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SENEGAL

CASE STUDY

Cooperation Boosts Local Revenues

Improved revenue collection brings progress to Diass



Photo: USAID/Heather Robinson

Rokhaya Dione, 11, collects water from an improved well in the rural community of Diass.

“People in Raffo know that there is a link between their payment of rural taxes and the improvements in their community. The people of Raffo will keep paying the yearly tax.”

—Chief Ibrahima Seck of Raffo, Diass

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Challenge

Just 30 miles from Senegal’s capital lies Diass, one of the country’s 320 rural collectives. Here, improving access to water is a concern shared by local government leaders and other citizens. Though strategically located along a busy highway in a coastal zone that enjoys a burgeoning tourist industry, until recently Diass struggled to raise enough revenue to meet basic needs and seize economic development opportunities.

Initiative

With USAID’s support, a series of training and information activities were carried out in Diass that strengthened the rural council’s ability to prepare budgets that have strong citizen input, to identify and analyze revenue sources and to develop strategies to improve tax recovery.

A key to improving revenue collection was clarifying roles and building cooperation between the rural council and the state treasury. In 2002 USAID organized meetings between the two groups that revealed promising new ways for them to work together. For instance, while the treasury was responsible for collecting taxes, limited funding and human resources had often prevented it from conducting censuses of taxable businesses and buildings — leaving many local taxes uncollected. The rural council had enough people to conduct censuses, but it had been unaware that it could help the state.

Results

In 2001 Diass’s rural council approved an annual budget of \$69,000 but brought in only \$39,000. But by 2003 Diass had nearly tripled its revenue, collecting \$104,400. The council also began to gather data in 2002 that allowed the treasury to update its tax rolls. This new collaboration, along with a public outreach campaign to inform entrepreneurs and citizens about how local taxes are collected and spent, has paid off in Diass.

Attitudes have also changed. Residents are much more willing to pay taxes now that they understand that they are being used to fund projects such as constructing or repairing water wells, or providing school supplies for students.