Project Summary

Project Background
In order to improve public finance management, the Government of Senegal, backed by its development partners and civil society, has instigated a Country Financial Accountability Assessment (CFAA) in 2003, as well as a Country Procurement Assessment Review (CPAR). To make sure the Government and the donors all have the same monitoring tools at their disposal, it was decided that the assessment of the state’s public finance management needs to be done on the basis of the Performance Measurement Framework for Public Expenditure and Financial Accountability (PFM-PMF-PEFA).

Project Objectives
The objectives of the PEFA framework are:

In the short term, to be used as a referential basis, a source of information and a monitoring tool, in order to:
(i) foster and update talks between the Senegalese authorities and donors on public finance management.
(ii) help donors determine a country’s eligibility for a new budgetary aid programme or to guarantee the smooth-running of an on-going programme, be it in terms of general or specific outflow conditions linked to public finance.

In the medium term, PEFA analysis could become part of the discussion on:
(i) re-defining a strategy for the action programme on public finance reform in Senegal.
(ii) re-defining public finance institutional support programmes, co-ordinated by government and donors.

Project Activities
The PEFA approach is based on risk assessment, and identifies weaknesses in the PFM system on the basis of several pre-determined performance indicators. The assessment covers three major areas, namely:
• Credibility of the budget:
  - Comparison of budgeted with actual expenditures and revenues of the previous year
  - Composition of expenditures (actual against the originally planned budget)
  - Monitoring of expenditure payment arrears and the reliability of data on stock
• Comprehensive and transparency.
  - Budget classification and documentation
  - Extra-budgetary expenditure which is unreported i.e. not included in fiscal reports,
  - Capacity of the central government to monitor autonomous government agencies
• Budget Cycle
  - Policy-based budgeting (adherence to minimum requirements, budget calendar etc.)
  - Predictability and control in budget execution
  - Accounting, recording and reporting
  - External scrutiny and audit

Implementation Features
The study required close consultation with key members of staff of the Ministry of Finance, the Treasury, the European Commission Delegation in Senegal and other donors. It included a ‘generic’ aspect that assessed the fit of PEFA and PFM with the local situation, and a specific budget scrutiny aspect in respect of the request for transfer of funds.

Services Provided
• Systems analysis in respect of budget structure/procedures and the tax system
• Assessment of the Performance Measurement Framework (PFM) for Public Expenditure and Financial Accountability (PEFA)
• Scrutinizing of budget, revenues and expenditures, especially transparency and documentation
• Final report including recommendations, discussed with the Ministry of Finance and the EC Delegation
• Opening and closing workshops