

DD-ABD-010  
151 72642

APPENDIX 3A, Attachment 1  
Chapter 3, Handbook 3 (TM 3:43)

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE

C A = Add  
C = Change  
D = Delete

Amendment Number  
ONE

DOCUMENT CODE  
3

COUNTRY/ENTITY

SENEGAL

3. PROJECT NUMBER

4. BUREAU/OFFICE

AFR/USAID/SENEGAL

5. PROJECT TITLE (maximum 40 characters)

ESF-VII (Technical Assistance)

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY  
01 31 94

7. ESTIMATED DATE OF OBLIGATION  
(Under "B" below, enter 1, 2, 3, or 4)

A. Initial FY  89 B. Quarter  C. Final FY  89

8. COSTS (\$000 OR EQUIVALENT \$1 = )

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AD Appropriated Total						
(Grant)	( 500 )	( )	( 500 )	( )	( )	( 500 )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S.						
1. Host Country						
2. Other Donor(s)						
<b>TOTALS</b>	500		500			500

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESF	910	930				500		500	
(2)									
(3)									
(4)									
<b>TOTALS</b>						500		500	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code  
B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To finance a two-year technical assistance activity to develop a tax administration training program for the Government of Senegal's Tax Department.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000  941  Local  Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment)

The attached Amendment proposes that:

Concurrence USAID/Senegal  
Controller T. Walsh *T. Walsh*

(a) The PACD of the ESF-VII (Technical Assistance) project be extended from September 30, 1991 through March 31, 1994; (b) the studies on tax and expenditure reform and on extra-budgetary accounts of the GOS be deleted from the project and a technical assistance activity in tax administration training for the GOS Tax Department be added.

17. APPROVED BY

Signature: *Gary L. Nelson*  
Title: Acting Director  
Date Signed: MM DD YY  
01 5 29 91

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

ACTION MEMORANDUM FOR THE ACTING MISSION DIRECTOR, USAID/SENEGAL

DATE: May 21, 1991

FROM: Colette Cowey PRM/EA

SUBJECT: ESF-VII (Technical Assistance) Project (685-0300): PACD Extension.

REF: (A) Complementary Program Grant Agreement for Budgetary Support Under FY 1989 Economic Support Fund Structural Adjustment Program Grant (ESF-VII) 685-K-610/685-0300;

(B) ESF-VII PAAD authorized September 29, 1989: Project Data Facesheet and Project Authorization.

- Problem: Your approval is requested (a) for a 30-month, no-cost extension of the ESF-VII Complementary Agreement from the current PACD of September 30, 1991 to a new PACD of March 31, 1994; (b) for the deletion from the project of the two proposed studies on tax and expenditure reforms and on extra-budgetary accounts of the Government of Senegal (GOS); and (c) for use of the \$500,000 available under the project for a two-year technical assistance to develop a tax administration training program for the GOS Tax Department.
- Background: The ESF-VII (Technical Assistance) Project, was authorized on September 30, 1989 as a planned life-of-project grant of \$500,000 together with a \$20.0 million cash disbursement program grant (685-0293). The project grant provides technical assistance support to the Government of Senegal to assist with implementation of stabilization and structural adjustment measures being undertaken by the GOS. The Complementary Agreement was signed with the GOS on September 30, 1989 and U.S. support was scheduled to run to the PACD of September 30, 1991. ESF-VII provided short term budget support in exchange for a major reform of the GOS income tax system. A new tax code has been adopted, greatly simplifying the previous system, and is in the process of implementation. An amount of \$500,000 was allocated for studies on the two main themes of the program: implementing income tax reform and increasing transparency of the GOS budget. The \$500,000 was budgeted under the following three categories: review of the GOS budget system leading to greater transparency in the GOS extra-budgetary accounts; evaluation of tax expenditure reforms; and other. None of these studies has been carried out. The financial accounting situation as of April 30, 1991 shows an unearmarked amount of \$500,000.
- Discussion: The ESF-VII program follows on our three-year (FY86 - FY89) Senegal AEPRP-I (685-0291) focused on tax reform. The tax program of our AEPRP-I had two aspects. The Mission's primary aim for AEPRP-I, the drafting of a revised income tax code by the technicians of the GOS Tax Department, has been successfully achieved. The second aspect of our AEPRP-I was reduction of customs tariff rates along lines negotiated with the GOS by the World Bank. Release of the successive tranches of the cash transfer component of AEPRP-I was keyed to the progressive reductions in tariff rates agreed to by the GOS.

Under the studies and technical assistance component of AEPRP-I, the Mission has established the data base for a monitoring system to track the effects of the customs tariff reform and other aspects of the GOS's new industrial policy. In addition, through a PAA funded by AEPRP-I, experts from the U.S. Internal Revenue Service (IRS) have worked with the GOS Tax Department for several years. Most recently the assistance provided has been in training trainers for the Department's new training program, which aims to improve the capacity of tax inspectors to implement the provisions of the new tax code.

The GOS Tax Department has been very pleased with the services rendered and judges that continued curriculum development in several priority areas is essential to improving staff capacity to implement the tax code effectively. In February 1991, the Minister of Economy, Finance and Plan requested USAID to take steps to provide support for a long term (two years) technical assistance activity to develop the training program in audit techniques, particularly for large organizations, as well as in management skills. We propose to provide this assistance under ESF-VII, since AEPRP-I is reaching its PACD of September 30, 1991 with an unearmarked balance of only \$40,000.

The technical assistance requested is concrete, practical, and responds to the current needs of the Ministry and the Tax Department. It will set the basis for sustained growth in expertise of Department staff and, combined with management training (to include taxpayer relations), will enable the staff to carry out their duties more effectively. Assessments of tax reform programs in other countries have found that the best results have occurred where significant efforts to improve tax administration have accompanied statutory changes. Indonesia is a case in point.

USAID project managers believe that such technical assistance is likely to have a more lasting impact than the studies which had initially been identified in the program documentation, namely (a) the study of the extra-budgetary accounts of the GOS and (b) the evaluation of tax and expenditure reforms. In fact, such budget studies have already been conducted by other donors. As a result, the GOS is now taking steps to begin integrating off-budget accounts into the regular budget process beginning with the FY 1992 fiscal year which start in July 1991. The World Bank is currently finishing an expenditure review which will also have an impact on the budgeting process. Additionally, evaluation of the tax system is somewhat premature due to the implementation delays that have occurred.

Unarmarked ESF-VII technical assistance funds of \$500,000 are available and will be used entirely to fund the proposed long-term technical assistance in tax administration training to the GOS Tax Department. Up to \$40,000 of unarmarked funds under AEPRP-I TA (685-0291) will be also provided to complete the funding requirement under this activity.

No PAAD Amendment is contemplated because the technical assistance envisioned will be still within the objectives, scope and range of those contemplated in the initial design of the program: "to also provide funds for technical assistance and studies required to supply information relevant to other structural reform measures being undertaken by the GOS". Furthermore, the TA services contemplated under the extension, which will be provided through an amendment to the current PASA with the IRS will be focused in the same area, implementation of tax reforms, the main theme of ESF-VII program.

A copy of this Action Memorandum will be sent to AFR/DP/SWAP.

4. Authority. A.I.D. Africa Bureau Delegation of Authority No. 551, as revised, provides that the Mission Director has the authority to grant an extension of life of a project provided that the extension is within a ten-year LOP limit. The ESF-VII (Technical Assistance Project) has not been extended before and your approval for this 30-month extension of the PACD for this Project is within this delegation.

5. Recommendation: That you approve: (a) a 30-month, no-cost extension of the ESF-VII (Technical Assistance) Project from September 30, 1991 through March 31, 1994; (b) the deletion from the project of the two proposed studies on extra-budgetary accounts of the GOS and on tax and expenditure reforms; and (c) use of the \$500,000 available under the project for a two-year technical assistance to develop a tax administration training program for the GOS Tax Department by signing the space below, the attached Amendment One to the Complementary Program Agreement (685-K-610/685-0300), the attached Amendment One to the Project Authorization and the attached Project Data Sheet Amendment Number One.

Approved: Thomas J. Walsh  
A/DIR

Disapproved: \_\_\_\_\_

Date: 5/29/94

Attachment: As Stated

Drafted by: PRM:MBeye:mb:05/21/91 mbeye

Clearances: PRM:RGreene RJ

PRM:RGilson \_\_\_\_\_

RLA:PJohnson \_\_\_\_\_

CONT:TWalsh \_\_\_\_\_

DDIR:GNelson absent

PROJECT AUTHORIZATION AMENDMENT

Amendment Number One

Name of Country: SENEGAL  
Name of Project: Economic Support Fund VII Grant for Technical Assistance  
Project Number: 685-0300

1. Pursuant to Section 121 of the Foreign Assistance Act of 1961, as amended, and the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1990, the ESF-VII Grant for Technical Assistance, was initially authorized on September 30, 1989. That Authorization is amended as follows:

1. The first paragraph of the Authorization is amended by deleting the last sentence in its entirety and substituting in lieu thereof the following: "The planned life of the project is four years six months from the date of initial obligation."

2. The second paragraph of the Authorization is amended by deleting the entire paragraph and substituting in lieu thereof the following: "The technical assistance proposed in this Grant is to finance a tax administration training program within the GOS Tax Department in support of the ESF-VII Grant (685-0293) program objectives."

3. Except as amended hereby, the Authorization remains in full force and effect.

Signed: Thomas A. Walsh A/DTR  
for Gary L. Nelson  
Acting Director, USAID/Senegal

Date: 5/29/91

Clearances: as shown on Action Memorandum.