

SENEGAL

Country snapshot

- Sovereign rating/outlook: Moody's B1/Pos; S&P B+ Stable
- Budget coverage: Central Government
- OBI score: In 2015: 43 out of 100; rank: 61 out of 102 countries surveyed (Rank 88/100 in 2012)
- TI Corruption Index: 2015 Rank 61 out of 168 (score 44/100)
- Availability of Year-End Report: Yes
- Fiscal rule/ Fiscal responsibility law: Yes (WAEMU)¹
- Accounting methodology: Accrual
- The Government of Senegal provides limited budget information to the public
- Budget oversight by the Legislature is adequate while that of the Supreme Audit Institution is limited.

Key areas for improvement

- Extend coverage of fiscal data to the general government.
- Modernize the framework of autonomous agencies to enable the government to monitor agency performance to better manage the fiscal risk they pose.
- Classify current and capital expenditures correctly.
- Publish all budget documents in a timely manner.
- Enhance credibility of the budget by reducing the number of in-year spending decisions
- Implement formal mechanisms for public participation throughout the budget process, including in the audit process.
- Improve legislative oversight by establishing a specialized budget research office for the legislature.
- Ensure the supreme audit institution has adequate funding to perform its duties.

Budget Reporting

Timing and coverage

The Government of Senegal provides the public with limited budget information. The budget presented to Parliament is not accompanied by all the necessary information to aid Parliamentary budget review and control. Insufficient information is available concerning autonomous public agencies. Budget information is not well distributed nor very easily accessible to the public. In general, little budget information is published prior to the enacted budget. Fiscal expenditures are also not properly registered and reported on. Steps are now being taken to rationalize tax expenditures, and an action plan for this purpose was to be adopted by end of September 2016.

Encourage the authorities to extend coverage of fiscal data to the general government; support implementation of the transparency code; and strengthen quality and access to budget information.

Revenue and expenditure classification

Revenues and expenditures are reported for the central government. Revenues are broadly classified in line with international standards.

¹ Pre-budget Statement, Executive's Budget Proposal, Enacted Budget, Citizens' Budget, In-Year Reports, Mid-Year Review, Year-End Report, Audit Report, as covered by the IBP's Open Budget Survey as reflected in country OBI scores (see below).

Expenditures are classified on an administrative, economic and functional basis.

The Senegalese budget system classifies current and capital spending in clearly separated chapters, but certain important budget items have been mixed, leading to a misrepresentation of the share of current versus capital expenditures, with the latter being significantly lower and the public wage bill significantly higher under a proper classification. The government has begun a gradual process to reclassify spending properly from the 2015 budget law onwards.

Accounting

The Government reports flows of funds on an accrual basis.

Budgeting and the Budget Process

Availability of key budget information

Senegal produces and makes public the 8 key budget documents,¹ although the Mid-Year review, the Year-End Report and the Audit Report are published late.

In terms of the usefulness² of the information in the reports, the Pre-Budget Statement is deemed

² The following categories are used to assess the usefulness of each document: Not produced, Published Late, Internal Use, Scant, Minimal, Limited, Substantial, or Extensive.

to be extensive and the Enacted Budget and the In-Year Reports are viewed as substantial, while the others are considered to be of limited use.

Encourage the authorities to further enhance budget transparency by producing and publishing all documents in a more timely manner, and by increasing the comprehensiveness of the Executive's Budget Proposal by presenting information on the classification of future revenues and expenditures.

Budget Process and Policy Orientation

The Constitution requires the President to present the proposed budget to Parliament upon the opening of the Parliamentary session, during the first half of October. The Parliament then has 60 days to review and vote the executive's budget proposal.³

While certain aspects contribute to enhanced budgetary discipline, numerous factors tend to undermine it, including the lack of transparency both in the preparation and the execution of the budget as well as in the oversight and control stage of the budget process. The role of Parliament in ensuring a more strategic allocation of resources is undermined by the weakness of external controls.

Encourage the authorities to improve budget execution processes and strengthen legislative budget oversight capacity as well as links to the external audit function of the Court of Accounts.

Credibility

Senegal has the capacity to improve the credibility of its budget. It receives good marks in budget implementation, but does poorly in the area of assessing fiscal challenges and planning a credible budget. Credibility is weakened by numerous in-year decisions which affect the appropriation of funds, resulting in actual

expenditures which are significantly different from the initial allocation of credits, based on national and sector development strategies.

Encourage the authorities to improve fiscal reporting in order to strengthen fiscal policies and planning.

Fiscal risk analysis and management

The growth of spending above revenues has weakened the sustainability of public finances.⁴

Three key weaknesses persist in challenging Senegal's Public Financial Management system; (i) the proliferation of autonomous public agencies which execute a significant share of the capital budget, but lack clear legal and financial status; (ii) the lack of organized coordination and exchange of information between the external and internal control systems; (iii) the overlapping of ex-ante spending controls.

One additional key challenge is that fiscal information is fragmented and derived from IT systems that do not communicate with each other. In addition, the existence of separate disconnected systems hinders transparency and undermines internal controls. The implementation of the Treasury Single Account (TSA) continues and should be finalized in December 2017.

Encourage the authorities to modernize the framework of autonomous agencies to facilitate monitoring and enhance government oversight.

Open Government

Open Budget Survey⁵

Senegal's Open Budget Index improved substantially in recent years, moving from a score of 10 out of 100 in 2012 to a score of 43 in 2015, just below the global average of 45, but above the

³ The fiscal year runs from 1 January to 31 December.

⁴ The deficit was projected at 4.8% of GDP in 2015 (up from less than 2% a decade earlier) and total public debt was projected at 54.4% in 2015. Nevertheless, the deficit was projected to decline to 4.2% in 2016, and

while public debt ratios were revised upward in 2015, they remain on a declining path over the medium term.

⁵ The International Budget Partnership prepares the Open Budget Survey, which is an independent comparable measure of budget transparency, participation, and oversight.

regional Sub-Saharan African average of 39.⁶ It now ranks 61st among the 102 countries surveyed. Senegal has a very low score when it comes to opportunities for the public to engage in the budget process, at 13 out of 100. Legislative oversight in Senegal is adequate and receives a relatively good score, at 67 out of 100. Budget oversight by the Supreme Audit Institution (SAI) is limited, as reflected by a score of 58 out of 100.

Encourage the authorities to improve the OBI score by producing and publishing all the key budget documents in a timely manner, and increasing the comprehensiveness of the Executive’s Budget Proposal; implement formal mechanisms for public participation; and strengthen budget oversight both by the legislature and the SAI.

Key sources and web sites:

Ministry of Finance <http://www.finances.gouv.sn/>;

Constitution de la République du Sénégal de 2001; UE (2011), “Cadre de Mesure de la Performance de la Gestion des Finances Publiques au Sénégal Rapport sur la seconde évaluation du système de la GFP.” Rapport Final - 30 Juin;

Open Budget Survey
<http://www.internationalbudget.org/wp-content/uploads/OBS2015-CS-Senegal-English.pdf> ;

“Project Paper for a Public Financial Management Strengthening Technical Assistance Project.” July 8. IMF (2015) “Senegal Selected Issues.” Country Report No. 15/15 IMF (2015)

“Union Economique et Monétaire Ouest-africaine (UEMOA)—Rapport des Services du FMI sur les Politiques Communes des Etats Membres.” Rapport du FMI No. 15/100

⁶ In 2012, Senegal’s score of a mere 10 points was significantly below the regional SSA average of 31.

Contact information:

<http://eminvestorsalliance.org/about>

Fiscaltransparency.net