



© Famara Dieng/ILO

Global Accelerator on Jobs and Social Protection for Just Transitions

Country Brief: Creating fiscal space for social protection in Senegal through the reallocation of fuel subsidies

December 2025

Summary

In January 2023, the Government of Senegal reduced subsidies for petroleum products (super gasoline fuel) and the social subsidy for electricity. This measure was expected to result in savings of around 99.7 billion CFA francs (US\$177 million) from the reduction of the subsidy for electricity and 158.5 billion CFA francs (US\$281 million) from the reduction of the subsidy for petroleum products, giving total savings of 258.2 billion CFA francs (US\$458 million). (For comparison, social protection expenditure in 2020 amounted to 222 billion CFA francs (US\$394 million) according to the functional classification of the Senegalese budget.) The Government has used these savings to extend the fiscal space for social protection. Specifically, it applied

from January 2023 a 40 per cent increase in the relative value of the allowance provided to poor and vulnerable families, which nominally rose from 25,000 CFA francs (US\$41) to 35,000 francs (US\$58) per quarter. This increase reached all 316,940 households covered by the family allowance programme and directly impacted the lives of approximately 2.7 million Senegalese, among them some of the poorest people in the country. As a consequence, there were no social tensions directly related to the reduction of fuel and electricity subsidies. Through this reallocation of subsidies to social protection transfers, the Government was able to maintain the purchasing power of poor and vulnerable households.

Relevance to the Global Accelerator

The reform of fuel and electricity subsidies in Senegal and the reallocation of budgetary resources to expand the family allowance programme constitute a specific example of public policies that reduce greenhouse gas emissions while mitigating the social impact of such measures and compensating for their effect on the poorest households.

This initiative also illustrates how social protection can be financed through strategic budgetary reallocations.

Senegal's case therefore demonstrates that social protection can contribute to climate action and offset the social impact of environmental measures, which might otherwise have disastrous social consequences. By

highlighting the link between social protection and climate action, this case study opens up the possibility of using climate-related funds to finance social protection systems.

Context

Senegal is a country in West Africa with around 18 million inhabitants spread over an area of 196,722 km². Censuses and projections from the National Agency for Statistics and Demography show that the population has almost tripled in the space of 50 years, from 1976 to 2016 (ANSD 2024). Several factors explain this growth, including a high birth rate (32 births per 1,000 people in 2022), a high fertility rate (4.3 children per woman in 2022), a constantly declining mortality rate (5.5 deaths per 1,000 people in 2022) and a continuously increasing life expectancy (which stood at 67.9 years in 2022) (Perspective Monde, n.d.).

The Senegalese population is young: half of the country's citizens are under 19 years of age, which translates into a high dependency ratio, and 75 per cent are under 35 years of age (ANSD 2024). The country, therefore, has a genuine opportunity to accelerate economic growth and increase per capita wealth by harnessing its demographic dividend. This requires the creation of decent job opportunities for the young adults entering the labour market.

The poverty rate fell by 5 percentage points, from 42.8 per cent in 2011 to 37.8 per cent in 2018/19 (ANSD 2021). This downward trend in the poverty rate was observed in both rural and urban areas and for all 14 regions of the country. However, there is still a strong disparity between rural and urban areas, with a poverty rate of 53.6 per cent in rural areas. Among the countries of the West African Economic and Monetary Union (WAEMU), Senegal has the lowest poverty rate. Nevertheless, the existing poverty levels exert strong structural pressure on public spending, contribute to high demand for social assistance and raise the question as to whether the envisaged national social protection floor is sustainable.

Since 2013, Senegal has experienced a consistent upward trajectory in its GDP. The COVID-19 crisis halted this momentum, causing GDP growth to fall to 1.3 per cent in 2020. Economic activity resumed thanks to the Government's proactive policies taken in response to the crisis, and GDP growth rebounded to 6.1 per cent in 2021. Senegal continues to maintain this growth dynamic, despite a slight decline in 2022, with GDP growth stabilizing at 4.3 per cent in 2023 (ANSD 2024). The upcoming commissioning of oil and gas fields offers favourable growth prospects.

Senegal has embarked on an ambitious policy to protect poor and vulnerable population groups with the adoption

of the new National Social Protection Strategy for the 2016–35 period (Senegal, DGPSN 2015). Inspired by the Social Security (Minimum Standards) Convention, 1952 (No. 102), and the Social Protection Floors Recommendation, 2012 (No. 202), this strategy is based on a life-cycle approach and informed by the important role of social protection in reducing poverty and inequality and contributing to inclusive growth.

In addition, the country is considering social protection as one way of dealing with vulnerability to shocks arising from disasters and climate change. Senegal's geographical location means that it is exposed to significant and persistent environmental and climate-related vulnerabilities. This innovative focus on strengthening community resilience (specific objective No. 5 of the National Social Protection Strategy) is already allowing Senegal to make the link between social protection and environmental transitions, which are two major themes of the Global Accelerator.

Senegal conducted a comprehensive review of its social protection system between 2019 and 2021 with technical support from the ILO. This review used several ILO-developed tools and techniques – including the Core Diagnostic Instrument (CODI), the Social Protection Policy Options Tool (SPPOT) and the Rapid Assessment Protocol (RAP) (ILO 2025a; 2025b; 2014) – as part of an assessment-based national dialogue (ABND) approach (ILO 2016). At the end of this review, it became clear that the Senegalese social protection system was facing several challenges, including two major ones: (a) how to expand it, in particular to cover workers in the informal economy and their families; and (b) how to ensure its sustainable financing so that adequate levels of benefits can be provided under the national social protection floor that is currently being constructed.

To address the challenge of covering workers in the informal economy, a simplified social security scheme for small taxpayers (Régime simplifié pour les petits contribuables, RSPC) was established. This scheme has benefited from significant ILO support since the initial discussions in 2015, including throughout a pilot phase launched in 2022 by the National Social Mutual Fund for Artisans of Senegal (MSNAS). The country's social security law has been revised to enshrine this new scheme in legislation.

Senegal's spending on social protection accounts for around 6 per cent of government expenditure: in 2020, the social protection sector received an allocation of 222 billion CFA francs (US\$394 million) out of a total budget of 3,709 billion CFA francs (US\$6.6 billion), or approximately 3.3 per cent of GDP (Senegal, DGPSN 2023). Further financing comes from the contributory social protection system, and, very marginally, from official development assistance. To ensure sustainable and long-term financing of the social protection sector, Senegal must be able to rely to a greater extent on sustainable domestic resources. This is aligned with the Government's strategy of endogenous growth.

To that end, the ILO continued to support the Government in analysing the fiscal space so as to identify the best financing options for social protection. This analysis was carried out on the basis of an ILO and UN-Women technical publication entitled *Fiscal Space for Social Protection. A Handbook for Assessing Financing Options* (Ortiz et al. 2019).

In view of Senegal's country profile, three options for financing social protection were selected on the basis of their capacity to generate additional resources without disrupting economic stability while respecting macro-level budgetary constraints and rules of prudence.

These three measures could bring in additional resources amounting to at least 519.58 billion CFA francs (US\$922 million):

- reallocation of public spending
- increased tax revenues
- extension of social security coverage and increase in contributions.

The analysis showed that additional resources amounting to an average of 3.65 per cent of GDP could be mobilized over the first five years. Total public spending on social protection would then come to over 5.11 per cent of projected GDP. According to these projections – which are based on minimalist assumptions and ignore, for example, improvements in the efficiency of tax administration – the National Social Protection Strategy's objective of devoting at least 7 per cent of GDP to social protection could be achieved by Senegal over a ten-year horizon. This investment in social protection would have a clear impact in terms of reducing poverty (decreasing the poverty rate by 7.5 per cent) and inequality (decreasing the Gini coefficient by 0.045 percentage points) (ILO 2021).

Reallocation of fuel subsidies: The technical analysis

Fuel subsidies provide only limited benefits to members of poor and vulnerable households, who spend relatively little on fuel because they use public transport. However, eliminating the subsidies entirely would make the cost of (public) transport and certain goods or services unaffordable for them. Senegal spends the equivalent of more than 4 per cent of its GDP on subsidies for electricity, petroleum products (gasoline, super gasoline and diesel) and butane gas. By way of illustration, the Government subsidized fuel to the tune of 70 billion CFA francs (US\$124 million) in 2019). If half of this amount were reallocated to the social protection system under the National Social Protection Strategy, this would represent an investment of 35 billion CFA francs (US\$62 million) per year in the financing of social protection over a period extending to 2035.

A targeted non-contributory social protection programme: The National Programme of Family Security Grants

Launched in 2014, the National Programme of Family Security Grants (Programme national de bourses de sécurité familiale, PNBSF) offers a quarterly allowance of 25,000 CFA francs (US\$44) to poor and vulnerable

households. PNBSF beneficiary households are identified through the Single National Registry (Registre national unique, RNU), which represents a major development in non-contributory social protection in Senegal.

The PNBSF is designed to contribute to the fight against poverty and social exclusion of poor and vulnerable households through a cash transfer that is conditional on the use of education and health services. The rationale for this requirement is to strengthen the development of children's human capital and stop the intergenerational transmission of poverty.

The targeting methodology is based on a combination of approaches: geographical quotas determined through poverty indices; community targeting to obtain the list of candidate households; application of proxy means tests; and final validation by the community.

The programme reached its highest number of beneficiaries in 2019 with 316,940 households and has remained stable since then (Senegal, DGPSN 2023). According to the initial design, households were to receive allowances for a period of five years; today, the grant is no longer limited in time but depends, rather, on an

assessment of the household situation carried out periodically for the RNU database.

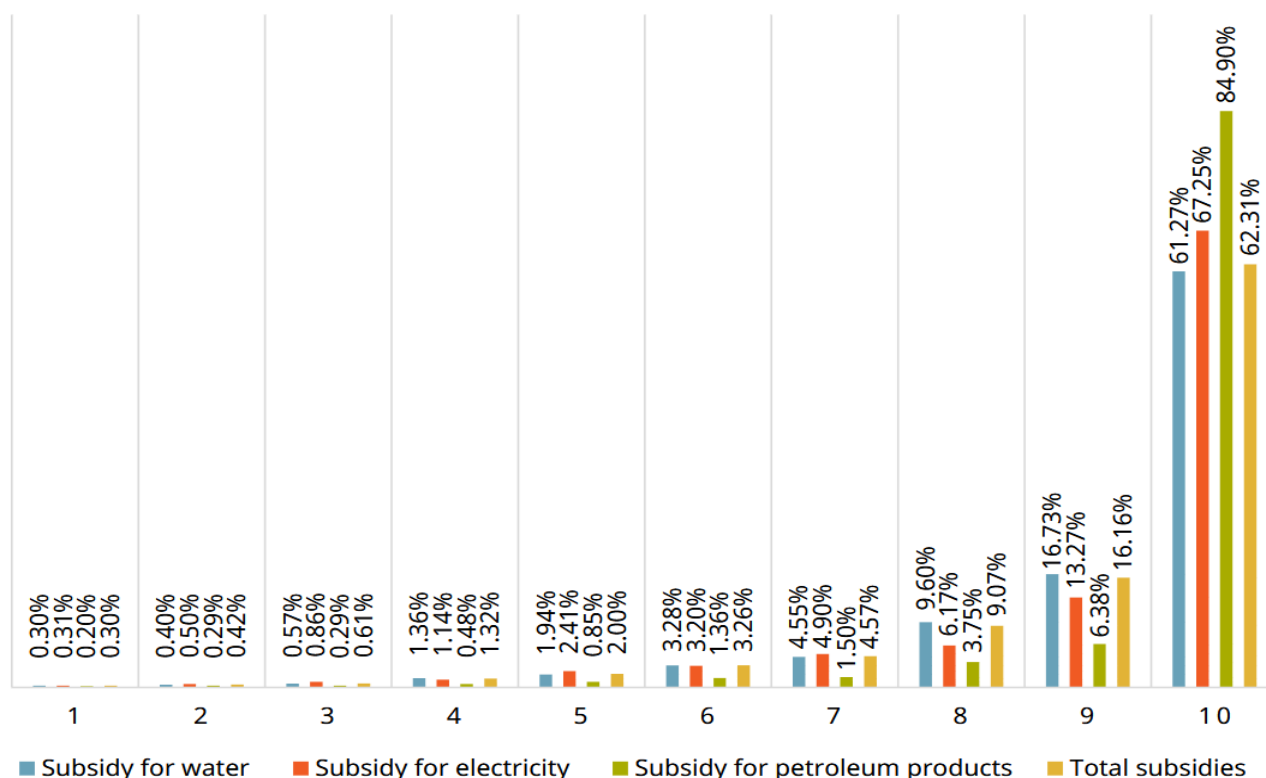
An FAO survey published in 2018 indicates that the PNBSF allowance accounts for between 14 and 22 per cent of the average annual income of the households surveyed, and that it is often the sole source of income during the lean season before harvests (FAO 2018). In all cases, the allowance is used primarily to meet essential and urgent family needs; it helps to cover food, health and education expenses that households would have difficulty paying otherwise. However, so far, these grants have enabled only a small minority, particularly the least vulnerable, to develop productive agricultural activities or small businesses. The programme has not allowed most recipient households to engage in new economic activities and has had a very limited knock-on effect on their productive capacities or socio-economic integration (in

terms of improved access to microcredits or participation in productive groups and networks).

Why reallocate fuel subsidies to social protection spending through a targeted programme like the National Programme of Family Security Grants?

From figure 1, which shows the share of each different type of subsidy that each decile of the household income distribution receives, it can be seen that the wealthiest households benefit the most from subsidies. Households in the top decile receive more than 60 per cent of the total in the case of indirect subsidies for water, electricity and petroleum, with this share even reaching almost 85 per cent in the case of subsidies for petroleum products (fuels and derivatives). For all categories of subsidies, the shares received by the first three deciles are less than 1 per cent of the total.

Figure 1. Share of subsidies received by households in Senegal, by decile of household income distribution and by type of subsidy, 2019 (percentage)



Source: ILO (2021)

Another way to determine who benefits the most from subsidies is to show their progressive or regressive nature using concentration curves (Lorenz curves). All categories of indirect subsidies are regressive, as their concentration

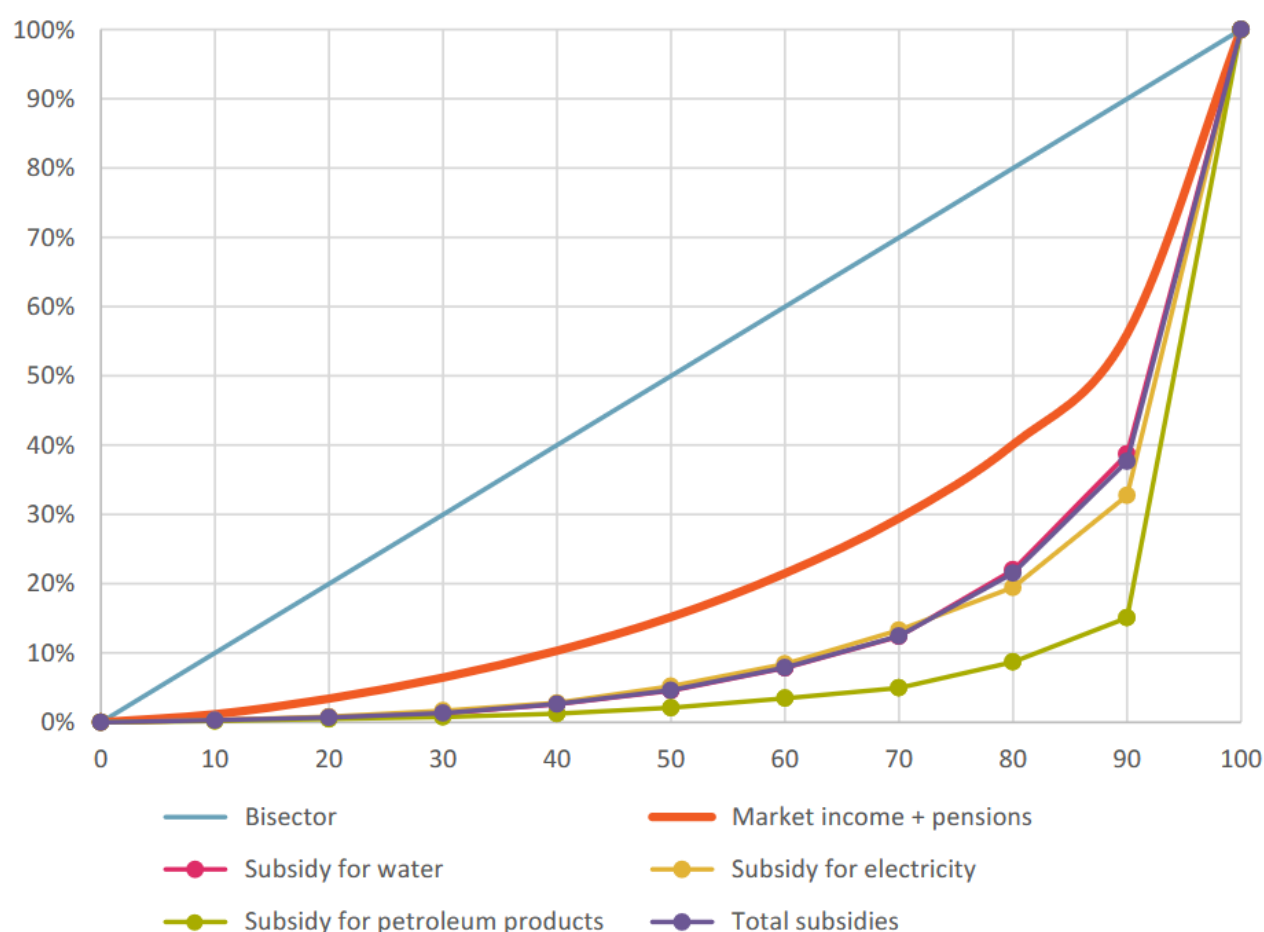
curves lie below the Lorenz egalitarian line. However, subsidies for petroleum products are found to be more regressive than those for water and electricity (see figure 2). Assessment of the share of total indirect subsidies

received relative to income confirms that they benefit wealthier population groups to a greater extent.

Yet another approach, based on a breakdown by income groups, highlights that the middle-class benefits from the largest share of the subsidies (36 per cent), followed by those classed as vulnerable (29 per cent) and those classed as rich (23 per cent). The poorest population group benefits

from only 1.14 per cent of the total (ILO 2021). Further in-depth studies have measured the risk of sliding into poverty, particularly for vulnerable households, following a reduction in subsidies. The findings are similar to those reported from other contexts. In Togo, for example, Jellema and Tassot (2018) found that electricity subsidies tend to increase income inequality.

Figure 2. Level of regressivity of fuel subsidies in Senegal, 2019 (percentage)



Source: ILO (2021)

Reallocation of fuel subsidies: The political process

Advocacy. The following activities were carried out systematically: wide dissemination of the research results; broad-based discussion and dialogue; information-sharing and awareness-raising among all stakeholders; and technical training and outreach for all operational, institutional and civil society actors. These activities resulted in the drafting of an opinion document by the High Council for Social Dialogue (HCDS) – a tripartite entity consisting of representatives of the Government and employers' and workers' organizations – for the attention

of the President of the Republic. A hearing and an extraordinary session of the Economic, Social and Environmental Council (CESE) on the financing of social protection were also organized. The relevant debates brought together various stakeholders: multisectoral technical actors, civil society associations and non-governmental organizations, trade unions, employer organizations, state institutions (National Assembly, HCDS, Supreme Council of Local Authorities, CESE, Union of Associations of Local Elected Officials, Association of

Mayors of Senegal, Mediator of the Republic) and development partners. These activities dovetailed with other advocacy efforts by the country's multilateral partners, such as the World Bank and the International Monetary Fund, on the reduction of subsidies and public expenditures.

Strategic application of the measures. With regard to petroleum products, several types of fuel had to be distinguished (such as diesel, diesel oil, premium gasoline and gasoline for small fisheries and canoes), each with different implications for households and businesses. Only premium gasoline and vehicle diesel were affected by the reduction in subsidies.

The Government decided to reduce the fuel subsidies for diesel and premium gasoline, which led to a price increase

of 100 CFA francs (US\$0.18) per litre. However, accompanying measures were also adopted to directly support transport companies (taxis, trucks, buses), so that this subsidy reduction did not impact the cost of public transport and the prices of a number of foodstuffs.

At the same time, the Government maintained the level of subsidies for other petroleum products and butane gas (in particular, to support small-scale fishing, which uses specific gasoline for canoes), and implemented a programme to curb deforestation and promote environmental protection. The social electricity subsidy for low-power domestic users (up to 150 kilowatt-hours) also remained in place, while the subsidies for households using over 150 kilowatt-hours were reduced.

Impact and challenges

In January 2023, the Government reduced subsidies for petroleum products (super gasoline fuel) and the social subsidy for electricity. This measure was expected to result in savings of around 99.7 billion CFA francs (US\$177 million) from the reduction of the subsidy for electricity and 158.5 billion CFA francs (US\$281 million) from the reduction of the subsidies for petroleum products, giving total savings of 258.2 billion CFA francs (US\$458 million). (For comparison, social protection expenditure in 2020 amounted to 222 billion CFA francs (US\$394 million) according to the functional classification of the Senegalese budget.)

Seeking to improve the adequacy of benefits and create opportunities for structural transformation, the Government was able to use these savings to apply, from

January 2023, a 40 per cent increase in the relative value of the allowance provided to poor and vulnerable families under the PNBSF, which nominally rose from 25,000 CFA francs (US\$41) to 35,000 CFA francs (US\$58) per quarter.

This increase reached all 316,940 households covered by the PNBSF and directly impacted the lives of approximately 2.7 million Senegalese, among them some of the poorest people in the country.

As a result, there were no social tensions directly related to this reallocation of fuel and electricity subsidies. A concern for maintaining the purchasing power of workers and families guided both the development of this measure and its implementation.

What next?

Senegal validated its Global Accelerator national road map in May 2025. The Government intends to further extend social protection through contributory and non-contributory schemes and make use of fuel subsidy reforms to generate additional fiscal space for investments in social protection. Beyond social protection, the Government is also determined to increase the productivity and employability of poor and vulnerable households, young people who are not in employment, education or training (NEET) and other unemployed persons. This can be done by, inter alia, reviewing the strategy for, and content of, technical and vocational training to ensure that it responds to the needs of a growing private sector.

Using ex ante assessment methodologies, including the ILO's Structural Model for Sustainable Development, the

Government also seeks to redirect investments and budgetary allocations towards projects with higher social impact in terms of the reduction of poverty and inequality, the creation of decent and productive employment, and increased access to social protection.

These projects may create employment opportunities for workers from households receiving the PNBSF allowance and, more broadly, households registered in the RNU. This would provide members of vulnerable and poor households with additional income sources while at the same time improving their employability by enabling them to gain skills in infrastructure construction projects and other projects with high labour intensity. A lack of skills or professional qualifications is a major factor behind the intergenerational transmission of poverty and the low

labour market participation rates of members of poor households. Linking these opportunities with the PNBSF would create greater opportunities for them to leave behind this vicious cycle of poverty.

Progress towards the Sustainable Development Goals in Senegal could be accelerated through a combination of policy measures such as: (a) on-the-job training in strategic areas in which the Government and public and private

partners are investing (infrastructure, solar energy, eco-construction, school meals, elimination of temporary school shelters, sanitation); (b) work-study programmes that combine academic learning with hands-on experience in companies, thereby providing young people with valuable skills and increasing their employability (such programmes are already being implemented by the Ministry of Vocational Training); and (c) the effective revaluation of cash transfers under the PNBSF.

Main takeaways for the Global Accelerator

The example of Senegal shows how fiscal space can be created by discontinuing fuel subsidies, or at least those that foster inequality. In addition, it highlights the importance of accompanying such reforms, which have major repercussions on several groups in society as well as the private sector, with broad-based social dialogue that brings together national authorities and the social

partners. Lastly, this case study highlights the potential for economic growth when a government combines financing and extending social protection for vulnerable and poor households with policies to promote labour market inclusion so as to develop a sustainable social protection system and enable a gradual transition of disadvantaged individuals towards productive and formal employment.

References

ANSD (National Agency for Statistics and Demography). 2021. *Enquête harmonisée sur les Conditions de Vie des Ménages (EHCVM) au Sénégal – Rapport final*. <https://www.ansd.sn/enquete-et-etude/enquete-harmonisee-sur-les-conditions-de-vie-des-menages-ehcvm-2018-2019>.

———. 2024. *5^e Recensement général de la Population et de l'Habitat, 2023 (RGPH-5) – Rapport provisoire*. https://www.ansd.sn/sites/default/files/recensements/rapport/rapport_national/RGPH-5_Rapport%20global-Prov-juillet2024_0.pdf.

FAO (Food and Agriculture Organization of the United Nations) 2018. “Évaluation qualitative et prospective du Programme national de bourses de sécurité familiale au Sénégal”, FAO Research Brief, May 2018. <https://openknowledge.fao.org/server/api/core/bitstreams/c5649884-255a-47fc-bd46-875520d9ef45/content>.

ILO. 2014. “Rapid Assessment Protocol”. https://www.social-protection.org/gimi/ShowRessource.action;jsessionid=3RqIUC0C2J_UhrFCJaIx9LdX1jRHUJgpnvE00IK1knZIrbf60MZUC!-248552420?id=46938.

———. 2016. *Social Protection Assessment-Based National Dialogue: A Global Guide*. <https://www.social-protection.org/gimi/gess/ShowRessource.action?ressource.ressourceId=53462&lang=EN>.

———. 2021. *Financement de la protection sociale au Sénégal : Analyse de l'espace budgétaire, des options de financement et des impacts des investissements en protection sociale*. https://iloglobalprogramme.social-protection.org/gimi/ShowRessource.action;jsessionid=79OG1GCCj_b6eHRxoYO6UkEN-OjR4yFvNWMwi1Dj9AYaF9uqe3pA!204872057?lang=AR&id=59203.

———. 2025a. “Core Diagnostic Instrument (CODI)”. https://www.social-protection.org/gimi/gess/ShowRessource.action;jsessionid=5sGWFGtGs8vrUIyxFU_wVCT0OZGjx_DA2nHi6szGkkHXUa9VrtAB!87869965?id=59027.

———. 2025b. “Social Protection Policy Options Tool (SPPOT)”. https://www.social-protection.org/gimi/gess/ShowRessource.action;jsessionid=77IY1o0-1_douTIZS7Uo5MBVrP30I0p2zcyijEvrhSrLozb0G6PI!204872057?id=59029.

Jellema, Jon, and Caroline Tassot. 2018. “Analyse de l'impact des politiques fiscales et de protection sociale sur les inégalités et la pauvreté au Togo”, OECD Development Policy Paper No. 12. Organisation for Economic Co-operation and Development (OECD). https://www.oecd.org/fr/publications/analyse-de-l-impact-des-politiques-fiscales-et-de-protection-sociale-sur-les-inegalites-et-la-pauvrete-au-togo_3806d5d5-fr.html.

Ortiz, Isabel, Anis Chowdhury, Fabio Durán-Valverde, Taneem Muzaffar, and Stefan Urban. 2019. *Fiscal Space for Social Protection: A Handbook for Assessing Financing Options*. ILO and UN-Women. <https://www.ilo.org/publications/fiscal-space-social-protection-handbook-assessing-financing-options>.

Perspective Monde. n.d. “Taux de fertilité (naissances par femme), Sénégal”. <https://perspective.usherbrooke.ca/bilan/servlet/BMTendanceStatPays/?codeStat=SP.DYN.TFRT.IN&codePays=SEN&codeTheme=1>. Accessed 29 August 2025.

Senegal, DGPSN (General Directorate for Social Protection and National Solidarity). 2015. *Stratégie Nationale de la Protection Sociale (SNPS) 2016-2035*. https://www.social-protection.org/gimi/gess/ShowRessource.action;jsessionid=77IY1o0-1_douTIZS7Uo5MBVrP30I0p2zcyijEvrhSrLozb0G6PI!204872057?id=57944.

———. 2023. *Revue annuelle conjointe de la protection sociale – Édition 2023*.

The documentation of these policy reforms is supported by the Joint SDG Fund as part of their support to the Global Accelerator through a UN Joint Programme. The implementation of reforms under the Global Accelerator is supported by the Joint SDG Fund through UN Joint Programmes and UN-World Bank joint programmes. All joint programmes of the Joint SDG Fund are led by UN Resident Coordinators and implemented by the agencies, funds and programmes of the United Nations development system. With sincere appreciation for the contributions from the European Union and Governments of Belgium, Denmark, Germany, Ireland, Italy, Luxembourg, Monaco, The Netherlands, Norway, Poland, Portugal, Republic of Korea, Kingdom of Saudi Arabia, Spain, Sweden, Switzerland for a transformative movement towards achieving the SDGs by 2030.



Licensed under [CC BY-NC-SA 3.0 IGO](https://creativecommons.org/licenses/by-nc-sa/3.0/) © Food and Agriculture Organization of the United Nations (FAO), International Labour Organization (ILO), United Nations Children's Fund (UNICEF), United Nations Development Programme (UNDP), United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and United Nations World Food Programme (WFP) 2026

FAO, ILO, UNICEF, UNDP, UN Women, WFP, *Creating fiscal space for social protection in Senegal through the reallocation of fuel subsidies*, Country brief. Geneva, Rome: FAO, ILO, UNICEF, UNDP, UN Women, WFP, 2026. <https://doi.org/10.54394/00035753>

This country brief was prepared by Moussa Dieng (ILO) and benefited from inputs by Anna Brachtendorf (ILO) and Valérie Schmitt (ILO).

The Editor of the Country Brief series is Luis Sundkvist

Contact – contact@unglobalaccelerator.org | unglobalaccelerator.org