COUNTRY OVERVIEW

PEOPLE, ECONOMY, AND POLITICS

POPULATION MACRO INDICATORS

Geography
Total: 196,700 sq. km (World Bank, 2018)

Population
16,700,000
Population growth rate: 2.8% (UNFPA, 2020)

Demographic Structure
41.8%
Population under 14 yrs
Male: 48.8% | Female: 51.2% (World Bank, 2019)

Urban/Rural
47.65% urban population (World Bank, 2019)
52.35% rural population
77.5% of population are engaged in agriculture (CIA World Factbook, 2021)

Adult Literacy
51.9%
National literacy rate
Male: 64.8% | Female: 39.8% (World Bank, 2017)

Poverty
38.5%
Ratio at $ 1.90/day PPP (World Bank, 2012)

Unemployment
7.1%
Male: 6.09% (World Bank, 2019)
Female: 7.02% (World Bank, 2019)

Identification
72.4%
ID Coverage
Male: 73.1% | Female: 72.1% (World Bank, 2017)

Diaspora
642,654 (UNDESA, 2019)
### MIGRATION & REMITTANCE

#### MIGRATION KEY FACTS

<table>
<thead>
<tr>
<th><strong>Migrant Population</strong></th>
<th><strong>Bilateral Agreements on Migration</strong></th>
<th><strong>Regional/Global Agreements/Commitments on Migration</strong></th>
</tr>
</thead>
</table>
| - 642,654 diaspora migrants. (UNDESA 2019)<sup>34</sup>  
- The Gambia, France, Italy, Spain and the USA account for more than 72% of Senegalese migrants. (UNDESA, 2019)<sup>35</sup>  
- Senegal hosts 275,239 migrants (47% women) (UNDESA 2019), mainly originating from Guinea, Mali, The Gambia and Guinea Bissau. (IOM, 2018)<sup>36</sup> | - Senegal is part of the ECOWAS region which entails free movement and residence of populations.  
- In 2007, Senegal signed an MoU with Spain for the selection and training of Senegalese migrating to Spain. From 2007 to 2009, more than 2000 Senegalese were recruited in Spain in the fishing sector. (IOM, 2018)<sup>37</sup>  
- In 2006, Senegal and France signed an agreement on aligned management of migration flows. This agreement included also acceptance of undocumented returning migrants.  
- Senegal has signed agreements related to social security with various countries. | - Senegal has well understood the potential of migration for development. Agencies and programmes are set up to support migrants’ investments in the country, such as the Guichet Unique Diaspora APIX, Fonds d’Appui à l’Investissement des Sénégalais de l’Extérieur (FAISE), and Programme d’Appui aux Initiatives de Solidarité pour le Développement (PAISD).  
- Senegal is a party to numerous conventions and agreements, such as the 1981 African Charter for Human Rights, 2000 Cotonou EU-ACP agreements, International convention for the protection of migrants’ workers and their families, UN convention on cross border organized crime to prevent and punish human trafficking, and 1951 Geneva convention on refugees.  
- Senegal has signed ILO conventions such as forced labor, minimum working age, fair and equal treatment and minimal social security. |

---

<sup>34</sup> UNDESA: United Nations Department of Economic and Social Affairs  
<sup>35</sup> UNDESA: United Nations Department of Economic and Social Affairs  
<sup>36</sup> IOM: International Organization for Migration  
<sup>37</sup> IOM: International Organization for Migration
Senegal is among the top remittance-receiving African countries (with Nigeria, Kenya and Ghana).

Over 2.52 billion received, accounting for 10.7% of the country’s GDP. Remittances from the EU represent 63% of the volume. (World Bank, 2019)

37% of adult population (+15y) received domestic remittances. (Findex, 2017)

18% and 25% of domestic remittances received via accounts and mobile phone. (Findex, 2017)

3.5% and 5.2% are the average costs for outbound and inbound remittances, respectively. (World Bank, 2019)

22 MTOs sending to Senegal and 39 FIs cashing out in Senegal. (RemitSCOPE, 2020)
SENEGAL REMITTANCE HISTORY

FINANCIAL SERVICES OVERVIEW

FINANCIAL SECTOR MAIN STAKEHOLDERS

Commercial Banks
25
(BCEAO, 2019)\(^{47}\)

Microfinance Institutions
131
(IMF FAS, 2019)\(^{48}\)
53
with credits over XOF 2 billion
(BCEAO, 2019)\(^{49}\)

Digital Financial Service Providers
7
(BCEAO, 2019)\(^{50}\)

Remittance Service Providers
22
Sending to Senegal
39
cashing out in Senegal
(RemitSCOPE, 2020)\(^{51}\)

Insurance Companies
19
Non-Life
10
Life
(Ministry of Finance, 2020)\(^{52}\)

Source: World Bank, 2019
**DFS SECTOR KEY FACTS**

### DEMAND SIDE

#### FINANCIAL INCLUSION
- **19% of adults** have an account in a bank. (BCEAO 2019)<sup>53</sup>
- **52% of adults** have accounts in a bank or a microfinance institution. (BCEAO, 2019)<sup>54</sup>
- **70% of adults** are financially included, if mobile money accounts are counted. (BCEAO, 2019)<sup>55</sup>
- **38.4% of the accounts** are owned by women. (World Bank Global Findex 2017)<sup>56</sup>
- **89% of the population** know money transfers, making remittances the best known financial service. (Ministry of Finance, 2017 ESRI)<sup>57</sup>

#### DIGITAL INCLUSION
- **66.94% of the population** use internet. (ARTP, 2018)<sup>58</sup>
- **110% mobile penetration rate.** (GSMA, 2019)<sup>59</sup>
- **19% gender gap** in internet usage.<sup>60</sup>
- **65% of the population** has access to electricity. (International Energy Association, 2018)<sup>61</sup>
- Ranked **142 out of 176 countries** in the ICT Development Index. (ITU, 2017)<sup>62</sup>

### SUPPLY SIDE

#### FINANCIAL INCLUSION
- **512 bank branches** (IMF Financial Access Survey, 2019)<sup>67</sup>, or 5.76 per 100,000 adults
- **568 ATMs** (IMF FAS, 2019)<sup>68</sup> or 6.1 per 100,000 adults
- **905 branches** of MFIs. (IMF FAS 2019)<sup>69</sup>
- **4,000 international remittances cash-out agents.** (RemitSCOPE, 2020)<sup>70</sup>
- **70% of financial services outlets** are located in three (Dakar, Thies and Saint Louis) out of 15 regions. (Ministry of Finance, 2017 ESRI)<sup>71</sup>

#### DIGITAL INCLUSION
- Orange is the only provider of fixed telecom. Another provider (Expresso) saw its license cancelled and handed over to the new railway project TER (Train Express Regional).
- Orange **(61%)**, Free **(23%)**, and Expresso **(16%)** are the three mobile network operators (MNOs).
- Mobile internet 2G/3G/4G is by far the most used method with **97.6%** by end of 2018. Within the mobile internet, 3G is the most used with **55.29%** of users, followed by 2G **(36%)** and 4G **(8.71%)**. (ARTP, 2018)<sup>72</sup>
- **3G coverage is 95%**. (GSMA mobile connectivity, 2020)<sup>73</sup>
- The market share for mobile data follows the same trend as for the mobile communications, with Orange leading with **67.15%**, followed by Free with **26.01%**, and Expresso with **6.82%**. Other tiny players share **0.02%** of the market. (ARTP, 2018)<sup>74</sup>

#### DIGITAL FINANCIAL SERVICES
- **43.26% of adults** have an active mobile money account, higher than accounts at banks. (IMF FAS, 2019)<sup>75</sup>
- Mobile money cash-in/cash-out is the most used service with **42.1%** in volume and **69.1%** in value. (BCEAO, 2019)<sup>64</sup>
- Mobile money airtime top-up is the second-most used service with **42.1%** in volume but only **1.9%** in value. (BCEAO, 2019)<sup>65</sup>
- **39.5% of adult population** has made or received a digital payment during the last year. (Findex, 2017)<sup>66</sup>

- **184,615 registered** mobile money agents, with **86,295** active mobile money agents, or **926.4 per 100,000 adults**. (Financial Access Survey, 2019)<sup>75</sup>
- Main DFS providers include Orange Money, Free Money, Expresso Money, Wave Money, Wizall Money, Zulu Pay, etc.
- **866,188 bank cards** in circulation and **3,167 POS terminals.** (BCEAO, 2017)<sup>76</sup>
- Wave Money is disrupting the mobile money space by offering simpler fee and commission structures and lower fees for users.
<table>
<thead>
<tr>
<th>CHALLENGES</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>* The BCEAO restrictions on foreign exchange (especially forex accounts opening and holding) limit the options that migrants have to manage their financial services in their home country</td>
<td>* UNCDF is engaging with the BCEAO to assess the payment ecosystem in Senegal and propose recommendations.</td>
</tr>
<tr>
<td>* The conditions covering the distribution of international remittances by mobile money providers could be further clarified, in order to leverage the extensive network of mobile money agents to distribute remittances at the last mile.</td>
<td>* UNCDF will start an initiative with ECOWAS commission on regional harmonization of remittance policies and regulations at the ECOWAS level.</td>
</tr>
<tr>
<td>* The BCEAO could revise the mobile money and remittance regulations.</td>
<td>* UNCDF will support the BCEAO to set up a framework and implement regtech solutions and sandboxes for innovation.</td>
</tr>
<tr>
<td>* Lack of unique identification for financial service users hinders the correct computing of financial inclusion indicators and the effective combating of fraud due to homonymy (i.e., many people with the same or similar names).</td>
<td>* The BCEAO could revise the mobile money and remittance regulations.</td>
</tr>
<tr>
<td>* Access to national/regional payment systems is restricted to banks, limiting the efficient flow of digital remittances and the possibilities to further reduce costs.</td>
<td>* UNCDF is engaging with the BCEAO to assess the payment ecosystem in Senegal and propose recommendations.</td>
</tr>
<tr>
<td>* Interoperability is restricted to interbank payments (transfers and cards payments). Digital financial services are not interoperable, limiting the possibilities to efficiently leverage the mobile money infrastructure to distribute international remittances.</td>
<td>* UNCDF is supporting the BCEAO on the feasibility study for setting up a unique identification of financial service users in the WAEMU.</td>
</tr>
<tr>
<td>* Infrastructure challenges especially in the rural areas to support scale of DFS, including mobile network connectivity and agent network spread which increases operational costs for providers.</td>
<td>* UNCDF is engaging with the BCEAO to improve its remittance data information-capturing and sharing, possibly through the International Transaction Reporting System (ITRS).</td>
</tr>
<tr>
<td>* The market is dominated by over the counter international remittance providers delivering traditional remittance services and competing mainly on price.</td>
<td>* Funding support to remittance service providers (RSPs) to develop innovative digital solutions and remittance-linked financial services for migrants.</td>
</tr>
<tr>
<td>* Digital remittances are available for some corridors (e.g., France to Senegal) but the uptake remains limited.</td>
<td>* Technical assistance and capacity building exercise for RSPs to develop migrant-centric digital products through Human Centered Design methodology (HCD).</td>
</tr>
<tr>
<td>* Lack of migrant-centric products which results in low uptake and usage of digital remittance product.</td>
<td>* UNCDF will conduct demand-side and supply-side research to understand migrants’ challenges and aspirations in a digital financial product.</td>
</tr>
<tr>
<td></td>
<td>* Technical assistance to RSPs to develop migrant-centric and remittance-linked financial products.</td>
</tr>
<tr>
<td></td>
<td>* Under the technical assistance plan UNCDF will support RSPs to develop go-to-market strategies and financial literacy material for both migrants and their families. The objective is to drive uptake and active use of DFS.</td>
</tr>
</tbody>
</table>

* Please note that the following table reflects an initial high-level overview based on desk research. More detailed and precise challenges and recommendations will be provided after the country policy/payment assessment is finalized (expected completion date in May 2022).
<table>
<thead>
<tr>
<th>Government/Regulator</th>
<th>The BCEAO is also envisioning to open up the regional payment systems (GIM-UEMOA for card payments clearing, SICA-UEMOA for interbank payments clearing, and STAR-UEMOA for real-time gross settlement of interbank payments) to non-bank financial service providers, starting with microfinance institutions.</th>
<th>2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The BCEAO is also envisioning the revision of the 2015 mobile money regulation and has launched consultations to get feedback from key stakeholders.</td>
<td>2020-2021</td>
</tr>
<tr>
<td></td>
<td>The National Financial Inclusion Strategy and National Financial Education Strategy are being designed following the Regional Financial Inclusion Strategy (RFIS) defined by the BCEAO in 2016. The RFIS aims at ensuring, within five years, the access and usage of diversified, adapted and low-cost financial products and services to 75% of WAEMU adult population.</td>
<td>2020-2021</td>
</tr>
<tr>
<td></td>
<td>The Accelerated and Adjusted Priority Action Plan Phase 2 (PAP-2A) is the three-year action plan to define concrete actions to move forward the PSE. The current PAP 2A plans to structurally transform the Senegalese economy to achieve high and sustainable growth.</td>
<td>2020</td>
</tr>
<tr>
<td></td>
<td>The BCEAO started an initiative in 2019 to make DFS transactions interoperable at WAEMU level. This initiative was supposed to go live in June 2020 but has seen some delay.</td>
<td>2019-2020</td>
</tr>
<tr>
<td></td>
<td>The Senegal Digital Strategy 2025 was adopted in 2016 and aims at placing Senegal as a leader in digital economy. The objective is to widen the use of digital by all with a dynamic and innovative private sector and ecosystem.</td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>The Emerging Senegal Pan (PSE) is the flagship development strategy of the Government of Senegal adopted in 2012 and aimed at bringing the country to emergence by 2035. Its objective is to put Senegal on track for a high, inclusive and sustainable growth, creating jobs while preserving the environment and natural resources. Within 10 years, the plan is expected to deliver meaningful progress in terms of human development.</td>
<td>2012</td>
</tr>
</tbody>
</table>