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Report No: PAD993

PROJECT PAPER
ON A
PROPOSED ADDITIONAL CREDIT AND RESTRUCTURING
IN THE AMOUNT OF SDR 19.5 MILLION
(US\$ 30 MILLION EQUIVALENT)
TO THE
REPUBLIC OF SENEGAL
FOR A
PUBLIC FINANCIAL MANAGEMENT STRENGTHENING
TECHNICAL ASSISTANCE PROJECT

July 8, 2014

**Financial Management Unit
Country Department AFCE1
Africa Region**

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CURRENCY EQUIVALENTS

(Exchange Rate Effective June 12, 2014)

Currency Unit	=	FCFA
FCFA 485	=	US\$ 1
EUR 0.739	=	US\$ 1
SDR 0.649	=	US\$ 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ADIE	National Agency in charge of Information Technology
AFRITAC	IMF West Africa Regional Technical Assistance Center
ARMP	Public Procurement Regulatory Authority
ASTER	Accounting Information System
BCEAO	Central Bank of West African States
BOM	Office of Organization and Methods
CCHS	Joint Committee of Harmonization and Monitoring
CCP	Steering Committee of the PFM Secretary
CF	Financial Control
CFAA	Country Financial Accountability Assessment
CNDP	National Committee of Debt Management
COA	Chart of Account
COSSIFE	Committee of the Financial Information System of the State
CPAR	Country Procurement Assessment review
CPSPR	Country Partnership Strategy Progress Report
DA	Designated Account
DAIDA	Debt database
DI	Directorate of Investment
DeMPA	Debt Management Performance Assessment
DGCPT	General Directorate of the Treasury and Public Accounting
DGD	General Directorate of Custom
DGF	General Directorate of Finance
DGI	General Directorate of Taxation
DPEE	Directorate of Planning and Economic Studies
DPI	Debt Performance Indicators
DSP	Directorate of Para-public
EA	Environmental Assessment
ES	Executive Secretariat
EU	European Union
FDI	Foreign Direct Investment
FC	Focal Points
GAINDE	Customs Financial Information System
GDP	Gross Development Product
GPN	General Procurement Notice
ICB	International Competition Bidding
ICT	Information and Communication Technologies

IFAC	International Federation of Accountants
IFMIS	Integrated Financial Management and Information System
IGE	Inspector General of State
IGF	Inspector General of Finance
IMF	International Monetary Fund
MDA	Ministries, Departments and Agencies
MDTF	Multi Donor Trust Fund
MEF	Ministry of Economy and Finance
MTEF	Medium Term Expenditure Framework
NCB	National Competition Bidding
NPV	Net Present Value
ORAF	Operational Risk Assessment Framework
PCRBF	Public Financial Management Reform Secretary
PDO	Project Development Objectives
PEFA	Public Expenditures and Financial Accountability
PER	Public Expenditure Review
PFM	Public Financial Management
PRSP	Poverty Reduction Strategy Paper
PS	Procurement Specialist
RGCP	General Regulations Governing Public Accounting
SAI	Supreme Audit Institution
SBD	Standard Bidding Documents
SIGFIP	Budget Management Information System
SIGTAS	Standard Integrated Government Tax Administration System
SONATEL	National Telecommunications Company of Senegal
SYSCOHADA	Accounting System of Francophone Countries
TAL	Technical Assistance Loan
TC	Technical Committee
URSP	Service Delivery Unit of priority sectors
WAEMU	West Africa Economic Monetary Union
XOF	West African CFA Franc

Vice President	Makhtar Diop
Country Director	Vera Songwe
Sector Director	Edward Olowo-Okere
Sector Manager	Renaud Seligmann
Task Team Leader	Maimouna Mbow Fam

SENEGAL
PUBLIC FINANCIAL MANAGEMENT STRENGTHENING
TECHNICAL ASSISTANCE PROJECT

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ADDITIONAL FINANCING DATA SHEET

Senegal

Public Financial Management Strengthening Technical Assistance Project (P146859)

AFRICA

AFTMW

Basic Information – Parent									
Parent Project ID:		P122476			Original EA Category: C - Not Required				
Current Closing Date:		30-Jun-2015							
Basic Information – Additional Financing (AF)									
Project ID:		P146859			Additional Financing Type (from AUS): Scale Up				
Regional Vice President:		Makhtar Diop			Proposed EA Category: C - Not Required				
Country Director:		Vera Songwe			Expected Effectiveness Date: 01-Sep-2014				
Sector Director:		Edward Olowo-Okere			Expected Closing Date: 30-Jun-2019				
Sector Manager:		Renaud Seligmann			Report No: PAD993				
Team Leader:		Maimouna Mbow Fam							
Borrower									
Organization Name		Contact		Title	Telephone		Email		
Republic of Senegal		Cheikh Tidiane Diop		PFM Reform Secretary	+221 33 8214587				
Project Financing Data – Parent (Public Financial Management Strengthening Technical Assistance Project - P122476)									
Key Dates									
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date		
P122476	IDA-49150	Effective	26-Apr-2011	28-Jun-2011	22-Sep-2011	30-Jun-2015	30-Jun-2015		
Disbursements									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Canceled	Disbursed	Undisbursed	% Disbursed
P122476	IDA-49150	Effective	XDR	9.60	9.60	0.00	4.13	5.47	43.01
Project Financing Data – Additional Financing SN: Public Fin. Management Strengthening									

(P146859)			
[]	Loan	[]	Grant
[X]	Credit	[]	Guarantee
		[]	IDA Grant
		[]	Other
Total Project Cost:		30.00	Total Bank Financing: 30.00
Financing Gap:		0.00	
Financing Source – Additional Financing (AF)			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			30.00
Financing Gap			0.00
Total			30.00
Policy Waivers			
Does the project depart from the CAS in content or in other significant respects?			No
Explanation			
Does the project require any policy waiver(s)?			No
Explanation			
Team Composition			
Bank Staff			
Name	Title	Specialization	Unit
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Vera Songwe	Country Director	Country Director	AFCF1
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Maya Abi Karam	Senior Counsel	Senior Counsel	LEGAM
Maimouna Mbow Fam	Sr Financial Management Specialist	Team Lead	AFTMW
Renaud Seligmann	Manager	Manager	AFTMW

Kjetil Hansen	Senior Public Sector Specialist	Senior Public Sector Specialist	AFTP4		
Winston Percy Onipede Cole	Sr Financial Management Specialist	Sr Financial Management Specialist	AFTME		
Aleksandar Kocovski	E T Consultant	Operations Officer	AFTMW		
Eric Brintet	Lead Financial Management Specialist	Lead Financial Management Specialist	AFTMW		
Fatou Fall Samba	Financial Management Analyst	Financial Management Analyst	AFTMW		
Ndeye Absa Cisse	Team Assistant	Team Assistant	AFCE1		
Non Bank Staff					
Name	Title	Office Phone	City		
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Senegal	Region de Dakar	Region de Dakar	X	X	
Institutional Data					
Parent (Public Financial Management Strengthening Technical Assistance Project-P122476)					
Sector Board					
Financial Management					
Sectors / Climate Change					
Sector (Maximum 5 and total % must equal 100)					
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %	
Public Administration, Law, and Justice	Central Government administration	100			
Total		100			
Themes					
Theme (Maximum 5 and total % must equal 100)					
Major theme	Theme	%			
Public sector governance	Public expenditure, financial management and procurement	95			
Economic management	Debt management and fiscal sustainability	5			

Total				100
Additional Financing SN: Public Fin. Management Strengthening (P146859)				
Sector Board				
Financial Management				
Sectors / Climate Change				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Public Administration, Law, and Justice	Central Government administration	100		
Total		100		
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.				
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Public sector governance	Public expenditure, financial management and procurement	100		
Total		100		

I. Introduction

1. This project paper seeks the approval of the Executive Directors to provide an additional IDA credit in an amount of SDR 19.5 million (US\$30 million equivalent) to the Republic of Senegal for the Public Financial Management Strengthening Technical Assistance Project (PFM TA), P146859.

2. The proposed changes introduced under the additional financing will involve scaling up as well as changes in the scope of the project and restructuring of the original project. The development objective has been revised to cater for the specific objectives resulting from the introduction of a Public Sector Performance-based management and results monitoring system, and to support the acquisition of a fully integrated budget and financial management IT platform. Progress towards achievement of the PDO under the ongoing project, as well as the overall Implementation Progress (IP), has been rated satisfactory for the duration of the project (three years).

3. The proposed additional credit will finance: (i) the implementation of the Integrated Financial Management Information System (IFMIS), including the strengthening of IFMIS skills transfer and other change management activities to support the sustainability of the IFMIS and enhance local IFMIS management capacity; (ii) the strengthening of public procurement system, focusing on performance and service delivery; and (iii) the implementation of a Public Sector Performance-Based Management System and results monitoring of the Plan Senegal Emergent (PSE). These additional activities are expected to increase the project's overall impact and development outcomes and further support the Government of Senegal in improving expenditure management systems and practices, as well as the accountability for, and transparency in, the use of public resources. All activities under the proposed additional financing are aligned with the Country Partnership Strategy (FY13-17), discussed by the Executive Directors on February 19, 2013.

4. The proposed additional credit will also allow the implementation of modified activities in the original project, as part of a project restructuring, which could not be fully covered under the original project envelope. The additional financing (AF) is expected to extend the closing date of the original project from June 30, 2015 to June 30, 2019. The age of the project by completion will be eight years.

5. **The additional financing will build on the positive results of the project to date.** Even though the 2012 presidential elections resulted in leadership changes that slowed down the implementation of the project after effectiveness, a close monitoring of key activities and a more proactive implementation team allowed the project to close the gap. To date, the disbursement rate of the project stands at 43.0 percent, a significant improvement from 11.9 percent as of May 2013.

Original Project Background

6. The Public Financial Management Strengthening Technical Assistance Project in the amount of SDR 9.6 million, US\$15 million equivalent, was approved by the Board of Executive

Directors on April 26, 2011 and became effective on September 22, 2011. The project development objective (PDO) of the PFM TA project is “to enhance the credibility, transparency, and accountability in the management and use of central Government finances”. Project activities fall into three broad component areas:

i. Strengthening Fiscal Policies and Planning (US\$ 3.5 million equivalent) – This component aims to improve expenditures policy allocations, including reduction of potential deficit financing. It supports the on-going Government efforts to align the legal and institutional framework with the new West African Economic & Monetary Union (WAEMU) Directives. It includes two sub-components: (i) improvement of the legal framework and extension of the Medium Term Expenditures Framework and Multi-year programming documents, selection and evaluation processes of public investments projects; and (ii) development and implementation of a debt management strategy.

ii. Improving Budget Execution and Reporting Processes (US\$ 8.0 million equivalent) – This component supports the on-going efforts of the Government of Senegal to modernize the budget execution processes by rendering them more efficient and transparent. It includes three sub-components: (i) strengthening budget execution processes; (ii) enhancing budget management information systems by developing the functional requirements and specification of the accounting and budget modules (ASTER – Accounting Information System and SIGFIP – Budget Management Information System); and (iii) enhancing the performance of the internal oversight systems, through an operational internal audit function.

iii. Strengthening the capacity of external audit and legislative oversight (US\$ 2.5 million equivalent) – This component aims to enhance the external oversight in the management of public finances. It is being implemented under two inter-related sub-components: (i) strengthening external audit processes by accelerating the modernization and capacity building of the Supreme Audit Institution; and (ii) strengthening Legislative Oversight and reinforcing public access to information.

iv. Project Management Support (US\$ 1.0 million equivalent) – This component provides support for effective project coordination, administration, financial management, procurement, monitoring, and evaluation.

7. The original project was a continuation of the Multi Donor Trust Fund (MDTF) operation that had assisted the Government in reforming budgetary practices and the management of public finances between 2004 and 2009. It therefore builds on the areas that included outstanding issues to be resolved. Since many of the activities to be implemented under the project cut across several entities, a process of change management is specifically supported under the project, particularly for the activities requiring strong buy-in, e.g. assessment and selection process of large public investment projects, decentralization of commitment controls to line ministries, strengthening internal audit processes, and legislative oversight, among others.

Implementation Status

8. Progress towards achievement of PDO under the original project, as well as the overall Implementation Progress (IP), has been regularly rated satisfactory, and the project is on track to reach its development objectives as detailed below.

9. Under Component 1, “Strengthening Fiscal Policies and Planning”, a framework methodology for the assessment of economic viability of public investment projects has been developed and the implementation of the new methodology started with the training of 25 trainers and the ongoing assessment of 10 major projects registered in the Plan Senegal Emergent. The debt management information system has been improved. A debt management strategy has been adopted and attached to the 2013 budget documents. The Public Expenditures and Financial Accountability (PEFA) score for PI-3 (Debt Management Strategy) has improved from D+ (baseline) to B+ (actual 2013), which is the end target for the indicator. This has contributed to the PDO by establishing the base for strengthening fiscal policy management as well as improving fiscal operations reporting and budget credibility.

10. The main achievements of Component 2, “Improving Budget Execution and Reporting Processes”, are: (i) the completion of a technical assistance study of the specific requirements for systems enhancement and interfacing of the six core PFM information systems, including the upgrading needs of ASTER and SIGFIP. This also includes the specifications for interfacing the payroll module with the proposed pensions module; (ii) the adoption of a comprehensive restructuring plan for agencies in September 2013. The priorities of the 2014-2017 time period will, therefore, focus on implementing an effective performance monitoring framework in key agencies, in particular those in charge of executing public investment projects; and (iii) the development of an internal audit framework and strategy for internal audit institutions, the introduction of the risk based approach and risk mapping of key entities within the Ministry of Economy and Finances and line ministries. The PEFA Indicator PI-21 (Effectiveness of Internal Audit) has improved from D to C (actual for 2013), compared to the PDO end target of C+. Implementation of the component has contributed to establishing the enabling environment for a strengthened internal management for key departments of the Ministry of Economy and Finance (MEF) and line ministries, as well as developing the technical and functional requirements and specifications to begin the process of improving budget execution, reporting and control consistent with the WAEMU Directives.

11. The modernization and capacity building of the Supreme Audit Institution (SAI) is the main objective of Component 3, “Strengthening the Capacity of External Audit and Legislative Oversight”. The SAI is completing the auditing and certification of the backlog of audits and developing auditor capacity in conducting performance and special audits. The PEFA indicator PI-26 (Scope, Nature and Follow up of External Audit) has improved from D+ (baseline) to C (actual 2013 end target). The project intends to improve the timeline for the completion of the annual external audits of Government Budget Review Act after fiscal year end, and reduce the accumulated arrears from 36 months to 12 months. The SAI has cleared the backlog of audit reports. The ratings and sub-ratings for the past two Implementation and Status Reports (ISRs) for the project have been consistently reported as satisfactory. Progress towards achievement of the PDO, as well as the overall Implementation Progress (IP), has been regularly rated satisfactory.

12. The project is in compliance with all dated legal covenants. There are no overdue or qualified audit reports. The procurement plan and use of project funds were reviewed in detail in December 2013 and May 2014 to clarify the current status of all contracts and unused funds.

Financial Management and Procurement have been rated Satisfactory, and no safeguard policies have been triggered (the environmental category is rated “C”).

13. The AF would use the current structure and institutional arrangements of the original PFM TA project. Likewise, financial management and procurement arrangements will remain as they are under the parent project and disbursement estimates would be revised to account for the additional funding.

II. Rationale for Additional Financing in the Amount of US\$ 30.0 Million Equivalent

14. On the basis of studies financed by the original project, the authorities have determined that their key functional problems could not be adequately addressed by simply interfacing the inconsistent budget and financial management systems, especially since the latter application has become obsolete. The Government of Senegal has, therefore, expressed a strong interest in acquiring an IFMIS which will serve as the most appropriate tool in facilitating reliable, accurate and comprehensive management of the Government budget. The additional financing will finance the acquisition of a fully integrated budget and financial management IT platform. This platform will be interfaced with six separate systems (customs, taxes, debt, payroll/pensions, banks, Vendor Registry) - most of which (except for pensions and banks) have been assessed to be currently functional, albeit inefficiently. The payroll and pensions systems will be integrated in a uniform platform, and the pensions' module will facilitate calculation of pensions and timely payment of superannuation benefits to pensioners upon their retirement. A fully integrated platform that interfaces with other core systems will provide the authorities with the tools they need to consolidate fiscal information and strengthen internal controls. This will help provide a basis for greater focus on the efficiency and effectiveness of public spending.

15. One key problem faced by Senegal is that fiscal information is fragmented and derived from Information Technology (IT) systems that do not communicate with each other. Therefore, fiscal information, including on the Government's aggregate fiscal position lacks comprehensiveness, as well as reliability. This affects the ability of the authorities to base key policy decisions on sound data. It also makes it more challenging for them to focus on the efficiency and effectiveness of public spending. In addition, the existence of separate disconnected systems hinders transparency and undermines internal controls. Weak internal controls increase the risks associated with the devolution of budget authority to line ministries, which would be a critical step to increase the performance and effectiveness of public services.

16. The original project aimed, inter alia, to establish interfaces between the separate budgeting and accounting / financial management information systems, as well as with five other core IT systems (tax, customs, debt, payroll, and pensions). The status of the Government's financial information systems had been properly assessed during the preparation of the initial project and key weaknesses such as fragmentation, and limited implementation and use of potential functionalities were identified. But the available IDA envelope was not sufficient to implement an IFMIS. In addition, the political economy within the MEF was not conducive to the success of comprehensive IFMIS implementation. As a result, the interfacing of existing databases was selected as an acceptable second best solution. The intent was also that the project would prepare the ground for a more comprehensive approach. Thanks to the intensive change

management activities undertaken during the life of the project, as well as with the arrival of a new Ministerial team, key conditions are now met for a successful IFMIS implementation.

17. The original project has already supported significant steps toward the modernization of budgetary processes (elaboration of a three-year medium term expenditures framework in key line ministries, update of the budget preparation process, computerization of the exchanges on draft annual expenditure budgets between the Ministry of Finance and line ministries) and an independent assessment of autonomous agencies which execute about 75 percent of the capital budget. The framework of the autonomous agencies' governance is yet to be modernized to enable the central Government to: (i) better monitor and evaluate the overall performance of the agencies, and (ii) reinforce its administrative and financial oversight, including the management of the fiscal risks posed by those agencies. The additional financing will expand activities for a greater performance focus to improve the effectiveness and efficiency of public spending and extend the scope of the performance-based monitoring framework to the autonomous agencies and State Owned Enterprises (SOEs), so as to build a consolidated and transparent oversight of their activities and achievements.

18. The AF is economically justifiable given the potential benefits that could result from the implementation of the IFMIS network and with the scaling up and expansion of the scope of the project to include a new component for greater development impact. The AF will deepen the support to the Government of Senegal to improve expenditure management systems and practices, as well as the accountability for, and transparency in, the use of public resources (see Annex 7).

Alternatives to Additional Financing Considered and Reasons for Rejection

19. All available options for financing the implementation of the additional activities were explored. An AF is considered to be the best alternative to supporting the drive towards achieving the PDO. In particular, the advantage of the AF is that it can build directly on the existing activities and implementation structure that have already commenced to generate satisfactory results. Compared to a new operation, the AF can be prepared more rapidly, thus maintaining the positive momentum of the results achieved to date. The AF will be complementary to the interventions of other development partners, particularly those of the IMF, European Union, the UNDP, the French Cooperation, and USAID.

Consistency with the Country Partnership Strategy and Strategic Relevance

20. The proposed activities and development objective are consistent with the new Country Partnership Strategy (CPS) for Senegal in which the AF is included (report number 73478 – SN, discussed by the Executive Directors on February 19, 2013). In particular, the AF: (a) supports strengthening the foundation of the national governance framework, building and enhancing resource management capacity through improvements in the predictability, credibility, accountability and transparency in the use of public funds; and (b) is also aligned to Pillar 2, improving service delivery, by strengthening the institutional framework for economic management and public service delivery. More specifically, the activities supported through the AF are intended to achieve efficient, transparent, and accountable fiscal and budget management,

contributing to economic growth and poverty reduction, as well as better program implementation and service delivery.

21. **Institutional and Implementation Arrangements:** Implementation arrangements of the original PFM TA Project will be maintained under the AF. The PFM Reform Secretariat (PCRBF) within the MEF is in charge of the day to day implementation of the activities. The Technical Committees (TCs) cover the six core dimensions of the PEFA: (i) credibility of the budget; (ii) comprehensiveness and transparency; (iii) policy-based budgeting; (iv) predictability and control in budget execution; (v) accounting, recording and reporting; and (vi) external scrutiny and audit. They comprise focal points (FPs) of the implementing entities and are in charge of operational monitoring of the implementation of the reforms and execution of the project's activities. The TCs meet monthly and are chaired by the head of the Executive Secretariat (ES) of the PCRBF. The National Steering Committee (CCP) oversees the implementation of the project and PFM reforms in general. The CCP is chaired by the Minister of Finance or his designate, and comprises all national institution members of the Joint Committee of Harmonization and Monitoring (CCHS), plus the private sector and representatives of the key line ministries. The head of the Executive Secretariat of the PCRBF acts as the secretary of the CCP. The CCP meets quarterly to: (i) discuss the strategic direction and orientation of PFM reforms, including progress in meeting project PDOs, (ii) review the implementation status of the PFM reform action plan; (iii) provide guidance and address policy related issues; and (iv) approve the budget and the annual work plans, etc.

22. **Sustainability:** The overall success of the project depends upon a continuing stable and predictable macro-economic environment to achieve sustainable economic growth and the Government's political commitment to modernize the PFM system, while remaining aligned with the WAEMU Directives. The sustainability of the IFMIS component's impact is also a critical risk which depends on: (i) MEF's ability to ensure a smooth handover of the IFMIS system at the end of the project from the contractors (implementation partner) to its own staff; (correspondingly, the AF stresses the importance of strengthening the technical capacity of the MEF team during the transition period); and (ii) continued efforts by the Government to maintain project initiatives after completion of the project (correspondingly, the AF finances additional activities in order to sustain the project's accomplishments and impacts). The MEF is currently finalizing the process of adopting a change management strategy and a training plan to serve as a methodical plan for the transfer of knowledge and skills from the IFMIS consultants (for example) to their staff and address any resistance to process and practice changes.

23. **Critical Risks and Unforeseen Events:** Risks such as (i) politics and policy disruptions; (ii) significant personnel and organizational structure changes; (iii) uneven progress in governance reforms; and (iv) fraud and corruption, would be relevant in the implementation of this project. Mitigation measures are built into the project design, and will be implemented and properly monitored. Some specific risks with corresponding mitigation measures are highlighted in Annex 2: Operational Risk Assessment Framework (ORAF).

III. Proposed Changes

Summary of Proposed Changes	
The proposed changes introduced under the additional financing will involve scaling up as well as changes in the scope of the project, and impact the following: (i) component 2: Improving Budget Execution and Reporting Processes; (ii) component 4: Project Management - to cater for additional implementation management and coordination costs over the extended life of the project; and (iii) inclusion of a new component 5: Supporting the Implementation of a Public Sector Performance Based Management and Results Monitoring System. The objective of this newly introduced component is to support the Government of Senegal in monitoring the overall achievements against (i) the targets set by the Plan Senegal Emergent and (ii) the reforms initiated in order to implement a Public Sector Performance-Based Management System, that will be applicable to both the Central Government level (Ministry of Finance and key line ministries: Energy, Agriculture, Infrastructures, Basic Education and Health), and the Agencies and State Owned Enterprises (SOEs) of these sectors.	
Change in Implementing Agency	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Project's Development Objectives	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Results Framework	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Safeguard Policies Triggered	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change of EA category	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Other Changes to Safeguards	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Legal Covenants	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Loan Closing Date(s)	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Cancellations Proposed	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Disbursement Arrangements	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Reallocation between Disbursement Categories	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Disbursement Estimates	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change to Components and Cost	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Institutional Arrangements	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Financial Management	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Procurement	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Implementation Schedule	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Other Change(s)	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Development Objective/Results	
Project's Development Objectives	
Original PDO	

The PDO is to enhance the credibility, transparency, and accountability in the management and use of central Government finances. The project aims to support the modernization of the Public Financial Management system in Senegal. It includes four components: (1) Strengthening Fiscal Policies and Planning; (2) Improving Budget Execution Processes; (3) Strengthening the capacity of external audit and legislative oversight; and (4) Project Management.

Change in Project's Development Objectives

Explanation:

The PDO has been revised to cater for the specific objectives resulting from the introduction of a new component 5 and to support the acquisition of a fully integrated budget and financial management IT platform, which will serve as the most appropriate tool in facilitating reliable, accurate and comprehensive management of the Government budget.

Proposed New PDO - Additional Financing (AF)

To enhance budget credibility, transparency and accountability mechanisms in the use and management of central Government financial resources.

The project aims to support the modernization of the Public Financial Management system and the implementation of a Public Sector performance based system in Senegal. It includes five components: (1) Strengthening Fiscal Policies and Planning; (2) Improving Budget Execution and Reporting Processes; (3) Strengthening the Capacity of External Audit and Legislative Oversight; (4) Project Management; and (5) Supporting the Implementation of a Public Sector Performance-Based Management and Results Monitoring System.

Change in Results Framework

Explanation:

The changes in the Results Framework include revision of some indicators wording, targets and additional new intermediate indicators. Target values of PDO indicators were changed because of the additional Component 5.

Compliance

Covenants - Additional Financing (Public Financial Management Strengthening Technical Assistance Project - P146859)

Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
IDA	Schedule 2, Section II, B 1	The Borrower shall establish and maintain, at all times, a financial management system including records and accounts, and shall prepare related financial		<input checked="" type="checkbox"/>	CONTINUOUS	New

		statements in accordance with accounting standards acceptable to the Bank.							
Conditions									
Source Of Fund		Name		Type					
IDA				Approval					
Description of Condition									
Finance									
Loan Closing Date - Additional Financing (Public Financial Management Strengthening Technical Assistance Project - P146859)									
Source of Funds			Proposed Additional Financing Loan Closing Date						
International Development Association (IDA)			30-Jun-2019						
Loan Closing Date(s) - Parent (Public Financial Management Strengthening Technical Assistance Project - P122476)									
Explanation:									
The loan closing date will be extended to June 30, 2019, which is the closing date for the additional financing.									
Ln/Cr/TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)				
IDA-49150	Effective	30-Jun-2015	30-Jun-2015	30-Jun-2019					
Change in Disbursement Estimates (including all sources of Financing)									
Explanation:									
The Additional Financing has added US\$ 30 million equivalent as a scale-up and the revised disbursement estimates reflect the additional amount spread over the 5 year life of the project.									
Expected Disbursements (in USD Million) (including all Sources of Financing)									
Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
Annual	9.00	9.00	5.00	5.00	2.00	0.00	0.00	0.00	0.00
Cumulative	9.00	18.00	23.00	28.00	30.00	0.00	0.00	0.00	0.00
Allocations - Additional Financing (Public Financial Management Strengthening Technical Assistance Project - P146859)									
Source of	Currency	Category	of	Allocation			Disbursement %(Type		

Fund		Expenditure			Total)	
			Proposed		Proposed	
IDA	XDR	Strengthening budget execution processes	1,300,000.00		100.00	
IDA	XDR	Enhancing budget management information systems	14,300,000.00		100.00	
		Project Management	650,000.00		100.00	
		Implementation of PSPBM System	1,625,000.00		100.00	
		Strengthening the implementation of an RMF	1,625,000.00		100.00	
		Total:	19,500,000.00			
			Current	Proposed	Current	Proposed
IDA-49150	XDR	GDS, NON-CS, CS, OP Parts A,B,C,D	9,600,000.00	0.00	100.00	0.00
IDA-49150		Designated Account	0.00	0.00	0.00	0.00
		Total:	9,600,000.00	0.00		
Components						
Change to Components and Cost						
<p>Explanation:</p> <p>The proposed changes introduced under the additional financing will involve and impact the following: (i) Component 2: Improving Budget Execution and Reporting Processes; (ii) additional allocation to component 4 “Project management” to cater for additional implementation management and coordination costs over the extended life of the project; and (iii) inclusion of a new component “Supporting the Implementation of a Public Sector Performance-Based Management and Results Monitoring System”.</p> <p>The description of the changes introduced, in terms of new components and/or activities under the additional financing are provided below.</p> <p>Component 2- Improving Budget Execution and Reporting Processes</p> <p>The additional activities under this component are aligned with those defined in the existing sub-components. The AF will not change the objective of the component.</p> <p>Sub-component 2.1: Strengthening budget execution and procurement processes: With the introduction of</p>						

an additional activity under this sub-component to support the improvement of public procurement systems, the sub-component's objectives will be amplified from that of: "Supporting the Treasury Department in the implementation of the WAEMU Directives by developing and disseminating an operation manual as well as conducting capacity-building activities for accountants, and supporting the decentralization of commitment authority to line ministries" to "Supporting (a) the Treasury Department in the implementation of the WAEMU Directives by developing and disseminating an operation manual as well as conducting capacity-building activities for accountants, (b) the decentralization of commitment authority to line ministries, and (c) strengthening public procurement systems for improved budget execution".

The proposed changes introduced under the additional financing will involve and impact the following: (i) Component 2: Improving Budget Execution and Reporting Processes; (ii) additional allocation to component 4 "Project management" to cater for additional implementation management and coordination costs over the extended life of the project; and (iii) inclusion of a new component "Supporting the Implementation of a Public Sector Performance-Based Management and Results Monitoring System".

The description of the changes introduced, in terms of new components and/or activities under additional financing are provided below.

Component 2- Improving Budget Execution and Reporting Processes

The additional activities under this component are aligned with those defined in the existing sub-components. The AF will not change the objective of the component as a result of the need to scale up to create greater development impact.

Sub-component 2.1: Strengthening budget execution and procurement processes: With the introduction of an additional activity under this sub-component to support the improvement of public procurement systems, the sub-component's objectives will be amplified from that of: "Supporting the Treasury Department in the implementation of the WAEMU Directives by developing and disseminating an operation manual as well as conducting capacity-building activities for accountants, and supporting the decentralization of commitment authority to line ministries" to "Supporting (a) the Treasury Department in the implementation of the WAEMU Directives by developing and disseminating an operation manual as well as conducting capacity-building activities for accountants, (b) the decentralization of commitment authority to line ministries, and (c) strengthening public procurement systems for improved budget execution".

Under the sub-component, the AF will also support the Government in better handling the procurement function as an integrated part of budget preparation and budget execution. The activities will focus on: (i) transparency, efficiency and all other guiding principles in high quality procurement, (ii) redesigning a strategic approach in budget preparation and execution processes incorporating a more integrated procurement and public financial management systems focused on improved quality and resulting outputs; (iii) eliminating bottlenecks in the procurement process, for more efficiency, and (iv) increasing value for money.

The specific activities to be financed under the sub-component include:

- (i) technical advisory services for the staff of contracting authorities on appropriate procurement planning linked with budget processes; this will take into account appropriate measures to design procurement packages based on real needs from these contracting authorities;
- (ii) the provision of training to staff involved in the procurement process in the context of the

streamlining of the procurement review process;

(iii) the development and dissemination of techniques and procedures for the use of new procurement tools under framework agreements and multi-year contracts;

(iv) training of related staff in the application of said tools; and

(v) improvement of (a) the electronic system enabling electronic transactions between the contracting authorities and the procurement control body and regulatory body; and (b) the database for statistics, dissemination and archiving purpose.

Sub-component 2.2: Enhancing budget management information systems: With the variation in scope of this sub-component “Enhancing budget management information systems”, the objective of the sub-component will thus change from “enhancing the respective processing capacities and functionalities of the existing ICT-based PFM information systems platform as well as provide the necessary capability to establish seamless interfaces between the five core systems themselves” to ‘establishing a platform for an integrated financial management information system for budgeting and core treasury operations and interfacing with other core systems with a view to enhancing the credibility, reliability and performance of the revenue and expenditure management systems of the Government of Senegal”.

The original project conceived the enhancement of existing PFM ICT-based tools as well as the provision of the requisite capability to establish seamless interfaces between the two core but separate budgeting and treasury financial management information systems (ASTER and SIGFIG) and five other core systems (tax, customs, debt and payroll including pensions). The activities envisaged for implementation under the original project will remain, except that the ASTER and SIGFIG functionalities will be integrated, rather than interfaced, in a single applications platform, in which the other core systems will be interfaced. At the request of the Government, and based on clear justification to scale up the original project deliverables and increase the impact on improved economic governance, the additional financing will provide the enabling basis for ensuring that the Government budgeting and treasury systems are fully integrated under a uniform platform and that this platform forms the basis for interfacing with seven other separate systems (tax, customs, debt, payroll, pensions, national vendor register and banks). A fully integrated system that interfaces with the other core systems will provide a viable technical and functional basis and system of recording and controlling of public finances and thus better support the process of devolving expenditure commitment authority to service delivery agencies consistent with the WAEMU Directives. At present, commitment authority is centralized at the budget department, which will continue to determine the fiscal envelope and budget ceilings, the aggregation of the overall Government budgets, and the release of spending authorities to line ministries (based on cash availability).

An IFMIS project team will be constituted and will include technical, functional, training and change management specialists as well as focal persons from the line ministries. The team will be instrumental in supporting the project implementation processes, aligning with the quality assurance consultants in the conduct and validation of the operational and user acceptance tests, defining change processes engineered by the WAEMU Directives, and coordinating the capacity building aspects across line ministries in systems operations and upkeep. To further strengthen the IFMIS project team, external consultants would be recruited to pair with civil servants and facilitate knowledge transfer as needed. The IFMIS Project Manager, under the authority of the overall project coordinator will, with support from the quality assurance consultants, be in charge of coordinating and negotiating on even terms with the implementation partner on the delivery of the technical, business requirements, and change management aspects of the IFMIS implementation. Annex 3 provides a detailed description of the activities introduced under the additional financing for the sub-component.

Activities to be financed: Additional financing under the sub-component will finance the following activities:

- (i) Turn-key implementation of the IFMIS modules and interfacing with other applications (including the services of the implementation partner, procurement of software licenses and their annual support over a 3-year period, procurement of infrastructure and establishment of a primary data center).
- (ii) Services of a quality assurance firm to strengthen the Government's technical and functional staff's due diligence capacity in verifying the 'delivered' vis-à-vis the 'deliverables' of the implementation partner and assuring implementation quality from both the technical and functional perspectives.
- (iii) Establishment and operation of a main data center along with a disaster recovery and business continuity center, including the acquisition of servers.
- (iv) Wide Area and Local Area Networks and their annual maintenance costs during project life.
- (v) IFMIS technical audit consultancy services
- (vi) Procurement of hardware (including computers, printers, other accessories).
- (vii) Training of technical and functional specialists, and systems' end-users.
- (viii) Technical and functional consultants to strengthen the technical organization for project management.
- (ix) Communication and change management initiatives.

Component 4- Project Management

Additional allocation to the Project Management component will cover implementation management and coordination costs over the extended life of the project. In addition, one of the critical success factors in implementing a core IFMIS component in a project is the establishment of a core team led by an experienced IFMIS Specialist (serving as IFMIS project manager) who reports to the Executive Secretary (the overall Project Coordinator). The coherent implementation of a well-articulated Communications and Change Management Strategy is intended to dissolve or dilute resistance to change, attract the support of key actors (new champions and change agents) and facilitate the successful implementation of the requisite reforms, including the establishment of a new information system. A change management strategy has, therefore, been designed for implementation under the additional financing operation – see the synopsis as presented in Annex 6.

The staffing of the PFM Reform Secretariat will be strengthened with ad hoc consultancies, including technical and functional specialists, who will interface with the Quality Assurance consultants and the IFMIS implementation partner. They will also support the project coordinator in the coordination of the various activities under the project. The Project Coordinator will be the principal client to the IFMIS technical auditors who will be recruited under component 2.2 to review all aspects of the IFMIS implementation, thus serving as an additional assurance function. The fiduciary aspects of the project, together with the day to day monitoring and evaluation of the project, will remain within the overall responsibility of the project Coordinator.

The proposed changes will also involve the addition of a New Component 5 – Supporting the Implementation of a Public Sector Performance-Based Management and Results Monitoring System.

The objective of this new component is to support the Government of Senegal in (i) establishing a Public Sector Performance-Based Management System, that will be applicable to both the Central Government level (Ministry of Finance and key Line Ministries: (Energy, Agriculture, Infrastructures, Basic Education and Health) and the State Owned Enterprises (SOEs) and autonomous agencies; and (ii) strengthening the system of monitoring and evaluation of results of these key sectors. This component aims at implementing a comprehensive set of monitoring tools which will enhance informed and timely decision-making abilities at key levels within the Government. Strengthened monitoring and evaluation is not only critical for the overall management of the targets set by the Plan Senegal Emergent, but is essential for the entire

performance based management system adopted by the Government. The component includes two sub-components: (i) improving the Performance-Based Management System and the Central Government's Oversight of SOEs and public agencies; and (ii) strengthening the implementation of a Result Monitoring Framework with available M&E information and results/causal chains underlying the Government's program (or Plan Senegal Emergent -PSE).

Activities to be financed: Additional financing under the component will finance the following activities:

- (i) Developing a methodological framework to support key line ministries in changing focus from inputs to outcomes and putting in place a new performance evaluation system
- (ii) Providing technical support to elaborate program budgets in key line ministries (Energy, Agriculture, Infrastructures, Basic Education, and Health)
- (iii) Supporting the piloting of performance contracts in key public agencies and SOEs
- (iv) Supporting the SOE and public agencies unit in fulfilling its role in supervising and supporting SOEs and Agencies, notably in (a) carrying out an institutional and legal assessment of the parastatal sector and developing a clear ownership policy with measurable objectives, (b) developing a framework for reporting by SOEs and publishing an Annual SOE report, (c) effective engagement with SOEs through regular meetings, including participation in shareholder meetings, and prior preparation and research and development of Government position on key company decisions, (d) strengthening the SOE unit's technical expertise through regular international advisory services, (e) strengthening Board capacities through an improved board selection process, training/capacity building and board performance evaluation
- (v) Strengthening the capacity of the Service Delivery Unit (USRP) housed in the Office of Organization and Methods and the monitoring and evaluation units of line ministries through (a) the establishment of an administrative and technical framework for effective performance management by developing tools and methods for planning, monitoring, and output/outcome measurement; (b) building the operational capacity of the USRP unit and the monitoring and evaluation units of key line ministries and provision of related equipment; (c) support for training of USRP and monitoring and evaluation units of the priority line ministries' staff ; (d) the production of regular monitoring reports; and (e) access to on-demand technical expertise including for public policies assessment and target results review in selected areas.

Current Component Name	Proposed Component Name	Current Cost (US\$M)	Proposed Cost (US\$M)	Action
Component 1: Strengthening Fiscal Policies and Planning	Component 1: Strengthening Fiscal Policies and Planning	3.50	3.50	No Change
Component 2: Improving Budget Execution and Reporting Processes	Component 2: Improving Budget Execution and Reporting Processes	8.00	32.00	Revised
Component 3: Strengthening the Capacity of External Audit and Legislative Oversight	Component 3: Strengthening the Capacity of External Audit and Legislative Oversight	2.50	2.50	No Change
Component 4: Project Management	Component 4: Project Management	1.00	2.00	Revised

	Component 5: Improving Public Sector Performance-Based Management and Results Monitoring System	0.00	5.00	New
	Total:	15.00	45.00	

Appraisal Summary

Economic and Financial Analysis

Explanation:

As appraised in the original project, further improvements in PFM, either through implementation of policy-based reform actions or provision of the requisite tools to strengthen controls and enhance expenditure management outcomes through better service delivery, will certainly engender economic and financial benefits that are, by nature, traditionally difficult to quantify. While costs are quantifiable (as depicted in the project financing table), the benefits are largely indirect. Drawing from the World Bank's experiences in supporting interventions in the area of PFM across jurisdictions, the key sources of benefits accrue from the following areas: (a) efficient, transparent and accountable fiscal and budget management contributing to improved public sector management decision making; (b) better program implementation and improved service delivery, and additional benefits such as lower supplier prices and reduced corruption as a result of improved budget credibility and predictability resulting from improved systems and controls; and (c) direct pecuniary benefits resulting from improved probity and transparency in the use of public resources.

With an integrated financial management system, for example, there will be reduced human interference in the processing of expenditure transactions as in-built control measures are set up in the systems; robust audit trails will be established in the areas of revenue and expenditure accounting processes to minimize the potential for leakages; the integrity and reliability of payroll costs and their assignment to their relevant cost centers will be enhanced through the direct defaulting of payroll expenditures in the IFMIS general ledger; and costs of financing Government budget deficits, by way of overdraft interest, will be contained as cash management becomes more efficient and timely, and establishment of expenditure commitments is linked to the cash availability potential rather than only to the approved budget appropriation. Enhancing central Government oversight over SOEs would support the better management and control of fiscal risks that such entities and other autonomous public agencies can bring to bear on the Government budget. In addition, with the use of more robust public investment appraisal techniques supported under the project for large public investments of equal to or more than XOF (West African CFA Franc) 10 billion, allocative efficiency of public spending will be improved.

Based on analysis of savings from improved management and introduction of payroll controls through an integrated ICT-based system, savings by way of reduction in 'ghost' employees alone or savings in financing costs through improved cash management could pay for the total project investment over a four year period. In addition, improvements in public procurement systems and processes engender incremental benefits in terms of expenditure efficiency (enhanced value for money), among others. In effect, even without accounting for non-quantifiable benefits that will certainly accrue through the implementation of the proposed additional financing, there will be realization of 'net real benefits' that would far exceed the investments.

In demonstrating the viability of the AF, a financial analysis of just a few quantifiable benefits was

undertaken against the AF costs, using two benefit scenarios: (i) savings in payroll costs arising from payroll cleansing, validation, migration, and interfacing/integration of the payroll system with the new integrated budgeting and treasury system; and (ii) savings in pension liabilities through cleansing, validation, migration, and interfacing of the pensions application with the general ledger of the new integrated budgeting and treasury system. The partial analysis below shows that, with AF, and over the extended life of the project, there will be estimated 'net benefits' in the form of positive 'net cash flow' and 'net present value' in the sums of US\$ 30.7 million and US\$ 20.8 million respectively. The AF, therefore, using this limited analysis alone pays for itself even during the project's life, and the benefits will indeed continue to accrue even in the foreseeable future, beyond project closure.

The abridged limited analysis of costs and benefits of the AF is given in Table 6, Annex 5.

Technical Analysis

Explanation:

The technical features of the financial management system under the additional financing are built from the technical infrastructure and functional requirements already designed under the original project as well as the re-engineering of the business processes arising from the integration of the budgeting and treasury systems. Additional improvements in the business processes, including decentralization of commitment authority, are included in the new design to cater to the required improvement of the systems in use. With the integration of the budgeting, accounting and treasury applications within a single platform, the efficiency of the processing activities, commencing from budgeting to budget execution, accounting and financial reporting, will be enhanced. This upgraded technical architecture will transition the financial management system in Senegal from an interfaced to an IFMIS. This will provide advantages in terms of reliability, comprehensiveness, timeliness, and proper control in the management of and reporting on public finances.

A key technical consideration in the design of the AF was to adopt an implementation phased approach that supports prioritization and sequencing of the activities without creating an implementation overload. In this context, the establishment of a test site for the IFMIS at MEF and then piloting at five line ministries before roll-out and replication for the remainder will assure a viable and sound implementation of the proposed PFM system across the whole country. This will be fostered by the following additional measures and considerations: strong and growing technical capacity at ADIE – a Government institution for managing national ICT activities and operating a nationwide network infrastructure; leveraging the capacity of the various functional and technical specialists currently managing the various applications in MEF, and refocusing their attention to an integrated system; fresh implementation of systems functionalities based on improved business processes – all in an integrated systems environment; and the compliant nature of the chart of accounts/budget classification with WAEMU Directives, as well as with Government Finance Statistics (GFS), and taking advantage of the inclusion of a program element in the Chart that also can support the performance management requirements under the newly introduced component 5 of the project. The ADIE supports the Wide Area Network (WAN) across the whole country, using fiber and Worldwide Interoperability for Microwave Access (WIMAX), and will serve as the national entity for managing the secondary data center and the business continuity center, as well as the WAN connectivity across all sites in the country. The management of the applications database will remain the responsibility of a joint team of technical and functions specialists currently managing the SIGFIG and ASTER, and the management of the infrastructure at the primary data center will rest with the DTAI (Directorate of Automatic Data Processing) – the technical organization already in place at the MEF. A Centralized User Support structure will be setup at this organization to provide technical assistance to the user community.

Establishing a public sector performance based management and monitoring system will require strengthened capacity not only in the Ministry of Economy and Finance MEF, but also in line ministries, departments and agencies. A system of performance contracts currently exists and the performance agreements of 7 major agencies are being elaborated. This AF will provide the technical support to elaborating the contract framework, and strengthen the implementation of the action plans in support of performance improvements by agencies and other public entities. A Service Delivery Unit (USRP) already exists at the Office of Organization and Methods (BOM). The capacity of this unit to deliver on its target setting and monitoring role will be supported through technical assistance and other measures to ensure that the objectives of the newly introduced component 5 are achieved and sustained.

Social Analysis

Explanation:

No negative environmental or social impacts are envisaged because the proposed modified and scaled-up activities are mostly technical assistance and capacity building activities, and remain similar to those of the original project. There are no exceptions to Bank policies.

Environmental Analysis

Explanation:

The project will remain environmental Category C. No other safeguards OPs/BPs are triggered.

Risk

Explanation: The overall risk for this operation is substantial principally due to the stakeholder, implementing agency and governance risks. Several new business and ICT related risks are introduced into the environment specifically when migrating to a real-time, integrated FMIS system. It is challenging to embrace a tightly integrated environment when different business processes have existed among business units for so long. The level of user acceptance of the system has a significant influence on its success. A change management strategy has been elaborated and adopted, and its implementation will help alleviate uncertainties associated with structural changes. With the appointment of a project manager and two qualified PFM specialists, the related governance arrangements will be strengthened and decisions based more on technical, functional and operational viability of actions supportive of PFM reforms.

Annex 1: Revised Results Framework and Monitoring
Senegal Public Financial Management Strengthening Technical Assistance Project
(P146859)

Revisions to the Results Framework		Comments/ Rationale for Change
PDO		
<i>Current (PAD)</i>	<i>Proposed</i>	
Enhanced credibility, transparency, and accountability in the management and use of central Government finances	To enhance budget credibility, transparency and accountability mechanisms in the use and management of central Government financial resources	Change brings into focus the objectives germane to the introduction of a new component 5 which seeks to emphasize the strengthening of the accountability mechanisms impacting central Government finances, including SOEs and other agencies. The project intends to support the acquisition of a fully integrated budget and financial management IT platform, which will serve as the most appropriate tool in facilitating reliable, accurate and comprehensive management of the Government budget.
PDO indicators		
<i>Current (PAD)</i>	<i>Proposed change*</i>	
PI-2 : Composition of expenditures out-turn compared to original approved budget	<i>[Dropped]</i>	Dropped: Indicator is replaced by a more comprehensive one (PI-4) occasioned by the introduction of a “procure to pay” module in the IFMIS.
	<i>[New]</i> PI-4 Stock and monitoring of Expenditure payment arrears	New: The introduction of a ‘procure to pay’ module in the IFMIS will cater to the need to document and control commitments and obligations and ensure the reduction of expenditure arrears – a form of non-transparent financing of the budget as measured by PI-4. The project has a more direct impact. Baseline will be the PEFA 2011 score of B
PI-21 : Effectiveness of internal audit	<i>Continued</i>	
PI-26 : Scope, nature and follow up of external audit	<i>Continued</i>	
DPI-3 : Debt Management Strategy	<i>Continued</i>	
Persons trained (number) in PFM across Ministries and Departments (% of which are	<i>Continued</i>	

Revisions to the Results Framework		Comments/ Rationale for Change
women)		
	<i>[New] Production of monitoring indicator reports on key PSE priority results (Energy, Agriculture, Infrastructures Basic Education and Health) on a bi-yearly basis</i>	Establishment of Performance based management in the Public sector and results monitoring; this is a key objective of the new component 5.
Intermediate Results indicators		
<i>Current (PAD)</i>	<i>Proposed change*</i>	
Component One: Strengthening fiscal policies and planning		
1. Intermediate Result indicator One: Ministries with fully costed sectoral strategies	Revised Production and adoption of multi-year programming documents of key sectors	Costed sector strategies have been replaced by multi-year programming documents to be in line with the transposition of the WAEMU directives
<i>Intermediate Result indicator Two: Total public debt (CFA francs) in Single Unified Debt database (disaggregated domestic and external)</i>	Continued	
<i>Intermediate Result indicator Three: Analytical work and other economic studies carried out in support of fiscal policies and management</i>	Continued	
<i>Intermediate Result indicator Four: Cost economic analysis of major investment programs (Costs greater than equal to XOF 250 million) are conducted</i>	Revised Cost /economic analysis of major investment programs (Costs greater than equal to XOF 10 billion) are conducted	Revised: The ceiling of XOF 250 million is too low and is accordingly revised. With the new ceiling, the target is 40 percent of the investment programs (35 out of 85)
Component Two : Improving Budget Execution and Reporting Processes		

Revisions to the Results Framework		Comments/ Rationale for Change
<i>Intermediate Result indicator One:</i> Legal framework for public financial management revised to reflect WAEMU Directives	Continued	
<i>Intermediate Result indicator Two:</i> Selected budget management information systems enhanced through upgrading and interfacing	[Revised] A fully integrated budget and treasury management information system that interfaces with the other core systems Customs Financial Information System (GAINDE), SIGTAS, DAIDA, Payroll/Pensions, and Banks	Revised: The AF activities have changed the original target from a set of FMIS that are upgraded and interfaced to the establishment of a platform for an integrated financial management information system for budgeting and core treasury operations, and interfacing with other core systems.
<i>Intermediate Result Indicator Three:</i> _____	[New] Average processing time for pensions and superannuation payments.	With pensions calculation module introduced as an activity in the AF, this efficiency indicator becomes relevant to assess the average time taken from the date of retirement of civil servants to the date they receive their pension benefits. Delays will be reduced from three months to one month
<i>Intermediate Result indicator Three:</i> Internal audit reports presented to and followed-up by Internal Audit Committees at MDAs	Continued	
Component Three : Strengthening the capacity of external audit and legislative oversight		
<i>Intermediate Result Indicator One:</i> Annual external audits of Government Budget Review Act completed after FY end	Continued	
Component Five: Public Sector Performance-Based Management and Results Monitoring System		
<i>Intermediate Result Indicator One:</i>	[New] Performance contracts signed for the 20 main agencies and SOEs of the key sectors (Agriculture, Energy, Infrastructures) which represent 50 % of the PSE	New: To cater to the introduction of the new component 5 and support the acquisition of a fully integrated budget and financial management IT platform, which will serve as the most appropriate tool in facilitating reliable, accurate and comprehensive management of the Government budget.
<i>Intermediate Result Indicator Two:</i>	[New] Production of annual performance reports for key line ministries (Energy, Agriculture, Infrastructure, Basic Education, and Health)	New: To cater to the introduction of the new component 5 and support the acquisition of a fully integrated budget and financial management IT platform, which will serve as the most appropriate

Revisions to the Results Framework		Comments/ Rationale for Change
		tool in facilitating reliable, accurate and comprehensive management of the Government budget.

* Indicate if the indicator is Dropped, Continued, New, Revised, or if there is a change in the end of project target value

Project Name:	Public Financial Management Strengthening Technical Assistance Project (P146859)	Project Stage:	Additional Financing	Status:	DRAFT
Team Leader:	Maimouna Mbow Fam	Requesting Unit:	AFCF1	Created by:	Aleksandar Kocevski on 05-Mar-2014
Product Line:	IBRD/IDA	Responsible Unit:	AFTMW	Modified by:	Aleksandar Kocevski on 12-Jun-2014
Country:	Senegal	Approval FY:	2015		
Region:	AFRICA	Lending Instrument:	Investment Project Financing		
Parent Project ID:	P122476	Parent Project Name:	Public Financial Management Strengthening Technical Assistance Project (P122476)		

Project Development Objectives

Original Project Development Objective - Parent:

The PDO is to enhance the credibility, transparency, and accountability in the management and use of central Government finances. The project aims to support the modernization of the Public Financial Management system in Senegal. It includes four components: (1) Strengthening Fiscal Policies and Planning; (2) Improving Budget Execution Processes; (3) Strengthening the capacity of external audit and legislative oversight; and (4) Project Management.

Proposed Project Development Objective - Additional Financing (AF):

To enhance budget credibility, transparency and accountability mechanisms in the use and management of central Government financial resources. The project aims to support the modernization of the Public Financial Management system and the implementation of a Public Sector performance based system in Senegal.

It includes five components: (1) Strengthening Fiscal Policies and Planning; (2) Improving Budget Execution and Reporting Processes; (3) Strengthening the Capacity of External Audit and Legislative Oversight; (4) Project Management; and (5) Supporting the Implementation of a Public Sector Performance-Based Management and Results Monitoring System.

Results

Core sector indicators are considered: Yes

Results reporting level: Project Level

Project Development Objective Indicators							
Status	Indicator Name	Core	Unit of Measure		Baseline	Actual	End Target
Marked for Deletion	PEFA Indicator PI-2 = Aggregate expenditure out-turn compared to original approved budget	<input type="checkbox"/>	Text	Value	D	D+	C
				Date	15-Nov-2007	31-Dec-2013	30-Jun-2015
				Comment		Target not met due to the political context. composition of expenditures have been significantly changed after the second political transition	
No Change	PEFA Indicator PI-21 = Effectiveness of internal audit	<input type="checkbox"/>	Text	Value	D	C+	B
				Date	15-Nov-2007	31-Dec-2013	30-Jun-2015
				Comment		Target met	
No Change	PI-26 = Scope, nature and follow-up of external audit	<input type="checkbox"/>	Text	Value	D+	C	C+
				Date	15-Nov-2007	31-Dec-2013	30-Jun-2015
				Comment		Target met	
No Change	DPI-3: Debt Management Strategy	<input type="checkbox"/>	Text	Value	D+	B+	B+
				Date	26-Aug-2009	31-Dec-2013	30-Jun-2015
				Comment		Target met	
New	PI-4 Stock and monitoring of Expenditure payment	<input type="checkbox"/>	Text	Value	B		A
				Date	01-Sep-		30-Jun-2019

	arrears				2014		
				Comment			
New	Production of monitoring indicator reports on key PSE priority results of Energy, Agriculture, Infrastructures, Basic Education and Health on a bi-yearly basis	<input type="checkbox"/>	Number	Value	0.00		10.00
				Date	01-Sep-2014		30-Jun-2019
				Comment			

Intermediate Results Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual	End Target
Revised	Production and adoption of multi-year programming documents of key sectors	<input type="checkbox"/>	Number	Value	0.00	0.00	10.00
				Date	25-Apr-2011	31-Dec-2013	30-Jun-2019
				Comment		Target of 2013 already met	
No Change	Total public debt (CFA francs) in Single Unified Debt database (disaggregated domestic and external)	<input type="checkbox"/>	Percentage Sub Type Supplemental	Value	0.00	100.00	100.00
Revised	Analytical work and other economic studies carried out in support of fiscal policies and management. Cost economic analysis of major investment programs are conducted (=> XOF 10 billion)	<input type="checkbox"/>	Number	Value	0.00	1.00	5.00
				Date	25-Apr-2011	30-Jun-2013	30-Jun-2019
				Comment		One analytical work on budget credibility has been carried out	
Revised	Cost economic analysis of	<input type="checkbox"/>	Percentage	Value	0.00	0.00	100.00

	major investment programs (Costs greater than or equal to XOF 10 billion) are conducted			Date	25-Apr-2008	30-Jun-2013	30-Jun-2019
				Comment		methodology developed and 25 trainers have been trained but target not yet met. The methodology was used for only two projects	Cost / economic analysis of major investment programs (equal to XOF 5 billion)
No Change	Legal framework for public financial management revised to reflect WAEMU Directives	<input type="checkbox"/>	Yes/No	Value	No	Yes	Yes
				Date	25-Apr-2011	30-Jun-2013	30-Jun-2015
				Comment		All regulations have been transposed in the national legal framework including the code of fiscal transparency adopted by the Parliament	
Revised	A fully integrated budget and treasury management information system that interfaces with the other core systems, GAINDE, SIGTAS, DAIDA, Payroll/Pensions, NINEA, and Banks	<input type="checkbox"/>	Number	Value	0.00	2.00	4.00
				Date	25-Apr-2011	30-Jun-2013	30-Jun-2019
				Comment		The accounting system ASTER and the debt management system DAIDA are being enhanced	Fully integrated budget and treasury management system that interfaces with the other core systems GAINDE, SIGTAS, DAIDA, Payroll/pensions, and Banks
Revised	Internal audit reports presented to and followed-	<input type="checkbox"/>	Percentage	Value	0.00	38.00	80.00
				Date	25-Apr-	31-Dec-2013	30-Jun-2019

	up by Internal Audit Committees at MEF and line ministries.				2011		
				Comment		Some efforts need to be done to meet the target	
No Change	Timeline for the completion of the Annual external audits of Government Budget Review Act after Fiscal Year end	<input type="checkbox"/>	Months	Value	36.00	14.00	12.00
				Date	25-Apr-2011	31-Dec-2013	
				Comment		Cour des Comptes has cleared the backlog of audit reports. this indicator will be closely monitored in 2014 to ensure that the subsequent audits are conducted within the legal timeframe, i.e six months after the end of the fiscal year.	
New	Performance contracts signed for the main agencies and SOEs	<input type="checkbox"/>	Text	Value	0		20
				Date	29-Apr-2014		30-Jun-2019
				Comment			
New	Production of annual performance reports for key line ministries (Energy, Agriculture, Infrastructure, Basic Education, and Health)	<input type="checkbox"/>	Text	Value	0		25
				Date	01-Sep-2014		30-Jun-2019
				Comment			
New	Average processing time for pensions and superannuation payments	<input type="checkbox"/>	Text	Value	6 months		2 months
				Date	01-Sep-2014		30-Jun-2019

				Comment			
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Annex 2: Operational Risk Assessment Framework (ORAF)

Senegal: Public Financial Management Strengthening Technical Assistance Project (P146859)

Project Stakeholder Risks						
Stakeholder Risk	Rating	Substantial				
<p>Risk Description:</p> <p>Lack of ownership by stakeholders and lack of substantive involvement of spending ministries and different departments of the MEF in the implementation of the design may undermine the ability of the Government to complete the implementation on time and could weaken the potential for wider ownership.</p> <p>Difficulties to coordinate a large number of counterparts with expanded activities to line ministries and agencies.</p> <p>Issues emanating from resistance to changes introduced in processes and systems could undermine project successful outcomes.</p>	<p>Risk Management:</p> <p>A Steering Committee chaired by the Minister of Finance includes members from different departments and actors and representatives of other ministries to ensure that issues are discussed and consensus is built. In addition an IFMIS steering committee has been set up to provide strategic directions on the project implementation. Also, an operational management unit will be established comprising of a project manager and two PFM experts to foster coordination and collaboration and for better prioritization and sequencing of activities’ implementation. A robust change management strategy has been designed and will be implemented to ward-off resistance to changes in processes and systems.</p> <p>MEF’s comfort on the decentralization of commitment authority can be fostered by clear assurances that the payment authority will remain vested in the MEF and that systems-controlled commitment authorizations will be related to approved budget appropriations, and MEF approved releases of funds to line ministries and agencies that are based on cash availability.</p>					
	Resp: Client	Status: In Progress	Stage: Both	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: CONTINUOUS
Implementing Agency (IA) Risks (including Fiduciary Risks)						
Capacity	Rating	Substantial				
<p>Risk Description:</p> <p>Risks related to structural changes, management of these changes and dependency on external assistance: Significant personnel and organizational structure changes are associated with reengineering or redesigning</p>	<p>Risk Management:</p> <p>A change management strategy has been elaborated and adopted, and its implementation will help alleviate uncertainties associated with structural changes. Considerable training will be included on the project activities to support users to be more diligent and efficient in the performance of their day-to-day duties.</p>					

business processes. It is challenging to embrace a tightly integrated environment when different business processes have existed among business units for so long. The level of user acceptance of the system has a significant influence on its success. In addition, organizations accustomed to in-house legacy systems may find it difficult to rely on external assistance.	An operational management unit for the IFMIS is being established, comprising of a project manager and two PFM technical and functional experts to ensure adequate vendor engagement and management. A Quality Assurance firm will be recruited to also strengthen the quality delivery of the systems integration and interfacing.					
	Resp: Both	Status: Not Yet Due	Stage: Both	Recurrent: <input type="checkbox"/>	Due Date: 01-Jan-2017	Frequency:
Governance	Rating	Substantial				
Risk Description: Risks on the management of the IFMIS component, delays on the decision-making process, on functional and technical requirements and guidance related to the resolution of implementation challenges of IFMIS, may affect the timely realization of project outcomes in the area of expenditure management.	Risk Management: Ad hoc arrangements with less sustainable outcomes are being declined by the IFMIS steering committee. With the appointment of a project manager and two qualified PFM specialists, the related governance arrangements will be strengthened and decisions based more on technical, functional and operational viability of actions supportive of PFM reforms.					
	Resp: Client	Status: In Progress	Stage: Both	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: CONTINUOUS
	Risk Management: The Bank will regularly review procurement actions and related contract management practices to reduce the potentials for corrupt practices.					
	Resp: Both	Status: In Progress	Stage: Both	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: CONTINUOUS
Project Risks						
Design	Rating	Moderate				
Risk Description: The project involves wide-ranging reforms covering different entities with differing mandates. In addition, several new business and ICT related risks are introduced into the environment, specifically when migrating to an integrated FMIS.	Risk Management: Project design remains simple, and the key selected reforms are based on the Government’s own priorities and commitments. A systems study (architectural and functional) has been conducted to ensure careful designing of technical and functional specifications of the integrated FMIS, and sequencing as well as security accesses for the different user groups.					

Prioritization and sequencing of reforms particularly to financial information systems integration and interfacing, and optimization of outcomes based on different user requirements, will remain critical in the face of systems security management.	Resp: Both	Status: In Progress	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: CONTINUOUS
Social and Environmental	Rating	Low				
Risk Description: The project is focused on PFM reforms and would not trigger any safeguards policies. No negative environmental impact related to new construction, displacement of people etc.	Risk Management:					
	Resp: Both	Status:	Stage:	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Program and Donor	Rating	Moderate				
Risk Description: No co-financing with other donor partners is anticipated. Parallel but discrete financing of activities by other donors may however arise without coordination issues.	Risk Management: Where partnership is required during implementation, a coordination arrangement will be put in place to avoid overlapping inefficiencies. The Steering Committee will also play an important role in coordination.					
	Resp: Both	Status: Not Yet Due	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Delivery Monitoring and Sustainability	Rating	Substantial				
Risk Description: Extensive interfaces and data conversions and migrations from legacy systems and other commercial software are necessary. The exposures to data integrity, security and capacity issues and requirements for the new system are therefore higher. Lack of clear commitment and ownership of staff and uneven technical capacity of the MEF team during and post implementation may jeopardize the sustainability of the project’s impact.	Risk Management: Additional technical assistance has been provided through the PCRBF Secretariat to enhance the design of technical and functional specifications of the integrated FMIS, the prioritization and sequencing as well as security accesses for different user groups. The MEF has developed a change management strategy and a training plan to complete the transfer of knowledge and skills from the IFMIS consultants to their staff. Mitigation measures are built into the Project design (strengthening technical capacity of the MEF team during the transition period), and will be implemented and properly monitored.					
	Resp: Both	Status: Not Yet Due	Stage: Both	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: CONTINUOUS

Other (Optional)	Rating					
Risk Description:	Risk Management:					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
				<input type="checkbox"/>		
Other (Optional)	Rating					
Risk Description:	Risk Management:					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
				<input type="checkbox"/>		
Overall Risk						
Overall Implementation Risk:	Rating	Substantial				
<p>Risk Description: The overall implementation risk for this project is rated as substantial principally due to the stakeholder, implementing agency and governance risks. Several new business and ICT related risks are introduced into the environment specifically when migrating to a real-time, integrated FMIS system. It is challenging to embrace a tightly integrated environment when different business processes have existed among business units for so long. The level of user acceptance of the system has a significant influence on its success. A change management strategy has been elaborated and adopted, and its implementation will help alleviate uncertainties associated with structural changes. With the appointment of a project manager and two qualified PFM specialists, the related governance arrangements will be strengthened and decisions based more on technical, functional and operational viability of actions supportive of PFM reforms.</p>						

Annex 3: Detailed Description of New Project Activities

Component 2: Improving Budget Execution and Reporting Processes

Sub-component 2.1: Strengthening Budget Execution and Procurement Processes

1. **Objective of the sub-component:** The objective of this sub-component, which is to support the on-going efforts by the Government of Senegal, is to modernize budget execution processes by rendering them more efficient and transparent. The scope of this sub-component has changed slightly as a result of the introduction of procurement activities to support the Government in better handling the procurement function as an integral part of budget preparation and execution. The resultant effect of the introduction of the additional activity under this sub-component is to revise the sub-component's objectives from that of: *"Supporting the Treasury Department in the implementation of the WAEMU Directives by developing and disseminating an operation manual as well as conducting capacity-building activities for accountants, and supporting the decentralization of commitment authority to line ministries"* to *"Supporting (a) the Treasury Department in the implementation of the WAEMU Directives by developing and disseminating an operation manual as well as conducting capacity-building activities for accountants, (b) the decentralization of commitment authority to line ministries, and (c) strengthening public procurement systems for improved budget execution"*.

2. **Current Status:** The performance of the regulatory texts and control entities has been questionable and subject to many complaints and criticisms, in particular from the contracting authorities, who emphasized that the system creates implementation bottlenecks and slows down budget execution. In addition, governance issues have been pointed out in terms of inefficiency of the systems: possible abuse in exceptions and not enforcing properly the procurement procedures; and the need for the procurement system to adapt to the new economic environment.

3. **Changes introduced under the AF:** The rationale for scale up and increased impact under the additional financing is to ensure that the procurement function is fully integrated in the budget execution processes and more oriented to results and service delivery. The introduction of this new activity in the scope of additional financing will not result in any increase in the cost allocation to sub-component 2.1 since savings, to the tune of US\$ 1 million, have been realized already in the original project's cost allocation under the sub-component.

4. **Activities to be financed:** Specific activities that will be financed under the AF will include the following:

- (i) technical advisory services for the staff of contracting authorities on appropriate procurement planning linked with budget processes; this will take into account appropriate measures to design procurement packages based on real needs from these contracting authorities;
- (ii) the provision of training to staff involved in the procurement process in the context of the streamlining of the procurement review process;

- (iii) the development and dissemination of techniques and procedures for the use of new procurement tools under framework agreements and multi-year contracts; (iv) training of related staff in application of said tools; and
- (iv) improvement of (a) the electronic system enabling electronic transactions between the contracting authorities and the procurement control body and regulatory body; and (b) the database for statistics, dissemination and archiving purpose.

Sub-component 2.2: Enhancing budget management information systems

5. **Objective of the sub-component:** The objective of this sub-component, which has changed as a result of the need to scale up to create greater development impact, through additional financing, is to establish a platform for an integrated financial management information system for budgeting and core treasury operations and interfacing with other core systems with a view to enhancing the credibility, reliability and performance of the revenue and expenditure management systems of the Government of Senegal.

6. **Current Status:** The original project conceived the enhancement of the processing capacities and functionalities of the existing ICT-based PFM information systems as well as the provision of the requisite capability to establish seamless interfaces between the two core budgeting and treasury financial management information systems (ASTER and SIGFIG) and with five other core systems (Customs-GAINDE, Tax-SIGTAS, Debt-DAIDA, Payroll-SOLDE including PENSIONS). While ASTER (the accounting system) has been upgraded to release version 3.0 and is being implemented to cater to increased efficiency and operational capacity, SOLDE (the payroll system) has been enhanced for better data capturing and enforcement of controls. The PENSIONS module is being planned to be designed and implemented under the original project on a shared platform with the SOLDE for the purpose of also enabling seamless data transfer.

7. ASTER, for example, is essentially surrounded by the multiples of “peripheral” applications that have been installed on a stand-alone basis within the accounting function, since the functionalities provided under these peripheral applications have not been integrated in ASTER. A significant number of financial activities are manually being carried out and then transferred through manual punching into other systems, thus creating inefficiencies and validation issues in financial management and control. The current scenario for systems enhancements and upgrade, coupled with the fragmentation and unreliability of the platform architecture, provides a less than effective basis for accruing benefits towards a more efficient and reliable financial management system for the Government of Senegal. In essence, the contribution of the current systems towards providing reliable, accurate, and comprehensive financial reporting of Government revenues and expenditures is minimal, especially that the interfacing of the various modules, anchored on different platforms, has not resolved the material weaknesses in revenue and expenditure management.

8. The financial management systems currently supported under the project, in as much as some business process re-engineering has happened, have yet to be aligned to providing compliance with the budget management guidelines as per the WAEMU Directives. Commitment control remains centralized with the Budget Department instead of being

decentralized to the Ministries, Departments and Agencies – the service delivery agencies of the Government. Against the backdrop of assigning service delivery responsibility to line ministries through budgetary allocations, the current system of budget management actually diffuses the responsibility away from those that are ultimately accountable for delivering public services. Senegal has adopted the WAEMU Directives but has yet to fully transition to their implementation. The current financial management system therefore only replicates the procedures, processes and practices that have been place before the reforms introduced under WAEMU.

9. **Changes introduced under the AF:** The rationale for scale up and increased impact under the AF is to ensure that the budgeting and treasury systems are fully integrated under a uniform platform and that this platform forms the basis for interfacing with the other six separate systems. Equally, the rationale is to provide this integrated system as a technical and functional basis for eventually de-concentrating and decentralizing commitment authority to service delivery agencies, and away from the Budget Department, while ensuring that the determination of the fiscal envelope and budget ceilings, the aggregation of the overall Government budgets, and the release to ministries, departments and agencies (MDAs) of legislature-approved budget appropriations for expenditure commitments (based on cash availability) remain the responsibility of the Budget Department.

10. The full *integration*, instead of *interfacing*, of SIGFIG and ASTER-based functionalities within a uniform platform and interfacing this core IFMIS with the other seven systems (Customs-GAINDE, Tax-SIGTAS, Debt-DAIDA, Payroll-SOLDE and PENSIONS, BANKs, NINEA) will serve the following purposes: (a) data flow and exchange from the budget preparation, revisions and adjustments, budget releases, encumbrances and commitments, obligations and final payment becomes automatic and efficient, and expenditure processing becomes direct and reliable; (b) enhancing integrity of information through avoidance of different sets of data from budget and treasury functions, and to facilitate efficient decision making on expenditure management issues; (c) facilitating the preparation of accurate, reliable, and timely fiscal operations reports under a *uniform* and *integrated* platform for improved fiscal decision making; (d) ensuring that a single harmonized budget classification system and chart of accounts is maintained within a *single database* for improved efficiency in revenue and expenditure management and control; and (e) facilitating the development of a robust cash management system as a functionality within the integrated system that takes into account revenues (through interfaces with the revenue agencies' systems) and expenditures (from the point of commitment to final payment). Implementation will include not only interfacing the budgeting and treasury systems, but also developing a pensions module as part of the payroll module platform and ensuring that pension computations can be automatically generated.

11. To underpin the necessity for scaling up and instilling efficiency in the financial management processes, the MEF commissioned a diagnostic study by SOGERMA to determine the path for the proposed integration. The Government has adopted the option of acquiring an off-the-shelf IFMIS rather than develop a custom-made application, based on the advantages of the former in an environment where there are skill shortages in the areas of systems design, development and maintenance of IFMIS. Therefore, the change in the design of the original project component that is now factored into the proposed AF responds to this request of the

Government that seeks to cater to the implementation of an IFMIS through "Supply, Installation, Integration, Testing, Commissioning, and Related Support Services for Integrated Financial Management Information System Software".

12. Preliminary to the acquisition of the IFMIS solution and funded under the original project, SOGERMA has carried out a further and more detailed review of the functional/business processes and user requirements to ensure that the new system, when implemented, does not necessarily replicate current processes and practices but introduces good-practice PFM reforms, including WAEMU Directives' compliance features. The review has identified what shall constitute the core deliverables, to be included under a turn-key contract arrangement with a competitively selected supplier and implementation partner. In addition, the technological design of the proposed system which is anchored on a centralized architecture, does meet Senegal's budget management requirements for the Central Government. This requires all software changes to be managed through a centrally located server and peripheral sites to be connected by WAN provided under ADIE auspices. To ensure that the centralized architecture is viably maintained, the MEF and the ADIE will negotiate and sign a Service Level Agreement (SLA) and an Operational Level Agreement (OLA) to (a) provide and maintain the required connectivity at all times, and (b) to house and maintain the secondary data center/disaster recovery center.

13. SOEs and Autonomous/Statutory Agencies are not included as part of the scope to be covered under the IFMIS implementation. However, the Treasury will seek to establish a consolidation bench for the purposes of availing the consolidation of 'general Government' financial/fiscal reports.

14. While a number of areas to be covered under the AF will need to be implemented through other means, quite apart from those that will be implemented on a turnkey basis, the following shall constitute the core implementation areas for the turnkey implementation and delivery of the IFMIS.

<p>A. Integrated Financial Management Information System (IFMIS) – Supply, Installation, Integration, Testing, Commissioning of IFMIS Software, Main (primary) Data Center, and Related Support Services for IFMIS Software</p>
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- | |
|--|
| <ul style="list-style-type: none"> • Budget Preparation and Management Module |
|--|

- | |
|---|
| <ul style="list-style-type: none"> • Core Treasury Modules |
|---|

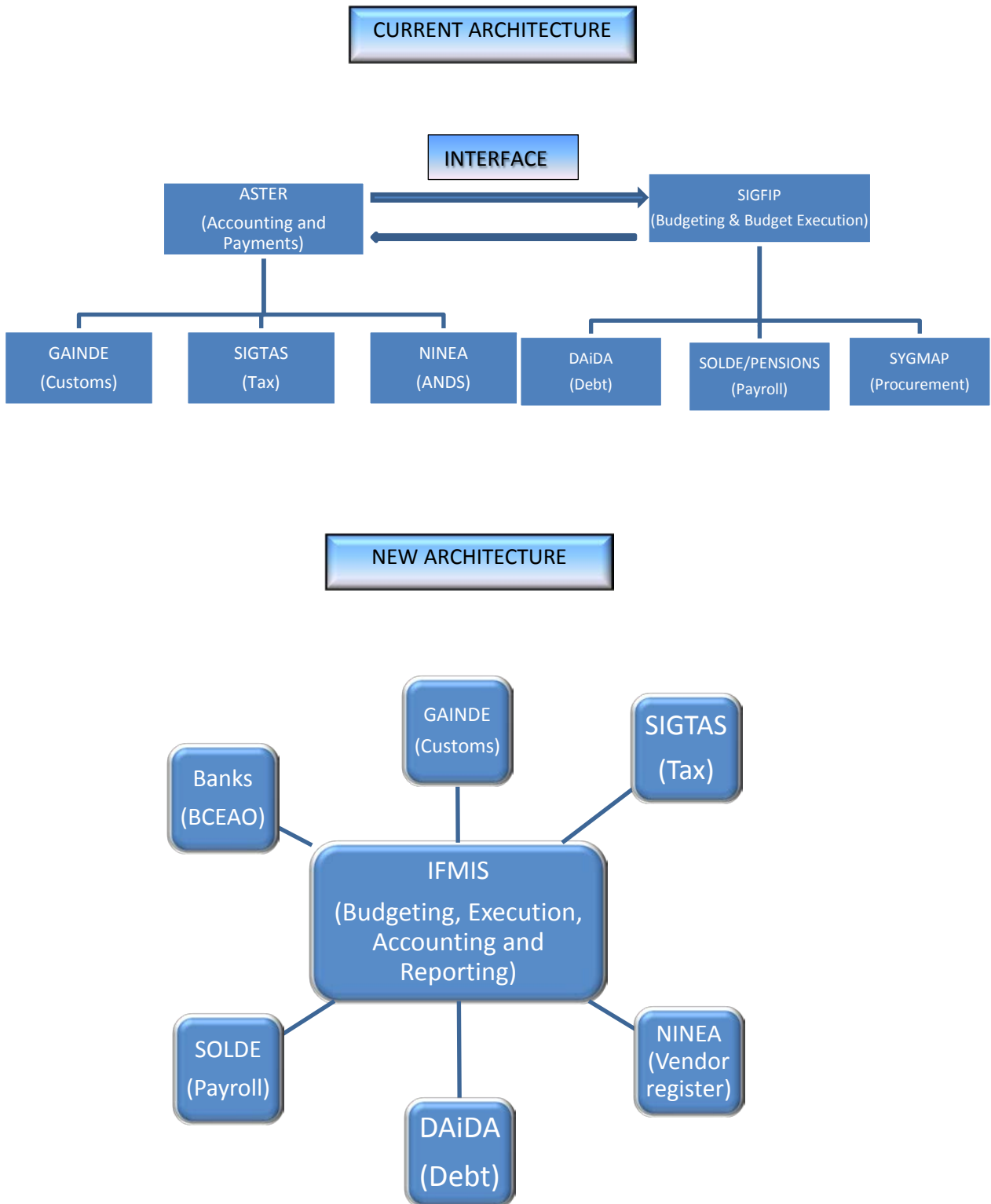
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|---|
| <ul style="list-style-type: none"> – General Ledger – Purchasing/Commitment (procure-to-pay) – Accounts Receivable (interfaced with SIGTAS and GAINDE) – Accounts Payable (interfaced with the Banks) – Cash Management (interfaced with Banks) – Asset and Inventory Management (to be designed but not implemented at this phase) – Procurement (to be designed but not implemented at this phase) |
|---|

B. Interfacing with IFMIS:

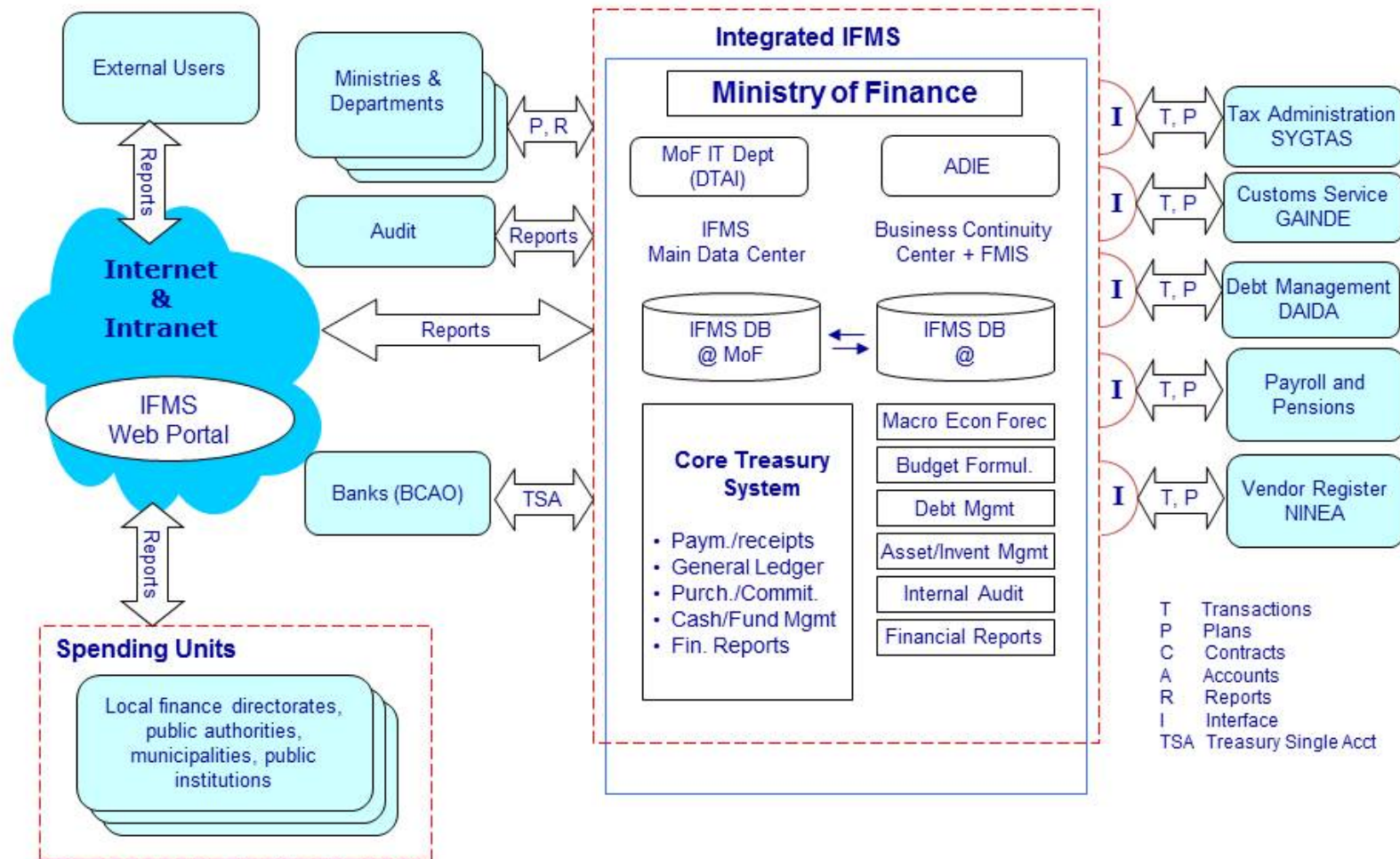
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|---|
| <ul style="list-style-type: none">• GAINDE (Customs)• SIGTAS (Tax)• DAIDA (Debt management)• SOLDE (PAYROLL) – On a uniform platform with PENSIONS• PENSIONS – On a uniform platform with SOLDE• BANKS (with G/L, Accounts Receivable, Accounts Payable, Cash Management)• NINEA (with G/L, Accounts Receivable, Accounts Payable, Cash Management) |
|---|

15. As the schematic diagram below shows, the changes required in the existing core systems architecture will simplify processes, support compliance with WAEMU Directives on budget preparation, execution and reporting, as well as infuse improved financial management and control of Government finances. The integrated system (IFMIS) that brings the functionalities of ASTER and SIGFIG, as well as those currently being supported by peripheral systems together, will ensure that while commitment authority can be decentralized to line ministries, the role of the Budget Department in monitoring execution status, real time, across the whole Government will continue. The integrated system will provide profiles for budget compilation, budget releases, amendments, transfers (within thresholds) to the *Budget Department alone*; it will however provide ‘read-only’ and ‘report generation’ access to the Department on encumbrances, commitments, obligations, and liquidation of obligations – a departure from the current practice, pursuant to the WAEMU Directives that the Government has already adopted, but has yet to implement. On the other hand, the Treasury department will have access to processing of obligations through liquidations/payments to suppliers/vendors and would not have change/edit access to any appropriations, budget releases, encumbrances, and commitments, except for the encumbrances and commitments of the Treasury as a spending unit. Line ministries and departments will have edit access only to their encumbrances and commitments against approved budget releases, but can generate their budget execution reports including read and report access on commitments and obligations outstanding.

Figure 1: Core PFM Systems Architecture



IFMIS : Functional Modules and Users for Implementation under a centralized Architecture



16. **Systems deployment strategy:** Deployment of the new system to serve as a tool for a comprehensive PFM architecture will need careful phased planning, matched with significant change management requisites to enable achievement of the desired results. To this end, the design caters to the following deployment arrangements:

- Setting up a test site for the integrated budget and treasury system at the MEF (using a development and test environment).
- Piloting the system at the Budget Department, Treasury Department and five line ministries.
- Roll-out of the system to the remaining line ministries.
- Roll-out to core departments and agencies of the 29 line ministries.

17. It is estimated that a total of 52 MDAs will be covered under the implementation phase of the new systems, including for the regional/local Governments. A total of 2,000 staff across MDAs is expected to concurrently use the system when the roll-out is implemented. For the purpose of economy and user flexibility, the design envisages the procurement of enterprise licenses costed against a theoretical maximum user load of 1000 concurrent users. As implementation will be phased over a period of about three years, the determination of licensing costs and related maintenance and support would necessarily take cognizance of systems' productive availability during this period.

18. The additional financing does not cover the implementation of a Human Resources Management Information System (HRMIS), but will support the design of the basis for a future acquisition and implementation of the application with a view to further enhancing the credibility of the payroll as well as establish stronger internal control processes in personnel cost management. Also, in the light of the need to prepare for transition to accrual based accounting as per the WAEMU Directives, the 'Assets' module will be developed during this phase of implementation and activated only after the core treasury modules, as identified above, have been implemented. Equally, the procurement planning /management system (SYGMAP) will be one of the systems to be implemented after the core systems of revenues, payroll, and pensions have been implemented. In readiness towards a future implementation of the HRMIS and Assets (the readiness of the latter as an integral part of the integration contract), a requirements specifications study of the HRMIS will be carried out during the life of this AF to inform on the system of choice for the Government. The HRMIS will be centrally managed and interfaced with the payroll and thus form the data source for all payroll changes.

19. **Activities to be financed:** Specific activities that will be financed under the AF will include the following:

- (a) Turn-key implementation of the IFMIS modules (including the services of the implementation partner, procurement of software licenses and their annual support over a three year period, procurement of infrastructure and establishment of a primary data center).
- (b) Services of a quality assurance firm to strengthen the Government's technical and functional staff's due diligence capacity in verifying the 'delivered' vis-à-vis the

‘deliverables’ of the implementation partner and assuring implementation quality from both the technical and functional perspectives.

- (c) Establishment and operation of a main data center along with a disaster recovery and business continuity center, including the acquisition of servers.
- (d) Wide Area and Local Area Networks (WAN and LAN) and their annual maintenance costs during project life.
- (e) Procurement of hardware (including computers, printers, other accessories).
- (f) Training of technical and functional specialists, and systems’ end-users.
- (g) Technical and functional consultants to strengthen the technical organization for project management.
- (h) Communication and change management consultancy services.

Component 4: Project Management

20. This component will continue to provide support for the coordination, administration, financial management, procurement, monitoring and evaluation, and dissemination of the project. It will also finance the incremental staff in the key coordination and implementation support areas during the additional life of the project.

Component 5: Supporting the Implementation of a Public Sector Performance-Based Management and Results Monitoring System

21. **Objective of the component:** The objective of this component is to develop a culture of results management and support the Government of Senegal in monitoring the overall achievements against (i) the targets set by the Plan Senegal Emergent (PSE), and (ii) the reforms initiated in order to implement a Public Sector Performance-Based Management System that will be applicable to both the Central Government level (Ministry of Finance and line ministries Energy, Agriculture, Infrastructures, Basic Education and Health) and the SOEs. The component aims at implementing a comprehensive set of monitoring tools which will enhance informed and timely decision-making abilities at key levels within the Government, and includes two sub-components: (i) improving the Performance-Based Management System and the Central Government's Oversight of the SOEs and public agencies and (ii) strengthening the system of monitoring and evaluation of results.

Sub-Component 5.1: Improving the Performance-Based Management System and the Central Government’s Oversight of the State Owned Enterprises and Public Agencies

22. **Objectives of the sub-component:** The objective of this sub-component is to modernize public sector practices in order to migrate to a Performance-Based Management System and support the Government to take a more proactive ownership role in the various public companies and agencies, thereby increasing their performance. Activities will focus on strengthening the technical capacities of the central ownership unit to actively support and monitor agencies and SOE performance.

23. **Current status:** Senegal has already taken significant steps toward the modernization of its budgetary processes (elaboration of three-year medium term expenditures framework in key

line ministries, update of the budget preparation process, computerization of the exchanges on annual expenditures' drafts between the MEF and line ministries). However, budgeting the entire scope of the State's public spending according to a performance-based paradigm still remains a target to reach.

24. The priorities of the 2014-2018 time period will, therefore, have to be focused on capitalizing on initiatives that have already been launched and on implementing two main tools: (i) program budgets in key line ministries, and (ii) a comprehensive performance monitoring framework to properly assess the results of the public policies and program budgets that will be financing (objectives, key performance indicators, annual projects of performances, annual reports on performances).

25. Senegal has chosen to delegate significant portions of the execution of public policies – notably the carrying out of public investment projects – to autonomous agencies and SOEs. The accountability of those SOEs regarding the related financial transfers they are benefiting from the State's Budget is, therefore, of the utmost importance. The framework of the SOE's governance is yet to be modernized, in order for the Central Government to enhance its ability to (i) monitor and evaluate their overall performance, and (ii) reinforce its technical and financial oversight.

26. In order to better grasp the key stakes of this modernization initiative, an independent study was conducted, which led to the adoption of a comprehensive restructuring plan for agencies in July 2013. The priorities of the 2014-2017 time period will therefore have to be focused on implementing an effective and constraining performance monitoring framework in key agencies, notably those in charge and, thus, accountable for the carrying out of public investment projects.

27. Senegal's "para-public sector", including SOEs and agencies, includes a large number of entities (57 SOEs and 76 agencies in 2013). The State's ownership share in National Companies, Majority SOEs, and Minority owned Companies and Public Establishments was valued at FCFA 372.1 billion in 2011 (US\$ 768 million equivalent), equal to 5.5 percent of GDP.

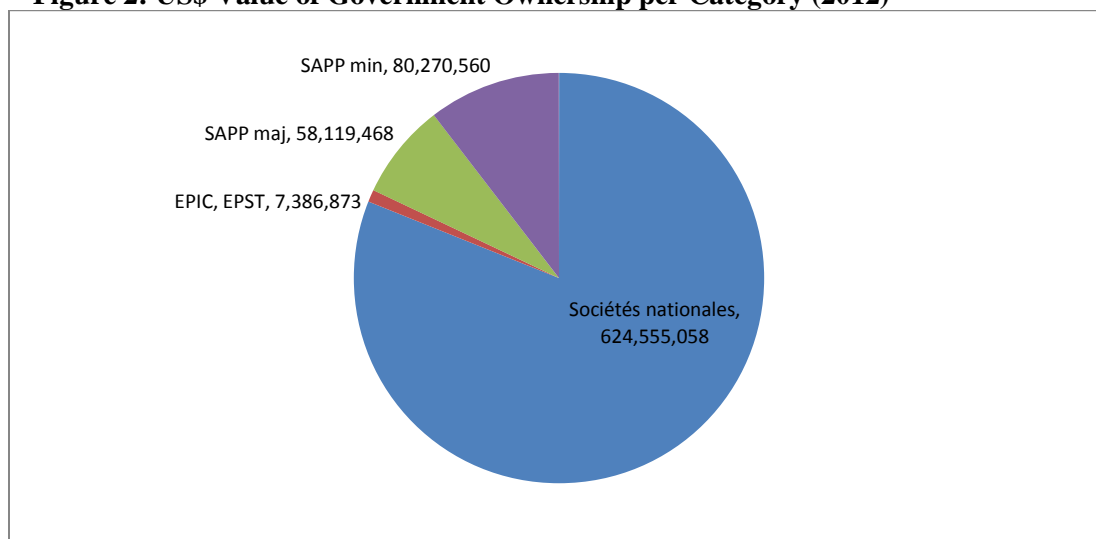
28. Senegal has a dual ownership structure in which line ministries share the responsibility for exercising ownership rights with the central administrative entity housed in the Treasury. The para-public sector directorate is responsible for supervising the portfolio of SOEs and agencies. It receives reports from the various SOEs and agencies, and drafts an annual report to the Government on the SOE portfolio. In addition, the unit votes the State's shares at annual meetings of shareholders.

29. The SOE/parapublic sector in Senegal is composed of the following types of institutions:

- National Companies (*Societies nationale*): these are public limited companies (*societies anonymes*), where the state (or other state bodies) holds 100 percent of capital. Statutes are fixed by decree. As of 2012, there were nine companies in this category, including the national electricity company SENELEC, the national radio and television (RTS), and the national mail (LA POSTE).

- Majority state owned public companies (*Societes anonymes a participation publique majoritaire – SAPP Maj*): these are also public limited companies in which one or several state bodies own directly or indirectly more than 50 percent of capital (14 companies as of 2012). The largest of these is the textile company SOTEXKA, where GoS holds a 63.58 percent stake.
- Minority-owned companies (*Societes a Participation Publique Minoritaire – SAPP Min*). These companies are often the results of earlier privatization efforts (there were 26 as of 2012). Many of these companies are banks (CBAO, Credit Lyonnais), but the category also includes telecoms (SONATEL), the national airline and ICS, a large multinational fertilizer company which operates a Phosphate mine. Minority stakes range from 49.6 percent to as low as five percent, while the majority remains at around 20 percent (2008 figures).
- Public Establishments: (*Etablissements Publics a Caractere Industriel et Commercial - EPICs and etablissements publics a caracter scientifique et technique - EPST*). These are specialized legal entities with financial autonomy with no private capital, and include hospitals, universities and a number of non-commercial entities (eight in total as of 2012).
- Public Agencies (*Agences et structures assimilees*) These entities include institutions with strategic policy objectives with responsibilities and roles similar to core public sector agencies, such as those in charge of road maintenance (AGERROUTE), rural electrification (ASER), etc.

Figure 2: US\$ Value of Government Ownership per Category (2012)



Source: Rapport d'Endettement 2012 (Government of Senegal).

30. In general, SOE governance in Senegal follows many aspects of good corporate governance as defined by the Organization of Economic Cooperation and Development's (OECD) Guidelines on Corporate Governance of State Owned Enterprises. For example, the

state has largely separated the ownership and regulatory functions, and independent regulatory authorities have been created in a number of areas; SOEs are generally subject to the same laws as private sector companies; SOEs are not generally given special lines of credit, although many are allowed to build up major arrears; the state generally avoids getting involved in the management of companies; and SOEs are in principle subject to the same accounting and auditing standards as listed companies.

31. However, there are several areas that could benefit from being strengthened: there is no defined ownership policy in place, except a previously stated policy of privatization; board independence and performance is compromised by the lack of a clear board nomination process and a practice of appointing senior Government officials with, sometimes, limited technical expertise; Para-public sector directorate has limited capacity to monitor and engage with companies, their annual SOE report is limited in scope and does not provide a complete assessment of company performance; the level of reporting and disclosure by SOEs is uneven; and the internal audit function reports to management (and directly to the Presidency) rather than the board.

32. The activities supported by the project will focus on strengthening the central ownership unit through the following:

- (i) *Developing a methodological framework* to support key line ministries in changing focus from inputs to outcomes and putting in place a new performance evaluation system.
- (ii) *Institutional and legal assessment of the parastatal sector in Senegal* – with a focus on the Government’s ownership function. This study should look at recent trends in the parastatal sector of Senegal and assess the current organization of the state’s ownership arrangements and how the ownership function is exercised.
- (iii) *Development of a GoS Ownership Policy*: Building on the initial assessment, this activity will support the Government of Senegal in defining an ownership policy. The Policy should outline the objectives for state ownership, as well as its expectations for individual companies and agencies in terms of their performance and adherence to general corporate governance principles.
- (iv) *Strengthen the SOE Unit*: This activity will support the state ownership unit in fulfilling its role in supervising and supporting SOEs and agencies, notably in (a) developing a framework for aggregate reporting of SOEs and publication of an Annual SOE report; (b) ensuring active engagement with SOEs through regular meetings and participation in annual shareholder meetings, including prior preparation and research and development of Government position on key decisions; (c) active input into the Executive Board nomination/selection process; and (d) strengthening the SOE unit technical expertise through regular international advisory services.
- (v) *Strengthening Executive Board Capacity*: The capacity and performance of boards of Senegalese SOEs varies greatly, but is sometimes quite weak. This is partly due to a lack of technical sector expertise, but also due to a lack of understanding by board members of their role. Activities would include training for board members appointed by the state and linkages with professional board associations/organizations in the region and in OECD countries where appropriate. Other activities include: (a)

- defining a clear board nomination process, including the establishment of minimum qualifications for board members; (b) development of guidelines or codes of ethics for board members; (c) review of board remuneration policy; (d) development of a methodology for board self-evaluations, etc.
- (vi) *Performance Contracts:* Technical support will be provided to elaborate Performance Agreements between key SOE/Agencies and the Government of Senegal, as required by Government decree.

Sub-Component 5.2: Strengthening the system of monitoring and evaluation of results

33. **Objectives of the sub-component:** The objective of this sub-component is to enhance the overall efficiency of the system of monitoring and evaluation of results through the development of the Result Monitoring Framework of the PSE priorities, to secure the effectiveness of their implementation, and track and report on results.

34. **Current status:** Recently, the President of Senegal has given new impetus to a greater results focus in the public sector by setting up a secretariat to help with the frequent monitoring of key indicators in a set of priority sectors/issues (Energy, Agriculture, Private Sector Development, Education, Disaster risk reduction, Social Protection, Water and Sanitation). The small secretariat is based in the Office of Organization and Methods (BOM) of the Presidency, and has helped track results for the quarterly delivery meetings chaired by the President. This increased results focus – with a quarterly scorecard – has brought some immediate results, and as a result of this success, other Government ministries have begun their own efforts for increased Results Based Management (RBM). The Government now wishes to capitalize on this momentum and scale it up to cover the entire public sector.

35. The Government is receiving technical support from the World Bank to think through the main components of its overall M&E System, which is still evolving.

Box 1: Global Network of Delivery Leaders

The Senegalese President is a founding member of the Global Network of Delivery Leaders, an alliance of leaders from Albania, Ethiopia, Ghana, Haiti, Malawi and Senegal, whose objective is to share knowledge about what works and what doesn't in delivering services to citizens. The network was established in 2013, following a meeting of these leaders with Mr. Jim Yong Kim and Mr. Tony Blair on the sidelines of the UN General Assembly.

A key objective of the Global Network is to overcome institutional blockages to reforms and resistance to change in the public sector through stronger accountability mechanisms and intensive results monitoring. High level engagement and evidence based monitoring of results is the main vehicle to achieve this objective, and this requires skilled support to the collection and processing of performance indicators and regular follow-up.

36. This component will support the strengthening of this unit to build on recent experience and further strengthen their capacities to continuously collect data, produce timely reports/scorecards and support the organization of quarterly review meetings as well as providing methodological support to other Government institutions adopting an RBM approach.

37. **Activities:** Strengthening the capacity of the Service Delivery Unit (USRP) in the BOM will be conducted through: (i) the establishment of an administrative and technical framework

for effective performance management by developing tools and methods for planning, and outcome measures; (ii) building the operational capacity of the USRP unit and the monitoring and evaluation units of the priority line ministries and provision of related equipment; (iii) support for training of USRP and monitoring and evaluation units of priority line ministries' staff; ; (iv) the production of regular monitoring reports; and (v) access to on-demand technical expertise including for public policies assessment and target results review in selected areas..

Project cost and financing

38. The funding required under the AF is the equivalent of US\$ 30 million. The table below is a summary cost allocation (in US\$) for both the original project and the proposed AF operation – both financed under IDA. Annex 3 provides the breakdown of costs against each component of the AF on an annualized basis to also facilitate the disbursement planning.

Table 4: Summary Component Financing and Disbursement Status

	Project Components	Original Allocation	Additional Financing	Revised Allocation	Committed and Disbursed
1.	Strengthening Fiscal Policies and Planning	3,500,000	-	3,500,000	1,386,177
	1.1. Support of the Reform of the Legal & Institutional Framework and extension of the Medium Term Expenditures Framework	2,900,000	-	2,900,000	1,272,487
	1.2. Development and Implementation of a Debt Management Strategy	600,000	-	600,000	113,690
2	Improving Budget Execution and Reporting Processes	8,000,000	24,000,000	32,000,000	3,294,692
	2.1. Strengthening budget execution and procurement processes	2,000,000	2,000,000	4,000,000	809,847
	2.2. Enhancing budget management information systems	5,000,000	22,000,000	27,000,000	1,732,530
	2.3. Strengthening internal audit practices and impact	1,000,000	-	1,000,000	752,315
3.	Strengthening the Capacity of External Audit and Legislative Oversight	2,500,000	-	2,500,000	1,032,714
	3.1. Improving external audit systems and practices	2,000,000	-	2,000,000	971,486
	3.2. Strengthening legislative oversight	500,000	-	500,000	61,228
4.	Project Management	1,000,000	1,000,000	2,000,000	669,793
5.	Supporting the Implementation of a Public Sector Performance-Based Management and Results Monitoring System	-	5,000,000	5,000,000	
	5.1 Supporting the implementation of the Public Sector Performance-Based Management and the Central Government's oversight to SOEs and public agencies	-	2,500,000	2,500,000	
	5.2 Strengthening the implementation of a Result Monitoring Framework	-	2,500,000	2,500,000	
	Total	15,000,000	30,000,000	45,000,000	6,383,376

Annex 4: Abridged Limited Analysis of Costs and Benefits of Additional Financing

Table 5: Abridged limited analysis of costs and benefits of Additional Financing¹

Estimated Benefits and Costs (US\$)	2014/15	2015/16	2016/17	2017/18	2018/19	Total
Savings (Salaries Payroll)	-	13,800,000	13,800,000	13,800,000	13,800,000	55,200,000
Savings (Pensions Payroll)	-	1,380,000	1,380,000	1,380,000	1,380,000	5,520,000
<i>Investment costs</i>	<i>(7,000,000)</i>	<i>(9,000,000)</i>	<i>(5,000,000)</i>	<i>(7,000,000)</i>	<i>(2,000,000)</i>	<i>(30,000,000)</i>
Net cash Flow	(7,000,000)	6,180,000	10,180,000	8,180,000	13,180,000	30,720,000
PV of Net cash Flow (12% discount rat	(7,000,000)	5,517,857	8,115,434	5,822,362	8,376,128	20,831,782

¹ A discount rate of 12% (being estimated average Government borrowing rate) is used for computing the present value of the net cash flows.

Annex 5: Additional Financing - Project Cost Table²

The table below shows the summary of the detailed costing of the activities to be financed against each of the components under the AF. The comprehensive costing tables, along with the planned procurement packages, are contained in the project files.

Table 6: Summary of Detailed Costing of Activities

Additional Financing Components/Sub-components/Activities	2014/15	2015/16	2016/17	2017/18	2018/19	Total
Project Totals >>>	9,094,742	8,756,543	5,565,045	4,545,694	2,037,977	30,000,000
Component 2: Improving PFM Legal Framework and Budget Execution						
<i>Sub-Component 2.2: Enhancing Budget Management Information Systems</i>	<i>8,460,742</i>	<i>7,034,143</i>	<i>4,069,645</i>	<i>3,308,294</i>	<i>1,166,577</i>	<i>24,039,400</i>
<i>Development and Deployment of IFMIS</i>						
2.0. Establishment of a country wide network	200,000	200,000	200,000	200,000	-	800,000
2.1. MEF LAN Upgrade de harmonization	149,729	-	-	-	-	149,729
2.2. Support for change management (tech training, workshops)	215,000	355,000	315,000	275,000	120,000	1,280,000
2.3. IFMS implementation advisor(s) - Quality Assurance and Technical Audit	283,000	283,000	194,000	194,000	194,000	1,148,000
2.4. Acquisition and Customization of Application Software for PFMS + Central Servers	5,306,250	4,481,000	2,384,750	2,069,524	315,827	14,557,351
2.5. System deployment and Data Centers implementation (user hardware and equipment)	849,213	988,043	658,395	529,770	516,750	3,542,170
2.6. Network and Security Equipment	1,312,150	587,550	317,500	40,000	20,000	2,277,200
Component 4: Project Management	134,000	247,400	245,400	227,400	146,400	1,000,600
3.1. PARF Consultants/Staff	-	116,400	116,400	116,400	116,400	465,600
3.2. Project mgmt / procurement / financial mgmt training	44,000	44,000	34,000	24,000	-	146,000
3.3. Operational costs	90,000	32,000	40,000	32,000	-	194,000
3.4. Support to Monitoring and Evaluation	-	25,000	25,000	25,000	-	75,000
3.5. Ad-hoc Experts	-	-	-	-	-	-
3.6. Audit	-	30,000	30,000	30,000	30,000	120,000
Component 5: Improving Public Sector Performance & Results Monitoring	500,000	1,475,000	1,250,000	1,010,000	725,000	4,960,000
<i>Sub-Component 5.1: Public Sector Performance Management</i>						
4.1. Parapublic setor study and ownership policy		240,000	50,000			290,000
4.2. SOE Unit strenghtening and Board Training		460,000	500,000	460,000	250,000	1,670,000
4.3. Performance contracts	100,000	100,000	100,000			300,000
<i>Sub-Component 5.2: Building a monitoring and evaluation system</i>						
5.1. USRP Core Support	200,000	300,000	300,000	250,000	250,000	1,300,000
5.2. Technical Support and Equipment	100,000	200,000	200,000	200,000	150,000	850,000
5.3. Capacity Building	100,000	175,000	100,000	100,000	75,000	550,000
						30,000,000

² Includes annualized disbursement forecast – amounts in US\$.

Annex 6: Synopsis of the Proposed Communication and Change Management Strategy

1. Any form of public sector reform, particularly including the establishment of an IFMIS, would require a concise communications and change management strategy to succeed. IFMIS is a developmental initiative and tool that should help connect the key elements of the PFM reform, and ensure that the various ingredients of the reform actions are appropriately translated into applicable practices and norms in implementing daily operations. Key aspects of reforms that will undergo specific intensive and extensive communications and change management processes will involve the following areas:

- The transition from a logic of ‘means’ to a logic of ‘results’ (example being in the area of planning and budgeting based on a focus on means – multi-year program based budgeting that is aligned to the national strategy) versus a focus on objectives and results – economic growth).
- The devolution of the commitment authority of the MEF to spending ministries, imposing a revision of the roles and responsibilities of actors involved in the budget preparation, implementation and monitoring processes.
- The adoption of new management methods and practices including new control mechanisms imposed with ICT-based expenditure management systems.

2. The coherent implementation of a well-articulated Communications and Change Management Strategy is intended to dissolve or dilute resistance to change, attract the support of key actors (new champions and change agents) and facilitate the successful implementation of the requisite reforms, including the establishment of a new information system.

Strategic approach adopted under the project

3. The adopted strategy for the AF follows the planning work carried out by the Sogema consulting firm that the Government had retained. While the change management processes outlined in the original project will also focus largely on the softer reforms associated with other components, Sogema highlighted three types of issues associated with the establishment of IFMIS: (i) the process of implementation of change, focusing on infrastructure, process, and people; (ii) communicating the vision and strategy; and (iii) capacity development to acquire the skills and competence to implement the new systems. These three elements are articulated throughout the project cycle, according to the change management strategy and approach proposed by Sogema, as per the scheduling table below.

4. In addition, the MEF has conducted a reorganization study to improve the overall efficiency of the department. Key recommendations are being discussed within the ministry but their implementation will require actions of communication and change management activities to succeed. The AF will support the MEF to implement the new organization of the department.

IFMIS Deployment Schedule

0. Inception/Planning	1. Pre-Production	2. Implementation	3. Post-Production ³
Communications and Change Management			
Organize and plan the support for change	Prepare change	Facilitate the transition and deployment of the new system	Support change
Define the strategy and plan for the implementation of change, the communication plan and the training plan	Sensitize the agents concerned to arouse the required commitment as well as develop the skills necessary for the best use of the new system	Ensure that technical and functional contents are fully understood, encourage, motivate and manage the resistance	Strengthen the new skills and attitudes and by resolving the problems, monitor progress, evaluate performance
<ul style="list-style-type: none"> • Prepare communication tools • Information and sensitization meetings/sessions • Launch an information letter and the Web page • Disseminate general information about IFMIS on the MEF intranet or the Project's Web page 		<ul style="list-style-type: none"> • IFMIS deployment announcement 	<ul style="list-style-type: none"> • Disseminate information on the project's implementation and state of progress • Disseminate project's favorable outcomes/successes; • Anniversary meeting of IFMIS deployment
Capacity Building			
<ul style="list-style-type: none"> • Identify the target public and their training needs • Establish a schedule for the conduct of training activities • Provide the training resources • Identify those in charge of their implementation 	<ul style="list-style-type: none"> • Training in new management methods (cf. national training plan) • Technical upgrading • Functional upgrading • Training of users (training sessions, distance support and tutoring, self-instruction). 		

Key post-planning activities

5. **Communication and Change Management:** The following shall constitute the core focus areas of intervention from the point of pre-production (prior to commencement of implementation) to the post-implementation period:

- Drafting a guidance document to sustain the communication strategy in order to maintain a regular flow of information, attract the support of the various actors (stakeholders of reforms), and step up their motivation to participate in the implementation of the different reforms proposed.
- Rapidly setting up the governance arrangements, and consult and communicate the complete plan that has been adopted.
- Setting up a dedicated team in charge of change management, identify the agents of change at the MEF, and in sectoral ministries.

³ Post Go-Live.

- Instituting a monitoring and evaluation mechanism, including a series of results indicators and a schedule specifying short and medium-term benchmarks, based on the IFMIS implementation schedule.
- Rapidly identify the «proponents» within the MEF and more generally the agents of change including in ministries (« champions »).
- Identify an expert responsible for change management and integrate him/her into the project team and define his/her mission (content, workload, duration).
- Draw up the detailed implementation plan (schedule, work plan, budget).
- Build the project's web page on the intranet and commence communications.

6. **Training:**

- Rapidly train the technical committee in the process for the selection of software solutions (including the preparation of tender documents).
- Conduct a comprehensive evaluation of training needs that would result in a skills building plan, in the light of the developments registered by the IFMIS (upgrading plan prior to deployment).
- Coordinate the training plan with the national training plan relative to the reform (synchronizing training sessions at the level of pilot ministries, in particular).
- Train the technical committee in change management.

Annex 7: Donors Support Matrix on Public Financial Management Sector

	1. Ongoing Activities	3. Activities planned	Donors	Budget
Budget Credibility	PFM TA Component 1: Strengthening Fiscal Policies and Planning	Implementation of program budgeting and supporting Results Monitoring system	World Bank GIZ-MEF	US\$ 8.5 million
Comprehensiveness and Transparency	Support the implementation of the transparency code		USAID	US\$ 600 000
	Support the implementation of the transparency code, the quality and access to budget and financial information		European Union	
Policy based Budgeting	Assessment of the planning units capacity and the monitoring and evaluation framework	Strengthening the system of monitoring and evaluation for results	World Bank GIZ-MEF	US\$ 2 million
	Support the on-going Government efforts to align the legal and institutional framework with the new West African Economic & Monetary Union (WAEMU) Directives and improve the legal framework and extension of the Medium Term Expenditures Framework, selection and evaluation processes of public investments projects;		World Bank	
Predictability and control of budget execution and reporting	Elaboration of a revised performance manual		GIZ-MEF	
	Strengthening budget execution processes;) enhancing budget management information systems and enhancing the performance of the	Support the Government in better handling the procurement function as an integrated part of the budget preparation and execution Establish a platform for an integrated financial	World Bank	US\$ 32 million

	internal oversight systems, through an operational internal audit function	management information system for budgeting and core treasury operations and interfacing with core systems		
	Enhancing cash management and oversight of SOEs through a convention with IMF Developing the unified database for civil service	Improving the Government's oversight of SOEs and public agencies	European Union World Bank	
External Audit and Oversight	Strengthening legislative oversight and reinforcing public access to information	Developing capacity of civil society	GIZ-MEF World Bank	
	Accelerating the modernization of the Supreme Audit Institution		European Union World Bank	
			Luxembourg Cooperation	€ 214 000
		Assistance to the Parliament and citizen commitment on budget issues	USAID	US\$ 1.6 million