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## ADMINISTRATIVE RESTRUCTURING FOR ECONOMIC ADJUSTMENT: DECENTRALIZATION POLICY IN SENEGAL

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# Administrative restructuring for economic adjustment: decentralization policy in Senegal

*Dennis A. Rondinelli and Henry P. Minis Jr*

Many African countries attempting to recover from serious economic problems face difficult challenges in diversifying their agricultural economies and expanding manufacturing and services. Over the next decade, their governments will have to cope with rapid urbanization, an increasing concentration of population and production activities in their capital cities, and the expanding employment needs of rapidly growing labor forces. As their governments attempt to stimulate economic growth, the attention of international assistance organizations, such as the World Bank and the US Agency for International Development, which provide substantial financial and technical assistance, focus increasingly on the structure of government and its effectiveness in facilitating economic adjustment.

The structural adjustment policies imposed by donor organizations on most African countries call for reductions in public expenditure, decentralization of national government administration, and privatization of public enterprises, along with policy changes that reduce the central government's control over or intervention in the economy (Please, 1984; Nellis and Kikeri, 1989). Rarely, however, have structural adjustment policies recognized explicitly the intimate relationships among political commitment to administrative reform, the investments needed for administrative restructuring, and the need to expand the managerial capacity of national and local governments to promote economic recovery (Nelson, 1984; Rondinelli and Montgomery, 1990).

In this article we examine the attempts of one West African country, Senegal, to carry out policies for administrative restructuring. First, we describe the scope and magnitude of the economic problems in Senegal

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and assess the problems caused by over-centralization of government and its pervasive intervention in the economy. We then describe the policy reforms that have been enacted for administrative and economic decentralization, and identify and assess the administrative and political problems in implementing decentralization policies. Finally, we outline the administrative changes that the government of Senegal must make in order to implement decentralization more effectively.

Although the government has enacted a number of laws since the early 1970s to decentralize its administrative structure and to encourage more widespread participation in economic activities, Senegal still has a highly centralized government that intervenes extensively in the country's economy. As the government attempts to carry out structural adjustment policies and to deconcentrate economic activities during the 1990s, however, its ability to implement its decentralization laws will become more important. Decentralization will be necessary to enable local governments to provide services, infrastructure and administrative functions that create a conducive environment for private investment and employment expansion, especially in secondary cities and market towns outside of the Dakar metropolitan area (Republic of Senegal, 1984a). Deconcentration of central government operations will be crucial to facilitating private investment at the local level and in creating an administrative and legal environment that encourages rather than stifles private enterprise.

The legal structure for decentralization now exists in Senegal, but administrative and political obstacles inhibit the implementation of decentralization policies and undermine the potential capacity of both the national government and local administrative units to perform the functions required to stimulate economic growth (Republic of Senegal, 1986a).

## The challenges of economic recovery in Senegal

Senegal is in the midst of an extensive structural adjustment program to recover from a long period of economic stagnation (World Bank, 1987). The need to stimulate economic growth, raise production and productivity, and increase incomes is paramount if the country is to tackle its serious economic and social problems. Four major issues must be addressed by the government during the 1990s. These include: (1) stimulating economic growth and raising productivity; (2) expanding employment; (3) coping with rapid urbanization and the spatial distribution of population and economic activities; and (4) improving the quality of life for the Senegalese people.

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Currently, Senegal ranks among those developing countries with the lowest levels of per capita Gross National Product (GNP) at about $420 per year in 1986 dollars. A more serious problem is that the average annual rate of growth in per capita GNP has been negative (–0.6 percent) for the past twenty years. The World Bank (1987) reports that from 1960, Senegal has had the lowest growth rate of Gross Domestic Product (GDP) of any African country except those plagued by war and serious civil strife. The annual rate of inflation averaged 9.7 percent from 1981 to 1986. As a result, average incomes for both urban and rural households are now lower in real terms than they were during the 1960s.

Both the traditional economy — based largely on peanut exports, millet cultivation and cattle raising — and the modern manufacturing and service sectors have been virtually stagnant since the mid-1970s. Senegal's external debt increased from 1.2 to 2.9 billion dollars from 1981 to 1986, and its long-term public debt increased from 33 to 69 percent of GNP (World Bank, 1988).

The value of exports for groundnuts — Senegal's principal cash crop — has fluctuated (between 9.1 billion CFAF in 1981 and 54.5 billion CFAF in 1984, for example) as have the values of cotton and petroleum exports (World Bank, 1987).[1]

Despite its unstable contribution to GDP, agriculture remains the primary source of employment in Senegal. About 78 percent of the economically active population finds its livelihood in agricultural occupations, and more than 70 percent of the labor force is likely to remain in agriculture well into the next century (United Nations, 1988). During the 1980s, however, the average annual growth rates of agricultural production barely kept pace with the growth of the economically active population in agricultural occupations.

Policies that expand employment opportunities will be crucial because over the next thirty-five years the size of the labor force in Senegal will double from a little more than 3 million to slightly more than 7 million. The growth in the size of the labor force in manufacturing and service occupations is expected to be substantially higher than in agriculture. The economically active population in non-agricultural activities is projected to increase from about 687,000 in 1990 to 2.1 million over a thirty-five year period. The International Labor Organization (1988) estimates that during the 1990s, the economically active population in agriculture will grow on average by 1.8 percent a year, while the labor force in non-agricultural activities will increase by about 3.1 percent a year.

The ability of Senegal's economy to recover will also be affected by substantial changes over the next two decades in the location of population and productive activities. Urban population growth has been, and will continue to be, high. From 1970 to 1975, the annual growth of urban population averaged 4 percent. It is projected to increase to 4.2 percent a year during the first half of the 1990s, and to 4.6 percent annually during the early years of the next century. Slightly less than 40 percent of Senegal's total population now lives in urban places, but within twenty years a majority of the population will do so. By the year 2025, just thirty-five years hence, more than 60 percent of the population in Senegal will be urban dwellers. The urban population in Senegal will increase from approximately 2.9 million in 1990 to about 4.3 million in the year 2000, and to about 11.2 million in 2025 (United Nations, 1988).

Preliminary analyses of Senegal's 1988 population census indicate not only an increasing concentration of people in urban places, but also an increasing concentration in the western quarter of the country, in and around metropolitan Dakar and the Cap Vert region. By 1988, 52 percent of the country's urban population lived in Cap Vert (Enders, 1989). Modern economic activities tend to be concentrated more heavily than population in Dakar (Republic of Senegal, 1988). The government estimates that about 60 percent of modern sector jobs in Senegal are in Dakar and that economic activities in the capital city and in Cap Vert contribute more than half of the GDP. About 87 percent of Senegal's modern sector jobs, 90 percent of its industrial firms and 90 percent of foreign businesses are located in Cap Vert (World Bank, 1982; PADCO, 1984).

Finally, low levels of health and education in Senegal seriously reduce the productivity of labor. Life expectancy at birth is about forty-seven years. About 20 percent of the children under the age of five suffers from some degree of malnutrition. About half of the population lacks access to safe drinking water and less than half have access to sanitation services. Less than 20 percent of the population lives in dwellings with electricity. The adult literacy rate is about 10 percent. Only about half of the eligible age group is enrolled in primary schools and 13 percent is enrolled in secondary education (World Bank, 1988).

The ability of the government to improve the quality of life depends on expanding employment opportunities, on promoting a geographically diffuse pattern of economic development, and on increasing household incomes in both urban and rural areas.

**Adverse effects of centralization**

Both government officials and advisors in international assistance organizations recognize that the high degree of centralization in the Senegalese government and its strong intervention in the national economy have created problems in promoting economic growth (Nellis, 1986). The public sector's dominant role in the economy has been a bottleneck to progress (World Bank, 1987). In the past, the public sector accounted for about half of Senegal's modern sector employment and the high public wage bill absorbed about half of national budget expenditures. Assessments of government structure by international assistance organizations generally conclude that the civil service is overstaffed, underproductive and poorly motivated (Nellis, 1986).

Policy-making and program implementation in Senegal's highly centralized government structure are slow and ineffective. Much of the authority to take action — on both major policy issues and seemingly routine personnel actions — is centralized in the Presidency. The President of the Republic, as head of state in Senegal's parliamentary system, is responsible not only for policy guidance and direction, but also for myriad administrative details such as the approval, appointment, promotion, reclassification and retirement of all civil servants down to the level of department director. Each year, the President must sign thousands of authorizations for administrative actions that in most governments are delegated to lower level officials. The President can also amend or discard any regulation or procedure. As a result, conflicts over or recommendations for changes in routine administrative processes often are resolved only by actions in the Office of the Presidency.

At the same time, the government structure is also highly compartmentalized. It is composed of many ministries, agencies, departments, bureaus, commissions and institutes that operate with little co-ordination and co-operation. The ability of ministries and agencies to take action expeditiously is hindered further by a pervasive and hierarchical system of controls. In the tradition of French public law, the government is a vast network of units charged with regulation, verification, auditing and supervision. These controls apply both prior to and after the completion of administrative activities. Each control function is carried out by a separate organizational unit to achieve a tightly woven web of monitoring and supervision (Nellis, 1986).

The combination of extreme centralization, compartmentalization and control has led to stagnation or even paralysis in carrying out

government functions and in making decisions, unless the highest executive officials take a personal interest in expediting action.

Pervasive regulation of private organizations and land ownership, a large network of public corporations and enterprises that operate much like the government bureaucracy, and strong state intervention in labor and commodity markets has made expansion of productive activities difficult. From the mid-1970s, the production of many of Senegal's leading exports crops, including peanuts, cotton and sugar, has been subsidized by the government. Until the mid-1980s, the government also subsidized the price of fertilizer. These subsidies to agriculture have made substantial demands on public expenditures (Abt, 1985). The World Bank (1987: 13) reports that 'the strict control by the Department of Labor over hiring and layoffs, as well as the legal guarantee of virtually permanent jobs for most industrial workers, have severely constrained the efficient functioning of the modern-sector labor market'. Although some changes are now being made in labor laws, the adverse effects of strong central government control are still being felt in the economy.

Increasing recognition both within and outside of Senegal of the economic and social costs of a highly centralized government structure and of a highly regulated economy has brought increasing interest in improving the implementation of decentralization policies (Republic of Senegal, 1986a).

**Decentralization policies in Senegal**

The underlying assumption of the World Bank's structural adjustment loans to African countries is that in order to achieve higher levels of economic growth in the future, governments must create a policy environment that encourages, or at least does not restrict, the expansion of private investment in agriculture, manufacturing and services. The centralized system of government and the control-oriented administrative and legal processes in most West African countries increase the costs of production and obstruct efficient operations in the private sector (World Bank, 1987). Ultimately, however, economic growth depends on raising agricultural output and on stimulating private investment in cities and towns throughout the country (Rondinelli and Ruddle, 1978; Rondinelli, 1983).

Senegal's current system of administration combines elements of devolution and deconcentration (Rondinelli and Nellis, 1986). Deconcentration was brought about by creating regional offices of central government technical and administrative units. Devolution

involved the creation of local governments — 37 urban communes and 317 rural communities — having, formally at least, legal status and financial autonomy. Local governments have elected councils for policy decisions, but their financial resource base, service responsibilities and staffing patterns differ considerably.

*Deconcentration of central ministries*

The government deconcentrated administrative responsibilities by establishing field offices for Ministry of Interior officials who are responsible for co-ordinating the activities of the central government in their localities and overseeing the activities of the urban communes and rural communities. This hierarchy includes governors, *préfets* and *sous-préfets* who report to the Direction of Territorial Administration (DAT) in the Ministry of Interior. Since 1987, governors have been appointed and managed by the Presidency. This administrative hierarchy corresponds to a spatial organization of regions, departments and arrondissements. To provide a participative structure at each level of administration, the law provides for councils composed of elected officials from local governments and some appointed representatives of other organizations. Technical ministries have also established regional and departmental offices. Co-ordinating committees were established to provide for horizontal co-ordination of technical ministries at each level (Republic of Senegal, 1984b). Table 1 shows the relationships among and responsibilities of these administrative structures and local governments.

Although the government of Senegal has established regional and departmental offices of many technical ministries, and there has been some discussion about authorizing them to undertake a larger number of functions, the implementation of deconcentration is far from complete (Republic of Senegal, 1986a). Decision-making responsibility remains highly centralized and field offices lack the resources to carry out their functions effectively (Nellis, 1986).

The Direction des Collectivités Locales (DCL) in the Ministry of Interior is the primary executor of the government reform and the keystone of the system implemented in 1972. It is supposed to review and approve the activities and decisions of local governments; oversee budget preparation and execution, communal personnel recruitment and the collection of vital statistics; and approve certain communal legal decisions such as entry into contracts.

Because of the continued emphasis on control by the central government, however, DCL's role in formulating policies and strategies, in

**TABLE 1**
**Decentralized structures for territorial administration**

| Territorial unit | Executive | Deliberating body | Co-ordinating body |
|---|---|---|---|
| Region | Governor (appointed) | Regional Council (elected officials from communes, rural communities) | Regional Development Committee |
| Department | Préfet (appointed) | Departmental Council (elected officials from communes, rural communities) | Departmental Development Committee |
| Arrondissement | Sous-Préfet (appointed) | Arrondissement Council (elected officials from communes, rural communities | Arrondissement Development Committee |
| Commune | Mayor (elected) | Municipal Council (elected) | |
| Rural community | President (elected) | Rural Council (elected) | |
| Village | Chief (appointed) | | |

technical assistance and in taking new initiatives is seriously inhibited. This can be explained in part by the DCL's lack of human and material resources. Those that it has are devoted almost exclusively to national policy implementation and control. The DCL lacks a technical unit composed of upper-level managers who can devote their time to creative activities and research. Moreover, the DCL does not have the material resources or vehicles to allow frequent visits to the field.

The field staff of technical ministries at the arrondissement level are, at least theoretically, intended to provide technical support for rural communities through the 'centres d'expansion rurale' (CERs). However, insufficient staffing and strong vertical lines of authority prevent the integration of ministry staff at the local level. Although a government circular requested all appropriate ministries to transfer staff to the CERs, in fact only the Ministry of Interior has done so consistently (Republic of Senegal, 1986a). When technical staff are available, they do not always respect the priorities and directives of the rural councils; they follow instead the directives of their own ministries. In addition to staffing difficulties, the CERs experience serious financial constraints. Office space and equipment are insufficient if not lacking altogether.

Although the head of the CER is supposed to manage the center's staff, in fact, each of his agents reports only to his respective ministry supervisor, who issues his rating at the end of the year and decides on his career advancement and other personnel matters. This limits the ability of the CER chiefs to exercise real authority over these agents. Thus, the regional offices of the different technical ministries (Equipment, Urban Development, Health, etc.) that are supposed to be providing services for regional and local authorities, really serve only as 'mail drops' for their respective national ministries. They have no real decision-making power; in most cases, they only monitor regional activities. The resources the central ministries provide their regional offices are so meager that the communes sometimes have to assist them (most often by providing fuel and sometimes transportation) in order to benefit from their services.

*Creation of local governments*

Senegal is relatively advanced compared to other African countries in having created urban communes and rural communities. Mayors and municipal councils of the communes are elected, as are the presidents and councils in rural communities. The communal structure is based on legislation passed in 1966; rural communities were

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created by legislation in 1972 (Republic of Senegal, 1986a). The reforms of 1972 also differentiated between two types of communes: common law and special status (for larger cities such as Dakar).

*Rural communities* have deliberative assemblies, the rural councils, in which two-thirds of the members are elected by universal suffrage, and one-third by the co-operatives, for five-year terms.[2] The president of the rural council, who must be selected from the council members elected by universal suffrage, executes the council's decisions under the supervision of a sous-préfet and serves as vital statistics officer (Republic of Senegal, 1984b). The sous-préfet is the executive of the local administration, and, in this capacity, is responsible for managing financed activities, signing contracts, entering into leases and awarding contracts, subject to the verification of the Rural Council and the supervision of the Ministry of Interior. As executive, he is solely authorized to issue payment vouchers (Republic of Senegal, 1984c). Moreover, the rural communities were given responsibility for raising local revenues and for managing the community budget (Vengroff and Johnston, 1987). About two-thirds of rural community revenues are derived from the rural tax (a poll tax). Because rural communities have no paid staff, 85 percent of revenues are spent on infrastructure investments within the towns and villages that comprise the community.

*Urban communes* are governed by Law No. 66–64 which established the Communal Administration Code (CAC) of 1966. Law 66–64 reflects the traditional communal organization adopted in most French-speaking countries, that is a deliberative assembly mandated by election, the municipal council; and an executive, the mayor, who chiefly carries out the budget approved by vote of the Council and who represents the central government at the local level.

Special status cities serving as regional capitals have municipal administrators appointed by the central government to perform most executive functions rather than mayors. The municipal council in this case is headed by a president, who represents the political authorities of the city and handles vital statistics functions. This special status is intended to prevent the mismanagement of budgets in the regional capitals, a problem that occurred frequently prior to the reforms.

The ambiguity of communal authority is a basic factor affecting the capacity of local governments to play a vital role in decentralization and economic development. Article 44 of the CAC stipulates that 'the Municipal Council rules on the affairs of the commune by virtue of its decisions'. Further on, it requires the Municipal Council to 'ensure the best standard of living for the entire population'. This nebulous

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formulation is no accident. It aims to give the communes only expressed authority, that is to perform those functions assigned to them by the central government. Article 51 states that a municipal council's decisions concerning subjects that do not fall within its powers are not legally valid. This sanction is absolute.[3]

In reality, all communal activities (regardless of the status of the commune) are under the supervision of the President of the Republic, whose authority is delegated to the Minister of the Interior. The DCL monitors the legality of actions taken by local governments. But the control exercised by the central government is primarily procedural and only partially substantive. The local government legislation does not prescribe specifically what communes should do, but rather establishes in great detail how decisions should be made and presented. This leaves some discretion to the communes.

Municipal governments (communes) are supposed to provide a range of services that promote community economic and social well-being.[4] Although provision of public services is the raison d'être of local government, it is the least developed of the communal functions in Senegal and the least supported by central government. There is no technical assistance capacity in the DCL for helping communes improve services as there is for financial and administrative functions, and service standards have not been formulated. Furthermore, inadequate staffing and financial resources prevent local governments from delivering the types and levels of services that are required to meet current needs.

The communes' functions are limited, moreover, by their lack of control over financial resources. Decentralization laws gave local governments financial autonomy, that is the authority to prepare, adopt and execute their own budgets financed by a variety of resources, but within the context of a strict legal framework controlled by the central government. The central government, through local tax offices, manages most of the communal revenue sources, including poll, property and business taxes. The principal revenue sources managed by communes include public domain taxes (market and taxi fees) and service fees. Revenue mobilization appears, however, to vary considerably among cities (Republic of Senegal, 1985, 1986b, 1987). Of the local taxes managed by the central government, the property tax is the least productive because of exonerations, ineffective property registration procedures, and inefficient tax mapping, administration and billing procedures.

As with other forms of decentralization, the implementation of devolution in Senegal has been undermined by political and administrative

problems. One problem at the municipal level is inefficient local organization. Although municipal organization charts describe the basic relationships of communal departments, little guidance is available to organize work effectively and efficiently. A second problem is that local governments have excessive numbers of administrative personnel in relation to qualified technical personnel. Third, although a 1974 decree specifies the general conditions for recruiting communal personnel, recruitment in the communes does not adhere very strictly to rules for meeting needs and is not based on clearly defined job descriptions. Finally, there is no system for monitoring personnel performance and little incentive for local officials to dismiss staff — many of whom are relatives or friends — who do not perform their tasks.

*Economic decentralization: deregulation and privatization*

Although the government of Senegal has had, at least formally, a decentralized administrative structure for nearly twenty years, it has only recently passed economic decentralization laws that encourage private investment and allow private enterprises to operate more freely, and that transfer some functions from public to private sector organizations. Most of the economic decentralization laws were enacted in the mid-1980s as the result of pressures from international financial organizations such as the World Bank and the International Monetary Fund (World Bank, 1987).

Economic decentralization consists primarily of deregulation policies that encourage the expansion of private enterprise (Marsden and Belot, 1987; Roth, 1987). In 1986, the government of Senegal eliminated all restrictions other than those imposed by common law on the marketing of grains other than paddy rice and is also in the process of eliminating price controls on agricultural goods and food commodities (Ouedraogo, 1989). It recently revised its investment code to simplify procedures for creating private companies, amended the labor code to allow private companies to recruit and manage personnel more flexibly, relaxed price controls for manufactured goods, and eliminated some restrictions on the production and distribution of consumer goods (see Table 2).

At the urging of the World Bank, the government is also privatizing some public corporations and deregulating others, while at the same time reforming its regulatory policies to encourage private investment (de la Giroday, 1986). From the early 1960s, Senegal had created about 180 public corporations and enterprises to provide, for example, water, sanitation services and electricity, to collect garbage in some cities and to promote agricultural and rural development (Shirley, 1983). Many of

the public corporations and enterprises in Senegal have been ineffective and inefficient in delivering services, however, and under the current structural adjustment policy the government, with assistance from the World Bank, is reforming some public enterprises and liquidating or privatizing others (World Bank, 1987). The attempts to improve the operation of public enterprises have come mainly through *lettres de mission* for public utilities and industrial enterprises, and through contracts with rural and regional development authorities. These agreements attempt to clarify the objectives, obligations and responsibilities of the government and the public corporations. In the process of preparing for contract negotiations with the government the public enterprises — many for the first time — had to engage in strategic planning, analyse the reasons for operating deficits, and develop medium- and long-term investment goals. The public corporations were thoroughly audited. Contract negotiations provided the opportunity for the government and the enterprises to assess the costs and benefits of investment plans (Shirley, 1983; Seymour et al., 1985).

Through the contracts, the government promised to remedy many of the problems that inhibit the efficient operation of public enterprises, by paying arrears, permitting them to raise tariffs and charges, and providing financial support for equipment purchases. Some of the agreements have been undermined, however, by the failure of the government to pay its own bills to the public enterprises and to honor financial commitments (World Bank, 1987; Nellis, 1986). The government is also privatizing by offering shares to pre-selected and limited groups of private investors in several public enterprises, involved in fish processing, shipping, textiles and farm tools production (Vuylsteke, 1988). Other public enterprises, involved in agribusiness and housing, are offering management contracts to private firms (Roth, 1987). Recent reforms of the agricultural marketing system permit greater private-sector participation in the purchase of peanuts and rice from producers.

But public–private partnerships or contracting with private enterprises to provide public services are still complicated by central government control and approval procedures. At present, all public contracts in excess of CFAF 20 million ($US 60,000) are evaluated in Dakar. A great deal of apprehension over co-operation between the communes and private investors and entrepreneurs still arises from mistrust and poor relationships in the past.

In brief, although it has enacted formal programs for administrative and economic decentralization and is encouraging privatization and

**TABLE 2**
**Summary of the investment code.**
**Various programs and benefits provided by the Investment Code Law 87/25**

| Program | Eligibility | Benefits | Length |
|---|---|---|---|
| Regular program | — All companies operating in certain sectors stipulated in the code. The entire list is subject to modification by decree according to national development needs | — Customs duty and fee exemption for equipment and materials not produced or manufactured in Senegal<br>— Sales tax exemption for goods and services supplied locally for the execution of the approved investment program | — Two-year maximum investment performance period for small- and medium-scale firms; 3 years for others (Duty on equipment)<br>— Exemption from 5 to 12 years depending on the region in which the firm is established. Benefits are reduced during the last 3 years of the exemption |
| Small- and medium-sized company program | — Amount of investment net of deductible VAT and net of permanent working capital between FCFA 5 and 200 million<br>— Minimum of 3 permanent Senegalese employees | — Exemption from fees for acts of incorporation and capital increases<br>— Exemption from the business tax if the firm is located outside of the Dakar metropolitan area | |

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|---|---|---|---|
| | — Commitment to keep regular books according to Senegalese accounting plan | — Exemption from the minimum tax | |
| | | — Exemption from employer's minimum tax | |
| Program for firms processing local resources | — Senegalese input consumption costs in excess of 65 percent of total input consumption | — Tax exemption | |
| | | — Exemption from business tax for companies established outside of the Dakar metropolitan area | |
| Program for companies developing technological innovations | — Investment of a percentage of revenues in research within the context of a contract with a Senegalese research institute | — Exemption from a percentage of the employer's minimum tax equal to the proportion of the investment to revenues | — The year the investment is executed |
| | — Companies using individual researcher | — Companies using results of studies by Senegalese researchers receive the same benefits as small- and medium-sized firms established in the same locality | |
| | — Conducting R & D activities within a framework defined by decree | | |
| Program for decentralized companies | — Companies established outside of the Dakar metropolitan area | — Exemption from employer's minimum tax | |

expansion of private enterprise, in reality. the government of Senegal remains highly centralized. Centralized administration, the concentration of economic activities in Dakar and the Cap Vert region, government regulation and control of economic activities and restrictions on the private sector, all impede economic development and employment expansion.

*Implementing decentralization policy: administrative implications*

The lessons of Senegal's experience suggests that if governments in West Africa are to make their administrative systems more effective for promoting economic recovery, they must modify national policies and regulations to make them more responsive to local economic development needs. They must strengthen the capacity of key government institutions to carry out their critical roles in the local economic development process. They will also have to improve the managerial and technical skills of officials in regional offices of national ministries and in local administrative units to carry out economic development functions. At least in the initial stages of decentralization, West African governments must provide financing for investments in productive activities by small- and medium-scale industries and for services and infrastructure by local governments.

In Senegal, the most crucial administrative changes needed to implement decentralization will require substantial political support from the national government and investment in building local administrative capacity.

First, there is an immediate need in Senegal to clarify and modify the role of local governments. Because of the vagueness of the role of municipal governments in existing legislation, many commune and rural community officials will not take the initiative in providing services needed for economic growth. Meaningful decentralization also depends on enlarging the economic base, including the property tax, to give local governments the resources to provide the services and infrastructure needed for local economic development. The government must also clarify and simplify national land policies. Current land policy involves cumbersome title and transfer procedures that inhibit investment. Lack of access to land is a fundamental constraint on local economic development.

The government must also reallocate resources and decentralize more authority to regional offices of technical ministries. Because of insufficient staff, lack of material resources and weak decision-making authority, they are unable to meet the demand for their services.

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In addition, rural councils need greater resources to carry out their legally mandated tasks effectively. Whether or not the government decides to retain the current structure that divides responsibilities among the councils, sous-préfet and the CER, or to transfer increased responsibilities to the councils, additional resources are required to make the councils administratively and technically effective. The greatest need is for personnel to maintain physical infrastructure and facilities managed by the councils. The capacity of the Treasury to manage local finances, particularly revenue generation, must also be strengthened. Although the policy of providing municipal revenue bureaus for every regional capital has been promulgated, it has not yet been fully implemented, thereby depriving the largest cities as well as nearby communes of more responsive financial management.

The success of the government's decentralization policies also depends on expanding the capacity of the DCL and regional services to provide management and technical assistance. Its meager staff and resources do not permit the DCL to provide the technical assistance crucial to creating better functioning local governments. It is clear that the DCL must reduce its controls and increase its emphasis on improving the performance of local governments. This will require legislative changes to decrease the types of required approvals. It will also require, particularly in the near term, significant assistance to local governments as they try to improve the quality of local services and infrastructure.

Finally, effective decentralization depends initially on expanding training programs for central agency and local personnel so that they can play a more productive role in decentralization. Beyond many of the institutional and economic problems that have prevented effective decentralization and local economic development, insufficient training in technical areas constitutes a major constraint. Over the longer term, the education system will have to place greater emphasis on expanding the technical skills of local officials and business owners that are required to manage a modern economy.

In summary, the experience in Senegal underlines a lesson often forgotten in formulating structural adjustment policies for West Africa: that administrative reforms to achieve economic recovery themselves require substantial political commitment and financial investment in expanding the administrative capacity of national and local governments. Only if the government of Senegal makes pervasive changes in its administrative and legal systems is it likely to implement effectively the decentralization laws that it has already

enacted to promote economic development, and the structural adjustment policies that international organizations are requiring as a condition for financial assistance in the future.

## Notes

1. Senegal's agricultural economy has been adversely affected by frequent droughts. Since 1970, seven major droughts have resulted in severe recessions. Although industry contributes more to GDP than agriculture, the value added by the industrial sector — primarily mining, peanut processing, energy production, construction and other manufacturing — barely grew during the 1980s. Because a substantial portion of Senegal's industrial activities is in food production — fish canning, oil mills, peanut processing, sugar and confectionery — agricultural output directly affects industrial output (World Bank, 1987).

2. Rural communities are governed by Law 72.25 of 19 April 1972 which gives them a more specifically defined role than that attributed to the urban municipalities. The law stipulates that 'the Rural Council deliberates ... especially on the acquisition of fixed assets and equipment, projects, drawings, estimates and agreements for new construction, reconstruction, major repairs or any other investments'.

The major responsibility of the primary authority recognized by law is to invest in infrastructure and equipment for the benefit of the community. The goals of these investments must be both social and economic, primarily including the promotion of opportunities for women and youth, sanitation, health and anything that can foster the economic development of the community. These investments must be financed with local government resources.

3. Article 48 stipulates that the decision of municipal councils on the subjects listed are not enforceable until they are approved by the supervisory minister, unless the laws and regulations call for approval by another authority. When the supervisory authority does not give its approval, or has not announced its decision within forty days, the Municipal Council must file an appeal within two months with the President of the Republic before it can exercise jurisdictional remedies. Communes are thus subjected to strong supervision, because most of their acts are subject to the expressed approval of the central authority. Furthermore, the communes must file appeals through the administrative channels up to the President before jurisdictional remedies can be exercised (Republic of Senegal, 1984c).

According to the stipulations of the code, acts not listed in Article 47, covering minor issues, do not require expressed approval, but are not enforceable until forty days after they are filed at the prefecture. The acts are thus monitored by supervisory authorities who can send them to a higher level.

4. Communes and rural communities are universally responsible for the construction and maintenance of market facilities ranging from simple hangars to complexes of hangars, stalls and storage facilities. Most of these facilities focus on retail activities while wholesaling takes place in shops at the edge of market facilities. A number of towns provide travellers' facilities such as small hotels, restaurants and sanitary facilities near the transport stations. The larger communes are more active than small towns in providing an infrastructure and staff for education and social services. Many towns fund the construction of primary schools and health posts or clinics which are staffed by central government personnel.

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