Examining Budget Credibility in Senegal’s Water and Sanitation Sector

Sokhna Assiatou Diop, International Budget Partnership
Examining Budget Credibility in Senegal’s Water and Sanitation Sector

Sokhna Assiatou Diop, International Budget Partnership
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>4</td>
</tr>
<tr>
<td>Senegal’s Progress on Sanitation and Hygiene</td>
<td>5</td>
</tr>
<tr>
<td>Budget Credibility Causes and Effects in Sanitation Consolidated Programs</td>
<td>8</td>
</tr>
<tr>
<td>Conclusions and Recommendations</td>
<td>14</td>
</tr>
</tbody>
</table>
Introduction

Senegal’s commitment to poverty eradication is evidenced by its adoption of the 2030 Agenda and implementation of the 17 Sustainable Development Goals (SDGs). However, achieving the SDGs, mainly SDG 6.2 on sanitation and hygiene, remains challenging. Ineffective implementation of public policy hampers the performance of sanitation programs. This brief analyzes Senegal’s public financial management system and reveals several constraints that arise during the budget implementation phase. The analysis shows that there is little alignment between budget planning, investment, and people’s needs, resulting in uneven access to sanitation services and hindering achievement of the SDG related to the sanitation sector.

This brief examines Senegal’s budget credibility issues in the sanitation sector between 2018 and 2021, assesses current progress on SDG 6.2, identifies bottlenecks that slow down performance of this sector, and reviews the potential causes of the identified budget credibility issues. Budget credibility refers to the ability of a government to meet its expenditure and revenue targets during the year. It is sometimes referred to as budget reliability or budget deviations and is recognized in the SDGs through SDG indicator 16.6.1.\(^1\)

The methodology used in this document consists of a triangulation of quantitative and qualitative data. The first stage consisted of a documentary review and analysis of (i) finance bills, (ii) budget execution reports for sanitation programs, (iii) public procurement reports, and (iv) reports on access to sanitation services. The second stage involved calculating budget gaps from finance bills and sanitation program budget reports. Finally, interviews were held with officials involved in budgeting for and implementing sanitation programs to gather explanations for the budget variances. These interviewees included representatives of the Sanitation Directorate, Rainwater Management Department, Procurement National Agency, and Directorate of Budget.

\(^1\) SDG 16.6.1 is a specific indicator on budget credibility, which measures government primary spending as a proportion of the initial approved budget, by sector (or by budget codes or similar).
Senegal’s Progress on Sanitation and Hygiene

The Government of Senegal has made policy commitments to develop sanitation in both urban and rural areas, aiming to provide sustainable and safe access to sanitation by 2025. However, the share of Senegal’s population with access to sanitation is still low, with 67 percent receiving services in urban areas as of 2022. Coverage is even lower in rural areas, with only 42 percent of the population having access to sanitation during the same year. Although Senegal’s latest score of 57 percent for SDG 6.2 (Figure 1) is just above the regional average for sub-Saharan Africa, significant disparities exist between access to sanitation services in urban and rural areas. In addition to the gap in sanitation access between urban and rural areas, two percent of urban households practice open defecation while 24 percent of rural households contend with the practice. Compounding these challenges, frequent flooding is exacerbated by inadequate sanitation infrastructure, causing damage and displacements. In 2009, floods destroyed 30,000 homes in Dakar, affecting over half a million people and resulting in XOF 44.5 billion in damage and losses. In 2020, across Senegal, 12,475 households flooded, affecting 77,260 people and displacing 3,285 individuals.

4 Cambridge University, Sustainable development report, 2022. https://dashboards.sdgindex.org/profiles/senegal Figure 1 shows the population using at least one basic sanitation service in Senegal from 2000 to 2020.
5 UNICEF, Joint Monitoring Programme, www.washdata.org
Examining Budget Credibility in Senegal’s Water and Sanitation Sector

Figure 1: SDG 6.2 index score (2000 – 2020): Population using at Least a Basic Sanitation Service in Senegal

Despite persistent problems with access to services, the Senegalese government has made significant political, budgetary, and programmatic investments in the sanitation sector to mitigate the various scourges linked to inadequate sanitation infrastructure, such as floods, open defecation, and the proliferation of diarrheic diseases. Through the initial budget, the Ministry of Water and Sanitation has received average funding of XOF 100 billion over the last five years, and several other sanitation programs such as the Project for Rainwater Management and Climate Change Adaptation (PROGEP) I and II have also received substantial budgets (XOF 194 billion).7 Beyond its financial commitments, the Senegalese government has also strengthened the sector’s institutional and programmatic framework by creating several programs and agencies involved in the sanitation sector, such as the flood prevention and management department. Nevertheless, while the government has made investments in the sanitation

6 UN SDG index 2020, https://dashboards.sdgindex.org/profiles/senegal
sector, low rates of budget execution and underspending against the approved budget may hinder progress in ensuring sustainable sanitation services, as shown in the next section.
Budget Credibility Causes and Effects in Sanitation Consolidated Programs

Despite yearly allocation in the national budget for the sanitation sector, the implementation rate shows significant budget under-execution (see Figure 2).\(^8\) This prevents continuous investment over time and responsiveness to growing population needs.\(^9\) Unsurprisingly, this lack of responsiveness has also meant significant differences in the implementation of investment budgets compared to operating budgets.\(^10\) For example, in 2019, the implementation rate of the operating budget of the Ministry of Water and Sanitation (MEA) was 88 percent while that of the capital budget was 66 percent.\(^11\)

**Figure 2: Senegal’s Ministry of Water and Sanitation Budget Execution Trends, 2018–2021**

---

\(^8\) The Ministry of Water and Sanitation through the initial budget, has received an average funding of 100 billion XOF in the last five years and several other sanitation programs such as PROGEP I and II also receive substantial budgets (194 billion XOF).

\(^9\) The average population growth rate is 9% between 2013 and 2018. UNICEF, Analysis of the Water Budget, Sanitation and Hygiene in Senegal, 2019

\(^10\) The brief produced by UNICEF in 2019 on the WASH sector reveals the same observation through data from BOOST.

Between 2018 and 2021, the MEA recorded an average budget underspend of 60 percent against the initial budget, mainly due to budget cuts by the Ministry of Finance (Figure 2). Whether adequate funds are allocated for the population’s sanitation needs is questionable; however, we found recurrent de-prioritization during the implementation of the budget. This implies that the sanitation sector either receives a smaller share of cash releases or spends less of its budget than other sectors, hence reducing the share of total expenditures spent in the sector relative to other sectors. In 2021, the budget provided by the MEA was halved compared to that of previous years, as a possible consequence of recurrent under-execution and lack of performance. This demonstrates the need for better budget performance to maintain allocation levels. During 2021, the overall underutilization rate for the MEA was 28 percent, compared to an average rate of 73 percent between 2018 and 2020, suggesting that underspending is also related to forecasting problems.

From a programmatic perspective, spending deviations remain an issue as illustrated by the Sanitation and Stormwater Management Program (PAGEP). The PAGEP program is the Senegalese government’s flagship program, combining all sanitation and flood management programs covered by the MEA. PAGEP’s strategic objective is aligned with SDG 6.2, but underspending against the approved budget for PAGEP has limited the amount of funds available to support program objectives. PAGEP recorded an overall budget underspending rate of 12 percent in 2021, with a significant gap of 28 percent for rural, peri-urban, and urban sanitation projects (Table 1). These budget discrepancies translate into a significant gap in PAGEP performance and, by extension, in access to sanitation services for the population. For example, in 2021, the PAGEP target for the construction of public toilets fell by 70 percent, and only 27 percent of the target for increasing wastewater treatment capacity was achieved. The most critical PAGEP under-expenditure has been on capital projects, with an underspending rate of 73 percent (Table 1). Due to limited public information, this brief does not analyze the implementation of budgets transferred to other agencies (private, public, or public-private) for executing sanitation projects.
Table 1: PAGEP Budget Execution Rates by Activity and Economic Nature in 2021 and 2022 (in XOF)

<table>
<thead>
<tr>
<th>Activities</th>
<th>Allocations (XOF’ million)</th>
<th>Execution (XOF’ million)</th>
<th>Execution rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PAGEP coordination</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Products and services</td>
<td>120</td>
<td>94</td>
<td>78</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>94</td>
<td>78</td>
</tr>
<tr>
<td>Rural, urban and suburban sanitation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in payment credits</td>
<td>2 208</td>
<td>591</td>
<td>27</td>
</tr>
<tr>
<td>Capital transfers</td>
<td>6 162</td>
<td>5 438</td>
<td>88</td>
</tr>
<tr>
<td>Total</td>
<td>8 370</td>
<td>6 028</td>
<td>72</td>
</tr>
<tr>
<td>Rainwater management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>6 591</td>
<td>6 535</td>
<td>99</td>
</tr>
<tr>
<td>Capital transfers</td>
<td>5 995</td>
<td>5 995</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>12 586</td>
<td>12 530</td>
<td>99</td>
</tr>
<tr>
<td>Total of expenditure</td>
<td>21 076</td>
<td>18 652</td>
<td>88</td>
</tr>
</tbody>
</table>

Source: Rapports de performance de la Direction de l’Assainissement

3.1 Budget Drains and De-prioritization of the Sanitation Sector

Despite a sharp increase in the budget of the water, hygiene, and sanitation sector from XOF 10 billion in 2010 to XOF 26 billion in 2018, the sector’s financing was equivalent to only 0.9 percent of overall central government expenditure and 0.2 percent of Gross Domestic Product in 2018. Senegal remains below the minimum standard of 0.5 percent of GDP spent on water, hygiene, and sanitation stipulated in the 2015 Ngor Declaration. In 2018, only XOF 1,675 per capita was spent on water and sanitation services.

---

12 The Ngor Declaration on Hygiene and Sanitation adopted in 2015 at the 4th Africa Regional Conference on Sanitation (AfricaSan4) contains ten commitments for achieving universal access to adequate and sustainable sanitation and hygiene services by 2030.
Households and communities in Senegal contribute 66 percent of total spending on sanitation out of their own pockets, compared to 22 percent from the public budget.

The MEA experiences significant and recurring budget cuts by the National Assembly during budget revisions over the course of the year. Between 2018 and 2021, the MEA experienced drains that averaged 53 percent of its initial budget. Drains consist of cuts between initial budget estimates, known as the initial finance bill, and budgets revised through amending finance bills, approved by the National Assembly. There is a strong de-prioritization of the sanitation sector when there is budgetary arbitrage, raising budget credibility concerns, especially when the MEA’s investment budgets are implemented late. With external shock such as the Covid-19 pandemic or rising energy prices prompted by the Russian-Ukrainian war, the government’s priority shifts to supporting consumption to mitigate the impacts of inflation on households. This impacts social sector budgets, such as sanitation, mainly when budgets are not executed on time or expenses incurred. 13

Thus, recurrent budget cuts and de-prioritisation are a vicious cycle. Budget data for 2021 (Figure 2) suggests that due to recurring budget gaps, the initial budget of the MEA was halved compared to the initial budget of previous years. We found that there are two levels of credibility in the sanitation budget. The first is related to budget cuts that prevent the MEA from meeting its initial forecast. The second relates to the difficulties program managers have while attempting to implement the available budget on time. Interviews with finance and sanitation ministries showed that the main causes of these difficulties are the delay in public procurement as well as lengthy lead time for budget transfers from the Ministry of Finance and payments from the Treasury. 14

3.2 Slow Pace of Public Procurement

The Public Procurement Regulatory Authority (ARMP) regulates the public procurement process. This is an independent administrative authority attached to the Prime Minister’s office. The procurement process consists of six different stages: preparation, drafting, publication, selection, award, and execution. The terms and rules for public procurement in Senegal are complex and non-transparent. Delays in all stages of the procurement process are common. For instance, interviews with ARMP staff revealed a failure to respect deadlines for publishing public contracts and information of candidates

---

13 These reasons have also been put forward by the government to explain the budget rearrangements made in 2021 in the 2021 amending finance bills.
14 The Directorate General of Public Accounting and Treasury (DGCPT) is a directorate of the Ministry of Finance and Budget (MFB) whose function is to collect and redistribute revenues.
in the award of contracts, with contract finalization occurring after the validity period of the tenders.\footnote{These difficulties, found at different stages of the procurement process, are also mentioned in Public Procurement Regulatory Authority (ARMP) reports. \url{http://www.armp.sn/index.php?option=com_content&view=article&id=1152&Itemid=309&limitstart=4}} Results are usually not published on time, and there are delays with transmitting minutes of the opening of the bids to the tenderers as part of the selection process.

Our review of sanitation contracts issued by the MEA and the National Office of Sanitation of Senegal (ONAS) shows that sanitation managers are not properly following deadlines for the various stages of the procurement procedures and the completion of contract schedules.\footnote{At the level of each Contracting Authority (ministries, state agencies), a Procurement Unit is set up to ensure the quality of procurement files and the proper functioning of the Procurement Commission.} On average, there is a delay of 40 days between the award notice and the award of contracts, contrary to the national best practice of 10 days. Finally, analysis of the audit reports produced by the national procurement agency regarding the management of sanitation service providers, such as ONAS revealed that non-compliance with procurement standards when awarding contracts and slowness of the procurement process affect contract schedules, budget disbursements, and, ultimately, service delivery.\footnote{AGEROUTE, meaning Agency for road works and management, is also responsible for sanitation works. The national procurement Agency produces audit reports on procurement management for governmental institutions. \url{http://www.armp.sn/images/AUDITS_2020-2021/2020/ADOC/MEA.pdf}}

### 3.3 Slow Remittances

Budget implementation rates in the sanitation sector are affected by the availability of resources. Cash release in the event of economic shocks most likely lead to fiscal adjustments. The Ten-Year Flood Management Program (PDGI) is a good example to illustrate how slow remittances constrain implementation. The PDGI was a national program implemented between 2012-2022 with the aim of improving knowledge of flood zones, relocating affected populations, and developing risk and flood prevention plans. It was supposed to ensure appropriate sanitation infrastructure for millions of Senegalese. The PDGI experienced significant budget deviations. The initial budget of XOF 766 billion was under-executed by 33 percent (XOF 511 billion).\footnote{Report on the Ten-Year Flood Management Program, 2022, shared with the International Budget Partnership as part of the workshop on the development of the second Ten-Year Plan.} One of the most important components of the PDGI, related to relocation of people affected by the floods and the provision of sanitation services, experienced an underspending rate of 88 percent. On the other hand, several other subprograms experienced significant budget overruns, such as “Spatial Planning” and “Rainwater Management,” which, respectively, spent 212 percent and 159 percent of their approved 2012 budgets (no explanation
was provided to the public as to the origin of the budget surplus). The causes of these credibility issues conceal several related problems:

- Late disbursements due to resource recovery gaps are often linked to poor budget planning and dependence on external resources. For example, the PDGI’s budget gaps are due in part to difficulties in raising funds. The sources of funding for the project were internal and external resources. Nevertheless, as reported by the Minister of Finance in 2020, the PDGI budget (2012-2022) could not be mobilized for lack of revenues. According to the same source, in the years 2016, 2017, and 2018, the Budget Directorate faced a difficult arbitration, particularly in the field of energy, which mobilized most of the national budget, in addition to unpaid obligations. In 2014, predictions of a drought in the following 10 years were made, contributing to a decrease in sanitation investment. Also, in 2020, Covid-19 mitigation shifted focus from sanitation spending to health spending. Hence, through 2020 (after 8 years of execution), only 32 percent of the government’s flagship flood prevention PDGI program budget was mobilized and spent. These challenges impeded progress of the Flood Control Program, which ended in 2022.

- Late disbursements due to lack of compliance with procedures is more visible in the context of Senegal’s new budgetary framework—the program budget. Important reforms in budget frameworks and public finance management must ensure that budget execution officials are well-prepared to achieve optimal results. In the context of its program budget, the Sanitation Directorate lacks staff capacity and knowledge of budget planning, budget execution tools, and monitoring and evaluation mechanisms. As a result, payment orders sent to the Ministry of Finance, or the Treasury are returned for non-compliance. According to officials of the Sanitation Directorate, the Treasury sometimes even declines payment for certain contracts citing similar reasons.

---

19 Comments taken from the monitoring and evaluation report from parliament members in 2020. This report, shared by parliamentarians, was obtained as part of the collaboration between IBP and the National Assembly.
20 Minister of Finance and Budget, Report of Parliamentary Missions, 2019. The source of financing of this amount is divided between XOF 143 billion in external financing and XOF 147 billion in internal resources.
4. Conclusions and Recommendations

Although there has been a marked improvement in access to sanitation in Senegal in recent decades, challenges remain, especially in relation to the inequity of services between urban and rural areas. To reduce regional disparities and ensure greater efficiency in public spending, the inclusion of communities in budget planning and implementation processes should be improved.

Opportunities for community inclusion include improving access to disaggregated data on sanitation programs and ensuring population feedback on services. Feedback from communities could inform budgetary arbitration to better align investments with community needs. Beyond planning, integrating local knowledge with technical knowledge would enable a better understanding of the geographical specificities of informal settlements and rural areas, facilitating the timely execution of works and budgets. This is particularly important for reducing open defecation in rural areas. According to program managers at the level of the Ministry of Sanitation, as well as social audits carried out by the International Budget Partnership (IBP), lack of communication is a real obstacle to the success of toilet access programs in rural areas. Additionally, the cultural and sociological parameters of the communities, including those related to modesty and patriarchy, should be considered in the fight against open defecation. The lack of communication and inclusiveness is a real obstacle to budgetary performance when people are reluctant to participate in programs. For example, IBP’s social audits have shown that when sanitation works involve the relocation of populations, it is necessary to engage people at every stage, from budget planning to program development. However, this is often not the case, resulting in late or unexecuted budgets and failure to deliver services or to meet development objectives.

The Government of Senegal demonstrates political will and initial financial commitments for the development of the water and sanitation sector. Yet lack of budgetary performance and credibility issues are impeding progress. One of the main causes of budget credibility is linked to difficulties encountered by MEA officials to follow procedures related to the public expenditure chain.

21 There are rural communities that do not use public toilets and prefer to continue practicing open defecation for reasons of modesty and patriarchy. These communities prefer to go into the bush to ensure privacy from their families or do not see the need to invest their meagre resources in toilet funding.

22 This was a concrete example in Keur Massar Nord in the district of Medinatoul Mounwara with a project of the state agency AGEROUTE. This agency, which is responsible for major road works in the State, also carries out sanitation projects, the sewer canal project mentioned above.
In 2020, sectoral ministries adopted results-based management through the program budget. However, program implementers lack the technical capacity required for effective budget management. Better technical support for MEA sectoral agents is necessary when upgrading to the new public expenditure system. This is possible through regular dialogue between the Directorate-General for the Budget, the Treasury, and the MEA’s Financial Management Directorate. This dialogue would help address bottlenecks that arise during the implementation phase, encourage the absorption of available budgets, and ensure timely transfer of funds, which could improve budget implementation rates.

**Despite the existence of a procurement unit at the level of the MEA and a recently revised procurement code, delays in the procurement system remain a real cause of budgetary credibility.**

Despite an improvement in public procurement legislation to ensure timely award of contracts, including a new public procurement code issued in 2022, difficulties in implementing the code remain. MEA agents and the Procurement Regulatory Authority (ARMP) need regular dialogue to ensure effective implementation. Technical support for ministry officials should be increased to eliminate delays in the various stages of the procurement process. Capacity-building and management dialogue could enable rapid action on structural impediments such as late feedback from the Directorate of the Procurement Unit regarding the compliance of tenders with public contracts.
The International Budget Partnership (IBP) headquarters:
750 First Street NE, Suite 700
Washington, D.C. 20002
Tel: +1 202 792 6833

The International Budget Partnership works hand-in-hand with partners globally—from think tanks to social movements—to ensure everyone can understand, participate in, and track how public money is raised and spent. Together, we generate data, advocate for reform and build people’s skills and knowledge so that everyone can have a voice in budget decisions that impact their lives. The change we seek is a world in which people have the power to ensure public money addresses their priorities and reduces systemic inequality and injustice.

For more information on IBP:
info@internationalbudget.org or visit
www.internationalbudget.org

@OpenBudgets
International Budget Partnership
International Budget Partnership
International Budget Partnership