

A Critical Assessment of Aid  
Management and Donor Harmonisation  
**in Senegal**

AFRODAD



# About AFRODAD

## AFRODAD Vision

AFRODAD aspires for an equitable and sustainable development process leading to a prosperous Africa.

## AFRODAD Mission

To secure policies that will redress the African debt crisis based on a human rights value system.

AFRODAD Objectives include the following:

- 1 To enhance efficient and effective management and use of resources by African governments;
- 2 To secure a paradigm shift in the international socio-economic and political world order to a development process that addresses the needs and aspirations of the majority of the people in the world.
- 3 To facilitate dialogue between civil society and governments on issues related to Debt and development in Africa and elsewhere.

From the vision and the mission statements and from our objectives, it is clear that the Debt crisis, apart from being a political, economic and structural issue, has an intrinsic link to human rights. This forms the guiding philosophy for our work on Debt and the need to have African external debts cancelled for poverty eradication and attainment of social and economic justice. Furthermore, the principle of equity must of necessity apply and in this regard, responsibility of creditors and debtors in the debt crisis should be acknowledged and assumed by the parties. When this is not done, it is a reflection of failure of governance mechanisms at the global level that protect the interests of the weaker nations. The Transparent Arbitration mechanism proposed by AFRODAD as one way of dealing with the debt crisis finds a fundamental basis in this respect.

AFRODAD aspires for an African and global society that is just (equal access to and fair distribution of resources), respects human rights and promotes popular participation as a fundamental right of citizens (Arusha Declaration of 1980). In this light, African society should have the space in the global development arena to generate its own solutions, uphold good values that ensure that its development process is owned and driven by its people and not dominated by markets/profits and international financial institutions.

AFRODAD is governed by a Board of seven people from the five regions of Africa, namely East, Central, West, Southern and the North. The Board meets twice a year. The Secretariat, based in Harare, Zimbabwe, has a staff complement of Seven programme and five support staff.

A Critical Assessment of Aid Management and Donor Harmonisation in Senegal

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## Preface

Although donors argue that they have changed their approach and that conditionality has been replaced by 'country ownership', poverty reduction and pro-poor growth strategies, experience on the ground seems to suggest otherwise. Lack of harmonization and alignment of policies, procedures and programs among various donors' agencies continue to mar effective aid delivery to recipient governments who in turn have been eluded by the key concepts of inclusiveness, popular participation and 'good governance'.

Problems of economic governance and ineffective utilization of development assistance have ranged from poor or no consultation with the intended beneficiaries; lack of coordination between various government agencies, the failure to harmonize policies, programs and procedures harmonization and alignment, poor project design within parastatals, public or private enterprises; to poor monitoring of foreign funded projects and consequently in indebtedness and poverty..

This international agenda has evolved over time, and hopefully will continue to evolve. Its principal manifestation at this time is the Paris Declaration of March 2005. The Paris Declaration on Aid Effectiveness represents a landmark achievement for the international community, which brings together a number of key principles and commitments in a coherent way. It includes a framework for mutual accountability, and identifies a number of indicators for tracking progress on the part of donors and partner countries. At the same time, there is a general recognition that the Paris Declaration is a crucial component of a larger aid effectiveness agenda that could engage civil society actors in a more direct manner. The power of the Paris Declaration is its focus on a limited number of general principles for action. As such, the Paris Declaration is not intended to provide operational instructions for how to achieve specific development results. The Paris Declaration is therefore limited in terms of the stated purpose of aid effectiveness in that it does not, and cannot, by itself, tell us how to reduce poverty, improve democratic governance, or promote greater gender equality.

As development actors, CSOs share an interest in the concept of aid effectiveness as an important one for keeping development efforts on-track, for drawing attention to outcome and impact level results, and for drawing lessons of good practice from accumulated experience. The shared pursuit of aid effectiveness provides a legitimate entry point for dialogue among all development cooperation actors, including CSOs. This case study by AFRODAD is but one of the civil society contributions to monitoring and tracking Aid effectiveness in Sub-Saharan Africa, which by and large constitutes the bulk of aid beneficiaries. We do hope that the thoughts and ideas shared by this case study will help enlighten issues and move the continent and its development partners step a head.



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## ACRONYMS

ARD	Regional Agency for Development
DAC	Development Assistance Committee
CEA	Economic Commission for Africa
CEPOD	Centre d'études des politiques pour le développement
CDMT	Medium-Term Expenditure Framework
CFAA	Management System of Public Finances
CPAR	Reform of Procedures for Public Works Contracts
CFAA	Management System for Public Finances
DAC	Development Assistance Committee
DPEE	Direction of Forecasting and Economic Studies
DPS	Direction de la Provision et de la Statistique
IMF	International Monetary Fund
GT-EFF	Group of Work on the Efficiency of Help
IDA	Agency for International Development
NEPAD	New Partnership for Africa's Development
ICT	Information and Communication Technology
OECD	Office for Cooperation and Economic Development
ODA	Official Development Assistance
WTO	World Trade Organization
MDG	Millennium Development Goals
NGO	Non Governmental Organization
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Countries Initiative
PD	Paris Declaration
PRSP	Poverty Reduction Strategy Paper
PTIP	Triennial Program of Public Investment
SPA	Strategic Partnership with Africa
UEMOA	West African Economic and Monetary Union
USAID	United States Agency for International Development
WAEMU	West African Economic and Monetary Union

# Executive Summary

Senegal, a country recognized in part for its political stability, is acquiring distinction from its consistent growth over the last five years. Having graduated from the HIPC Initiative, it has regained the confidence of donors. The additional resources significantly relieved the weight of a massive and very constraining debt, and has enabled the authorities to largely direct these financial flows towards social sectors, in particular education and health, which are seriously affected by more than twenty years of adjustment imposed by international financial institutions.

The Paris Declaration, following those of Monterrey, Amsterdam and Rome, has played a part in having the partners take up their responsibilities and getting fully involved in the process of poverty reduction in the countries receiving official development assistance (ODA). This was accomplished through the Poverty Reduction Strategy process, concurrently with bold budgetary reforms centred on the rationalization of expenditure through the medium-term expenditure framework (MTEF) directed towards tangible results. The implementation of control and transparency mechanisms in public financial management systems also strengthened the mutual confidence with development partners.

In the wake of the Paris Declaration, an assessment of aid management and coordination frameworks in Senegal revealed weak recourse to the systems of management procedures of government finances and signing of contracts, high transaction costs associated with the management of aid, and weak coordination of donor missions.

This report examines the management of aid in Senegal and its impact on the country's development. We consider the policies relating to aid quality from the point of view of its mobilization and implementation. We also examine the mechanisms of monitoring and evaluation. Lastly, we make some specific recommendations on the type of partnership between involved parties on how to increase the effectiveness of aid to Senegal.

It appears that the support of the development partners of Senegal, in recent years, has concentrated on debt relief, the improvement of infrastructures, the strengthening of the productive apparatus and the promotion of social sectors.

There are several constraints which hinder the efficient mobilization of aid.

- The weakness of technical ministries in formulating (preparing and assessing) public investments projects. One consequence of this is the low absorption capacity of resources.
- The complexity and absence of harmonization of the procedures of the donors which hinder the smooth working of projects.
- Insufficient information on the different existing aid mechanisms, the profile guide of the donors is not regularly updated to take into account occurring changes and take advantage of new opportunities;
- The absence of institutional frameworks enabling to exploit the technical opportunities of collaboration between southern countries.

## 2 Introduction and Background

Aid effectiveness has become a crucial issue. Indeed, the international community has a number of recurring concerns. The non-productive costs of transactions for the partner countries generated by the number of conditionalities and procedures set up by donors to prepare, convey and monitor aid contributes to reducing its effectiveness and the capacities of the recipient countries. Another is the growing concern of partner countries that the objectives of donors are not always well-integrated with their priorities and national systems; in particular the planning cycles of their budget, along with their public expenditure frameworks.

The concerns remain all the more legitimate as the fight against poverty has been gaining momentum since the Summit on Social Development was held (Copenhagen, 1995), the launching of the HIPC Initiative, 1996-1999, and the advent in 1999, of Poverty Reduction Strategy Paper (PRSP) and, more particularly, since the Summit on the Millennium Development Goals (MDG) was held in 2000. The essential goal of these events was to improve the effectiveness of the aid by the reduction, among other things, of the transaction costs associated with aid delivery and better alignment of the assistance on the strategies and the national priorities.

Through the Monterrey consensus (2002), on the issue of financing of development, the international community agreed to:

- the possibility of simplifying and harmonizing conditionalities and reducing relevant costs while improving fiduciary monitoring, responsibility to the public and efforts aimed at obtaining concrete development results and;
- the need for taking an urgent, coordinated and sustained action, in order to improve their effectiveness on the ground, with a particular attention paid to the increased role of leading partner countries in the coordination of the development aid and the contribution to the reinforcement of these leaders' capacities so as to help them play this role;

Partner countries recognized the necessity to undertake reforms to encourage donors to gradually rely on the national systems, by adopting international good practices. All the actors stressed the fact that the country approach constitutes the key element of this work in that it involves the leadership of the government and the full involvement of national authorities, takes into account the capacities reinforcement dimension, recognizes various aid modalities, and mobilizes various nonofficial national actors (the civil society, the private sector, etc).

To materialize these commitments, the first High Level Forum on Aid Harmonization, held in February 2003 in Rome, took a series of measures, to implement in order, among other things:

- To reinforce the compliance of the development aid with the priorities of the partner countries (among which, in particular, the strategies for the reduction of poverty and the other comparable initiatives) and the adaptation of the harmonization efforts to the contexts of the countries.
- To facilitate the harmonization as well as the reduction of the missions, examinations and report requirements of donors. the progressive application of the principles or criteria of good practices inherent in the setting up and management of the development aid, by taking into account the specific contexts of the countries and leaning on the experiments undertaken up to now as well as on messages from the regional seminars;
- To support national efforts, in order to reinforce the capacity of the governments of the partner countries to play a more important role as a leader and fully feel responsible for the results of development, in particular the team work for the setting-up of more sound partnerships, the technical collaboration centered on demand, etc;
- To continue aid to budgets and/or sectors or a support to the Balance of Payments while insisting on the criteria of alignment on the budgetary cycles of the country and the examination of poverty reduction strategy;

The second High Level Forum, held in Paris on March 2nd, 2005, in “the Declaration of Paris on the Effectiveness of Aid” has deepened the issues of ownership, alignment and harmonization and widened the field of intervention by increasing the level of commitment of 30 donor countries, 30 development organizations and 60 partner countries, to work together to increase the effectiveness of the development aid in the partner countries, in view of speeding up growth and attaining the MDGs by 2015.

The international community aims at a greater aid effectiveness so as to fulfil the goals of the millennium with the use of the existing aid and pave the way for a good use of the additional resources of aid at a national level and among the leadership. It is important to call attention to certain salient points, among other commitments of the Paris Forum:

- the strengthening of the mechanisms of monitoring progress in the fulfilment of commitments between donors and partner countries accommodated by the DAC / OECD in Paris and the midway fixing of the time span 2010;
- alignment: the fact of extending the will and necessity to improve aid effectiveness to the whole range of aid procedures (project-aid, program-approach and support to the budget or to the balance of payments) provided that they be efficient for development and preferences strategies defined by partner countries, and appropriate and complementary so that to optimize their overall efficiency;
- the harmonization at the level of the donors: the use of provisions granted according to modalities fit to rationalize the often extreme dispersion of the donors' activities undertaken at local and sectoral levels;
- favouring a participative approach to reinforce countries' capacities to implement a results-centred management and provoke a stronger request;
- the strengthening of mutual responsibility and transparency concerning how the means appointed to the development of partner countries are used.

Moreover, the Forum has indicated general orientations for the fulfilment of the commitments contained in the Paris Declaration. To accelerate and measure progress, the parties have set up twelve (12) target objectives (regrouped in five main domains of commitments or guiding principles) to achieve in 2010, twelve indicators and a progress monitoring plan between 2005 and 2008 in the perspective of the third High Level Forum, scheduled in Accra in 2008.

## 2.1 Senegal and International Commitments on Aid Effectiveness

In international fora, Senegal has participated in African initiatives such as the Economic Commission for Africa (ECA) and the Strategic Partnership for Africa (SPA) and the High Level Forums of Rome and Paris with a view to attaining aid effectiveness<sup>(1)</sup>. It has participated in meetings of the Poverty Reduction Strategy Paper (PRSP) Learning Group of the Economic Commission for Africa (ECA) and plenary meetings, especially those of the SPA. It became one of three countries of the 2002 pilot inquiry for the assessment of the PRSP cycle on the continent and the study of the prospects of improvement of the coordination of the donors' interventions. Senegal has taken part in video-conference consultations in preparation of the SPA 7 (2006-2008). It participated in harmonization activities led by Development Assistance Committee (DAC)/ Organisation for Economic Cooperation and Development (OECD), participation in the 2003 Rome Forum, in the DAC/OECD task teams in 2003-04, at the Paris meeting in 2005, in some meetings of the Working Party on Aid Efficiency (GT-EFF) and the Subgroup of the Monitoring of the DP. Besides, for the aforementioned preparation of the monitoring exercises of the Paris Declaration, Senegal is among the six pilot countries, entitled to host a consultative mission of the GT-EFF for the field test of the tools (in February-March, 2006).

## 2.2 Research Objectives and Methodology

In this study, we will analyze the various aid modalities and management framework as experienced in Senegal and make an assessment as to its effectiveness in terms of direct impacts on the improvement of the situation of the populations for which this support is intended.

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1. The Strategic Partnership for Africa is a group comprising non official international development organizations and partner African countries which have decided to work hand in hand to increase and improve the aid granted to Africa.  
4. See IMF document: <http://www.imf.org/external/np/sec/pn/2006>

We also consider the policies relating to aid quality from the point of view of its mobilization and implementation. We also examine the mechanisms of appropriation through the reforms initiated for a good traceability of aid circulation and especially a control and follow-up by all the actors who are concerned with its effectiveness. Lastly, we make some specific recommendations on the type of partnership between involved parties on how to increase the effectiveness of the aid and to seal a pact of the debt on the scale of the international community.

During the study, we met several resource people having a direct link with the object of our study. The list of interviewees may be found in Annex 1. The meeting with certain high-ranking authorities nevertheless enabled us to look further into certain problems and have access to recent reports of missions sponsored by certain donors and to the conclusions reached by common agreement between donors and the State of Senegal towards improvement of the effectiveness of the aid.

This report examines the management of aid in Senegal and its impact on the country's development. We consider the policies relating to aid quality from the point of view of its mobilization and implementation. We also examine the mechanisms of monitoring and evaluation. Lastly, we make some specific recommendations on the type of partnership between involved parties on how to increase the effectiveness of aid to Senegal.

## 3 Aid Effectiveness in Senegal

### 3.1 Political and Economic Background

An analysis of the current political and economic situation in Senegal would assist in understanding the context in which the relations with the partners are defined. Senegal is a stable and open country, with a firmly anchored democratic tradition. It is characteristically known for its peaceful politics, owing to the solidity of its institutions and a strong demographic culture resulting from a long historical process. Several political parties exist in Senegal, and an organized civil society participates within the country. A new constitution was adopted in 2000, which strengthens the concept of citizenship and recognizes that residents have political and social rights.

Elections are regularly held, despite the difficulties experienced in 2007. There are no economic or institutional crises, though there are social claims in relation to the problems of redistribution of the fruits of the growth recorded these last years. There is a national charter on social dialogue.

Senegal is the first country to have been awarded the B +/stable / B grade in Western Africa by the international grading agency, Standard and Poor's, for three successive years. This is a tangible indication of the level of performance attained. It confirms the good image of the country and reinforces the political and social stability, thus noticeably reducing the country-investment risk. As a result of strict management of public finances, the State of the Senegal progressively restored its financial capacity, and the government even registered a budget surplus.

The growth of the economy remained stable during these last five years at approximately 5% but experienced a brutal fall in 2006, with a growth rate of 2,9%. This significant deterioration of this indicator is explained by the conjugation of multiple unfavourable factors related mainly to the problems encountered at the same time by the agricultural sectors and industrialists and especially by the increase of international energy prices. Moreover, the pre-election period (presidential and legislative elections) was marked by much uncertainty. In such a gloomy environment, it was difficult to launch new sectors, notwithstanding the emergence of some innovating niches, namely the information technology.

The primary sector, which accounted for approximately 14,4% of the GDP (gross domestic product) in 2005, experience a difficult year in 2006; More structurally, it suffers from a trend fall of the outputs, a consequence of the deterioration of the quality of available seeds and of an impoverishment of the soils. Fishing also knew a difficult year: the unloading cumulated over the first nine months of 2006 was in fall of 17.7% compared to those of the same period in 2005. The sector suffers from a depletion of fishing resources due to their overexploitation. Growth was also hampered by the high price of fuel and the unregulated entry of fishermen. It is in this context that the government launched a great scale initiative, the Return to Agriculture Plan (REVA), intended to give a new boost to the agricultural sector which is henceforth considered as one of its priorities.

The secondary sector (21.7% of the GDP in 2005, building included) did not compensate for the weakness of the agricultural sector. It recorded a fall of 6.6% over the first three quarters of 2006 compared to the same period in 2005. The key sector of phosphates was especially hurt by the catastrophic financial position of the Chemical Industry of Senegal (ICS), which recorded, at the end of 2006, 65 billion CFA of annual losses and 215 billion of debts (among which 80 billion with the local banks)

The principal supports of the activity were building and the tertiary sector (44.3% of the GDP in 2005). The first (aggregate growth of 9.9% over the first nine months of 2006) was due to the ambitious programs of public investment and transfers from the non-residents who continue to fuel the demand in the property market, in Dakar in particular. Those contributed to the dynamism of the services (growth of 20.8% for the turnover), ranging from telecommunications, the property market or the insurances.

Aware of these weaknesses, the Senegalese State set up a series of strategies and action plans intended to stimulate and stabilize the growth around 7 percent. The backbone of this series of measures is the Strategy of Accelerated Growth (SCA), based on the identification of opportunities for the Senegalese economy and on the improvement of the businesses environment and the PRSP-II.

The living conditions remain very hard in Senegal, where poverty is endemic and concerns 48.5% of the population (62.5% in rural areas). In spite of a sustained rhythm, growth is still insufficient to reach the MDG relating to the reduction by half of the incidence of poverty from now to 2015. And, even if the incidence of poverty decreased by sixteen points between 1994 and 2004, inequalities increased, while progress in terms of social indicators appears slow and insufficient

### **3.2 Debt Sustainability Framework**

The Senegalese economic performances were usually the best in the sub-region for the respect of the convergence criteria of the West African Economic and Monetary Union (WAEMU) zone. In 2005, the country had conformed to seven of the eight criteria, and only the 8.4% deficit of its GDP was above the fixed threshold of 5% of the GDP. For the year 2006, the criteria relating to the balance of the current account deficit, to the basic budget balance had weakened, and the criterion regarding non accumulation of internal debt arrears was not respected. The running deficit rose from 8.4% of the GDP in 2005 to 12.9% in 2006. The sectors which traditionally constituted the bulk of Senegal's export earnings were on the decline; groundnuts, fishing, and phosphates.

Senegal profited in 2006 from a debt Cancellation amounting to 1,026 billion francs CFA within the framework of the Initiative for the Cancellation of Multilateral Debt (IADM). Under these conditions, the outstanding external debt decreased from 1.855 billion francs CFA at the end of 2005 to 860 billion in September 2006 (that is, approximately 17.8% of the GDP at the end of 2006, against 41 percent of the GDP at the end of 2005). In addition, the financing profile of the country is strongly concessionary: the average rate of concession of the existing stock of debts is close to 33%, in accordance with the commitments taken before development partners. Its intermediate duration is long (29 years) and is characterized by an important 7.2-year average postponement. Under these conditions, the debt servicing is less than 1% of the GDP.

### **3.3 National Development Framework**

The PRSP, which was approved in 2002, constitutes the main reference document regarding economic and social development policy. The poverty reduction strategy defined in the PRSP is based on the creation of wealth, promotion of the social welfare and strengthening the capacities of civil society, improving the livelihoods of vulnerable groups and a decentralisation of the implementation process of the PRSP.

The first phase of the PRSP was revised halfway in its implementation period and improved qualitatively by drawing from various studies and social investigations, which revealed unanticipated challenges. The second generation of the PRSP, while ensuring the continuity of PRSP I, takes into account the latest developments in the global economy and, as a result of wider consultations, reflects a shared vision.

The PRSP II includes the following targets:

- Reduction of poverty from 57.1% in 2001 to less than 30% between now and 2015, by a strong, balanced and better distributed growth, (at least an average of 7% in real terms over the period)
- Provision and access to the basic social services
- Improving the level of food security, in particular those most vulnerable during times of calamity.
- Provision of equal opportunities for the sexes
- Promotion of good governance and rule of law

Deterioration and impoverishment are maintained throughout the period of adjustment of the Senegalese economy. These were more severely felt in rural areas, as 75% of the households live in the rural areas. The new orientation of the development strategy of the rural sector stresses the intensification and the modernization of agriculture, the increase and diversification of rural incomes by, on the one hand, the use of new technologies for the modernization of farming and the intensification of vegetable and animal productions; the transformation of the agricultural produce, and finally to set up a framework of decentralization while giving a new orientation to the services of support to agriculture.

The REVA Plan is part of this new agricultural policy based on sustained development. It stems from the need to correct disparities, reduce poverty in rural areas, and thus, to keep all human resources in their homes. Setting up a new development rural policy was at the origin of the creation of the REVA plan whose ultimate goal is a massive return to agriculture. It is one element of the objectives of the Strategy of the Accelerated Growth (SCA) based on “convergence clusters” endowed with a strong potential for growth, added-value, competitiveness, export and creation of new jobs.

The plan sets a certain number of operational objectives which include:

- to create agricultural trades and sufficiently remunerative employment to settle the populations, in particular young people and women, on their soil;
- to improve productivity and develop agro-industrial production;
- to improve the value-added of the agricultural output through the cycles: production, consumption, transformation and marketing;
- to support the protection of natural resources and the environment at the level of the farms and the soils;
- to ensure water control;
- to increase the contributions of agriculture in the national GDP and to stop the deficit of the trade balance in the agro-industrial sector with a self-sufficiency of meat, dairy products, onions and potatoes in priority;

The realization of bullet 1 of the PRSP II requires the implementation of a strategy of accelerated growth (SCA) and the implementation of improved infrastructures in the fields of transport and energy. The strategy of accelerated growth is built on the promotion of very competitive growth niches. It aims to create wealth and long-term employment, and to appreciably increase Senegalese exports. The expected objectives of the S.C.A aim at turning Senegal into an emergent country by keeping a growth rate of 7.8 % over a long period and doubling the Gross domestic product in a 10-year period and the per capita GDP in 15 years' time.

For the implementation of the accelerated growth strategy, Senegal started, in 2006, a series of major projects in the field of transport infrastructures, in particular roads allowing easy access to the capital. The North Road (VDN road) will be widened and equipped with new interchanges, The Main road 1 (dubbed “the Penetrating one”), the only road which allows today the entry into the Dakar peninsula will be rebuilt, and a toll motorway will be built. The second phase of Pamu-II (Program for Urban mobility) will be discussed in 2007 and implemented in 2008. It envisages the reactivation of the railway transport of Dakar which connects the capital to its suburbs (the so-called “blue train” line) as well as the development of public transport and the building of roads connecting Dakar and Bamako (Mali) on the one hand and Senegal and Guinea Conakry on the other.

Other projects are starting, like the building of the NDIASS Airport. Others are at a very advanced stage of preparation (feasibility studies and financing have been completed); for other projects still, feasibility studies and financing are on the way (a wide-gauge railway, a new city, the Port of the Future, the Matam Phosphates mines, etc.

The objectives of the implemented policies hinge on improving the quality of growth in a context marked by the challenges of globalization and economic integration at both regional and sub-regional levels, significant reduction in poverty levels and attainment of the millennium development goals, and implementation of an institutional framework in order to improve the transparency of the operations of the state and the effectiveness of its intervention.

### **3.3.1 Inadequacies of the Framework**

Within the country, several studies have pointed out obstacles in the mobilization and use of external resources, deficiencies of the management systems of government finances and signing of public works contracts. The formulation and adoption of PRSP policies in sectoral programs, as well as the ongoing formidable task of reforming the government finances, contributed to reinforcing the process of national ownership and to lay the foundations for an alignment of the donors with national strategies, systems and procedures.

The reference framework for PRSP has been in existence in Senegal since 2001, and its enforcement and monitoring-valuation mechanisms were established in 2002. The country has produced annual progress reports in 2003 and 2004 and initiated the process of updating the poverty reduction strategy for a PRSP II, 2006-2010. Senegal has since tested the program-based approach in the form of “budgeting by objective” in two ministerial departments, Education and Health.

Nevertheless, the theme “Harmonization, Alignment and Aid Effectiveness” has not become a unifying element, and initiatives have not been conceived as part of a holistic vision as conceived in the light of Paris and Rome great Declarations; the reason why there does not exist a general nor sector action plan as recommended in the PD. Besides, the lack of information on the subject and the lack of synergy dominate the internal structures, mostly within the Ministry of Economics and Finance. The issue was raised again with acuteness during the process of the PRSP II, which enabled deeper reflection on the problem and allowed Senegal to take advantage of international experiences. As a result, an ad hoc working party on the harmonization and effectiveness of aid between donors and government was established. Action plans were drafted, with the help of the World Bank.

Certain conclusions were drawn from provisional results: insufficiencies in the mastery and coordination of Official Development Assistance (ODA) flows, weak level of coordination of abilities strengthening programs (18 %), weak recourse to the systems of management procedures of government finances (23 %) and signing of contracts (27 %), The high costs of transactions linked to the management of ODA (certain project management units of ODA, problems related to disbursement, an insignificant recourse to procedures and common financing mechanisms (59 % according to the figures of the donors) and a weak coordination of missions (22 %) and analytical works (53 %).

Senegal has taken corrective measures following diagnosis studies carried out on the obstacles to resource absorption in public investments plans (2002) and summoned a cabinet meeting on resource raising and absorption (2004). It has adopted and implemented the Management System of Public Finances and the Reform of the public Contracts Procedures related to several domains, among which include the simplification of procedures of public expenses cycle, preparation and implementation of the Medium Term Expenditure Framework and the creation of the joint Committee of Monitoring Harmonization of CFAA-CPAR between the donors to harmonize their efforts in supporting reforms efforts through procedures and common mechanisms as part of a program approach.

## 4 Aid Management and Coordination

Regarding the acceptance process of international assistance, it is the life cycle of the project to be financed which one must take into account, i.e. aspects before implementation, during and at the end of the project. In the case of Senegal, even if the identified donor has already accepted the principle of the financing of project or a program, it belongs to the Government to explicitly formulate a request for financing.

The most important stages of this process are identification of the project, formulation, ex-ante evaluation, negotiation, and approval.

The identification of the project is carried out by the concerned technical ministry, in relation to the donor. The formulation is always made by the same ministry, in conjunction with Finance. Then, the process moves to the ex-ante evaluation. What is important at this stage is not whether the project is technically feasible, but whether or not the Government implements it. If it is to be implemented, a memorandum of the President is signed along with an evaluation report.

The Government will negotiate the financing which binds the two parts. This financing agreement is referred to as being “superior to any national agreement”; i.e. if divergence appears during implementation between a national provision and a provision of the financing agreement, it is the provision included in the agreement which prevails. During implementation, the program is included in the budget of the Republic of Senegal. Then, a Technical Follow-up Committee is created in the technical ministry which will ensure the technical monitoring of the implementation of the project. At the Ministry in charge of Finances, a Supervision and Evaluation Mission is created. At the end of the project, an ex-post evaluation is carried out.

Senegal has set up a threshold criterion, called concessional rate of debt, fixed at 35%, beyond which no assistance, whatever its form, contents or amount is accepted by the authorities in charge of the management of the State policy in terms of financial affairs. This threshold integrates the whole of the conditionalities related to the assistance (rate, duration, grants elements, amount, refunding postponement, etc.). If ever the rate is exceeded, an advantage is granted by means of seeking a new partner who will increase the relative share of grants in the accorded loan.

These practices and procedures are characterized by their complexity and multiplicity. The donors are badly coordinated, each partner choosing its priorities and methods without caring about the relevance of its intervention. The disbursement methods and the procedures for signing contracts are numerous and complex, if one considers the multiplicity of the donors, because they raise a problem of competences of the national agents vis-à-vis several execution procedures within the same project or program. The coordination or harmonization of the procedures is not in effective practice.

The table below gives an evaluation of the practices and procedures of the public authorities.

Table 4.1 Evaluation of the procedures of the public authorities

	<b>Difficulties</b>	<b>Recommendations</b>
Prerequisites	The implementation of the reforms (social costs and complexity)	Take into account the social aspect of the reforms.  Take care to spread over time the implementation of certain reforms.
	Installation of Projects units (key personnel, etc)	Speed up selection procedures;
	Operator Principal Partner	Make of the recruitment of the operators Principal Partners a simple condition and not a prerequisite
Questions Relating to disbursements	Blocking of the estimated full value of the counterpart funds in an account	Management of the flow of the counterpart over time.  To take care to keep the resources of counterpart in the books of the Treasury and not in a commercial bank.
Questions Relating to signing public works contracts	Lack of plan for signing public works contracts for execution organisms	Setting up a plan for signing public works contracts before the activities start.  Diligence of the backers in their opinion on the files of market;
Coordination	- Multiplicity of the procedures of the creditors/givers	Speed up the harmonization of the donors' procedures .

Reforms are initiated together with development partners in order to create a sound and perennial co-operation framework. These reforms will enable to increase the chances of Senegal to profit from the maximum of the donors' financial support by setting up an effective and transparent system of management of aid and its impact on the country's economic and social situation. These reforms are also aimed at giving more responsibility to the financial authorities of the country thanks to the principle of budgetary universality. In other words, let all the funds mobilized by the development partners be managed according to the budgetary rules of the country commonly called budgetary support.

## 5 Progress Towards Alignment and Harmonisation

The evolution of the official development aid (ODA) received by the Senegal is characterized by strong fluctuations as well as a bearish tendency. So, over the 1990 - 2002 periods, ODA has got an annual average growth rate of 4.29 %. The fall is more conspicuous during the first half of the nineties because the annual medium growth rate amounted to -7.11 % between 1990 and 1995 against 2.23 % between 1995 and 2002. Over the 1990 - 2002 periods, the ODA/GDP ratio reached its weakest level on the eve of the devaluation of the CFA Franc in 1993 (4.22 %). It peaked in 1999 (15.32 %). In 2002, it settled at 7.86 %, which was the same level as in 1991.

ODA is the main source of development financing in Senegal. If one considers the whole ODA over the 1996 - 2003 period, one can notice that it is concentrated in the sectors supporting production, education, the productive sectors, water sanitation and health.

Education and health have similar features. The relative part of these sectors in the whole ODA was comparatively weak in the early nineties. It then dramatically increased notwithstanding of fluctuations. The relative part of education rose from 1.1 % in 1990 to 24.59 % in 1997 and 23.05 % in 2002. One can then notice that in 2002 education and health received a little more than 46 % of the official development aid granted to Senegal. The Water and sanitation sectors have experienced a similar evolution. However the fluctuations of the relative part of this sector are more marked. This sector received the biggest share of the ODA in 1996 (30.27 %). However, its part fell to 4.22 % in 2002. As regards the productive sectors, the relative part of the primary sector, namely agriculture, in the ODA is the highest. Over the 1996 - 2003 period, it rose to 90.2 % and 65.8 % respectively. Owing to the withdrawal of the State from market activities, the part of the secondary (8.0 %) and service sector (1.9 %) is comparatively low.

Loan or loan-projects (in soft conditions) are estimated at nearly 74% of the total external financing whose remainder is distributed between subsidies (grants) and loan-programs; which seems to confirm the authorities' will to give priority to the financing of the development projects. The contribution of the multilateral donors to the total financing of investment remains preponderant, with 65% on average against 35% for the bilateral partners. As to the relative shares of multilateral and the bilateral ones in the loans and subsidies, 79,91% of the subsidies come from bilateral sources and 78,54% of the loans are granted by the multilateral organizations. An increasingly significant part of the aid (grants and subsidies) is assigned to the financings of development projects, that is approximately 62,63%.

The aid mobilized by Senegal comes from the following main multilateral and bilateral partners: World Bank group (IDA), the European Union, the group of the African Development Bank, France, the United States, Japan, Germany, Canada and the Nordic Development Fund. Although the classification of the donors varies in the course of time, IDA occupies the position of first donor of Senegal, notably with the structural adjustment loans which accompany the reforms implemented since the beginning of the eighties. So, the ODA granted by the IDA represented 46 %, 42.43 % and 44.25 of the total in 1995, on 1997 and 2000 respectively.

For obvious reasons, Senegal prioritizes grants over loans. It has ranked its donors according to the experience of previous grant and loan agreements. Regarding granters, among the priority 1 donors for Senegal are France and the Netherlands because of the programme aid; the USA and Japan for their less heavy practices. With respect to lenders, priority 1 donors are Germany and Kuwait and the International Development Association (IDA).

As mentioned above, in Senegal today the DSRP II is the reference framework for the intervention of all the partners. It is at this level that there are mechanisms to direct and coordinate the intervention of the donors towards the sectors of the economy identified by the government of Senegal as priority ones. The grants are the subject of a consensus to see in which sectors they should go.

In the spirit of the commitments stated in the great international meetings (declaration of Paris), the Senegalese government and the majority of the donors acting as development partners fall under the dynamics of improving the quality and thus the effectiveness of development aid. Thus, the project of PRSP-II of March 2006 indicates clearly:

“it is expected that the implementation of the strategy is the occasion to build and maintain a new partnership with the bilateral and multilateral donors which are, in particular, challenged to coordinate their assistance in terms of mobilized volumes, procedures and follow-up evaluation.

In the name of this new partnership, donors are expected to privilege assistance budgetary, - in accordance with the recommendations of the PSA and with the Declarations of Rome (February 2003) and Paris (March 2005) on the harmonization, the alignment and the effectiveness of the development aid. They are also expected to integrate the funds intended for projects in an approach of sectoral program or within mechanisms of common basket of resources, at least for the financing of the priority activities of the strategy of reduction of poverty. In the short run, the State will generalize the experiment of medium term public expenditure frameworks (CDMT) initiated in the sectors of education, health, justice and environment. ”

The project of development of an action plan on the harmonization, the alignment and the effectiveness of aid appears clearly in the matrix of actions of the national strategy paper known under the name of PRSP-II. A coordination authority was set up within the Economy and Finance Ministry and was put under the presidency of the CSPLP, with the mandate to prepare this action plan.

One can note that, for some years now, Senegal and its partners have achieved real progress in the coordination of aid. The sector of education largely profited from this new dynamics with the project of development of a procedures textbook designed to enable the setting up of a harmonized sectoral budgetary support based on a Framework of medium-term Expenditure. The focal point of this support will be a team established in the Minister of education and centralizing all relations with the financial donors starting from a matrix of objectives and common measurements shared by all involved parties. In the same dynamics, certain active donators in the field of the reform of public finances support by mutual agreement an approved program of reforms controlled within the Ministry of Economy and Finance. The harmonization of the financing of these initiatives appreciably improved, in particular via a fiduciary fund managed by the World Bank.

Also, the partners are more and more organized through targeted sectors to better rationalize their aid by welcoming a leader acting as the government' privileged interlocutor.

Significant progress is certainly made but still remains too limited; there remain bottlenecks in the relationship between the State and the development partners. This blockage is due to both the behaviour of the financial donors and problems of internal organization and constraints from the government.

A survey carried out in 2006 by the World Bank with the majority of partners shows a series of facts. At the end of 2005 (first quarter), development partners financed a large number of projects (474), for an average amount of only 5 million dollars, and only a little of them (1 out of 4) are subjected to co-financing and only some sectors are generally privileged (education, health, rural development, governorship and decentralization, development of the private sector and financier; certain sectors like energy receive a very limited share of the resources (2% of the total).) ; this raises more coordination difficulties. In addition, owing to a lack of sufficient efforts for the harmonization of the financial donors' procedures, the activities of management of these projects (follow-up, report, meetings, etc.) are heavily supported by often very poorly equipped administrations. The project aid occupies more than 90% of the volumes of aid received by Senegal to the detriment of programs and budgetary aids which still occupy a relatively marginal place. Important steps forward are yet to be accomplished for aid to be aligned on the priorities of the PRSP.

The same survey also shows a still significant discrepancy between aid disbursements done by the donators and the volumes of aid registered by the government in the Table of the financial transactions of the State. The information available to the Ministry of Economy and Finance on the projects and programs in progress, the forecasts and achievements of disbursements, this information is incomplete and defectively updated. In many cases, the financial donors do not provide, or not in time, the necessary information. Hence a predictability problem remains. The adoption of the PRSP by most of the development partners constitutes a serious step towards the planning of the financing programming as well as the alignment on duly identified objectives. In its implementation phase, the PRSP is a piloting instrument for the medium and long-term disbursement of provisional funds as well as for the national priorities meant to partake in the noticeable decrease of poverty in Senegal, if not attain the Millennium Objectives in 2015. This programming is achieved thanks to the medium-term expenditure framework.

The adoption and implementation of approach programs and budgetary support by the financial donors encounter many constraints within the administrations. Underlying structural factors hindering a neater passage to programme approaches should be more identified, jointly with donators. The following aspects have been identified by several involved parties, and some of them are already taken into account in the PRSP-II. Technical capabilities of the ministries remain often limited, and the donors often lean on the administrations for the control of aid programmes destined to structures or independent or parallel agencies; which further weakens these capabilities.

The government does not have yet a national strategy of capacities reinforcement which would take the form of action plans in the various sectoral programs, and with which the financial donors would align and harmonize their aid. And as for budgetary decentralization, it is still long in being fully functional or effective and is still diffident.

In parallel, the review of the 2006 public expenditure highlighted the weak coordination of the development partners in Senegal. Even though unified intervention frameworks exist (as in the water sector) or are in preparation (in education), they are rare, and only one project out of four financed by the ODA is the fruit of co-financing. Progress must also be made in terms of improving the predictability of the resources put at the disposal of the Senegalese authorities in order to allow a better medium term budgetary programming.

## **5.1 Coordination of the donors' intervention**

The coordination of the official development aid is of a prime importance, given that it enables to better take advantage of the resources granted by the development partners. Today, the thematic groups constitute the main instrument of the coordination of the aid to Senegal. Thematic groups were progressively created on the initiative of the donors. They have a rather informal character and testify to a spirit of consultation more than to a true coordination of the partners' action. They favour the exchange of information and the rationalization of interventions.

Even though the creation of the thematic groups is a significant progress, it leaves unsolved the problem of harmonization of the procedures of the donors. This problem constitutes one of the decisive factors of the weakness of the capacity of the financial resources in the Senegalese administration. In effect, the multiplicity of the donors' procedures (disbursements, signing of contracts, non-disputation notice, etc) results in protracted projects' operation time which, in its turn, engenders additional costs and lessens the impact of development programs if the data of the reference situation have significantly changed. This multiplicity has thus a negative impact on planning and management capacity. The passage from project aid to budgeting aid would allow to solve this problem, since the donors' funding would be included and carried out in a unique or harmonized framework. While some donors are still reluctant to undertake this mutation, others have already adopted done it. This is the case for France, the World Bank, the European Union, Canada and The Netherlands.

In this respect, the World Bank has just initiated a test program to see how budget aid is applicable to Senegal through the Funds for the Support to the Reduction of Poverty. With the same concern for a unique and harmonized framework of intervention of partners, the United Nations' Development Programme has launched a reform in Senegal intended to rationalize its intervention framework. It is aimed at reduced the 23 existing agencies to only four major ones: FAO, UNICEF, UNDP. These will try to execute all the activities devolved upon the UNDP. In the past, these actions were disparate, poorly coordinated and inefficient and were under one single management organism created to this purpose under the name of UNDEE

The coordination of aid would be easier if each donor has a definite cooperation framework, which is not presently the case for some of them. Moreover, the functioning of the thematic groups and aid would be considerably improved if donors' objectives were better harmonised, there was operational coordination, and the implementation of a concerted communication strategy (setting up an information system on policies, modalities of intervention, valuation system, etc).

## 6 Public Financial Management Systems

### 6.1 Development of Institutional Capacity

The financing of development programmes suffers from a multiplicity of donors, approximately 60 in number, giving rise to a great many number of administrative procedures. The insufficiency of institutional and human capacities of finances and planning ministries, as well as those of the technical ministries, is felt throughout the life cycle of the plans: preparation, valuation, execution and monitoring of investments and public spending.

In Senegal both the executive and legislative branches have been given roles with respect to the public financial management system. Within the executive mandate, the main responsibilities are to make sure that laws and regulations are respected, to ensure the reliability of financial data and reports, which give an account of the public administration of resources, and to facilitate State-financed operations. Within the legislative mandate, responsibilities are given to both the National Assembly and the Court of Auditors. With the new constitution adopted on January 22nd, 2001, Senegal adopted again the bicameral system represented by the only National Assembly. The Court of Auditors was created in 1999. their duties are vast and include the jurisdictional control over the accounts of public accountants, the control of the execution of finance acts, the control of the management of public services, the control of the semi-public sector, and the mandate to punish management faults.

At lower levels of administration, the flow of resources related to competence transfer concern only non wage expenses. These resources can be mobilized by Local authorities through the Decentralization Allocation Fund FDD (for recurrent expenses), and the Fund for the Equipment of Local Authorities - FECL (for investment spending). Generally, to correct this situation and augment the absorption capacity of the country, an action plan has been proposed which has the following objectives:

- strengthening the institutional capacities of finances and planning ministries as well as those of the sectoral ministries;
- improving the transparency and effectiveness of the system of signing of public works contracts;
- strengthening the capacities of local authorities;
- defining a harmonized institutional framework for the development plan via a possible general implementation of the model of the execution agencies.

The ongoing efforts for a more efficient allocation and use of resources goes hand in hand with the promotion of an operational framework propitious to the development of transparency and financial responsibility.

### 6.2 Principal Budgetary and Financial Reforms

Improving the effectiveness of the government's financial administration is crucial, as success in this area would have the advantage of increasing the credibility of the state and would thus facilitate aid to general budgets and improve the capacity of absorbing external public financial resources. Two major reforms were implemented in 2000 in order to improve the effectiveness of the budget policy: the reform of the management systems of public finances (CFAA) and the reform of the procedures of public works contracts (CPAR). The Government of Senegal has set up a working group for the follow-up of the budgetary and financial reforms which will be carried out within the framework of the implementation of the PRSP and the CFAA/CPAR action plan. It was created by decree, and is directly attached to the cabinet of the Minister for Economy and Finances.

The main objective of the working group is to ensure the coordination and the follow-up of the implementation of the reforms to be undertaken for the modernization of the management system of public finances and to reinforce the institutional capacities of the services of the State and the Local government agencies, by promoting the effectiveness, efficiency and transparency in planning, the allowance of public resources, the management of expenditure and the control of public finances. For this purpose, the group is in charge of:

- coordinating the internal and external initiatives, related to the budgetary, countable and financial reforms;
- favouring the development of the action plans and have them validated by the Government;
- supervising and ensure the follow-up of the execution of the action plans;
- facilitating the mobilization of the resources and means necessary to the implementation of the action plans;

- reporting regularly to the Minister for Economy and Finances on the evolution of the reforms and to inform him about the prospects.

The principle of fiscal responsibility, which emanates from good governance, motivates the Minister for the Economy and Finances to state, each year, June at the latest:

- The intentions of the budgetary matter Government for the three following years and its budgetary objectives in the long run,
- The coherence between its budgetary objectives and priorities of the development strategy, as well as the principles of a responsible budgetary control;
- The reasons of any possible exemption to ask the Parliament, as for the application of the general principles of budgetary control responsible and the conditions and times for return to the respect of these principles.

Controlled implementation of the budget complies with the medium-term expenditure framework (MTEF). The MTEF is defined as a transparent process of financial planning and budgeting aiming at allocating public resources to strategic development priorities and promoting a budgetary discipline of the whole. It is a process in which the annual budgeting decisions are made in the light of predictions and long-term landmarks on the strategic priorities and expenses. Its main objectives are to ensure an overall budgeting discipline, to allocate public resources according to strategic priorities, and to promote the efficient use of public resources. The process implies the evaluation of all available resources for the Government as a whole, an estimate of the current expense of the ongoing policies in every sector and a comparison of these resources with the identified needs. It also implies that all available resources for a sector or a ministry (state budget, donors and others) be pooled so as to enable it to reach goals.

The MTEF approach puts the emphasis on identifying indicators and measuring the performances of ministries and other organisms in relation to targeted objectives. These performance indicators will allow the ministry in charge of finances, the Parliament, the Donors, etc to evaluate the sectoral ministries on the basis of the improvement of the quality of services provided instead of referring only based to the level of expenses.

An interdepartmental technical committee chaired by the managing director of Finances was set up in August, 2003 to coordinate the activities relating to the national scale setting up of the MTEF. This committee comprises the main services of the Finance Ministry involved in the administration of public finances and the heads of the general administration departments of the ministries of Education, Health, Environment and Justice. It adopted an action plan in October, 2003 for the setting up of the 2005-2007 MTEF. The ultimate objective is to have a medium term framework of decision and resource allocation for the whole public sector supplemented by a similar mechanism of resource allocation within the sectors according to the pieces of information produced by the sectoral ministries. The process will be tested, starting from the 2005 Finance Act, at the level of the Finance Ministry (for the whole CDMT) as well as in ministries in charge of the following sectors: Education, Health, Environment, and Justice (for the sectoral CDMT). The test will be progressively extended to other ministries according to priorities and existing capacities.

### **6.2.1 Strengthening the Information System of Government Finances**

The Senegalese government has set up a flexible and participative institutional framework for monitoring the implementation of PRSP through the Monitoring Team of the Program of Fight against Destitution. The Team is finalizing the setting up of a system of monitoring-valuation aimed at taking up a triple challenge:

- create credible links between PRSP, policies and sectoral programs and other supplementary national initiatives;
- retrace and follow the contributions of the different actors intervening in the financing of the PRSP (national budget, donors, local authorities, NGOs, OCB, populations, etc);
- guarantee the real and regular participation of the private sector, of the civil society and decentralized authorities so as to reinforce the national taking over of the PRSP.

There will be a system of information based on new information and communications technologies (NTIC) taking into account, on the one hand, economic and financial data and possibilities of mobilization of internal and external resources, on the other hand, information on the preparation and execution of public expenditure. Generally speaking, this will consist in setting up an information system allowing a physical and financial monitoring of investment spending as well as a control and a valuation of the degree of exhaustiveness and integrity of the available information on the administration of public finances.

In a specific manner, one will need an integrated system enabling the following:

- belonging to the Treasury to keep record of, and pay, all the public expenditure;
- thorough physical and financial monitoring of all public running costs and investment expenditure, whatever the funding source;
- regular and real-time monitoring of the volume and structure of the country's debt as well as the debt service;
- control and valuation of the degree of exhaustiveness and integrity of the information made available on the administration of public finances.

## 7 Conclusion

The main objective of the action plan whose development is envisaged in the project of PRSP-II must be to smooth out these difficulties. In the logic of mutual responsibility promoted by the Paris Declaration, the problem is not to list a battery of preconditions to be fulfilled by either parties (Government or donors), but to engage a process of mutual progress in which partners and the State build together strategic schemes for a more effective aid through relevant action plans.

This reference framework will provide a national dialogue framework between concerned states services, the donors and other national actors to improve the control, coordination and efficiency of public development aid under its diverse forms in order to reinforce the appropriation of the national development process and, through the implementation of the PRSP, to speed up growth and the achievement of the MDG in Senegal in 2015.

By and large, Senegal enjoys a positive image on the international scene owing to its political stability and its democratic advances. It has obtained much success in the field of the mobilization of aid. The institutions implied in the mobilization of the assistance always do not have a control of financial flows, in particular those received by the non governmental organizations and the decentralized Administration. Institutions involved in mobilizing aid do not always master the financial flow, notably those which are perceived by the non-governmental organizations (NGOs), the decentralized administration.

Several restrictions hinder an efficient mobilization of aid. Among them, one can mention the following:

- the weakness of technical ministries in formulating (preparing and assessing) public investments projects. One consequence of this is the weak absorption rate of resources which the donors put at their disposal;
- complexity and absence of harmonization of the procedures of the donors which hinder the smooth working of projects and constitute one of the main factors of the weakness of the absorptency of the external financings;
- Insufficient information on the different existing aid mechanisms, the profile guide of the donors is not regularly updated to take into account occurring changes and take advantage of new opportunities;
- absence of institutional frameworks enabling to exploit the technical opportunities of collaboration between southern countries.

However, significant progress in monitoring and coordinating aid has been accomplished during the recent period. The mechanism set up notably rests on the regular organization of quarterly or annual meetings with the main donors. These occasional consultations which gather the minister of economy and Finance, the Technical Ministers, the implementation agencies and the donors result in the definition of action plans likely to ameliorate the functioning of developments projects and programs.

One can thus notice a positive evolution of the absorption rate of resources granted by development partners. Particularly for the World Bank financing whole absorption rate rises from 9 % in 2001 to 12.7 % in 2003. As regards resources from the European Union, the absorption rate has risen from 7 % in 2001 to 40.8 % in 2003.

Senegal enjoys a positive image on the international scene owing to political stability and democratic progress has a lot of successes in mobilizing aid. One can note a diversity of public structures intervening in mobilizing aid, the minister of economy and finances, the minister of foreign affairs, the minister of planning, the prime minister, the minister of decentralized cooperation.

Institutions involved in mobilizing aid do not always master the financial flow, notably those which are perceived by the non-governmental organizations (NGOs), the decentralized administration.

There are several constraints which hinder the efficient mobilization of aid.

- The weakness of technical ministries in formulating (preparing and assessing) public investments projects. One consequence of this is the low absorption capacity of resources.
- The complexity and absence of harmonization of the procedures of the donors which hinder the smooth working of projects.
- Insufficient information on the different existing aid mechanisms, the profile guide of the donors is not regularly updated to take into account occurring changes and take advantage of new opportunities;

- absence of institutional frameworks enabling to exploit the technical opportunities of collaboration between southern countries.

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Inquiries into expenditure cycles have revealed that the successive increase of the allocations of resources to the benefit of the priority social sectors like Education and Health do not seem to have resulted in an improvement of the school and health indicators. They allowed assessing the deadlines for the treatment of expenses at every level in order to identify possible delays and their reasons (ill adapted texts, insufficient or not skilled human resources, etc). They led to the conclusion that there is ineffectiveness in the management of public resources in the two sectors.

Several reasons have been identified; (i) inefficient transfers of fund through the different levels of the administrative system, from the central level to basic infrastructure (school, health centre, etc.) (ii) important waste of mobilized budgets; (iii) intra sectoral benefits not corresponding to the objectives declared by sectors; (iv) very high unitary costs out of keeping with the quality of provided services; (v) important delays in the transportation of resources; (vi) of the misappropriations of resources for other uses and; finally; the incapacity of the system, particularly the final recipients, to transform these resources into tangible results.

In the short term, it is important to better study the nature of bottlenecks, their size and localization, and bring appropriate remedies in the perspective of the attainment of the objectives of the ten-year plans for education and Health. This mainly means identifying the constraints attributable to the delays and isolating them from those originating from misappropriated and wasted resources. In the medium term, it will be a question of setting up a general institutional mechanism which will allow rendering the transfer of resources more efficient and transparent. Basic operational services will then receive and in time all the resources destined to them in order to ensure that the sectoral goals be reached.

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## Appendix 1 List Of Interviewees

The whole of this work was carried out in close cooperation with the Departments of the Ministry of Economy and Finances, in particular the Follow-up committee of the Fight against Poverty Plan (CSPLP), the Budget Department, the Work group of the Ministry of Economy and Finances for the harmonization and the effectiveness of the aid in Senegal, as well as with certain people in charge of technical departments relating to public development aid, namely the DDI, the DCEF, the DP, the DPS.

The mission met the following people:

M. Ibrahima SARR, Directeur de Cabinet du Ministre du Budget

M. NDONG Alioune, Ministère de l'Economie et des Finances

Mr MBaye Guéye, Ministère de l'Economie et des Finances

M MBOUP, Direction de la Dette et des Investissements (DDI), Ministère de l'Economie et des Finances

M. Papa Waly GUEYE, Ministère de l'Environnement et de la Protection de la Nature

Mr DIA, Ministère de l'Economie et des Finances

M. Magatte MBENGUE, Ministère de l'Economie et des Finances /Direction du Budget

M. Aliou FAYE, Centre d'Etudes des Politiques pour le Développement (CEPOD)

Mamour Ousmane, Direction de la Coopération Economique et Financière (DCEF)

Mr Ciré LY conseiller économique / Ministère de l'Economie et des Finances

