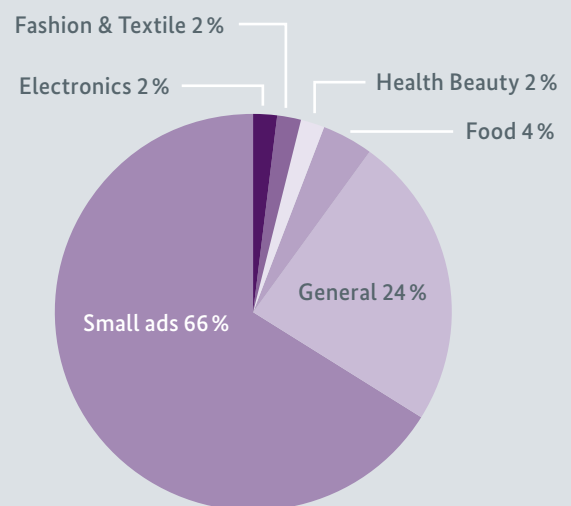
- e-wallet top-up operations (42%)
- payments for goods and services (17%)
- cash withdrawals (23%)
- person-to-person transfers (13%)
- phone credit purchases (4%)

Investor/start-up support organisations in the ICT sector

The organisations and initiatives providing support (knowledge, finance, network support, etc.) to investors in the digital sector include business incubators such as the Center for Technology, Innovation and Competition (CTIC), and the Automated Management of Customs and Trade-related Information (GAINDE) Start-Up Challenge.

The Senegalese government's determination to develop the digital sector, combined with the commitment of the leading digital technology companies, has resulted in the creation of several organisations to support ICT investors and start-ups.

Distribution of traffic on e-business websites



Source: Emmanuel Bocquet, A guide to e-commerce in Africa (E-Commerce en Afrique – Mode d'emploi), 2021

Analysis of the digital sector in Senegal

Strengths	Areas for improvement
Advantageous geostrategic position and Acceptable telecommunications infrastructure	Reformation of the Labour Code to ensure better adaptation to the specific needs of the ICT sector
Low labour costs and qualified personnel	Tax incentive policy
Governmental and institutional support	Openness to non-French-speaking export countries
Development of a range of IT/BPO products and services for export	Improve start-ups' access to early-stage financing

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NEW MARKETS – NEW OPPORTUNITIES: SENEGAL

In order to support the sustainable engagement of German companies in emerging and developing countries, Germany Trade & Invest (GTAI), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and the German Chambers of Commerce Abroad (AHKs) as well as other partners combined their expertise in the publication series “New Markets – New Opportunities”. The booklets show companies the economic potential of future markets as well as the funding and consulting opportunities offered by the German development cooperation.

“New Markets – New Opportunities: A Guide for German Companies” is supported by the Federal Ministry for Economic Cooperation and Development (BMZ). All issues are published on the websites of GTAI and GIZ. You can find selected issues, for example on Senegal also at

www.bmz.de/bsfd



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