

PROJECT FACTSHEET

Title of project	SCBF 2013-06: Strengthen FIDES Microfinance Sénégal SA position in the Senegalese SME market
Country / region	Senegal
Financial Intermediary(ies)	FIDES Microfinance Sénégal SA (FMS) (previously St Louis Finances SA)
Competence Centre mandated for execution	FIDES AG , Route de la Fonderie 2, 1700 Fribourg, Switzerland
Overall project budget	CHF 121'271 (23% self-contribution by partner)
SCBF contribution	CHF 92'945 (77% SCBF funding share)
Date of project approval	28.08.2013
Project period	09.2013 until 12.2014
Context	<p>In its core business with women entrepreneurs in rural areas, FIDES Microfinance Sénégal SA (FMS) has up to now a 90% market share in the areas covered. The rest is covered by small and unstable cooperatives. For its most innovative products there is almost no competition and rapid growth in the market. In urban areas there is also limited competition on the poor client segments (market share above 50% in the areas covered). These areas are not covered by other MFIs who are providing only consumer lending to clients with a regular salary.</p> <p>60% of MFS's loan portfolio (and therefore financial incomes) consists in SME clients. Although this clientele is important to MFS, the context and situation are more challenging. MFS has to face competitors with long-standing presence in Senegal (PAMECAS, CMS, and ACEP) and/or with aggressive marketing (Microcred). Cases of over-indebtedness have been identified by MFS in Saint Louis in the past. Furthermore, the market place in Saint Louis is almost saturated; MFIs are therefore intending to develop their activities in other cities and towns.</p>
Current status of the MFI	<p>FIDES Microfinance Sénégal SA is a limited liability company ("Société Anonyme") created in 2010. MFS was granted a licence to operate as a microfinance institution in April 2011, and started its operational activities in May 2011. The majority of its actual and potential clientele in terms of numbers consists of micro-entrepreneurs who develop self-employment strategies. These clients are female entrepreneurs (mainly involved in the informal service and small manufacturing sector) who are working with relatively low weekly loan and savings amounts and thus high transaction costs.</p> <p>As of 31 July 2013, MFS was servicing 14'878 clients (88% of women) from which 10'478 were active borrowers and 14'878 (100%) active savers. The total loan portfolio was amounting to CHF 2.4 million and the voluntary savings portfolio to CHF 495 thousand (CHF 33.- savings balance per saver).</p>
Objective and main activities	<p>The objective of MFS is to deepen its knowledge/understanding of the SME market from a quantitative and qualitative point of view focusing on over indebtedness risks and ways to mitigate them. This will be achieved through a comprehensive market study. Activities will include reinforcing the MFS guarantee policy, setting-up litigation procedures for extreme cases and reviewing all SME loan/security contracts.</p> <p>The study (desk research, qualitative & quantitative study) shall aim to meet the following specific objectives:</p> <ul style="list-style-type: none"> • Identify those cities and towns (beyond 50'000 inhabitants) that are and are not meeting the requirements for practicing safe SME lending • Quantify for each location selected the total potential market share of SLF for the next five years. • Identify/quantify the risks related to over indebtedness and market saturation from the point of view of the offer and the demand.