5. Senegal

HIGHLIGHTS

Non-commodity based › 5th largest ASWF @ $1 billion › 2nd largest fund by share of GDP @ 7.26% › The SWF with most diversified sources of funding › Established 2013. Youngest SWF

Index Performance

Total Score

53.58%

Size	Domestic Mandate	Source of Funding	Governance & Disclosure
Ambitious	Existent	Diversified	Not Satisfactory

Senegal is one of three non-commodity based funds on the continent. In spite of the fact that it has no oil – or perhaps because of that handicap – Senegal has designed the fund with the most diversified sources of funding on the continent. The fund depends on four sources of funding namely – Transfer of State Assets to the fund, Privitisation of State Assets, Initial Startup Capital from the state and Strategic Partnerships with Development Finance Institutions.

FONSIS boasts a share of GDP performance better than funds with economies significantly larger, namely Ghana and Nigeria. Along with Rwanda and Morocco, Senegal has demonstrated that it is possible for any African country to set up an SWF – whether or not it has oil/mineral resources. But also along with Rwanda, Senegal shows the difficulties of building a viable SWF where lower income countries are not endowed with the mineral resources or manufacturing export booms that have historically underpinned SWFs. It is still unclear how much Senegal has improved or lost on the initial $1billion seed capital – as the fund struggles to actualize much of its strategies to attract investment partners. Some industry analysts have in fact had cause to question the true value of the fund. What is clear though is that FONSIS is a major experiment in SWF innovation.

The novelty notwithstanding, Senegal can look to Morocco (which is wealthier) for important insights and lessons on the kinds of strategic investment partnerships required to grow a non-commodity SWF. A recent decision by the government to strip FONSIS of its previous status as an 'independent fund' and lace it under the supervision of the Ministry of Finance may have implications for the fund's future progress. It is important that this new governance model does not impair the flexibility required by the fund to pursue a lot of the wide-ranging investment partnerships set out in its strategy. External partners may perceive the Finance ministry's tighter control either as stronger assurance of government guarantee of the portfolio or as political risk. It is important for both FONSIS and the government to walk a fine balance that gives investors clarity.