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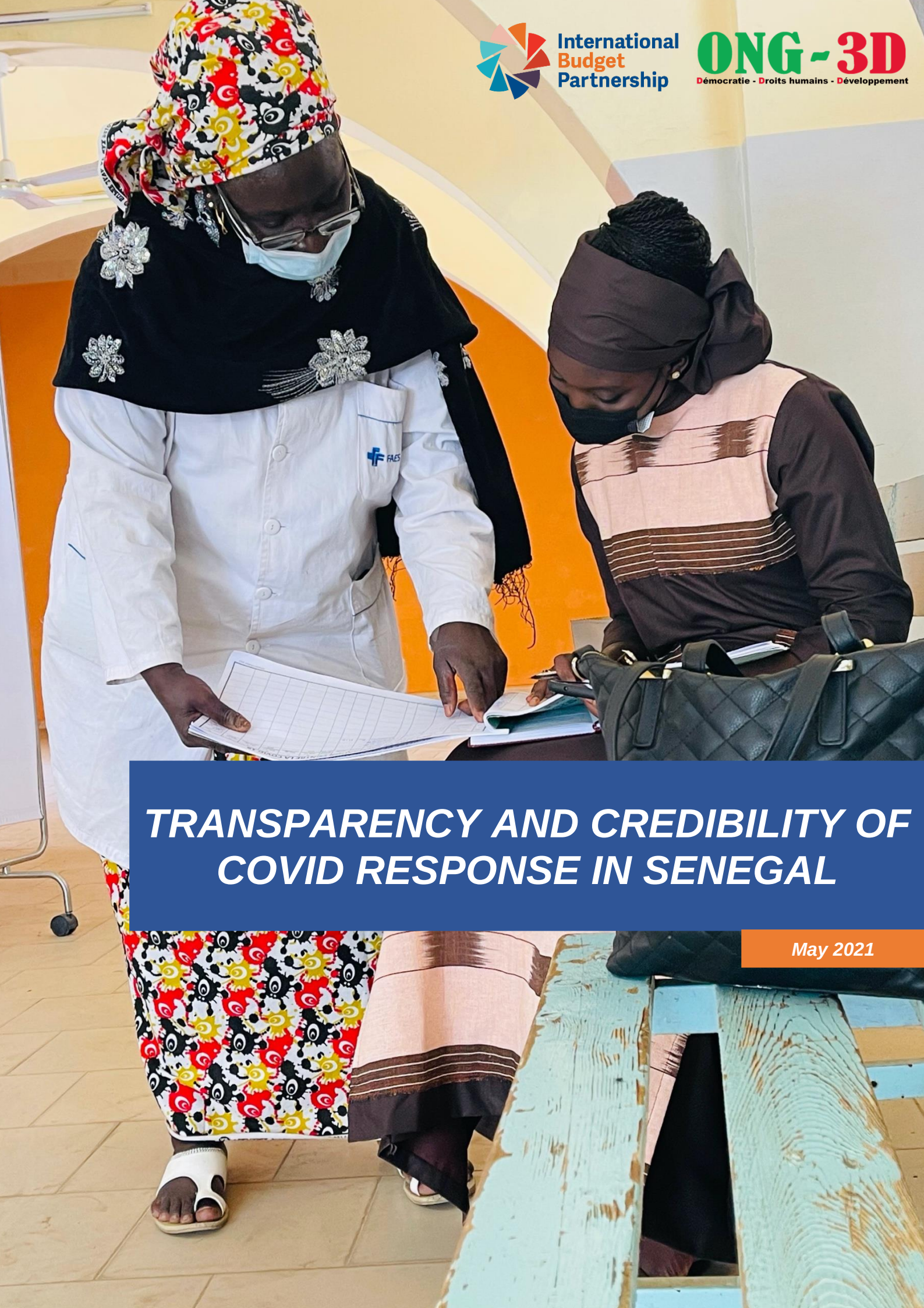


TRANSPARENCY AND CREDIBILITY OF COVID RESPONSE IN SENEGAL

May 2021

Section 1: Introduction

Considered a global health disaster since January 2020, the coronavirus pandemic has set the world ablaze. In Africa, the number of infected people exceeds four million, including more than one hundred and twelve thousand deaths. Senegal is among the fifteen most affected countries. To blunt the socio-economic impacts of this pandemic, the Senegalese government created an **Economic and Social Resilience Program (ESRP)**, which is financed by an extra-budgetary fund of XOF[1] 1000 billion[2] called the **"Force Covid-19 Fund"**. As the government implements this program, especially in the context of an economic recession, government obligations for transparency and accountability are a priority issue more than ever.

To this end, the government has established a **Monitoring Committee for the implementation of the Force Covid-19 fund.**[3] This committee is composed of thirty (30) members appointed by the President of the Republic, including representatives of the Government, the National Assembly, local authorities, civil society, the private sector, consumer associations, and others. In order to ensure impartiality, this Committee is chaired by a high-ranking member of the Senegalese army, General François Ndiaye[4], who was the General Inspector of the military.

Similarly, in addition to the final report to be published by this Committee, the Ministry of Finance and Budget provides quarterly information on the implementation status of the ESRP in relation to the implementation of the fiscal year's finance law. This means that significant efforts are being made to ensure greater transparency and accountability.

However, after nearly a year of implementation of this fund, significant variations have been noted in the implementation of the ESRP, especially in components 1 and 4 (outlined in page 2), which have overspent the budget by 124% and 145% respectively. According to our discussions with the President of the Monitoring Committee, this funding comes from Component 3 of the ESRP which has been underspent (see more explanation on Page 5). This raises the question of the credibility of the budget forecasts and the implementation of this fund. Indeed, this economic and health crisis coincides with a period of declining transparency and participation scores for Senegal according to the open budget survey[5].

This advocacy memo aims at analyzing and making recommendations on improving the level of transparency and credibility in the implementation of the "Force Covid-19" fund. It highlights the availability of data and information on the main fiscal measures in response to the socio-economic impacts of COVID-19. The idea is therefore to show how the government can improve transparency and accountability practices as the COVID crisis continues. Also, the government must make challenging decisions about how best to use limited public funds to support citizens. As such, the government could, for example, publish more information and data on the impact of these emergency tax policies on the resilience of vulnerable groups such as women and people living with disabilities.

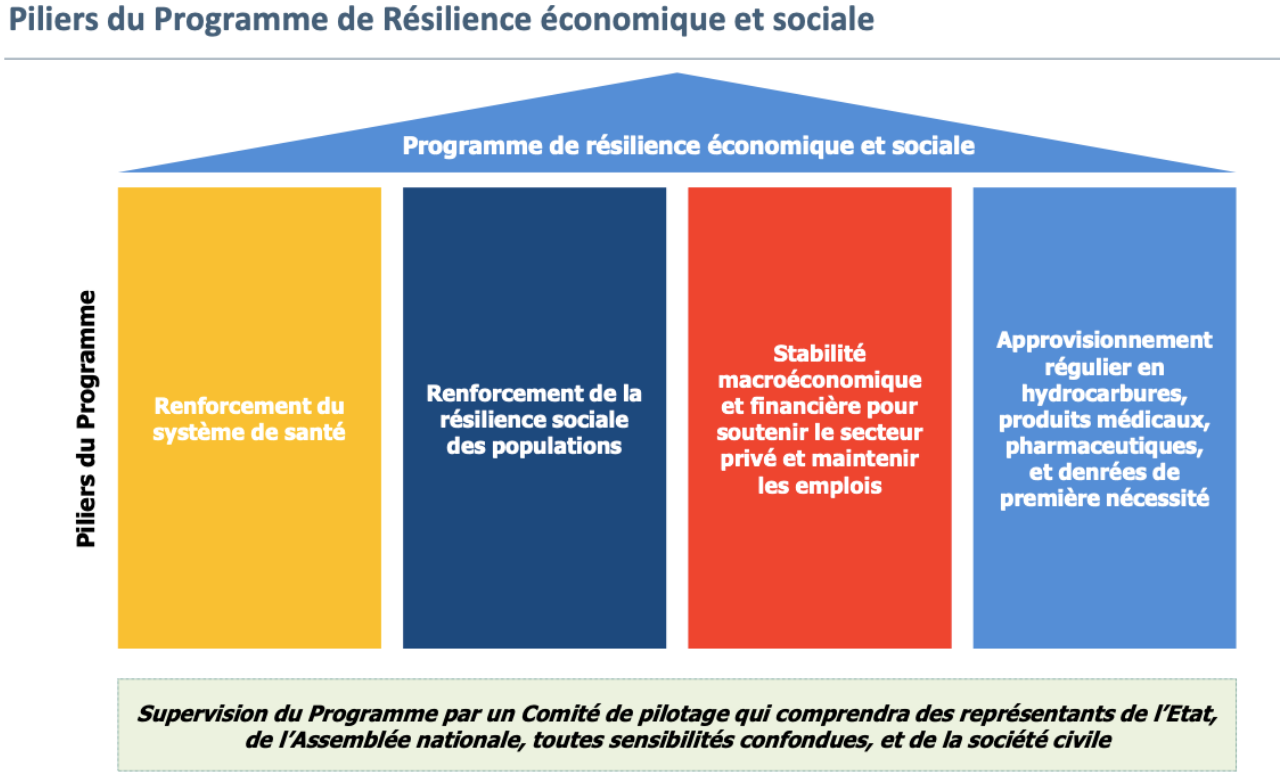
[1] XOF is the acronym of the CFA Franc which is the official currency of Senegal and all WAEMU member countries
[2] See Ordinance No. 2020-07 of June 17, 2020 amending the Initial Budget Act for the year 2020.
[3] See Decree No. 2020-965 of April 17, 2020 establishing and setting the rules for the organization and operation of the Monitoring Committee for the implementation of FORCE COVID-19 operations.
[4] See Decree No. 2020-966 of April 19, 2020, appointing Major General François Ndiaye, Chairman of the Force Covid 19 Monitoring Committee.
[5] Senegal's transparency index has dropped from 51/100 in 2017 to 46/100 in 2019, while its citizen participation index is currently at 0/100.

Section 2:

Emergency fiscal policies adopted by the Government of Senegal

To prevent and contain the spread of the virus, the Government of Senegal, through the National Assembly, has enacted an enabling law[6] which gave the President of the Republic the power to legislate by ordinance. The President has taken several measures to combat the pandemic, including a state of emergency, curfews, border closures and the lockdown of a large part of the national territory. In addition, intercity transportation was banned, classes were suspended at all levels of education and all places of assembly and worship were closed.

All of these measures have had, in many ways, significant impacts on the survival of the national economy. Indeed, Senegal's economic growth has been limited to only 0.7% in 2020, whereas the projections - in the framework of the initial 2020 budget law - were 6.8%. This decline in economic growth has had a much greater impact on the tertiary sector, which alone accounts for 40% of national GDP. Sectors of activity such as trade and transport are indeed the most affected by this pandemic. To mitigate the socio-economic impacts of this pandemic, the government of Senegal has adopted an Economic and Social Resilience Program (ESRP). This is a set of fiscal and budgetary measures to effectively respond to the various aspects of this crisis. Supported by an extra-budgetary fund of XOF 1,000 billion[7] called "Force Covid-19 Fund", this program is based on four main components:



1. **Strengthening the health system:** With a budget allocation of 78.7 billion, the main objective of this component is to strengthen Senegal's capacity to deal with the pandemic, in particular by reinforcing prevention methods and intensifying social communication about barrier measures.
2. **Strengthening the social resilience of the population:** This component includes the distribution of foodstuffs to 1,000,000 households for 69 billion, a fund of 12.5 billion dedicated to Senegalese in the diaspora and the sum of 18.5 billion allocated to the payment of water and electricity bills for

[6] Law No. 2020-13 of April 2, 2020, empowering the President to legislate by ordinance and to take "measures within the scope of the law" to address the coronavirus pandemic.
[7] See Ordinance No. 2020-07 of June 17, 2020 amending the Initial Budget Act for the year 2020.

two months for the most vulnerable households (975,522 households for electricity; 670,000 households for water). **During the implementation of this component, 100,000 more parents living with disabilities were added to the original targets**. The Government has therefore decided to take better account of vulnerable groups in the implementation of the ESRP and thus leave no one behind. This indeed addresses the concerns of the IBP SPARK program[8] which is to strengthen citizen participation in budgetary processes and knowledge of budget advocacy for improved social inclusion of vulnerable groups and access to public services. In Senegal, this program is implemented in partnership with the Senegalese Federation of Associations of Disabled Persons (FSAPH).

3. **Macroeconomic and financial stability to support the private sector and maintain jobs:** This third pillar alone mobilizes more than 75% of the Force Covid-19 fund. It includes a partial remission of corporate tax debt of 200 billion, 302 billion for payments due to government suppliers and 100 billion to support the sectors most affected by the crisis such as tourism and culture.
4. **Regular supply of hydrocarbons, medical products, pharmaceuticals and essential foodstuffs:** This component concerns, among other things, the creation of security stocks for all essential foodstuffs throughout the pandemic period. The strengthening of the monitoring of the internal market is also of paramount importance.

The implementation of the ESRP is also accompanied by the adoption in December 2020 of the ***Adjusted and Accelerated Priority Action Plan 2019-2023 (PAP2A)*** for the recovery of the economy. This plan is now estimated at 14,712 billion, an increase of 4% compared to the initial PAP II. It provides for the implementation of a series of sectoral and cross-cutting reforms to support the private sector and strengthen the priority economic sectors.

[8] Strengthening of Public Accountability for Results and Knowledge. In Senegal, this program is implemented in partnership with the Senegalese Federation of Associations of Disabled Persons (FSAPH).

Section 3:

Trends in Transparency and Budget Credibility in the Implementation of the ESRP

In implementing economic and social resilience measures, the Government of Senegal was faced with a dual need for diligence in operations - given that we are in an emergency context - and transparency in the use of public resources dedicated to the fight against Covid-19. To this end, the government has set up a committee to monitor the implementation of the Force Covid-19 fund[9] for greater transparency, accountability and effectiveness. In the same vein, the Ministry of Finance and Budget, through the quarterly budget execution reports, provides as much information as possible on the level of execution of the fund. However, **Senegal is among the 56 countries that are considered to have limited levels of accountability in implementing emergency fiscal policies in response to COVID-19**. This is explained by, among other things, gaps in regular reporting on ESRP implementation, limited oversight by the National Assembly and the Court of Auditors during the pandemic period, and the lack of disaggregated data on how these measures have contributed to reducing gender inequalities[10].

1. Guaranteeing the transparency of resilience policies: the establishment of a multi-stakeholder monitoring body.

Transparency in the execution of the "Force Covid-19" fund was one of the major concerns of civil society actors, the media and more generally of citizens. The establishment of a **Monitoring Committee** for this fund's operations is an adequate response to this citizen demand. In fact, the governance of the fund is based on two bodies: The Strategic Council, headed by the President of the Republic, whose role is to define its orientations, and the Technical Committee, headed by the Minister of Finance, which ensures the implementation of operations. In addition to the traditional control bodies (Supreme Audit Institutions), the Monitoring Committee ensures, among other things, parallel monitoring of the achievement of the objectives set, collects the population's perception of the various operations and regularly informs citizens of the qualitative impact of the various economic and social resilience policies. This Committee is composed of a plurality of actors[11].

This Monitoring Committee provides *monthly activity reports* to the Ministry of Finance and Budget after receiving and analyzing the supporting documents provided by the various ministries involved in the implementation of activities planned under the ESRP. It also conducted public meetings in the 45 Senegal' departments to collect qualitative data from the population. Similarly, a toll-free number (800 00 82 82) was created specifically to receive complaints from citizens. In this regard, the Committee has received about thirty complaints. In order to improve the transparency of the implementation of the ESRP, an official website of the Government containing all the information related to the activities of the Committee was created. However, we must admit that this website is not yet accessible to citizens. According to the President of the Monitoring Committee, this site will be made public once the report on the execution of the ESRP is published.

Indeed, the Committee will have to produce a final report that will be ***transmitted to the President of the Republic before being made public.***

[9] See Decree No. 2020-965 of April 17, 2020 establishing and setting the rules for the organization and operation of the Monitoring Committee for the implementation of FORCE COVID-19 operations.

[10] International Budget Partnership, "Managing Covid Funds: The accountability gap", May 2021, page 3

[11] See Decree No. 2020-977 of April 22, 2020, appointing the members of the Monitoring Committee for the implementation of FORCE COVID-19 operations. The members of this committee are split as follows: Six from the Government; Six from the political parties; Three from civil society; Three from the National Assembly; Two from the High Council of Territorial Authorities; Two from the Economic, Social and Environmental Council; Two from the Associations of Territorial Elected Officials; Two from the private sector; Two from the trade unions; Two from the consumers.

Finally, in order to ensure that citizens have access to budgetary information on the execution of the ESRP, the Ministry of Finance and Budget, in publishing the quarterly budget execution reports, devotes an entire section to the status of revenue collection and the execution of expenditures related to this resilience program. Similarly, a table showing the **detailed execution of this program by component and by Ministry** is attached as an annex to the fourth quarterly budget execution report for the 2020 fiscal year[12].

2. Budget credibility concerns: A variation noted in the execution of the ESRP.

In terms of forecasts, the ESRP has a budget of XOF *1,000 billion,* of which CFAF *628.4 billion is disbursable expenditure and CFAF 371.6 billion is earmarked for revenue waivers.* However, only 811.214 billion could be mobilized, i.e., a fundraising rate of 81%. The majority of this amount came from budgetary support from technical and financial partners (651 billion). The remainder came from project support from the World Bank and the Islamic Development Bank (38 billion), internal state financing (102 billion) and voluntary contributions from individuals and legal entities (20 billion).

The disbursable expenditures are divided between budgetary expenditures (558 billion) and treasury operations (70 billion) within the framework of the implementation of a guarantee mechanism with the financial system for the benefit of enterprises. However, by the end of FY 2020, budget expenditures actually paid under the ESRP amounted to $672 billion, representing an implementation rate of 107%. Although this overrun seems relatively slight, there are still significant variations in the implementation of the internal budget headings of this program, particularly in components 1 and 4. In addition, in component 3, tax expenditures, i.e. those relating to revenue waivers, are not presented (See table in appendix).

Finally, it should be noted that the Monitoring Committee found that the overall level of implementation of the ESRP was about 70%. This is mainly due to delays in the implementation of Component 3 of the program, particularly with regard to the partial remission of enterprises' tax debts. The mechanisms and tools put in place by the Ministry of Finance and Budget are considered "unattractive[13]" by companies: of the 241 billion planned, only 60 billion in tax exemptions were realized, a low implementation rate of 25%.

[12] This table can be downloaded via this link: https://budget.sec.gouv.sn/telecharger-le-document/60525c4f-b00c-4161-930b-58fa0a2a028a/telechargement

[13] This information was provided to us by the Chairman of the Monitoring Committee of the Force Covid-19 fund, General François NDIAYE, during a virtual meeting held via Google Meet on Tuesday March 30, 2021.

Section 4 :

Conclusion

Significant efforts are being made by the various state stakeholders to ensure transparent implementation and participatory monitoring of the operations of the Economic and Social Resilience Program. However, very few explanations are provided for the variations noted mainly in components 1 and 4 of this program.

Thus, in order to guarantee greater transparency and accountability in the execution of resources dedicated to this fund, it would be important for the Government to consider the following recommendations:

- **The diligent publication of the final report of the Monitoring Committee of the "Force Covid-19" fund.** It will also be necessary to insist on i) the publication of a citizen version of this report to improve its accessibility; ii) more regular public reporting of expenditure and performance data[14].
- **The opportunities for citizen feedback / comments/ engagement around the report findings.** To the end of greater impact and impartiality such an opportunity should be organized by civil society organizations.
- **The publication, by the Ministry of Finance and Budget, of more information on the tax rebates made to companies** and their real impact on the economy and the preservation of jobs in the sectors most affected by the pandemic[15];
- The publication of a report on the treatment and follow-up of various claims made by citizens to the Monitoring Committee of the "Force Covid-19" fund;
- The opening of the official website of the Committee to the public (for the moment, this site is **only accessible to the Government** and the members of the Committee);
- **Finally, organize a communication and accountability workshop around the points of advocacy developed by this study.**

Under the new Code of Transparency in Public Financial Management, the government must regularly inform citizens about the use of public resources. This search for transparency in public finance management is all the more necessary in this period of pandemic during which budgetary resources are increasingly diminishing. In addition, it should allow greater accountability of public managers who, during the state of emergency, were authorized to use procedures that derogated from the Public Procurement Code in order to respond rapidly to the population' needs.

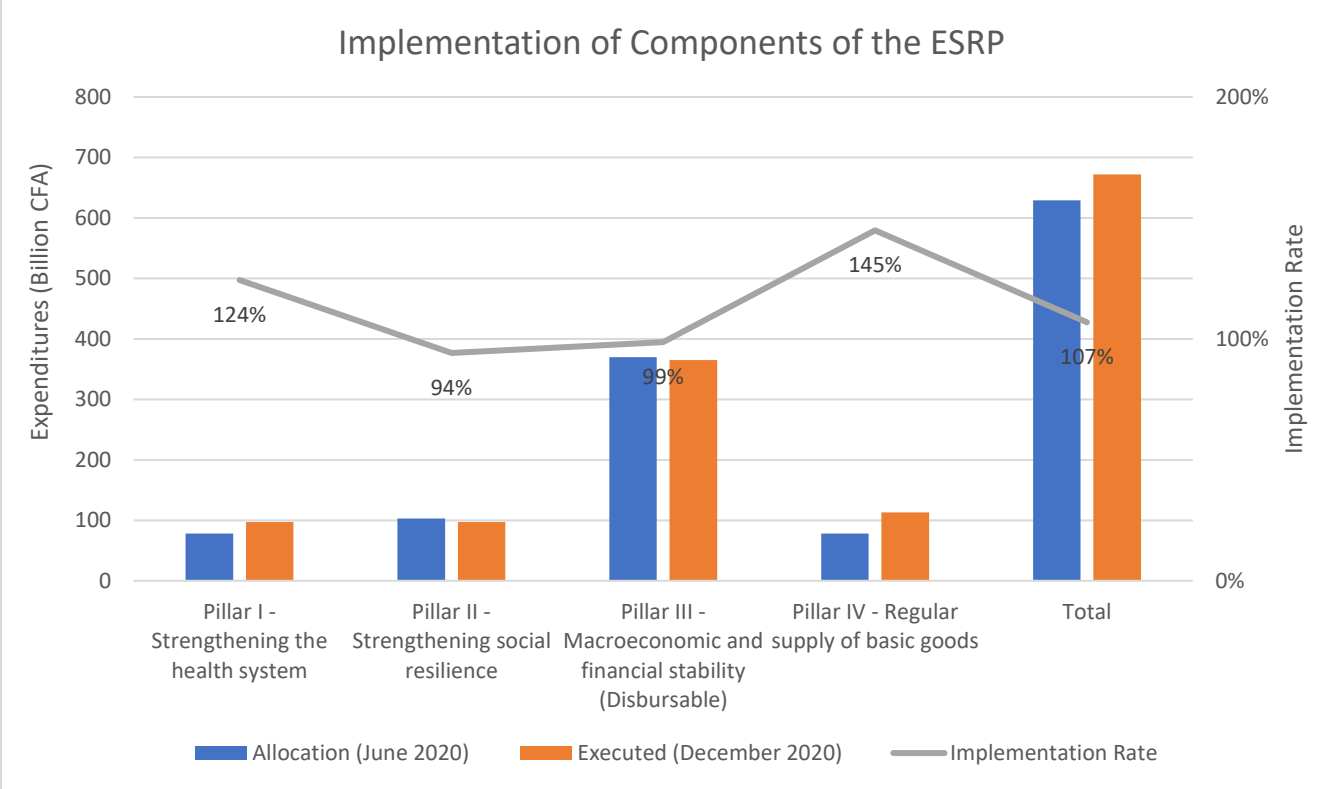
[14] Apart from this final report of the Committee and the quarterly reports on the implementation of the 2020 budget published on the website of the Budget Directorate, the government has not planned any other publications. These quarterly reports can be found in the following link: https://budget.sec.gouv.sn/documents/resultats-de-votre-recherche?search=&typedocs%5B%5D=rapport-trimestriel-d-execution-budgetaire

[15] In fact, while 371.6 billion were planned in terms of tax and customs measures, only 245 billion are clearly executed according to the latest quarterly budget execution report for fiscal year 2020.

APPENDIX 1: IMPLEMENTATION STATUS OF THE ESRP

Components of ESRP	*Allocation (June 2020)*	*Executed (December 2020)*	*Implementation Rate*
Pillar I - Strengthening the health system	*78*	*97*	*124%*
Pillar II - Strengthening social resilience	*103*	*97*	*94%*
Pillar III - Macroeconomic and financial stability (Disbursable)[16]	*370*	*365*	*99%*
Pillar IV - Regular supply of basic goods	*78*	*113*	*145%*
Total	*629*	*672*	*107%*

Source: Ministry of Finance and Budget, Fourth Quarterly Budget Implementation Report, 2020, page 15 *https://budget.sec.gouv.sn/telecharger-le-document/60547950-0528-4af6-b276-4e580a2a028a/telechargement*



[16] The disbursable amounts refer to budgetary expenditures that will actually be made by the government. Out of a total amount of 1000 billion provided by the ESRP, 628 billion are disbursable. The rest (372 billion) are tax exemptions made by the State to ensure particularly the solvency of companies. The "Total" therefore includes both disbursable amounts (628 billion) and tax exemptions (372 billion).