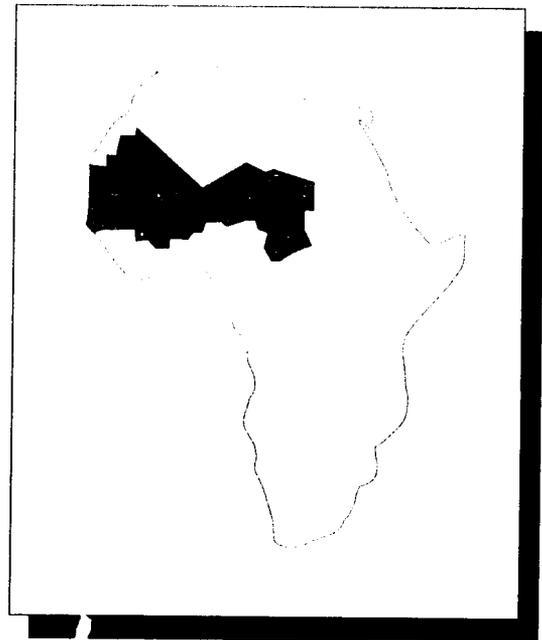


# **The Sahel Regional Financial Management Project:**

**A Blueprint for Financial  
Management Improvement  
in Africa**



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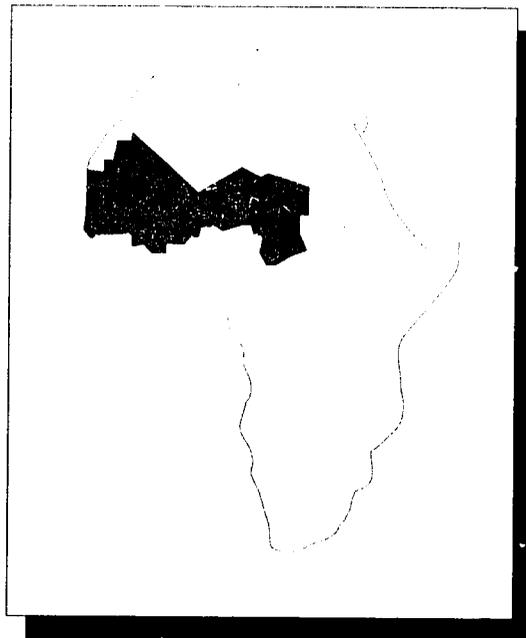
**EXPERIENCE inc.**

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# The Sahel Regional Financial Management Project:

A Blueprint for Financial Management Improvement in Africa

June, 1989  
Washington, D.C.



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***EXPERIENCE·inc.***

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Experience, Inc. is an employee-owned international development consulting firm. Since 1963, it has enjoyed a growing reputation for the quality of services it has provided to private businesses, government agencies, and international donors. It maintains a high professional and ethical standard in providing managerial and technical assistance relevant to the specific needs of each of its clients. Experience, Inc. has provided assistance in over 60 developing countries worldwide.

Many of AID's accountability problems can be traced to limitations and weaknesses of recipient countries. Most developing countries agree that improved financial management capability could significantly benefit the performance of U.S. development assistance programs. AID should include strengthening the financial management capabilities of AID recipients as an integral part of its long-term assistance strategy.

Charles A. Bowsher  
Comptroller General of the United States  
*Foreign Economic Assistance Issues*  
November, 1988

## **Introduction**

The Sahel Regional Financial Management Project (SRFMP) is a long-term, AID-funded project whose goal is to improve financial management practices in the public and private sectors of Sahelian West Africa. Since mid-1986, Experience, Inc. has implemented this innovative project through practical interventions in government services and private businesses. Experience, Inc. team members have worked closely with their local associates to bring change and to ensure growth and sustainability of the Project's financial management improvement efforts. In the last three years, under the direction of Experience, Inc., SRFMP has:

- Conducted more than 100 workshops and seminars for over 2,000 financial managers, accountants, controllers, businesspeople, national inspectors, financial analysts, inventory accountants, and administrators.
- Funded 17 participants from five countries for third-country training in six different programs.
- Provided financial management systems development and related training to more than 40 national government services.
- Contributed to curriculum development of three national institutions of higher education.
- Provided financial management systems development and related training services to about 100 small- and medium-scale business firms.
- Helped simplify and revise a national inventory accounting system for Senegal, which the Minister of Finance signed into law and mandated for use by all government services.
- Developed two local private consulting firms which can provide financial management development and training services to local and regional clients.
- Provided assistance to more than 50 AID-funded projects.

## **Background**

In 1981, in response to audit reports which documented weaknesses in the management of AID funds in certain Sahelian countries, Congress enacted Section 121(d) of the Foreign Assistance Act. This legislation requires certification that Sahelian government agencies managing AID funds can properly account for them. The Sahel Regional Financial Management Project (SRFMP), initiated in 1982, was designed to provide Sahelian governments with technical assistance to enable them to meet Section 121(d) requirements.

In 1984, a mid-term evaluation of the first phase of the Project found that in most cases project accountability had been achieved and that host governments were cognizant of a general need for improved financial management. Both local governments and USAID missions had begun to view SRFMP as a resource for Sahelian institutional development. The evaluators recommended that the activities initiated under the Project continue beyond its four-year life. AID designed a second four-year phase for the Project and contracted with Experience, Inc. to implement it beginning in mid-1986. This second phase maintains the original SRFMP objective of ensuring project accountability. More importantly, however, it focuses on improving financial management practices in both the public and private sectors of the Sahel, and on the institutionalization of these practices.

In order to achieve these goals, the Project helps local public and private entities develop practical, efficient financial management systems. It provides training to managerial and operating personnel in these systems and develops institutions capable of continuing training and systems development efforts beyond the life of the project. The Project provides long-term technical assistance to Burkina Faso, Chad, Niger, Mali, Mauritania, Senegal, and The Gambia. Project Teams in these countries generally consist of a Team Leader and one or two local professionals.

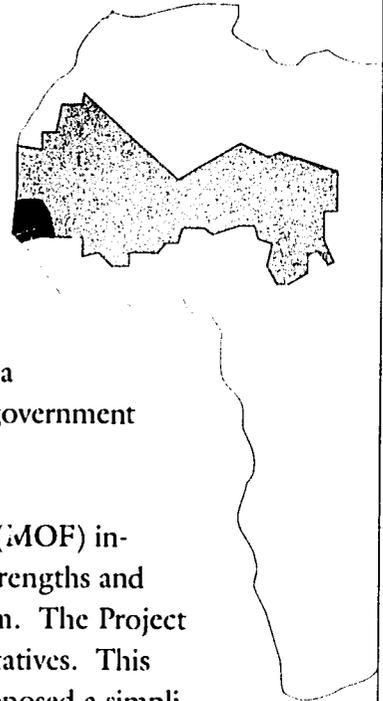
SRFMP's regional approach to financial management improvement has proven highly successful. Semi-annual conferences provide Team Leaders with a forum to discuss individual country strategies. Team members profit from one another's experiences and successes. They avoid duplicating efforts by reviewing activities and workplans and sharing materials. Home office coordination reinforces opportunities for cross-country collaboration.

## **Success Stories**

Through interventions specifically tailored to local and national needs, the Sahel Regional Financial Management Project has focused on practical solutions achieved through close cooperation with local managers, practitioners, and institutions in Sahelian West Africa. The following cases are examples of some of the highly successful activities the Project has undertaken in each of the Sahelian countries.

## **A National Inventory Accounting System:**

### **Senegal**



#### **The Problem**

The national inventory accounting system mandated for all government services was impractical. As a result, it was not being used consistently by various government agencies.

#### **Team Efforts**

SRFMP hosted a workshop with Ministry of Finance (MOF) inspectors and regional controllers to identify specific strengths and weaknesses in the existing inventory accounting system. The Project Team then formed a work group with MOF representatives. This group conducted an in-depth systems analysis and proposed a simplified accounting system, which practitioners tested in the field. Following the test, the work group finalized the system and recommended that it be adopted officially. In January, 1988, the Minister of Finance signed the proposed accounting system into law.

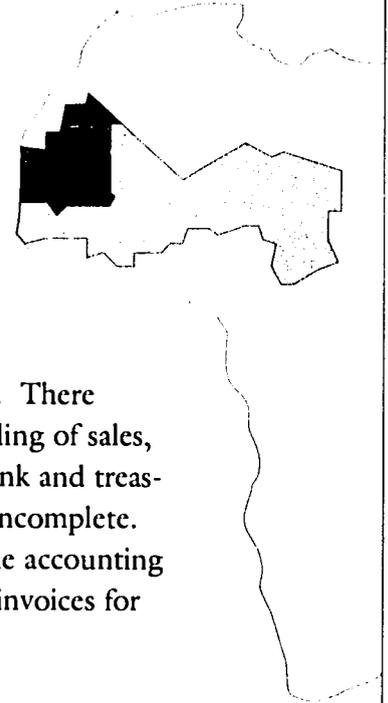
In order to implement the system, SRFMP organized a series of practical training workshops. The Team first trained the national inspectors and regional controllers (supervisors of the inventory accountants) in the new system and provided them with guidance in action-training techniques. The work group also developed a detailed procedural manual. Then, between April and September, 1988, the Project organized 23 five-day workshops for almost 600 inventory accountants representing all of the national ministries and regions. By the end of this period, all inspectors and controllers had served as co-facilitators in at least one of these training workshops.

#### **Results**

The revised inventory accounting system is now operational in all Senegalese ministries. In addition, SRFMP has provided the government with a cadre of managers capable of assuming responsibility for further training and systems development. These managers have now formed a formal training and follow-up unit.

## Developing an Accounting System for a Government Enterprise:

### Mauritania



#### The Problem

The *Commissariat à la Sécurité Alimentaire* (CSA), a major recipient of U.S. government assistance, was operating with virtually no general accounting system. There was no general ledger, accounting for payables, recording of sales, bank reconciliations, or books of account for many bank and treasury accounts. Accounting entries were inaccurate or incomplete. The CSA had never prepared financial statements. The accounting department's primary activity was processing supplier invoices for payment.

#### Team Efforts

In collaboration with Mauritanian staff and other technical assistants, SRFMP helped establish a comprehensive financial accounting system for the CSA. This included developing a chart of accounts in accordance with the national accounting plan, designing all necessary journals and document control registers, and installing a general ledger. SRFMP trained two senior managers and all relevant members of the division of finance and administration to implement and maintain the new system.

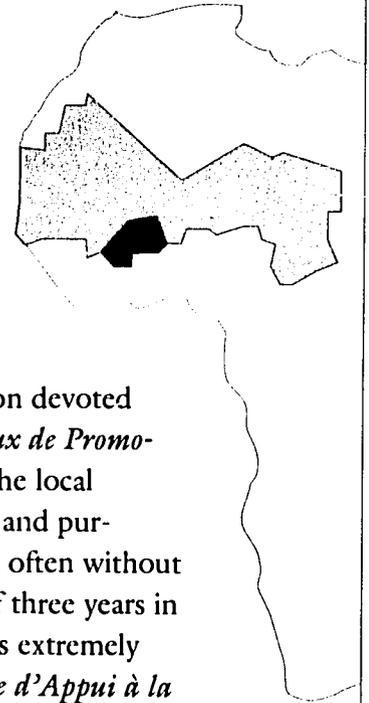
Once the financial accounting system was in place, the Project focused on helping the CSA develop its managerial capacity to use accounting information for more effective decision-making. To help achieve this goal, SRFMP created a CSA reporting unit and developed a system to account for obligations. The Project also trained key personnel from all the CSA divisions in budget development.

#### Results

CSA personnel now maintain a comprehensive financial accounting system. They can identify potential problems (e.g., budget overruns) and take corrective action. And as a result of SRFMP training efforts, individual CSA divisions have taken responsibility for developing their own budgets.

## Standardizing a Financial Management System for Rural Development Enterprises:

### Burkina Faso



#### The Problem

Under the guidance of the Ministry of Agriculture (MOA), each region in Burkina Faso has an organization devoted to agro-pastoral development. These *Centres Régionaux de Promotion Agro-Pastorale* (CRPAs) play a prominent role in the local economy. Many of them handle large volumes of sales and purchases. Each operated with a different financial system, often without written procedures. In some cases, there were delays of three years in the preparation of financial statements. Monitoring was extremely difficult for the support agency of the MOA, the *Service d'Appui à la Gestion* (SAG). External auditors reported unsatisfactory findings at certain CRPAs.

#### Team Efforts

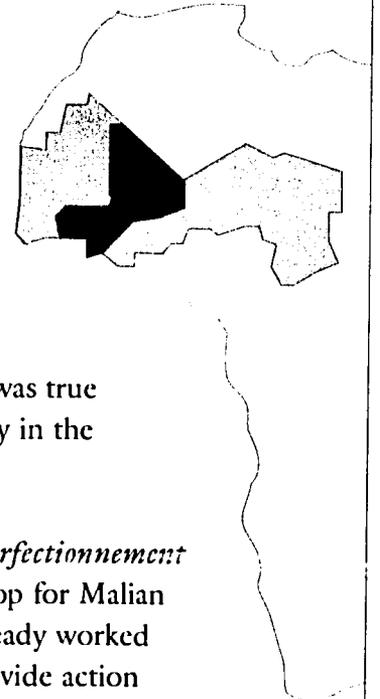
After initial evaluations, SRFMP worked closely with the SAG and a World Bank consultant (a Burkinabè) to develop a standardized financial management system for the CRPAs. This system had to be designed to handle a large variety and volume of financial transactions. The work group developed such a system, trained both managers and line practitioners in its use, and produced seven procedural manuals. The SRFMP Team also trained SAG personnel in action-training techniques to assist in the eight workshops they have held to date and to ensure they would be able to provide training services in the future. The work group provided follow-up visits to the CRPAs to assist with implementation problems.

#### Results

The basic financial accounting system is operational at the CRPAs. In addition, the MOA now has personnel experienced in systems development and in planning and conducting action-training workshops.

## Establishing a National Audit Capability:

### Mali



#### The Problem

At the Ministry of Finance, officials in charge of auditing government services and enterprises generally had little or no training in audit procedures. This was true even at the *Contrôle d'Etat*, the supreme audit authority in the country.

#### Team Efforts

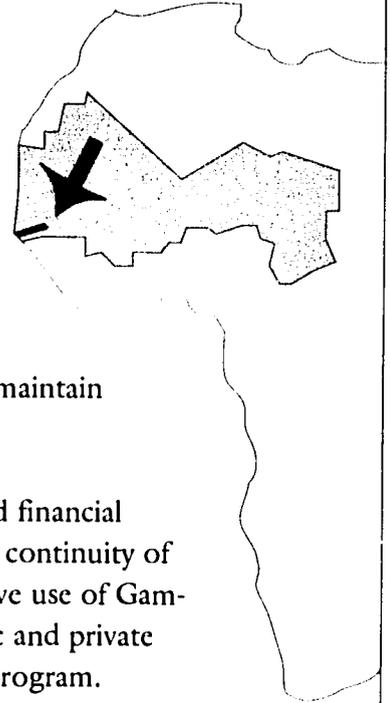
SRFMP contracted with Niger's *Centre National de Perfectionnement à la Gestion* (CNPJ) to prepare and conduct a workshop for Malian government audit personnel. The Niger Team had already worked extensively with CNPJ to develop their capacity to provide action training for specific client groups. The purpose of the Mali workshop was to develop the practical skills necessary to conduct an audit and review internal controls. The Project also sent two Malian participants abroad for more comprehensive training. One attended the GAO's International Auditor Fellowship Program in the United States. The other interned with a Big Eight accounting firm based in Abidjan.

#### Results

SRFMP-trained auditors have identified weaknesses in internal control at a number of government services. They have also been able to suggest changes to improve accountability and safeguard assets. The auditors who received training abroad are now working on developing national audit standards and are providing training for their colleagues. This audit training effort has been so successful that the *Contrôle d'Etat* and other national ministries have requested that SRFMP repeat these activities for other participants in 1989.

## **Curriculum Development for a National Training Institution:**

### **The Gambia**



#### **The Problem**

Created in 1984 to provide management training for Gambian public servants, the Management Development Institute asked for assistance to develop and maintain its financial management curriculum.

#### **Team Efforts**

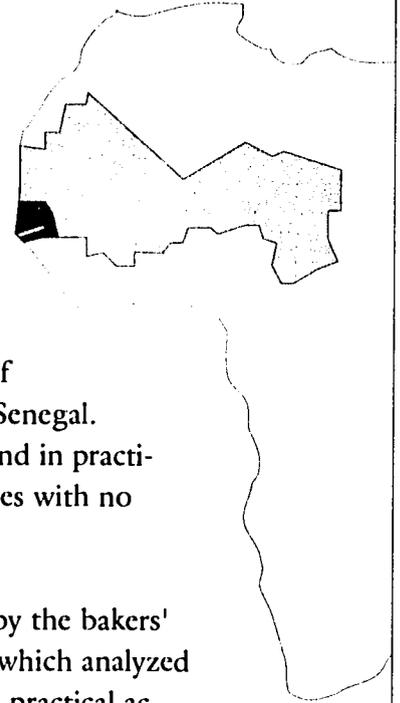
The SRFMP Team designed, revised, and coordinated financial management courses at the Institute. To help ensure continuity of the newly revised curriculum, the Team made extensive use of Gambian experts and practitioners — from both the public and private sectors — as trainers for specific modules within the program.

#### **Results**

The core curriculum at the Management Development Institute now includes many SRFMP-designed courses. One of these courses has been recognized as so valuable that The Gambia's Accountant General has mandated its completion as a requirement for promotion within his department.

## **Setting up an Accounting System for Small-scale Private Enterprises:**

### **Senegal**



#### **The Problem**

Under a government-sponsored program to develop small- and medium-scale enterprises, a group of university graduates is operating over 30 bakeries in Senegal. Many of the bakery owners had little or no background in practical financial management and operated their businesses with no functional accounting system.

#### **Team Efforts**

Together with the Management Committee elected by the bakers' association, the SRFMP Team formed a work group which analyzed the accounting needs of the bakeries and developed a practical accounting system for them. Once the system was tested, the Team provided the Management Committee with training on how to design and facilitate workshops. Together they developed detailed training materials and organized and conducted a series of six-day workshops for association members.

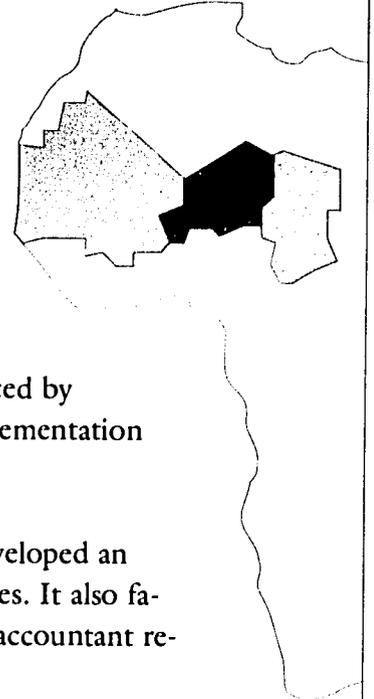
The Management Committee, with the guidance of SRFMP, now offers follow-up services to subscribing bakeries. These services include on-site visits to assist in systems implementation and preparation of financial statements, as well as the opportunity to participate in one-day workshops devoted to specific topics of common concern. The participating bakeries pay for these services.

#### **Results**

These private entrepreneurs are now able to produce their own periodic financial statements based upon reliable accounting information. The viability of these statements has provided the bakers with improved access to credit as well as the necessary information upon which management decisions can be made. In addition, the bakers' Management Committee has developed an effective training capacity. It is responsible for all future training and consulting services for its membership. Member fees cover the Committee's costs.

## **Project Management for the Ministry of Plan:**

### **Niger**



#### **The Problem**

The *S cretariat du Comit  de Gestion* (SCG) of the Ministry of Plan is responsible for monitoring the activities of over 30 counterpart-funded projects financed by USAID. The SCG was manually tracking project implementation with insufficient staff.

#### **Team Efforts**

Working together with the SCG, the Project Team developed an automated system for tracking budgets and expenditures. It also facilitated third-country computer training for the SCG accountant responsible for implementing the new system.

#### **Results**

The Director of the SCG now has accurate and timely information upon which to base management decisions. He plans to use the financial management system developed by SRFMP for other sector support grants. The SCG has requested that SRFMP develop a standard accounting system for all its projects and train SCG financial analysts on how to implement the system at the project level.

## Developing Consulting and Training Organizations:

### Chad

#### The Problem

SRFMP was providing financial management consulting and training services to the public and private sectors in Chad. However, the Project Team wanted to ensure that Chadian institutions were able to provide these services after project termination.

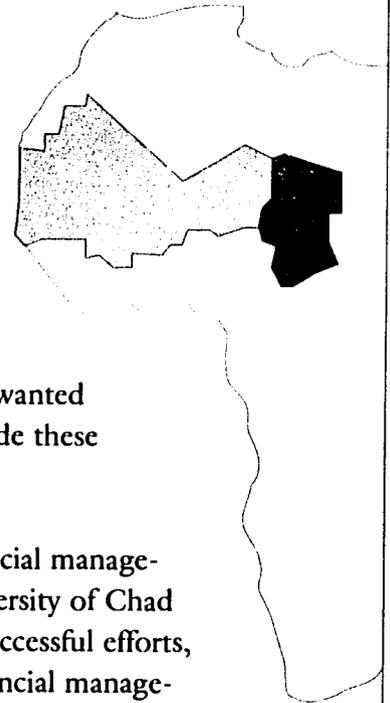
#### Team Efforts: The University of Chad

During the Project's first phase, SRFMP formed financial management improvement advisory teams composed of University of Chad professors and students. As a result of these teams' successful efforts, SRFMP, in its second phase, organized a series of financial management workshops in collaboration with the University. Planning and conducting these workshops provided valuable experience for the Chadian facilitators in action training.

Gradually the Project has turned over responsibility for training to the University's *Bureau d'Etude et de Conseil* (BEC), the consulting group which grew out of this endeavor. In one successful workshop, BEC provided training to parastatal officers in planning and budgeting. Through another consultancy, BEC conducted a study of the recurrent costs of a health planning system for the Ministry of Health. SRFMP has also helped BEC develop a management structure, establish its legal status, and define a marketing strategy.

#### Results

With SRFMP assistance, BEC has developed into a semi-autonomous consulting and training unit capable of responding to specific requests for assistance. It provides badly needed revenue to the University as well as opportunities for the professional development of faculty and students. BEC now trains over 200 participants a year and implements several consultancies. Recently it negotiated an agreement to provide services for the World Bank's readjustment program.



## **Team Efforts: A Small-scale Enterprise**

A group of management professionals, with whom SRFMP had previously worked, formed a local, private consulting firm called BEPROCA. Working together with these local professionals, the SRFMP Team helped BEPROCA conduct needs assessments, prepare and facilitate training workshops in response to those needs, and design follow-up services.

## **Results**

BEPROCA now provides a variety of services to the public and private sectors. For example, following an assessment that showed a need for training in payroll accounting, BEPROCA developed a workshop on that topic. A second workshop on the same subject, conducted because of popular demand, was fully funded by participant fees. After evaluating the success of BEPROCA's efforts, a Big Eight accounting firm has expressed an interest in a future association with it.