Main features of territorial organisation. Senegal is a unitary country with a three-tier decentralization system. Decentralization in Senegal started in the 19th under the former colonial system with the creation of the City of Saint-Louis. The actual framework of governance results from the legislation implemented in 1996 with the creation of the Local Governments Code and the transfer of powers to subnational level of governments. Local governments autonomy has then been strengthened by the 2001 Constitution. Municipalities also have the possibility to form grouping of LGs, such as Dakar urban community (Communauté Urbaine de Dakar).

The Senegal now accounts 14 regions divided into 45 departments comprising 550 municipalities (151 urban, 353 rural, 46 urban sub-districts), all of the local governments being administered by directly elected bodies, among which the head of executive is nominated. Besides, the State has built a deconcentrated administration system relying on the regions and departments. A Third Act of decentralization was launched in 2014 which reinforced the municipalities and extended this status to all local towns, including the most rural ones, and has given the departments a status of decentralized entity. The second part of this third Act of decentralization will aim to empower the departments by allowing them to raise taxes at their level, extending the LGs areas of competences, reforming the grant and subsidies system and creating synergies between the three tiers of government.

Main subnational governments responsibilities. Local governments have been devolved 9 areas of competences by the law of 1996: land registry; natural resources management and environment; health and social care; education; culture, sport and recreation; planning and territorial development; urban planning and housing. State institutions keep a large share of responsibility for the provision of infrastructure and services, although the local governments’ prerogatives have particularly been increased over the last decade.

Subnational government finance.

In 2013, the expenditures of local governments in Senegal have increased since 2012. The largest share of expenditures went to current expenditures (74% of subnational expenditures) against capital expenditures (26% of subnational expenditures and 0.4% of national GDP).
Laws on decentralization provide for the State to transfer concomitant resources to the transfers of competences, so as to allow the local governments to fulfill their devolved duties. Expenditures are mainly dedicated to general public services, followed by education, youth, sport and education, and health and hygiene.

**REVENUE BY TYPE**

<table>
<thead>
<tr>
<th>% GDP</th>
<th>% GENERAL GOVERNMENT (same revenue category)</th>
<th>% SUBNATIONAL GOVERNMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.9%</td>
<td>7.7%</td>
<td>100.0%</td>
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</tbody>
</table>

Subnational revenues in Senegal reach 7.7% of total public revenues, which is relatively high compared to other low-income countries. Yet it represents barely 1.9% of the GDP and remains low compared to the needs. Subnational revenues are divided between tax revenues, grants and other revenues, but are very unbalanced between Dakar and the other municipalities.

**TAX REVENUE.** The regions do not have taxation powers, unlike the municipalities, which can raise a high diversity of local taxes: direct taxes (fiscal minimum tax, business tax, tax on property); and additional percentage tax perceived through the national taxation. In general, subnational revenues have slightly increased (0.6%), after having decreased in 2012. It must be noted that in 2013, 70% of tax revenues had been realized in the Dakar region. Taxation in local governments is managed by the central State, which is responsible for tax collection, and tax rates and bases are setting by the law.

**GRANTS AND SUBSIDIES.** Central governments provides several subsidies to the local governments. The decentralization allocation fund (FDD) aims to compensate for the expenditures induced by the transfer of competences, and is dedicated to the funding of operating expenditures. The 2007 law states that the fund should represent 3.5% of VAT. Its allocation is based on the costs of transferred responsibilities and on the current costs of local administrations. The local government investment fund (FECL), created in 1977, is a capital grant dedicated to the enhancement of LGs investment capability. Its size depends on a percentage of the VAT (around 2%) decided into the annual budget law. Its recipient are the overall subnational governments, and the special purposes investment programmes. These grants represents a relatively modest share of LGs revenue, as not all the competences assigned to local governments have been effectively devolved to them.

**OTHER REVENUES.** Municipalities are also allowed to levy revenues from municipal property; and for the use of public spaces, e.g. covered market places, road occupancy fees, etc. Charges for municipal public services or fines are another source of revenue.

**OUTSTANDING DEBT**

<table>
<thead>
<tr>
<th>OUTSTANDING DEBT (2013)</th>
<th>% GDP</th>
<th>% GENERAL GOVERNMENT</th>
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Senegalese local governments are authorized to borrow and issue bonds, on domestic and foreign markets, with approval of the central government and after an examination of their financial capabilities.

**Sources:**