

Government of Sierra Leone



**Ministry of Finance and Economic
Development**

Implementation Completion Report

FOR

**INTEGRATED PUBLIC FINANCIAL
MANAGEMENT REFORM PROJECT**

PROJECT ID: P108069

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Acronyms and Abbreviation

AAP	Assessment and Action Plan
AfDB	African Development Bank
AGD	Accountant General's Department
ASSL	Audit Service Sierra Leone
BoSL	Bank of Sierra Leone (Central Bank)
CAP	Common Action Plan
CFAA	Country Financial Accountability Assessment
CPAR	County Procurement Assessment Report
CPFA	Country Profile Financial Accountability
CS-DRMS	Commonwealth Secretariat Debt Recording and Management Software
DAD	Development Assistance Database
DBOC	District Budget Oversight Committee
DFID	Department for International Development
DPs	Development Partners
DSA	Debt Sustainability Analysis
EC	European Commission
EPRU	Economic Policy Research Unit
FAD	Fiscal Affairs Department
FY	Financial Year
GBAA	Government Budget and Accountability Act
GDP	Gross Domestic Product
GoSL	Government of Sierra Leone
HCA	Human Capital Accountability
HIPC	Heavily Indebted Poor Countries
HR	Human Resource
HRMO	Human Resource Management Office
IAD	Internal Audit Department
ICT	Information and Communications Technology
IDA	International Development Association

IFMIS	Integrated Financial Management Information System
IGAP	Improved Governance and Accountability Pact
IMF	International Monetary Fund
IPAM	Institute of Public Administration and Management
IPFMRP	Integrated Public Financial Management Reform Project
IPSAS	International Public Sector Accounting Standards
IRCBP	Institutional Reform and Capacity Building Project
LAN	Local Area Network
LC	Local Council
MEST	Ministry of Education, Science and Technology
MDAs	Ministries, Departments and Agencies
MDBS	Multi Donor Budget Support
MDTF	Multi Donor Trust Fund
MoFED	Ministry of Finance and Economic Development
MOU	Memorandum of Understanding
MPD	Multilateral Projects Division
MTDS	Medium Term Debt Management Strategy
MTEF	Medium Term Expenditure Framework
NaCSA	National Commission for Social Action
NGO	Non-Governmental Organisation
NPPA	National Public Procurement Agency
NRA	National Revenue Authority
NSA	Non State Actors
PAC	Public Accounts Committee
PAF	Performance Assessment Framework
PDMD	Public Debt Management Division
PEFA	Public Expenditure and Financial Accountability
PETS	Public Expenditure Tracking Survey
PFM	Public Financial Management
PFC	Parliamentary Finance Committee
PFMICP	Public Financial Management Improvement and Consolidation Project
PFMRU	Public Financial Management Reform Unit
PIM	Public Investment Management
PIU	Project Implementation Unit
PPA	Public Procurement Act

PPP	Pay and Performance Project
SLEIPA	Sierra Leone Investment and Export Promotion Agency
PRSP	Poverty Reduction Strategy Paper
SLIMM	Sierra Leone Integrated Macroeconomic Model
PSRU	Public Sector Reform Unit
TAC	Transparency and Accountability Committee
TSA	Treasury Single Account
TA	Technical Assistance
TOR	Terms of Reference
TTL	Task Team Leader
UK	United Kingdom
WB	World Bank

1.0 Introduction

Government of Sierra Leone (GoSL) has been taking steps to improve its financial management practices over the years based on various diagnostic studies. A Country Profile Financial Accountability (CPFA) assessment was conducted in December 2001 and a Country Financial Accountability Assessment (CFAA) was completed in March 2002. The European Commission (EC) conducted an audit resulting in a matrix of corrective measures to be undertaken by the Government. Heavily Indebted Poor Countries - Assessment and Action Plan (HIPC-AAP) was conducted in February 2004 in which sixteen key indicators were reviewed with each ranked A, B or C according to pre-determined criteria. Benchmarks were set for each question, with some requiring a B ranking, whilst others required an A. *The assessment showed that Sierra Leone met 7 out of the 16 PEM benchmarks in 2003*, with four questions ranked A and 6 ranked B and C respectively.

The CFAA, HIPC-AAP and EU matrix of corrective measures had various actions that the government was required to undertake to improve on weak PFM areas over time; all of these were consolidated into a common action plan (**CAP**) and an oversight committee was formed to monitor its implementation; The Poverty Reduction Strategy Paper (**PRSP**) has Public Financial Management (PFM) targets and indicators needed to monitor its implementation. The Multi-Donor Budget Support (**MDBS**) Partners use the Progress Assessment Framework (**PAF**) to assess performance of the budget and other targets. The Improved Governance and Accountability Pact (**IGAP**) highlights Government and the Development Partners' commitment to PFM reforms around the same agenda.

The secretariat for the PFM Technical Steering Committee which meets quarterly is housed within the Public Financial Management Reform Unit (PFMRU) in Ministry of Finance and Economic Development (MoFED) that was formed in June 2004. The PFMRU coordinates overall PFM Reform in Government and quarterly reports to the Technical Steering Committee in accordance with the current PFM Reform Strategy 2014-2017.

2.0 Background to the IPFMRP

Initial support for PFM Reform by the International Development Association (IDA) was channeled through the Institutional Reform and Capacity Building Project (IRCBP) which supported the introduction of the Integrated Financial Management Information Systems (IFMIS) in the Accountant General's Department (AGD) and strengthening of public procurement amongst others. Other MDBS Partners also separately supported PFM reform through other interventions in the form of projects within MoFED and other MDAs which were financed directly. Following the completion of the IRCBP in 2009, a more integrated approach was agreed upon between the Government of Sierra Leone (GoSL) and key budget support partners (African Development Bank, Department for International Development, European Union and World Bank) wherein support to PFM reform would be jointly coordinated and managed. Thus, in addressing the PFM challenges faced in the budget cycle, the GoSL with support from the development partners¹, developed a comprehensive program of PFM reforms to strengthen fiscal and budget management, accounting, reporting and oversight, payroll management and cross-cutting issues of capacity development and organizational strengthening. The initial Public Expenditure and Financial Accountability (PEFA) assessment in 2007 and the review by the Fiscal Affairs Department (FAD) of the International Monetary Fund (IMF) in 2008 also provided the basis for the development of this comprehensive PFM reform programme.

¹ Contribution from Development Partners: AfDB - UA 2m; DfID - GBP 5m; EU - Euro 8m; IDA - \$ 4m

Establishing sound institutions and systems of PFM, at central and local levels of government was identified as a high priority if service delivery is to be improved upon and sustained. The Integrated Public Financial Management Reform Project (IPFMRP) was therefore designed to enhance the above and address weaknesses in the PFM systems identified by the respective studies outlined above and laid out the next phase of the reforms, for the period 2009-2013. The Project has been led by MoFED's PFMRU. It became effective in December 2009 following the appointment of the Director of PFM Reform.

3.0 Project Development Objectives

The Project sought to achieve sustainable improvement in the credibility and predictability, control and transparency of fiscal and budget management, with the aim of improving public service delivery and governance of public resources. The priorities identified for the IPFMRP were the need to strengthen fiscal and budget management, accounting, reporting and oversight, payroll management and cross-cutting issues of capacity development and organizational strengthening. The Project also supported the establishment of a Non-State Actors Secretariat in MoFED.

The project also aimed to contribute to the GoSL's higher level objectives in improving strategic allocation of resources and quality of expenditures required for the implementation of the Poverty Reduction Strategy, and also consolidate and improve upon the progress made in the Institutional Reform and Capacity Building Project (IRCBP).

PDO Indicators, Baseline and Final Outcomes as at 31st December 2013

	Indicator	Baseline (2008)²	2013 Targets	End of Project Outcome
1	Variance in expenditure for the 20 largest budget heads. <i>(This indicator was revised in September 2013. The revised indicator is shown immediately below)</i>	13.5%	10%	<i>Indicator revised. See next row outlined below.</i>
	Variance between total actual primary expenditures (outturn) and total originally budgeted primary expenditures (%).	13.5%	10%	Achieved. Variance was 7.9%.
2	The share of actual to budgeted spending on pro-poor spending priorities compared to the ratio of actual to budget expenditures for all other discretionary primary expenditures.	Poverty actual/budget = 57.5% (148.9/258.9); Other actual/budget = 69% (110.5/160.1)	% to budget on HIPC/PRSP priorities > % to budget on other expenditures	Partially Achieved³ Poverty actual budget = 114.1% Other actual budget = 130.0% (The share of poverty actual/Budget should be greater than Other actual/Budget)
3	Domestic expenditure arrears (total from all years) as % of total expenditure for year	9.4%	8%	Achieved. Ratio of domestic expenditure arrears at project closure

²These were initially set in 2008 and revised in 2013 following the Project's mid-term review

³The target for this indicator was achieved from 2010 - 2012

	(excluding interest and donor-financed project expenditure)			was 0.47%.
4	Publication of financial and procurement documents (all six listed in PEFA indicator 10) through the Sierra Leone Gazette and MoFED's website in accordance with requirements of GBAA and PPA/ (This indicator was revised in September 2013. The revised indicator is shown below)	Only budget documents, in-year execution reports, and resources available to primary service providers are published by due dates (total 3)	6	Indicator revised. See next row outlined below.
	Financial and procurement documents listed in PI-10 and in accordance with requirements of GBAA and PPA published in Sierra Leone Gazette and/or on MoFED or related institutions website.	Only budget documents, in-year execution reports, and resources available to primary service providers are published by due dates (total 3)		Partially Achieved. 4 out of 6 documents published. (The year-end financial statements, the budget documents, audited financial report and in-year budget execution reports)
5	Timely audited Public Accounts with no material qualifications concerning basic control system failures. (This indicator was revised in September 2013. The revised indicator is shown below)	Disclaimer of opinion on Accounts for 2002-06	Yes	Indicator revised. See next row outlined below.
	Submission of audited Public Accounts by Auditor-General to Parliament within 12 months.	No	Yes	Achieved. The audited financial statements for 2012 financial year were submitted on 16 th December 2013
6	Percentage of MDA contracts in compliance with provisions of the GoSL's procurement legislation and regulations. (This indicator was revised in September 2013. The revised indicator is shown below)	49%	95%	Indicator revised. See next row outlined below.
	Public Contracts signed by LCs and 20 largest budget heads (MDAs) using competitive bidding according to the National Procurement Law and regulations (%). (disaggregated by LCs and 20 largest budget heads (MDAs)).	49%	95%	Substantially Achieved. The percentage of contracts signed using competitive bidding method for 2013 was 89%

4.0 Project Component objectives and Progress/Achievements

The Project supported the core of the Government's Integrated Public Financial Reform Program through three inter-related components and one component that supports capacity development of non-state actors (NGOs, civil society and media groups) including their monitoring and oversight functions of PFM. A fifth component supports project management.

Component 1 – Strengthening Macro fiscal Coordination and Budget Management

The key outcomes of this component include improved budget credibility associated with a more appropriately developed and managed aggregate fiscal position, delivery by the MoFED of predictable funding in accordance with budgets.

Key Progress in Achieving the Objectives of this Component

There has been considerable improvement in the coordination of macroeconomic and fiscal planning and budget management during project implementation. The following were established and strengthened:

- The Sierra Leone Integrated Macroeconomic Model (SLIMM) which is an IMF-styled Financial Programming and Policies Model was developed during 2010 and was later linked with the Mineral Revenue Forecasting Model developed with assistance from IMF-FAD. Extensive training sessions were organized for key users of the model (largely constituting the MacroFiscal Working Group- MoFED, Statistics Sierra Leone, Bank of Sierra Leone and National Revenue Authority) in strengthening their forecasting/analytical skills and overall application of the model. This has resulted in improved forecasting of macro fiscal variables including Gross Domestic Product (GDP), inflation, domestic revenues (including mining revenue), exports, imports and money supply. The resulting macro fiscal framework informs budget planning and forms the basis for dialogue with the IMF and other Development Partners on the medium term prospect of the economy. A Macro Fiscal Section now functions within the Economic Policy and Research Unit of MoFED.
- Establishment and strengthening of budget committees in all Ministries, Departments and Agencies (MDAs) and District Budget Oversight Committees (DBOCs) in the 19 councils. Establishment of these committees and regular consultations to progressively improve capacity of these committees has not only enhanced wider participation and transparency in the budget management process, but also strengthened strategic planning capacity of MDAs and Local Councils and facilitated the production of activity based budgets introduced in 2014 by MoFED. Budget Officers were also recruited and assigned to key MDAs in strengthening the budget process. Approximately three hundred and fifty (350) officials of Budget Committees across MDAs received basic training on budget management in strengthening the budget process.
- The Medium Term Expenditure Framework (MTEF) Guidelines were revised and re-launched in 2012. Two hundred (200) MDAs officials were accordingly trained on the revised guidelines.
- Improved oversight, coordination and monitoring of Local Councils' budget execution by the Ministry of Finance. The project supported consultative seminars wherein stakeholders agreed upon issues including grants distribution, budget planning and preparation, and aligning sector strategies with Government's agenda at local government level. These activities aided the promotion of transparency, budget adherence and improve budget credibility at the local councils level.

- Human Resource Planning has been institutionalized in the Human Resource Management Office (HRMO). A Human Resource Planning Directorate has now been set up in the HRMO responsible for HR planning. HR Managers and Officers totaling sixty five (65) have been recruited and posted to various MDAs and training conducted in strengthening HR Planning of MDAs. The Directorate regularly conducts Manpower Hearings for MDAs in order to determine the critical staffing needs and formulate the HR Plan and Budget of MDAs. These have enhanced budget credibility in terms of predicting human resource needs and in turn minimize payroll volatility thereby addressing the previously large fluctuations in payroll.
- Public Investment Management (PIM) has also been institutionalized in MoFED through the creation and staffing of a Public Investment Management Division and is now integrated into the budget formulation, execution and monitoring and evaluation processes.
- A Medium Term Debt Strategy⁴ (MDTS) incorporating policy on public debts and guarantees is now in place with regular Debt Sustainability Analysis⁵ (DSA) conducted. There is also regular publication of the annual debt bulletin that provides an insight and serves as a useful guide on public debt management including contingent liabilities.
- A comprehensive database of all ongoing projects (donor-funded and funded directly by Government) is now maintained by MoFED⁶. Key officials across projects including Coordinators, Accountants, Procurement Specialists and Monitoring and Evaluation Officers totaling thirty five (35) were trained on various aspects of project management focusing on operational rules of the respective funding agencies. This addressed bottlenecks in project implementation in improving the effectiveness and efficiency of donor-funded projects in budget formulation and execution.
- A Handbook on Investment Incentive Guidelines and Duty Waiver Procedures was published by MoFED. This Handbook streamlines the duty waiver process and seeks to clarify the procedures and accessibility criteria of duty waivers and tax incentives. Additionally, Non-Tax Revenue rates were reexamined and reviewed in the light of recent economic trends and incorporated in respective Finance Acts. The above have contributed significantly in strengthening the forecasting of revenues through the SLIMM.
- A National Aid Policy was developed and Sector/Districts Working Groups formed in enhancing aid coordination. This has improved coordination in the budget formulation and execution processes and in some instances guarded against duplication of resources in the delivery of services.

Component 2 – Reinforcing Key Aspects of the Control System to Support Improved Service Delivery

The key outcomes of this component include an updated legal framework, robust public procurement practices, tightened payroll controls, strengthened internal audit, and improved accounting procedures in the MoFED and MDAs, and further publication of Public Expenditure Tracking Survey (PETS) contributing to an effective control environment in MDAs. Striving for these internal controls will be reinforced through strengthened scrutiny of public finances by Parliament.

⁴The latest MTDS of 2013-2017 was revised in 2014 and is still in draft

⁵The latest DSA of 2013 was revised in 2014 and is still in draft

⁶A website has been created (www.mofedprojects.org) to which key information of all projects shall be uploaded

Key Progress in Achieving the Objectives of this Component

- A PFM Bill has been approved by Cabinet. The Bill provides for the introduction of a Treasury Single Account, Revenue Resource Management including the establishment of a Transformational Development Fund and management of fiscal risk amongst others. Once enacted, it shall secure the prudent, efficient, effective, and transparent use of public financial resources throughout the public sector. It will replace the Government Budgeting and Accountability Act 2005.
- A Bill to revise the National Public Procurement Act 2004 has also been approved by Cabinet. This incorporates recommendations from the Country Procurement Assessment Review (CPAR) led by the World Bank.
- The Financial Administration Regulations for the Local Government Act 2004 has been drafted and agreed upon by key local government stakeholders and has been forwarded to the Ministry of Local Government and Rural Development for onward submission to Cabinet.
- A Public Debts Management Law which lays out the framework for public sector borrowing and debts management was enacted by Parliament in 2011. Regulations for this Law have been drafted and submitted to the Office of the Solicitor General for final review prior to submission to Cabinet.
- Websites of the Ministry of Finance and Economic Development⁷ and The National Public Procurement Authority⁸ (NPPA) were revamped, publishing key fiscal, financial and procurement information.
- Procurement has been institutionalized in MDAs, through the establishment of a Procurement Cadre. Procurement Officers were recruited and assigned to more than 30 MDAs and all 19 Local Councils who now undertake day to day procurement activities of MDAs and local councils. These officials have received extensive training on procurement methods and operations useful in carrying out their functions. Approximately 90% of contracts across government above the competitive threshold in 2013 used open competition method.
- Price norms were established for commonly used items which serve as a guide in procurement of such items by MDAs and local councils.
- In strengthening records management at the Accountant General's Department (AGD), Records Management Manuals⁹ were developed for the AGD and training conducted for Stores and Records Officials of the AGD. A New Accounting Manual covering all operations of the Accountant General's Department (AGD) was developed. This is currently utilized by Accounting Officers assigned to MDAs.
- Major progress in the introduction of a Treasury Single Account (TSA) in Government to enhance effective cash planning and management, and ultimately reduce borrowing costs. Survey of all bank accounts operated across MDAs has been conducted and opening of further bank accounts rationalized. The infrastructure to facilitate the smooth operation of the TSA is now being put in place and a Cash Management Unit established in the AGD.
- There is now increased coverage in the annual accounts produced by the Accountant General. The said annual accounts were consistently submitted on a timely basis within three months of year-end to the Auditor General as mandated by the legal framework.

⁷<http://mofed.gov.sl/>

⁸<http://www.publicprocurement.gov.sl/>

⁹Electronic Records Management Manuals are also in the process of being developed

- Verification and validation of civil service employees undertaken resulting in the removal of obsolete names from the payroll.
- Internal Audit has been strengthened through the recruitment of various levels of staffing across the Internal Audit Cadre and assigning to MDAs. From an initial seven MDAs prior to the IPFMRP, Internal Audit Units were established in thirty seven MDAs by the completion of the Project. All nineteen local councils too now have Internal Auditors in post. These Internal Auditors further received extensive training both locally and internationally in various aspects of internal audit work. Audit Committees were also established in MDAs and Local Councils and training provided for the members respectively.
- Public Expenditure Tracking Surveys partially adopted in strengthening monitoring and delivery of teaching and learning materials and drugs to districts.
- There is now increased oversight and scrutiny of public finances by Parliament executed through the Parliamentary Finance Committee (PFC), Public Accounts Committee (PAC) and Transparency & Accountability Committee (TAC). The reviews which are usually open to the public, are now organized regionally covering MDAs, local councils and school authorities. Backlogs of audited public accounts were cleared by the PAC including performance audit reports submitted by the Auditor General. Extensive capacity building supports were afforded Members of the respective Committees and the clerks assigned thereof. These included exchange visits to UK Parliament and other Parliaments in Sub-Saharan Africa and attendance at regional meetings.

Component 3 – Establishing and Maintaining Sustainable and Capable Central Finance Functions

This component undertakes various cross-cutting activities including IFMIS rollout, all aspects of training and human resource (HR) capacity development that are required to support the main PFM functions that are being strengthened in the other three components and other steps to help establish sustainable HR capacity in the MoFED.

Key Progress in Achieving the Objectives of this Component

- All of government expenditures from the Consolidated Fund are processed through the Integrated Financial Management Information System (IFMIS). Some of these are processed directly by key rolled out MDAs from their respective locations and the rest processed by the AGD for and on behalf of the respective MDAs. The ICT infrastructure supporting the IFMIS was strengthened, the FreeBalance Accountability Software (including Performance Budgeting Module, Fixed Assets and Inventories) upgraded to version 6.5E and the Civil Service Management Module introduced replacing the previously utilized Human Capital Accountability Module. The aforementioned modules are now being utilized by the respective stakeholders (Budget Bureau, AGD and HRMO) in executing their responsibilities. The current PFM Reform Strategy 2014-2017 provides for full roll out to all MDAs which is also captured in the new Public Financial Management Improvement and Consolidation Project (PFMICP). In ensuring sustainability, continuous training on the respective modules is provided internally for MDA officials by MoFED. Over three hundred officials across rolled out MDAs have been trained on the use of the FreeBalance during the life of the IPFMRP.

- The infrastructure for the Commonwealth Secretariat Debt Recording and Management Software (CS-DRMS) in MoFED was strengthened and adequate training (including secondments to Commonwealth Secretariat) accordingly provided to staff of the Public Debts Management Division in MoFED.
- Financial Management of local councils has been strengthened through the roll out of the Petra Accounting Software to all 19 local councils, ensuring consistency across all Councils in the application of the 27-digits chart of accounts structure also utilized by the central government. The Petra Accounting Software provided the avenue for the capturing (though not presently on real time basis¹⁰) of transactions processed through the bank accounts maintained by respective local councils and also accounting for fixed assets through the Fixed Assets Module¹¹. The Local Area Network (LAN) provided for in the respective councils provides the opportunity for key PFM practitioners including Mayors/Chairpersons and Deputies, Chief Administrators and Deputies, Finance Officers, Accountants and Internal Auditors to access and review transactions and reports directly from the Petra. Extensive training on the use of the Petra and other basic financial management trainings were provided for over three hundred and fifty (350) local councils officials including chairpersons and members of Budget and Finance Committees¹² and those assigned responsibilities for Health, Education, Agriculture and Solid Waste devolved functions amongst others.
- In ensuring consistency of reporting and improved transparency across local councils, the International Public Sector Accounting Standards (IPSAS) Cash Based reporting is currently adopted by all local councils for the preparation of annual financial statements. Extensive training on the IPSAS Cash basis of reporting was provided for key local councils officials and the Audit Service Sierra Leone by MoFED. Thus, the aspect of inconsistency of reporting, which was a concern previously expressed by the Auditor General, has now been addressed.
- In strengthening the capacity of key PFM Officials especially those in the recently established cadres of Procurement, Internal Audit and Human Resource, a partnership with the Institute of Public Administration and Management (IPAM) University of Sierra Leone was established through which training programmes were designed for key officials across MDAs and local councils on Negotiation Skills and Contract Management, Internal Audit Techniques, Human Resource Management and General Administration. Certificates of merit were issued to two hundred and eighty (280) officials¹³ across the aforementioned disciplines from MDAs and local councils. Additionally, officials across MoFED (including AGD), NPPA, HRMO and local councils benefited from external training, including online Master's degree courses and study visits on aspects specific to their respective areas of operation.
- Additionally, support was provided to the Office of the Chief of Staff in the Office of the President, in strengthening the capacity of Parliamentarians, Ministers, Mayors and Chairpersons of Local Councils, Vote Controllers and Heads of Institutions to enable them effectively and efficiently execute their functions in their respective capacities.

¹⁰The PFM Reform Strategy 2014-2017 provides for the phased rollout of real time processing through the Petra. This is to be financed by the PFMICP

¹¹A fixed assets policy was drafted by MoFED in consultation with the local councils and forwarded to the National Assets and Government Properties Commission for ratification and issuance

¹²These are elected Councilors who are primarily responsible for monitoring the finances of Councils

¹³22% of the officials awarded certificates of merit were women

- In ensuring a more holistic approach to mainstreaming of consultants performing line functions across MDAs into the civil service, the mainstreaming of donor-funded PFM Consultants which was initially provided for within the IPFMRP was cancelled following the Project's mid-term review and transferred to the Pay and Performance Project (PPP) coordinated by the Public Sector Reform Unit (PSRU). The PFM Consultants in the AGD have already been mainstreamed into the civil service through the PPP whilst the process for those in MoFED is already at an advanced stage.
- The provisional salary support to PFM consultants in MoFED up to 28th February 2010 was successfully completed. The remunerations of the respective PFM consultants were subsequently met directly from the Consolidated Fund.

Component 4 – Assisting Non-state Actors’ Scrutiny

This component assists the development of the analytic and dissemination capacity of Non-State Actors (NSAs) in exercising scrutiny of the use of public resources, as well as building a constituency for reform of the PFM system across an array of non-state actors.

Key Progress in Achieving the Objectives of this Component

- A Non-State-Actors Secretariat is now established in MoFED and network of NSAs in place. The activities and reports of the NSAs are now published on an NSA website¹⁴ set up for that purpose.
- A maiden Citizens’ Budget which is an abridged version of the National Budget was published in 2012 and annually afterwards in increasing the openness, transparency and accessibility of the annual budget. This has increased citizens' understanding of how public funds are allocated and thus put them in a better stead in monitoring the implementation of Government’s policies.
- There is now active participation of NSAs in the budget process. This includes witnessing policy hearings and budget discussions of MDAs and organizing public forums (including radio discussions) addressing strategic allocation of resources to MDAs and local councils. Reports of such forums are submitted to MoFED for consideration in finalizing the budget. Additionally, NSAs participated in the initial Open Budget Survey undertaken in 2012.
- In strengthening the capacity of NSAs, basic financial management training sessions covering the PFM cycle including planning, budget formulation and execution, procurement, accounting and recording, internal audit and external oversight were held for over one hundred and seventy registered organisations and Parliamentary Press Gallery. This was a prelude to providing NSAs with grants to review PFM operations of MDAs and local councils as part of their monitoring responsibilities.
- Fifteen qualifying NSAs nationwide were provided grants through the demand driven component enabling such NSAs in effectively monitoring and overseeing public financial management in MDAs and local councils. The evaluation of these NSAs was done by an independently recruited consultant prior to the award of the grants by MoFED.

¹⁴<http://www.nsas1.org/>

Component 5: Project Management

The Project was led, managed and administered by the Directorate of PFM Reform in MOFED which was facilitated by a Project Administration Unit comprising a Project Accountant and Senior Procurement Officer of MoFED. Fiduciary responsibilities alongside monitoring and evaluation of progress were vested in the Project Team led by the Director, PFM Reform. Regular progress reports including financials were timely provided by the Project Team during the life of the Project.

The Directorate of PFM Reform also facilitated the development of a medium term strategy for public financial management reforms (PFM Reform Strategy 2014-2017) to ensure that gains already made are sustained and improved upon. This formed the basis for the development of the follow-on Public Financial Management Improvement and Consolidation Project (PFMICP).

5.0 Major Implementation Issues Encountered

The key implementation issues encountered are outlined below:

- **Reconciling available funding in Multi Donor Trust Fund (MDTF)**

The World Bank experienced challenges in reconciling the MDTF resources available for execution of Project activities during the final year of the Project which resulted in the Government being notified of additional funding of \$4.5m in March 2014 which was the final month of Project operations¹⁵. This led to a further extension of the Project by four months although this was visibly too short a period for the execution of the remaining activities of the Project. This resulted in an unutilized balance of \$946,380.53 in respect of withdrawal applications not timely recorded within the bank's system by Project closure of 31st July 2014.

- **Indefinite Suspension of FreeBalance Inc. by the World Bank**

MoFED was notified by the World Bank that the IFMIS software service provider, FreeBalance Inc. was indefinitely suspended in 2013. Thus, further contracting of FreeBalance Inc. for additional licences and other services could not be financed by the funds managed by the Bank. As the IFMIS has largely been financed directly through the PFM Projects managed by the Bank since 'go-live', the uncertainty regarding the outcome of the indefinite suspension imposed by the Bank hindered the scaling up and further rollout of the IFMIS to additional MDAs as was initially envisaged. This situation currently remains the same. MoFED is currently reviewing this situation and is in the process of recruiting a dedicated IFMIS Project Manager and re-evaluation of the IFMIS implementation to date.

- **Limited Procurement Capacity in MoFED**

In a bid to ensure sustainability following the completion of the IPFMRP, procurement responsibilities for the Project were vested in the Procurement Unit of MoFED headed by a Senior Procurement Officer, who is a civil servant. Adequate training from Project resources was initially provided for the said Official.

¹⁵The Project Team had utilized over 99% of the resources within the confirmed IDA and MDTF initially made available, by 31st January 2014 and had earlier requested confirmation regarding additional MDTF resources to be provided as per Project records.

The transfer of the already trained Senior Procurement Officer to another MDA in May 2013 and replacement with another Senior Procurement Officer with very limited previous knowledge of Bank's procurement and financial rules, hindered the speed of executing procurement-related activities including the development of timely procurement plans. Steps were however taken to provide adequate training for the replacement Officer the benefits of which are now being reaped by his continued secondment to the PFMICP, the successor Project. The ultimate recruitment of an International Procurement Specialist did not yield dividend as he was unable to fulfill the assignment due to other commitments.

- **Mainstreaming of donor-funded PFM Consultants in MoFED into the Civil Service**

In ensuring a more holistic approach towards mainstreaming of consultants performing line functions across MDAs into the civil service, it was agreed that component 3.4 of the Project be cancelled and reallocated to other key mainstream PFM functions already supported by the Project. The utilization of the resources of \$3m initially allocated to component 3.4 necessitated an initial extension of the Project by a period of nine months.

The mainstreaming of all consultants performing line functions in MDAs is now being channeled through the Pay and Performance Project administered by the World Bank.

6.0 Sustainability of PFM Reforms

The Government in partnership with the IPFMRP Development Partners have developed the PFMICP which seeks to improve upon and consolidate the gains achieved within the IPFMRP. The PFMICP, which is already in operation, supports the objectives outlined in the Government's Public Financial Management Reform Strategy 2014-2017, which is itself anchored in the National Agenda for Prosperity (PRSP 3). It is anticipated that the successful completion of the PFMICP shall ensure that PFM gains already achieved shall be improved upon, consolidated and sustained.

7.0 Key Lessons Learnt

- **Improved Government/Donor Coordination on PFM**

The integrated approach adopted by Government and key budget support partners towards addressing PFM reform issues helped create the platform for a more coordinated approach in strengthening public financial management. This has been further strengthened through the establishment of the PFMICP which is also supported by the key budget support partners in achieving the objectives outlined in the National PFM Reform Strategy 2014-2017. There is the need for more frequent joint meetings of GoSL representatives and Development Partners (DPs) supporting PFM Reform to facilitate improved collaboration and avoid duplication of PFM support by DPs.

- **Proper Sequencing of PFM Reform**

The interdependent nature of some of the key PFM reform activities especially ICT-related necessitate the need for continued collaboration amongst various agencies especially those engaged in IFMIS-related functions. This is addressed through the PFM Reform Strategy 2014-2018 and accordingly aligned in the

PFMICP. Although key inter-related Agencies including MoFED, NRA, HRMO and ASSL have all been adequately provided for in the successor PFMICP operations, it is still necessary to ensure close monitoring so that the agreed sequencing of the activities are adhered to. Mitigation measures also need to be put in place to ensure adherence to the proposed timing of the implementation of the various activities of the next stage of the PFM reform process.

- **Sound Knowledge of IDA's Procurement and Financial Management Rules**

There is the need for sound understanding of IDA's financial management practices especially procurement guidelines by all components associated with operations of the Project. Key to this is a strengthened Procurement Unit with vast knowledge of IDA procurement and financial management rules which must in turn be cascaded to the respective implementing agencies through well-structured capacity building initiatives. This facilitates project implementation and eliminates challenges encountered midstream resulting from weak knowledge of IDA fiduciary rules. It is therefore important that the World Bank continues to train relevant GoSL staff especially when new guidelines are introduced.

- **PFM Operations to be completely focused on core PFM issues and separated from Civil/Public Service Reform**

Whilst sustainable human resource capacity for performing key line functions is critical in ensuring sustained PFM reform, the challenges experienced in addressing this through sub-component 3.4 of the IPFMRP revealed that it would have been better addressed through a civil/public service reform programme. This resulted in the eventual cancellation the said sub-component of the IPFMRP following the mid-term review of the Project and thereafter channeled through the Pay and Performance Project managed by the Public Sector Reform Unit(PSRU).

- **Collaboration between MoFED and NSAs on PFM**

The establishment of a NSA Secretariat in MoFED and appointment of a NSA Coordinator has created the space for NSAs to engage officials of MoFED and other PFM agencies including oversight bodies such as ASSL and Parliament. The introductory training afforded these NSAs on core PFM issues and subsequent release of grants to qualifying organizations has increased awareness and aroused their interests on PFM matters. This has ultimately improved the engagement between State and NSAs in addressing PFM issues including those at the service delivery level of local councils. Introductory training needs to be sustained and formally adopted as a pre-condition to the Grant scheme.

- **Institutionalizing Public Financial Management Reform in MoFED**

The establishment of the PFM Reform Directorate within MoFED and appointment of a civil servant as Director has ensured that PFM reform receives the level of authority and attention it requires under the supervision of the Office of the Financial Secretary. The complex and challenging reforms embarked upon during the IPFMRP straddling various MDAs (including HRMO, NPPA and Parliament)and all nineteen local councils received the due attention through the effective and efficient leadership of the PFM Directorate. This has been seen as critical in advancing PFM reforms as recognized in the PFM

Reform Strategy 2014-2017 which mandates that the Director PFM Reform shall have overall responsibility for coordination and Monitoring & Evaluation of the PFM Reform.

8.0 Contribution of the World Bank and IPFMRP Development Partners

MoFED acknowledges the support and commitment of the World Bank and Joint IPFMRP Development Partners (African Development Bank, Department for International development and European Union) from the design stage through to the implementation and closure of the IPFMRP. Support in the form of Technical Assistance where necessary, were promptly provided in addition to the unflinching support and commitment demonstrated by the leadership and members of the respective Country Teams in providing requested assistance to the Project Team. These included hosting bilateral meetings and video conferences to facilitate project implementation.

Supervisory missions led by both Task Team Leaders (TTLs)¹⁶ were well-resourced resulting in fruitful discussions with the respective implementing agencies, yielding positive outcomes.

The flexibility of the TTLs and respective Partners in responding to emerging PFM needs has been unrivaled.

Overall, the contribution of all Partners in advancing PFM reform has been immense.

9.0 Conclusion

The leadership provided by the Hon. Ministers of Finance and Economic Development¹⁷ and Team demonstrates the overall commitment of the Government of Sierra Leone in strengthening PFM across MDAs and local councils in ensuring the effective and efficient delivery of services. Additionally, the commitment of the Office of the Financial Secretary, Implementing Agencies¹⁸ and the Project Management Team in ensuring the achievement of the objectives was immense.

It is anticipated that gains already achieved shall be improved upon and consolidated through the PFMICP in accordance with the PFM Reform Strategy 2014-2017 and in fulfillment of PRSP 3 (Agenda for Prosperity).

¹⁶The IPFMRP had two TTLs respectively during its tenure - Vivek Srivastava and Roberto Panzardi

¹⁷ The IPFMRP had two Ministers of Finance and Economic Development respectively during its tenure - Dr.Samura Kamara and Dr.Kaifala Marah

¹⁸Office of the President, Parliament, MoFED (including AGD), HRMO, NPPA and NSAs

10.0 Annex 1: IPFMRP Results Framework

NO	INDICATOR	Unit of Measurement	BASELINE (2008)	TARGET FOR 2013	STATUS	RESPONSIBILITY FOR DATA COLLECTION
PDO LEVEL RESULTS INDICATORS						
1	Indicator One: Variance between total actual primary expenditures (outturn) and total originally budgeted primary expenditures (%)	%	13.5%	10%	7.9%	Budget Bureau
2	Indicator Two: Share of actual to budgeted spending on pro-poor spending priorities compared to the ratio of actual to budget expenditures for all other discretionary primary expenditures	%	Poverty actual/budget = 57.5% Other actual/budget = 69%	% to budget on HIPC/PRSP priorities > % to budget on other expenditures	Poverty actual/budget = 114.1% ¹⁹ Other actual/budget = 130.0%	Budget Bureau
3	Indicator Three: Domestic expenditure arrears (total from all years) as % of total expenditure for year (excluding interest and donor-financed project expenditure)	%	9.4%	8%	0.47%	PDMD

¹⁹ These are unaudited figures.

4	Indicator Four: Financial and procurement documents listed in PI-10 and in accordance with requirements of GBAA and PPA published in Sierra Leone Gazette and/or on MOFED or related Institutions website	Number	3	6	4 Four out of the six documents listed in PI-10 are regularly published in the MoFED/ASSL Website. 1. Audited Financial Statements 2. Auditor General's Report 3. Budget Speech 4. In-year Budget Execution Reports	Budget Bureau, AGD, ASSL,NPPA,ICT,PFMRU
5	Indicator Five: Submission of audited Public Accounts by Auditor-General to Parliament within 12 months	Yes/No	No	Yes	Yes The Auditor General submitted the 2012 annual audited public accounts to Parliament on 16 th December 2013	AGD, ASSL
6	Indicator Six: Public Contracts signed by LCs and 20 largest budget heads (MDAs) using competitive bidding according to the National Procurement Law and regulations (%)(disaggregation by LCs and 20 largest budget heads (MDAs))	%	63% (2011)	95%	89.28% (By value of contracts)	NPPA, MOFED

7	Indicator Seven: Deviation in own source revenue	%	104%	% of actual to budgeted revenue not less than 94% and not more than 112%	% of actual to budgeted revenue is 112.2% ²⁰	Budget Bureau, AGD
Intermediate Level Results Indicators – component 1:						
8	Intermediate Results Indicator Two: MDAs using standard template for strategic plans as per MTEF guidelines	Number	3	6	13 <u>List of MDAs with standard strategic plans</u> 1. MoFED 2. MEST 3. PSRU 4. NACSA 5. National Asset Commission 6. SLEIPA 7. Min. of Tourism 8. Human Right Commission 9. Sierra Leone Insurance Company 10. National Youth Commission 11. Office of the Administrator General 12. Justice Sector Reform Unit 13. Tertiary Education Commission	Budget Bureau
9	Intermediate Results Indicator Four: Annual appropriations	%	Health: 84.3 Agric.: 100.3	Health: 100 Agric.:100	Health: 122% Agric: 106%	Budget Bureau, LGFD

²⁰ These are unaudited figures

	backed by quarterly allocations (restricted to non-salary recurrent) for Ministry of Health, Ministry of Agriculture and Local Councils		LCs: 78.9	LCs: 97	LCs: 89%	
10	Intermediate Results Indicator Five: Quarterly allocations backed by approved commitments (restricted to non-salary recurrent)	%	Health: 85.5 Agric.: 94.3 LCs: 95.3	Health: 100 Agric.: 100 LCs: 100	Health: 78% Agric: 77% LCs: 120%	Budget Bureau, LGFD
11	Intermediate Results Indicator Six: Approved Commitments/MTEF/PETS form 2 backed by cash releases	%	Health: 94 Agric.: 98.8 LCs: 98.9	Health: 99 Agric.: 100 LCs: 100	Health: 101% Agric: 98% LCs: 100%	Budget Bureau, LGFD
12	Intermediate Results Indicator Seven: New/additional payment arrears (Outstanding Commitments) during the year as a percentage of total primary expenditures	%	1.3%	3.0%	0.72% Outstanding Commitments for the FY 2013 is Le 15,986,200,660.5 This constitutes 0.72% of total primary expenditure	PDMD, AGD
Intermediate Level Results Indicators – component 2:						
13	Revised GBAA and FMR submitted to Cabinet	Yes/No	No	Yes	Yes The Draft PFM Bill has been approved by Cabinet	PFMRU
14	New LG Financial Administration Regulations (FAR) submitted to Cabinet	Yes/No	No	Yes	In Progress The Final draft of the Regulations had been developed and formally shared with the Ministry responsible for Local Government, the lead Ministry responsible for presentation of the draft Bill to Cabinet and ultimately laying in Parliament for	PFMRU

					ratification.	
15	Accounting Manual for Local Councils adopted and disseminated	Yes/No	No	Yes	Partially Achieved It was resolved that a budget manual with detailed accounting guidelines will be developed for local councils.	PFMRU
16	Public Debts Management Regulations adopted	Yes/No	No	Finalized Public Debts Management Regulations adopted and widely disseminated	In Progress Wide stakeholders' validation seminar for the Public Debt Management Regulations was held during the last quarter of 2013. Draft Regulations currently with Law Officers Department.	PDMD
17	Revised Public Procurement Act and Regulations submitted to Cabinet	Yes/No	No	Bill for Revised PPA and Regulations submitted to Cabinet	Yes The revised Public Procurement Act was approved by Cabinet	NPPA
18	Intermediate Results Indicator Two: MDAs and Local Councils with dedicated and trained Procurement Officers – baseline total of 60 MDAs and LCs	%	45%	95%	83%	NPPA
19	Intermediate Results Indicator Three: Subvented Agencies expenditure included in the public accounts.	%	Public Accounts omit sub-vented agencies expenditure (about 40% of total expenditure captured); incomplete fiscal/monetary reconciliation	80%	100% All of subvented Agencies expenditures from the CF are included in the public accounts for the FY 2013	AGD
20	Intermediate Results Indicator Four: MDAs with IFMIS Personnel Management aspect	Number	All personnel management under HCA operationally	3	3 CSM (replacing the HCA) is now rolled out to three MDAs	HRMO, PFMRU

	<i>of Civil Service Management Module rolled-out</i>		consolidated within HRMO		including; 1. Human Resource Management Office 2. Sierra Leone Police 3. Ministry of Defense	
21	Intermediate Results Indicator Five: MDAs copying quarterly internal audit reports to Director of Internal Audit	Number	0	15	17 There are 17 MDAs copying quarterly internal audit report to the Director of Internal Audit namely; 1. Ministry of youth 2. Ministry of Sports 3. Ministry of Energy 4. Ministry of Local Government and Rural Development 5. Ministry of Internal Affairs 6. Ministry of Lands 7. National Fire Force 8. Prisons Department 9. Vice President Office 10. Cabinet Secretariat 11. National Registration 12. Ministry of Health 13. Ministry of foreign Affairs 14. Ministry of Transport and Aviation 15. Ministry of Education 16. Ministry of Defence 17. SLIEPA	IAD
	Local Councils copying Quarterly internal audit reports to Director Internal Audit	Number	0	5	0	
22	Intermediate Results Indicator Six: MDAs with Audit	Number	No. of Functioning Audit Committee	6	5 There are five (5) MDAs with	IAD

	Committees meeting quarterly				Audit Committees meeting quarterly namely; <ol style="list-style-type: none"> 1. Ministry of Information 2. National Public Procurement Authority 3. Immigration Department 4. Ministry of Finance 5. Prisons Department 	
	LCs with Audit Committees meeting quarterly	Number	No Functioning Audit Committee	3	1 <ol style="list-style-type: none"> 1. Freetown City Council 	
Intermediate Level Results Indicators – component 3:						
23	Intermediate Results Indicator One: Budgeted expenditures (other than Projects) executed online through IFMIS	%	62%	90%	100% All expenditure from CF other than project are executed online through IFMIS	AGD,PFMRU,ICT
24	No. of IFMIS rolled out MDAs (including AGD) – Expenditure and Purchasing Modules	Number	8 <ol style="list-style-type: none"> 1. Ministry of Health 2. Ministry of Education 3. Sierra Leone Police 4. Ministry of Finance and Economic Development 5. Accountant General's Department 6. Ministry of Defence 7. Ministry of Agriculture 8. Ministry of 	16	12 IFMIS now implemented in 12 MDAs comprising: <ol style="list-style-type: none"> 1. Accountant General's Department 2. Ministry of Health 3. Ministry of Education 4. Sierra Leone Police 5. Ministry of Finance and Economic Development 6. Ministry of Defence 7. Ministry of Agriculture 8. Ministry of Works 9. Prisons Department 10. Office of the 	AGD,PFMRU,ICT

			Works		President 11. Ministry of Foreign Affairs 12. Human Resource Management Office	
25	LCs using Petra Accounting Package	Number	Excel system in use in 2008 by LCs	19	19 Petra Accounting Package has been rolled out to all 19 local councils across the country	PFMRU, ICT
26	<i>Establishment of Disaster Recovery Centre for IFMIS</i>	Yes/No	No	Yes	Site Secured. The equipment (Servers) have been secured but not yet operational and the wide area network linked has been connected.	PFMRU, ICT
Intermediate Level Results Indicators – Component 4:						
27	Intermediate Results Indicator Two: Review and analytical reports on annual budget proposals and priorities in MDAs produced by NSAs		No	2	2	NSA
28	Intermediate Results Indicator Three: Reports on PFM monitoring and oversight at Local Council level produced by NSAs		No	6	15 15 NSA organizations nationwide are assessing PFM progress in MDAs and LCs through the NSA Sub-Grant programme. Interim reports have been submitted accordingly by Grantees.	NSA
29	Intermediate Results Indicator Three: Citizens Budget yearly published, launched and disseminated at national, regional and district level		No	Yes	Yes Citizens' budget produced annually since 2012 and is widely disseminated and published on the MoFED and NSAs website.	NSA

11.0 Annex 2: Analysis of Project Expenditure by Component

Component No	Description of component	USD \$(Million)
1	Strengthening Macroeconomic Coordination and Budget Management	3.29
2	Reinforcing the Control System for Improved Service Delivery	3.99
3	Strengthening Central Finance Functions	8.45
4	Assisting Non-state Actors' Oversight	1.10
5	Project Management	1.91
	Total Expenditure	18.74