

SENEGAL

UNITARY COUNTRY

AFRICA

BASIC SOCIO-ECONOMIC INDICATORS

Income group - **LOW INCOME** Local currency - **Franc CFA ((XOF)**

POPULATION AND GEOGRAPHY

AREA: **196 722** km²

POPULATION: **14.7** million inhabitants (2014),
an increase of 3.2 % per year (2010-14)

DENSITY: **75** inhabitants/km²

URBAN POPULATION: **43.7** % of national population

CAPITAL CITY: **Dakar** (23.1% of national population)

Sources: World Bank database, UNDP-HDR, ILO

ECONOMIC DATA

GDP: **34.2** billion (current PPP international dollars)
i.e. 2 333 dollars per inhabitant (2014)

REAL GDP GROWTH: **4.7%** (2014 vs 2013)

UNEMPLOYMENT RATE: **9.7%** (2014)

FOREIGN DIRECT INVESTMENT, NET INFLOWS (FDI): **343** (BoP, current USD
millions, 2014)

GROSS FIXED CAPITAL FORMATION (GFCF): **26.05%** of GDP (2014)

HUMAN DEVELOPMENT INDEX: **0.466** (low), rank **177**

TERRITORIAL ORGANISATION AND SUBNATIONAL GOVERNMENT RESPONSIBILITIES

MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGs
550	45	14	609
MUNICIPALITIES (COMMUNES)	DEPARTMENTS (DÉPARTEMENTS)	REGIONS (RÉGIONS)	
AVERAGE MUNICIPAL SIZE: 26 677 INHABITANTS			

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

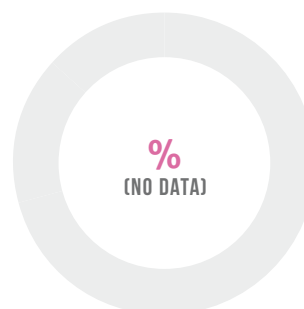
EXPENDITURE	% GDP	% GENERAL GOVERNMENT (same expenditure category)	% SUBNATIONAL GOVERNMENT
TOTAL EXPENDITURE (2013)	1.7%	5.9%	100%
CURRENT EXPENDITURE	1.2%	-	74.0%
STAFF EXPENDITURE	0.4%	5.8%	23.4%
INVESTMENT	0.4%	3.8%	26.0%

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).

EXPENDITURE BY FUNCTION

% SUBNATIONAL GOVERNMENT EXPENDITURE

- GENERAL PUBLIC SERVICES
- DEFENCE
- SECURITY AND PUBLIC ORDER
- ECONOMIC AFFAIRS
- ENVIRONMENTAL PROTECTION
- HOUSING AND COMMUNITY AMENITIES
- HEALTH
- RECREATION, CULTURE AND RELIGION
- EDUCATION
- SOCIAL PROTECTION



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	% GDP	% GENERAL GOVERNMENT (same revenue category)	% SUBNATIONAL GOVERNMENT
TOTAL REVENUE (2012)	1.9%	7.7%	100.0%
TAX REVENUE	0.5%	2.8%	28.2%
GRANTS AND SUBSIDIES	0.6%	-	30.0%
OTHER REVENUES	0.8%	-	41.8%

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 set by the law.

GRANTS AND SUBSIDIES. Central governments provide 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 recipients are the overall subnational governments, and the special purposes investment programmes. These grants represent 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	% GDP	% GENERAL GOVERNMENT
OUTSTANDING DEBT (2013)	-	-

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.

A joint- study of:



Sources: A. Piveteau (2005), *Décentralisation et développement local au Sénégal. Chronique d'un couple hypothétique*, Revue Tiers Monde (n° 181) • B. Dafflon, T. Madies (2013), *The local government financing system in Senegal*, in "The political economy of decentralization in sub-Saharan Africa. A new implementation model in Burkina Faso, Ghana, Kenya and Senegal", Agence Française de Développement and the World Bank • *Ministère de la gouvernance locale, du développement et de l'aménagement du territoire* • Introduction to the debate on public budgeting, Document de Programmation budgétaire et économique pluriannuelle 2015-2017, Ministry of Economy and Finances (2014)