

# Impact of the COVID-19 pandemic on micro, small, and medium enterprises (MSMEs)

Senegal country report

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# MSMEs during COVID-19 Senegal Report

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This study primarily focuses on micro and small enterprises in Senegal and their coping strategies during the pandemic. We are grateful to the team at Baobab Sénégal, which supported us in reaching out to its MSME clients for the study as well as the Mastercard Foundation for its financial support.

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# Abbreviations

APBEFS	Association Professionnelle des Banques et Etablissements financiers du Sénégal
BCEAO	Banque Centrale des Etats de l’Afrique de l’Ouest/Central Bank of West African States
BDS	Business Development Services
CSR	Corporate Social Responsibility
DER	Délégation Générale à l’Entrepreneuriat Rapide des Femmes et des Jeunes
DFS	Digital Financial Services
FI	Financial institutions
FONGIP	Fonds de Garantie des Investissements Prioritaires
GDP	Gross Domestic Product
MEPC	Ministère de l’Economie, du Plan et de la Coopération
MFI	Microfinance institution
MSME	Micro, small, and medium enterprise
MVNO	Mobile Virtual Network Operator
VAT	Value-added tax
WAEMU	West African Economic and Monetary Union
XOF	West African CFA franc

# Executive summary

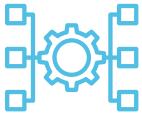
Senegalese MSMEs<sup>1</sup> play a key role in contributing an estimated 40% to the GDP and are a major source of employment. Nine out of 10 workers are in informal employment and 97% of companies are in the informal sector. As the economy contracted to a projected recession of 0.7% to a projected growth rate of 1.1% in 2020, MSMEs would need targeted support to build resilience, transform into formal entities, and continue to contribute to the local economy.



Common coping strategies included reducing stock and diversifying sales channels. Yet only a handful utilized digital channels or created new partnerships.



Senegalese MSMEs have opportunities to increase collaboration with the private sector, startups, and local associations to provide access to services and platforms, which would increase their income and lead to access to finance.



The limited diversity in coping strategies of MSMEs re-emphasizes the critical need for capacity building. Measures already in place need to be monitored for course-correction to support MSME lending, business development services, and digitalization.



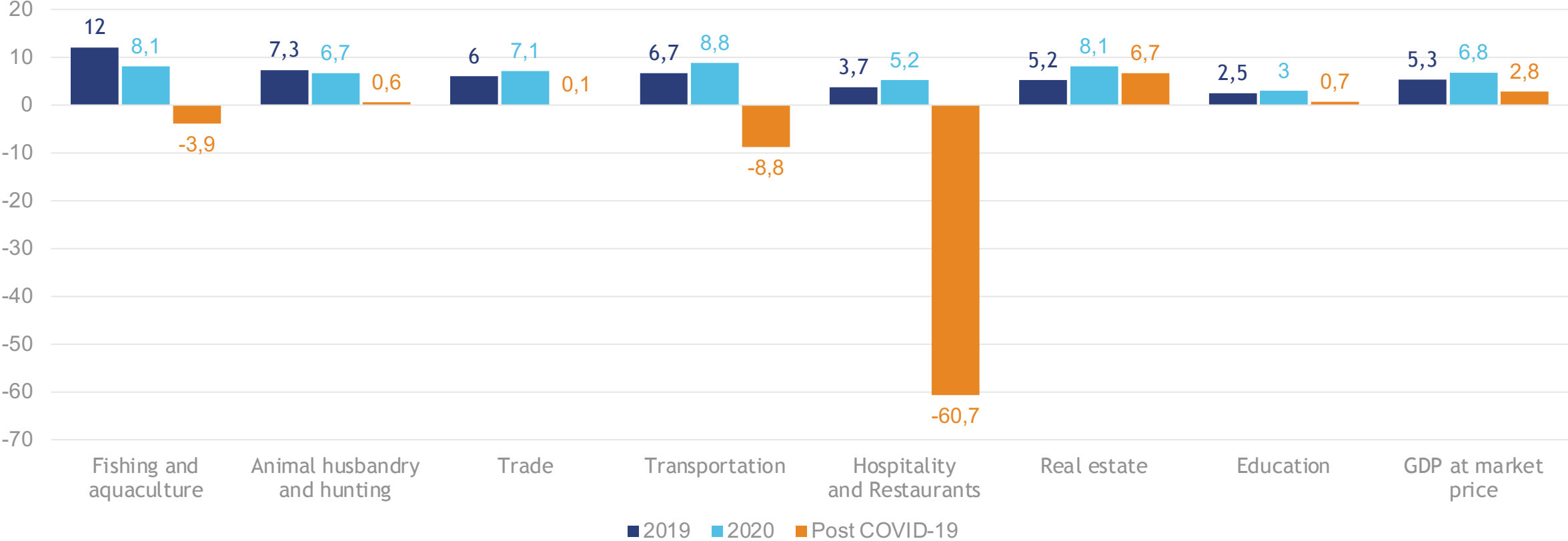
Certain regulations helped ease the immediate needs of MSMEs. However, some restrictions, such as the ban on layoffs by formal businesses further increased cash flow challenges. While Senegalese MSMEs are largely informal, policies did not help address their short-term needs around liquidity.



Accelerating a digital culture and promoting the use of digital channels and platforms can contribute to greater productivity of MSMEs and create new jobs.

<sup>1</sup> Micro and small enterprises have less than 20 employees and annual turnover worth XOF 50 million whereas medium-sized enterprises have between 21 and 250 employees and annual turnover worth XOF 50 million to 5 billion ([Charte des Petites et Moyennes Entreprises du Sénégal, 2008](#))

# Revised projections for GDP growth in the year 2020 after accounting for the impact of COVID-19<sup>2</sup>



<sup>2</sup>Source: Grant Thornton, Ministry of the Economy, Planning and Cooperation





01.

Recommendations



# Focus on strategies that will help MSMEs to overcome the digital divide so they are not left behind

## MEASURES TO SUPPORT THE INCOME OF MSMEs

### Key insights

- In general, MSMEs are not familiar with using productivity-enhancing tools except for digital social networks to manage and sell their products and services.
- Most MSMEs in our sample are unaware of functional e-commerce sites or their utility in enhancing their business.

### Recommendations

1 ➤ The government and chambers of commerce could support MSMEs by helping them join e-commerce platforms, creating incentives to adopt digital solutions, such as first-time technology purchases, delivering digital literacy support, and through digital marketing.

2 ➤ Financial services providers could encourage usage of digital channels and leverage social media such as WhatsApp for customer service and solutions that are appropriate to MSMEs. This could include offering tips and advice for cost savings or videos highlighting tips from MSME clients.

3 ➤ Recent research has revealed that the adoption of mobile financial services decreases the size of the informal sector by up to 4.3 percentage points of the gross domestic product (GDP)<sup>2</sup>. Expanding government payments to beneficiaries through digital channels could contribute to increased adoption.

## MEASURES TO PROMOTE DIGITALIZATION

### Key insights

- MSMEs adjusted their way of running their business; however, very few changed their business model to utilize digital solutions.
- Transportation costs rose and many suppliers shifted to having MSMEs pick up supplies, which increased costs.
- Cash remained the main choice of payment despite the presence of mobile money accounts.

### Recommendations

1 ➤ The government could consider riding on the BCEAO's fee reduction measures that encourage the use of mobile money,<sup>3</sup> thus helping to resolve barriers to adoption and improving digital literacy.<sup>4</sup> Since a large number of MSMEs have personal mobile money accounts, this channel could be encouraged for merchant payments.

2 ➤ The government could partner with existing e-commerce platforms and collaborate with capacity-building partners on its own e-commerce platforms to serve a greater number of MSMEs. The platform providers could help in supporting education on product standardization. They could highlight their value to MSMEs, such as the instant access to a wide network of potential buyers (larger value chains) and the ability to continue selling without opening shops. Financial institutions could also help with the onboarding process to e-commerce platforms supporting MSMEs to understand how online payment and digital credit can benefit their business to empower their digitalization.

<sup>1</sup>Ministère de l'Économie du Plan et de la Coopération (2020); <sup>2</sup>Banque de France <sup>3</sup>BCEAO note 004-03-2020 on the ease of digital financial services, 21<sup>st</sup> March, 2020 <sup>4</sup>MSC (2020);

# Increase targeted access to suitable financial services paired with business development support to boost recovery

## MEASURES TO BOOST ACCESS TO FINANCIAL SERVICES

### Key insights

- ▶ Informal MSMEs targeted by the government's loan guarantee program for microfinance institutions (MFIs) lack access to credit, either to build resilience or to make investments.
- ▶ MSMEs have low awareness of government financial support mechanisms.
- ▶ Through mid-June 2020, only XOF 5 billion (USD 8,486 million) had been distributed to various SMEs while XOF 7 billion (USD 11,880 million) had been transferred to two banks to support micro enterprises implying that allocated funds were not fully-used

### Recommendations

- ▶ The government and the central bank could consider strategies to support MSMEs without having them take on more debt, such as creating a fund to infuse equity or encourage partnerships to leverage big data to reduce the cost of credit risk assessments for MSMEs.
- ▶ As the pandemic continues to cause intermittent lockdowns, the government could consider targeted approaches that complement its strategic priorities, as informal MSMEs represent 97% of all companies, such as a phased approach to formalization that considers amnesty for past taxes.
- ▶ FONGIP's continued efforts will ensure credibility toward banks by ensuring efficient and rapid payments in case of default.
- ▶ DER and ADEPME could ramp up efforts to support SMEs to create viable business plans, strengthening MSME capacity to be in a better position to apply for public loans through the allocated fund.

## MEASURES TO PROMOTE AWARENESS AND SKILLBUILDING

### Key insights

- ▶ Informal businesses recognized that the lack of formalization meant missing out on social benefits and that these benefits potentially outweigh the costs of compliance.
- ▶ Younger MSMEs have a harder time negotiating supply deals than their more experienced peers.
- ▶ MSMEs lack of understanding of loan application requirements.

### Recommendations

- ▶ Consider working with associations to increase engagement offering access to tested tools, such as back-office services and collaboration with the Chamber of Commerce or BDS providers to certify as financial management counsellors.
- ▶ Provide targeted business training courses on basic business skills that utilize videos via social media in local languages. Governments could encourage online skill-building by subsidizing zero-rated data for mobile learning applications to build capacity.
- ▶ Consider showcasing success stories via television, radio, and social media to motivate and educate women and youth about the benefits of formalization and digitalization to access regional markets.

Source: ['Ministere des Finances et du Budget \(2020\). Quarterly Report on Budgetary Execution- Second Quarter 2020.](#) The total allocation for SMEs was XOF 200 billion. These are the [latest figures published by the Ministry.](#)



# The pandemic highlighted the need to improve business continuity for future crises through short-term measures and long-term investment

## MEASURES TO ENSURE BUSINESS CONTINUITY

### Key insights

- Inability to access clients through physical means meant immediate income loss; however, there was widespread usage of mobile phones for communications in an attempt for business continuity.
- The lack of cold chain, storage, and warehouses led to losses and wastage of food, especially in rural and semi-urban areas.
- Some farmers started processing their products (into flour, for instance) to avoid further loss and earn revenues.

### Recommendations

- Agribusiness MSMEs must make critical investments in the provision of warehouses and cold storage facilities. The government could partner with the private sector and incentivize it to speed up the development of these logistics and access to them, and encourage warehouse financing products.
- Financial service providers (FSPs) could help play a role in the cash balancing efforts by purchasing confirmed invoices from MSMEs for payment collection from suppliers or the government.
- The government could incentivize the private sector to provide alternative sales channels to microenterprises in rural areas, particularly those in agricultural value chains. This can be done through an online procurement channel or special waivers to enable farmers to sell in restricted zones and during curfews.

## MEASURES TO IMPROVE RESILIENCE

### Key insights

- Businesses lacked savings or insurance and experienced further losses due to spoilage, damage, or theft of merchandise.
- Several MSMEs began to offer delivery services and packaged offerings to balance the limited mobility of their clients.
- Restrictions on transport broke the short value chains of microenterprises, particularly in rural areas, and consequently their ability to generate income.

### Recommendations

- More generally, the government could consider distinguishing between “essential” and “non-essential” businesses to have a clearer policy on which businesses should continue to operate on a priority basis during lockdowns.
- The government could consider defining a strategy and a pathway toward the formalization of MSMEs through a sector-wise monitored database or registry. This database should consider the link between the revenues of the MSME and the need for it to become formalized, and not attempt to formalize all MSMEs without any regard to their revenue, fragility, and ecosystem.<sup>1</sup>
- Digital payments can help build a credit history for businesses to access loans for working capital. Government incentives could be offered to encourage greater collaboration between financial institutions, startups, and MNOs.

<sup>1</sup>For instance in Fiji, the micro and small business grant was given to all enterprises that applied, creating a soft registry of operational MSMEs in the country. The Central Bank and other ministries now use this registry to identify and target informal MSMEs ([Ministry of Commerce, Trade, Tourism & Transport, 2020](#)).

# Complement existing government efforts with collaborations with the private sector and associations to enhance productivity and lead to phased formalization

## MEASURES TO ENCOURAGE PRODUCTIVITY

### Key insights

- Only a handful of enterprises diversified their business model due to limited business capacity and lack of funds.
- MSMEs face cash flow shortages due to recurring fixed expenses, such as rent, water, and electricity while experiencing declining business activities. This could lead to over-indebtedness as they seek to find solutions.
- Transportation and communication costs have increased.

### Recommendations

- The government could provide incentives for startups to help reduce the pain points of MSMEs to offer business productivity solutions, delivery services, aggregator payment solutions, supplier payment facilitation, and access to digital shops by embracing a bottom-up approach.
- Encouraging the digitalization of payments can lower costs for businesses and reduce the time for payment collection, bill payments, and tracking as well as bookkeeping in a shift toward formalization.
- The government could collaborate with the private sector to encourage the development of solutions to lower the cost of delivering goods efficiently and partner with companies to subsidize the cost to use technology solutions for a certain period.

## MEASURES TO ENCOURAGE FORMALIZATION

### Key insights

- Formal MSMEs are forbidden by decree to lay off employees and received government subsidies as a means to offset losses. However, this was out of reach for informal MSMEs.
- MSMEs have a prevalent perception that procedures are long and complex, costs to start a business are high, and bribes are necessary.

### Recommendations

- The government's recovery plan to be implemented in 2021<sup>1</sup> could support the revival of activities in the informal sector and the construction of basic infrastructure, particularly for the marketing of agricultural products. However, the recovery plan also needs to include a pathway to digitalization to facilitate access to financial services.
- Promote formalization of enterprises, since the pandemic created awareness of the benefits of formalization. However, efforts are needed to help MSMEs understand the process, work with associations to help register enterprises, and simplify and shorten the overall registration process and tax codes. Communications should emphasize the benefits of access to social and financial benefits for MSMEs.
- Consider creating a phased formalization package with partners including registration incentives, business advisory support and training, and tax and banking support—including videos and vocal explanations to help simplify the process of formalization.

<sup>1</sup>Ministère de l'Économie du Plan et de la Coopération (2020)

# Pandemic fatigue has led to increased laxity of adhering to preventative measures

## MEASURES TO ENHANCE AWARENESS AND KNOWLEDGE

### Key insights

- Initially, people would follow updates closely on the radio, websites, and television while many fake stories and so-called “remedies” for the virus transmitted through social media.
- The easing of certain restrictions has been interpreted as a return to normal pre-pandemic behaviors.
- With reduced employment, people have started increasingly to search out day laborer jobs interacting with larger groups of people, which risks exposure to family members.

### Recommendations

- 1 Ensure that the continued messaging integrates explanations rather than recommendations alone to avoid doubts and suspicions.
- 2 Despite gains made in the fight against the virus, governments could consider ensuring the availability and quality of preventive supplies, such as sanitizers and face masks as well as continued access to water.
- 3 Utilize hyper-localized data to communicate messages in neighborhoods with higher infection rates via their preferred channel supplemented with SMS messages.

## MEASURES TO ADOPT PREVENTATIVE MEASURES

### Key insights

- MSMEs have implemented preventive measures based on the government’s advice; however, fatigue has set in among people and the government’s messaging switched from “stay at home” to “be vigilant and careful”.
- People, especially in urban areas have been wearing masks, although they may not be wearing masks properly or they may remove the masks once inside a building or office.
- All regions were affected; however Dakar continues to have the most cases.

### Recommendations

- 1 To clarify perceptions of fake information, authorities could consider empowering local influencers, such as local administration officials and community leaders to disseminate accurate information on COVID-19, such as funeral rites taking lessons from Ebola for safe and dignified burials.
- 2 Besides the change in the messaging to “be vigilant and careful,” the authorities could consider adding relevant data so that the population is aware that the virus is still active.

02.

Awareness of COVID-19  
and mitigation measures





# MSMEs<sup>1</sup> are aware of COVID-19 but fatigue has started to set in, leading to laxity in sanitary measures

## Source of information on COVID-19



Radio



TV



Social media

- In April, MSMEs followed daily government press briefings, mainly on television and radio, to find out if restrictions will be lifted any time soon. Yet by July, MSMEs did not follow news or notification about the pandemic as rigorously, since the information became demoralizing.
- MSMEs have implemented preventive measures, such as social distancing and the use of personal protective equipment including gloves, sanitizer, and masks to protect their employees, based on the government’s advice.
- The government mandated people to wear masks in public spaces and later started imposing fines for not wearing masks.

<sup>1</sup> See definition of MSMEs in Senegal on slide 31.



## Most common coping strategies adopted by MSMEs

Preventive measures

Sanitizers  
Masks  
Gloves  
Social distancing

Business changes

Communication via social media  
Marks on the floor for social distancing



“I woke up one morning and I did not see any clients. Then I asked my neighbors and heard about the pandemic.” - A restaurant owner from Thiès in April, 2020

“In the beginning, I was truly well-informed because I knew exactly how many cases, deaths were there... but to be honest, for a few months now I do not have my head around this anymore.” - A transport and car hire business owner from Dakar

“We have been making purchases from our suppliers digitally by e-mail, even before the crisis.” - A gas station manager from Dakar



# 03.

## Impact of COVID-19 on MSMEs



# The lockdown led to declining revenues, with fewer customer visits and sales, and revenues remained lower than pre-pandemic levels

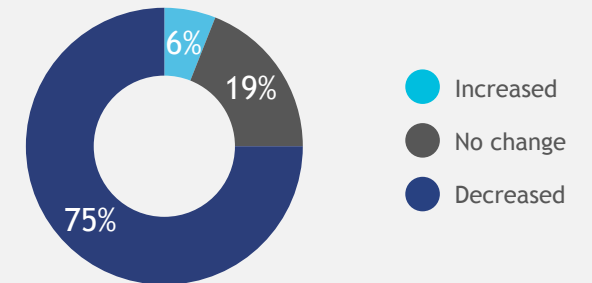
## The fall in revenues<sup>1</sup> has been sharper for women-led enterprises than for those led by men

- 74% of women entrepreneurs reported a decrease in revenues compared to 63% for men.
- The reduction in footfall was greater for businesses owned by women (50% median) compared to men (33% median). This could be attributed to the fact that comparatively more women engaged in the trade sector in our sample have lost business due to market closures during the lockdown. 57% of all women-led enterprises had witnessed reduced business activity.
- The loss of customers is slightly more pronounced in rural areas, where 76% of MSMEs reported a reduction, compared to 74% of urban MSMEs. This could be related to the inability of rural MSMEs to restock each day in the early morning hours due to lockdowns or due to their reliance on remittances for working capital, which had reduced.

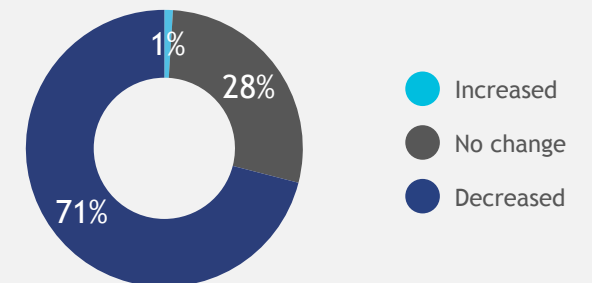
## 71% of MSMEs witnessed a steep decline in monthly revenues

- In April, about half of the qualitative sample reported a loss of more than 40% of their revenues. By July, almost all reported a decrease of more than 50%, with many having to put their business completely on hold.
- In rural areas, small farmers and stockbreeders who could not sell their produce due to the closure of local markets and ban on inter-city transport of people faced greater waste and loss of income. These agricultural microenterprises usually sell most of their produce in short value chains and the cost of conserving products is high.
- Only 12% of all MSMEs reported that their sales were unaffected by the pandemic. These MSMEs were, surprisingly, largely owned by women engaged in the trade sector in urban areas and 75% were aged older than 35 years.
- MSMEs that were shut down during the lockdown reported a drop in their turnover after the restrictions were lifted compared to pre-pandemic sales.

## Number of clients per day



## Impact on revenues<sup>1</sup>



<sup>1</sup>To put the MSME experience into context, according to the WAEMU in Jeune Afrique (2020), private sector revenues were expected to fall anywhere between 25-100% for West African enterprises, depending on the sector. The most vulnerable sectors are travel and tourism, and hospitality, and restaurants; <sup>2</sup>These figures are self-reported by the respondents, out of a sample of 100 MSMEs

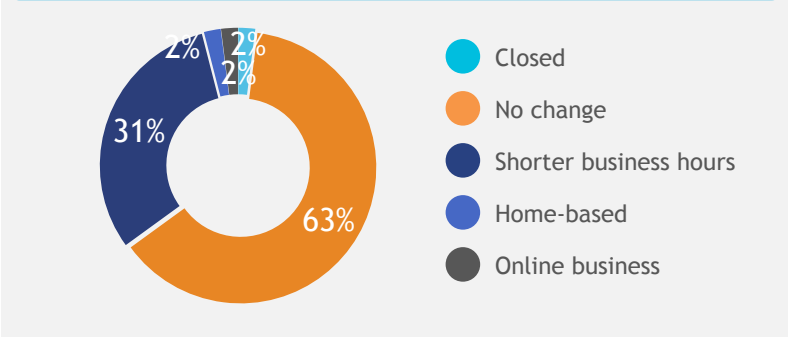
Note: The sample size of the research is, clearly, too small to be representative, and therefore the percentages reported throughout should be seen solely as indicative.

# 35% of MSMEs adjusted their way of running their business; however, very few changed their business approach due to limited funds

## Many businesses were in “wait and hope for the best” mode

- Three out of four businesses were running remotely (from home or online) and were led by young people under 35 years. Women were more likely to be running business remotely, from home or online (4/35) than men (0/65).
- No businesses in rural areas were running remotely (from home or online) compared to four out of 58 for urban areas. This points to the need of enhancing access to digital infrastructure and accelerating capacity-building on digital and financial skills, as well as on diversification of business.
- Businesses had low awareness of government support programs to provide them financial support, such as guarantee funds.
- Many MSMEs expressed the need for support to gather documents to apply for a loan.

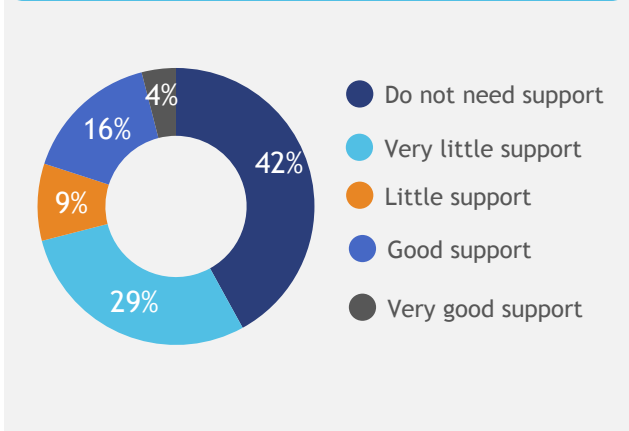
## Impact on operating hours<sup>1</sup>



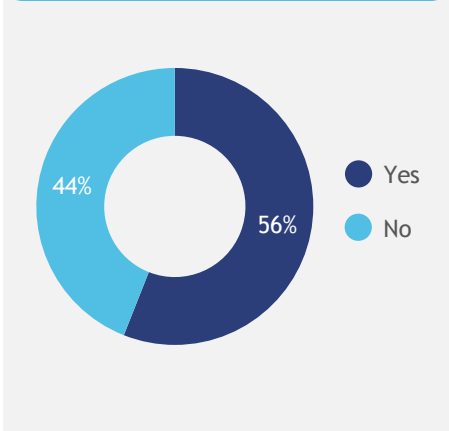
## They request support to build a credit application

- Among those who had taken a formal or informal loan, 67% were based in rural areas.
- MSMEs have requested for support on how to build a case to request a loan and how to access information about potential financial aid that might be available (ADPME and FONGIP are available to formal MSMEs).
- 71% of women entrepreneurs borrowed money to support their businesses compared to 57% of men and are susceptible to indebtedness as they have had to dip into their savings.

## Financial support received from the social network



## Loans taken



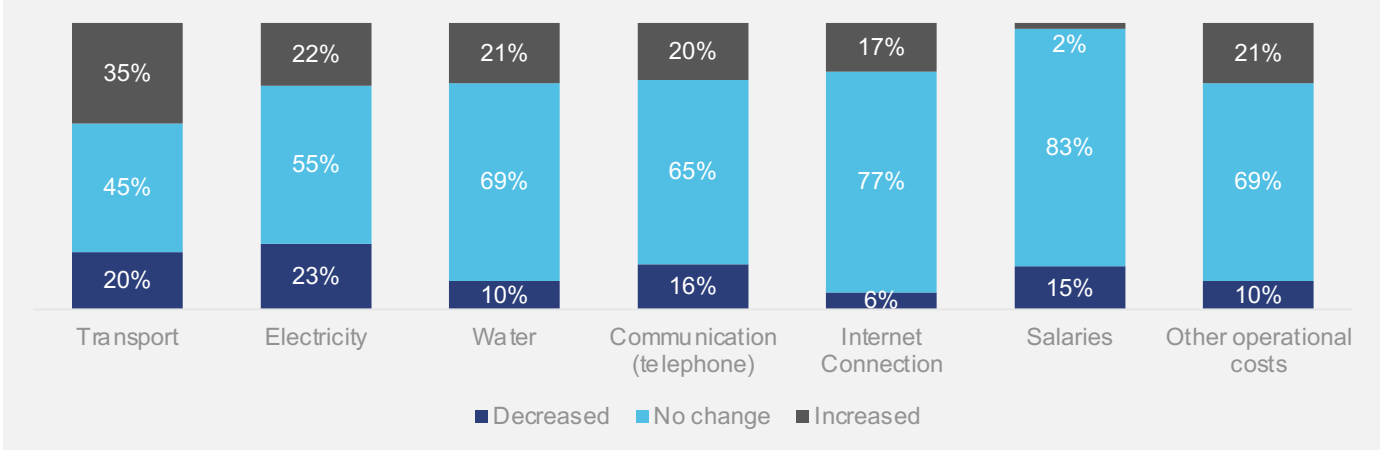
“I do not have the funds to start new activities.”  
 - A vegetable buyer and reseller from Dakar  
 “This [adjusting the business model] requires us to take stock of the situation and start something else, but we remain hopeful that things will get back on track.”  
 A travel Agent from Dakar

<sup>1</sup>These figures are reported by the respondents, out of a sample of 100 MSMEs ([click here](#) for the sample details).



# MSMEs have reduced expenses where possible but rising costs and the need to physically move around to access clients or goods limits their flexibility to reduce costs

## Impact of the pandemic on cost for enterprises



## The restrictions on movement increased transport costs and led to issues with stock

- Prices of transportation services increased by 4.3% comparing July 2019 to July 2020. In terms of annual variation, consumer prices rose by 2.7%, while the average annual inflation rate stood at +1.9%.<sup>1</sup>
- 35% of businesses had reported an increase in their transport costs, with a median value of 45%. While urban enterprises reported a median increase of 50%, rural business reported a median increase of 20%.
- 33% of all enterprises faced permanent losses, of which the largest proportion (58%) experienced damaged or rotten perishable stock, 18% had their stock stolen, 6% had stock that had expired, and 15% experienced other losses, such as loss of poultry.

## Impact of the pandemic on the delivery of supplies for enterprises



“I reduced the cost of salaries by putting my staff on partially-paid leave.” - A car rental business owner from Dakar

“We had two employees before the crisis and one now, because the business is no longer as active as before.” - A female restaurant owner from Thiès

<sup>1</sup> ANSD

# The restrictions on movement created indirect effects across all sectors, decreasing volume of supply and increasing the cost of supply

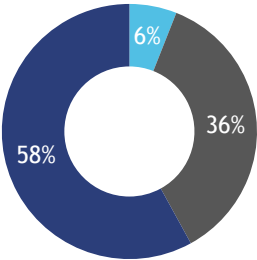
## The pandemic affected the supply of credit



● No change   ● Reduced or no credit from suppliers   ● No credit by suppliers

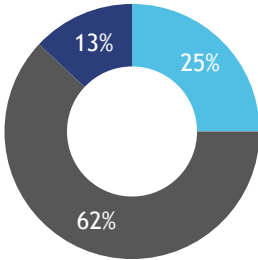
- MSMEs that have established long-lasting relationships with their suppliers could negotiate extended payment deadlines for invoices or order new products without advance payment.
- Some MSMEs adapted by limiting their purchases to high-turnover products and reducing the number of perishable products.
- As client repayments have been taking longer, MSMEs have less working capital to purchase supplies.

58% of businesses reported a decrease in supply volume



● Increased  
● No change  
● Decreased

25% of enterprises reported an increase in the cost of supplies



## Reduced supplies affected more microenterprises than other types of MSMEs<sup>1</sup>

- Restrictions to limit national and international movement and social distancing measures in factories created a reduction in the supply volume of goods, the median reduction was 25%. The enterprises that reported a decrease in volume of supply also reported a median 50% reduction in household income.<sup>2</sup>
- 57% of urban MSMEs had reported a decrease in supply compared to 43% of rural enterprises. In terms of volume, the median value of reduction was 25% in urban areas and 23% in rural areas.
- While 51% MSMEs did not observe any change in the delivery of supplies due to COVID-19, 22% enterprises had to go pick up all their supplies. This is also one of reasons why transport costs increased.
- 70% of enterprises led by young people (under 35 years of age) reported decreased supply volumes; in contrast, this proportion was 49% for enterprises led by those aged over 35 years. In terms of volume, the reduction was greater for the under-35s (30%) than for the over-35s (20%).



“I order the video games I rent out from abroad through online sources. The suppliers have increased the prices because, as you know, air transport is disrupted.” - A game center owner from Dakar

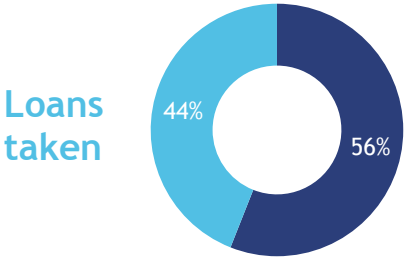
“My suppliers are the big wholesalers who lend me money to buy fish, but they are very demanding about the repayment period.” - A smoked fish seller from Dakar

Notes: <sup>1</sup>Other types of MSMEs in the sample include sole proprietors and small SMEs. See [annex slide](#) for more details on the sample.; <sup>2</sup>For MSMEs, the household income and business income are usually fungible.

# MSMEs restricted non-essential spending and reduced costs where possible while waiting it out

## All sub-segments of MSMEs faced challenges

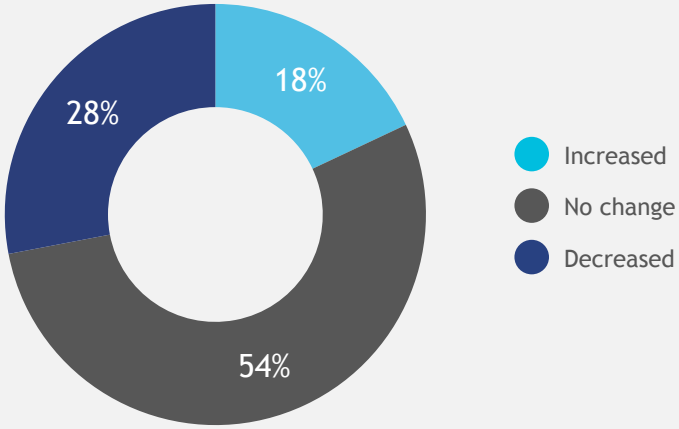
- 56% of MSMEs in manufacturing faced an increase in their business expenses unlike MSMEs in trade and services
- Neighbors have been sharing their government food allocations with friends while many are unaware of the process receiving allocations
- MSMEs with two or more employees have mostly managed their expenses by decreasing staff working hours or through partially-paid leaves, while some have stopped hiring daily contract workers
- With limited purchasing power, clients took longer to repay credits, which has further reduced the working capital of businesses
- 74% of MSMEs led by women saw their household expenses decrease compared to 69% of MSMEs owned by men as they restricted their spending to essential needs
- Communication services increased by 2.5% in terms of the monthly rate, as a result of an increase in prices of telephone communication services (+4.0%).<sup>2</sup>
- In the annual variation, the prices of local and imported products increased respectively by 2.8% and 2.2%.<sup>2</sup>



“My expenses continue to increase because the children are at home and we have family members who came to live with us because they no longer work.”  
 - A female dairy product seller from Thiès

“My family members helped me by sending me either money or food.” - A female restaurant owner from Thiès

## Impact on expenses<sup>1</sup>



The MSMEs that had reported an increase in their household expenses also reported a reduction of 40% of their business revenues. The increase in household expenses is of a median value of 23%. As migrant workers returned home, working hours reduced while children stayed at home from school, hence household expenses increased.

With limited funds, some payments are late so households have been reducing the number of meals, focusing only on basic needs, holding off on other non-essential purchases, and selling assets.

Note: <sup>1</sup>For MSMEs, the household income and business income are usually fungible; <sup>2</sup> ANSD



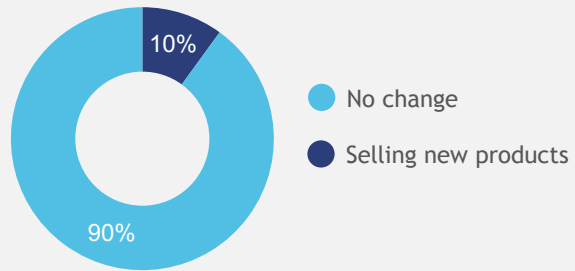
# 04.

## Coping strategies of MSMEs

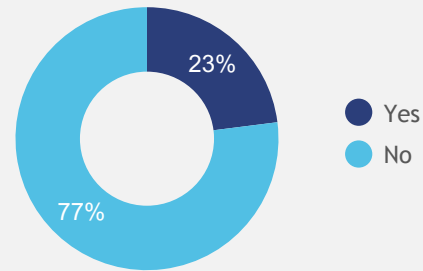


# MSMEs adopted short-term strategies and most did not consider digital offerings or partnerships due to a lack of awareness or capacity

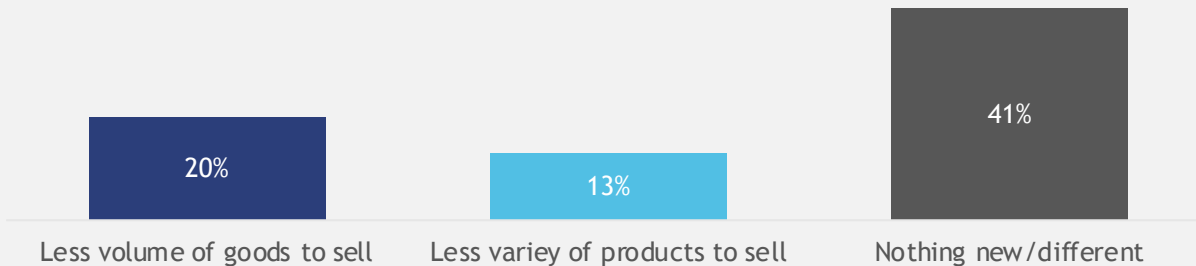
## New sales lines



## Assets sold



## Measures adopted to cope with the effects of COVID-19



## More than 40% of MSMEs did not (or could not) implement any new measures to face the pandemic

- MSMEs requested support to build their networks to expand sales.
- Most microenterprises whose market channels have been cut (mostly on the demand side) have simply paused their operations, waiting for the situation to normalize.
- MSMEs with higher digital literacy and business savviness have entered into partnerships to start online ordering and delivery.
- About 13% had reduced the range of products they sold to reduce losses on perishable and low-turnover items.
- Around 10% of the respondent entrepreneurs have started to sell new products and services to cope with the crisis.
- By July, entrepreneurs had greater optimism about the course of the pandemic although 23% had had to resort to selling their assets.



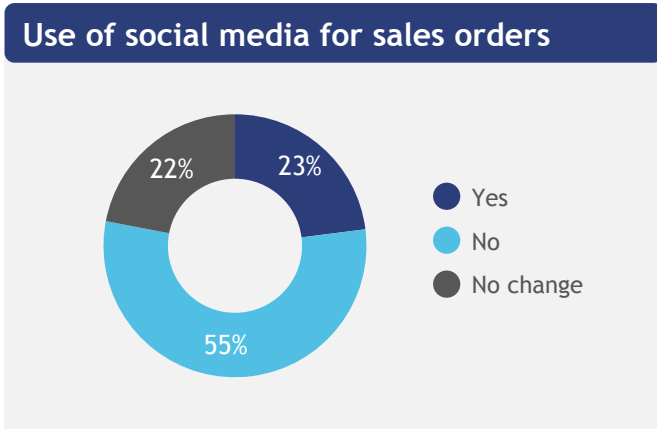
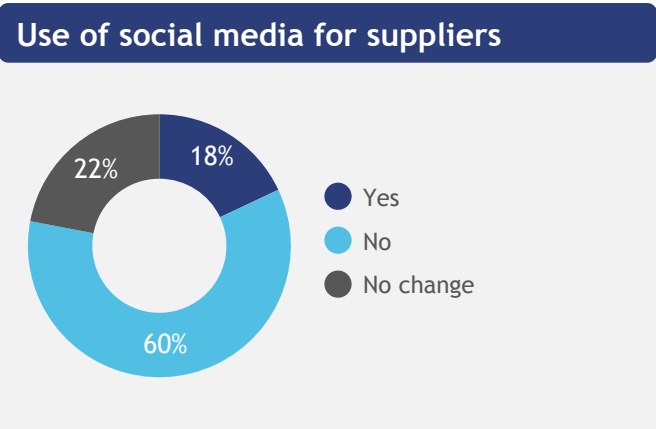
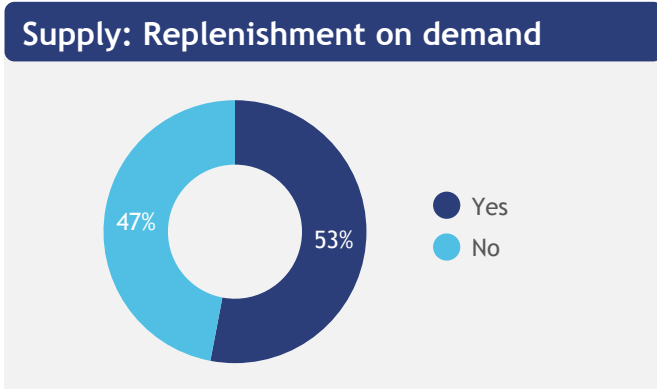
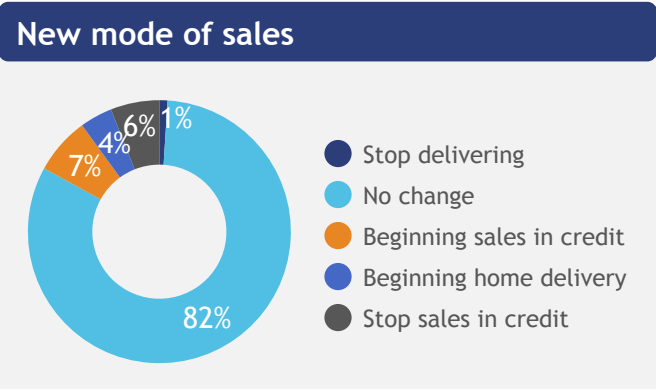
“All the smaller tailoring enterprises needed some type of sewing machine to make the masks, so I started importing this machine into the region.”

- A male tailor from Dakar

“Put me in contact with the companies that will agree to work with us.”

-A male entrepreneur in the transport sector from Dakar

# Around 20% of MSMEs modified their sales and supply strategy during the pandemic and used digital supply or sales channels



## MSMEs monitored the evolution of COVID-19 and used several methodologies to reduce its adverse effects

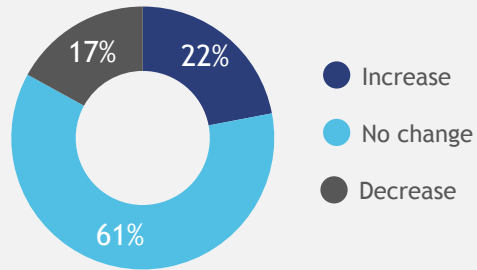
- 4% of MSMEs modified their sale strategy by beginning home delivery.
- While 54% of women-led MSMEs decreased their supply volume, the proportion stood at 60% for MSMEs led by men.
- 68% of the business of ventures led by women reported a decrease in the total cost of supplies compared to 60% for men.
- 66% of all urban MSMEs decreased their volume of supply in contrast to 45% of all rural MSMEs. This can be explained in large part due to the restrictions on movement between regions and the suspension of rural-urban supply chains.
- 19% of MSMEs increased their use of digital payments, with a median increase of 30% in the payment value. Of the enterprises that reported an increase, 47% were women-led.
- MSMEs led by young people were more likely to use social media to deal with their suppliers and customers. The primary channels for sale were Facebook and WhatsApp.



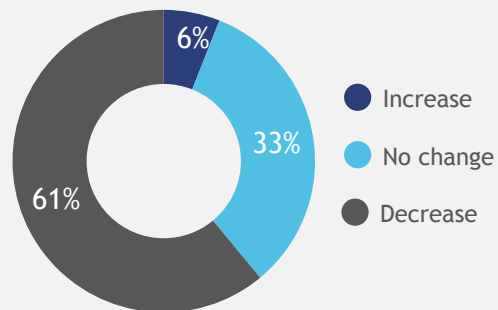
“We have started home delivery packages and it works.” - a vegetable farmer and trader from Saint-Louis

## 22% of businesses reported a higher amount of credit to clients whereas decreases were more prevalent in rural areas and among women-led MSMEs

### Sales on credit to clients



### Change in volume of sales on credit to clients



Entrepreneurs who were able to continue their business adapted significantly to offer sales on credit due to lower purchasing power of clients

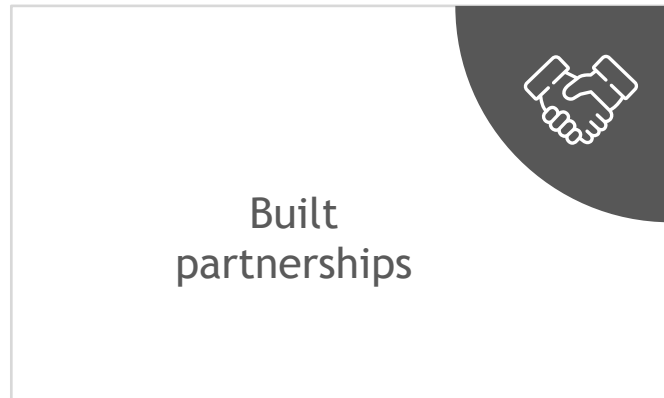
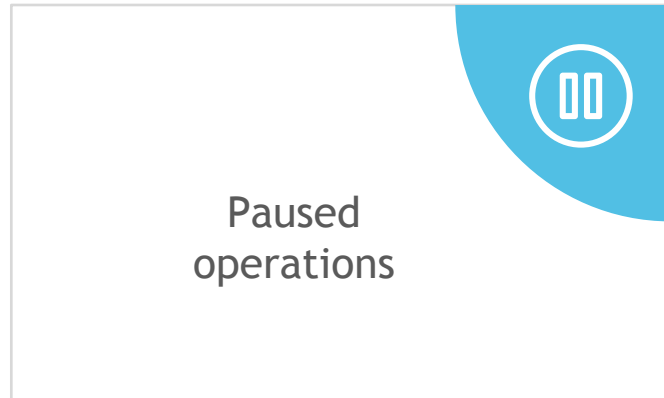
- 22% of businesses reported that they could provide more credit to clients despite increasing costs
- 33% of MSMEs in manufacturing accessed more credit from suppliers than those in trade (21%) and services (11%)
- The decrease in credit to clients is more pronounced for businesses led by women (26%) than by men (12%)
- The decrease in credit to clients is more pronounced in rural areas (29%) than businesses in urban areas (9%)
- The decrease of credit to clients is more pronounced for MSMEs led by people older than 35 years (22%) than for those led by young people (8%) with concerns about the instability of the economy and lack of visibility into the length of time the pandemic will have a financial impact
- 6% of MSMEs began giving credit to clients during the pandemic while 6% stopped credit to clients



“The prices have increased with the suppliers. This is difficult for us because we cannot increase the prices on our side because I know that the situation of my customers is difficult.”

- A female restaurant owner from Thiès

# MSMEs have taken short-term corrective measures as they largely expect that the pandemic will not last long so that they can get back to business as usual



## MSMEs need support to develop digital literacy and use technology and social media to keep their businesses afloat

- Most microenterprises whose market channels have been cut (mostly on the demand side) simply paused their operations, waiting for the situation to normalize; their operational status did not change significantly between April and July.
- Some MSMEs have reduced their running costs solely through staff reduction, partially-paid leave, and minimization of variable costs.
- MSMEs with higher digital literacy and business savviness have entered into partnerships with e-commerce platforms to start online ordering and delivery (15% of all enterprises).
- MSMEs that have established long-lasting relationships with their suppliers could negotiate extended payment deadlines for invoices and order new products without advance payment.



“We have lessons to learn from this crisis, in particular the use of digitization. We must think about setting up digital platforms to buy and sell online.” - A wholesale merchant from Saint-Louis

“We have started home delivery packages and it works.”  
- A vegetable farmer and trader from Saint-Louis





# 05.

## Case studies



# Agri entrepreneurs will be unable to survive another crisis without, among other things, stronger logistics and warehousing support; youth especially need upskilling and capital to realize their ideas

## Youth entrepreneur: El Hadj Tall - Agriculture - Cereals and vegetables - 25 years - Rural

### Firm description

**Product or services:** Vegetables and cereal production and trade

**Sector:** Agriculture

**Formalization:** Informal

**Size of landholding:**

- 0.003 ha (30 m<sup>2</sup>) for counter season<sup>1</sup> - Products: okra, chili pepper
- 1.5 ha for rainy season - Products: Millets and peanuts

**Revenues:**

- Counter season: Monthly turnover: XOF 80,000 (USD 1,447)
- Monthly net revenue: XOF 25,000 (USD 46)
- Rainy season: Total turnover: XOF 700,000 to XOF 1,200,000 (USD 1,290-2,211), Total net revenue: XOF 250,000 to XOF 400,000 (USD 461 to 737)

### Financial inclusion

**Financial inclusion:** No bank or microfinance account

**Mobile money:** Mobile money account

**Desired support:** Financing and provision of a water pump, well, or drill for his land of 1.5 hectares

### Business development support (BDS)

**BDS support:** None

**Technical support:** None

**Desired support:** Food aid, seeds, and the opportunity to travel to sell produce after the lockdown is lifted

<sup>1</sup> Rainy season: June to October; Counter season: November to May

### Impact of COVID-19

**Loss of revenue:** 50% to 70% during the first three months of the pandemic; 50% in July

**Reason for loss:** Lockdown, closing of markets

**Resilience measure:** No, except remaining stock that has been sold after the opening of markets (20 kg of okra) sold at a good price due to the rarity of the product

**Use of digital:** Not applicable because his clients are in the markets and they do not purchase through digital channels

**Support from the government:** None

**Support from financial institutions:** None



“With the celebration of *Magal*, I had the chance to sell 20 kg of chili pepper. Yet before that, I lost more than 50% of my production of okra and chili pepper because of the lack of cold storage and warehouses.”

### KEY TAKEAWAYS

The case of El Hadj highlights two critical aspects. First, it points to the need to develop logistics and warehousing infrastructure, especially cold storage, in Senegal to minimize the loss of agricultural output. Second, it shows the need to digitize agricultural value chains so that MSMEs can face such socio-economic shocks in the future with greater resilience.

# Most informal sector entrepreneurs, especially women, do not have the knowledge or means to diversify their businesses; those who do, need to build capacities in financial and risk management, and seek external support to raise capital

## Woman entrepreneur: Khady DIOP - Oil - 49 years - Urban

### Firm description

**Product or services:** Petrol and fuel products  
**Sector:** Fuel and cleaning services  
**Formalization:** Formal sector  
**Revenues:** Before the pandemic, selling of 274 liters per day at XOF 475 XOF (USD 0.87) per liter for a turnover of XOF 3,904,500 XOF (USD 7,192) per month

### Financial inclusion

**Financial inclusion:** Banking account  
**Mobile money:** Mobile Money account  
**Desired support:** Financing

### Business development support (BDS)

**BDS support:** None  
**Technical support:** None  
**Desired support:** Defer the payment of VAT and lighten the tax base

### Impact of COVID-19

**Loss of revenue:** 50% to 70% during the first three months of the pandemic; 40% in July  
**Reason for loss:** Lockdown and delay of payments by the government (main client)  
**Resilience measure:** Launched a second business related to cleaning services for enterprises next to the petrol station. However, the business did not take off due to a lack of customers during the lockdown.  
**Use of digital:** Communicates with their clients primarily by e-mail and-telephone  
**Support from the government:** None  
**Support from financial institutions:** None



“Besides COVID-19, the delays in the payment of invoices by our public clients created enormous difficulties around cash flow for us.”

### KEY TAKEAWAYS

Khady was one of the few entrepreneurs in our sample who, while ultimately unsuccessful, was at least able to diversify her primary activity during the lockdown. Although she did not receive any external support to launch her second business, she could optimize her network and was willing to take the risk. Like Khady, other entrepreneurs, including in the agricultural sector, had wished to implement their ideas for diversification. Yet they were unable to because they either lacked support or did not know whom to turn to for more information.

JALÔ is an e-commerce platform that helps MSMEs sell their products online and access more clients. JALÔ enables stores that offer products and services to maintain their business and keep up the relationship with their customers via a web and mobile platform that integrates instant payment and logistics tracking services. Targeted stores can publish their products, track their sales, and interact with their customers. Customers can pay via mobile money, receive notifications through SMS, mobile, and email and receive items within 48 hours.



## Context of the solution

67,000 neighborhood stores that compete with larger supermarkets are at risk of disappearing. The JALÔ platform provides a digital solution with service support for the shops to generate additional revenue through sales orders from the online catalog and payment collection.

## Problem statement: How to optimize rather than eliminate traditional trade channels

How does it work?	Opportunity	Business model
<ul style="list-style-type: none"> <li>Order online or mobile app</li> <li>Through a member shop</li> <li>Via a freelancer</li> <li>Payment in cash (48h delivery) or mobile money (24h delivery)</li> </ul> <p><b>Customer and boutique support</b></p> <ul style="list-style-type: none"> <li>Chatbot on website</li> <li>Dedicated sales teams</li> <li>Digital marketing</li> </ul>	<ul style="list-style-type: none"> <li>Market expansion for vendors and greater visibility of products</li> <li>Revenue generation for shops</li> </ul>	<ul style="list-style-type: none"> <li>Revenue share</li> </ul>
	Target clients	Impact
	<ul style="list-style-type: none"> <li>Local traders and SMEs for sales</li> <li>General public for purchases</li> </ul>	<ul style="list-style-type: none"> <li>Tablets in more than 100 local shops</li> <li>25 MSMEs supported</li> </ul>



# The e-commerce platform launched to support Senegalese MSMEs is a much-needed step to accelerate financial and social inclusion in the country; however, it is too nascent in its present form of a registry to have had any discernable impact on the participating MSMEs

## Short-term objectives and strategy for the platform

- In the context of the pandemic and social distancing measures, Gaïndé 2000, a key digital and e-commerce actor in Senegal, initiated an e-commerce platform.
- The objective of this platform is to accelerate the implementation of the national e-commerce strategy developed in 2019 and monitored by the National E-commerce Consortium.
- The Consortium is an initiative set up by the Ministry of Commerce and SMEs, and e-commerce players to create an enabling ecosystem for the rapid implementation of certain aspects of the national e-commerce development strategy.
- This platform provides access to basic and essential goods such as food, health and hygiene products through e-commerce in partnership with the Ministry of Commerce and MSMEs.
- The platform currently works as a classified directory that presents a short description and contact information of the registered MSMEs. The MSMEs currently fall under three categories: e-commerce websites, delivery firms, and digital payment firms.
- 60 enterprises have been contacted by phone and around 40 have been registered in the platform with 1. E-commerce website (13 MSMEs), 2. Delivery firms (nine MSMEs), 3. Payment firms (15 MSMEs). The platform allows for the online registration of new MSMEs through a simple form.
- The platform serves as a welcome first step in the process of accelerating the execution of Senegal's National E-Commerce Development Strategy launched in December, 2019. However, much more work is needed to expand its reach and meet the needs of both the MSMEs and Senegalese consumers.

## Lessons learnt

The platform did not have a significant impact on the two registered MSMEs interviewed. The platform has been developed professionally and did not incorporate a communication strategy for the population and the end-users of the platform. Moreover, no metrics have been implemented yet to measure the platform's potential impact. Thus, the MSMEs have not yet been able to gauge any increase in the revenues attributable directly to the platform. This points to the importance of ensuring a long-term strategy—including marketing and communication—is put in place from the beginning.

## Long-term strategy of the platform

- Gaïndé 2000, the Ministry of Commerce, and the other engaged actors have been working on a new version of the platform to integrate three convergent functionalities for e-commerce in Senegal. These consist of the following:
  1. **Unique identifier:** The unique identifier will permit MSMEs to have a single login ID and password to ease registration on multiple e-commerce websites integrated with the platform.
  2. **Convergent basket:** Customers will have the capability to visualize one basket of products from across multiple e-commerce websites affiliated with the platform.
  3. **Cross payment:** Customers will be able to pay for purchases made in one convergent basket via a single transaction. The platform will thus handle the breakdown of the payments to be made to different merchants.
- Three consultants have been recruited and are working on the three dimensions that have been defined by the National E-commerce Consortium :
  1. Technical consultant for the elaboration of the new version of the platform
  2. Communication and inclusiveness consultant, recognizing the need for better communication across segments
  3. Legal consultant
- The new version of the platform is expected to launch at the end of 2020.

# 06.

Annexes



# Status of the MSME sector in Senegal

## Definition of a Senegalese MSMEs<sup>1</sup>

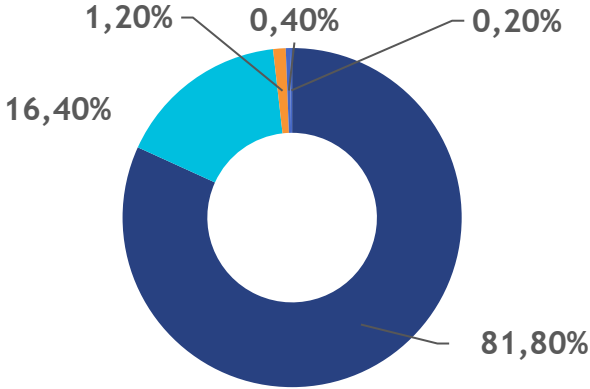
### Micro and small enterprise:

- Staff between 1 and 20
- Annual turnover of less than XOF 50 million (USD 84,864) (XOF 25 million (USD 42,432) for services sector)
- Light accounting

### Medium enterprise:

- Staff between 21 and 250
- Annual turnover between XOF 50 million (USD 84,846) and 5 billion (USD 8,486,400)
- Full accounting as specified by regulations and certified.

### Proportion of MSMEs<sup>2</sup>



Small enterprises

Microenterprises

Number of enterprises<sup>2</sup>  
**407,882**

Sole proprietors

## Profile of MSMEs in Senegal

**97%**  
MSMEs are informal<sup>3</sup>

**36%**  
Contribution to GDP<sup>2</sup>

**844,268**  
Jobs created by MSMEs<sup>2</sup>

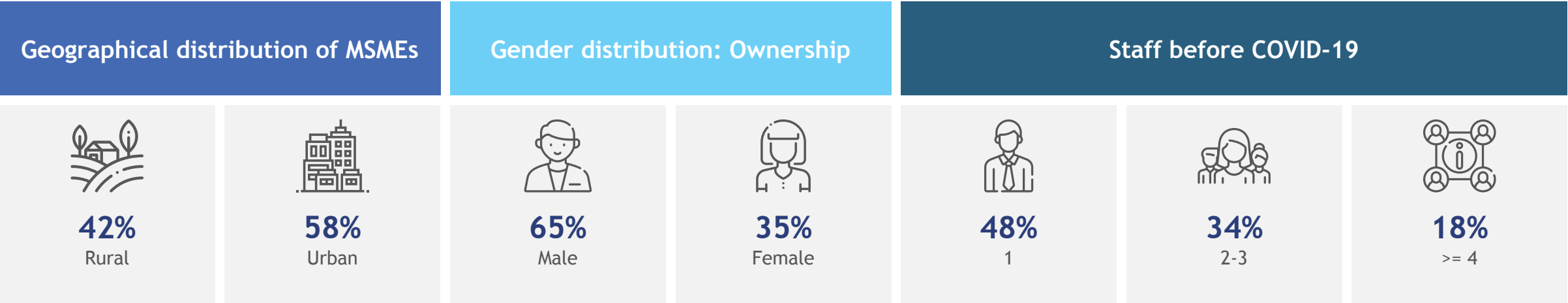
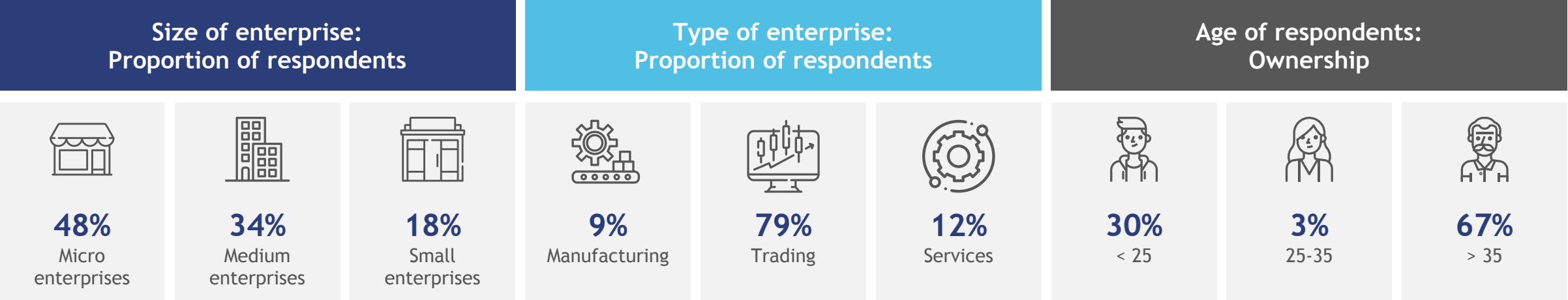
**81%**  
Strong predominance of sole proprietors<sup>2</sup>

**33%**  
of those employed by MSMEs are women<sup>2</sup>

**69%**  
of those employed by MSMEs are in the informal sector<sup>2</sup>



<sup>1</sup>Charte des Petites et Moyennes Entreprises du Sénégal, 2008; <sup>2</sup> Recensement général des Entreprises ANSD 2017; <sup>3</sup>International Labor Organization, Diagnostic of Senegalese informal economy, 2020

# Respondents' profile - Sample: 100 enterprises





# The government has put in place several fiscal and non-fiscal measures to mitigate the impact of COVID-19 on formal businesses and vulnerable households

 Government	 Challenges
<ul style="list-style-type: none"> <li>• A partial discount of the 2019 tax debt owed by companies and individuals, allocated XOF 200 billion (USD 339 million)*</li> <li>• Postponement in the payment of taxes and duties for MSMEs with a turnover of up to XOF 100 million (USD 169,728)</li> <li>• Faster refunds of VAT to return cash to businesses</li> </ul>	<p>These measures will provide budget relief to businesses in exchange for employment guarantee (no layoffs and payment of a minimum of 70% of monthly salary in case of partial paid leave). However, for MSMEs, these measures apply to the 3% of the sector—97% of MSMEs are informal, meaning they do not manage VAT and they pay taxes on a flat rate basis. This is the reason why when asked about government support measures, most MSMEs in the informal sector are not aware or have only heard of the tax payment deferral.</p> <p>“We have heard about some measures but we have not received anything yet.” - A milk retailer from Thiès</p>
<ul style="list-style-type: none"> <li>• Creation of a guarantee and subsidy fund of XOF 200 billion (USD 339 million)</li> <li>• Till mid-June 2020, only XOF 5 billion (USD 8,486 million) had been distributed to various SMEs while XOF 7 billion (USD 11,880 million) had been transferred to two banks to support micro enterprises<sup>1</sup></li> </ul>	<p>This fund focuses on the sectors most affected by the pandemic: tourism, catering, hotels, transport, education, culture, and the media.</p> <p>However, the exhaustive list of the sectors, partner financial institutions, or the procedures to follow has not been published. MSMEs hope that financial institutions will play their role in providing funding.</p> <p>“I want the financial institutions to give us credit with little or no collateral depending on our markets; and the other private sector players to support us and give us contracts so that we can work.” - A carpenter from Thiès</p>
<ul style="list-style-type: none"> <li>• Distribution of food (one-time) and subsidy for electricity and water bills (for two months), amounting to XOF 69 billion (USD 117,112 million)</li> </ul>	<p>These measures are destined primarily to (vulnerable*) households. However, the subsidy on electricity and water bills will help the owners of microenterprises to reduce their household spending.</p> <p>“The water and electricity bills are paid by the government. I am waiting to receive the rest, that is, the food and other subsidies that I have heard of but not yet received.” - A tailor from Dakar</p>



Source: <sup>1</sup>Ministere des Finances et du Budget (2020). Quarterly Report on Budgetary Execution- Second Quarter 2020.  
 \* exchange rates from 01/06/2020; 1 XOF = 0,00169728 USD . This exchange rate has been used throughout the report.

# DER, the government’s public financing entity for the development of entrepreneurship in Senegal has announced several support measures

 <b>DER support measures</b>	 <b>Challenges</b>
<ul style="list-style-type: none"> <li>• Moratorium on the monthly loan installments for all its funding recipients for three to six months.</li> <li>• XOF 500 million (USD 848,640) to accelerate the process of setting up second disbursements on outstanding loans in 2019, primarily for poultry farming, agriculture, handicrafts, and services with amounts ranging from XOF 3 million to 15 million (USD 5,000 to 25,000) per beneficiary company.</li> </ul>	<p>These measures are intended as budget relief for the already-existing customers of DER (22,000 beneficiaries<sup>1</sup>), which leaves out most MSMEs that are not currently served by the DER.</p>
<ul style="list-style-type: none"> <li>• Setting up of a working capital fund for the benefit of formal MSMEs and start-ups affected by COVID-19, to ensure the payment of their operating expenses for three months, including salaries. This loan will be granted at an interest rate of 0% to 3% max and is payable within 12 months.</li> <li>• XOF 1 billion (USD 1,697,280) of financing for economic empowerment for the benefit of the most vulnerable targets with amounts ranging from XOF 50,000 to 500,000 (USD 84 to 849).</li> <li>• Establishment of an emergency financing line of XOF 200 million (USD 339,456) in the form of "COVID-19 DER/FJ Loans" for credits between XOF 3 million and 12 million (USD 5,000 to 20,000) with three months of deferred payment (renewable once) to cover their working capital needs.</li> </ul>	<p>These measures are destined to all potential beneficiaries to support their working capital needs through accelerated disbursement procedures.</p> <p>Microenterprises will likely benefit from these measures if the government restrictions are lifted soon. If not, even the three months’ deferred payment of monthly installments will not be enough to cover losses due to a pause in operations or a break in sales channels.</p>

Source: DER, April 8, 2020  
<sup>1</sup> World Bank, Country Diagnostic Senegal, 2019

# The Central Bank (BCEAO) has taken a series of measures to ease financial transactions and reduce the burden on companies and households

 Support from FIs	 Challenges
<ul style="list-style-type: none"> <li>Moratorium on monthly loan installments for three to six months, without any loan penalties or default reporting.</li> </ul>	<p>This measure is not a directive but advice. Hence, each financial institution has the freedom to apply it. If the advice is applied, the financial institution can choose which customers may benefit from the moratorium. This creates a misunderstanding between financial institutions and customers who think the banks are obliged to provide the moratorium.</p> <p>“I want my bank to be a bit more flexible and to defer payments on my loans and provide me with support if the crisis persists.” - A construction company manager from Dakar</p>
<ul style="list-style-type: none"> <li>Free commissions linked to merchant payments.</li> <li>50% reduction of interbank payment fees, interchange fees for card withdrawals at automated teller machines, and account usage fees.</li> </ul>	<p>These measures intend to promote the use of electronic payments by individuals and businesses. However, this will likely not have any impact on the adoption of electronic payments if not accompanied by other soft measures, such as financial education campaigns. Furthermore, MSMEs have not seen any change in their account usage fees.</p> <p>“My bank continues to debit my account for fees whereas it should have understood my current situation.” - A car rental business owner from Dakar</p>
<ul style="list-style-type: none"> <li>Free bill payments by mobile money.</li> <li>Free peer-to-peer transfers of less than XOF 5,000 (USD 8) by mobile money.</li> </ul>	<p>These measures intend to reduce the use of cash for day-to-day basic operations. This measure may encourage cost-sensitive users to pay bills by mobile money. However, this is unlikely to lead to increased usage as the adoption of mobile money faces several obstacles that need to be overcome, such as lack of trust, perceptions of fraud, and low digital literacy.<sup>1</sup></p>

[BCEAO note 0005-04-2020 on the moratorium of loan installments, April 2, 2020](#)  
[BCEAO note 004-03-2020 on the ease of digital financial services, March 21, 2020](#)

<sup>1</sup> MSC research on pathways to mobile money adoption in Senegal





# The Government of Côte d'Ivoire relied heavily on private sector partnerships to digitally distribute cash transfers to the poor

## Overall support mechanism for MSMEs



- **Tax measures:** (i) Suspend tax audits for three months; (ii) defer the payment of flat-rate taxes for small traders and artisans for three months; (iii) defer for three months the payment of taxes, duties, and similar payments due to the state as well as social charges; (iv) reduce the transport license by 25%; (v) defer for a period of three months the payment of the capital income tax (IRC) to tourism and hotel companies; (vi) exonerate import duties and taxes on health equipment, materials and other health inputs within the framework of the fight against COVID-19; (vii) cancel penalties for delays in the execution of public contracts and orders with the state and its branches during the crisis period; (viii) repay VAT credits within two weeks, thanks to a reduction in ex-ante controls and reinforcement of ex-post controls
- **Financing and investment measures:** (i) Initiate payment of domestic debt, in particular to companies in sub-sectors affected by the crisis, by giving priority to invoices of less than 100 million to reach the maximum number of companies, in particular, SMEs and very small businesses; (ii) reorganize, in conjunction with the Autonomous Ports of Abidjan and San Pedro, the payment of warehousing costs during the period of the pandemic to suspend the penalties and the invoicing of demurrage, that is, the penalties due in case of exceeding the time limits for the presence of vessels
- **MSME support:** (i) Support fund for the private sector for an amount of XOF 250 billion (USD 461 million), direct support for SMEs for at least XOF 100 billion (USD 184 million) and the establishment of guarantee funds, to have a leverage effect on access to credit; (ii) Specific support fund for informal sector enterprises affected by the crisis for an amount of XOF 100 billion (USD 184 million); (iii) Support for the main sectors of the national economy, in particular, cashew, cotton, rubber, oil palm, cocoa, coffee, for an amount of XOF 250 billion (USD 461 million); (iv) Support for food, market gardening and fruit production for an amount of XOF 50 billion, of which 20 billion for inputs

## Fiscal measures



- Postponing of the payment deadlines for electricity and water bills
- Payment of the electricity and water bills of April and May 2020, for disadvantaged groups, (households in the social electricity tariff and the social water tariff) - 1 million households - 6 million citizens impacted
- Solidarity fund for an amount of XOF 170 billion (USD 301 million) for the most vulnerable populations within the framework of emergency humanitarian support

## Social protection measures



- **Program name:** Projet de filets sociaux productifs
- **Number of households:** 177,000
- **Distribution mechanism:** Digital cash transfer, in partnership with Wizall and Orange Money
- **Program budget:** XOF 13 billion (USD 23 million) (XOF 25 000 or USD 44 per household for three months)

The program was expanded to cover 227,000 households in total in November 2020\*

Sources: [Government of Cote d'Ivoire \(2020\)](#); [\\*Unité de Gestion du Projet Filets Sociaux \(2020\)](#)

# The Republic of Togo also focused on electronic payment wallets to distribute credit and universal solidarity income during the pandemic

## Overall support mechanism for MSMEs



- **Description:** As agriculture represents more than 40% of the Togolese GDP and employs nearly 65% of its working population, the Togolese government chose to orient the national response plan into a specific agricultural response plan
- The COVID-19 agricultural response plan consists of the implementation of specific measures that target the strengthening the production capacity of rural households through, among other things, intensified use of improved agricultural inputs and mechanization services. It is intended to improve the income of producers and consolidate food security. The target crops are corn, rice, cotton, and soybeans
- This plan is broken down into three areas, namely: (i) support with irrigation equipment and kits and technical assistance, (ii) promotion of labor placement companies, and (iii) the granting of input credits at subsidized rates
- For the government, the long-term goal is to achieve production of 225,000 tons of cotton, nearly 2 million tons of maize, 140,000 tons of soybeans, and more than 330,000 tons of rice
- **Mechanism:** Based on the identification through the voter identification number and telephone number, distribution of credit via an electronic wallet

## Fiscal measures<sup>1</sup>



- Free water and electricity for the first three months of the pandemic for low-income
- Reduction of water connection costs from XOF 75,000 to 25,000 (USD 138 to 42)
- Establishment of a National COVID-19 Solidarity and Economic Recovery Fund: XOF 400 billion (USD 672 million), to support MSMEs in particular, through the suspension of late payments on arrears of social changes

## Social protection measures<sup>2</sup>



- **Program name:** Novissi (“Solidarity”)
- **Number of households:** 1 million
- **Functioning:** Universal solidarity income for the poor
- **Beneficiary attribution:** Informal workers with daily revenue affected by the pandemic and registered in the Novissi database. Registration via a platform, accessible via mobile telephone
- **Program budget:** XOF 11.3 billion (USD 20 million), with XOF 12,500 for female workers, XOF 10,500 for male workers, and XOF 10,000 (USD 16) for taxi drivers
- **Distribution mechanism:** via mobile money

<sup>1</sup> “Coronavirus au Togo” and [Togo First \(2020\)](#); <sup>\*\*\*</sup> [Ly \(2020\)](#); <sup>2</sup> [Ministry of Digital Economy and Digital Transformation \(2020\)](#)

# Assessing the economic impact of COVID-19 on MSMEs

## Research objectives



- Understand and quantify the impact of COVID-19 on MSMEs
- Inform policy and support subsequent efforts to rebuild the MSME segment
- Assess the impact of COVID-19 on:
  - Revenues and costs
  - Supply chains
  - Business activities and product range
  - Liquidity management
- Explore options to minimize threats and maximize business opportunities
- Assess gender implications
- Understand the current use of communication channels and identify opportunities to be utilized
- Understand the role of COVID-19 and its impact on the networks and trust of entrepreneurs
- Assess private and public sector support services

## Approach



The assessment had a two-pronged approach in Senegal:

- Quantitative survey of 100 MSMEs administered by MSC staff working with a financial institution in one round in July 2020
- A qualitative panel of 15 MSMEs interviewed by MSC staff in two rounds: April and July 2020

## Research coverage



- Countries: Senegal
- Location divide: Rural and urban areas
- Gender and age disaggregation: men/women, adult/youth owners
- Panel size: 15 respondents
- Quantitative: 100 MSMEs

# MSC is recognized as the world's local expert in economic, social, and financial inclusion



International financial, social, and economic inclusion consulting firm with **20+** years of experience



**180+** staff in **11** offices around the world



Projects in **~65** developing countries

## Some of our partners and clients



## Our impact so far

**550+**  
clients

**>850**  
publications

Assisted development of digital G2P services used by **875 million+** people

Implemented **>850 DFS projects**

Developed **275+** FI products and channels now used by **55 million+** people

Trained **9,000+** leading FI specialists globally



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