During the first year of the *New Direction*, we restored fiscal discipline and macroeconomic stability; restructured the Ministry of Finance for efficient service delivery; increased domestic revenue mobilisation; strengthened budget execution and expenditure rationalisation; achieved efficiency gains fiscal risks, decentralisation and analytical work; improved the coordination of donor funded projects; deepened private sector engagement; and are making concerted effort to reduce public debt.
RESTORATION OF FISCAL DISCIPLINE AND MACROECONOMIC STABILITY FOR HUMAN CAPITAL DEVELOPMENT
The Government of Sierra Leone made significant strides during the first year of governance under His Excellency Julius Maada Bio. The country achieved new heights with the launch of the Free Quality Education Program, attained improvements in the overall structure of the economy, and restored hope that Sierra Leone could also become a more globally competitive economy. This 2018 Annual Review presents the key achievements of staff in the Ministry of Finance who worked tirelessly to deliver bold economic and financial reforms to improve the overall performance of the economy.

In 2018, the Government of Sierra Leone, under the leadership of His Excellency Julius Maada Bio undertook a new reform drive in the spirit of inclusiveness to ensure that the most neglected groups in the country are included in the development process. Hence, at the beginning of his first term, His Excellency President Julius Maada Bio made Free Quality Education his topmost priority. In the Ministry of Finance, planned educational expenditures as a percentage of the overall budget increased from 12% in 2018 to 21% in 2019. As a result of this singular effort, Sierra Leone was recognised by the World Bank for its bold stride in Human Capital Development.

The successes of Sierra Leone’s economic and financial policies implemented in 2018 were further reaffirmed and underscored when international financial institutions such as the World Bank, the International Monetary Fund, the European Union, and the African Development Bank reengaged the country in the delivery of budgetary support. The Government of Sierra Leone successfully delivered on all policy measures and agreed prior actions, after these Development Partners had suspended their engagements in this area in the preceding year.

In the area of domestic revenue mobilisation, government streamlined duty and tax waivers, implemented the treasury single account, and undertook other important tax reforms. With respect to expenditure management, concerted effort was made to rationalise the wage bill through the introduction of the biometric verification process, reduction of official travel to only essential staff, the formulation of the arrears clearance strategy, updating the reference price norms for public procurement, increasing disbursements to Local Councils, conduction of financial and technical audits which will all help to make the Sierra Leonean economy more efficient, transparent and accountable to the citizens of Sierra Leone in the coming years. Directly as a result of these efforts, the Ministry of Finance has helped to restore fiscal discipline and macroeconomic stability in the country. We have increased domestic revenues, strengthened budget execution and expenditure rationalisation, improved fiscal devolution, improved coordination of donor-funded projects, and we are now determined to reduce the stock of public debt.

In 2019 and beyond, the Ministry of Finance through the ongoing restructuring effort will be in a much better position to deliver the transformative results. Leadership and staff of the Ministry of Finance remain committed to the successful delivery of the objectives outlined in the Strategic Plan of the Ministry of Finance (2019-2021) and we call on all stakeholders to join us in making Sierra Leone a more globally competitive economy under the leadership of His Excellency Julius Maada Bio.

Jacob Jusu Saffa
Minister of Finance

1This 2018 Annual Review is based on the first year of governance of His Excellency Julius Maada Bio from April 4 2018 to April 4, 2019.
“Despite all the economic challenges, which I inherited, I have prioritised investment in Human Capital Development as the bedrock for my administration. It may interest you to know that I have coined a new definition for Human Capital Development. For me, Human Capital Development means three things: feeding the brain through Education; feeding the stomach through Agriculture and taking care of the body through Healthcare.” - H.E. Julius Maada Bio, President of the Republic of Sierra Leone.
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The Macro-Fiscal Situation at the end of the first year of the New Direction

The new administration took over governance of the country under very challenging economic conditions. Real GDP growth was on a downward trajectory decreasing from 6.3 percent in 2016 to 3.7 percent in 2017. Economic growth is expected to remain broadly at the same level in 2018 as in 2017. Inflationary pressures were high with the year-on-year inflation at 15 percent at end of March 2018. The fiscal situation was very challenging with low domestic revenue collection rates in the midst of high Government expenditures resulting in the widening of the budget deficit, which was financed mainly by borrowing from the domestic banking system and the accumulation of arrears to suppliers.

During the first year of office of the SLPP-led Government under the New Direction, the Ministry of Finance has implemented a number of impressive measures aimed at correcting fiscal slippages that occurred in previous years and restoring macroeconomic stability. To this end, the Ministry pursued aggressive fiscal consolidation focusing mainly on enhancing domestic revenue mobilization and expenditure rationalization, greater private sector and Development Partner engagement underpinned by transparency and accountability. Key amongst the gains from these interventions were:

- **Enhanced Domestic Revenues Mobilisation**

  Domestic revenues collected during 2018 increased to Le 4.35 trillion (14.0 percent of GDP) from Le 3.34 trillion (12.6 percent of GDP in 2017); an increase of about Le 1.0 trillion. Revenue collection started to pick up during the second quarter of 2018 following the implementation of key revenue enhancing measures including those issued under Executive Order 1 (streamlining of duty and tax waivers, implementation of the Treasury Single Account; converting the NRA Transit Accounts into sub-Treasury Account out of which payments are swept and transferred into the Consolidated Revenue Account on a daily basis, liberalisation of fuel prices and streamlining the payment of excise duties; and stronger enforcement of tax compliance). As a result, domestic revenues improved from Le 913.0 billion during Quarter 1 to Le 1.07 trillion in quarter 2, Le 1.14 trillion in quarter 3 and Le 1.22 trillion in Quarter 4.

- **Rationalised Government Expenditures**

  Total expenditures and net lending amounted to Le 6.67 trillion (21.5 percent of GDP compared to the budget of Le 7.38 trillion or 23.8 percent of GDP). The lower than anticipated expenditures resulted from measures to rationalise Government spending, including those contained in Executive Order 2 (clean the payroll; cutting down on excessive overseas and local travel costs; ensuring contract prices reflect true values; new contracts by MDAs and Public Corporations to
be cleared by the Ministry of Finance to ensure they do not constitute a financial risk to the national budget).

- **New Extended Credit Facility Program Approved by the IMF Executive Board**

After the three-year Extended Credit Facility (ECF) arrangement, approved in June 2017, went off track due to lacklustre revenue performance and expenditure overruns resulting in growing stock of budget arrears, the New Government engaged the IMF within the first 100 days in office to discuss a new IMF programme for the country. Following the successful implementation of agreed structural benchmarks including the liberalisation of fuel prices under the leadership of the Ministry of Finance, Government secured the approval of a new 43 months arrangement for Sierra Leone for SDR124.44 million (about US$172.1 million) in November 2018, to support the country’s economic and financial reforms. The approval enabled an immediate disbursement of SDR15.555 million (about US$21.5 million). The remaining amount will be phased over the duration of the program, subject to semi-annual reviews.

The Ministry is closely monitoring progress on all the agreed benchmarks especially on revenue mobilisation and expenditure controls and they remain a priority for the achievement of fiscal sustainability and medium-term growth prospects. The first review of Government economic performance under the new programme is scheduled for April 2019. Preliminary data showed that two out of the three quantitative performance criteria have been met whilst the implementation of structural reforms is progressing satisfactorily.

- **Public Financial Management Reforms**

Upon completion of the Public Financial Management Reform Strategy 2014-2017, a new PFM Reform Strategy was developed for 2018-2021. The new Strategy outlines a new management paradigm for public finance and highlights areas that the Government of Sierra Leone will prioritise over the next four years. The PFM strategy is geared towards improving the PFM cycle across the public sector and to contribute to macroeconomic stability, enhance service delivery and improve accountability across revenue and expenditure management.

The Public Financial Management Regulations to support the Public Financial Management Act of 2016 was laid in Parliament in June 2018. This provides detailed guidance on the implementation of the PFM Act 2016 thereby improving compliance.

The IFMIS Strategy 2018-2021 is currently being implemented to improve the automated budget execution and payment processes in the public sector. The IFMIS is being rolled out to 26 MDAs in addition to 30 MDAs that are already using the system, bringing the total to 56 MDAs. The PETRA accounting software was rolled out to 3 new Local Councils (Karene, Port Loko City and
Falaba). As at March 2019, 22 Councils are utilising this software. This roll-out process is geared towards increasing accountability and reporting across Local Councils and to support the achievement of fiscal discipline, efficient and effective allocation of resources, value for money and probity in the use of public funds.

These critical reforms lay the foundation needed to facilitate the needed changes in public financial management to support the long-term vision of Sierra Leone becoming a middle-income country, strengthening of PFM systems and institutions for improved fiscal discipline, alignment of resources to well-defined strategic priorities and efficient use of public resources to deliver public services.

- Improved Growth Prospects

As a result of the fiscal consolidation measures, there have now been marked increases in domestic revenue collection rates and expenditure savings thereby providing the needed fiscal space for spending on key areas such as primary and tertiary institutions, the security sector, prompt payment of NASSIT contributions, payment of subsidies to the energy sector as well as payment of wages and salaries, without resorting to Government domestic borrowing. The economic prospect has also brightened considerably to the extent that real GDP growth is projected at above 5.0 percent for 2019 from an estimated 3.7 percent in 2018. The improved outlook reflects major policy and institutional reforms resulting in increased spending in agriculture; fisheries and tourism sectors; improved business environment for growth in services; improved electricity supply, pick up in construction activities and resumption of higher-grade iron ore mining at the Marampa Mines.

This progress made in just one year in achieving the current macro-fiscal situation is supported by the successful implementation of the Medium-Term Strategic Plan of the Ministry of Finance. The details of the activities of the Ministry of Finance and their resultant impact are presented in the subsequent sections.

Re-structuring of the Ministry of Finance

In fulfilment of the manifesto commitment of strengthening public financial management, upon assumption of office, His Excellency Rtd. Brig. Julius Maada Bio unbundled the erstwhile Ministry of Finance and Economic Development into the Ministry of Finance and the Ministry of Planning and Economic Development. In accordance with the law, the Ministry of Finance is charged with the fiduciary responsibilities of both recurrent and development expenditures, while the Ministry of Planning and Economic Development will oversee data collection, national, sectoral and local council planning and monitoring, as well as coordinate development assistance and provide oversight of NGOs.
Further to this separation, the current leadership of the Ministry of Finance, led by the Honourable Minister, Mr. Jacob Jusu Saffa spearheaded the restructuring of the Ministry and produced the Ministry’s *Medium Term Strategic Plan 2019-2021*. The internal restructuring is ongoing and the implementation of the strategic plan is already underway.

The strategic objectives of this plan are anchored on nine thematic areas, which were determined in line with the Ministry’s mandate, vision and mission, its functional organisation, its SWOT analysis, the priorities of the New Direction, the top priorities of the Government, re-iterated by His Excellency, the President in the State Opening of Parliament on 10th May 2018, as well as the measures outlined in the Public Financial Management Reform Strategy 2018-2021. All relevant policies, reports and legislation were considered, particularly, the 2016 Public Financial Management Act and its Regulations; relevant tax legislation, the 2017 Public Expenditure and Financial Accountability assessment, the management and functional reviews done by the Public Sector Reform Unit and Development Partners’ reports.

*Figure 1: Strategic Objectives of the Ministry of Finance*

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**Strategic Priorities of the Ministry of Finance for 2019-2021**

**Strategic Objective 1:**
To increase domestic revenue mobilisation from 12.2% of GDP in 2017 to 20% by 2023

**Strategic Objective 2:**
To improve on expenditure management and control

**Strategic Objective 3:**
To strengthen fiscal risk management and fiduciary oversight of MDAs, SOEs and public sector projects

**Strategic Objective 4:**
To strengthen research capability of Ministry of Finance and policy formulation processes

**Strategic Objective 5:**
To improve public debt management

**Strategic Objective 6:**
To improve on the processes of budget preparation, execution and payment system

**Strategic Objective 7:**
To strengthen the administrative, human resource management & ICT capability of the Ministry of Finance for effective service delivery

**Strategic Objective 8:**
To strengthen fiscal decentralization for improved service delivery at the sub-national level

**Strategic Objective 9:**
To improve on the implementation and coordination of donor funded projects

The Strategic Plan of the Ministry of Finance was presented during the high-level consultation between His Excellency, Rtd. Brig. Julius Maada Bio and the Interim President of the World Bank
Group, Kristalina Giorgieva in March 2019. This landmark discussion concluded that, if the Strategic Plan is successfully implemented, noticeable improvements will be achieved in the overall effectiveness and efficiency of the country’s public financial management system. As a result of this renewed confidence in the economic management of the country under His Excellency, Rtd. Brig. Julius Maada Bio, increased assistance for Sierra Leone is now under consideration by senior management officials of the World Bank Group.

In order to ensure that the targeted objectives laid out in the Strategic Plan are attained, a monitoring, evaluation and reporting framework has been developed and its implementation has already commenced. The Ministry’s Leadership Team is made up of the Minister, Deputy Minister, Financial Secretary, the Principal Deputy Financial Secretary, Chief Economist, and Accountant General, and together they guide the day-to-day implementation of the measures outlined in the Strategic Plan.

The rest of the Ministry’s achievements over the last year are now presented along the themes of the nine strategic objectives.

1. **Domestic revenue mobilisation**

Within the first 100 days of the current administration, the Ministry of Finance, in collaboration with the National Revenue Authority (NRA) successfully implemented Executive Orders 1 and 2 focusing on domestic revenue mobilisation and expenditure rationalisation as follows:

- **Streamlining Duty and Tax Waivers**

The abuse and misuse of duty and tax waivers in recent years has resulted in significant loss in domestic revenue. Total revenue lost in duty waivers amounted to Le1.12 trillion during 2015-2017. To address this challenge, Government established a Special Committee to review the current process and developed an appropriate policy for granting duty and tax waivers. As a result of some of these reforms, duty and tax waivers between April 2018 and March 2019, was an estimated Le385.91 billion compared to Le.488.54 billion for the period April 2017 and March 2018. This represents a 26.5 percent gain in revenue. Request for duty waivers by private sector organisations in respect of investment agreements or Acts ratified by Parliament are being processed on a case-by-case basis. Foreign missions and international agencies continue to benefit from duty and tax waivers.
Implementation of the Treasury Single Account (TSA)

Prior to the assumption of office by the new Government, several MDAs collected and retained Government revenues, thereby undermining Government’s revenue collection efforts. Under this situation, Government borrowed domestically from the Bank of Sierra Leone through Ways and Means Advances as well as from the commercial banks at high interest rates. The result was a sharp increase in domestic debt and associated debt service payments, which crowd out expenditures in key priority sectors. Following the issuance of Executive Order 1, all MDAs that hitherto collect and retain Government revenues were directed to transfer such revenues into the Consolidated Revenue Fund (CRF) consistent with the PFM Act, 2016 and Fiscal Management and Control Act, 2017. As at April 2018, there were six TSA Agencies but after the Passage of the Finance Act 2019, the coverage of TSAs has been broadened to eleven effective January 2019 with nine TSA Agencies collecting revenue so far. These include the Pharmacy Board, Sierra Leone Roads Safety Authority, Sierra Leone Insurance Commission, Sierra Leone Standards Bureau, Audit Service Sierra Leone, National Civil Aviation, Standards Bureau, Sierra Leone Civil Aviation Authority; and Sierra Leone Police. The total revenue collected by all TSA agencies and remitted to the CRF for the period April 2018 and April 2019 was estimated at Le 337.8 billion representing 7 percent of total revenue collected for that period.

It should however, be noted that the inclusion of these revenues in the CRF will not undermine access to funds for their operational requirements. In this respect, the Ministry of Finance has reviewed their respective budgets to determine operational monthly cash requirement, which is being met from the CRF on a monthly basis and for some agencies on a weekly basis in a restricted Bank of Sierra Leone Standing Order subject to the revenues collected by each agency.

Treatment of Arrears owed by Stated-Owned Telecommunications Companies

Sierra Leone Telecommunications Company (SIERRATEL) and Sierra Leone Cable Company, SALCAB owed taxes and refunds for debt service made on their behalf by Government. As at end March 2018, SIERRATEL owed Le2.2 billion in taxes and US$ 13.8 million in debt service refunds and SALCAB, Le 11.7 billion in taxes and US$ 3.5 million in debts service refunds. The Ministry of Finance directed these agencies to pay their full liabilities. As at 31st December 2018, SIERRATEL had paid Le2.29 billion and agreed to pay US$ 100,000 on a monthly basis. Similarly, SALCAB paid Le13.08 billion and agreed to pay the remainder in monthly instalments of US$50,000.
Streamlining Payments of Excise and Customs Duties for Petroleum Products

Prior to Executive Order No 1, Oil Marketing Companies (OMCs) were paying excise taxes and duties in arrears of two months or more. This led to difficulties in reconciling payments due and actual payments made. Consistent with the Law, OMCs are now only allowed to uplift petroleum products from the depots only after the full payment of excise duties, 50 percent of import duties and all other petroleum taxes including the Infrastructure Development Fund. Measures to ensure the payment of the remaining 50 percent of import duties within 7 days of uplift are in place.

Temporary Ban on Timber Export

Executive Order 1 also temporarily prohibited the export of timber in order to understand the process of exporting timber with a view to ensuring the accurate amount of revenue due Government is paid by exporters. To this end, Government established a Committee which reviewed the timber trade. Following the findings of the committee, Government is implementing measures geared towards increasing revenue, improving transparency and accountability in the timber trade that would lead to the establishment of a regulatory body in the medium-term. As a result of amendments to the Finance Act 2018, which increased the royalty on timber from $1500 to $2500 per container, the total amount realised from timber export between October 2018 and March 2019 was $16.5 million.

Tax Legislative Reforms

The Ministry of Finance facilitated the enactment of the Extractive Industries Revenue Act (2018). Government now has legislation in place that would apply uniform fiscal terms to all mining companies (New Mining Companies when they start operations and Existing Mining Companies when their current Mining Lease Agreements come to an end). It also aimed at maximising Government revenues from the extractive sector.

Further to the enactment of the supplementary Finance Act 2018, the Ministry of Finance led the processes leading to the enactment of the Finance Act 2019. The Act aimed at, amongst other things:

- Promoting the “Made in Sierra Leone” campaign by exempting GST from supplies of local agricultural produce used exclusively for manufacturing industries such as:
  
  (a) Rubber, palm oil, coffee, cashew and similar cash crop;
  (b) Tubers such as cassava, potato, yam;
  (c) Fruits of all kinds such as pineapples, bananas, plantains; and
(d) Others, such as sorghum, cotton, beans, groundnut, sesame seeds, vegetables.

- Reducing leakages by eliminating duty waiver concessions in Agreements and contracts MDAs entered into without recourse to the Ministry of Finance.
- Enhancing disposable income of Government employees by reducing the PAYE marginal tax rate from 35% to 30%.

- **Installation of ASYCUDA WORLD software at the Customs & Excise Department**

In order to maximise efficiency in revenue collection, especially customs revenue, the National Revenue Authority has migrated from the ASYCUDA ++ system to the ASYCUDA World system. ASYCUDA WORLD is being implemented with a view to reducing the cost of doing business both on the side of traders and customs; reduce clearance time and avert some of the challenges experienced with ASYCUDA ++. It also generates trade data that can be used for statistical economic analysis. Since the installation of the ASYCUDA World System, there has been a marked increase in revenue collection. In fact, following the installation of the ASYCUDA World, a record setting Le181.5 billion was collected by the NRA during the week ending 15th March 2019.

- **Introduction of Electronic Cash Registers (ECR)**

The introduction of Electronic Cash Registers (ECR) was established by the Finance Act 2017 but no action on the implementation of its provisions was taken. Since the final Quarter of 2018, the Government has shown commitment for the implementation of the ECR. The following actions have been taken: (i) advertisement for Expressions of Interest, (ii) senior Government officials undertook study tours for strategic advice and hands-on experience from Rwanda, Zambia and Georgia; (iii) Technical evaluation of the bids is ongoing. Revenue is projected to increase substantially once the implementation of the ECR commences.

- **Impact of Revenue Mobilisation Measures**

The implementation of the above revenue-enhancing measures have already started to yield dividends with the potential to correct the fiscal slippages inherited in a more sustainable manner. The total revenue collected by the NRA (less Road User Charges-RUC) from the 1st April 2018 to 15th March 2019 reached Le4.420 trillion. Compared to the same period of the previous twelve months (April 2017 to March 2018), the revenue collected by the NRA increased by Le1.112 trillion or 33.6%, which is significantly higher than the inflation rate of 18% over this period. This represents the highest annual increase in domestic revenue mobilization since the inception of the NRA. The efforts of Government strengthen revenue mobilization by ensuring that domestic
revenue policies are simple, clear and easy to implement by NRA are been commended by our development partners.

Table One illustrates a comparative analysis of key revenue streams including revenue from Treasury Single Account Agencies for 2017 versus 2018

Table 1: Comparative Analysis of Key Revenue Streams

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue (Less RUC)</td>
<td>3,308,238</td>
<td>4,420,412</td>
<td>1,112,173</td>
<td>33.6%</td>
</tr>
<tr>
<td>DTD</td>
<td>1,956,159</td>
<td>2,530,679</td>
<td>574,520</td>
<td>29.4%</td>
</tr>
<tr>
<td>ITR</td>
<td>1,238,564</td>
<td>1,640,604</td>
<td>402,040</td>
<td>32.5%</td>
</tr>
<tr>
<td>GST</td>
<td>717,595</td>
<td>890,075</td>
<td>172,480</td>
<td>24.0%</td>
</tr>
<tr>
<td>CSD</td>
<td>847,535</td>
<td>1,093,757</td>
<td>246,222</td>
<td>29.1%</td>
</tr>
<tr>
<td>Import Duty</td>
<td>482,820</td>
<td>656,524</td>
<td>173,704</td>
<td>36.0%</td>
</tr>
<tr>
<td>Petroleum Excise</td>
<td>352,020</td>
<td>406,126</td>
<td>54,106</td>
<td>15.4%</td>
</tr>
<tr>
<td>Import Excise</td>
<td>12,695</td>
<td>16,611</td>
<td>3,916</td>
<td>30.8%</td>
</tr>
<tr>
<td>Special Tax and Duties</td>
<td>-</td>
<td>14,496</td>
<td>14,496</td>
<td></td>
</tr>
<tr>
<td>NTR</td>
<td>504,544</td>
<td>795,976</td>
<td>291,432</td>
<td>57.8%</td>
</tr>
<tr>
<td>Mines</td>
<td>190,631</td>
<td>189,743</td>
<td>(888)</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Other Depts.</td>
<td>313,913</td>
<td>606,232</td>
<td>292,319</td>
<td>93.1%</td>
</tr>
<tr>
<td>Royalties etc. on Fisheries</td>
<td>80,197</td>
<td>109,237</td>
<td>29,040</td>
<td>36.2%</td>
</tr>
<tr>
<td>Parastatal Dividend</td>
<td>42,987</td>
<td>120</td>
<td>(42,867)</td>
<td>-99.7%</td>
</tr>
<tr>
<td>Freight Levy</td>
<td>5</td>
<td>-</td>
<td>(5)</td>
<td>-100.0%</td>
</tr>
<tr>
<td>Other Revenues (Inc. Timber)</td>
<td>190,725</td>
<td>189,215</td>
<td>(1,510)</td>
<td>-0.8%</td>
</tr>
<tr>
<td>TSA</td>
<td>-</td>
<td>307,660</td>
<td>307,660</td>
<td></td>
</tr>
</tbody>
</table>

2. Improving Expenditure Management and Control

Expenditure management is the second arm of the economic management measures being implemented by the Ministry of Finance under the New Direction. In a bid to reduce wasteful and unproductive expenditures with a view to ensure fiscal sustainability, within the First 100 days in office Government issued Executive Order 2 detailing a number of expenditure management and control measures, which are being implemented by the Ministry of Finance. Pursuant to this, the Ministry has also undertaken additional expenditure control measures that have yielded results in only one year.
Rationalising the Government Wage Bill

The Government Wage bill accounted for 30% of Government expenditure and 60% of domestic revenue in 2017. It also accounted for 6.7% of GDP in 2017. The Payroll Cleaning exercise has been elevated by enhanced supervision of the Payroll Oversight Committee in monitoring the evolution of the Government payroll.

To ensure that the wage bill does not become unsustainable, the Ministry of Finance, through the Accountant-General’s Department reviewed and rationalised the Government Payroll by ensuring that all public sector workers above the age of 60 years were removed from the payroll effective end May 2018, except for medical personnel and teachers, whose deadline was extended to end August 2018. As a result of this policy, savings to the Government has provided the fiscal space to recruit additional 5,000 energetic medical personnel, 5,000 teachers to support the Free Quality Education, 1,000 Police officers and 1,000 mainstream civil servants.

The Ministry of Finance embarked on a series of exercises as part of the efforts to clean and effectively manage the Government payroll. Among these are: cross data verification with NASSIT; cross data verification with commercial banks to identify all public sector workers without BBAN, a biometric data verification exercise with the National Civil Registration Authority (NCRA), an internal audit of payroll data and more recently a scientific analysis of payroll data carried out by the Directorate of Science, Technology and Innovation. Implementation of policy recommendations, underpinned by these data verification exercises, will prevent cases of dual employment on the Government payroll and eliminate ghost workers. As part of the ongoing reforms, the process of bringing the universities into the Government payroll is ongoing.

As promised in the 2019 Statement of Economic and Financial Policies presented to Parliament by the Honourable Minister of Finance, support is being sought for the establishment of a Salaries and Wages Commission to harmonise wages across the public sector and ensure sustainability of payroll management reforms. A consultant was recruited who produced an inception report on the establishment of the Wages and Salaries Commission.

Review of Policy on Overseas Travel

Expenditure on overseas travel accounts for a significant proportion of the recurrent expenditures of MDAs. The Ministry of Finance is now reviewing all requests for overseas travel to ensure that the cost of tickets and per diems funded from the CRF are limited to statutory meetings and special training needs. More importantly, the Ministry of Finance also ensures that travel costs of MDAs are within their approved budgets. Government has been able to achieve savings from the implementation of these policy measures of Le2.66 billion in 2018 foreign travel.
Payments for Fuel, Telephone and Internet Services

Government, within the first 100 days in office, as part of its expenditure control measures discontinued payments for fuel, internet and mobile phone services in the residences of public servants. This contributed to substantial savings in the recurrent budget.

New recruitments

The Ministry of Finance is monitoring the implementation of Executive Order No. 2 relating to the moratorium on new recruitments by constantly reviewing the payroll of MDAs. In the event of a need for recruitments, following internal assessments by MDAs of human resource requirements, prior approval is sought from the Office of the President and Ministry of Finance verifies that they are within budgetary limits.

Public Procurement

To ensure value for money, the Ministry of Finance, as per the amendments in the Finance Act 2019, has formally informed all MDAs that all public procurement transactions above the threshold of Le100 million (one hundred million Leones) should be done through open competitive bidding, except under compelling circumstances such as natural disasters and epidemics as well as security hardware as provided for by the Public Procurement Act 2016.

In line with section 23 of the Bank of Sierra Leone Act (2011), prices for contracts shall be quoted and payable only in the local currency (Leones). Government contracts would henceforth be awarded in the local currency. With this measure, all contracts that were earlier negotiated in US$ are now to be paid in the local currency. More importantly, all new contracts by MDAs and public corporations are being cleared by the Ministry of Finance to ensure they do not constitute a major deviations from the budget and the inherent foreign exchange risk.

In addition to direct expenditure control measures, audit processes and measures are continuously being strengthened by the Ministry of Finance to ensure conformity with international standards and good practices.

Implementation of the Auditor-General’s Recommendations and Strengthening of Audit Committees across MDAs

During the first 100 days of the Government, the Ministry of Finance carried out a review of the system used to track and monitor the status of audit recommendations, and in addition reviewed progress made by the MDAs in implementing the recommendations of the Auditor General’s 2015
Annual Audit Report. A revised database for all recommendations in the 2015 Annual Report of the Auditor General was developed for monitoring purposes. This system is being used to follow up on the recommendations of subsequent audits.

Within a year, the Internal Audit Division of the Ministry developed a number of tools for MDAs to improve their knowledge, awareness, responsibilities and accountabilities relevant to the implementation of the Auditor General’s recommendations within their respective MDAs; including the risks and penalties that can result from non-implementation of audit recommendations. These include a ‘Good Practice Guide for Audit Committees’, an ‘Internal Audit Strategy’, an ‘Internal Audit Customer Handbook’ and ‘How to get Action on Audit Recommendations’. These have also been uploaded on the Ministry’s website. Furthermore, internal audit manuals for both Central Government and Local Councils were revised to make them more user friendly.

Ten (10) Audit Committees across selected MDAs have been reconstituted and trained in line with the Public Financial Management (PFM) Regulations of 2018. An additional five (5) audit committees have been reconstructed and will start effective operation during the second half of 2019. The Government Audit Committee, which would serve as an umbrella audit committee to all the other committees in other various MDAs, has also been formed. An effective Audit Committee plays a major role in ensuring that audit recommendations are implemented and the independence of auditors is enhanced. This will go a long way in ensuring that controls in the various MDAs are upheld.

- **Technical Audit of Roads & Energy Projects, Telecommunication Companies & NASSIT**

With support from DfID, Government has subjected the National Social Security and Insurance Trust to a forensic audit. A technical audit is also being carried out on infrastructure projects funded by Government to ascertain whether the amount paid so far is commensurate with works done. In addition, the telecommunications companies will also be audited to determine the accuracy of tax and other revenues paid to Government and at the same time determine a baseline of the potential tax revenue to be paid by these companies. The findings and recommendations of this exercise would help inform Government’s fiscal policy.

- **Development of an Enterprise Risk Management (ERM) Policy and Framework**

The Internal Audit Division, through support from the Commonwealth Secretariat, has successfully developed an Enterprise Risk Management (ERM) Policy and framework for Government. Once adopted by the Government, it will bring a systematic and disciplined approach to risk management. This will enhance controls and improve on the efficiency and effectiveness of MDAs operations.
Coaching and Mentoring of Internal Auditors in the Local Councils

The Internal Audit Division as part of its Annual Work Plan has been providing coaching and mentoring for Internal Auditors in the Local Councils. The purpose of the coaching and mentoring is to improve the capacity of Local Councils internal audit staff to develop personally and professionally in carrying out audit assignments and also to provide support for the development of Auditors in understanding and appreciating internal auditing in the Local Council context.

Capacity Building for Internal Audit Staff

The capacity of fifteen (15) senior internal audit staff has been improved on a Computer Assisted Audit Technique (CAAT) called Audit Command Language (ACL). This training has equipped Internal Auditors in the various MDAs to carry out audits involving large volumes of data and at the same time run series of audit tests to achieve the audit objective.

The Internal Audit Division in a bid to further professionalise the department has registered twenty-five (25) Senior Internal Audit Staff with the Institute of Internal Auditors (IIA) Global to take the Certified Internal Auditor (CIA) exams. The IIA being the globally recognized body for internal auditors coupled with the CIA being the global internal audit qualification certification will enhance the performance of internal auditors in government.

Impact of Expenditure Control Measures

As Government as strengthened fiscal discipline and transparency in the management of public resources, expenditures declined to an average of Le 230.8 billion during April to December 2018 from Le 535.2 billion per month for the same period in 2017. The overall budget deficit including grants, decreased from 8.7% of GDP in 2017 to 6.1% of GDP in 2018.

3. Fiscal Risk Management and Fiduciary Oversight

Establishment of Fiscal Risks and Oversight of State-Owned Enterprises Division.

During the assessment of the capability of the Ministry of Finance to exercise its mandate to ensure a prudent, efficient, effective and transparent use of public funds, it became clear that was a need to maintain prudent levels of outstanding debt of the general government so as not to impose an inequitable burden on future generations and manage prudently the fiscal risks faced by Sierra Leone. If left unaddressed, these fiscal risks would bring significant revenue shortfalls or
expenditure increases to the Government. The existing fiscal risks disclosure and analysis in the country before the new administration was incomplete, fragmented and lacked quantitative robustness.

Hence the Fiscal Risks and Oversight of State-Owned Enterprises (SOEs) Division was established within the Ministry of Finance to strengthen fiscal risk management and fiduciary oversight of MDAs, SOEs and public sector projects. This division has made tangible gains in the last year of governance and necessary permissions are now been sought to further capacitate this division especially in terms of human resources.

- **Provision of Technical Support to Government’s Financial Negotiations**

The Fiscal Risks Division of the Ministry of Finance provided technical support in the successful renegotiation of several Power Purchase agreements (PPAs) signed by the previous Administration, which would have otherwise culminated in considerable financial losses to Government; including Karpower Ship and Planet Core Solar Energy Group. A case in point, is the renegotiation of the Karpower Ship Agreement from which Government was able to secure a net savings of US$20 million over the two year duration of the contract.

- **Fiduciary Oversight of State-Owned Enterprises**

The Public Financial Management Act (PFMA) of 2016 specifies that the activities of State Owned Enterprises (SOEs) be submitted to Parliament each year and be made available to the public through publication. For the first time ever in Sierra Leone, it is under the current administration that the budget of State-Owned Enterprises were included in the National Budget as Annexes.

Most of the non-financial sector SOEs are making significant losses due to decrease in income and inefficiencies in their operations. For example, payables for these SOEs increased by 25 percent from 2015 to 2016, reaching close to 2 percent of GDP. The two state-owned commercial banks, until recently, were carrying huge non-performing loans, which had culminated into massive retained losses. As a result of the oversight provided by the Ministry of Finance and the Bank of Sierra Leone under the current fiscal regime, the two State-Owned commercial banks are now on a profit-making trajectory.

- **Support to the establishment of a Student Loan Scheme**

One of the political commitments of the New Direction, is the establishment of a Student Loan Scheme to enable deserving students to access higher education. This political commitment was reiterated by His Excellency the President during his first address to the House of Parliament.
light of this, the Ministry of Finance has initiated the process of establishing a student loan scheme, which will allow tertiary institutions to charge realistic fees and increase access to tertiary education.

4. **Strengthening Research Capability and Policy Formulation**

Historically, the Economic Policy and Research Unit (EPRU) has been charged with policy management and economic research. However in order to strengthen the Ministry of Finance’s policy management and economic research capacities, it has been separated into the Macro-Fiscal Division and the Research and Development Division. However, both Divisions work closely together so that research supports policy formulation and implementation. They led in the provision of technical support on activities which culminated in the following achievements during the first year of the current government.

- **Re-launch of the Extended Credit Facility (ECF) with the International Monetary Fund (IMF)**

The ECF programme of the IMF derailed under the previous administration mainly due to weak domestic revenue collection resulting from the non-implementation of structural measures agreed with the Fund. Following the re-engagement of the IMF by the Government, just about one week upon assumption of office, the Macro-Fiscal Division provided technical assistance in coordinating the successful completion of the measures identified as pre-conditions for the negotiation of a new programme. These measures, which required that an agreed macro-fiscal and financial situation was attained, were successfully implemented. On 30th November 2018, a new ECF programme for SDR124.44 million (about US$172.1 million) was approved for Sierra Leone. $21.5 million was immediately disbursed. The Divisions are working to ensure that the country remains on track to benefit from subsequent disbursements.

- **Mobilisation of Budget Support**

The implementation of structural reforms weakened in recent years. The situation was compounded by the inability of the previous Government to take corrective reform measures leading to the derailment of the Extended Credit Facility (ECF) programme with the International Monetary Fund (IMF). Consequently, most development partners withheld budget support. These developments culminated in a sharp increase in domestic debt and related high debt service payments as well as the build-up of huge arrears owed to suppliers of goods, services and works.

In 2018, the Ministry of Finance engaged Development Partners to initiate discussion on not only re-activation of budget support for Sierra Leone, but also the enhancement of the budget support
that was not disbursed by Development Partners in 2017. Against this background, in addition to the structural benchmarks agreed with the IMF, policy reforms and prior actions specific to the Budget Support Development Partners were agreed to serve as budget support triggers.

The Ministry of Finance successfully coordinated the attainment of all the policy reforms and agreed prior actions. This has led to a disbursement of 23.5 million euros budget support from the European Union in December 2018 and Sierra Leone being on track to receive $40 million from the World Bank (originally $20 million), and $21 million from the African Development Bank in Quarter One of 2019.

- **Production and contributions to policy documents**

The Ministry of Finance over the last year successfully produced and contributed to policy documents that have supported the current administration’s economic and public financial management. Key amongst these were:

- The first official Fiscal Strategy Statement (FSS) with clearly defined fiscal objectives;
- The Statement of Economic and Financial Policies (Budget Speech) of the new Government was produced and submitted to Cabinet and Parliament on time.
- The 2018 Economic Bulletin is on track to be published in the first half of 2019.

- **Economic Research Capacity Building**

When the Ministry has finalised the financing agreement with the European Union (EU) for budget support under the State Building Contract covering the period 2018-2020, 5 Million Euros was allocated for complementary measures through technical assistance. In addition to the technical assistance provided by this project in areas covering public financial management, specific assistance has been provided for the Research and Development Division. This saw the successful launch of economic research capacity building workshops and policy clinics for staff of the Ministry of Finance, Ministry of Planning and Economic Development, the National Revenue Authority Research Department and the Bank of Sierra Leone Research Department. This first cohort of trainees are on course to start producing research on topical macro and micro economic areas to support the Government’s policy formulation and implementation process.
5. Improving Public Debt Management

In spite of the significant debt relief granted under the Heavily Indebted Poor Countries Initiative (HIPC) and the Multilateral Debt Relief Initiative (MDRI) in 2006, the 2018 Debt Sustainability Analysis is pointing towards the direction of Sierra Leone becoming a country at high risk of debt distress, if prudent debt management practices coupled with intensive domestic revenue mobilization measures are not adopted, going forward.

In support of efforts to maintain the public debt at the sustainable threshold of not more than 70 percent of GDP in nominal terms and 55 percent of GDP in Present Value (PV) terms, in the first year of President Julius Maada Bio’s administration, with respect to public debt management, the Ministry of Finance achieved the following:

- **Development of a Medium Term Debt Strategy**

  The Ministry developed and is currently implementing a Medium Term Debt Strategy to guide Government borrowing actions and debt management from 2018 to 2022. This strategy informs Government’s borrowing approach in the short to medium term to minimise costs and risks in the debt portfolio.

- **Timely Debt Sustainability Planning**

  The Ministry completed the assessment of Sierra Leone’s external debt outlook using the new IMF and World Bank Low Income Country – Debt Sustainability Framework (LIC-DSF) framework. Sierra Leone is the first country in the Anglophone West African Region to apply the template. This level of debt planning is also currently guiding borrowing decisions to prevent Sierra Leone from risk a country at risk of ‘debt-distress’. In addition, following a financial and technical/forensic audit of these arrears with support from DfID, a strategy for the clearance of the arrears has been developed.

- **Preparatory work to access international capital markets**

  In just one year, the Ministry of Finance has commenced preparatory activities to enable Sierra Leone to undergo a sovereign credit rating process by Moody’s Credit Rating Agency. This is a precondition for mobilizing funds from the international capital markets. This would increase access to finance from the International Capital Market and will complement domestic resources to promote Government development agenda.
Impact of Public Debt Management Measures

As a result of the debt management measures implemented by the Ministry of Finance:

- Government’s borrowing has been targeted at critical infrastructure projects and the conversion of verified arrears into explicit debt instruments.
- Reduction in domestic borrowing: Government significantly reduced domestic borrowing for financing the budget to Le564.71 billion in 2018 from Le1.02 trillion in 2017 (decline by 44.4%).
- Cancellation of unsustainable loans: Two loan agreements totalling US$300 million were cancelled by Government due to the risks they posed to debt sustainability.
- Timely debt re-payment: Ensured timely payments of both domestic and external debt service without accruing arrears.
- Stock-Take and financial audit of domestic arrears: on assumption of office by the current administration, the Ministry of Finance collated the stock of domestic arrears, including the outstanding stock of payments for Contracts entered into by MDAs for goods and services and infrastructure projects as at 31st May 2018. Total arrears amounted to Le11.59 trillion (US$1.37 billion) including printed cheques at the Bank of Sierra Leone and the Accountant-General’s Department amounting to Le1.3 trillion and unprocessed vouchers for infrastructure projects of Le200 billion.

6. Improving the Budget Preparation, Execution and Payment System

Budget Management constitutes an integral part of the Ministry of Finance’s mandate. Being a service Ministry for all other MDAs, an efficient budget preparation, execution and payment system are key to efficient service delivery. Mainly implemented by the Budget Bureau and the Accountant General’s Department, the following were achieved in the last year in terms of budget preparation and execution:

- Development of a revised Medium Term Expenditure Framework Guidelines

A revised Medium Term Expenditure Framework Guidelines (MTEF) was developed to replace the 2012 Guidelines; taking into cognisance transformation in the budget formulation and execution process. The new guidelines will support MDAs to formulate their budget and adopt a logical framework for linking strategies, outputs and expenditures to national development goals and objectives as well as prioritise programs and activities.
Timely preparation of a comprehensive National Budget for Parliamentary approval

The preparation of the 2019 Budget was completed on time and a comprehensive national budget, incorporating the budgets of State Owned Enterprises, forecasts of Local Councils’ revenue and expenditures and other off Budget Agencies, was submitted to Parliament and successfully defended.

In order to maintain the timely preparation of a comprehensive national budget, Foreign Funded Project Funds source codes have been incorporated into the Performance Budget and Financial Accountability Modules in the IFMIS. Budget Officers have also been redeployed to their respective MDAs to expedite budget planning and execution.

Budget Execution in line with the priorities of Government

Geared towards human capital development and Government’s commitment to the various signed international statutory treaties, policy directives to increase the Education, Health and Agriculture budgetary allocations to 21%, 10% and 5% of the total budget respectively for FY2019 were implemented. These are currently being executed by the Budget Bureau and Accountant General’s Department.

• Improved financial management and reporting by the Public Sector

The Ministry of Finance has improved on financial reporting in the Public Sector by timely preparation of the 2018 Annual Statement of Public Accounts as mandated in the PFM Act of 2016 and obtaining a clean audit opinion on the 2017 Annual Statement of Accounts.

In addition, in the last year, a financial reporting template for Sub-vented Agencies was launched and has increased awareness of financial reporting in the Public Sector and compliance with International Public Sector Accounting Standards (IPSAS). This increased transparency and accountability is enhanced by the publication of monthly Statements of revenues and expenditures of the Consolidated Fund.
7. Strengthening Fiscal Decentralisation at Sub-national level

The Ministry of Finance successfully implemented activities to support Government’s commitment to strengthen service delivery of devolved functions via fiscal decentralisation.

- **Increased disbursement to Local Councils**

Disbursement to Local Councils for devolved functions more than tripled to Le106 billion compared to Le30.9 billion disbursed in FY 2017. Of this amount, about Le31.1 billion was disbursed to councils in support of the national monthly cleaning exercise. The national monthly cleaning exercise has significantly contributed to the reduced incidence of flooding in major cities and towns nationwide as well as improved waste management across the country.

- **Timely budget submission by Local Councils**

The Ministry of Finance successfully conducted effective bilateral budget discussions in all 22 Local Councils. In addition to these discussion, hands-on budget formulation support to all Local Councils resulted in all 22 Local Councils including the three newly established ones submitting their approved FY2019 budgets on time. This support is expected to improve local participation and oversight in council budget process. Partnerships with Civil Society Organisation to educate citizens on Local Councils’ revenue management and budget preparation and execution processes were also initiated.

- **Capacity building for increased own-source revenue general by Local Councils**

The Ministry of Finance successfully undertook capacity building for the new political heads of local councils on management and administration of local councils’ finances and on understanding of the Intergovernmental Fiscal Transfer System. Support was also provided to develop strategies to improve own-source revenue. As a result, own revenue generation by local councils with improved collaboration with chiefdom authorities improved. Recorded own source revenues for the first half of 2018 was about Le15 billion compared to an annual revenue collection of about Le21 billion in 2017.

9. **Improving the Implementation and Coordination of Donor Funded Projects**

Projects are means of providing services directly to the citizens. As a result of improved management of the economy, coordination and fiduciary management of donor funded projects by the Ministry of Finance, the Government of Sierra Leone was able to sign several beneficial
projects on behalf of its citizens and is committed to providing the required counterpart funding where applicable.

- **Projects signed in 2018 and 2019**

  - **Rural Finance and Community Improvement Project (additional financing):** this $9 million part loan and part grant funded by IFAD will improve access to rural financial services to develop the agricultural sector.

  - **The Sierra Leone Agro Processing Competitiveness Project:** this project with an estimated total cost of $10 million provided by the World Bank on a loan basis, will improve the business environment in the agri-business sector and increase the productivity of targeted agro-processing firms in Sierra Leone.

  - **Sierra Leone Skills Development Project:** this project with an estimated total project cost of $20 million is a loan provided by the International Development Association and World Bank. As part of this project, capacity building and systems strengthening would be provided for selected training institutions so that they can improve on the quality of their training programs and introduce new short courses for out-of-school unemployed youth with specific focus on the girl child. It is expected to build the foundation for a demand led skills development system.

  - **Financial Inclusion Project:** this project estimated at $12 million is funded by the International Development Association and World Bank. On successful implementation, it will increase the interoperability of digital payments and increase access to financial services nationwide.

The Table Two summarises the amount of external resources mobilised by the Government of Sierra Leone within the last year. A remarkable achievement is the fact that during the President’s visit to the World Bank with top Leadership from the Ministry of Finance, the delegation was able to mobilise additional resources for key projects including the Free Quality Education Programme. Several other development projects are also currently in the pipeline.
### Concessional Credit / Loans Mobilised

<table>
<thead>
<tr>
<th>Title of Agreement</th>
<th>Funding Agency</th>
<th>Amount in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLSG Interconnection Project</td>
<td>World Bank Group-International Development Association (IDA)</td>
<td>59,570,000</td>
</tr>
<tr>
<td>SL Agro-Processing Competitiveness</td>
<td>World Bank Group-International Development Association (IDA)</td>
<td>10,000,000</td>
</tr>
<tr>
<td>SL Skills Development Project</td>
<td>World Bank Group-International Development Association (IDA)</td>
<td>20,000,000</td>
</tr>
<tr>
<td>Rural Finance &amp; Community Improvement Program (Phase II) Additional Financing</td>
<td>International Fund for Agricultural Development (IFAD)</td>
<td>4,500,000</td>
</tr>
<tr>
<td>Freetown WASH &amp; Aquatic Environment Revamping</td>
<td>African Development Bank Group (AfDB)</td>
<td>9,091,500</td>
</tr>
<tr>
<td>Financial Inclusion</td>
<td>International Fund for Agricultural Development (IFAD)</td>
<td>12,000,000</td>
</tr>
<tr>
<td>Agriculture Value Chain Development</td>
<td>International Fund for Agricultural Development (IFAD)</td>
<td>5,900,000</td>
</tr>
<tr>
<td>Regional Rice Value Chain Development</td>
<td>Islamic Development Bank (IDB)</td>
<td>15,000,000</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td><strong>136,061,500</strong></td>
</tr>
</tbody>
</table>

### Grant Resources Mobilised

<table>
<thead>
<tr>
<th>Title of Agreement</th>
<th>Funding Agency</th>
<th>Amount in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freetown Emergency Recovery Project</td>
<td>World Bank Group-International Development Association (IDA)</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Greater Freetown Water Supply and Sanitation Project</td>
<td>ADB/AWFSF</td>
<td>2,303,180</td>
</tr>
<tr>
<td>Drilling of 100 Solar Powered Boreholes and Rural Development</td>
<td>Saudi Fund for Development (SFD)</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Rural Finance &amp; Community Improvement Program (Phase II) Additional Financing</td>
<td>International Fund for Agricultural Development (IFAD)</td>
<td>4,500,000</td>
</tr>
<tr>
<td>Freetown WASH &amp; Aquatic Environment Revamping</td>
<td>African Development Bank Group (AfDB)</td>
<td>5,220,000</td>
</tr>
<tr>
<td>Agriculture Value Chain Development</td>
<td>International Fund for Agricultural Development (IFAD)</td>
<td>5,900,000</td>
</tr>
<tr>
<td>Second Productivity and Transparency Support Grant Development Policy Financing</td>
<td>World Bank Group-International Development Association (IDA)</td>
<td>40,000,000</td>
</tr>
<tr>
<td>Regional Rice Value Chain Development</td>
<td>Islamic Development Bank (IDB)</td>
<td>7,300,000</td>
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<tr>
<td>Rehabilitation and Extension of the Bo-Kenema Distribution System</td>
<td>African Development Bank Group (AfDB)</td>
<td>35,980,000</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td><strong>116,203,180</strong></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td></td>
<td><strong>252,264,680</strong></td>
</tr>
</tbody>
</table>

Table 2: Mobilisation of External Resources April 2018-April 2019
### Additional Resources Mobilised by H.E. during his visit to World Bank Headquarters

<table>
<thead>
<tr>
<th>Project/Programme*</th>
<th>Original Amount (USD)</th>
<th>Additional Resources (USD)</th>
<th>Total (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smallholder Commercialization and Agribusiness Development</td>
<td>40,000,000</td>
<td>30,000,000</td>
<td>70,000,000</td>
</tr>
<tr>
<td>Energy Sector Utility Reform</td>
<td>40,000,000</td>
<td>50,000,000</td>
<td>90,000,000</td>
</tr>
<tr>
<td>Social Safety Nets</td>
<td>20,107,000</td>
<td>30,000,000</td>
<td>50,107,000</td>
</tr>
<tr>
<td>Freetown Integrated Urban Transport</td>
<td>0</td>
<td>50,000,000</td>
<td>50,000,000</td>
</tr>
<tr>
<td>Free Quality Education</td>
<td>0</td>
<td>70,000,000</td>
<td>70,000,000</td>
</tr>
<tr>
<td><strong>Total (USD)</strong></td>
<td><strong>100,107,000</strong></td>
<td><strong>230,000,000</strong></td>
<td><strong>330,107,000</strong></td>
</tr>
</tbody>
</table>

*The Social Safety Nets, Energy Sector Utility Reform and Freetown Integrated Urban Transports have been negotiated and the resources are all grants. The other two projects would be negotiated before June 30, 2019.*

### Project Fiduciary Management

The Ministry of Finance has established a Project Fiduciary Management Unit to ensure the effective utilisation of donor resources. This Unit provided leadership in the preparation, appraisal, negotiations and effectiveness of the following projects:

- Sierra Leone Agro-Processing Competitiveness Project USD $10.997 million including Project Preparatory Advance-PPA (effective, and implementation ongoing)
- Freetown Emergency Recovery Project USD $10 million (effective, and implementation ongoing)
- Freetown Landslide and Floods Impact Emergency Recovery Project USD $1.280 million (effective, and implementation ongoing)
- Sierra Leone Skills Development Project USD $22 million (effective, implementation yet to commence)

The Project Fiduciary Management Unit (PFMU) of the Ministry of Finance successfully completed the fiduciary management of a $26 million World Bank funded Decentralized Service Delivery Project Phase 2 which ended 30th September 2018. The project was focused on translating institutional and organisational capacity into better service outcomes with continued focus on refining the grants transfer system to local councils and mitigating cross-cutting constraints.

PFMU successfully conducted and completed a $5.70 million procurement process under PFMICP project for the International Competitive Bidding (ICB) in respect of the Supply, Configuration and Implementation of an Integrated Tax Administration System (ITAS) at the National Revenue Authority (NRA). Once the system is up and running, it will improve NRA revenue generation performance to finance government programmes.
Salvaging problematic projects

In the last year, the fiduciary services of the PFMU were solicited on diverse occasions to salvage problematic projects fraught with management and operational challenges that often result in the thorny issues of ineligible expenditures and underutilisation of approved funds in a timely manner.

Rather than face the risk of project cancellation that may impact negatively on the overall country portfolio, Government and the World Bank agreed to cede fiduciary responsibility of the following projects to the PFMU which are now back on track:

- Sierra Leone Integrated Household Survey Project (SLIHS)
- West African Regional Fisheries Project AF (WARFP AF)
- Public Financial Management Improvement and Consolidation Project AF (PFMICP AF)

7. Strengthening the Administrative, Human Resource Management, Information, Communication and Technology (ICT) capability of the Ministry of Finance for effective service delivery

The Ministry of Finance has in the last year undertaken measures to improve on service delivery for the public and welfare of staff of the Ministry. Whilst the impact of most the achievements across office administration, human resource management and public relations are internal to the Ministry, below are highlights of key achievements in ICT that have also impacted our partners and the general public.

- Achievements in ICT
  - Installed 100MB via fibre optic links for internet connectivity and the transmission of data between MoF and the Bank of Sierra Leone for the implementation of the Treasury Single Account.
  - Worked with FreeBalance and the Accountant General’s Department to develop and print WAMZ Micra Cheques for the running of payroll and other charges locally.
  - Installed giant digital display boards outside the Ministry to keep the public abreast of the Ministry’s activities and enhance transparency.
  - Constructed a Tier III level Data Centre Building to house the core server infrastructure and critical equipment and installed a video conferencing suite for communications between MoF and partners.
  - Developed a new domain and website for the Ministry of Finance. Web address [www.mof.gov.sl](http://www.mof.gov.sl) to promote accountability and transparency.
Conclusion

Within the first year of leadership of His Excellency Retired Brigadier Julius Maada Bio, the Ministry of Finance has demonstrated that it is now well-positioned to undertake the required fiscal consolidation reforms aimed at improving transparency and accountability in the country. Through its existing pool of expertise across the different thematic areas, the Ministry of Finance is now set on a different trajectory to deliver the transformative results envisaged under the New Direction, and has placed the country on an improved macroeconomic path, so as to change the narrative of Sierra Leone within the broader global development community. The Leadership and staff of the Ministry of Finance remain committed to the successful delivery of the Ministry’s strategic objectives and the overall success of the Government of His Excellency, Rtd. (Brig) Julius Maada Bio.