



Stimulating SME Environment in Senegal



Most SMEs in Senegal are vulnerable actors in the business environment they operate. They struggle to survive seeking short-term business opportunities with limited access to resources, information and finance. Support services are often not addressing their real needs, and thus do not effectively contribute to alleviate their problems.

A networking strategy can improve SMEs' position. When organized in networks or when they operate through professional organizations, SMEs can reap benefits on multiple levels.

Recognizing the potential impact of this approach, UNIDO - with initial funding from the Government of Austria and subsequently from the European Union - has addressed the needs of SMEs in Senegal since 2002.

While developing the enterprises' capacity through training and enabling their access to technical assistance, SMEs were mobilized in business networks and encouraged to launch joint projects. Networks determined the scope of their joint activity, which would bring benefits to members, such as setting up joint purchasing units to reduce the cost of raw materials and inputs, sharing of sales outlets to increase product distribution and

creation of training opportunities offering sector specific courses.

Initially, UNIDO assisted 30 business networks from various sectors, comprising 245 SMEs, and provided direct assistance to 11 professional organizations, initiating a spillover effect with additional ten support organizations. The networking methodology was transferred to 16 schools, training institutions, government organizations, NGOs and BDS providers.

Stepping-up activities, in a subsequent project phase, 129 networks were organized involving a total of 2,895 members, of whom 52% are women. These SMEs, spread throughout ten municipalities, have developed joint business plans with total value of USD 1,6 million, extending over sectors such as food processing, textiles and leather, metal and wood working.

In order to facilitate access to finance by these and other networks of SMEs, UNIDO partnered with local banks and credit associations and a new scheme providing mutual guarantee funds for the SME sector was developed. This scheme is managed by a Senegalese bank in collaboration with the local system of Mutual Guarantee Cooperatives, and will provide loans at suitable conditions for projects in the manufacturing sector.

SME networking, technical assistance and financial services need a conducive local environment to reap maximum benefits for SMEs. This is why the project has mobilized multi-stakeholder working groups (including local government, private sector representatives and civil society organizations), reinforced their managerial and technical competence, and entrusted them to coordinate the development of future joint initiatives. Throughout the project, the municipal government in each locality was actively involved in the implementation of various activities, and has committed human resources who will continue to support networking for local private sector growth.