



7th ANNUAL COLLOQUE

ABIDJAN

Financial Management of local Governments

Synthesis of the works

Foreword

The 7th international conference of the International Association of Treasury Services was held in Abidjan, the Ivory Coast on November 28th and 29th 2013. The topic was “Financial Management of Local Governments”. Financial management decentralization in the case of local governments is a central issue to public finances because of the very significant role these governments have in national economies in an economic and financial context very much under pressure during the crisis.

That is why we have to see what the modern evolution of this management is, with respect to structures, staff and tools, for a better governance of local finances, and also to scan the role of treasury services which seems essential in this framework.

The high attendance level (almost 90 delegates from 23 countries and international organizations) indicates the interest shown by our member and guest countries for this topic.

The objective of the conference was to favor discussions on this topic within the framework of a roundtable and 3 sessions during which 16 speakers from different countries and international organizations played an active part in the debates, either moderating them or sharing their experience.

The talks gave us a global view on the issues and goals related to local finances, while dealing with the following:

- financial goals of decentralization;*
- financing of local governments;*
- role of public sector accountant;*
- financial information systems.*

Several conclusions were drawn following discussions:

- ✓ the lack of a uniform model of decentralization;*
- ✓ significant length of the decentralization process, which is not yet finished in almost all countries;*
- ✓ importance of reviewed and modernized mechanisms that regulate the relations among different levels of administrative organization;*
- ✓ necessity to strengthen stakeholders’ capacity (training);*
- ✓ strict respect for authorizing officers’ and public sector accountants’ action area, while developing the advisory and assistance role the public sector accountant should have for the authorizing officer;*
- ✓ necessity to implement tools for reliable financial data reporting.*

Participants' feedback showed that the manner in which the presentations were organized was appreciated by the delegates, although they wished that a bigger share was granted to debates. This shall then happen in our next international conference that will take place in Madagascar in November 10th to 13th 2014, where the organization of roundtables shall enable longer debates.

I would like to thank all speakers for having accepted to share their experiences and for having spent long hours to prepare their presentations, in addition to the tasks their positions in the various administrative bodies where they work require them to perform.

I would also like to thank all participants who brought their contribution, shared their experience and thus contributed to the mutual enrichment of AIST members.

And, last but not least, on behalf of all participants who championed the organization of the conference, I would like to warmly and wholeheartedly thank Mr. Adama KONE, Director General of the Treasury and the Public Sector Accounting in the Ivory Coast, and to his entire team for the quality of their hospitality and for their high level of professionalism, as well as for their very active support for our activities.

Didier CORNILLET

Secretary General



Summary of symposium presentations

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“Financial Management of Local Governments”

Despite the fact that the administrative organization and the role of local authorities differ largely from one country to another, the debate around decentralization constantly underpins the interest for the policy of local governments. A major trend is undeniable: local governments have become a key link for public policies and actions, with an increasing autonomy especially in the field of economic and regional development and community services.

Thus, the different decentralization policies have continuously increased the scope of local governments and their importance in public action. The management autonomy granted to them makes their financing a major issue for them.

The implementation of such models cannot be carried out without providing the tools that would ensure the sustainability of local finances. The current context, marked by the crisis of public finances, has highlighted new risks related to the financial management of local finances whose aftermath cannot be ignored.

Then, the financing of local governments' activities must meet three major requirements in order to support the running of local democracy and to ensure real management autonomy of local authorities. The first requirement relates to citizens who consider the local level as the major link with Public Service. The second one relates to local elected officials who need fiscal and budgetary supports in order to carry out their missions. Finally, regarding the lenders and funders for whom reliability and transparency of the accounting data regarding the implementation of local policies is essential.

The role of the Treasury services appears to be crucial in the financial assistance of local. Budgetary policies, the good command of local public finances and the nature of the financial links with central governments are key indicators for the government's capacity to provide local authorities with a framework matching both their role and their autonomy.

Given these new requirements, the AIST offers its members to meet during a conference on the topic of the financial management of local governments.

This topic will be studied through presentations followed by debates.

* * *

▷ The financial stakes of decentralization

By reorganizing the relationship between the central government and local authorities, decentralization sets a new scope for local development and new objectives in terms of quality of public services. The effectiveness of local competencies relies on the capacity of local governments to ensure their financing. Indeed, local decisions need to take into account local economic realities, the expectations of the population and the objectives set in terms of development.

Nevertheless, discrepancies between local governments entail regional equality issues. Local administration systems need to coordinate actions carried out by local governments so that they ensure national cohesion and facilitate local initiatives at the same time.

Debates will tackle these stakes and will try to identify possible remedies.

▷ Financing of local governments

The importance of financial stakes related to the action of local governments prompts tax administrations to support decentralization measures in so far as, despite a displayed administrative autonomy, local governments are not in full control of their resources that rely most of the time on government allocations.

The means and mechanisms implemented will be discussed through presentations and debates so as to allow comparisons between various approaches and to share best practice.

▷ The role of Public Sector Accountants

There are numerous issues revolving around public sector accountants: the counseling role that the Treasury services towards to the elected representatives of the local governments regarding the management of their resources, risks analysis related to financial and budgetary situations of local governments, budget implementation and monitoring.

Presentations will study these various issues related to the role and means of Public Sector Accountants.

▷ Information systems dealing with the financial management of local governments

The changes in the framework and the activities of local administration require an information system capable to keep pace with the upgrading of financial management.

Discrepancies between local governments result in different needs to which the Treasury services need to adapt. At the crossroads of the needs of the authorizing officer and the support provided by the Public Sector Accountant, information systems are a key element whose reliability is essential for the trust-based relationship required for the sound management of local finances.

Information systems not only connect Public Administrators and Public Sector Accountants, but they also supply relevant information to the central level so as to allow an effective coordination in terms of monitoring and allocation of funds.

The design stage of the development of an information system is thus fundamental. Indeed, on the one hand if it allows to design the framework to standardize practices, on the other hand it has to offer settings flexible enough to adapt functionalities and reporting capabilities to various local contexts and their changes.

Talks will focus on these issues with reference to the whole budgetary chain from forecasting to accounting reports, including the management of local finances, the support to the control of expenditure by next in rank, the risks management related to these processes and the needs in terms of financial analysis.

Speech by Mr. Adama KONE
Director General of the Department for Treasury and Public Accounting,
Ivory Coast, President of AIST



Madam Minister to the Prime Minister, in charge of Economy and Finance,
Ladies and Gentlemen, Government Members' Representatives,
Your Excellences Ambassadors,
Ladies and Gentlemen, elected officials,
Ladies and Gentlemen, representatives of International Organizations, development partners,
National Director of the Central Bank of West African States, Sir,

Directors General, Sirs,

Ladies and Gentlemen Central Directors,

Secretary General of the International Association of Treasury Services (AIST),

Ladies and Gentlemen, delegates of AIST member countries,

Honorable guests,

Dear journalists,

Ladies and Gentlemen,

It is with great honor and immense pleasure that I welcome you here, in this iconic building, Hotel Ivoire, one of the symbols of the Ivoirian economic miracle of the 70s, for the 7th Conference of the International Association of Treasury Services whose topic is the "financial management of local governments".

For starters, please allow me to warmly greet all our honorable guests, the members of the Government who, although unable to attend our conference because of domestic events related to the visit of our Head of State to the GBEKE Region, located in the center of Ivory Coast, graced us with the presence of their representatives.

I would also like you to allow me to seize this opportunity to pay homage to Madam Minister to the Prime Minister, in charge of Economy and Finance, who spared no effort to be with us, confirming thus the keen interest she has in this conference placed under her patronage.

I would also give my warmest greetings to the Ambassadors accredited to Ivory Coast, to elected officials and local representatives of International Financial Institutions, their distinguished presence here testifying to the esteem they hold for our association.

I will not forget to salute our friends from the national and international media for the remarkable work they do every day, giving thus reach and clarity to our actions.

I would like to bid a warm welcome to all the general directors, directors and heads of treasury services in AIST member countries present here.

Dear colleagues,

Coming from various horizons, your actual presence here in Abidjan, on the banks of the Ebrié lagoon, is meaningful for your devotion to the values that constitute the foundation of our common association, namely:

- sharing of experience with a view to optimize the effectiveness and efficiency of Treasury services;
- the establishment of professional or personal relations between the heads of Treasury services;
- the development of multilateral cooperation, to name just a few.

In fact, from its creation in 2006 in Antananarivo (Madagascar), AIST has managed quite quickly to become a reference amongst the international associations that respond best to the interests of their members.

Far from being an unproductive discussion forum, every meeting of our Association has brought about solutions or reforms likely to optimize the performances and improve the level of services in Treasury departments across our various member states.

Ladies and Gentlemen,

I fully appreciate the honor given to Ivory Coast by entrusting us with hosting this important exchange platform.

I would like seize the opportunity to reiterate my deepest gratitude to all the members that unanimously entrusted me with the presidency of AIST for the year 2013, upon the General Meeting held on November 16th 2012 in Hammamet, Tunisia.

It was an enthusing experience for me and an opportunity for my country that was just emerging from a decade of military and political crisis.

It was important for us to give a strong signal to the whole world, by our constant and noticed presence at the big world forums on "giving and receiving", on the willingness of the Ivoirian people to reestablish normality.

I would like to thank all you for having supported us and having given thus to Ivory Coast another opportunity to be under the spotlight in a better posture this time.

I encourage member states that have not yet held the rotating presidency of our Association to apply for it.

And I call upon the countries that are undecided about their adhesion to AIST to no longer hesitate and join this incredible melting pot of mutual enrichment.

Ladies and Gentlemen,

The 7th AIST Conference, that is part of the activities envisaged in our statute, will be dedicated to exchanges on the topic of the financial management of local governments. In fact, in order to play fully their part of relaying public actions, local governments need to benefit from the effects entailed by autonomy in management.

Unfortunately, we must note that the difficulties related to the availability of financial resources, expenditure control, freezing or cancellation of investment projects etc. are turning the financing of local governments into a major challenge.

What solutions should thus be adopted in order to maintain or reestablish a good financial position and respond in as much as possible to economic and social demands from our fellow citizens?

These are in essence the questions that will shape our talks, that will focus on the sub-themes below:

- financial stakes of decentralization;
- financing of local governments;
- the role of the public sector accountant ;
- financial information systems.

Ladies and gentlemen,

The focal points enumerated above constitute strategic directions that require from us innovative and pragmatic approaches.

I myself remain persuaded that the encounter of our diverse experiences and the proven expertise of the participants gathered here will bring about commonly agreed solutions adapted to our expectations that are both specific and common.

To conclude, I would like to wish you a very pleasant stay on Ivoirian land, with the hope you will leave with pleasant memories from this hospitable country that will become one of your favorite holiday destinations.

Thank you for your kind attention.



Opening speech by Mr. Gilles BERTEAU Secretary General of AIST



**Madam Minister to the Prime Minister, in charge of Economy and Finance,
Representatives of State Ministers, Sirs,
Ladies and Gentlemen, representatives of the Ivoirian Government,
Your Excellences Ambassadors,
Director General of Treasury and Public Sector Accounting, President of AIST,
Ladies and Gentlemen, Directors General,
Ladies and Gentlemen, Directors,**

Ladies and Gentlemen, delegates of AIST member countries,

Distinguished guests,

Ladies and Gentlemen,

It is a great honor and pleasure for me to stand in front of you today, in Abidjan, for the 7th Conference of the International Association of Treasury Services.

Please allow me, Madam Minister and Mister Director General of Treasury and Public Sector Accounting to heartily thank you, on behalf of all the participants, for your willingness to host our international conference on Ivoirian land and for having showed by our presence here, Madam Minister, your fondness for AIST.

The annual conference is a particularly important moment for the members of our young organization that share thus the pleasure of meeting at the highest level to exchange over topics that they have themselves chosen depending on their expectations and interest.

The topic of financial management of local governments chosen for the works of this 7th annual conference reflects the willingness of AIST members to assist decentralization.

Our administrations need to rise to the challenge posed by the requirements typical of local governments. Good governance, transparency, increased effectiveness prompt us to imagine new approaches that would enable faithful reporting on the actions of local governments.

In the framework of decentralization, Treasury services need to live up to a triple demand. First of all, towards the citizen for whom the local tier constitute a favored connection with the public service. Then, towards local elected officials that have high expectations from the counseling that our administrations can provide in terms of taxation and budgeting. Finally, towards lenders who wish that accounting data on the implementation of policies by local governments enable them to know their financial position and to assess the quality of their management.

The purpose of the two days of works that kick off today is to foster contemplation of this topic in the framework of a round table that will focus on the financial stakes of decentralization and three sessions in which several AIST member countries will present their experience. In this respect, I would like to thank the 16 speakers from the our member countries and international organizations for their willingness to play an active part in these exchanges, either by moderating the sessions or by delivering a presentation.

The interest aroused by the topic of our works is reflected by the number of participants: over 90 representatives from 20 countries and 4 international bodies responded to your invitation, Madam Minister and Mister Director General, although many of them were unable to join us because of a very dense budgetary agenda upon year end in many countries.

I hope the exchanges and debates will be lively and that everyone finds substance to capitalize on once back in their countries.

Madam Minister,

Mister Director General, President of AIST,

Allow me to thank you on behalf of all the attendees for how well and warmly you have received starting upon our arrival. The several months we have been working with the organization committee, brilliantly coordinated by Mr. Lassina FOFANA, have enabled us to grasp the involvement and professional attitude of our partners, a real guarantee for success.

The work of the organization committee as well as the informal events that you have prepared for our stay in Abidjan will favor contacts between the delegates. It is very important for this conference to be an opportunity for all the delegates to get to know each other better and, notwithstanding their diversity, to establish direct connections in order to develop more the relations between their administrations gathered here thanks to AIST. These meetings are also an opportunity to discover other countries and other cultures. I am convinced that you will be delighted by your visit to Côte d'Ivoire and that you will appreciate your stay here.

I wish you thus all an excellent conference and a pleasant stay in Abidjan.

Thank you.



Speech by Ms. Nialé KABA
Minister to the Prime Minister,
in charge of Economy and Finance in Ivory Coast



Members of the Government, Sirs,
Representative of the Governor of Abidjan District, Sir,
Ladies and Gentlemen, Mayors,
Your Excellences Ambassadors,
Ladies and Gentlemen, Representatives of International Organizations, development partners,

Director General of Treasury and Public Sector Accounting, President of AIST,

National Director of the Central Bank of West African States,

Director Generals, Sirs,

Ladies and Gentlemen, Delegates from members countries of the International Association of Treasury Services,

Honorable guests,

Dear journalists,

Ladies and Gentlemen,

It is with great pleasure that I speak today, at the opening ceremony of the 7th conference of the International Association of Treasury Services, AIST.

I would like to bid a warm welcome to foreign delegations that have come all the way to Abidjan in such high numbers. The choice of our country to host this conference whose caliber is quite obvious rejoices me for several reasons.

I would like to seize this opportunity to thank the members of the Government and the Ambassadors posted in Côte d'Ivoire who, despite their dense agendas, have honored this conference with their distinguished presence.

Moreover, please allow me to show my sincerest gratitude to AIST, for the honor given to Côte d'Ivoire, by electing Mr. KONE Adama, Director General for Public Sector Accounting, as President of such a prestigious association.

Honorable guests, Ladies and Gentlemen,

The topic that brings us together today, namely "The financial management of local governments", refers to the financial dimension of local development and is thus of particular importance.

In fact, devolution of competences from the central government to local governments entails a certain degree of autonomy in terms of management. Thus it falls on the central government to make available the funds necessary to the exercise of devolved competencies. But the current context marked by the scarcity of resources makes it difficult or even impossible for local governments to match as they should the means devolved to them and the financial resources they hold. That is why the question of effectiveness in the management of local finances is compelling.

In what concerns Côte d'Ivoire, the decentralization policy, initiated in 1980, has seen a reshuffle in 2011, in the framework of the program of the President of our country, His Excellency Mr. Alassane OUATTARA.

This policy relies in fact on the implementation of the 2012-2015 National Development Plan that has started to show satisfactory results, with an expected growth of 9 % by the end of 2013 and a tangible improvement of living conditions for the population, both here in Abidjan and in hinterlands.

Despite the progress made in the implementation of the decentralization and local development policies, the management system of our local governments shows several weaknesses.

A recent assessment of Ivoirian local finances carried out by a delegation of the World Bank has especially pointed out the devolution of competencies non-accompanied by a transfer of financial resources indispensable for meeting the objectives of the decentralization policy.

This adds up to a lack of command by local officials of the potential of their communities, which prevents them from making reliable revenue forecasts and ensuring sound cash management.

This situation is worsened by the delays in transfers and subsidies from central government, local governments amassing thus high overdue liabilities making them unattractive to investors.

The accomplishment of the objectives set by the new decentralization policy in Côte d'Ivoire relies thus also on the viability of our local public finances.

Ladies and Gentlemen,

The obstacles in the financial management of decentralized bodies are from numerous points of view the same in many AIST member countries.

It is obvious that the challenges posed to our states in order to reach an actual autonomous management of local governments are many-sided and complex.

I would like thus to encourage you to analyse the problems raised and to suggest appropriate solutions, capable of stimulating local development effectively.

Seeing the diversity of expertise gathered here, I have no doubt that the findings of this conference will meet the expectations of our countries.

On this hopeful note, I declare open the 7th conference of the International Association of Treasury Services on the topic of "The financial management of local governments".

Thank you for your kind attention.

Round Table: The financial stakes of decentralization

Moderator: *Mohamed-Larbi Ghanem, Algeria, Director General for Public Sector Accounting*

Panelists:

- *Adama Koné, Côte d'Ivoire, Director General for Treasury and Public Sector Accounting*
- *Henri Loundou, Congo, Director General for Public Sector Accounting*
- *Noël Eyrignoux, France, Deputy to the Director General for Public Finances*
- *Xavier Rame, IMF, Economists with the Public Finance Department of the IMF*

Mohamed-Larbi Ghanem, Algeria, Moderator



Decentralization is the mode of governance favored by the states, which nonetheless have not managed so far to accomplish this process. Why is that?

Every administration needs enough resources to exercise its public service role for the citizens. But today there is a gap between the resources available and the needs of the people, as there is no clear policy conceived and agreed by all stakeholders in order to determine the amount of public service that can be supplied to the people and the order of importance. This imbalance can lead to indebtedness.

Two points need to be raised:

1. Decentralization of taxation has granted local governments powers to collect revenue and use it as they see fit, but this is nonetheless insufficient to cover their needs (on an average, only 30% of their needs are covered thereof, which is far from satisfactory).

Some positive effects can be noted (development of community organizations and of aids), but their impact cannot be measured. Besides, inequalities in terms of satisfaction of needs persist between wealthy and poor regions.

As a reaction, the central Government was forced to de-concentrate a significant part of its resources by means of regional and local administrations. But because of the overlapping of roles and responsibilities between the various bodies, the expected results were not attained.

2. Decentralization of taxation did not lead to better collection and has thus failed to satisfy social demand. Furthermore, it does not show economic flexibility.

In face of these ever more complex issues, and of gaps between the legal framework and reality, solutions need to emerge gradually. The experts are all quite experienced and will be able to put forward all the issues related to decentralization.

Adama Koné, Côte d'Ivoire



In Côte d'Ivoire, there were two phases to decentralization. First of all, the evolution of the process followed by the mechanisms implemented to support it.

In what concerns the evolution of the process, well before its independence, Côte d'Ivoire adopted a gradual decentralization policy. Before its independence, it had mixed municipalities (that moved from 2 initially to 6 afterwards, with some town councilors elected and others appointed), municipalities with lesser prerogatives (6, lead by mayors appointed by the government and elected municipal councilors) and full right municipalities, a status granted only to Abidjan and Bouaké.

Starting with 1930, (known as the year of communalization), the process in Côte d'Ivoire entered into a consolidation stage consisting in the establishment of 198 municipalities accompanied by financial, human and technical means as well as legal instruments. This phase was supplemented in 2002 by the establishment of new tiers of local governments: the county councils (56) and districts (2). In 2011, the Government decided we would have 31 regions and 197 municipalities. In the current legal framework, all local governments have legal personality and financial autonomy.

What does the system implemented for the financing of local governments consist of? In Côte d'Ivoire, as in other countries, the Government assigns grants to local governments, in order to finance specific expenditure such as personnel, subscriptions, procurement of goods and services and capital expenditure.

Furthermore, local governments have their own resources, generated by the municipalities themselves as well as a share from tax (e.g.: property tax out of which 40% is given back to the municipalities; patents and license; "synthetic tax" – a tax on the total value of assets).

Despite this, local governments have difficulties in exerting their financial autonomy, since government is late to transfer the aforementioned funds.

That is why in 2012, Côte d'Ivoire innovated and decided that from that time forth tax collected therein will no longer go up to the central level to be then reassigned to local governments. Since budget appropriations are known, they need to be transferred automatically to local governments. The application of this decision started to pay off and gradually local governments gained stamina.

To sum up, the implementation of the decentralization policy holds a financial dimension targeting the economic and social development of local governments subject to decentralization. Reinforcing power mechanisms enables local governments to operate better.

Issues such as those related to a better control of local tax base, the establishment of an actual control system of the procedure of implementation of local expenditure and the implementation of a transparent financial management of local governments still need to be tackled with in a more appropriate manner.

Henri Loundou, Congo



In Congo, the process started in 2003 with the implementation of the legal framework related to decentralization. Thus several laws concerning decentralization were adopted:

- the major guidelines of decentralization;
- territorial organization of the state;
- the exercise of tutelage over local governments;
- devolution of competencies from the state to local governments ;
- establishment of the financial regime of local governments.

Article 174 of the Convention confines local governments to two large categories: départements (12) and municipalities (6), that is 18 local governments endowed with legal personality and financial autonomy. The latter is not effective since their financial balance is dependent on the contribution of the central governments furnishing their budget sometimes up to 90 - 95%.

An analysis on the establishment of other local governments is under way. The issue is dealt with by the Committee for decentralization monitoring, a body created to monitor and assess decentralization. For the setting up of new local governments, the central government has envisaged two mechanisms:

1. The plan-state-development contract: the central government earmarks every year in its transfer budget a substantial allocation to fund community projects at the level of departments in order to spur the emergence of a local economy;
2. Accelerated *municipalization*: upon Independence Day, the government makes available to local governments significant amounts of money to be used for the construction of staple infrastructure, urban roads, health facilities etc. This process began in 2005 and will end in 2015 with the last department subject to accelerated *municipalization*.

The input from the central government to local government, stipulated in regulations, consists in global appropriations (decentralization, operational, capital appropriations) or specific appropriations, especially consolidation appropriations.

Furthermore, the implementing provisions for the 2003 law, establishing the financial regime of local governments, were issued only in 2011, when a harmonization of budgetary and accounting procedures for local governments was operated and the modalities for the development of revenue and expenditure accounts and administrative accounts started to be defined. The financial reports of local governments are submitted to the Local Governments' Budget Chamber with the Court of Auditors. We are not at the stage of account certification; we have still a system consisting in declarations of conformity of accounts.

Noël Eyrignoux, France



My speech revolves around four points:

1. Current state of affairs in this matter in France;
2. Some general thoughts on decentralization in France;
3. Some figures concerning the weight of local governments in the French public sector;
4. Four significant questions related to our topic, in my view.

1. There are three points to underline with respect to the current state of affairs:

a) the Congress of French Mayors has just met and the Association of French Mayors has published a study (in partnership with the Banque Postale that finances to a great extent local governments) on a very topical subject: *Is local direct taxation at the end of its rope?*

b) the Court of Auditors published a report on the financial position of the Government, a report on the financial position of Social Security and, for the first time, in October, a report on the financial position of local governments, rather critical both with respect to local governments and to the government.

c) on July 16th, Prime Minister Mr. Jean-Marc Ayrault, proposed a responsibility pact to local governments. For the first time, we are seeing a change in the basis on which the dialogue between the central governments and local governments is held.

It seems thus that we are leading towards the 3rd stage of decentralization in France. In fact, in the first two phases, occurring in 1982 and 2003-2004, the question raised was: "what do we devolve to local governments?". Today the question is: "how do we organize governance?". And the latter is at the heart of the topic of our conference.

2. Four broad thoughts on decentralization in France:

a) The history of the country, throughout 1000 years, from the election of Hugues Capet in 987, moving on to Louis XI, Louis XIV, Robespierre, Napoléon and General de Gaulle, until 1982, is that of centralization. In 1982, le President Mitterrand, with Gaston Defferre, introduces decentralization. It was a radical change. 30 years of decentralization is a lot and little at the same time. 30 years were not enough to go through with it. We need to let time take its course.

b) One of the issues of France is the high number of local governments: over 36 000 municipalities out of which 20 000 with less than 500 inhabitants and 2 000 with over 5 000 inhabitants making up 60% of the population in France.

France has thus a very high number of local governments with significant discrepancies in terms of size: from 10 to 15 inhabitants, which makes it very difficult to have a municipal council to the municipality-county of Paris with 2,2 million inhabitants. The smallest department in France, Lozère, has 75 000 inhabitants while the largest, le Nord, has 2,6 million inhabitants. They cannot operate in the same manner and need to have different means and scopes of action.

This situation translated also into a disparity in terms of fiscal potential, of means. 5% of local governments cumulate 80% of the fiscal potential. Thus emerges the issue of equalization because the republic and democracy do not mean: for a large territory, a large high school, for a small territory, a small high school. We must thus apply equalization.

c) The international and the national contexts have evolved since 1982 where a minimal state was sought for in a rather prosperous era. Today we are witnessing the comeback of the states against an inauspicious economic backdrop. But the dynamics of local finances is also linked to the economic context. The state has a major part to play.

d) The social expectations of the population with respect to local governments are increasing. The closer local governments become to the citizens, the more demanding the latter become. Increased effectiveness and demands call of course for more means.

3. The weight of local governments in the public sector

Local governments in France have a significant weight: 20% of public expenditure, about € 214 billion, 10% of the public debt, about € 175 billion and 71% of public investment. Earmarks from the central government to local governments amount to € 100 billion, made up of offsets to accompany the devolution of competences and of another part, € 60 billion consisting in state grants. 1 800 000 people are employed currently in the public service in local governments, which makes up 40% of the civil servants in France. The Court of Auditors wonders: "how do we master the whole of this expenditure and revenue?"

4.- Four questions to wrap up:

a) Governance:

It is to be considered at three levels:

- governance between the central government and local governments. Today, as they make up 20% of public expenditure, local governments need to relate to the commitments our country made to the European Council and Commission and to the return to balance in public finances. But, our current regulations do not comprise – as the Court of Auditors points out – legal instruments enabling the enforcement of a certain course for the finances of local governments: they need to be created. The Committee that was set up in July will contribute to this dialogue between the central government and local governments.

- the dialogue between local governments themselves, especially concerning this notion of "general competence" allowing local governments to act in various matters, although the law does not clearly assigns them to certain local governments. Things need to be arranged between local governments and this is one of the plans of stage 3 of decentralization (for instance, to appoint the leading region and assemble the regions in an annual conference of local governments broken down on programs).

- management of local governments themselves. The Court of Auditors criticizes them on two points: total payroll (that has increased by 50% over 8 years) and the number of local civil servants (that has increased by 20% over 8 years).

b) Equalization:

It accounts today for € 9 billion. There are two types of equalization: vertical (carried out by the central government, amounting to almost € 8 billion) and horizontal equalization (consisting in withdrawals of funds from wealthier municipalities for the purpose of transfer to poorer municipalities). € 9 billion is a lot and little at the same if we are to compare it with the € 210 billion accounting for the expenditure of local governments. We need to go further in terms of equalization.

c) The quality of local governments' financial reporting:

The Court is quite strict and emphasizes that there is room for improvement in this matter. There are two types of financial reports: the one prepared by the authorizing officer and the one prepared by the treasury accountant. There is no local governments account certification in place although they manage budgets of several billion euros. One of the crucial roles of treasury directors is precisely that of assisting local governments in this process of ensuring the quality of financial reporting.

d) Local direct taxation:

In times of economic depression or low economic growth, taxation is less dynamic and local elected officials are more interested in revenue than expenditure. Consequently, how should a find a right, fair and sustainable taxation system look like? Because the local taxation system changes often and these frequent changes hinder the good governance of local governments.

Xavier Rame, IMF



Here are a few points from an international perspective and the analysis of the IMF on this important topic of financial decentralization and its stakes.

The Director of the Africa Department of the IMF, during a conference with the *Overseas Development Institute*, summed up the lessons learned in the last 20 years of public finances reform in Africa. She listed the two major challenges countries will have to face in the following years, especially in the African region.

The first one consists in the management of the extractive resources. What system should be put in place in order to manage extractive resources?

The second consists in decentralization, one of the major challenges for the African region in the following decades.

The two topics, wealth sharing and decentralization, are deeply connected.

Some figures from a study on OECD member countries will allow us to have a clearer overview of the management of local finances. In 2009, local governments accounted for 62% of public investments carried out in OECD member countries. This matches the tendency noted in France: 71%. But, depending on the country, the figure can be higher. For instance, in Canada, the US or Belgium, local governments account for over 80% of public investments.

As for the weight of local governments in OECD countries, 31% of public expenditure in average is done at local level. 20% of public revenues are collected by sub-state bodies, the highest figures - over 50% - being reached in countries like Switzerland or Canada. There are thus significant resources being collected and spent at this level. Another significant aspect concerns debt: 14% of public debt securities are issued directly by local governments in OECD countries.

Depending on the country, local governments can play a major part in the provision of public services and the implementation of public policies. Education-wise, 90% of public expenditure is done by local governments in countries like Switzerland, Spain, Germany, the US, Canada. In the field of health, 90% of public spending is done by local governments in Sweden, Switzerland, Spain and Italy. Social welfare is also developed by means of provisions and social coverage at local level. In Korea or Canada, 30% of social welfare spending is done by local governments.

Decentralization has always existed. In France, for instance, there have always been tensions in the relationship between the central government and the other constituents of the nation. This movement holds a significant place on the political agenda. Why? On the international stage, decentralization is generally a reaction to political pressures that can be particularly significant in two cases:

- strong disparities in terms of wealth within a country and increasing autonomy tendencies in the UE – in Spain where wealthy regions such as Catalonia or in Italy where Northern Italy tend to retreat from the national community;
- sharing of extractive resources, accompanied by issues in regions where extraction occurs as they withstand pollution or development costs while capital cities or the regions benefit from the most significant appropriations of the wealth produced in the former.

Whatever the causes, decentralization is a major topic for the IMF as it likely to entail significant macro-economic consequences, especially in terms of the sustainability of public finances on the medium and long term. And be in within the framework of reform or technical assistance programs, it is one of the most complex topics to be approached by our member states for three main reasons:

- its complexity: numerous factors, not only economic, but also historical, social and institutional need to be taken into account;

- the difficulty entailed by the design, the organization, the construction of a strategic vision;
- the power dynamics, relationships between different levels of powers embedded in decentralization are often extremely difficult to define and put in place operationally speaking.

The conclusion is that there is no universal rule that defines the stages of decentralization or to qualify good and bad decentralization. Management of financial risks typical of decentralized bodies is a significant and universal element. The Fund conducted studies to gain insight about the lessons to be learned from the recent financial crisis that has hit several of our member countries and found that decentralized bodies played a major role therein.

Some general lessons can be drawn from the impact of the crisis on public finance systems and especially decentralized systems:

1. If we look at things from an international perspective, local governments – even if they hold consistent resources and the right to collect and spend local taxes – are predominantly dependent on appropriations from the central government. This brings us to the issue of equalization, national unity, development policies in some countries...But these appropriations remain a key point of decentralization. The obvious consequence is that central governments seek to control these transfers and to that effect have established extremely strict rules in terms of public finance management, be it by means of organic laws or by means of budgetary regulations. For instance, in France: budgetary balance for each local government, the weight of mandatory expenditure, definitions in order to set the dynamics of revenues at local level and all the constraints related to the capacity of local governments to resort directly to borrowing.

2. Generally, Treasury services do not possess the financial information necessary for the global coordination of public finances. This finding, related especially to the euro zone, was one of the main revelations of the crisis. Implementation of public policies is extremely complex involving enormous theoretical work (especially in the United States, the country with the most complex entanglement of competences, and the most intricate organization between the federal state and the other levels of bodies). In most countries, budgetary interactions between the various bodies, especially between the central government and local governments, are neither analyzed, nor published or coordinated.

3. Management of local governments' liabilities is a very important issue in countries where local governments can resort to borrowing, international markets included, or can borrow directly from technical and financial partners. This point is relevant from a macro perspective, since local governments can get financing by two means: either by sovereign loans (the state borrows for them and yields it to local governments) or by the state supporting ultimately an off-balance-sheet commitment and charges it on on the debt of local governments. The American example proves it: Detroit – despite its independence – went bankrupt, and the federal state was forced to perform massive transfers of federal funds in order to ensure at least the provision of basic public services.

States remain ultimately those that ensure as a last resort all the financial and economic risks of the society, but especially those of local governments. This takes us back to the reassertion of the role of the state.

4. Budgetary consolidation programs have attempted to contain and lower public deficits during the crisis. Local governments were positioned on the first line. They are major actors in terms of investment, but have been forced by central governments to participate to the financial consolidation of the state.

In this context, IMF has implemented an approach aimed at making more information available and at ensuring a better control of financial risks entailed by the activity of local governments. Today, the integration of the local governments dimension in the statistics system – be it the national accounting system, the European public statistics system or standards such as IPSAS – is vital. At international level, we are starting to see that financial reporting concerning only the general budget of the state is insufficient to provide a clear image of the position of public finances. Everyone knows how to fix a budget upon year end: by carrying expenditure or revenue over to public operators or local governments (as was the case in Portugal).

Consequently, the IMF finds that the issue of financial risks management is extremely important and that the central level needs to possess financial information. The Treasury needs to play a major part in this respect since financial information systems today cover very often the general budget of the state, but not that of local governments. Information is lacking at the level of local governments, and statistical or accounting data reaches the central level extremely slowly (as is the case of a country in Southern Africa).

The capacity of the Treasury to play a counseling role at local level needs to be asserted. Local governments do not always have the resources to ensure this and thus Treasury services should focus on this.

Mohamed-Larbi Ghanem, Algeria, Moderator

It stands out from these speeches that there is no universal model for decentralization and that we need financial systems that show us the flows between the central government and local governments and that accounting should be transparent and precise. But is this enough? Beyond financial flows and transparency, should we also envisage effectiveness standards? Do we spend in the same manner? With the use of equivalent resources, do we reach the same objectives? Assessment is important in this field.

Moreover, concerning inequality between local governments, does administrative division take into account economic features? Can this balance be reached in terms of revenues?

Finally, human resources are extremely significant in the coordination of local decentralization policies as in some regions they become effective while in others they do not.

Debates

Question to France:

You pointed out that local governments depend largely on appropriations from the central government. If the latter has difficulties (in developing countries) in finding the means to finance public policies of prime importance, is there not a risk that the central government withholds some of the transfers to be made to local governments? Shouldn't we favor local direct taxation that consists in entrusting resources directly to local governments without them transiting the state budget?

Noël Eyrignoux's answer:

It is a fundamental question that on a more humorous note could be answered with a reference to the cup of coffee theory. When an elected official wishes to get approval for a 4 million euros additional expenditure in 2 million inhabitants region, he would say this translates in € 2 per inhabitant, which is the cost of a cup of coffee per year. This argument is fallacious as we should not be referring to the 2 million inhabitants, but the 800 000 tax households for instance, out of which 30% or 40% do not pay tax. Thus the said expenditure concerns fewer inhabitants than claimed. We can apply the cup of coffee theory to many issues and there are several local governments, but ultimately a sole tax payer paying tax to the state and to several local governments. Thus, whatever the financing channel is – state or a local government – it is the same tax payer that ultimately foots the bill.

The role of local taxation is to render elected officials more accountable, as in the vote on rates at regional level. The vote on the budget is a genuine moment of political debate, where a lot of disagreements are voiced. Nowadays, when the public is more and more interested in the life of the community, the vote on rates, and having local taxation connect the citizens and the accountability of local elected officials.

In France transfers from the central government amount to 100 billion, out of which 60 billion consist in appropriations. Taxation brings about 74 billion. The two should be balanced, without the rate of tax pressure becoming unbearable.

Mohamed-Larbi Ghanem, Algeria, Moderator

Equality between citizens and companies should be reflected upon so as to reach acceptable standards for both. If a local government has enough resources, it is inclined to reduce tax for companies established in its area. There is then a growth diminishing risk with companies being favored over other tax payers. This raises an equity issue that should be considered when establishing tax.

Xavier Rame, IMF

In relation to local resources, one of the big issues is that of the actual potential throughout the entire area. In fact, there are often difficulties in levying tax from natural persons, and thus fiscal resources are ensured by several non-fraudulent companies. There is thus a very strong territorial disparity in terms of available resources that justifies the importance of transfers in many countries, including France, the point of these transfers being to ensure a minimum equalization at national level.

Local taxation is often affected by the low potential in certain areas, which frequently hinders its extension.

Questions to Congo:

We see different experiences, sometimes opposing ones, such as the Congolese and the French. Which one should be followed, which one is the most appropriate? There is no universal recipe, and several elements should be considered when implementing this process in a given country. I recall there are 6 municipalities and 12 departments. How can there be 12 departments and only 6 municipalities? This means that a large portion of the Congolese territory does not have a municipality status and is managed directly by the département.

Tunisia has to overcome the same difficulty as a vast part of its territory does not have a municipality status, although we have 264 municipalities and 24 governorates (the equivalent of département). In order to develop decentralization, the draft of the future constitution envisages the establishment of other intermediary levels to regroup neighboring departments and to divide the rest of the territory in municipalities. Or in France there are 36 000 municipalities and numerous departments and regions and according to the French representative, it is not an example to follow.

Henri Loundou's answer:

In terms territorial organization, we must differentiate between decentralization and de-concentration. In Congo, a département regroups several districts. A département consists of at least four districts. There are also administrative districts, for instance urban communities managed by mayor-administrators, but they do not have a local government status. On the other hand, full right municipalities such as Brazzaville, Pointe-Noire, Dolisie are local governments. Within these municipalities, there are district city halls that are run by mayor-administrators appointed by the administration. The other municipalities, run by elected mayors, have municipal councils.

Given these administrative structures comprising both administrative districts and local governments, an assessment needs to be carried out in order to determine the administrative districts that should acquire local government status, depending on the number of inhabitants but also on the economic potential of each urban district.

Mohamed-Larbi Ghanem, Algeria, Moderator

A distinction between de-concentrated and decentralized bodies should be, of course, made. The division criteria for decentralized bodies should take into account economic factors in order to respond appropriately to social demands. Division should not be political and thus serve electoral purposes, but should consider all the economic and social factors in a community and drive towards financial autonomy. De-concentrated bodies stand for the central government, they are rather technical bodies aimed at providing support to local governments and should not be assigned sovereignty roles.

Questions to France:

Cameroon possesses an inter-municipal investment and intervention fund in charge of collection tasks for each municipality, the produce thus collected being then distributed amongst the municipalities. It is performing quite well, and is also tasked with the appropriation of funds to local governments.

The emerging issue consists in the reconciliation of the need to hold a single Treasury account and decentralization? How does France tackle this?

Pierre Juanchich's answer:

Decentralization is not incompatible with the single Treasury account that enables one to have – in a global financial organization framework – command over inter-financial relationships between public bodies, on the one hand, and private suppliers, on the other hand, and to have financial data relayed by means of the central bank.

The single Treasury account facilitates consolidated financial information in terms of cash flow, in a more economical, clearer and more transparent manner. At any rate, it is not less transparent or clearer than if each local government would hold an account in a private bank of its choice.

An intermediate solution would consist in enabling local governments to open a treasury account with the central bank of the country. Thus an intermediate solution would take shape: a single treasury account on the one hand or the fully independent accounts in independent banks (that of course raises more complicated issues in terms of control and management). In fact, maybe in France we are moving towards this intermediate solution since the organic law on public finances (LOLF) envisages the process of *DFTisation* of accounts held by local governments.

The single treasury account is working today and enables transparency and straightforward control. Multiple accounts bring about complexity in terms of transparency and control. The intermediate solution would consist in local governments opening accounts with the central bank.

Question to France:

Niger has 265 communes since 2005 and 35 départements and 8 regions, and Regional Councils since 2010. There are regulations on decentralization, but the issue resides in assistance measures and the devolution of competences, and also equalization (between more resourceful and less resourceful local governments). Are there any systems or models to tackle these disparities?

The issues stems also and mostly from management accounting as the accountants employed by local governments are not accountable to the Directorate General for Treasury and Public Accounting and are appointed by the tutelage administration not by DGTCP. Today local governments cannot generate statistical data.

Noël Eyrygnoux's answer:

Concerning equalization, we need a tie between the citizen and the local authority. Otherwise, local authorities will appear as a de-concentrated incarnation of the state not like a local government in its own right. Horizontal equalization (consisting in withdrawals from wealthier local governments in order to transfer to less prosperous local governments) is extremely complicated in practical terms: it entails political and territorial debates, which central powers can hardly manage.

In France today vertical equalization accounts for € 8 billion by the central government and horizontal equalization, between local governments, accounts for € 1 billion (a ratio of 1 to 8). Several funding sources are needed for local governments as they will never manage to be entirely financed only by local taxation or by appropriations. The state should consider equalization more seriously at least for a certain period, until decentralization settles in and that the idea of solidarity gains ground.

General question:

Concerning the declaration of conformity to the attention of the Court of Auditors, most countries are finding difficult to bring local authorizing officers to establish the administrative account. How could we tackle this issue?

Adama Koné's answer:

Côte d'Ivoire has encountered numerous difficulties in processing documents related to local governments and difficulties multiply when it comes to their financial documents. That is why in 2011 we issued a decree aimed at harmonizing budgetary and accounting classification at the level of local governments. Besides, we issued decisions stipulating how management and administrative accounts should be appear. These documents have enabled or are enabling departmental and local principal accountants to prepare their reporting for the Court of Auditors. The first report of the Local governments' budget chamber related to these first financial reports submitted by local and departmental principal accountants is about to be issued and will enable us to see whether the difficulties encountered previously have lessened.

This harmonization effort – both in what concerns the budgets of local governments and in what concerns harmonization in reference to budgetary and accounting standards – has proven extremely useful for municipal and departmental principal accountants in their reporting. The local governments' budget chamber will undoubtedly find it less difficult to compare the two accounts in contrast to the situation before 2011.

Mohamed-Larbi Ghanem, Algeria, Moderator

This is a very important point: management accounts need to be standardized and standardization needs to be performed at the same time as that of administrative accounts, so that controls can be carried out correctly. The same goes for accounting that varies from one country to the other: most of them use cash-based accounting, which is insufficient compared to the accrual-based accounting that indicates precisely the potential of local governments.

Currently, very few countries have reliable knowledge of their assets because we tend to continue to rely on cash-based accounting. This is an important challenge for the future development of the state treasury.

Question to Côte d'Ivoire and Congo:

We can often see that local elected officials are insufficiently educated. There is thus a gap between the political level and the finance technicians, and consequently the two sides do not always see eye to eye. Is there in Côte d'Ivoire or in Congo a dialogue between the ministry in charge of local governments in terms of administrative tutelage and the finance ministry in charge of financial supervision over the competencies or level of education that a mayor should possess?

There is also an issue related to earmarks. Aren't consistent appropriations from the central government to local governments likely to discourage in some sorts initiatives in term of local taxation? In Burkina Faso, previous to the devolution of competences, there used to be a lot of initiatives in the field of local taxation from mayors taking decisions in this matter and establishing certain taxes. But with appropriations, mayors seem to rely more on appropriations than on local initiatives to carry out investments.

Adama Koné's answer:

Concerning education, in Côte d'Ivoire all mayors can read and write. Concerning the appropriations, I agree with you – when tax is round up at central level and shares are transferred afterwards to local governments, there are little efforts being made at local level. We need to extend the development of local taxation and to involve citizens that are ultimately the beneficiaries of tax collection and of their use to finance local development.

Henri Loundou's answer:

Concerning the misunderstandings between mayors and accountants, in order for them to be avoided, it would be necessary for accountants to get to play an advisory role for elected officials. As for education, we cannot claim it is thoroughly lacking. In Congo, the six mayors running local governments currently have rather high levels of education, but this does not prevent disagreements between the mayor and the accountant. That is why I call your attention upon the advisory role that every accountant should play in the local government he or she is working for.

Adama Koné's answer:

I agree with Congo about the importance of the advisory role and to illustrate this I would add that for several years now we have set up in our municipalities Treasury committees lead by the mayor and his deputies. Upon these meetings, the representative of the Treasury puts forward the available resources and lists the expenditure awaiting payment. The involvement of stakeholders in the follow-up of the treasury avoids tensions and certain misunderstandings.

Thoughts of Bachirou Mohamadou, Cameroon, Deputy Director for State Budget and Accounts:

In Cameroon, there are two levels of decentralization: 10 regions and over 360 communes, and two bodies presided by the Prime Minister: the National Council for Decentralization and the Inter-Ministerial Committee for local services.

In terms of management, regulations have been drafted, but in practical terms there are some shortfalls.

Whether the Treasury single account is not a hindrance to the development of local governments is a sharp issue in Cameroon where, in 2007, the law on the financial regime of the State laid down the principle of the monopoly of the Treasury over accounting and treasury management.

In 2009, the law on the financial regime of local governments called into question the first law and consequently many local elected officials have called upon the central government to reassess the principle of the singularity of the Treasury.

The issue is being debated and we believe that the Treasury should remain in charge with the financial management of local governments. The public accountant, who has been trained by the Treasury, should be at the center of the financial management of local governments. In its latest report, the Chamber of Auditors (the equivalent of the Court of Auditors) has found that 29 municipalities out of 370 have produced management accounts in 2011. This raises the issue of human resources. In fact, local governments do not possess skilled staff.

In Cameroon, there is no body of local civil servants. Thus, competent state departments (be it fiscal services or central services) need to continue to support local governments, without bearing upon their autonomy. They need to continue to support local governments to lead them towards actual financial autonomy.

Question to France:

Financial resources are sometimes made available to local governments tardily, which hinders the performance of local governments. This means that the manager of the single account will first tend to its needs first and then distribute the rest to others. Couldn't the single account be a statistical single account instead of an account receiving all the resources of the state and redistribute it afterwards?

Pierre Juanchich's answer:

There is a clear separation on the single treasury account between the management, which is the treasury accountant, its capacity, and competency, accountability to the external auditor and to the state. It is a civil servant separated from the authorizing officer who assumes the responsibility. This should not change.

In France, this particular process of the single treasury account relies on the fact that the state is the only one entitled to collect tax and that it makes down-payments to local governments upon the month of January every year. Consequently, as tax is cashed in mostly upon financial year end (rather in the last trimester), it is rightful that the local governments funds be deposited with the Treasury given that the central government has transferred the equivalent of tax to local governments in advance. It is the legal and historical basis.

But, as mentioned previously, we can very well have a single treasury accounts with subdivisions for each local government. In this way every local government can have its own statement of account, and clear and tangible cash-in and cash-out. Nevertheless, this will not call into question the legal principles according to which the treasury accountant will be responsible for cashing in local revenues, the payment of expenditure and that he/she assumes this responsibility in relation to its superiors first of all (thus the resulting internal control) and in relation to judicial control (like in France) by submitting to the judicial auditor its annual management account and supporting documents.

Thoughts of Jean André Donat, Haïti, Deputy Director General for Treasury:

To follow up on the questions raised about the single treasury account, normally local governments' accounts should be integrated in the scope of the single treasury account. Haïti is undertaking actions in order to include local governments' accounts in the single treasury account eventually. To that effect, sub-accounts of the single treasury account hold the name of local governments. Thus the issue is solved: instead of physical current accounts for each local government, there are virtual sub-accounts as there are for everybody in the central administration.

Xavier Rame, IMF:

The model of single treasury account being discussed is based on the French public administration and its organization. Often reluctances of local governments to enter into a single treasury account are simply related to the fact that the State does not have the necessary cash flow to secure the expenditure of local governments when it needs to be paid. The confidence of local governments in the capacity of the treasury accountant to pay on time should be reinforced.

In Haïti, the sub-account system described enables keeping the balance of the local government's account without merging it with the available funds of the Treasury. This improves the general control over PNG, ensures a perspective over the net position of the Governments and guarantees Treasury liquidity in favor of local governments.

We should be cautious about this system. It is a thoroughly French model, as in many countries the treasury single account is kept by the Treasury, but relies on private banks. For instance, New Zealand – a very forward-looking country – resorts to calls for tender, creates competition within the banking sector and thus determines the best quality-cost ratio in the provision of actual banking services. This does not prevent controls that are then carried out by public administration bodies.

Consequently, various models can be envisaged, depending of course on institutional customs and the institutional organization of the state. There are local governments that are thoroughly independent and in this case there is no reason for direct management by the state or for cash withdrawals by the state in order to ensure its own cash balance.

A balance needs to be struck depending on institutional relations, historical traditions, control mechanism and, sometimes, the single treasury account can be managed by the banking sector. What is the maturity level and security of the latter, we should ask ourselves then?

There are also practical circumstances: in many countries, centralization around the Treasury is more problematic as there are not treasury offices in all areas. Resorting to a local bank by means of agreements could be a solution to this type of situations. There are statistical systems enabling the follow-up of expenditure and global cash balances in the public sector, but that is another issue.

Question to Côte d'Ivoire:

In Niger, almost all local governments hold two accounts: the bank account and the deposit account. The bank account escapes the control of treasury accountants, but the treasury manages the deposit accounts. These accounts receive funds from the tax returned to local governments and are charged with the expenditure made by local governments.

In terms of supporting documents, it is mandatory for local governments to submit to the central level, to the treasury accountant, all supporting documents in original accounting for the expenditure. De-concentrated local governments will not send supporting documents, but withdrawal orders established by de-concentrated treasurers. The latter are principal accountants to these de-concentrated local governments, but they are not accountable to the Court of Auditors, contrary to treasury accountants at central level. And financial reporting from these de-concentrated local bodies is not regular. How do things stand in Côte-d'Ivoire in this matter?

Adama Koné's answer:

In Côte d'Ivoire, the rule is that every municipality has its account with the Treasury, and all municipalities or state sub-division are prohibited from having an account with a private sector bank. Nevertheless, in the absence of a Treasury subsidiary in certain parts of the country, they can be allowed to open an account with a bank. Otherwise, treasury accountants, appointed by the Finance Ministry, keep the records, manage resources and establish management accounts that are submitted to the Chamber of Auditors.

Noël Eyrignoux:

Concerning the point related to the quality of staff in the civil service, in France, at the beginning of decentralization, the treasury accountant had more of a control role: expenditure compliance control, revenue compliance control. Nowadays, after 30 years, the quality of local administration is increasing.

If local governments develop internal control and if reporting reliability is improved, then the role of treasury services will be able to shift from control to counseling and partnership. At any rate, 30 years on, we are starting to see this progress. Of course, we are still performing controls, since it is central to our job, but our approach today is much more based on dialogue and counseling. This needs to happen in all countries, but can only happen gradually.

Mohamed-Larbi Ghanem, Algeria, Moderator

To end the debates, let's note that they have shown that decentralization process is ongoing. We need to reflect on the ideas put forward, after examining the issues raised both from technical and legal perspectives and from an organizational perspective.

I suggest that AIST members report to the General Secretariat on these exchanges so that we can focus on the key issues and start a targeted reflection on particular matters.

Financing of local governments

Moderator: *Siaka Camara, Mali, Deputy Director of National Public Sector Accounting and the Treasury*

Panelists:

- *Abdoulaye Dieng, Senegal, Director General of Public Sector Accounting and the Treasury*
- *Soèkey Ayawovi Sallah, Togo, Director of Public Sector Accounting*
- *Rachid Touzi, Tunisia, Head of Unit of Local Governments' Finances*

Siaka Camara, Mali, Moderator



Local governments were set up and were assigned several missions. Among these: local development and provision of basic services. In order to fulfil them, there is the need for financial, human and material means.

The three speakers will give presentations on the following topics: Mr. Abdoulaye Dieng, Director General of Public Sector Accounting and the Treasury in Senegal, shall speak about “local taxes and financial transfers”. The second topic, “debt management”, shall be addressed by Mr. Sallah, Director of Public Sector Accounting in Togo. And this will be followed by a 3rd presentation, i.e. “public sector accounting – support for local taxation”, developed by Mr. Touzi from Tunisia.

Local taxes and financial transfers

Abdoulaye Dieng, Senegal



Senegal has a significant tradition in decentralization and it is currently organized in 3 types of local governments all with equal status: 14 regions, almost 200 municipalities and more than 300 rural municipalities. Their financing sources are manifold:

- 1.- own resources;
- 2.- transfers from the central government;
- 3.- transfers among local governments;
- 4.- provision of capital from technical and financial partners;
- 5.- loans, as a source for financing local governments in Senegal.

1. Own resources

They are mainly generated by direct taxation, indirect taxation, local, public domain – specific revenues, asset generated revenues, and service generated revenues.

1.1 Direct taxation

They mainly comprise local taxes collected after prior assessment. Their tax base is established by a unit within the Directorate-General for Taxation and Property (FR. DGID) and their collection is carried out by public sector accountants reporting to the Directorate-General for Public Sector Accounting and Treasury.

Generally, these revenues are directed to local governments, but for those that are split between the central and the local governments. They comprise the following: personal taxes (minimum fiscal tax (IMF), tax paid instead of the minimum fiscal tax (TRIMF), and the rural tax in rural communities), property taxes (property tax on buildings, property tax on unbuilt land, surcharge on insufficiently built property), professional taxes (tax on patents and licensing revenues).

In 2013, when the most recent reform of the General Tax Code was implemented, a direct global single tax was passed, a tax which replaces several others (the IMF, the tax on patent revenues, the VAT, the flat-rate tax to be paid by employers and the pub license).

A global property tax was also recently created, within a simplification move, a global tax which groups several previous ones, collected both for the benefit of local governments and of the Central government. The amount collected from this tax is afterwards divided between the respective local government and the Central one (75% for the Central government and 25% for the local one).

And then, there is a tax on refuse, the garbage collection being carried out by a local government service.

1.2 Indirect taxation:

They mainly comprise the following: tax on electricity used, tax on water, entertainment tax, advertising tax, and other taxes for which the amounts are set by the voting bodies of the respective local governments.

1.3 Local, public domain – specific revenues

These revenues are collected out of the exploitation of the local public domain and they can comprise licenses to occupy areas in public markets, fairs, slaughterhouses and others, tax on the sale of livestock, impounding fees, parking fees, and revenues resulting from public domain exploitation.

1.4 Asset generated revenues

These are revenues generated by letting buildings, but also souks, canteens, lodges, slaughterhouse stalls, etc.

1.5 Services and license fees

They comprise revenues generated by the dispatch of administrative papers and by the delivery of civil status documents. Very often local stamps are put on these papers.

2. Transfers from the central government

They mainly comprise the decentralization fund (FDD) (set up with the 1996 reform and made available to local governments in order to enable them to cope with the extra workload resulting from the transfer of competences from the Central government in domains such as education, public health, environment, etc.), the capital development fund for local governments (FECL), with a longer history, it is used for economic, social and cultural investments (it receives some 2% of the VAT collected in the previous fiscal year by the state), and since 2006 the consolidated budget for investments (to finance investments in economic, social and cultural programs at local level, but especially in education and health).

3. Transfers among local governments

These are transfers from the main city to municipalities in the neighboring area (Fr. arrondissement). In Senegal, the cities of Dakar, Guédiawaye and Pikine also comprise neighboring areas besides the main municipality. The latter has the obligation to make the transfers necessary for the functioning of the neighboring areas.

4. Provisions of capital from technical and financial partners

These are funds coming from lenders the Government can access, via local governments. They represent financial support for the development (programs financed by the World Bank, by the French Development Agency (AFD), the European Union, the German cooperation, the United Nations with UNDP and UNCDF). The amount obtained for the benefit of local governments, between 1997 and 2013, was of CFA francs 218 bn.

5. Loans

According to the Local Government Code, local governments are free to undertake loans under the obligation to get the approval of Central government's representative for loan operations, and under the condition that these loans should not be used to cover a budget deficit.

The support program for strengthening and development of local governments (Fr. PRECL) was set in place under the form of subventions and loans that can be accessed by local governments.

Local Governments Treasury and Debt Management in Togo

Soékey Ayawovi Sallah, Togo



Local governments' treasury and debt management is an indicator of management performance in the public sector as a whole. Thus the stakeholders implementing local budgets must, in order to succeed in their roles, establish polite working relationships based on mutual support.

Therefore, public sector accountants have to provide professional advice to authorizing officers and the latter have to cooperate with public sector accountants. How to manage effectively the treasury and debt of local governments?

In Togo, there are 3 types of local governments: regions, prefecture councils (35) and municipalities (35). The regions are not yet operational because Regional Councils haven't been set up. Treasury management for local governments is an exclusive role of the public sector accountant. Nevertheless, the support from the authorizing officer is fundamental, particularly for the drafting of a realistic, true budget. But what is to be done to ensure that the budget indicates the reality?

The accountants' mission is not to draft the budgets, but to support the authorizing officers in this process. A budget that is not well prepared generates execution problems. Two approaches are recommended so that realistic budgets can be drafted: that of arithmetic means and that of estimation. Authorizing officers often mistake cash flow availability for budgetary availability and, if there is budgetary availability, they commit the expenditure and issue too many payment orders. And then, the accountant is put in a difficult situation. Therefore, it is advisable that the authorizing officer makes – in writing – a priority list for expenditures to be executed.

The Law on decentralization in Togo strongly recommends an anticipatory/forward-looking management of the treasury by the authorizing officer and the public sector accountant. In terms of revenue, since he cannot generate money, the public sector accountant must strive to implement a pugnacious collection policy. The revenues collected in cash are then used by the accountant either to pay small expenses or to be deposited in the bank account. The checks received when collecting the various taxes have to be cashed in immediately the day after, at the latest, in order to reduce the risk of unpaid checks. Currently those liable to pay taxes to the Central or local governments have to certify their checks before sending them to the banks, because the banks do not support the public sector in its collection policy. Consequently, this does not help a good cash flow management by local governments.

With respect to expenses, the public sector accountant is supposed to report on a regular basis to the authorizing officer on the cash flow situation in order to avoid untimely issuance of payment orders by the authorizing officer.

In Togo, the local government debt management process is not well set out yet. Each local government manages its debts according to its own capacity. However, we should stress that Lomé municipality benefited in 2007 from an on-lending agreement with the French Development Agency amounting to some € 8,000,000 for the financing of Lomé Urban Environment Project. This project enabled the collection of refuse and sanitation measures for sewage disposal and against flooding.

Local governments can resort to the Support Fund for Local Governments (FACT), which is a financial institution. It has legal personality and financial autonomy. FACT's mission is to guarantee the loans taken by local governments and/or to grant specific investment funds to local governments. FACT revenues come essentially from the state budget, from technical and financial partners, from donations and legacies and from revenues collected by local governments.

Relationships between authorizing officers and accountants in the public sector should essentially be governed by financial and accounting regulations in place. Their activities in what concerns local finances complement each other and aim for transparency, legality and the sound management of local finances.

Accounting – support to local management

Mr. Rachid Touzi, Tunisia



1. Brief overview of the legal framework of financial and accounting management of local governments

Financial and accounting management in Tunisia is essentially governed by 2 texts regulating the local budget's establishment, implementation and control: an organic law on the budget of local governments and the Code of public sector accounting.

Local governments – similarly to the Central Government and to private companies - have the status of economic operators. Consequently, the general account of the Finance Administration, the Central Governments' clearing account and the State's consolidated account, those of public institutions and of the local governments cannot be carried out without access to and use of electronic statistic data coming from these files.

Organizing all accounting units of local governments in one professional body, the network of public sector accountants, is a better guarantee for the principle of state unity (consistency in management and processing)

2. Financial and accounting management of local governments

The Public sector accountant has daily and regular local government's accounting tasks and then, at the end of the year, he enters the resulting data in various accounts. He provides the statements on definitive revenues and expenses, especially in a financial account. The financial account is a single account, both for authorizing officer and the accountant – this is a Tunisian specificity. The accountant's activity is controlled both by the supervisory unit and, submitted to the judicial review of the Court of Auditors.

The accountant is also in charge with local government's revenues collection. In this respect, it is within the public sector accountant's competence to process, in an accounting record specific to local governments, the enforcement orders issued by the president of the local government council, the authorizing officer; to cash local government's revenues that he registers in accounting records; to re-launch recalcitrant debtors or debtors with delays in payments due to local governments, and proceed to enforced collection; to assist the authorizing officer or the regional treasurer of finance in adequate proceedings of debt recovery suspension, debt waiver or exemption.

With respect to the payment of expenditures, the objective is to insure efficient use of scarce public funds, and consequently the accountant has to check the papers, the supporting documents, the authorizing officer, and the imprest administrators. The accountant also has to check the type of resource, the regularity of expenses, the existence of validation given by the public expense controller (who, in Tunisia, reports to the Prime Minister), the existence of enough resources to make the payments, and the availability of enough resources in order to make the payment. And then, the accountant has to manage objections, etc.

3. Prospects: Limitations, reform lines and proposals

3.1 Limitations:

Limitations are inherent to single ledger accounting, and to technical means. The commission for the reform of local taxation summed up their conclusions referring to 2 failures in the financial and accounting management of local governments, despite the fact that there are 2 electronic applications, one for the budgetary management of all local governments' expenses, and another for the budgetary resources of big cities: on the one hand, local governments' accounting does not enable asset tracking and, on the other, local governments' classification is not standardized; it rather results from budgetary aspects.

With respect to revenues, local governments only rarely have IS applications, which are called Management of Budgetary Resources (GRB). Nowadays, we are looking for an interface between applications of resource management and applications already in place used for the management of expenses, an interface similar to Helios.

Local governments, with differences from case to case, are also lacking in accountants with a good professional background because the good employees hired by local governments are afterwards recruited by the Central government.

3.2 Reforms and proposals:

Tunisia is currently undergoing a transition after the 14th January 2011 revolution. Tomorrow's landscape is now outlined by the constitutional project. An entire system of reforms is to be built, based on numerous proposals.

The financial and accounting service of the local public sector proved to be, especially after the January 2011 revolution, rather fragile because of a significant decrease in collection level and of its incapacity to rapidly recover the lost resources. Consequently, it has to follow the already countrywide decentralization tendency in terms of tax and financial reforms, to adapt to new requirements in order to comply with the increasing demand for services and to meet the local partners' expectations.

DGCP has to improve the services provided by public sector accountants via two major actions, following the French example: modernization of financial and accounting management and good use of financial and accounting data.

Modernization of financial and accounting management:

- implement, via the double-entry bookkeeping a complete, pertinent and true accounting system which shall supply a true and complete view of local governments' financial position;
- detect and prevent financial difficulties;
- conduct financial analyses and generate financial and management indicators for local governments;
- enable local governments asset tracking

Good use of financial and accounting information:

- strengthen local governments' management and accounting competences that might improve collection, and especially those related to computerization of revenue accounting management;
- strengthen the accounting's position as counselor and partner of local governments.

For the moment, the accountant and the authorizing officer work separately one from the other. Nowadays, Tunisia is developing more and more public-private partnerships, but also a management by objectives approach, and double-entry bookkeeping in a management by cost center perspective. However, the present organizational structure does not enable us to really approach this issue. The question is whether the authorizing officer and the accountant should have common indicators.

The authorizing officer and the accountant should establish common indicators, implement coordinated procedures, and a shared policy of collection of local revenues...

Siaka Camara, Mali, Moderator

This talk, rooted in the Tunisian experience, highlighted the legal framework for the financial management of local governments and the key players that have a role in this management, i.e. the public sector accountant and the authorizing officer. Since they have the same objective, namely a sound financial management, the accountant – because he's the expert – should provide consultancy on a daily basis to the local representative (who, more often than not, is not an expert in public finance).

It also underlined the accountant's role with respect to collection of revenues and payment of expenditures. However, accounting at local government level has its limitations, as it happens in the majority of countries. They stem from single-ledger accounting that does not enable asset tracking. That is why, future reforms should envisage double-entry bookkeeping which will enable the good use of financial information. The Treasury Service offers today, in the majority of countries – if not in all countries – the most detailed information for the management of local governments.

Debates

Questions to Senegal:

The speaker mentioned regions and rural municipalities among local governments – do they all have legal personality and benefit from financial autonomy? Are they also managed by local representatives? What is the guarantee system for the loans taken by local governments? Does the Central Government guarantee for the loans taken by local governments or are there any structures that guarantee the loans, such as the African Solidarity Fund or the African Guarantee Fund? Does the Central Government play the role of mediator in staff management at local government level in order to fulfil its duty of regulator?

Abdoulaye Dieng's answer:

Regions and rural municipalities do indeed have a legal personality and financial autonomy. They share the same status as municipalities.

With respect to the loan, the Central Government does not guarantee the loans taken by local governments. Usually, the money-lender institution assesses the financial viability of local governments and signs the agreement on the basis of its conclusions. The public sector accountant is in charge with the financial management of the local government, and he insures that the deadlines for reimbursement are met. Within the control mechanism (since the 1996 reform local governments do not report any more to the Ministry of Economy and Finance), a representative of the Central Government, i.e. the region's governor (for regions), the county prefect (for municipalities), the deputy prefect (for rural municipalities), steps in. These representatives insure the respect of certain principles. In the case of loans, the Central Government's representative has to validate them, because he is the one who will analyze the financial capacity of the local government to reimburse it. If the loan is concluded, the reimbursement is considered a mandatory expenditure and the Central Government's representative monitors the recording of all mandatory expenses in the local government's budget. Should the loan not be recorded there, they can automatically do it.

For other aspects, a financial contribution is required from the local government receiving the loan. The Central Government also plays the role of facilitator: when funds are transferred to the local government, a certain amount can be debited by the Central Government to cover the financial contribution of the local government.

Questions to Togo:

With respect to the confusion made by authorizing officers between budget availability and cash availability, as well as dishonored checks, isn't there a bank system of certified checks? In Congo, all payments have to be processed from certified checks. Consequently, the tax-payer cannot withdraw all his money from the account if the check is issued.

With respect to the situation in which the authorizing officer issues payments and there is not enough cash available, can't there be a reporting system accessed both by the authorizing officer and the accountant in order to avoid these discrepancies? In Congo, the Directorate General for Local Governments organized a number of seminars and they required common reporting between the authorizing officer and the accountant on each 15th and 30th of the month. The accountant has to report on the cash situation and the authorizing officer issues payments taking into account the cash situation.

Soékey Ayawovi Sallah's answer:

Last month, the minister of finance issued an order which makes it compulsory for all those liable to pay taxes to the Central government, to local governments and public institutions, to make these payments with certified checks. This was not the case before.

Questions to Togo:

Is there a double-entry bookkeeping at the level of local government collector? If yes, is the reporting made on a constant, regular basis, as with most accounting systems? In Burkina Faso accounts are closed monthly. And then, the collector has to send to the authorizing officer the report containing info on budget execution and cash management.

Soékey Ayawovi Sallah's answer:

Yes, there are 4 reporting time units: the day, the decade, the month and the year. We advise therefore the public sector accountants to weekly present the cash situation to the authorizing officer, who does not always understand it and issues payments because there is budgetary availability. The authorizing officers' and the accountants' activities are complimentary and they cannot claim rights that are not stipulated by the texts in force.

Questions to Togo:

The budget should reflect the reality, but in Gabon, one of these realities is the significant gap between the revenue forecast and its collection because of what I call "the tax collection evasion", which is orchestrated, organized by the authorizing services via parallel collection institutions. And this has a real impact on the financial availability of the local government. What is the case in Togo?

Soékey Ayawovi Sallah's answer:

A realist budget has to start from the revenue estimates. The authorizing officers are in charge with drafting the budget, but the public sector accounting should also get involved in this process. If he does not do it, problems will arise during the budget execution and he will have to solve them. There are two approaches: that of arithmetic means and of forecasts. The arithmetic mean method is used as follows: for each budgetary line, the amount of collected revenues is taken for a certain number of years, more specifically the previous 3 years, and then the mean is made. And then, there are the forecasts: by September, local governments already know how much they collected in the first 9 months for each budgetary line. It is afterwards easy to forecast how much it can be collected in 12 months. However, we could notice that the authorizing officers first align the expenses before coming back to revenues. And then a "patching up" occurs, with a budget execution that will be very difficult.

Questions to Tunisia and Senegal:

Tunisia:

In the process of budget execution by public sector accountants, the accountant has to check the validation previously given by the controller of public spending who, at his turn, reports to the Prime Minister. At which level and how does this control on public spending step in? The Ivory Coast has not implemented, for the time being, financial control at local government level, as it has at Central Government and public institutions, and we are currently considering the implementation of such a body. Can you give us more details about the financial controllers and their impact at local government level?

Senegal:

With respect to the decentralization equipment: are there precise criteria to establish what type of equipment should be given to a specific local government?

Rachid Touzi's answer:

The control body that includes the public spending controller who reports to Prime Minister was set up in 1969 and was then taken over in the Tunisian Code of public sector accounting in 1973. It is a preliminary control, which checks the commitment of the expenditure. After the commitment, the validation and the payment order issued by the authorizing officer, a 2nd type of control steps in: the control of the payment, conducted by the accountant from the local government. The Tunisian system, conceived for local governments in 1990, intertwines 3 types of actors: the authorizing officer, the public spending controller and the public sector accountant. They all work in a network that is supported by a common server.

Abdoulaye Dieng's answer:

Yes, there are precise criteria that are taken into account when resources are granted from the development fund for decentralization. Amongst these: the number of inhabitants, the surface area, the region, and others. The issue of authority transferred to local governments is also a reference: for instance, hospitals and high-schools report to regions, whereas medical centers and schools report to municipalities and rural municipalities. Transfers are made according to the services provided by that local government.

Questions to Tunisia and Senegal:

The accounting service is supposed to check whether forecasts match execution for expenditures and revenues, complimenting thus the information received from the authorizing officer and sending it further to the treasury services. Is there traceability in Tunisia and Senegal? The accountant who makes a payment or cashes in revenue, can he check the traceability of this expenditure or of the income?

Traceability brings along transparency and accountability. Do accountants really have the capacity to advise the authorizing officers, are they trained for this? Because, up to now, the accountants' backgrounds are far from providing them the necessary competency to advise authorizing officers.

Rachid Touzi's answer:

For the question of traceability, the answer is similar to the previous one, on control, with the 3 types of actors: the authorizing officer, the public spending controller and the public sector accountant.

The public sector accountant currently, in Tunisia, does not play the role of advisor to the authorizing officer (but we have to push things in this direction). This is because the accounting system only targets the payments, being a single ledger accounting that does not enable to record all data and to generate a global and transparent financial situation of the local government.

Abdoulaye Dieng's answer:

Yes, the treasurer in charge with that local government can trace the expenditure because responsibilities are well defined: the authorizing officer initiates the payment, and the accountant checks the availability of funds. After its execution, the accountant checks the payment and all actions related to the settlement. But this control refers only to paperwork, the accountant does not go on the ground to check the existence of the spending.

Questions to Senegal:

How are the budgetary provisions destined to local governments calculated? Which is the process that enables to set the amounts, are there consultations involving all partners? When the decision with respect to amounts is taken, are they inserted in a Law on Finance or by a regulation? Once the amounts are decided, can changes occur during the year?

Abdoulaye Dieng's answer:

But for the percentage from the VAT (each year the Central Government makes the budgetary commitment to assign 2% of the VAT to development funds), Senegal does not have another stable criterion. The situation fluctuates according to budget possibilities, although there is no going back on established rights. The existing amounts have to be at least consolidated from year to year, if not improved.

Questions to Tunisia:

Local governments currently have a single ledger accounting and there is no yet a tool to support this accounting. How can the activities of public sector's accountants be assessed by the end of the year? The results of management accounts are they sent to the financial authority for evaluation?

Rachid Touzi's answer:

Since 1973, in Tunisia, the organization of local governments – similar to that of the Central one – is a budgetary accounting. Consequently, the accountants report to the Court of Auditors. The public sector accountant drafts the financial account and the control is conducted by the regional financial treasurer. The same document is sent to the authorizing officer so that the latter inserts his data, which do not differ at sub-account level only in very few details that may be related to the forecast aspect.

Questions to Senegal and to Togo:**Senegal:**

The collection of taxes established by assessment, which is traditionally carried out by public sector accountants who report to the Treasury, does it have a good or a rather weak level?

Togo:

With respect to cash management, in Togo the following measure was taken: the authorizing officer issues a written order prioritizing the payments to be made depending on cash availability. What happens if some mandatory expenditure (pensions or military pay) are not to be found on the priority list? For instance, the authorizing officer gives priority to operating expenses, in front of salaries for the military and pensions. Is the accountant in a position to make recommendations so that the payment order issued by the authorizing officer be canceled?

Abdoulaye Dieng's answer:

With respect to revenue collection carried out directly by the Treasury, the question is whether it is efficient or not. We noticed that the collection process often depends on the quality of the tax base established by the Directorate General for Taxation. There may be problems at this level, but it is obvious that collection is carried out – especially with respect to direct taxes – at a satisfactory level for the account of local governments.

Soékey Ayawovi Sallah's answer:

Should there be cash problems, public sector accountants ask for a prioritization order to be issued by authorizing officers, because – especially in the local public sector - many mistake cash availability with budgetary availability. The budget implies forecast and authorization. Budget availability does not mean that the accountant can pay the expenditure: the authorizing officer has then to issue a priority payment order in writing. If the order is a regular one, it is carried out, if not, it is rejected. This document will 'cover' the public sector accountant in case of disagreement between him and the authorizing officer, who often considers that the accountants meddle with their authority.

Questions to Senegal:

Among several sources of financing, there must be also inter local government taxes. What types of transfers are there between autonomous local governments: debt or subsidy?

Abdoulaye Dieng's answer:

Transfers between local governments are not debt, but subsidies. The city is supposed to release annually specific amounts to the benefit of neighborhoods (Fr. arrondissement).

Siaka Camara, Mali, Moderator

We can keep in mind the advisory role the public sector accountant has to play in the financial management of local governments, but the position of Treasury employees has to be strengthened so that they can better play this role.

Then, although generally there are transfers from Central governments towards local governments, the criteria for funds allocation are different from country to country.

With respect to the relationship accountant – authorizing officer in cases of payments to be made, well, in Mali, when the available funds are not sufficient to make all payments, salaries come on top of the payments list.

The Role of the Public Sector Accountant

Moderator: *Pierre Etoughe, Gabon, First Deputy Director of the Directorate General of the Treasury*

Panelists:

- *Oulai Boniface Gaston, Ivory Coast, Director of the Economic and Financial Supervisory Body with the Directorate of Local Governments (Ministry of Interior)*
- *Orlando Robimanana, Madagascar, Director General of the Treasury*

Pierre Etoughe, Gabon, Modérateur

In this session we shall discuss on matters of governance and, in relation to it, the role of the public sector accountant. Mr. Oulai Boniface Gaston from the Ivory Coast shall give a talk on the role of the public sector accountant in supporting the drawing up of local budgets and, Mr. Orlando Robimanana from Madagascar shall talk about the advisory role of the public sector accountant and risk analysis



Support for drawing up the budgets of local governments

Oulai Boniface Gaston, Ivory Coast



In Ivory Coast, there are 2 decentralization levels: regional councils and municipalities with distinct legal personality and financial autonomy. Among other things, financial autonomy entails for local governments drafting budget-related documents: three-year program, budget and administrative account.

The topic of support for drawing up the budgets in local governments refers to the assistance the Directorate General for Decentralization and Local Development, a supervising authority, gives to local governments with drafting their budget.

Notwithstanding the importance of principles such as administrative freedom and financial autonomy in the context of decentralization, it is just as important for the state, more specifically the Directorate General for Decentralization and Local Development, not to relinquish its duties consisting in assistance, consultancy, support, but also control of local governments.

➤ Thus assistance and consultancy for local governments takes up several forms:

- drawing up legislation and regulations on budgeting. Currently, for instance, we are working on a draft law incorporating directive 01/2011/CM/UEMOA on the financial system of local governments. And we cooperate with other stakeholders involved in decentralization, i.e. the Directorate General for Budget, Treasury and Taxes;
- pass all necessary decisions in order to delineate the budget both in terms of its drawing up, but also in terms of forecast and execution (circular letter, ...);
- make human resources (Directors and Heads of financial services) and technical means (handbook on budget drafting, other documents drawn up by DGDDL, DGDDL website, ...) available to local governments;
- strengthen the capacity of local governments in various fields amongst which budget drafting (example: the seminar from the 26th to the 30th of August 2013 aimed at reinforcing the capacity of elected municipal officers in the field of financial procedures and three-year planning).
- encourage local governments – since they benefit from financial autonomy – to set up a reliable database with taxpayers in order to monitor the revenues and to trace the budgetary execution. And all this should be then assessed in meetings held by the treasury committee.

➤ Control

It does not refer to coercive control, but to supervisory control. Moreover, with respect to the drafting stage of local budgets an ex ante control by means of prior authorization and approval is exerted. Prior authorization is required in certain cases before decisions and decrees are enacted (when opening an extra-budgetary account, different from the ones stipulated by the law, when there is a change of use for the funds received from external support programs, when the responsibility of a service is shared between several decentralized units). Approval is required so that enactments and decrees passed by local governments be applied (decrees regarding the budget and amendments to budget made during the current budget year, organic framework on employment, staff salaries...).

To wrap up, the support provided by the Directorate General for Decentralization and Local Development to local governments with drawing up their budgets is effective if we look at the low rejection rate of the budget by the Commission for the Coordination of Municipal Development. Nevertheless, it has become now fundamental that the various pieces of legislation regarding decentralization and particularly budgeting be harmonized with the new institutional system. It would also be good to strengthen the financial capacities of the Directorate General for Decentralization and Local Development so that it can organize and fully fulfill its central role of supervising local governments.

Pierre Etoughe, Gabon, Moderator

The accountant's role is about to change: besides his traditional role, he is supposed to provide assistance and consultancy, but also to conduct a supervisory control when providing support for budget drafting to local governments.

Accountant's advisory role and risk analysis

Orlando Robimanana, Madagascar



Madagascar is nearing the end of a five year political crisis. This period has allowed the Public Treasury to undertake an in-depth analysis of public finance management (at national and local level). The analysis is based on the state of play and has the aim of creating a genuine public policy which will help in addressing the problems Madagascar has been plagued by, ever since the country has become independent, 53 years ago.

Public sector accountants have an advisory role in budgetary matters given the fact that they are the control authority and implementation body for all public operations. The state of play has highlighted the factors hindering the intervention of public sector accountants and thus their efficiency in assisting decentralized local governments in the development process at local level. The situation that prevails at national level perfectly reflects – the opposite being also true – the situation at local government level. The state of play has revealed the so called “Malagasy paradox” and has pointed out the real issue we are dealing with: governance. I shall also touch upon other factors hindering the intervention of public sector accountants in order to initiate a debate on the topic of a reform at the level of perception of public finance control.

The Malagasy paradox springs from the fact that Madagascar has all the trumps other countries can only dream of: large potential due to 60 million Ha of arable land out of which only 3% is cultivated, 5360 km of coastline out of which only 15% is monitored (this leads to the risk of resource losses and of all types of traffic), abundant resources for renewable energy (sun, wind and water all year round) but an electrification rate of only 23%.

Madagascar has diverse and important natural resources: mines, hydrocarbons, fishery and sea resources, fauna and flora (80% of all species are endemic), but the revenue linked to the exploitation (at local and national level) of all these resources represents only around 1% of GDP. Madagascar has a population of 22.3 million inhabitants out of which 53% working, but the impact of work is not visible if we evaluate the population's purchasing power. This situation is the same at local level. Almost all local governments, depending on their particular features, hold a certain economic potential: agricultural products, mineral resources, forests, touristic sites, sea and fishery resources. Various types of revenues are provided for by legal regulations in force: fiscal revenues (e.g. synthetic tax, property tax, tax on the sale of alcoholic beverages) and non-fiscal revenues (e.g. repayment and levies applied to the above-mentioned proceeds).

But the chronic weakness of budgetary effects from own resources makes decentralized local governments dependent on Government subsidies. This limits local governments' efficiency in performing their roles and achieving their objectives in terms of ensuring public welfare and economic development at local level. For example the analysis made by the general treasury of a very poor rural commune, set on a gold mine, has shown that the revenues collected in 2011 represented only 1% of the hypothetical revenues. And yet the number of gold washers working in this commune is known, just as the median yearly forecast output (2.8g / gold washer /week) and the local median yearly forecast output (184 kg gold). The commune's hypothetical turnover should have been of MGA 140 million, and this turnover would have covered the commune's development plan.

The situation is the same for a region with vast and diverse economic potential, in all economic sectors: primary, secondary and tertiary. But the studies showed that this region has only collected between 22% and 58% of all the revenues it should have collected. Another region has only collected 6.73% of hypothetical revenues. Given this potential, the problem has never been due to lack of resources or competences or even know-how, but the problem has always been one of governance.

The five years of reflection have made us aware of the absence of a coherent public policy, one that could constitute a benchmark for all economic strategic sectors. Management in Madagascar has always depended on the context. Over the years a number of measures were taken but these did not go in the direction of a result-based management, a logical framework which had been implemented (in theory) with the 2004 public finance reform. The budgetary framework had indeed evolved, but the culture had not.

The control systems for public finance have not been adapted to this type of public finance management. All control bodies continue to exert the same control, i.e. compliance checks usually targeting only documents, while there still are not controlled or insufficiently controlled areas, such as programs adequacy, strategic objectives and indicators for each development public stakeholder, fairness of prices, service fully performed, effectiveness of expenditure and efficiency of public sectors.

Furthermore, political instability is cyclical and Madagascar's economic growth has always been hostage to political developments. This is why growth has never been sustainable and has always had ups and downs. After a period of strong economic growth follows a period of political crisis, that plunges the economy on a downward spiral. This is also true for the local level, which is plagued by a tortuous administration and the non-effective decentralization.

The last Constitution which is still in force sets three levels of decentralization: the provinces (which remain theoretical up until now); the regions (22) operating more as de-concentrated bodies and mere contact point for the Public Treasury than as decentralized local governments; the communes (1549) which function as decentralized local governments but suffer from chronic dependency on Government subsidies.

The limitations of the Public Treasury have also been taken into account. Although we have a good accounting and financial organization, characterized by the decentralization of accounting management with the aim of allocating the accounting headings so as to bring them closer to the beneficiaries and to have accounting coherence at the end of the exercise, just 7% of communes are covered by the network of the Public Treasury (the Treasury is present in about 100 out of 1549 communes, the other 1400 having accountants appointed by mayors). The second class rural communes are not covered, resulting in risks at the level of resources. Accountants at commune level are appointed by the mayor but their technical competence level is not necessarily assessed. Still, the major risk is the infringement of the principle of separation of duties between authorizing officers and accountants, a principle that has the aim of preventing abuses in the execution of communes' budgets. And mayors tend to appoint accountants that are to their liking. This results in a major governance issue.

Political and administrative factors also limit public accountants' intervention: for example, quasi-ineffectiveness of controls exerted on the activity of decentralized local governments, legality checks for budget related acts are insufficiently rigorous, revenues' forecasts are not accurate and reasonable, and expenditure is too ambitious and not realistic enough (this leads to chronic imbalances and insufficient cash flow in local government's accounts), insufficient administrative check (with a general inspection ran by the State, limited only to resources, and a Council for Financial and Economic Discipline, which has not yet been created), a late judicial review (in the best of cases at N+1).

Another limitation is due to the contradiction existing between the statute of the authorizing officer and that of the public accountant: mayors are elected together with the municipal counsel. Mayors thus have legitimacy and representativeness, while public sector accountants are appointed by the Ministry of Finance and have an advisory role, and represent the control authority and the implementation body. On the one hand there is the politically elected person, and on the other there is the appointed technician. And it is precisely the technician who is supposed to control the authorizing officer's actions and decisions. This leads to contentious relationships.

In addition to this, the informal sector (which accounts for 90% of activities and business areas in Madagascar) further complicates the missions of public accountants as advisors and catalysts to local government's financial operations.

Last but not least, the information system is insufficiently developed, at accounting network level as well as at local government level. Moreover, the role of the other budget stakeholders is not always as clearly established as that of public sector accountants.

A reform towards a revolution in financial control depends on an effective and comprehensive implementation of the principles of the Organic Law on Finance. The framework and culture of public finance need to progress at the same time and results need to become particularly important as well as impacts and social and economic effects of programs and projects. The Government needs also to come up with a real public policy that would serve as benchmark for all development stakeholders. The Government needs to clarify its role because it now acts as a regulator in some sectors, as a competitor in others and as a support in others. Within this policy, the Government also needs to set priorities, objectives, strategies, global and sectoral, national and local development and investment plans and to set a schedule and a permanent monitoring and assessment system. Public budgets (central and local) need to be seen as annual tools serving to implement public policy and not as tools serving to tackle current affairs at local government level. Investments need to become a priority as they would enable a quicker and more efficient progress. The elimination of squandering would allow the strengthening of public investments with the savings made.

Other avenues to be explored are the following: the implementation of a more incentivizing fiscal policy and of a business climate favorable to private investments; the control systems need to become more adequate and this implies a total reform so that a stronger cooperation and coordination between control bodies should exist which shall do-away with uncontrolled economic areas; the public sector accountant's mission and action needs to be more adequate, the public sector accountant being the guardian and last defense of public funds; the implementation of result-based management.

To this day, control systems are specialized in checking the type and availability of funds and the supporting documents for expenses. But program-budget involves and requires checking the expense nature and volume against the program or projects implemented at national or local level. The public accountant needs to control the expenditure efficacy and the efficiency of each spending unit. He is the custodian of public funds and needs to be able to fulfill this task. Compliance checks usually targeting only documents are suitable for budget and resources management systems but they are not sufficient for the control of expenditure efficacy and public efficiency.

My solution for solving the problem of decentralized local governments not being covered by the Public Treasury network is the implementation of a personnel scheme so that staff tasked directly with public finance missions can be found within decentralized local governments.

Debates

Question to Madagascar:

Despite its potential, Madagascar has not been able to achieve local development due to a governance issue that plagues all levels: institutional, administrative and technical. Training would allow public accountants to fully understand their mission and to better fulfil their tasks (liquidity management, drafting of budgets and implementation of public policies). What is the strategy you have implemented for human resource development?

Mr. Orlando Robimanana's answer:

In the past five years, Madagascar has undertaken an in-depth analysis and has evaluated, with the participation of all Public Treasury services, the state of play. This approach has brought a comprehensive set of results which will allow us (with the help of the IMF) to set up a veritable public policy, the kind of policy we lacked in the past. I cannot present you a particular strategy regarding human resources at this moment (this is not my field of expertise and such a strategy can only be developed with the participation of a large number of experts). That is why I prefer to give you an answer to this question during the next conference.

Question to the Ivory Coast:

Could you clarify the relationship between the public accountant and the Directorate General for Decentralization? Is this Directorate General an arm of the Directorate General for Treasury and Public Accounting or is it a department within the Ministry for Internal Affairs?

Mr. Oulai Boniface Gaston's answer:

The President is the one who has supervisory authority over local governments. The President has delegated this responsibility to the Minister for Internal Affairs and Security. The latter has created within the Ministry a tool essential for decentralization, i.e. the Directorate General for Decentralization and Local Development (DGDDL), which monitors and implements all decisions taken.

The DGDDL works together on a certain number of issues with the Ministry for Economy and Finance, in collaboration with the Directorate General for Public Accounting and the Directorate General for Budget and Finances. The DGDDL also cooperates with the Directorate General for Taxation for the drafting of provisions regarding the Finance Law.

Question to the Ivory Coast:

What can be done in terms of training and capacity building regarding assistance, advice and control for the drafting of local budgets, given the fact that this task is of extreme importance?

Mr. Oulai Boniface Gaston's answer:

In order to build the Directorate General's capacity, we need to train the staff in charge of training the deconcentrated authorities, prefects, secretary generals and sub-prefects. Their actions (seminars, training modules) will strengthen decentralization. In fact, decentralization is always accompanied by good deconcentration.

Question to the Ivory Coast:

If directors and heads of departments are appointed by decree, how can the Government influence their activity within local governments?

Mr. Oulai Boniface Gaston's answer:

The Government provides local governments with staff of a certain level (generally A3 or A4) in order to help local elected officials in formatting documents and in applying legal provisions and regulations. Staff is appointed by order (not by decree) coming from the ministry that holds the supervisory power. Thanks to these appointments newly created regions now have competent staff working for them.

Question to Madagascar:

Many of the communes are not covered by the network of the Public Treasury. Is this a political decision or does the Ministry for Economy and Finance experience a shortage in human resources and thus cannot ensure the financial and accounting management for these over 1 000 communes?

Moreover, given the fact that accounting generates important financial information which can help authorities in the decision making process, how is financial information, springing from, on the one hand, operations managed by public accountants and, on the other, operations managed by accountants appointed by mayors, being consolidated? Finally, who are these accountants accountable to?

Mr. Orlando Robimanana's answer:

At the present moment, the Public Treasury does not dispose of the necessary resources (material, logistical or human) to cover all 1 549 communes. The solution found for the time being is the appointing, by mayors, of accounting secretary-treasurers. Although appointed by mayors, they have technical and financial partners and a public body which has been set up and which is called Local Development Fund. Accounting secretary-treasurers have been trained in management and accounting. To this day their accounts are not consolidated with those of Treasury accountants and, hence, their accountability is not assured, but they are being controlled by the Government's general inspection and by control bodies which undertake regularity checks.

This situation must change, but it can do so only if everybody (especially decision makers) understand this governance issue. In order for this change to take place, political will is essential and the reforms needed for this new public policy must be implemented. This new public policy is supposed to become the basis for all sectoral policies and for the drafting of budgets according to sectoral priorities. The control system must also be adapted to these new principles and it must, from now on, integrate concepts such as effectiveness and efficiency alongside regularity controls.

Question to the Ivory Coast:

Which is the composition of the committee in charge of approving local budgets and what can constitute a ground for rejecting a budget?

Mr. Oulai Boniface Gaston's answer:

The coordination committee for local development was enacted by decree. This committee comprises representatives of different departments within the Ministry for Economy and Finance, the Directorate General for Budget, the Treasury Directorate General, the Directorate General for Taxation, the Public Service, health and all persons involved in the transfer of competences and in the decentralization process. This committee evaluates the legality of local governments' actions. It ensures that the operations correspond to the competences transferred at local government level. Thus, if a commune makes provision in its budget for the construction of a school (this being the responsibility of the region), the committee, in its legality control, will declare the commune as lacking competence according to the law regarding the transfer and repartition of competences.

The local governments' financial capability to implement various projects is ensured thanks to the experts who are sitting on this committee (Directorate General for Budget and Finances, Treasury Directorate General, Directorate General for Taxation).

Regarding the rejection of a three-year budget, the 2003 financial and fiscal regime law encompasses the legal and regulatory provisions for the passing or rejection of a budget. The decision is taken after checking revenues' over-valuation or overestimation, omissions or underestimation of a mandatory expenditure. Within a legality check, the lack of compliance to laws will trigger the rejection. The committee only presents an advisory opinion.

Question to Madagascar:

Just 7% of 1 549 communes have a municipal receiver. Is there a receiver at local government level or, like in Burkina Faso, a receiver responsible for 3 or 4 local governments (this system at least allows for the territory to be covered)?

Mr. Orlando Robimanana's answer:

In Madagascar we have general treasuries at the level of the regions (91 main bureaus for 22 regions) and specialized accountants. The rule is the following: the Treasury accountant is responsible for the local governments and public institutions functioning within the territory where he is based. A public accountant working for the Treasury can manage one or two local governments, depending on where he is based. For example, if the public accountant is based in a region's administrative center, he is responsible for that region, for the commune where he is based and for the public institutions within this commune.

To alleviate the problem of the non-integration of communes in the network of the Treasury, Madagascar has established an inter-communes treasury (a new concept in Madagascar). The public accountant will be responsible for a group of local governments. Two years ago ministerial treasuries were established with the aim of grouping the accounting headings at ministry level (this decision is based on the French model which consisted of grouping all public expenditure stakeholders at department level). The objective of accounting organization is the decentralization of accounting execution in order for public accountants to be closer to the beneficiaries. But Madagascar has a surface of 592 000 km² and poor road infrastructure. This means it is not easy for accountants at commune level to reach the Treasury bureaus due to the distances between communes and the bad condition of the roads. This is one limitation of the system.

Question to the Ivory Coast:

What role do municipal receivers have in the drafting of local budgets?

Mr. Oulai Boniface Gaston's answer:

There are two structures: the authorizing officer and the public accountant. The municipal receiver is the authorizing officer's financial advisor. On this basis, a treasury committee has been established. The committee is presided by the mayor and meets at least once a month. The public accountant, the municipal receiver, provides the secretariat. Afterwards, the president sends a copy of the minutes to the supervising authority and the accountant sends a copy of the minutes to the Treasury Directorate General. The three main directorates at national level then come together to discuss the various minutes.

With regards to the public accountant's role in the Ivory Coast, we have to make a clear distinction between own revenues and shared taxes. The municipal receiver is the interface between the authorizing officer and the Ministry for Economy and Finances. It happens that the acceptance of the amounts of shared taxes is done with the public accountant's concurrence or guarantee (the public accountant acting as advisor).

Last but not least, a forum was created to examine all questions regarding decentralization and all those concerned (from Taxation, Treasury or the Directorate General for Budget) can get involved in this forum. They can all share and reflect together. This brings life back into the National local finances committee.

Question to Madagascar:

Regarding the accountant's role in local government management going beyond compliance checks usually targeting only documents. Your presentation underlines the need for program control, efficiency and effectiveness control and that the accountant is the guardian and last defence of public funds. Does this not undermine the principle of separation of powers between accountant and authorizing officer? Shouldn't efficiency control be undertaken by someone other than the accountant?

Mr. Orlando Robimanana's answer:

For resource budgets, checks targeting only documents are sufficient. In the case of resource budgets included in the budgets of each public service, just the denomination of the service and the appropriation amount, according to the types of appropriations, are specified. It is only necessary to check whether the appropriation types are observed, whether the appropriations are available and sufficient so that the service can meet its financial commitments and, especially, whether the supporting documents are accurate and comprehensive and justify the expenditure. In the case of result-based management, objectives are clearly stated, indicators must be objectively verifiable, as well as the expected results, impacts and effects. Public accountants can no longer simply check appropriation types. This classification no longer exists.

With the introduction of program budgets, appropriations become fungible, this means that the appropriation type check is superfluous. The appropriation availability check is still performed, but should we just settle for the check of supporting documents? The public accountant should at least verify the relationship between the nature and the volume of incurred expenditure and compare these with the objective set and the expected results.

Question to Madagascar:

Does Madagascar have a single supervisory authority like the Ivory Coast, or are there different supervisory authorities (administrative, technical and financial)?

Mr. Orlando Robimanana's answer:

Decentralized local governments are object to a twofold supervision: technical and financial. Public accountants fall under a single authority: the Finance and Budget Ministry through the Treasury Directorate General.

Pierre Etoughe, Gabon, Moderator

To sum up, the role of the public accountant must evolve if this transition is not already in the works. In the process of drafting local governments' budgets, the public accountant must ensure strict compliance with budgetary principles, one of these being the principle of budgetary balance. The public accountant must help the authorizing officer take this principle into consideration.

The public accountant also has an advisory role with regards to risk analysis. In order for the accountant to be able to assume this role it is important that his knowledge is broadened because the financial market risk, on which the accountant must advise the authorizing officer, cannot be evaluated with the help of the knowledge base acquired during their basic training. This is why training programs must be diversified and local governments must be supported. In the end, decentralization does not regard just the local elected officials, but everybody, including public sector accountants.

Presentation of specific cases: **What are the information systems used for financial management in the local public sector?**

Moderator: *Adama Koné, Ivory Coast, Director General of the General Directorate of Treasury and Public Sector Accounting*

Panelists:

- *Mohammed Merzouki, Morocco, Head of Lines of Work Management and Network Coordination Directorate*
- *Le Thi Anh, Vietnam, Deputy Head of the Accounting Office within the State Treasury*

Mohammed Merzouki, Morocco, presents the Moroccan experience in the field of computerization of public sector financial management.

1. Roles of the General Treasury



The roles of the General Treasury are identical to those belonging to all Treasury services. The General Treasury manages a country's public finances (ministerial departments and local authorities, with the exception of public institutions' finances). Its roles go from enforcing public claims to bookkeeping and generation of financial and accounting data, as well as presentation of accounts. The General Treasury works together with other partners in the finance sector, such as the Directorate-General for Taxation for the execution of public expenditure, the Treasury Department for the management of public debt, etc. Partnership Agreements have been negotiated between the General Treasury and international financial institutions for the successful implementation of reforms.

With regard to local finances, there are 1700 local governments and local governments associations, which have, in 2012, generated revenues of approximately 3,5 billion €. Their expenditure amounted to 3 billion € (approximately 60% for operational expenditure and staff costs - 120 000 civil servants - and 40% for investments). Each year, local governments sign around 10 000 contracts. The local governments' revenue consists of State contributions, but also own resources (which, in Morocco, barely represent one third of all resources). All these revenues and types of expenditure cannot be managed without the help of information systems.

2. Guiding principles for the development of a new information system

The General Treasury has had two information systems (in 1989 and 2007). Today Morocco is in a transition phase in which the 1989 information system is still in place (but rarely used), while the new information system is being implemented.

The new information system is guided by certain overarching principles:

a. A centralized architecture:

This offers administration aggregated and readily available data, which can be accessed in real time and any time; there is no need to request information from users anymore because the data goes instantaneously to the central administration level.

b. Integrated systems for each field of work, shared by all stakeholders:

These systems are integrated in the same supply chain process, thus replacing the different management systems which were used by the various expenditure or revenues stakeholders. All use the same system, with single data entry and information sharing. Complementarity is thus secured and data redundancy avoided. The synergy between stakeholders and the integration of processes leads to considerable savings, because the platforms are shared, as do trainings and maintenance.

c. Capitalizing on the systems designed for the central governments:

The 1989 information system introduced parallel computerization for local governments and State level. From then on, an information system was introduced in one of the levels and extended afterwards to the second (in general, the State's departments are targeted first, followed by the local governments).

d. Internally developed systems:

The General Treasury uses either standard systems, available on the market, or internally developed systems. Most types of software employed at the moment were developed internally. This allows for the development of expertise and know-how in this field.

3. Information system elements.

All the domains in which local governments intervene are covered by various systems which are part of the global architecture of the local finances information system: an integrated management system for the revenue and one for the expenditure, coupled with the computerization of the public procurement and a special module "GID suppliers", as well as a system for financial consultancy for local governments, an accounting system and a staff pay management system.

a. Integrated revenue system (GIR)

The system comprises all data regarding the revenues of local governments and associations of local governments. The revenues are State contributions (local governments receive 30% of VAT and 1% of income tax and corporate tax), revenues whose tax base is managed by the Directorate-General for Taxation, revenues managed by local governments, revenues settled in cash or revenues paid following the issuing of a collection order and managed by the accountants in charge of recovery.

The GIR concerns all authorizing officers, including local governments, but also the Directorate-General for Taxation, responsible for managing the three taxes whose income is allocated to local governments (professional tax, housing tax and common services tax). The GIR also concerns the administrators at local government level. These have a central role because, by law, they are in charge of collecting the receivables and taxes managed by local governments. They are the revenue accountants at local government level. Thus no product managed by the local government can be collected directly by the receiver at local level. The taxpayers go to the receiver, who is a State's accountant, only when there was a payment default with the administrator. The receivers and the tax-collectors in charge of the products whose tax base is managed by the Directorate-General Taxation are accountants. Within the General Treasury there is a special department, the Recovery Central Treasury, who is in charge of all recovery actions (sending of notifications).

The GIR thus covers all types of management processes, from revenue recognition to definitive settlement, encompassing the collection, litigation, etc. The taxpayer has the possibility of paying his duties, his fiscal debts at any collection point, under any accounting heading. The payments can be made at any bank counter, ATM or can be made online (the online system became operational in 2009 and is mandatory for some categories of taxpayers). The GIR offers access to data in real time and easy implementation monitoring for the authorizing officer. Only accountants can use the system for the time being (the authorizing officers will start using it in 2014).

b. Integrated Expenditure System (GID):

The system was initially developed for the State level and proved to be very efficient (all State expenditure is introduced in this system, except for the debt). The system also proved to be very flexible, because all reforms could be easily integrated in it. The system encompasses all types of expenditure management actions, the management of budgetary appropriations, as well as the execution operations.

This system allows for single data entry, reduces costs and shortens the processing time, but also real time data on budgetary implementation. Being integrated, the system can also be used for budgetary accounting purposes. Furthermore, the system shortens the deadlines and improves the processing of administrative accounts and public accounts in general.

Given the fact that the system improved the efficiency and effectiveness of expenditure execution, it was decided, in 2011, to expand it to local government level. After two tests in 2011, the system started to be implemented at local level in 2012. Local governments will start using this system in January 2014.

It must be stated that the GID and GIR systems will not entirely replace the already functioning information systems. A large number of accounting operations still depend on the old system.

c. Public procurement computerization:

This represents an infrastructure of online services for public procurement stakeholders. The stakeholders are either companies (30 000 companies use public procurement in Morocco), all of whom use the system, or public stakeholders (around 4 000 entities and 10 000 users), representing State departments, local governments and public administrative institutions.

The electronic platform for public procurement has 100 000 hits every month and 3 million accessed websites. The public procurement portal was launched in 2008. The portal offers information regarding all public tenders organized by the State, local governments or public administrative institutions. The portal contains information not only on public tenders, but also on their result, the administrations' yearly public procurement program and information on those who participated at the tenders.

d. The system for the electronic registering of companies:

It is a data base for suppliers, set up in 2012. In the future, the companies will be able to upload in the data base their administrative files, to avoid having to produce these documents every time they participate in a public tender (tax certificate, etc.). The system will be further enriched: it will allow for electronic submission, reversed electronic data exchange and electronic joint purchasing. This type of innovation is anchored in a legislative decree which will enter into force on January 1st, 2014. The platform's transactional elements will become operational starting July 1st, 2014, when the decision regarding this type of operations will come into force.

In addition to this, Morocco was chosen, at the World Bank conference organized in Marseilles in June 2013, to manage a project regarding the development of a regional public procurement platform for the MENA region (Middle East and Northern Africa). This platform will accommodate all public stakeholders and suppliers in the region, in other words a market worth approximately 240 billion dollar. The platform will also contribute to the strengthening of exchanges between the companies and the countries in the region. At an early stage, the platform will be a compendium of laws governing public procurement in the region and will provide information about all public tenders organized in the region.

e. The GID suppliers system:

It represents a service provided to companies, created on the basis of a participative approach: 17 pilot companies took part in defining specifications that take their needs into account.

The GID system was extended to local governments and will bring benefits to suppliers working with local governments. The access to the service is granted on the basis of a subscription and an authentication (the candidate must fill in an application which is examined by a commission which will grant -or not- access to the service). Suppliers will have access to information which is reliable, comprehensive and free of charge, regarding the status of the contracts they concluded with the administration (from the very first moment up to the contract's termination).

f. The financial consultancy system (became operational in 2011):

The development of this system is a consequence of the fact that financial consultancy has become one of the missions attributed to treasurers according to the local government accounting regulations. The system was created in order to help treasurers assume this mission. The system allows them not only to access data, but also to conduct certain types of analysis in order to give a minimal level of financial consultancy. Even a treasurer at local government level who is not very proficient in the field of statistics or financial analysis can use the system in order to access the data he requires, as well as access report templates for the analysis of local governments' finances. The system allows for rapid data generation on the management of local finance and data generation on various types of media for different levels of local finance management (reports for municipal, province, region and national level).

The good use of data is based on aggregate and ratio approaches (debt rate, self-financing ratio...). These ratios are developed at national level via comparisons (either between local governments, or between a region's local governments, or between local governments at national level). The system allows for the use of electronic and efficient tools to support decision making (financial analyses, retrospective and prospective). These tools are directly edited by the system and the treasurer at local level can introduce the comments he desires. At the moment the system is in an evaluation phase which will highlight the improvements needed.

g. Staff pay management system

Local government staff is still managed by a system developed at the beginning of the 90s and which is still used by small local governments. For large local governments, staff pay is managed via the system developed for the staff employed by the central government. The extension of this system to local governments has a particular form: the system becomes a service provided to local governments, this service is provided on a contractual and voluntary basis (using the system is not mandatory, but the local governments are encouraged to use it). Around 50% of staff employed at local government level is managed via this system. This allows for alignment of data regarding the pay of staff employed by local governments with those employed by central government and for the streamlining of all advantages related to the civil servant function (e.g. access to credit and reduced processing time of files). It is a pay management system and not a staff management system which also includes employer managing procedures.

h. Local government accounting:

Local government accounting is still managed via the 1989 information system, but a new accounting system is going to be implemented at State level and will afterwards be extended at local governments' level. The system will be fully automated, in order for accounting events to be retrieved directly from the different applications. The system enables the interpretation of accounting events and then generates daily and temporary accounting reports which are validated by accountants (each accountant validates his own operations). The system is unique, used by all public accountants for simplifying and modernizing accounting paths and improving processing time of accounting operations and taking into account all new regulations. Reflecting the new accounting standards, based on accrual accounting, the system is now used at central government level and will be extended at local government level, as soon as local governments will have implemented these new accounting standards.

4. Key factors for success

a. Participative approach:

All stakeholders are involved in the development of the system, which is thus developed by and for the users (represented by a sample of users).

b. Pooling and sharing:

Due to the similarity between the rules for public finance management at State level and at local government level, information systems can be extended from State to local government level (with some adjustments). This pooling refers to technical platforms, user training, assistance, etc., and generates economy of scale.

c. Progressive character:

Experience shows that reforms should be introduced in stages, always starting with the State level and subsequently extending them at local government level.

d. Openness towards citizens and companies (no need for further explanations).

e. Change management

The implementation of IT solutions should follow a change management plan. This will help users in understanding the changes, appropriating and using the system. The change management plan usually includes information campaigns, trainings and assistance, and is accompanied by a communication program.

Debates

Questions:

Online payment is mandatory for a certain number of citizens and companies. This represents a problem in many countries, regardless of how developed the Internet infrastructure and usage is. When can we make online payments mandatory, for whom, from which threshold? This is a complicated issue, because there are persons (elderly, vulnerable persons or persons living in poorly equipped regions) who cannot comply with this obligation.

Can you indicate what is being done in your country in terms of online payments and in terms of obligations? Can you also indicate the difficulties you are being faced with and the methods employed for overcoming these difficulties?

Mr. Merzouki's answer:

There are two situations:

- The taxes collected by the Directorate General for Taxation: corporate tax, VAT and income tax. For these three types of taxes, online payment is mandatory for some of the taxpayers, the threshold amount being based on turnover (starting from a turnover of 50 million dirhams, i.e. approximately 5 million euro, which has been lowered now to 20 million dirhams). The taxpayers who are above this threshold and fulfill these conditions in terms of corporate tax, VAT and income tax, have the obligation of filing their statement and of paying online;
- local taxes, i.e. the three taxes managed by the Directorate General for Taxation and collected by the General Treasury: professional tax, housing tax and common services tax. Taxpayers may choose to pay these taxes online, but there is no obligation in this respect. Not many taxpayers are interested in making these payments online (yearly 1 -2 % of collected taxes), either because they do not have Internet access or because they do not have a credit card. Moreover, despite a series of information campaigns, some taxpayers are not aware of this facility.

Questions:

What is the administrators' status, how are they appointed?

From a regulatory point of view, are receivers considered as reporting accountants, since the administrator usually makes these transactions on behalf of and under the responsibility of a reporting accountant?

Regarding online payments have you resolved the problem of cash availability? Is cash available immediately after the online payment is made?

Regarding reporting, is the receiver's revenue and expenditure account automatically updated within the information system?

Mr. Merzouki's answer:

The administrator works closely together with an accountant and acts on his behalf. But the revenue administrators at local government level act on behalf of the receivers and they are local government agents appointed as accountants by the head of the local government. According to the Moroccan fiscal system at local level, the administrator is the rightful collector of receivables managed at local government level. As I have said before, there are two types of revenues. Revenues that are managed at local government level all go through the administrator. The taxpayers only go to the receiver at local level (who is a public accountant) when there was a payment default with the administrator and in case a recovery order was issued. Otherwise, all cash payments -on declaration or direct- are made to the administrator. Strictly hierarchically speaking, the administrator reports to the head of the local government level, but he is also, from an accounting point of view, responsible towards the Treasury services, represented in this case by the tax-collector. The latter has supervision power granted by the laws governing public accounting.

Regarding the availability of funds with online payments, it takes 48 hours for money to flow from the bank to the Treasury. It can take longer in case problems arise (the accountant has wrongly booked the revenue), because the problem needs to be identified and corrected.

In terms of revenue and expenditure accounts, Morocco has an application dedicated to these accounts. The application is autonomous and interconnected/ interfaced with other applications, and it retrieves the necessary data from other applications in order to prepare the revenue and expenditure account.

Question to the French delegate:

Why was the application used at regional and local authorities' level in France replaced by Helios?

Noël Eyrignoux's answer:

There are three reasons for this change. Two of them are technical and thus relatively less important. The first reason is the high number of applications. This implies high costs, makes staff training mandatory and creates problems in terms of employee mobility. The second reason is the lack of connection between these applications and the Internet. Had this connection existed, than data could be sent back to authorizing officers via the Internet. The representative of Morocco mentioned among the key factors for success the participative approach and the importance of linking authorizing officers. But the true reason for this change is the largely permissive character of the old instrument, which allowed authorizing officers and accountants to develop some bad habits. For example, an authorizing officer who had made a mistake could simply telephone the Treasury and someone from the Treasury would correct the error in the application. But authorizing officers and accountants have different responsibilities and this must remain unchanged. Many accountants and employees have strongly criticized the new application, saying that it would not be easy to work with. But the true reason for their dissatisfaction is the fact that they had understood what was expected from them, i.e. a change of mentality and work methods.

Questions:

What are the instruments used by Morocco for preventing cybercrime related to online payments?

Furthermore, integrated management means that authorizing officers transfer data directly to the accountants. What is the system implemented in order to make sure that the two functions, authorizing officer and accountant, are strictly separated from each other?

Mr. Merzouki's answer:

In terms of security, we now have two systems: the new one, i.e. the integrated systems, and the system we are about to discard. Integrated systems have various levels. For HTTPS access, a user name, a strong authentication password, a SSL certificate and a cryptographic key are required. For the time being, not all users have the cryptographic key. At first, it only covers the ministerial Treasury, because the resolution process, completely computerized, is at the end of the line and thus presents a risk. In 2010 and 2011 the system was implemented in all ministerial departments. Concerning the principle of separation between authorizing officers and accountants, integrated systems allow each user to intervene only in the area he is responsible for. This means that authorizing officers and accountants can only access the operations they are responsible for.

Question:

Could you explain in more detail how the computerization of public procurement works?

Which are the procurement process stakeholders?

Who is responsible for internal audit?

Mr. Merzouki's answer:

Computerization is still in its infancy: it is limited to a portal containing information on public procurement (i.e. calls for tender) and on registered companies that are active in the field of public procurement. The dedicated modules have not been finalized until now. But they will be functional by the time the new law enters into force on July 1st 2014. This new law will also set the rules regarding electronic submissions.

The procurement process stakeholders are, in the administrative phase, the contracting authority and the partner company. In the accounting phase, accounting services have two roles: financial control and accounting. All contracts are subject to prior approval, based on control of the supplier. This approval must be granted before the contracting authority sends the service order that allows the supplier to start working. Before the approval of the contract by the regulatory authority for local governments, the tender document must be evaluated.

In terms of control of the supplier at local government level, the methods are rather “light”, given the fact that only the availability of funds is checked. Local governments are no longer obliged to control the compliance with financial laws and regulations (this obligation still exists at State level). This means that accountants are in charge of preliminary control, and in this phase they only verify the availability of funds. Preliminary control is followed by a second control phase, which takes place at the final payment stage. This control consists of an evaluation of the supplied service, verification that the payment does constitute discharge of all liability, etc. At internal level, according to the law, the client and the administration are obliged to evaluate all contracts for amounts exceeding 5 million dirhams (approximately €500,000). The audit is performed either by the audit services at administration level, or by external auditors contacted by the administration.

Le Thi Anh, Vietnam, presents the Vietnamese experience in the field of computerization of public sector financial management.



However, due to unfortunate technical reasons, the transcription of her presentation could not be performed.

You will find, however, his slide presentation below. Please accept our apologies for this incident beyond our will.





Information systems dealing with the financial management in Vietnam

Abidjan, November 2013

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Content

- Characteristics of budget management in Vietnam
- Treasury and Budget Management Information System (TABMIS) overview
- TABMIS Process.

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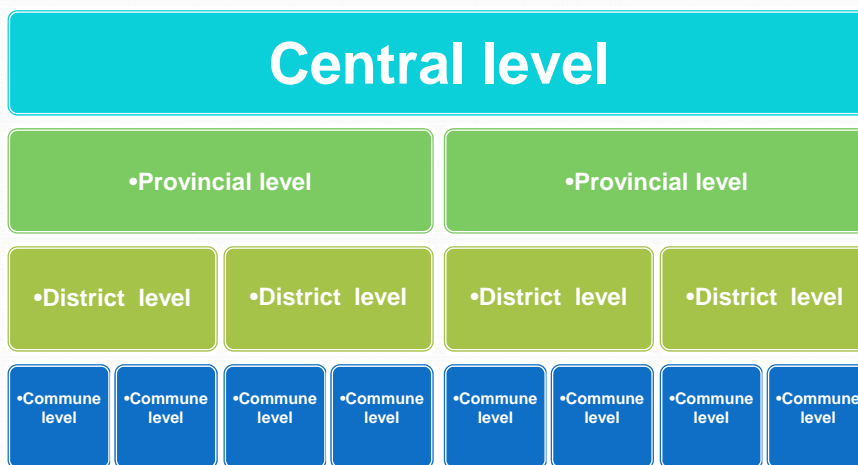
Characteristics of budget management in Vietnam

- 4-level budget – overlap type
- 5 levels of Central budget allocation

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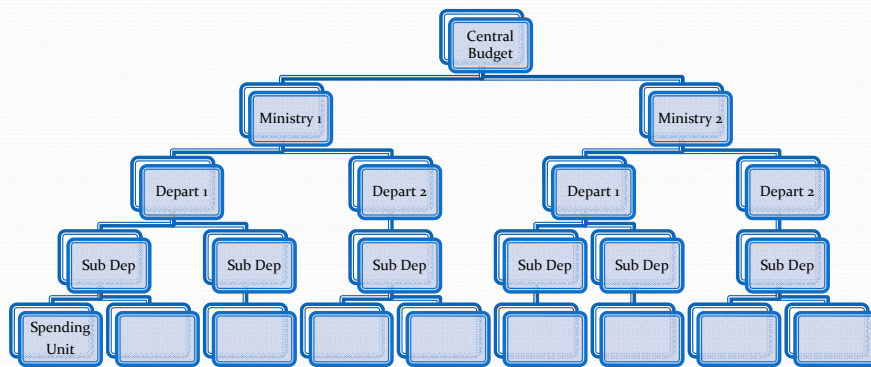
4-LEVEL BUDGET



4



5 LEVELS OF CENTRAL BUDGET ALLOCATION



5



Budget allocation process

- 4 budget levels: Central, Provincial, District and Commune budgets
- 5 levels of budget allocation from a high level to a lower level
- Budget adjustment
- Budget carried forward to next year

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Budget allocation and execution



Budget allocation

Commitment and spending

Fund available = Budget – Encumbrance – Actual Spending

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TABMIS – OVERVIEW

- Treasury and Budget Management Information System (TABMIS) is part of the Vietnam government's initiative to reform the Vietnamese financial management system
- TABMIS is a turn-key project, integrated Commercial-Off-the-Shelf Oracle Software Solution and Hardware Platform to be used at all levels of the government (central, provincial and district) through out Vietnam

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The objectives of TABMIS

- Improve transparency and accountability in public finance management through modernizing the state treasury and budget management functions.
- Standardization of treasury and budgetary processes
 - Improve operational efficiency & effectiveness
 - Promote and enforce timely, disciplined and accurate financial recording and reporting
 - Promote accountability and audit-ability

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The objectives of TABMIS – cont.

- Promote timely, accurate financial recording and reporting to improve the financial capability of the Government of Vietnam and help them manage budget more efficiently.
 - Improve management of public debt
 - Improve transparency in public financial management

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TABMIS SOFTWARE

- **TABMIS is developed based on**
 - International Public Sector Accounting Standards (IPSAS)
 - Treasury Reference Model (TRM) by WB and IMF
 - Vietnam budget law and associated documents

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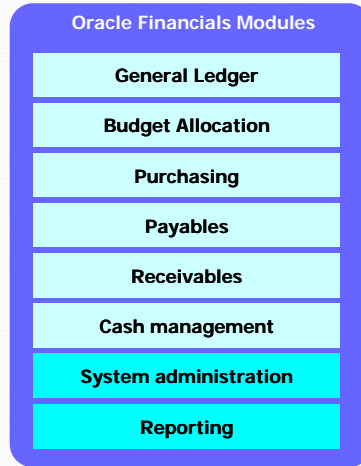
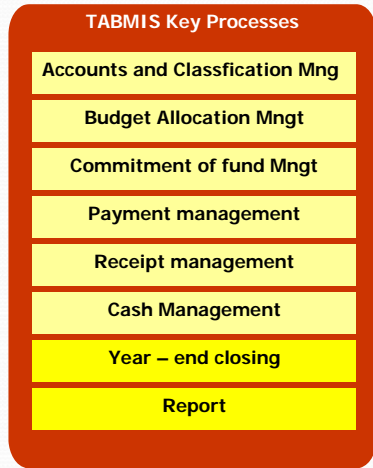
TABMIS SOFTWARE-cont.

- **Commercial-off-the-shelf (COST) application solution and ability to integrate with other systems**
 - Business processes and functionalities as per international-practice Oracle Financial EBS (ver.11.5.10.2) for public sector
 - Functionalities are integrated
 - System configuration based on business processes

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TABMIS PROCESSES

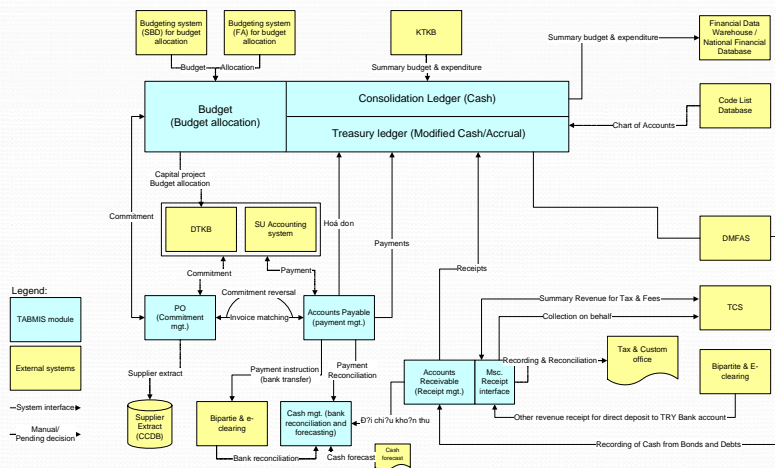


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BUSINESS PROCESS

To-be process flow:



Last Update Date 5/21/2012
Last Update Time 11:20

TABMIS Functional Diagram

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COA structures – the backbone of TABMIS

- 12 segments with 43 digits

TABMIS_COA_HANOI

| | |
|------------------------------------|----------------------------|
| Mã quỹ | FUND TYPE |
| Mã tài khoản tự nhiên | NATURAL ACCOUNT |
| Mã nội dung kinh tế | ECONOMIC CODE |
| Mã cấp ngân sách | BUDGET LEVEL |
| Mã đơn vị có quan hệ với ngân sách | ORGANIZATION CODE |
| Mã địa bàn hành chính | LOCATION |
| Mã chương | CHAPTER |
| Mã ngành kinh tế | FUNCTION CODE |
| Mã chương trình mục tiêu, dự án | TARGETED PROGRAMS/PROJECTS |
| Mã kho bạc nhà nước | TREASURY CODE |
| Mã nguồn ngân sách nhà nước | FUND SOURCE |
| Mã dự phòng | RESERVED SEGMENT |

Buttons: OK, Cancel, Combinations, Clear, Help



COA structures – Natural accounts

Journals (BISO_HANOI) - [New]

Journal: Mã tài khoản tự nhiên

Period: Find: 95%

| Line | Account | Description |
|------|---------|---|
| | | Mã tài khoản tự nhiên |
| | 9513 | Dự toán chi TX tạm cấp bằng kinh phí giao tự chủ - giao khoán bằng LCT |
| | 9514 | Dự toán chi TX tạm cấp bằng kinh phí giao tự chủ - giao khoán bằng LCT |
| | 9517 | Dự toán chi TX tạm cấp bằng KP không giao tự chủ - không giao khoán |
| | 9518 | Dự toán chi TX tạm cấp bằng KP không giao tự chủ - không giao khoán |
| | 9523 | Dự toán chi TX giao trong năm bằng KP giao tự chủ - giao khoán bằng LCT |
| | 9524 | Dự toán chi TX giao trong năm bằng kinh phí giao tự chủ - giao khoán |
| | 9527 | Dự toán chi TX giao trong năm bằng kinh phí không giao tự chủ - không |
| | 9528 | Dự toán chi TX giao trong năm bằng kinh phí không giao tự chủ - không |
| | 9533 | Dự toán chi TX ứng trước bằng KP giao tự chủ - giao khoán bằng LCT |
| | 9534 | Dự toán chi TX ứng trước bằng KP giao tự chủ - giao khoán bằng LCT |
| | 9537 | Dự toán chi TX ứng trước bằng KP không giao tự chủ - không giao kho |
| | 9538 | Dự toán chi TX ứng trước bằng KP không giao tự chủ - không giao kho |
| | 9552 | Dự toán chi đầu tư XD CB giao trong năm bằng dự toán |
| | 9563 | Dự toán chi đầu tư XD CB giao trong năm bằng LCT |
| | 9557 | Dự toán chi đầu tư XD CB ứng trước bằng dự toán |
| | 9558 | Dự toán chi đầu tư XD CB ứng trước bằng LCT |
| | 9562 | Dự toán chi ETPPT khác giao trong năm bằng dự toán |

Account Description: 41

Buttons: Find, OK, Cancel

Labels: Recurrent budget, Capital budget

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COA structures – Targeted program/project

| Mã chương trình mục tiêu, dự án | Description |
|---------------------------------|---|
| 00011 | Dự án nhân rộng mô hình giảm nghèo |
| 00012 | Dự án khuyến nông - lâm - ngư và hỗ trợ phát triển sản xuất- phát triển ngành nghề |
| 00013 | Dự án dạy nghề cho người nghèo |
| 00014 | Dự án nâng cao năng lực giảm nghèo |
| 00015 | Chính sách trợ giúp pháp lý cho người nghèo |
| 00016 | Dự án thực hiện hoạt động giám sát- đánh giá |
| 00017 | Dự án hỗ trợ phát triển cơ sở hạ tầng thiết yếu các xã đặc biệt khó khăn vùng bãi ngang ven biển và hải đảo |
| 00018 | Dự án hỗ trợ nâng cao năng lực giảm nghèo, truyền thông và giám sát đánh giá chương trình |
| 00030 | Chương trình mục tiêu quốc gia Dân số và Kế hoạch hoá gia đình |
| 00031 | Dự án giáo dục truyền thông - giáo dục thay đổi hành vi |
| 00032 | Dự án nâng cao chất lượng dịch vụ kế hoạch hóa gia đình |
| 00033 | Dự án đảm bảo hậu cần và đẩy mạnh tiếp thị xã hội các phương tiện tránh thai |
| 00034 | Dự án nâng cao năng lực quản lý - điều hành và tổ chức thực hiện Chương trình |
| 00035 | Dự án nâng cao chất lượng thông tin quản lý chuyên ngành dân số và kế hoạch hóa gia đình |
| 00036 | Dự án thử nghiệm - mở rộng một số mô hình - giải pháp can thiệp - góp phần nâng cao chất lượng dân số v |
| 00037 | Đề án kiểm soát dân số các vùng biển, đảo và ven biển giai đoạn 2009-2020 |
| 00038 | Dự án đảm bảo hậu cần và cung cấp dịch vụ kế hoạch hóa gia đình |
| 00039 | Các địa phương thuộc chương trình mục tiêu quốc gia Dân số và Kế hoạch hóa gia đình |

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COA structures – Sector (Function code)

| Mã ngành kinh tế | Description |
|------------------|--|
| 000 | Không xác định |
| 011 | Trồng trọt |
| 012 | Chăn nuôi |
| 013 | Trồng trọt và chăn nuôi hỗn hợp |
| 014 | Hoạt động dịch vụ nông nghiệp |
| 015 | Hoạt động thú y |
| 016 | Thuỷ lợi và các hoạt động dịch vụ có liên quan |
| 017 | Trồng rừng và chăm sóc rừng |
| 018 | Hoạt động dịch vụ lâm nghiệp |
| 021 | Hoạt động - định canh định cư và kinh tế mới |
| 022 | Khai thác thủy sản |
| 023 | Nuôi trồng thủy sản |
| 024 | Khai thác gỗ và lâm sản khác - thu nhặt sản phẩm từ rừng... và dịch vụ li... |
| 025 | Danh mục test Duyệt1 |
| 029 | Hoạt động nông nghiệp, lâm nghiệp, thủy sản khác |
| 041 | Khai thác và thu gom than cứng - than non và than bùn |
| 042 | Khai thác dầu thô và khí đốt tự nhiên |

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COA structures – Fund source

| Mã nguồn ngân sách nhà nước | Description |
|-----------------------------|--|
| 17 | Kinh phí thực hiện chính sách |
| 18 | Kinh phí khám chữa bệnh cho trẻ em dưới 6 tuổi |
| 19 | Kinh phí khám chữa bệnh cho người nghèo |
| 20 | Kinh phí cắm mốc biên giới |
| 21 | Kinh phí hỗ trợ xây dựng văn bản pháp quy |
| 22 | Kinh phí giải báo chí quốc gia |
| 28 | Kinh phí giữ lại |
| 29 | Kinh phí thường xuyên khác |
| 30 | Nguồn kinh phí khác |
| 31 | Nguồn vốn đầu tư |
| 41 | Nguồn trái phiếu chính phủ |
| 49 | Nguồn vốn đầu tư khác |
| 51 | Ngân hàng thế giới |
| 56 | ADB |
| 61 | JAICA |
| 66 | JBIC |
| 71 | AFD |

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Budget allocation – Access TABMIS

- Financial agencies: Central, Provincial and District levels
- Ministries: 37 ministries

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Commitment and spending process

- Create Purchase Order
- Reserve fund & Approve Purchasing Order Create Invoice
Match invoices against PO Payment

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Commitment and spending process

- Standard purchase orders for 1 year contracts
- Blanket agreements for multi-year contracts,
implementation releases
- Reserving fund before receiving services and goods ->
preventing over budget
- Comparing invoices and implementation releases or
purchase orders

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Interfaces with other systems

- TCS (Tax Collection System)
- DMFAS (DEBT Management System)
- Inter-bank payment system
- Bi-partite payment with banks
- Inter-treasury payment system
- Common Code List Database
- Data Warehouse system

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Reporting in TABMIS

- Budget
- Budget vs. actual
- Expenses and debt payments
- Revenue and borrowings
- State budget performance (net off revenue & expense)
- Others: Transaction listings, general ledger, trial balance

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Report Dimensions

- By nation, province, district, commune
- By nature of expenses (recurrent and capital)
- By program/project
- By funding donor
- By sector
- By chapter
- By economic code

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Reports

- B1-01: Budget at level 0
- B1-03: Budget at level 1
- B3-01: Summary of expenditure and borrowing payment
- B3-03: Details of expenditure and borrowing payment
- B2-01: Summary of revenue and borrowings
- B2-02: Details of revenue and borrowings
- B8-01: Net off revenue and expenditure
- B9-01: Balance sheet

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Presentation of specific cases (continuation): What are the information systems used for financial management in the local public sector?

Moderator: *Adama Koné, Ivory Coast, Director General of the General Directorate of Treasury and Public Sector Accounting*

Panelists:

- *Seydou Barro, Burkina Faso, Head of Treasury Computerization*
- *Pierre Juanchich, France, General Director of Public Finances*

Seydou Barro, Burkina Faso

The presentation on the Burkina Faso' experience with local public sector information systems has three pillars:

- Information on the information systems' judicial and institutional framework ;
- Data production and distribution;
- Computerized instruments (one instrument for the integrated management of local government accounting is in its rollout phase).



The information system is defined as an organized set of resources that allow for data collecting, pooling, classifying, processing and distributing. In Burkina Faso, the management system at local government level is organized around a set of bodies of law: the General Code for local governments, the laws governing financial management, the financial and accounting regime of local governments, the local government budget nomenclature, the accounting plan of local governments. The information system must take into account all these bodies of law and be based on the organization and harmonization at local government level, otherwise the aggregated data will not be evaluated correctly.

There are two types of local governments in Burkina Faso: the municipality and the region. There are 351 municipalities, 49 of which are urban municipalities, two of them enjoy a special status and 302 are rural municipalities. The territory of Burkina Faso is administered, since 2006, by local governments (municipalities or regions). These local governments enjoy a certain degree of administrative autonomy and are run by elected persons. Burkina Faso is also divided in administrative constituencies: provinces and regions. Those have the same territorial boundaries as the region (local government), but are run by different persons.

As opposed to the Ivory Coast where there is only one supervisory body, Burkina Faso has two supervising levels: at financial level (the Economy and Finance Ministry) and at technical level (the Ministry for Territorial Administration and Decentralization, the Ministry for Land Use Planning and Decentralization, as well as the Ministry for Territorial Administration and Security).

Moreover, professional associations, local governments and regions are part of international associations: the International Association of French-speaking regions and the International Association of French-speaking Mayors.

Local governments' financial data has two pillars: the budgetary process and the accounting process at local government level. Technical commissions, at regional and inter-ministerial level, take part in the budgetary process. Their role is that of validating the budget drafted at authorizing officer level through the Municipal Council.

The financial controller intervenes during the administrative phase of budget execution. He validates the budget commitments drafted by the authorizing officer, evaluates the legality and checks whether budgetary execution procedures have been complied with. After the validation by the financial controller, the mandates are sent to the municipal or regional receiver who is in charge of evaluations and payments, etc. Data exchange between authorizing officer, financial controller and accountant is dynamic along the entire process.

The accounting process has been enriched with a new instrument: integrated accounting software for local governments. The data at authorizing officer and municipal or regional receiver level is fed into a database which is used to aggregate all local government data. This instrument is used for maintaining accounting records, for the automatic and regular production of financial statements and statistical and aggregated data for the analysis of local finances and for the integration of all local government's operations in the central government's financial operations table. The instrument is coherent with the State information system (which is a different application used for integrated accounting at State level) since the accounting and management of liquidity is being handled by Treasury accountants.

The software is made of different modules (parameters, reference guides, statistics and synthesis) which enable, according to their functions, accessing and updating of administrative and accounting phase data. The software parameters are set so as to reflect the developments at administrator level (changes in administrative, budgetary, accounting frameworks, changes in settlement rules, operation types, etc.) and at user level (searches according to set criteria, etc.). For example, the "Parameters" module can be used to update the list of tax payers and beneficiaries and to view the tax payers' files, the issued tax rolls, the agents in charge etc. This online instrument facilitates readability, flexibility and security (users have no access to system configurations, access only with user name and password, etc.). The software is easy to use and users only need basic training. In the administrative and accounting phases, the software makes data exchange between authorizing officer, financial controller and accountant easier and more fluid and allows for speedier operations.

Problems arose during the software development phase (some statements were not available, users' needs were not sufficiently taken into account from the start, thus adjustments had to be made at a later stage, not all experts concerned at local government level were interested in the project). The implementation phase was also problematic, because of the low quality and low coverage of Internet infrastructure. This is why Burkina Faso chose a progressive approach for the implementation of the software at local government level. Until the use of the software will be generalized in the whole country, the instrument will be used in a standalone environment in some small municipalities where it is difficult to have access to electricity or Internet networks. Let me remind you that the administration in Burkina Faso has its own network, an inter-administrations network named "RESINA", which is progressively extended to other public administrations. Another cause for the problems we were faced with in the implementation phase was the lack of enthusiasm at local level. But this reluctance to change will eventually be broken with the help of information campaigns and assistance.

Pierre Juanchich, France: Presentation on Helios

France has three main software applications for accounting operations, budgetary execution operations and expenditure and revenues operations:

- Chorus for State accounting, State expenditure and revenues and incomes accounting;
- Copernic, an application for the management of all branches of tax collection: closure, issuing of tax-rolls and collection from individuals and companies;
- The application for local governments.



In a way, this presentation sums up all considerations which led to this seminar: on the one hand the difficulty of creating a dense network made up of highly trained, competent accountants, capable of generating high quality data, without forgetting the importance of validation and, on the other hand, the need to grant the necessary support to authorizing officers, so that they are able to perform the economic and political tasks for which they were elected. The implementation of Helios was meant, among other things, to bring along a type of consolidation which would allow the State to manage an economic strategy at national level. Finally, the body of accountants has many powers (to accept or refuse payment), but also many responsibilities to their hierarchical superior and to the auditor according to which he personally commits "his" money.

The project and the strategic choices related to it started being implemented at the end of the 1990s, at a time when Internet was not even considered. Helios became the sole, common system used at local public sector level within the Public Finances Directorate General (DGIP- a branch of the Finance Ministry and thus a part of the central authority). Since the 1982 decentralization, the local sector has enjoyed a large autonomy. It comprises 2 630 accounting structures and 20 500 accounting employees, working in 36 500 local governments spread in 100 departments, 26 regions, 980 hospitals and public entities attached to them. In total, Helios was supposed to cover 117 000 different entities and 171 550 accounts. The system was supposed to deliver yearly, on the 15th March, 171550 accounts (up to the introduction of this system, financial accounts were sometimes delivered in June, right before the evaluation which certifies the compliance of accounts with administrative board expectations). Today, thanks to Helios, financial accounts can be presented on the 15th of February, or on the 15th of March (at the latest).

The first question that arose during the development phase was the following: should the system be an internal one (serving only the accountant) or should it be a shared one (serving both accountants and authorizing officers)? The constitutional point of view had to be considered: according to the constitution, local governments are free to choose their management, so they are free to choose their information systems. It was therefore decided to develop an application dedicated only to accountants. However, the application was also supposed to be open to authorizing officers and accessible in real time, without restricting in any way the authorizing officers' choice of information system. The arrival of Internet facilitated the implementation of the information system.

The second question: should the system be implemented in one shot or progressively? Like Burkina Faso, France's approach was a progressive one, starting with the accounting core. At first we decided to start with larger local governments which had high financial stakes. But we soon discovered that it would be wiser to start with smaller and less complex local governments, given the technical comprehensive character of the software and the high need of training at local government but also at accounting employees level. The implementation started in 2002.

The project took 10-12 years to be completed, during which the tasks were distributed between the persons in charge of project management (i.e. those responsible for project design) and the persons in charge of the implementation (i.e. the information systems service within the Directorate General, who were responsible for the project's technical component). This tasks separation is France's specificity, it cannot be encountered elsewhere. This specificity has generated problems of its own: the need to accommodate expectations at accountants' level with constraints at technical level. The technical and regulation developments over the 10 years of implementation also needed to be taken into account. The project started with fact-finding mission that associated accounting structures, accounting employees and IT specialists. Together they tried to find out what could and should be an efficient tool which would generate high quality accounting data and provide traceability and evaluation of data according to international standards. Taking into account the total number of local governments, France had to handle 51 different sets of rules. The common application needed to be able to do this.

The Helios mission was created in 2001. Soon it was decided to review the rules and to work on the documents that accounting structures and employees were supposed to have access to. The specificity of Helios: it is the first application for which documentation was constantly up to date. In 2003-2004 the first Helios modules started being used (in Noisy). This represented the testing phase.

The first difficulties were due to the already mentioned causes: fear of change, the fear, on the accountant side, of losing his/her decision autonomy. The larger scale roll-out phase started in 2006, and meant the replacement of old accounting systems by Helios. The roll-out continued until 2010. In the meantime there was also an evaluation of the project elements, in terms of usefulness or lack of it, it was decided what to keep and what to discard, what was already obsolete and had to be tossed out. The programming language also needed to be replaced because the JAVA Web version was becoming more viable than the old one.

The mission being rationalization, in terms of software and hardware, Helios discarded a number of older applications, dealing also with the authorization issues (Helios is an extremely secure application, in which the workflow circulates among the working groups, and whose parameters allow each stakeholder to intervene according to his/her hierarchical and technical competences). The most important characteristic of Helios is that events trigger automated accounting processes, which means accountants no longer produce the accounts. The accountant only evaluates the system functioning. Accounts are at the heart of Helios: budget, revenue and expenditure, the relations existing between collection module, income module, expenditure module and accounts module, peripheral management modules (records, contracts, social activities for hospitals, suspension of payments, loans, people accommodated, inventory, hierarchical control of expenditure and internal audit).

Helios is one, common information system for accounting and financial data, which produces accounts for a set deadline, which guarantees traceability in the form of a computer sign and an accounting document, which supplements accounting data and make the historic traceability of accounting events possible. All these elements make validation of accounts possible. This environment is shared internally, by the accountant and his hierarchy (at department and national level) with the authorizing officer (who, thanks to a portal, can access the application at any given time). The principle governing Helios is computerization. Thus, together with Helios, a number of tools serving this purpose have also been developed, e.g. an exchange protocol (for the exchange with authorizing officers). Computerization of procedures was also needed with a judicial framework that was drawn up by partners (Court of Auditors, associations of elected officials and the DGFIP). Together they made this computerization possible starting with the data Standard Exchange Protocol (PESD2). In other words, initially there were 2 parallel data flows: an electronic data flow and a paper flow (which justified the electronic data). Today, the electronic data flow is no longer supported by the paper flow, but by electronic supporting documents, i.e. computerized documents which justify the headings, the income statements, order statements and orders.

In conclusion, the main Helios benefits are the following:

- It improves accounting quality and security. Today, the 2 650 accounting items use the same writing for the same event. The application allows for the use of the same methods (this being the basis for accounting validation), for the creation of an auditing pathway and for a better supervision of local government assets (because assets and liabilities are modified with the arrival of every new order);
- It simplifies the authorizing officers' tasks by making suggestions on the calculation of amortizations, VAT and on the evaluation of the budget execution phase. Residual balances on its accounts and cash availability are immediately accessible. The authorizing officer can verify third parties and see whether they are liable for payment of creditors. The application is not open for suppliers (like in Morocco) or auditors. But this would be possible, given Helios' design;
- The computerization of mass tasks for user friendliness and ergonomic character. Tracking engine is adapted for enforcement orders (rent or the amount owed by a patient are not recovered in the same manner). This is why the set parameters need to be carefully chosen in terms of local government, nomenclature to be used and accounting typology (which is going to be linked with State accounting to guarantee liquidity follow up in general State accounting, since the Single Treasury Account is open in France). Moreover, everything is done via drop down interactive menus (help, documents and online archived files).

Helios represents an endeavor based on the willingness to help accountants and authorizing officers correctly manage public funds and their use. The application was a model for many of the information systems used all over the world.

Debates

Question for France and Burkina Faso

France:

Accounting nomenclature is nothing more than a chart of accounts, while the accounting plan is made up of the nomenclature and the way accounts are operated. Why did you raise the regulatory testing level leading to accounting nomenclature, while the accounting plan is approved by legislative order? Why has France abandoned financial control at the local public sector level?

Burkina Faso:

In Burkina Faso, the financial controller at local public sector level and the public accountant are two different positions. The financial controller handles the budget execution. In Senegal the receiver at local government level also performs the tasks of a financial controller. Why have you introduced this new stakeholder in the budget execution at local government level? What is his status? How is he/she selected? What administration level does he/she respond to? Is there not an overlap between the tasks performed by the financial controller and those performed by the receiver at local government level?

Mr. Pierre Juanchich's answer:

Indeed, the chart of accounts and the way they operate represent the accounting automaton, but the frequent rules changes make the functioning of the automaton more and more complex. This is why a certain degree of supervision is needed. In France, this supervision is now provided via what is called automatic accounting controls which evaluate standard compliance. Thus, a number of tests are performed and their results are retrieved by the accountant. Based on these results the accountant can identify the problem (if there is one).

The accountant is no longer simply in charge of paying and collecting, but is an account keeper. The accountant is a paying agent because he is in charge of financial control and has the duty to alert (local governments, being now entirely autonomous, have to bear the responsibility for their operations). The accountant verifies whether expenditure was rightfully budgeted and whether laws and regulations were respected. In the end, accounting quality will be the task of the information system. This gives the accountant more time for two operation types: on the one hand, for the specific operations performed at the end of the exercise, and on the other hand, for the interpretation of accounts (evaluation of capital, capital needs, projects, means for financing them, supervision of transfers, supervision of subsidies budgeting, etc.).

Thus, the accountant no longer needs to handle the mass tasks that can be performed by Helios and has more time to spare for the other operations.

Mr. Seydou Barro's answer:

I would like to point out that budgetary nomenclature (not accounting nomenclature) and the accounting plan are adopted in different types of texts. Regarding financial control, the financial controller and the receiver are indeed two different persons, at State level as well as at local government level. The Finance Minister appoints financial controllers responsible for each of the levels. In some cases the two levels overlap: e.g. a regional financial controller is responsible for the operations of local governments within the region in which he was appointed.

Question to Burkina Faso:

At the present moment all ECOWAS member states are in the process of transposing the Community's directives, especially those referring to financial regimes, budgetary and accounting nomenclature. You have implemented at local government level an integrated information system that is centered on the tasks of authorizing officers and accountants. According to the directive, the authorizing officers should perform single-entry accounting. I would like to find out whether the software takes into account the financial regime directive and the budgetary and accounting directive? What are Burkina Faso's efforts regarding the transposition of these directives? How were single-entry accounting and double-entry accounting integrated in the information system presented?

Mr Seydou Barro's answer:

The software is not adapted to the ECOWAS directives. The bodies of law mentioned before predate the directives. But the legislation in force is very similar to the directives. Thus the information system can easily be adapted to the directives, taking into account the possibilities for the setting of parameters. Test projects are already available but before tests can take place certain instruments, called prerequisites, need to be implemented. Groups have been set up which evaluate the whole body of directives; identify the novelties and the prerequisites needed in order to integrate them in the system.

The work was done and Burkina Faso now tries to design all prerequisites needed in order for the directives to be transposed into our judicial framework starting from 2015. ECOWAS is of the opinion that we do not respect the set deadlines. But our approach is a prudent one because, like most other countries, we have internalized services. But the budgetary tool, meaning the nomenclature, does not yet exist due to some difficulties we have encountered.

Single-entry accounting at authorizing officer level and double-entry accounting at accountant level does not represent a problem because each of them has his own area of responsibilities within the system. This does not represent a problem for the design of the information system, not even at State level, because we do not use the same charts of accounts or the same procedures for recording the operations.

Questions to France:

Why have you not yet granted access to auditors? What are the reasons for this? Has the inspection authority made requests in this respect?

Mr Pierre Juanchich's answer:

Auditors will have access to Helios and thus to accounts and also to supporting documents. This is the next development phase. The decision of not granting access to auditors from the start was taken at Ministry level. Access can be granted but this implies a political decision which will be taken, when the need arises, at Ministry level.

Questions to Burkina Faso:

Are local government operations already integrated in the Financial Operations Table (FOT) in Burkina Faso? How do data exchanges occur between authorizing officer and accounting services? Are the two entities interconnected or is data exchanged on other media? Is Internet used for sending data to the central level or is it used as link between authorizing officer and accountant?

Mr Seydou Barro's answer:

Local government operations are integrated in the FOT. In Burkina Faso we prepare a management FOT and the ECOWAS management FOT. The latter also includes local governments and certain public institutions. For the moment though, we distribute management FOT, which is limited to the central level.

The interconnection between authorizing officer and accountant is a very strong one since they both use the same application from beginning to end. But, unlike in France, the process is not computerized. Thus each data flow via the information system is accompanied by supporting documents: without a physical proof of the accounting mandate, electronic data cannot be received. The two processes go hand in hand. The lack of complete computerization generates problems because with the Web option the different services using the software need to be interconnected. Because of the deficient Internet network, among others, it is difficult to use the software: no Internet connection means no access to the software.

Question to France:

Since everything is computerized and auditors don't yet have access to Helios, how does the public accountant present the accounts? Moreover, one of the roles of the accountant, as paying agent, is to assess expenditure regularity and to certify it by signature. How does computerization allow this?

Mr Pierre Juanchich's answer:

The signature is electronic, set up by DGFIP. The electronic signature can only be used for validating the revenue and expenditure account, the payment orders as set in the partnership agreement between the Court of Auditors, the DGFIP and the associations of elected officials.

As for the access of auditors to the income and revenue account, the account is put online in order for auditors to have access to it. The account is extracted from Helios and distributed to the auditor. The auditor has a tool (called XeMeLIOS) which transforms the data into an business object, thus making the reading of the account possible.

Question to Burkina Faso:

Do you think the integration of mayors into the application will cause a blockage, since their financial services lack know-how, especially in rural areas?

Mr Seydou Barro's answer:

On the technical level, mayors have employees responsible for budget management. Depending the size of the local council, staff is sufficiently trained and aware of what the local government financial system implies. With training, staff will be able to easily master the software. But local councils in rural areas do not have sufficiently trained staff. But the recently setting up of local government services will strengthen the structures, in terms of financial management.

Adama Koné, Ivory Coast, moderator

I would like to thank this morning's speakers who have dealt with the topic of information systems, place and importance of information systems for financial management in the local public sector. These systems are important in every country, but they are not perfect. This is why we need to continue our exchanges and learn from each other.

Closing remarks by Mr Gilles BERTEAU AIST Secretary General



Treasury and Public Accounting Director General

AIST President,

Ladies and Gentlemen Directors General,

Ladies and Gentlemen,

After three and a half days of excellent discussions and debates, we are coming to end of the 7th AIST conference.

The topic selected for the 2013 conference, i.e. financial management in the local public sector, has obviously been of great interest to participants. I will not engage in the difficult exercise of summing up the debates; this exercise will be undertaken during the next days and a summary document will be sent to you in the weeks to come.

In the name of all participants, I would like to express my very warm thanks to all round table speakers and to all panelists who have shared with us their experience, as well as to all moderators who have guided the debates so as to facilitate exchanges among participants.

I hope that, once you get back to your countries, you will be able to benefit from our discussions and from the contacts you have made with other countries or international partners. Please don't forget to share with us the projects you decide to implement, in order for all AIST members to benefit from your experience.

Our associations General Meeting will be held this afternoon, under the presidency of Mr. Adama Kone, AIST President. We will take stock of the association's activities in 2013 and we will decide on the location of our next meeting.

As you know, at the end of the General Meeting, Mr. Adama KONE will step back from his position as AIST president and a new Executive Bureau will be constituted. I would like to take this opportunity to pay a proper tribute to Mr. KONE, who, in his position as President, has been very active and involved in the Association's activities. I would also like to extend the warmest thanks to all Bureau members for their engagement and for the great pleasure our cooperation has given me this past year.

Allow me to also express my gratitude towards the Ivory Coast authorities, and especially the Directorate General for Treasury and Public Accounting, for the manner in which they helped organize this conference and for the hospitality they showed us throughout our stay here.

Alongside our discussions, the conference has given us the opportunity to discover the Ivory Coast and its culture thanks to the lagoon walk and to the magnificent soirée you have organized for us. No doubt that the stay in Abidjan will be an unforgettable one for all participants.

I would also like to express my gratitude to the organizing committee, chaired by Mr. Lassina FOFANA, Deputy Director General of the Treasury and Public Accounting. I ask him to convey my thanks to all those who have spared no efforts in organizing this event. It is thanks to them that our conference has been a success. We also have to thank our master of ceremonies, Mr. Kassi Jaques N'GUESSAN, for knowing how to set the pace for our works and how to manage the time at our disposal.

Let us not forget the AIST Executive Secretariat team in Paris, Stéphanie PHILIPPE, Xavier BROSSARD and Odile PAOLETTI, who have carried out outstanding work in close cooperation with the Directorate General for Treasury and Public Accounting. I would also like to ask you to stand up and give them a round of applause, including the interpreters and technicians for their remarkable work.

Our conference has come to an end, but let us meet again in 2014 at our international organization's annual conference.

Have a great stay in Abidjan and a good trip back to your countries.

Thank you very much.



**Closing remarks by Mr. ADAMA KONE,
Treasury and Public Accounting Director General, Ivory Coast,
AIST President**



Directors General,

AIST Secretary General,

Ladies and gentlemen representatives of AIST member states,

Dear members of the press,

Ladies and gentlemen,

After two days of intense discussions, the 7th AIST international conference dedicated to the topic of “financial management in the local public sector” now comes to an end. I am very glad to say that this conference has met all expectations.

In the course of our discussions we were able to touch upon all important aspects related to local public finances:

- the financial stakes of decentralization;
- the finances of local governments;
- the role of the public accountant;
- the financial information systems.

I would like to congratulate all speakers for the quality of their presentations and for the rich debates.

Our discussions have proven the diversity of approaches and experiences States have in terms of decentralization.

However, our discussions have shown that each State needs to reinforce the lessons learnt during the decentralization process and focus on a number of essential aspects, such as:

- the implementation of mechanisms for the optimization of resource mobilization;
- the strengthening of the judicial framework which allows for transparent resource management;
- the thorough application of public finance rules at local government level, which involves the compliance with the different tasks stakeholders are invested with;
- the implementation of information systems with the aim of making local public services more efficient;
- etc.

I dare hope that the lessons learnt during this conference will be an inspiration for your countries and will contribute to stimulating local public sector actions.

Ladies and gentlemen,

Allow me to once again express my gratitude to all Government members who have supported this conference, especially to the Minister of Economy and Finance.

On behalf of all participants, but also in my own name, I would like to congratulate the local Organization Committee, led by Mr. FOFANA Lassina, for the manner in which they organized this conference.

We also have to thank Mr. Gilles BERTEAU, AIST Secretary General, and his team for the great professionalism with which they contributed to the success of this conference.

Finally, I would once again like to express the Ivory Coast Treasury's gratitude towards all AIST members for the honor of allowing us to host the annual conference and for the high attendance.

In the hope that the General Meeting scheduled for this afternoon will run just as smoothly as this conference, I declare the 7th AIST Annual Conference on "financial management in the local public sector" closed.

Thank you very much for your attention.



Speakers presentation

Mr. Adama KONE (Ivory Coast)



Mr. Kone, President of the AIST since the 16th of November 2012, is General director for Treasury and Public Accounting of Ivory Coast. He is graduated from Long Island University (USA) where he obtained a MBA in Finance. He is also a graduate from the National Administration School of Ivory Coast.

Since 1982, Mr. Kone held different top positions within the ministry of Finance of Ivory Coast. He was in particular Accountant with the National Public Bodies, Assistant director in charge with the Financial and Administrative Management of National Public Bodies and Director of the Parapublic Accounting Department. Between 1995 and 2000 he was Administrative and Financial Director of the company New Media and Printing House of Ivory Coast before coming back to the General Directorate of Treasury and Public Accounting as Deputy General Director and then General Director.

In addition Mr. Kone is President of the National Council of Accounting and President of the National Commission of Microfinance.

Mr. Noël EYRIGNOUX (France)



Holder of a Masters' degree in History, Mr. Noël EYRIGNOUX is graduated from the Institut d'Etudes Politiques (Institute for Political Studies) in Paris (1978).

He was a History and Geography teacher before joining the Chamber of Commerce and Industry in Bordeaux and later on the Regional Chamber of Commerce and Industry in Aquitaine as General Director for Services (1986 - 1994).

Afterwards, Deputy General Director in charge of Economic Development, Professional Training and Higher Education and then General Director of Services with the Regional Council in Poitou-Charentes under the presidency of Jean-Pierre RAFFARIN (1995-2004). In 2004 he became Treasurer Paymaster General and General Administrator of Public Finance within the Ministry of Economy and Finance. Currently, Mr. Eyrignoux is Delegate of the General Director of Public Finance in Bordeaux in charge of the 12 French administrative departments making up the regions of Aquitaine, Limousin and Poitou-Charentes.

Mr. Henri LOUNDOU (Congo)



Mr. Henri LOUNDOU graduated in finance and controlling with the University of d'Orléans (France), he is financial services hors class Head Administrator and since Director-General of the Public Sector Accounting.

Mr. LOUNDOU previously held various leading positions: Head of the State Budget Control Unit (from 1987 up to 1989), Director of the State Budget Financial Control (from 1989 to 1994); Director in charge with expenditure validation (Fr. ordonnancement) within the Directorate-General for Budget (1994-1998); Financial Controller of the National Insurance Society (1998 – 2003).

Mr. LOUNDOU shall soon leave his current position in order to become Director-General in charge with revenues from services and public portfolio starting with the 1st of January 2014.

Mr. Xavier RAME (IMF)



Mr. Xavier RAME is an economist within the Public Financial Management (PFM) Division of the Fiscal Affairs Department (International Monetary Fund). He assists the member-states in defining and implementing the modernization strategy of their PFM system. Moreover, he is leading one of the task team in charge of reviewing the PEFA framework and a member of the core team in charge of updating the Fiscal Transparency Code.

Prior to joining the IMF, Mr. RAME led the strategy and public management practice of a consulting firm. From 2006 to 2009, he served as a Senior Expert at the French Court of Accounts, in the context of the implementation of the central government's financial statements audit. From 2000 to 2006, as a Senior Manager within an international audit firm, he led consulting and audit missions of French public organizations. He began his career in the French budget ministry as a Treasury Inspector.

Mr. RAME is an alumnus of the French National School of the Treasury. He holds a master's degree in international economics and a master's degree on political science.

Mr. Mohamed-Larbi GHANEM (Algeria)



Mr. Mohamed-Larbi GHANEM has been Director-General of the Public Sector Accounting Directorate in Algeria since 2008. Previously, starting with 1996 he led the Division in charge with organising the planning of programmes.

He started his career as Head of the Service for Planning and Economic Coordination in Wilaya in 1975. Before joining the Ministry of Finance, he held several positions with the Ministry for Development first as analyst (Housing-Town Planning – Municipal development plans), then Deputy Director for primary, secondary and technical education. He continued afterwards as Head Analyst for the Office of the Delegate for Planning in charge with CEA-UNDP and Director for methodology and programmes with the National Planning Council.

His professional roles had him participate in significant national projects such as the government reform (local finance commission) and the revision of public spending, as well as reforms of the new financial system, of the accounting profession and of the budget process.

He worked in international projects as well (with African and international institutions) in the framework of programmes funded by UNDP and within meetings of African ministers for development. He was also member of the management board of the International Fund for Agricultural Development and is currently member of the board of the Algerian-Saudi Fund.



Mr. Ayawovi Soékey SALLAH (Togo)

Mr. Ayawovi Soékey SALLAH has been the Director for Public Sector Accounting with the Directorate General for Treasury and Public Sector Accounting in Togo since December 2008.

Graduate of the National School for Administration (ENA), with a major in Finance and Treasury, he also holds a Masters Degree in German Studies (major in Civilisation) and attended the training for Central Treasury Inspector at the National School for Treasury (Ecole Nationale du Trésor) in France from 2002 until 2003.

He is member of the panel of trainers on financial and accounting regulation in Togo and in UEMOA and also trainer on central government and local government accounting since 2009. Furthermore, he is also part-time lecturer in public finance with the National School for Administration (ENA) in Lomé.

Mr. Abdoulaye DIENG (Senegal)



Mr. Abdoulaye DIENG has been the Director-General for Public Sector Accounting and the Treasury since December 20th 2012. He worked previously as Expert Executive Secretary with the Project for the coordination of budget and financial reforms.

Treasury Principal Inspector with honours, Mr. Dieng holds a Masters Degree in public law (major in international relations) and is a top in class graduate of the Treasury department of the National School for Administration and Magistracy (1986-1988).

He has a 25 year experience in the Senegalese public administration, having worked on diverse topics in top ranking positions. He was Delegate representative of the Regional Paymaster Ziguinchor, Head of the Analysis, Regulation and Monitoring Division with the General Treasury and then Head of the Analysis and Monitoring Office with the Directorate General for Treasury.

After his work as Head of Cabinet and Technical Advisor to the Budget Minister, to the Finance Minister and to the Prime Minister respectively (from June 1993 until December 2000), he returned to DGCPT - Directorate general for Public Sector Accounting and the Treasury - as Head of the Public Sector Accounting Division which led him to work as permanent expert on the drafting of UEMOA Directives on public finances.

Mr. Dieng also used to work as assessor of World Bank funded programmes or other type of programmes (Guinea Bissau, the Comoros, Ghana...).

Mr. Rachid TOUZI (Tunisia)



State representative (Administrateur d'Etat), Mr. Rachid TOUZI is Head of the Local Finance Unit. Mr. Rachid TOUZI is in charge with the design and implementation of financial legislation, with the analysis and approval of local governments' main budgets as well as with the monitoring of budget implementation by local governments, and with centralizing statistical data on local governments.

Holder of a 3rd cycle certificate with ENA Tunis, obtained in 1984, he attended training courses of various prestigious education bodies (ENAP Québec and ENA Paris in 1983, IIAP Paris in 1985 and the Institute of Quantitative Economy of F.M.A. in 1993).

In 1990, Mr. Touzi contributed, within the framework of an IMF held training course, to the design and implementation of the strategy on community interest associations and to the drafting of the Fiscal Code. Mr. Touzi also participated in the proofreading of the Organic Law on municipalities and of the Governing Law for local governments' budgets.

Because of his positions, he acted on behalf of local governments as a loan negotiator with the World Bank, the European Bank for Reconstruction and Development and the French Agency for Development.

Mr. Siaka CAMARA (Mali)



Mr. Siaka CAMARA has a Master's Degree in Business Law from the University of Dakar and graduated from the "Ecole Nationale du Trésor" (National Treasury School) in Paris. Treasury inspector, he is currently Deputy Director of the National Directorate for Treasury and Public Sector Accounting in Mali.

Previously, Mr. CAMARA held numerous positions within the Treasury service, both at regional level and at central level: Regional Paymaster in Ségou, Delegate Director of the General Revenues Department in Bamako District, head of the Division for the Supervision of Local Governments and bodies with legal personality within the National Directorate for Treasury and Public Sector Accounting.

In the field of decentralization, Mr. CAMARA is lecturer in financial management of local governments at the University Institute of Territorial Development in Bamako.

Mr. CAMARA is also trainer in the field of local governments' financial management and accounting at the "Ecole Nationale d'Administration" (National Administration School) in Mali.

Mr. Oulaï Boniface GASTON



Mr. Oulaï Boniface GASTON has been a civil service administrator and sub-prefect since 2008. He is Director of economic and financial supervision within the Directorate for Local Governments (Internal Affairs Ministry).

Holder of a Master's degree in Applied Economics from Abidjan University, Mr. GASTON attended courses on Local Governments' Management (Finances, Accounting) at the "Ecole Nationale d'Administration"(ENA) and courses on Administrative and Financial Management of Large Cities at the "Institut International d'Administration Publique" (IIAP – International Institute of Public Administration).

He has also attended a training of trainers programme at the Agency for international development, US-AID Abidjan and IIAP.

Previously, he was a research analyst within the Finance, Programs and Budget subdivision, member of the financial documents drafting committee (budget, three-year programs, administrative account) and Deputy Director of Local Governments' Finances.

External lecturer on local governments' finances within the Local Governments' University in Grand-Bassam, he has also been a trainer for several seminars organised by the International Labour Office in Ivory Coast for public servants on secondment in local governments.

He has attended a series of seminars organized within the framework of the Local Development Program in Cotonou (Benin) and served as permanent secretary of the National Committee for Local Governments' Finances in Ivory Coast.

Mr. Orlando ROBIMANANA (Madagascar)



Mr. ROBIMANANA, senior inspector within the Treasury, is the General Director of Treasury of the Republic of Madagascar. Previously, he was Head of Studies within the Financial Institutions Service and Head of Sovereign Securities of the Directorate of Financial Operations, Inspector Controller at the Inspection and Control Brigade and afterwards Head of the Inspection and Control Brigade within the Treasury General Directorate.

Graduate in public law and political science, Mr. ROBIMANANA has also attended training courses delivered by the French National School of Administration (ENA).

Mr. ROBIMANANA is also President of the National Insurance Council, Vice-President of the Higher Accounting Council, founder and publication director of the monthly exchange and information magazine "TAHIRY" of the Malagasy Public Treasury as well as administrator of several public companies and entities.

Mr. ROBIMANANA also teaches at the National School of Administration in Madagascar, the Malagasy Planning Techniques Institute and the Catholic University in Madagascar.

Mr. Pierre ETOUGHE (Gabon)



M. ETOUGHE is graduated in economics and in companies administration. He is also a graduate from the French National School of Treasury ("Ecole Nationale du Trésor").

He held several top positions within Treasury Services. He was in particular, Head of the Investment Expenditures Department, Accountant of the Autonomous Redemption Fund of Gabon, Head of the Expenditure Department and Gabon Paymaster in Brussels and Washington.

Mr. ETOUGHE is currently the first Deputy Head of Gabon Treasury Services.

Mr. Mohammed MERZOUKI



Mr. Mohammed MERZOUKI is currently head of the Lines of Work Management and Network Coordination Directorate within the General Treasury of the Kingdom of Morocco.

Previously, he led the Department of Financial Analysis of Local Governments, the Department of Financial Analysis and Scoreboard Elaboration, the Department and then the Division of Local Governments' Regulation, and was head of the Regional Treasury in Rabat and deputy to the head treasurer in charge of the National Processing Centre and treasurer for the Ministry of Economy and Finance.

Mr. MERZOUKI holds a doctorate in "Political Studies" from the University of Montpellier I and is a graduate of the French National School of the Treasury in Paris.

Mrs. LE Thi Anh



Graduate of the Accounting Department from the National University in Hanoi, Ms. LE Thi Anh is Deputy Head of the Accounting Office within the State Treasury.

She has participated in the implementation and roll-out of the TABMIS (Treasury and Budget Management Information System) project from the drafting of the tender offer file until now. Her role in the project team is that of Government chartered accountant.

During the 1st phase, she took part in all the talks between the project team put up by the Vietnamese Ministry of Finance and the suppliers' team (IBM Singapore and Oracle) focusing on the upcoming procedures, the budgetary process, as well as on the chart of public sector accounts in Vietnam and accounting with COA (Chart of Accounts) integrated in the software application "Oracle Financials".

Ms. LE has also worked closely with IBM experts in the testing phase (technical test and users acceptance test) and in the trial roll-out phase implemented in two General Treasuries in Haiphong and Hanam (2 provinces in the North of Vietnam).

She was also involved in the large-scale roll-out stage in all Public Treasury services and local Finance Services (provinces and districts) within a joint Treasury-IBM team. She was particularly engaged in directly assisting users in properly using the system, with an emphasis on reporting in order to generate budget statements (accounting reports) used as a management tool for government budget and local governments budget.

After completion of TABMIS implementation, Ms. LE took up the position of Deputy Head of the Accounting Office within the State Treasury.



Mr. Seydou BARRO

Mr. Seydou BARRO is a Treasury Inspector and holder of a Master's Degree in Economics and of a Masters of Advanced Studies in Banking and Finance.

Since October 2012 he has been the Head of Treasury Computerisation. Previously, he was delegated representative of the Central Accounting Officer of the Treasury (ACCT, Trésor Public), head of the Treasury management department within ACCT.

He is also lecturer in accounting with the "Ecole Nationale des Régies Financières" (ENAREF – National School of Revenue Collection Departments). He is in charge of the training and retraining of Public Treasury employees tasked with treasury management and of trainings related to specific software tools.

Within this framework, he supervised dissertations on the topic, led study groups, and was member of dissertation juries at ENAREF and ENAM.

He also attended a series of international seminars and workshops on the management of public finances.

Mr. Pierre JUANCHICH



Mr. Pierre JUANCHICH is General Administrator of Public Finance and has been Director of the Directorate of Public Finance of "Drôme" (French administrative department) since May 2012.

Mr. Pierre JUANCHICH started his career at the Ministry of Finance, Economy and Budget in 1978 as a Treasury Inspector. He spent the most of his career within the General Directorate of Public Sector Accounting occupying top positions: Head Inspector Auditor, Deputy Director of the Public Treasury (delegated representative of the Paymaster General) and Paymaster General of "Alpes de Haute Provence" (French administrative department).

He was also Receiver of finance on a secondment as head of accounting and financial services, in charge with the management of public finance revenues in the city of Marseille and the urban community of Marseille-Provence- Métropole.

Mr. Pierre JUANCHICH participated in the development of HELIOS application, first as interregional leader in South-East Marseille (2007-2008), and then as Helios project leader (2009 – April 2012).

List of participants

| Country | First name | Name | Position |
|---------------|-----------------|---------------------|--|
| ALGERIE | Mohamed Larbi | GHANEM | Directeur général de la Comptabilité |
| ALGERIE | Khaled | LAKHDARI | Directeur |
| BENIN | Oumara | KARIMOU ASSOUMA | 1er Fondé de Pouvoir du Receveur général des Finances |
| BENIN | Yaovi Clément | AZIAGNIKOUDA | Chef du Service des Collectivités locales |
| BURKINA FASO | Hortense | BONI | Directrice générale Adjointe du Trésor et de la Comptabilité publique |
| BURKINA FASO | Mahamoudou | BAMBONE | Directeur des Etudes et de la Législation financière |
| BURKINA FASO | Seydou | BARRO | Directeur de l'Informatisation du Trésor |
| BURKINA FASO | Bourahima | TARNABDA | Trésorier régional de l'Est |
| CAMEROUN | Sylvester | MOH TANGONGHO | Directeur général du Trésor et de la Coopération financière et monétaire |
| CAMEROUN | Bachirou | MOHAMADOU | Sous-Directeur du Règlement du Budget de l'Etat et des Comptes |
| COMORES | Allaoui | ABASSE CHEIKH | Fondé de Pouvoir TPG |
| COMORES | Abdérémame | ALI AHAMADA | Trésorier Payeur de la Grande Comore |
| COMORES | Ali Said | NATHARATIE | Tresorier Payeur principal |
| COMORES | Said Allaoui | ALI | Trésorier Payeur d'Anjouan |
| CONGO | Henri | LOUNDOU | Directeur général de la Comptabilité publique |
| CONGO | Monique | MBOULOU née ISSONGO | Fondé de Pouvoir |
| CONGO | Mathieu | OMBANDZA | Receveur départemental |
| CÔTE D'IVOIRE | Adama | KONÉ | Directeur général du Trésor et de la Comptabilité publique |
| CÔTE D'IVOIRE | Lassina | FOFANA | Directeur général Adjoint |
| CÔTE D'IVOIRE | Konan Jacques | ASSAHORE | Directeur général Adjoint |
| CÔTE D'IVOIRE | Bafétégué | SANOGO | Inspecteur général du Trésor |
| CÔTE D'IVOIRE | Jules | GONNET | Directeur de la Comptabilité Parapublique |
| CÔTE D'IVOIRE | Amos | BEUGRE | Directeur intérimaire de la Comptabilité publique |
| CÔTE D'IVOIRE | Jacques | KASSI | Directeur de la Qualité et de la Normalisation |
| CÔTE D'IVOIRE | Kocounseu | MIMBA | Conseiller technique du Directeur général |
| CÔTE D'IVOIRE | Sylvie | DADIE | Conseiller technique du Directeur général |
| CÔTE D'IVOIRE | Koné | DOFERE | Conseiller technique du Directeur général |
| CÔTE D'IVOIRE | Denis | AKA | Receveur général des Finances |
| CÔTE D'IVOIRE | Arthur Augustin | AHOUSI | Trésorier général |
| CÔTE D'IVOIRE | Alifa | COULIBALY | Trésorier général de Abidjan Sud |
| CÔTE D'IVOIRE | Amara | KONE | Trésorier général de San Pédro |
| CÔTE D'IVOIRE | Karim | KANTE | Trésorier général de Adzopé |
| CÔTE D'IVOIRE | Adama | KONE | Trésorier général de Agboville |
| CÔTE D'IVOIRE | Marcellin | OUATTARA | Trésorier général de Odiénné |
| CÔTE D'IVOIRE | Nguessan | KOFFI | Trésorier général de Yamoussoukro |
| CÔTE D'IVOIRE | Pauline | VIE | Payeur du District de Yamoussoukro |
| CÔTE D'IVOIRE | Lydie | GUIBEI | Trésorier principal de Cocody |
| CÔTE D'IVOIRE | Mathias | ABLEDJI | Sous Directeur des Collectivités territoriales |
| FRANCE | Josiane | LANTERI | Administratrice générale des Finances publiques |
| FRANCE | Noel | EYRIGNOUX | Délégué du Directeur général des Finances publiques |
| FRANCE | Pierre | JUANCHICH | Administrateur général des Finances publiques |
| FRANCE | Michel | MARTINEZ | Administrateur des Finances publiques |
| FRANCE | Ghislaine | BALA | Administratrice des Finances publiques |

| Country | First name | Name | Position |
|--------------|-----------------------|------------------------|---|
| FRANCE | Patrice | COURNET | Administrateur des Finances publiques |
| FRANCE | Didier | CORNILLET | Administrateur des Finances publiques Adjoint |
| FRANCE | Philippe | FAURE | Trésorier auprès de l'Ambassade de France en Côte d'Ivoire |
| FRANCE | Laurent | BILLY | Expert technique international - IGF Abidjan |
| GABON | Pierre | ETOUGHE | Premier Fondé de Pouvoirs à la DGST |
| GABON | Emmanuel | NZE NGOUA | Directeur du Compte de Gestion |
| GABON | Anicet Landry | TOUNGUI | Chef de Service des Collectivités locales |
| GABON | Francisca | MAPANGOU KOUMBA | Receveur municipal |
| GABON | Anicet | BANDENGA | Inspecteur central du Trésor - Inspecteur des Services |
| GABON | Alain | KASSA-BAYONNE | Directeur de l'Informatique - Ingénieur informaticien |
| HAITI | Jean Donat André | ANDRE | Directeur général Adjoint au Trésor |
| HAITI | Marie Perpetue | MICHEL DUBOIS | Directeur du Trésor |
| KUWAIT | Jamal | ALSAHLY | Controller of Cash Management |
| KUWAIT | Abdulrahman | ALSAGHEER | Head of Revenues Division |
| MADAGASCAR | Rivomanantsoa Orlando | ROBIMANANA | Directeur général du Trésor |
| MADAGASCAR | Tianamandimby | RAJAONARIVONY RAMANOEL | Directeur de la Comptabilité publique |
| MADAGASCAR | Jean Jacques Bazin | LEMAINTY | Trésorier général |
| MADAGASCAR | Morel | EXANDE | Trésorier général |
| MADAGASCAR | Imbe | DAODO | Trésorier général |
| MADAGASCAR | Joelisoa Livaniana | RAKOTONANDRASANA | Agent comptable central du Trésor et de la Dette publique |
| MADAGASCAR | Jose Richard | RAJOELISON | Chargé de Mission |
| MALI | Siaka | CAMARA | Directeur national Adjoint du Trésor et de la Comptabilité publique |
| MAROC | Mohammed | MERZOUKI | Directeur du Pilotage des Métiers et de l'Animation du Réseau |
| MAROC | Abdallah | ABOUSSAAD | Chef de Service du Pilotage de la Gestion des Finances locales |
| MAROC | Mohamed | LOUTFI | Chef de Service |
| MAURITANIE | Yahya | H'MEITY | Directeur des Finances locales |
| NIGER | Gambo | SOULEYMANE | Directrice des Etudes et de la Réglementation comptable et financière |
| NIGER | Aichatou | ABDOUL LAYE | 2ème Fondé de l'ACCT |
| SENEGAL | Abdoulaye | DIENG | Directeur général de la Comptabilité publique et du Trésor |
| SENEGAL | Galy | SARR | Directeur de la Comptabilité publique |
| SENEGAL | Aminata Diack | THIAW | Chef du Centre Informatique DGCP |
| TOGO | Mashoud Yérima | AMADOU | Directeur général |
| TOGO | Soèkey Ayawovi | SALLAH | Directeur de la Comptabilité publique |
| TOGO | Simdoro Tchozo | KALAO | Chargé du Suivi Evaluation de la Réforme de la Fiscalité locale |
| TUNISIE | Rachid | TOUZI | Chef de l'Unité des Finances locales |
| TUNISIE | Yassin | HAMZAOUI | Cadre à l'Unité des Finances locales |
| VIETNAM | Bui Minh | KHANG | International Cooperation Department |
| VIETNAM | Le Thi | ANH | Accounting Department |
| VIETNAM | To Thi Nguyet | NGA | Planning Department |
| ADETEF | Joëlle | LOYER | Chargée de Coopération internationale Gestion publique |
| FMI | Xavier | RAME | Economiste |
| MAE - FRANCE | Isabelle | VALOT | Chargée de Mission |
| AIST | Gilles | BERTEAU | Secrétaire général |
| AIST | Xavier | BROSSARD | Chargé de Mission |
| AIST | Stéphanie | PHILIPPE | Chargée de Mission |