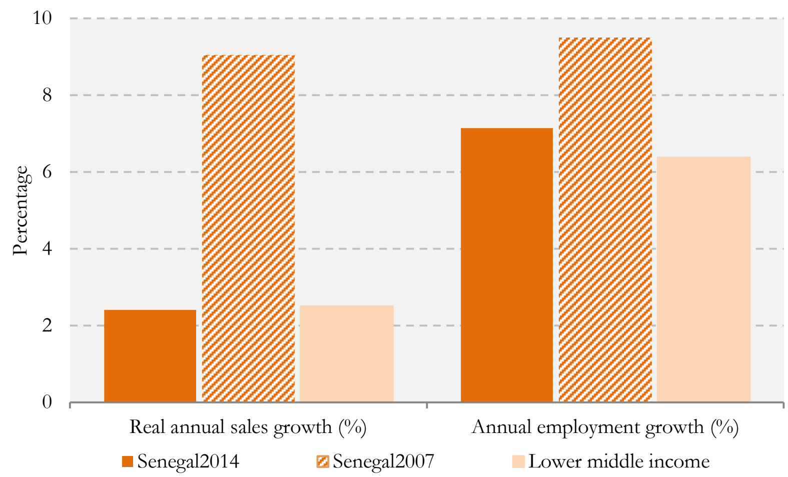
COUNTRY HIGHLIGHTS SENEGAL 2014

WORLD BANK GROUP

The World Bank interviewed a representative sample of the private sector in 4 of the most active economic regions in **Senegal**. The sample consisted of 601 business establishments surveyed from May 2014 through February 2015. The Enterprise Survey (ES) covers several topics of the business environment as well as performance measures for each firm. Below are the main highlights from the survey.

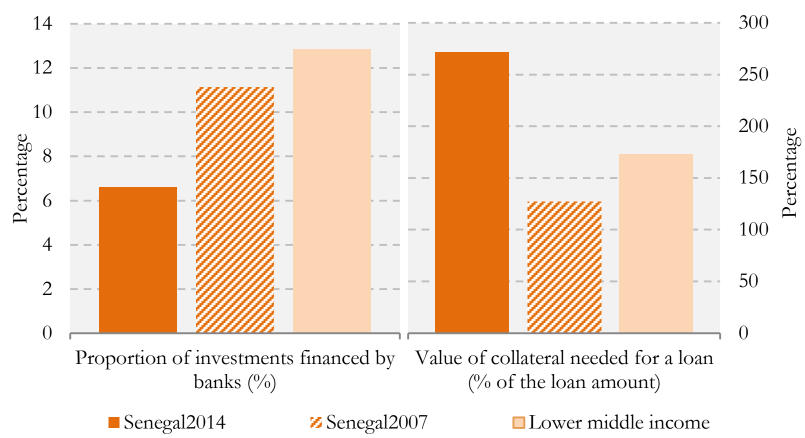
Sales growth and employment growth have decreased since 2006

Firms' **performance** in Senegal deteriorated during the past years, both in term of real sales growth and employment growth. Between 2011 and 2013, real sales grew at an annual rate of 2.4% compared to a more robust annual growth rate of 9% during the 2003-2006 period. Annual employment growth rate also slowed down from a yearly 9.5% between 2003 and 2006 to a more modest 7.1% per annum between 2011 and 2013. Despite the weaker growth rates, the private sector performance in Senegal is still comparable to other lower middle income countries, where annual sales growth was an average of 2.5% and annual employment growth 6.4%.



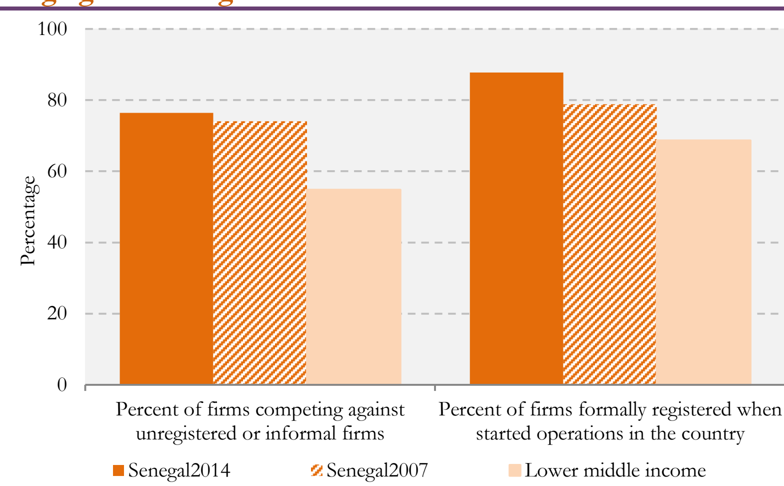
Bank financing is still limited in Senegal

Compared to 2007, the same proportion of firms used banks to **finance** investment in Senegal in 2014 (19%). However, the proportion of investments financed by banks decreased from 11% in 2007 to 7% in 2014 (the average in lower middle income countries is 13%). Banks also financed only 7% of firms' working capital, compared to an average of 13% in lower middle income countries. For firms that use bank financing, the picture is mixed: 79% of loans required collateral (vs. 89% in 2007) but whenever collateral is provided, the required collateral amount increased from 127% of the loan value in 2007 to 272% in 2014.



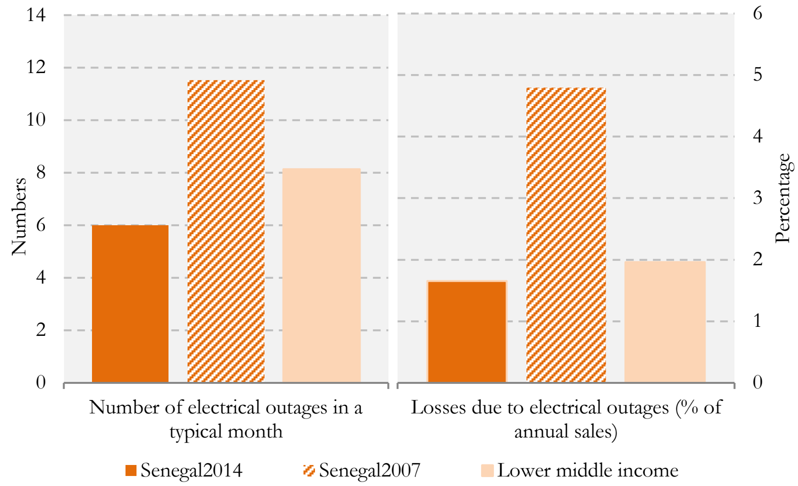
Three out of four firms in Senegal reported competing against unregistered or informal firms

Informality is widespread in many parts of Africa and it could impact the functioning of formal private firms. Three out of four firms in Senegal reported competing against unregistered or informal firms in 2014, higher than the already high average of one out of two firms in lower middle income countries. Surprisingly, large firms are as likely to face competition from informal firms as small firms: 77% of large firms compete against informal firms compared to 80% of small firms. Despite widespread competition with informal firms, more firms are registered when they begin operations in Senegal (88% of firms) than in other lower middle income countries (69%).



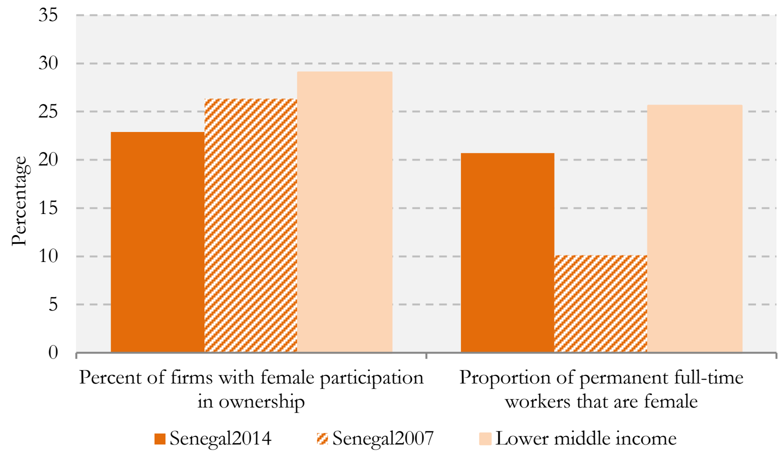
Electricity provision has become more reliable since 2006

The **power supply** in Senegal has improved since 2007. The average number of electrical outages in a typical month almost halved from 11.5 outages in 2007 to 6 outages in 2014. The latter is less than the average of 8 outages in a month in lower middle income countries. The duration of a typical electrical outage also decreased from 6 hours in 2007 to 1 hour in 2014, in line with 1.5 hours in lower middle income countries. Accordingly, losses due to electricity outages decreased. In 2014, losses due to electricity outages was as low as 1.7% of annual sales, which was one-third of what it was seven years ago and in line with the average in lower middle income countries.



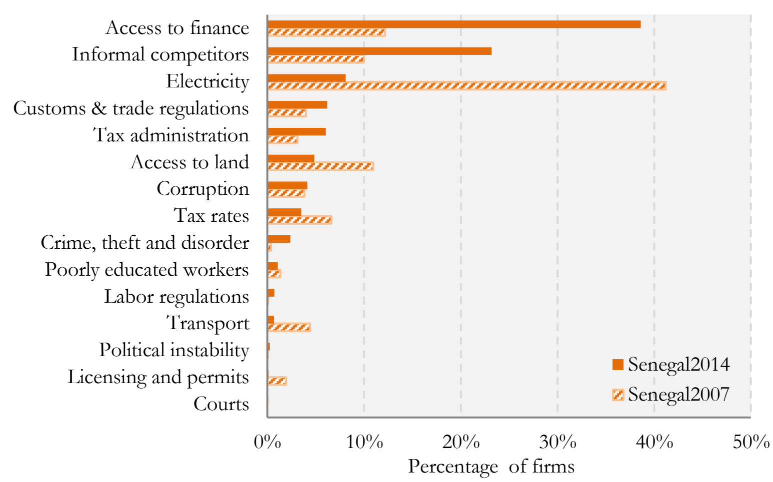
Participation of women in the private sector still lags behind other low middle income countries

Female participation in the private sector in Senegal still lags behind other lower middle income countries. In 2014, female participation in ownership in Senegal was lower than the average in lower middle income countries and slightly lower compared to 2007. Only 23% of firms had at least one woman among the firms' owners, compared to 26% in 2007 and to 29% in lower middle income countries. On the other hand, more women comprise the workforce in 2014 compared to seven years ago but the percentage is still lower than in other lower middle income countries. In 2014, women accounted for 21% of the workforce in private sector firms in Senegal vs 10% in 2007.



Access to finance and competition from the informal sector are reported as the biggest obstacles

The difficulties in accessing bank financing and the extent of competition from informal firms are consistent with firms' perceptions of the business environment. Among the list of 15 potential business environment **obstacles** to their day-to-day operations, the most commonly chosen top obstacle is access to finance (chosen by 39% of the firms), followed by competition from informal competitors (23%). Consistent with the improvement in power supply and reduction in power outages over time, only 8% of the firms chose electricity as the biggest obstacle in 2014 compared with a much higher 41% in 2007.



The Enterprise Analysis Unit is a joint World Bank and IFC team of economists, survey experts specialized in private sector development. Surveys implemented by the team reveal what businesses and firms experience across the world by interviewing representative samples of the formal, non-agricultural, non-extractive, private sector with 5 employees or more. The resulting globally comparable firm-level data is used to construct business environment indicators and measure firm performance. The findings and recommendations help policy makers identify, prioritize, and implement policy reforms that support efficient private economic activity.

For more information on the survey visit http://www.enterprisesurveys.org