DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

PUBLIC FINANCIAL MANAGEMENT STRENGTHENING TECHNICAL ASSISTANCE PROJECT

APPROVED ON APRIL 26, 2011

TO

MINISTRY OF ECONOMY AND FINANCES

GOVERNANCE

AFRICA

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Task Team Leader: Maimouna Mbow Fam
I. BASIC DATA

Product Information

<table>
<thead>
<tr>
<th>Project Information</th>
<th>Financing Instrument</th>
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<tr>
<td>Project ID</td>
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<tr>
<td>P122476</td>
<td>Investment Project Financing</td>
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<td>Original EA Category</td>
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<tr>
<td>Approval Date</td>
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<td>26-Apr-2011</td>
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Organizations

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<th>Borrower</th>
<th>Responsible Agency</th>
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<tr>
<td>Ministry of Economy and Finances</td>
<td>Cellule de Coordination des Reformes Financieres et Budgetaires</td>
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Project Development Objective (PDO)

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.

Current PDO

The PDO is 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.

Summary Status of Financing
Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

Current project achievements include the appropriation of the appraisal of investment projects based on the Costs-Benefits Analysis Methodology, and its effective application. The projects evaluated and attached to the Finances Law have gone from 5 in 2015 to 28 in 2018. The credibility of the Three-year Public Investment Program (PTIP) has improved with the systematic appraisal of all major projects. The budget management system provides real-time information on expenditure arrears. The unified debt management is completed with the effective transfer of the power to authorize debt service payments to the National Debt Department and the use of the new Debt Management System fully aligned with international standards. The adoption of a risk-based audit approach along with a comprehensive risk management processes to develop audit plans in 13-line ministries have been completed. The Coordination and Monitoring Office under General Inspectorate of State assures a systematic follow-up of the recommendations resulting from the audit missions and has also stepped up the requirement of the level of application of the guidelines.

As part of efforts aimed at strengthening the oversight of SOEs, agencies and assimilated bodies, 34 performance contracts have been signed since the launch of the project, and 27 contracts are in the pipeline. The objective of establishing a culture of performance has largely been attained and the next step is now to improve the quality of the documents and ensure an adequacy between the outcome objectives and the requested budget for more development impact.

The implementation process of the IFMIS is on track with more than 90% of the build completed. However, securing the critical path in the implementation schedule is necessary to ensure the system goes into production on January 1st, 2020 as scheduled. The success of the PFM reforms and the implementation of the new harmonized framework largely depends on the success of the IFMIS component. The budget preparation module (P1) has been finalized and is being piloted into five Ministries with the aim of using it for the preparation of the 2019 budget (budget prepared through the system and budget book printed from it). The rollout to other ministries is on track and will be completed by December 2019. The budget execution and cash management modules (P2) are under testing. The development of the Business Warehouse and the reporting module (P3) is being finalized as well. The Service Level Agreement (SLA) negotiations with ADIE for Wide Area Network (WAN) management and Disaster Recovery infrastructure hosting have been completed and will be signed shortly to cover at least, in a pilot phase, Dakar Metropolitan Area. This should provide an adequate level of user support as well as quality network services (at least comparable to those provided by the private telecom operators).

In order to successfully complete ongoing activities and ensure their full delivery before project closing, it is now requested to extend the IDA credit closing date from June 30, 2019 to December 31, 2019. The Borrower has requested an extension until June 30, 2020 but all critical activities will be implemented by end of 2019 and the
The remaining balance will be fully disbursed by December 31, 2019. This will be the first extension of IDA Credit No. 5528-SN. The closing date of the initial credit No. 4915-SN will remain June 30, 2019.

The project objectives continue to be achievable as progress in project implementation remains satisfactory: (i) The budget preparation module (P1) has been rolled out in the pilot Ministries and the first feedbacks received from users are very satisfactory; (ii) The rollout of the P2 (budget execution module) was planned in the first half of 2019. There have been significant slippages (6 months delay) which require to continue the rollout throughout 2019 to be able to use of the module for the 2019 budget preparation; (iii) there is a need to extensively test the budget execution and reporting modules for at one year to ensure that all functionalities are properly working before the January 2020 go-live.

The performance of the Project coordination unit and other project implementing agencies is also satisfactory. The Recipient has prepared a specific action plans acceptable to the Bank to complete the project. Furthermore, there has been no suspension of disbursement for this credit. The 2018 audit opinion of the Project is unqualified. The interim un-audited financial reports and progress reports are satisfactory to the Bank and submitted on time. The implementing unit is compliant with the Bank’s financial management requirements, and there are no overdue audit reports and interim financial reports.

### III. DETAILED CHANGES

#### LOAN CLOSING DATE(S)

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<th>Ln/Cr/Tf</th>
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