

DUAL KEY PIPELINE: INVESTING WITH IMPACT

Innovative financial mechanism



WE! FUND

When it comes to gender inequality, Senegal scored the 168th rank out of 189 countries on the Human Development Index in 2019 (UNDP Human Development Report, 2020). Women still face several obstacles to their participation in the labor market and the economy. While they represent half of the population, Women have a labor force participation rate of just 51% compared to 68% for men (ANSD, Senegal National Employment Survey Fourth Quarter, 2019).

The informal sector represents a large proportion of all economic units in the country. Research based on samples suggests that about 97% of all businesses are in the informal sector. Women represent about a third of the employed workforce in businesses but only 31% of businesses were owned by women in 2016 (ANSD, Global report of the General Business Census, 2017).

The current public policy has made a strong and powerful commitment to “pay special attention to public policies for women and girls”, President Macky Sall said in his investiture speech in 2019. It has been followed by major investments and programs made available to promote women-led businesses.

Yet, in terms of financing options in Senegal, there is a large variety of financial service providers, but only few of them provide adapted financing options for the **Missing Middle** (medium-size projects (150K\$-15M\$)), of which even fewer for PPPs and SMEs, especially in secondary cities and rural areas.

UNCDF, leveraged the Inclusive and Equitable Local Development (IELD) is a joint program of UNCDF, UNDP, and UN Women that focuses on women’s economic empowerment (WEE) to join forces with FONSIS (sovereign wealth fund of Senegal) to design and implement an innovative financial mechanism: the WE! Fund. Managed by FONSIS, the WE! Fund makes available

affordable equity and quasi-equity (required minimum hurdle rate of~5%) to invest in gender sensitive SMEs and PPPs in the “missing middle”. It was incorporated in

November 2019 to foster women economic empowerment in Senegal, especially in secondary cities. The WE! Fund seeks to be fully aligned with the ‘Plan Senegal Emergent’ and have a significant contribution on SDG 5 (Gender Equality), SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 10 (Reduced Inequalities), and SDG 17 (Partnerships for the Goals).

From its current 10 M USD pipeline, the WE! Fund made its first investment in May 2021 in Mburu.

MBURU

Mburu is an innovative bread manufacturing and retail chain which makes bread and pastry from local cereals and fruits. It was incorporated in 2019 in Ngaparou, a small town in the Thies region (2nd region of Senegal).

The total investment made was ~450 kUSD in equity and shareholder loan. Around half of the ticket is from the WE! Fund and the other half from WIC Capital.

Location:

- WE! Fund is based in Dakar, Senegal
- Mburu is based in Ngaparou, Thies, Senegal

Project Cost:

- WE! Fund: round 1 closure: 2M\$, round 2 in preparation for 10M\$ (closure expected early 2022)
- Mburu: 450 k\$

Development Impact: Women Economic Empowerment, and Local Economic Development

UNCDF Support:

- **Technical Assistance** – co-designed the WE! Fund financial mechanism with FONSIS, participates in pipeline sourcing and provides technical assistance during project appraisals, participates as observer in WE! Fund board meetings and Investment Committees. WE! Funds operating mode uses the Dual Key system whereby UNCDF provides technical assistance to assess the project’s gender impact

through the **WEE Index** and FONSIS provides the financial expertise to assess the project's economic sustainability. Performance and impact measurement and reporting budgets are blended in WE! Fund' structuring.

- **Seed Capital Grant** - UNCDF provided seed capital grant of 650k\$ bundled with 1.2 M\$ from FONSIS to incorporate the WE! Fund.

Investment Impact:

With the technical assistance and seed capital grant support from UNCDF; as well as seed capital and technical support from FONSIS, the WE! Fund is building its own path addressing women economic empowerment in a way never explored before:

- Dedicated investment team and brand image
- Pipeline size: ~10 M\$
- First investment made with leverage of x2 at project level i.e UNCDF leverage of x6
- Round 2 fund raising: target 10M\$, early 2022
- Strong monitoring and push from FONSIS and UNCDF with the aim to provide the fund with full autonomy.



Figures 1-3: Local women working at MBURU



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Contacts:

leyla.cuevas.lopez@uncdf.org
Public and Private Investments
Portfolio Lead

Amadou.sy@uncdf.org
Communication Lead Dual-Key

Mohammad.abbadi@uncdf.org
Senior Investment Manager

UN Capital Development Fund Two
UN Plaza, 26th Floor, New York, NY
10017



www.uncdf.org/dual-key