

Government of Sierra Leone



Ministry of Finance

PUBLIC FINANCIAL MANAGEMENT

REFORM STRATEGY AND PLAN

2023 – 2027



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ACRONYMS

ACC	Anti-Corruption Commission
AfDB	African Development Bank
AFRITAC West 2	Regional Technical Assistance Centre in West Africa (IMF)
AG	Auditor General
AGD	Accountant General Department
ASSL	Audit Service Sierra Leone
ASYCUDA	Automated System for Customs Data
BCC	Budget Call Circular
BSL	Bank of Sierra Leone
CEDAW	Convention for the Elimination of all forms of discrimination against women
CMC	Cash Management Committee
CMU	Cash Management Unit
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
DEMPA	Debt Management Performance Assessment
DFMST	Directorate of Financial Management Systems and Technologies
DP	Development Partner
DSA	Debt Sustainability Analysis
ECOWAS	Economic Community of West African States
ECR	Electronic Cash Register
EUD	European Union Delegation
FCDO-UK	Foreign, Commonwealth and Development Office of the United Kingdom
FDI	Foreign Direct Investment
FSS	Fiscal Strategy Statement
FY	Fiscal Year
GDP	Gross Domestic Product
GFSM	Government Finance Statistics Manual
GIAC	Government Internal Audit Competency
GoSL	Government of Sierra Leone
GRB	Gender Responsive Budgeting
HRMO	Human Resources Management Office
IA	Internal Audit
IAC	Internal Audit Committee
IAD	Internal Audit Directorate
IBP	International Budget Partnership
ICT	Information and Communications Technology
IFMIS	Integrated Financial Management Information System
IMC	Inter-Ministerial Committee
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standard
IT	Information Technology
ITAS	Integrated Tax Administration System
LGFC	Local Government Finance Committee
LGFD	Local Government Finance Department
LGSC	Local Government Service Commission
MDA	Ministries, Departments and Agencies
M&E	Monitoring & Evaluation
MLGRD	Ministry of Local Government and Rural Development
MoF	Ministry of Finance
MoPED	Ministry of Planning and Economic Development
MPD	Multilateral Project Division
MTDNP	Medium-Term National Development Plan
MTDS	Medium Term Debt Strategy
MTEF	Medium Term Expenditure Framework
MTR	Medium Term Review
NaMED	National Monitoring and Evaluation Directorate
NASSIT	National Social Security and Insurance Trust
NGO	Non-Governmental Organization
NPIOM	National Public Investment Operations Manual

NMA	National Mineral Agency
NAGPC	National Asset and Government Property Commission
NPIP	National Public Investment Policy
NPPA	National Public Procurement Authority
NRA	National Revenue Authority
NSA	Non-State Actor
OBI	Open Budget Indicator
OBS	Open Budget Survey
PAC	Public Accounts Committee
PBS	Pre-Budget Statement
PDIA	Problem Driven Iterative Approach
PDMD	Public Debt Management Division
PEFA	Public Expenditure and Financial Accountability
PETS	Public Expenditure Tracking Survey
PFM	Public Financial Management
PFM RSP	Public Financial Management Reform Strategy and Plan
PFMRD	Public Finance Management Reform Division
PFMRU	Public Finance Management Reform Unit
PFM-SC	Public Finance Management Steering Committee
PFM-TC	Public Finance Management Technical Committee
PIM	Public Investment Management
PIMA	Public Investment Management Assessment
PIMU	Public Investment Management Unit
PI	Performance Indicator
PIC	Public Investment Committee
PIP	Public Investment Program
PIU	Project Implementation Unit
PPCP	Public Private Community Partnership
PPP	Public Private Partnership
QAIP	Quality Assurance and Improvement Program
RMS	Revenue Mobilization Strategy
SLIMM	Sierra Leone Integrated Macroeconomic Model
SSL	Statistics Sierra Leone
SOE	State-Owned Enterprise
SOP	Standard Operating Procedure
SVA	Sub-Vented Agency
TAC	Transparency and Accountability Committee
TADAT	Tax Administration Diagnostic Assessment
TGA	Tax Gap Analysis
ToR	Terms of Reference
TSA	Treasury Single Account
TTWG	Thematic Technical Working Group
VC	Vote Controller
WB	World Bank
YER	Year-End Report

1. FOREWORD

Sierra Leone, as all countries in the world and particularly low-income countries, is experiencing internal and external shocks following the slowdown in the global economy triggered by the conflicts in Eastern Europe and now in the Middle East with the subsequent geopolitical disruptions. As a result, Sierra Leone macroeconomic and fiscal vulnerabilities have been exacerbated. This unstable situation calls for strengthening public finance management efficiency to return to fiscal consolidation and create fiscal space to support developmental and poverty reduction policies.

At this juncture, the new Sierra Leone Public Financial Management Strategy 2023-2027, comes at the right moment to bring the country's financial management to a new level to foster fiscal discipline, macroeconomic stability and build capacity of key institutions to deepen the financial management reform.

This new strategy builds on the progress achieved during the legacy strategy (2018-2021) and on the findings of the recent Public Finance Management diagnostics (i.e., PEFA, PIMA). These assessments highlight the crucial need to consolidate the core public financial management functions, prerequisite to gradually operate a paradigm shift toward a results-based budget management to improve the efficiency and effectiveness in public service delivery.

This reform will aim at an overarching objective to enforce compliance, transparency, discipline, and accountability throughout all phases of the public financial management cycle at the central and local levels. Key reform priorities will entail, strengthening the strategic budget planning and preparation phase to better translate the national strategic priorities into public resource allocation with a timely process. Enhance credibility of the budget execution ensuring more predictability and compliance in managing resources, with an effective internal audit system to reduce misalignment between enacted and executed budget. Improve the sustainability of the Government payroll and public sector workforce management. Another crucial priority will be to enhance procurement management transparency, compliance, and accelerate the e-procurement roll out. Strengthening the public investment efficiency will be key to improve economic return. While the digitalization of the PFM functions has progressed, this new strategy will deploy the interoperability framework and establish a robust and modern ICT management.

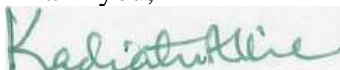
Other reform areas will include consolidating the accounting and financial reporting, reducing the debt burden, promoting non-debt financing by attracting private sector investors, and strengthening fiscal risk monitoring starting with public enterprises. The external oversight will also be reinforced by furthering the financial independence and technical capacities of the Audit Service Sierra Leone (ASSL), capacitating the House of Parliament to examine the national budget and the ASSL's audit report, and increasing civil society participation in the entire budget cycle.

The intensification of domestic revenue mobilization will be achieved through the tax policies and tax administration reforms embedded in the new Medium Term Revenue Strategy (2023-27).

Finally, I want to thank all Government stakeholders for intensively preparing this Strategy under the Ministry of Finance leadership, attesting of the national ownership of the reform, and our Development Partners. In particular, the European Union for supporting the preparation of this Strategy, the IMF, the World Bank, UK FCDO, and the African Development Bank for their technical contribution and advice.

The Government is fully committed to implementing this Strategy and count on all stakeholders to collectively contribute to building a sound public financial management system.

Thank you,



Kadiatu Allie
Deputy Minister of Finance I

2. ACKNOWLEDGEMENTS

The immense contribution of the Government of Sierra Leone, is acknowledged, especially public officials from the Ministry of Finance (MoF) and all its departments, led by the Deputy Minister for Finance and ably assisted by the Principal Deputy Financial Secretary, Ministry of Planning and Economic Development (MoPED), National Monitoring and Evaluation Department (NaMED), Audit Service Sierra Leone (ASSL), National Assets and Government's Property Commission (NAGPC), National Commission for Privatisation (NCP), Anti-corruption Commission (ACC), Teachers Service Commission (TSC), Ministries of Education (Basic and Higher), Ministries of Agriculture, Health, Works and Public Assets, Local Government and Rural Development, Gender and Children Affairs, Local Government Service Commission, National Revenue Authority (NRA), Human Resource Management Office (HRMO), Bank of Sierra Leone (BSL), National Minerals Agency (NMA), Road Maintenance Fund Agency, Statistics Sierra Leone (SSL), Public Private Partnership Unit at the Presidency, National Public Procurement Authority (NPPA), Independent Procurement Review Panel (IPRP), Freetown City Council, and Parliament, and also inputs received from the Budget Advocacy Network (BAN).

The valuable contribution from the Development Partner community is also recognised, namely: the European Union Delegation to the Republic of Sierra Leone, the World Bank, the International Monetary Fund, the African Development Bank, and the UK Foreign Commonwealth Development Office.

Special thanks to all staff of the PFM Reform Division under the Ministry of Finance for managing the entire process regarding the development of this PFM reform strategy.

3. EXECUTIVE SUMMARY

Context

Sierra Leone has been working on modernizing and strengthening its Public Financial Management (PFM) systems for about 20 years. Several reform plans and strategies have been implemented, primarily with support from Development Partners. These reforms aimed at enhancing PFM areas, such as the overall legal and regulatory framework, strategic planning and macro-fiscal forecasting, budget preparation, revenue administration, predictability and control in budget execution, transparency, accountability and external oversight, efficiency in service delivery, and corruption prevention.

Major areas of improvement under the legacy 2018-2021 PFM reform strategy top priorities included but not limited to significant improvements in payroll management and controls, the establishment of a sound and transparent debt management, the creation of fiscal risk and SoEs division within MoF, the development of a National Public Investment Management (PIM) Policy, PIM regulations and operational manual, the expansion of the digitalization of revenue (i.e., ITAS¹, ECR², ASYCUDA) and expenditure (i.e., IFMIS upgrade, roll out to MDAs, EFT³, development of strategic and operational documents in procurement, preparation of National Assets and Inventory policies and operational frameworks, adoption of the new Medium term Revenue Strategy 2023-2027 (MTRS), the establishment of the National Monitoring and Evaluation Directorate (NaMED), among others.

Challenges ahead

While the 2018-2021 PFM Reform Strategy and Plan achieved certain successes primarily in the promulgation/revision of PFM laws and regulations, weaknesses persist especially in the areas of transparency, accountability, and overall compliance to PFM laws and regulations. The impact of the previous strategy was limited, with only modest improvements in PEFA scores and poor PIMA scores.

These assessments including the Auditor General's Reports evidenced that Sierra Leone's PFM system, though progressing, is struggling to achieve the main outcomes of a PFM system (i.e., aggregate discipline, strategic recourse allocations, and efficient service delivery). A first challenge is to consolidate the basic traditional annual budget system allowing the preparation and execution of a credible budget and fiscal discipline. Sierra Leone is still struggling with pre-conditions such as basic financial compliance to the legal, regulatory, operational frameworks at all levels of the budget cycle, comprehensive coverage of the government operations, realistic macro-fiscal framework, transparent procurement system, effective cash management system, adequate and timely coverage of monthly fiscal information, absence of gender responsive budgeting, effective internal and external auditing system with implementation of recommendations, and efficient external oversight.

Areas that also fell short of expectations include but not limited to PFM enablers – ICT support, particularly regarding electricity and internet connectivity among others.

Priorities of the new PFM strategy/plan 2023-27

The new strategy acknowledges that reform should be sequenced carefully, considering both technical and non-technical factors and the overall context and capacities.

The new Strategy focuses on **five key thematic areas**, covering the entire budget cycle over the duration of five years (2023-2027), namely: (i) Strategic Planning and Macro-Fiscal Framework; (ii) Budget Preparation and Execution; (iii) Fiscal Decentralization for Improved Service Delivery; (iv) Accounting and Reporting through IFMIS; and (v) External Audit and Legislative Scrutiny. Other key reform areas fall under ICT (PFM enablers), capacity building and cross-cutting issues under governance, change management and communication.

The **main objectives** of the new PFM reform strategy are (i) To consolidate the core basic PFM functions to achieve the credibility of the annual budget process; (ii) Improve strategic planning and a realistic macro-fiscal framework aimed at ensuring proper alignment of the annual budget to the medium-term strategy in order to attain sound fiscal discipline, macroeconomic sustainability and sound allocation of scarce resources; and (iii) Prepare

¹ Integrated Tax Administration System (ITAS)

² Electronic Cash Register (ECR)

³ Electronic Funds Transfer (EFT)

the basis for a shift toward a more result oriented budget in order to improve the effectiveness and efficiency in service delivery both at national and local government levels.

The main PFM reform objectives and the proposed key actions outlined in this strategy are set out below, according to each thematic area:

Strategic Planning and Macro-Fiscal Framework - to foster fiscal discipline and macro-fiscal sustainability:

(i) Better reflect high-level strategic dimension into the allocation of budget resources with introduction of the Top-Down Strategic Budgeting; (ii) Develop a more analytical Fiscal Strategic Statement (i.e., analysis of fiscal performance and impact of new policies) to be submitted to cabinet in July; (iii) Prepare timely and credible macro-fiscal forecasts with alternative scenarios and fiscal policies; and (iv) MDAs to prepare strategies with realistic costing.

Budget Preparation - to ensure the effective translation of the public policies and strategies into the budget:

(i) Timely production of the Budget Call Circulars in July with hard constraints (ceilings) approved by the Cabinet; (ii) Grant appropriate time to MDAs to prepare their budgets and to the Parliament for the approval process; and (iii) Introduce baseline costing as budget preparation technique.

Revenue administration - to strengthen institutional arrangements for revenue collection;

(i) Increase the compliance levels of SMEs with regards to tax laws; (ii) Enhance post-clearance audit and risk management; (iii) Control the duty waiver regime and management of customs exemptions to eliminate abuse.

Budget Execution - for a predictable execution and adequate internal control to reduce the misalignment between planned and actual expenditure to enhance budget reliability:

- **Cash management - to ensure timely cash availability to meet commitments, improve predictability and avoid accumulating expenditure arrears:** (i) Build cash planning capacity in MDAs; (ii) Ensure alignment between expenditure planning and actual expenditure through development of realistic cash plan with timely release of funds; and (iii) increase coverage of TSA.
- **Public procurement - to improve competition, transparency, and accountability:** (i) Enforce compliance of all public procurement laws and regulations; (ii) Ensure the credibility of public procurement plans aligned to MDAs strategies priorities and cash plans; and (iii) Accelerate the rolling out of the e-procurement system.
- **Payroll and human resource management - to contain the wage bill and strengthen human resource management:**(i) Consolidate payroll control; (ii) Develop digitalisation of human resource management and ensure direct linkage between personnel and payroll records; and (iii) Develop a competitive and equitable pay structure for all public servants.
- **Internal audit – ensure government spending complies with budget appropriation and financial regulations:** (i) Enforce timely implementation of all audit recommendations to improve compliance to PFM laws and regulations and foster accountability; (ii) Shore up the functions of internal auditors; and (iii) Review institutional framework to enhance the autonomy of internal auditors; and (iv) Strengthen the role and capacity of audit committees for an effective oversight of the internal audit system.
- **Public investment management - to increase public capital investment effectiveness and efficiency:** (i) Implement PIM Policy, regulation, and operational framework to ensure a transparent project appraisal, selection process and M&E; (ii) Develop a maintenance framework for public infrastructure; (iii) Integrate recurrent cost of capital investment in the budget; and (iv) Capacitate PIM actors across all MDAs including PPP projects appraisal.
- **Public assets management - to strengthen MDAs in public assets and inventory management:** (i) Implement the policy and operational framework for assets and inventory management and strengthen MDAs technical capacity; and (ii) Prepare assets registers and inventory masters to be integrated into IFMIS/FreeBalance system and progressively rolled out to all MDAs.
- **Public debt management – to keep the debt on a sustainable path:** (i) Strengthen the debt management legal, regulatory and policy framework; (ii) Migrate the debt management system to MERIDIAN; (iii) Consolidate transparency in debt management; and (iv) Develop domestic long term debt instruments and widen the domestic debt investor to deepen the market for Government Securities.

- **Fiscal risk and contingent liabilities – to improve efficiency, increase transparency, and enhance decision-making:** (i) Continue building capacity in fiscal risk management in the MoF and other relevant institutions including PPP; and (ii) Improve timely fiscal risk reporting.
- **Accounting and reporting - to improve the accuracy, completeness, and transparency of financial reporting:** (i) Timely publication of in-year financial reports according to PFM laws and regulations; (ii) Ensure financial data reconciliation and consistency; (iii) Expand IFMIS coverage to all MDAs to avoid multiple GoSL systems; and (iv) Eliminate all unauthorised spendings/virements in conformity with the legal, regulatory, and operational framework.

External audit and legislative oversight - to improve transparency, accountability, and efficiency in the use of public resources: (i) Strengthen the independence of ASSL; (ii) Capacitate Parliament to scrutinise the annual budget proposal and examine the ASSL audit reports and enforce accountability; and (iii) Improve transparency and accountability through CSO engagements and capacity building.

PFM Enablers – ICT Support - to ensure a fully integrated, secure, and robust financial management information system that facilitates budget planning, execution and timely reporting across government: (i) Establish an ICT governance structure; (ii) Reduce the multiplicity of GoSL information system to improve efficiency; (iii) Develop an interoperability framework to ensure seamless exchanges of data between various PFM systems; and (iv) Create a robust cyber security system plus a solid disaster recovery system.

Governance Arrangements and Monitoring of the Strategy: The PFMRD will ensure the Secretariat, coordinating, supporting internal committee processes. The institutional arrangements for the strategy’s implementation include a three-tier governance structure, namely: (i) PFM Steering Committee, (ii) PFM Technical Committee, and (iii) Thematic Technical Working Group. The MoF PFMRD will lead the monitoring and evaluation of the implementation of the strategy, ably supported by NaMED.

Cost of the strategy: The estimated cost of this strategy is USD51.9 million, excluding an estimated 10% Government counterpart funding. The cost also excludes cost estimates for the implementation of 2023-2027 Medium-Term Revenue Strategy (MTRS). A 40% funding gap is projected, based on estimates derived from FY2023 central Government budget data.

4. BACKGROUND AND CONTEXT

4.1. Socio-economic and political context

The Republic of Sierra Leone is a country in West Africa, with its capital city as Freetown, has land boundaries with Liberia to the southeast and with Guinea surrounding the northern half of the nation. To the south of the country is the Atlantic Ocean. The country has a land size of 71,740 km² and a population of 7,541,641 million as per the 2021 provisional census results conducted and released by Statistics Sierra Leone. It has a tropical climate with a diverse environment ranging from savanna to rainforests, and rich in mineral. It is a constitutional Republic with a unicameral Parliament and a directly elected president serving a five-year term with a maximum of two terms. The legislature has a total of 124 parliamentarians, with 112 elected through the first-past-the-post electoral system and the 12 Paramount Chiefs, one from each of the twelve districts. The country's constitutional provision requires the Chair of the Public Accounts Committee (PAC) to be from the ruling government.

Sierra Leone remains among the fifth poorest countries in the World with a Gross Domestic Product (GDP) per capita of US\$ 461.4 in 2022. The structure of the economy is essentially dualistic, with a highly productive export enclave mining sector coexisting alongside a low productive semi-subsistence agriculture sector. The agriculture sector accounts for about 50 percent of GDP and provides employment to about 65 percent of the population. The mining sector (iron ore, diamond, gold, rutile, and bauxite) though⁴ representing a small share of GDP (below 1%) and only about 3% of the employment, claims the largest share of total exports revenue though experiencing large variations.

The economy has faced many challenges in the past five years. After achieving a 5.5% GDP growth in 2017, it slowed down to an average of 2.8 % between 2019 and 2022 due to external shocks including the COVID-19 pandemic in 2020-2021 and the outbreak of the Russia war on Ukraine since 2022. The economic outlook⁵ for the next five years is modest, with a gradual recovery expected from the effects of the shocks, beginning 2023.

In terms of fiscal sustainability, the context remains fragile owing to external shocks and difficulties in the implementation of stabilisation policies. The fiscal deficit (including grants) narrowed from 8.8% of GDP in 2017 to 2.9% in 2019, thanks to measures to increase revenue and rationalise expenditure. However, the deficit widened to 10.9% of GDP in 2022, as the government adopted expansionary measures to mitigate the impact of the COVID pandemic and the Russian war on Ukraine. Projections for 2023 and the ensuing years aims at returning to a more sustainable stance with a projected contraction of the overall balance to 5.6% of GDP in 2023 and furthermore to 2.1% in 2027⁶ based on a revenue mobilisation drive (including but not limited to tax policy measures, tax administration measures and mining related measures, all expected to yield additional 2.4%⁷ of GDP in tax revenues) from 14% of GDP in 2023 to 17.5 % of GDP by 2027 and a decrease of the share of current expenditure from 18% of GDP in 2023 to 16.4% in 2027, while maintaining the capital investment ratio at 6.6% of GDP.

Overall balance of payment is projected at a deficit of 3.2% of GDP in 2023, improving slightly to a deficit of 2.3% of GDP in 2024, and a further improvement of a deficit of 1.9% of GDP by end of 2025. Similarly, the current account balance (including grants) has been unfavourable over the years, projected at negative 8% of GDP in 2023, but expected to improve marginally to negative 7.4% of GDP in 2024, with a further improvement in 2025 at negative 5.7% of GDP.

The gross foreign reserve (including swaps) is projected at USD572 million (representing 3.9 months of imports) in 2023, and then expected to decline to USD532 million (representing 3.5 months of imports) in 2024, dipping again in 2025 to USD494 million (representing 3.2 months of imports). The drop in gross foreign reserves will negatively affect Government's ability to import goods from external sources, in

⁴ World Development Indicators 2022

⁵ IMF Article IV report, June 2023.

⁶ Ibid p.25

⁷ IMF Article IV report, June 2023

addition to a negative effect on the local currency, in terms of exchange rate compared to major international currencies such as the US Dollar, Euro, and the UK Pounds.

The end-of-year inflation rate for 2023 is projected at 23.7%, but expected to decline to 17.8% by end of 2024, with a further decline of 14.3% by close of 2025, a positive impact in the economy as it improves the purchasing power of citizens. Export trade is expected to drop significantly from 14.6% in 2022 to negative 2.3% of GDP mainly due to the global economic shocks, partly stemming from the Russia-Ukraine war, but projected to improve to 10.1% of GDP by 2025. This is not good for the economy as it reduces the foreign exchange reserves of the country, with a consequential effect on Government's imports and the local currency weakness.

The exchange rate policy will continue to be determined by the market forces of demand and supply, as a way to reduce the negative effects of external vulnerabilities on the economy. This will be supported by the Bank of Sierra Leone's monetary policy of maintaining adequate foreign reserves to provide the needed support to forex demands where necessary. There are no projections of exchange rate for 2023 to 2025.

The stock of public debt continues to rise in recent years, but projected to drop within the medium-term, as shown in Table 1 below. The medium-term debt management strategy is hinged on ensuring debt sustainability despite global shocks from the fall in commodity prices as well as those stemming from the COVID-19 global pandemic, and most recently the Russian-Ukraine war. One important strategy to be adopted by Government is to shore up domestic revenue mobilization to fund the national budget, rather than continued dependence on borrowing which would rather worsen the public debt portfolio. Moreover, because of limited access to international markets for loans and grants, public debt will likely shift from external to domestic creditors, possibly with increasing interest charges and the risk of crowding-out effects.

In terms of borrowing, the priority will be concessionary loans with much lower debt service costs and a longer horizon for repayment. Therefore, public debt is projected to decline from 90.2% of GDP in 2023 to 85.4% of GDP in 2024 with a further decline to 79.5% of GDP by end of 2025. This will improve the fiscal space and allow Government to deliver better public service. Historical data however indicates that public debt increased from 69.1% of GDP in 2018 to 71.8% of GDP in 2019. At the end of the fiscal year 2020 (December 2020), public debt (foreign and domestic, including verified expenditure arrears) stood at Le30.71 trillion⁸ (NLe30.71 billion), representing 73.7 percent of GDP as at December 2020. By end of June 2022, public debt increased sharply to NLe40.3 billion (equivalent to USD3.0 billion), representing 79.8% of GDP. This was attributed to the surge in government expenditure partly due to the negative impact of COVID-19 and the fallout from the Russian-Ukraine war. As part of measures to bring expenditure arrears under control, the Government of Sierra Leone in partnership with the IMF developed an arrears clearance strategy for the period 2020-2025.

Table 1: Medium-Term Macroeconomic Forecasts 2023-2025

National account and prices	2023	2024	2025
Growth			
GDP at constant prices	3.1	4.8	5.2
GDP excluding iron ore	3.0	4.6	5.1
GDP excluding mining	3.1	4.8	4.7
Inflation			
Consumer prices (end of period)	23.7	17.8	14.3
Consumer prices (annual average)	27.1	20.8	16.1
Money, Credit & reserves			
Domestic credit to the private sector	30.3	28.6	22.4

⁸ Old currency

Broad Money	14.1	16.4	15.5
Reserve Money	14.1	16.4	15.5
External Sector			
Export of goods	-2.3	0.0	10.1
Import of goods	-10.2	-0.8	3.1
Current Account Balance:			
Including official grants	-8.0	-7.4	-5.7
Excluding official grants	-10.2	-11.0	-9.2
Overall Balance of Payments	-3.2	-2.3	-1.9
Fiscal Sector			
Government Income	19.7	20.7	20.5
<i>Domestic Revenue</i>	14.0	14.9	15.6
<i>Grants</i>	5.6	5.8	4.9
Total expenditure	22.7	22.8	22.2
Overall fiscal balance	-2.9	-2.1	-1.7
(including grants)	-2.9	-2.1	-1.7
(excluding grants)	-8.6	-7.9	-6.5
Total public debt (% of GDP)	90.2	85.4	79.5
Public debt (domestic)	22.8	21.7	20.7
Public debt (foreign, including IMF)	67.4	63.7	58.8
Memorandum Items			
Gross international reserves (including swaps) USD m	572	532	494
<i>(in months of imports)</i>	3.9	3.5	3.2
Nominal GDP excluding iron ore (US\$ million)	3,409	3,449	3,586
Per capita GDP (USD)	411	408	417
Nominal GDP (Le billion)	68,059	88,843	100,521
Nominal GDP Excl. Iron ore (Le billion)	66,631	81,853	97,804
Exchange Rate Le/US dollar (EOP)	No projections	No projections	No projections

Source: 2023 Budget

4.2. Introduction

Sierra Leone has made notable strides to modernize and strengthen its public financial management systems for two decades, amid a challenging environment. These interventions form part of efforts to rebuild and strengthen institutions and enhance service delivery at both the central and local levels. Improvements have aimed at strengthening forecasting and control, improving the efficiency, effectiveness and transparency of government expenditure and preventing corruption. Towards this end, several action plans, reform programmes and PFM reform strategies (see figure 1) have been implemented since 2002, driven and financed to a large extent by development partners and steered by PFM diagnostic assessments.



Figure 1 - Major PFM Reform Action Plans, Programmes and Strategies since 2002

De Jure Reforms

Sierra Leone was largely able to maintain its legal and regulatory framework for the duration of its conflict and curb to a certain extent, informal practices. Subsequently, PFM reforms have laid a heavy emphasis on formal or De Jure changes in line with international best practice, introducing and revising several laws over the years in areas such as procurement, fiscal decentralization, revenue administration, and public debt. Currently the PFM Act 2016 and the Public Financial Management Regulations 2018 broadly cover the legal framework for PFM and set out to tackle the gaps and deficiencies in the PFM system.

However, the enhancements in the legal and regulatory framework have not necessarily resulted in the requisite functional changes. For instance, attempts to strengthen the internal audit function through provisions in the Public Financial Management Regulations failed to adequately strengthen the implementation of audit recommendations and has recently led to Standard Operating Procedures being developed to bolster compliance. Moreover, formal rules have not always led to required practice; for instance, supplementary budgets have not always been tabled in Parliament for approval.

Institutional Capability

A core part of building PFM capability in Sierra Leone has been through the shoring up of local expertise. Development Partners (DP) have played a historical role in attracting and retaining PFM staff through salary top ups, allowances, and other incentives. Core functions of the Ministry of Finance are largely carried out by young and qualified staff. However, recent assessments and evaluations have shone light on the inadequacy of training opportunities and capacity gaps in areas such as procurement, ICT, fiscal risk reporting, public investment management, medium term fiscal planning, climate finance, among others.

In addition, public financial management (PFM) technical assistance (TA) has been a core part of DP support to the Government of Sierra Leone (GoSL), reinforcing dependency and externally led PFM reform interventions. Substantive TA support and reliance on external financing for PFM reforms raise important

questions about sustainability and the level of political commitment for change processes. There is a need to establish technical assistance modalities that focus on peer exchange, knowledge transfer and co-production of outputs so that local capability is truly strengthened in a sustainable way.

Intra-budgetary expenditure control

The Integrated Financial Management Information System (IFMIS) was introduced by the GoSL in 2005 with some key objectives. These include notably the management and control of funds at the central and local government level as well as on the donor side, and the strengthening of transparency and accountability at the various stages of the budget cycle. Through various versions, the cost and implementation challenges associated with the IFMIS have been considerable over the years and has not made up for pre-existing shortcomings in operations and procedures. Nevertheless, the functionalities provided in the recent upgrade of the IFMIS will address important issues such as connectivity and the lack of adequate documentary evidence for payment transactions, a perennial issue in the Auditor General's report. And in relation to the role of the IFMIS in expenditure control, this is undermined by the current expenditure commitment architecture. Limits on expenditure commitments are not tied to resource availability, but rather the approved quarterly expenditure ceilings.

Another key bottleneck in budget control relates to the persistence of Financial Secretary Letters. These undercut the role of the budget as the Government's principal policy and financial planning instrument through the refocusing of Government expenditure to "priority expenses," amounting to 15.4% of total government expenditure for FY2020. And although these payments are sanctioned, they are not transparent, are processed outside of the IFMIS system and posted ex-ante, undermining the expenditure control framework. Further, weaknesses in budget credibility continue to be highlighted in the PEFA assessments, manifesting in the continued accumulation of expenditure arrears (despite a decline in the overall stock and linked to the lack of active cash management) and notable variances between budgeted and actual expenditure. These culminate in a misalignment between the budget and the national development plan.

Procurement

Procurement reforms have been geared towards improving efficiency in public spending. The reforms sought to build the capacity of procurement personnel and develop a professional cadre; whilst addressing inefficiencies and challenges relating to non-standard rules and practices, poor planning, and malpractice. Reform interventions included the establishment of a Public Procurement Authority, an Independent Procurement Review Panel (IPRP), a Public Procurement Board and the decentralization of the procurement function to MDAs and at the local Government level, with the establishment of procurement units and committees. The Public Procurement Reform Programme further led to the modernization of the legal framework, the introduction of procurement plans, the development of standard procurement documents and the training of procurement personnel.

These reforms have led to significant progress, the legal framework aligns with international standards and the institutional arrangements required to comply with legislation are in place. However, despite the training of procurement personnel over time, a recent capacity building assessment indicates that significant capacity gaps remain, and shortcomings exist with regards to access to procurement information and compliance with procurement regulations and the quality of procurement plans. Furthermore, the most recent Public Investment Management Assessment (PIMA 2020), further rates the design and effectiveness of the Public Procurement system as low. Ongoing reforms include digitalization efforts through strides to introduce e-procurement with expected benefits such as greater efficiency, transparency, and access to procurement opportunities.

Institutionalized Accountability

Institutionalized accountability is a core part of safeguarding the integrity of the public financial management (PFM) system. External audit as one component of this has been key in Sierra Leone's fight against corruption and building citizen's trust in Government's stewardship of the public purse, although it was not a key part of early PFM reform initiatives. External oversight has been strengthened with the establishment of the Audit Service Sierra Leone (ASSL) and the enhancement of its capacity over time.

Enhancing the functionality of the ASSL has included the strengthening of legislative arrangements, audit policies and procedures, capacity building of staff and the development of joint audit plans and procedures. Recent assessments such as the 2021 Open Budget Survey suggest that the ASSL provides adequate audit oversight. However, obtaining documentary evidence (as a result of poor records management and other factors) and the submission and timeliness of financial statements are perennial problems. Furthermore, the non-implementation of audit recommendations is a major bottleneck in the effectiveness of the ASSL as an oversight institution, linked to the challenge of enforcing legislative provisions.

Recent Assessments

Recent diagnostic assessments such as the OBS 2021, PIMA 2020 and the PEFA 2021 highlight notable strengths and weaknesses in the PFM system. Sierra Leone's most recent PEFA assessment showcases improvements, slippages but more of stagnations. Notable improvements are indicated in macroeconomic and fiscal forecasting (PI-14) which improved from a score of 'C' to 'B' and payroll controls (PI-23) which scored 'B+', up from 'D+' in 2017. Key areas of strength referred to in the PEFA include the establishment of a functional debt management framework, internal controls for non-salary payments, rule based and transparent intergovernmental transfers, sound payroll management and a budget classification system in line with international standards. However, there has been a deterioration in performance in medium term budgeting (PI-16) and the budget preparation process (PI-17). Major weaknesses also include a high variance between the budget and actual expenditure, the non-use of country systems for donor projects (and the information gap it creates), public access to fiscal information, poor information on service delivery and the lack of gender consideration in the budgeting framework.

And although the overall transparency score for the OBS has improved from 39/100 in 2019 to 45/100 (in line with the global average, on par with Liberia and Nigeria but below Ghana), key issues are noted, such as the inadequate publication of budget documentation and weak oversight by the legislature. Furthermore, the PIMA findings indicate weaknesses and challenges in project appraisal and selection, budgeting and planning, procurement processes as well as project implementation and oversight.

These assessments to a large extent examine the degree to which countries are in compliance with good practices, with less emphasis on the functionalities intended. Therefore, an 'A' for Sierra Leone in PEFA dimension does not mean underlying weaknesses (which are often not picked up based on the PEFA framework used) do not exist.

Major Achievements of the PFM Reform Strategy and Plan 2018-2021

- Payroll is one of the best performing reform areas with the gains underscored in the significant increase in PEFA scores from D+ in 2017 to B+ in 2021. Key interventions include a national biometric and payroll cleaning exercises, leading to the identification ghost workers, the removal of ghost workers and the cleaning up of NASSIT numbers and other relevant personal data of all public servants.
- The creation of a fiscal risk and SOE oversight division is an important step in establishing the necessary institutional framework to enhance fiscal risk reporting and SOE oversight.
- Digitalization was an important component in the legacy strategy, necessitating the establishment of a cross-cutting component for ICT functionality to support PFM.
- The development of a National Public Investment Management Policy in 2021 is key in strengthening the policy framework for PIM. And with the conduct of a PIMA in 2021, useful insights have been garnered on the weaknesses that need to be addressed for more effective PIM in Sierra Leone.
- The production and publication of the first MTDS since independence in addition to the publication of Public Debt Bulletins and DSA are important gains in debt transparency.

- The upgrade of the IFMIS to Version 7 provides important functionalities that address issues such as access and the availability of documentary evidence for expenditures.
- Despite persisting challenges and delays in the implementation of e-procurement, noteworthy accomplishments include the update of the procurement manual, the establishment of an Expenditure and Contract Management Committee (ECMC), the publication of quarterly price norms, the establishment of a functional Procurement Review Board, and the setting up of procurement units in MDAs and providing standardized rules and procedures relating to planning, identification, acquisition, maintenance, disposal, valuation and recording of assets in public sector entities.
- The recent drafting of a National Asset Policy is key in regulating the institutional framework for asset management in Sierra Leone.

Shortcomings of the PFM Reform Strategy and Plan 2018-2021

- The legacy Strategy focused with some merit on the upgrade or introduction of new systems, institutional set ups and documents without providing complementary interventions required for impact. For instance, the migration to a web based IFMIS ignored important realities around internet connectivity. Furthermore, although reform bottlenecks are highlighted, they do not delve into political economy constraints or mitigating measures proposed.
- There was no indication of how the Strategy was to be financed. There was no dedicated funding from the GoSL and nor was there a plan for the mobilization of resources and TA. This affected the motivation of reform stakeholders and impeded the implementation of a great number of reform interventions.
- The Strategy lacked a vision statement to provide overall direction and to which strategic objectives could be aligned.
- There was no gender consideration in the Strategy, despite the prioritization of gender issues in the national development plan and existence of several policy documents and a legal framework in the promotion of gender equality.
- High-level political buy-in and leadership was not evident in the Strategy development process through cabinet endorsement.

4.3. Lessons learned

- Two decades of PFM reform interventions and significant financial investments from DPs and the GoSL have resulted in modest improvements. There has been a heavy focus on introducing new systems, laws and institutions without concomitant changes in practices. It has in essence been about changing what the PFM system looks like as opposed to what it does. Compliance remains a significant challenge impacting issues ranging from commitment controls to procurement. This is because PFM reforms in Sierra Leone have neglected important issues relating to incentives, influence/power dynamics and other political economy issues that hamper change. Furthermore, there has been significant adoption of good practices without looking into how they address the root causes of fundamental problems. A problem-centric approach to PFM reform will be critical to truly fostering change in the PFM landscape in Sierra Leone.
- PFM reforms in Sierra Leone have largely been driven by diagnostic assessments such as the PEFA. The use of diagnostic assessments such as the PEFA help measure performance against standard PFM benchmarks and facilitates the identification of strengths and weaknesses. And whilst this is a useful part of the process of identifying reform areas and priorities and is not sufficient in and of itself. A low PEFA score in a particular dimension does not mean that it should be a priority area nor does a high PEFA score indicate that weaknesses or shortcomings do not persist. For instance, although Sierra Leone scores A in PI-7 (transfers to sub-national governments) due to the presence of a framework that allows for a rule based and transparent allocation of resources to sub-national

Governments, delays in actual transfers is a significant bottleneck that hinders the performance of local Government.

- Reform strategies have tended to be overly ambitious; risking premature load-bearing – taking on too much soon and not taking into account the capacity to implement. PFM reform takes time. The strategy will need to consider existing realities as the basis for sequencing reform interventions.
- Real and sustained commitment to reform has been a binding constraint. Reform interventions have largely been donor financed and are often about signalling a willingness to reform in order to build external legitimacy. Sustained political commitment, reinforced by the deployment of local resources for PFM reform will be critical in avoiding an important shortcoming of the legacy Strategy - the lack of committed Government funding.
- There is a longstanding reliance on consultants in Sierra Leone. Building local capability in PFM will require a keen focus on knowledge transfer. Future interventions will need to go beyond traditional TA and emphasize peer exchange and co-production.
- The legacy Strategy and other reform efforts have relied heavily on ICT improvements (the introduction of an integrated tax system, e-procurement, integrated financial management systems etc.) but these will not make up for shortcomings in operations and procedures.

4.4. The need for a new PFM Reform Strategy

There has been limited impact from the implementation of the legacy PFM Reform Strategy and Plan, evidenced by the modest improvement in PEFA scores, poor PIMA scores, prevailing weaknesses identified in the OBS and perennial issues in the Auditor General’s Report. Furthermore, despite the implementation of a significant number of activities in the legacy Strategy, the interventions have failed in part to address core PFM problems or have ignored key bottlenecks to reform. Even in areas where Sierra Leone scores high in the PEFA, there remain underlying issues that hamper effective PFM. For instance, although the PEFA report 2021 identifies as an important strength, the establishment of a transparent and rule-based framework for the allocation of resources to Local Government (PI-7 rated ‘A’), the benefits thereof are undermined by delays in actual transfers.

Areas of weak performance in key assessments and reports as well as gaps identified in consultative engagements with the reform clusters form the basis for the PFM reform areas in this Strategy. High spending areas and high-risk areas also inform problem articulation. Critical issues include central Government operations outside fiscal reports, in-year budget reporting, significant and frequent in-year budget adjustments, especially where Financial Secretary Letters override established PFM rules and procedures, fiscal risk management poor cash management, revenue administration inefficiencies, and weaknesses in budget reliability (arising from forecasting shortcomings), HR planning and budgeting, procurement practices and oversight, budget oversight, the public investment management framework, PFM at the local level, and policy-based budgeting. The Strategy also recognises the compliance gaps that hinder the functionality of PFM reforms and seeks to build on the gains arising from the Strategy implementation and roll over pending activities.

As Sierra Leone recovers from recent shocks, meaningful PFM reform will be key in ensuring that public spending leads to the implementation of Government policies and enhanced service delivery. In this vein, the Strategy identifies and seeks to address the root causes of long-standing PFM problems.

5. DESIGN OF THE STRATEGY

5.1. Guiding Principles

The development of this strategy is guided by the following principles:

- a. **Support to government’s Medium Term National Development Plan (MTNDP).** The Government of Sierra Leone considers a strengthened approach to PFM as a catalyst to supporting its national agenda of “**education for development**” for the previous MTNDP 2019-2023 and “a

transformative acceleration, agenda for food security, human capital development and job creation” for the new MTNDP 2024-2030”. This can only be attained through good governance and accountability (**cluster iv, section 4.3 of MTNDP 2019-2023 and enabler 2, section 2.3**) through the consolidation and sustainability of prudent, efficient, effective, and transparent management and use of public financial resources.

- b. **Political leadership.** Government’s commitment to PFM reforms remains unwavering over the years in spite of financial and human capital constraints, limiting the full and successful implementation of past reforms. Political leadership is demonstrated by Government’s continuous efforts to own the development of PFM reform strategies over the years as well as working towards the rollout of new reform initiatives. Another known fact is that PFM reforms cannot be driven by functional managers (technocrats) alone; reforms require political leadership at the highest level which has not been consistently proven by government. There is therefore the need for Government to demonstrate political commitment through law enforcement without fear or favour across all political divide, to hold public officials accountable.
- c. **Continuity, sustainability and consolidation of PFM reforms.** The Government intends to continue, sustain and consolidate its reform agendas, given that a number of activities from the last PFM reform strategy (2018-2021) remain relevant and outstanding. One key element that stands out in terms of unfinished business relates to the full compliance and enforcement of PFM rules and regulations.
- d. **Comprehensiveness of the PFM Reform Strategy.** As PFM is cross-cutting, the development of any PFM reform strategy should place emphasis on tackling the root causes of PFM weaknesses. This strategy, like the previous ones includes all PFM components such as strategic planning, budgeting preparation and execution, public procurement, internal controls, external audit, parliamentary oversight, among others. It is worth noting that this current strategy has identified the need to mainstream gender into the national PFM system, hence the inclusion of PFM interventions related to gender. The overarching component of capacity building is clearly on board. The cluster system, where different PFM components/players within the PFM space were brought together to discuss cross-cutting issues proved much more efficient and led to the development of more coherent PFM interventions.
- e. **Home-grown solutions to solving PFM problems/challenges.** PFM diagnostic tools such as PEFA, PIMA, TADAT, DEMPA, etc., remain relevant in identifying PFM strengths and weaknesses. Nevertheless, solutions drawn from these diagnostics are not panacea to solving domestic PFM problems. Local solutions hinged on domestic, technical, economic and infrastructure capabilities become more relevant than international benchmarking. Therefore, this reform strategy was crafted through a sequence of consultative engagements, enabling pertinent stakeholders to pinpoint their most urgent problems. The discussions transcended international assessments, delving into the problems impeding on the functionality of the PFM system, the underlying causes, and appropriate interventions. These interventions were designed with a keen awareness of local conditions to ensure practicality and applicability.

PFM can be likened to the “human body”, so that the malfunctioning of one part of the “human body” affects all other parts. This means that, going forward, local solutions to solving PFM problems/challenges can be generated through constant and continuous MDAs/stakeholder engagements devoid of personal or specific MDA/government entity interest (i.e., one part of the human body), but rather focusing on national interest (i.e., the whole human body).

5.2. Vision and objectives of the strategy

The Government of Sierra Leone’s vision is to become a middle-income country by 2039. This, according to the Government, requires the development of long-term strategic plans, backed by coherent policies and programs, supported by strong legislations with consistent enforcement. The last medium-term national development plan (MTNDP 2019-2023) had eight clusters or themes, namely: (i) Human capital

development, (ii) Diversifying the economy and promoting growth, (iii) Infrastructure and economic competitiveness, (iv) Governance and accountability for results, (v) Empowering women, children, and persons with disability, (vi) Youth employment, sports, and migration, (vii) Addressing vulnerabilities and building resilience, (viii) Plan implementation. The most recent medium-term national development plan (MTNDP 2024-2030) has enablers of the “big five game changers”, namely: (i) Diversifying the economy and promoting growth, (ii) Governance and accountability, (iii) Advancing climate resilience and environmental action, (iv) Gender mainstreaming, and (v) Financing, partnerships for implementation and risks management.

Given the importance of good governance and accountability, cluster (iv) of the MTNDP 2019-2023 and enabler 2 of the MTNDP 2024-2030 place a lot of emphasis on strengthening PFM institutions and structures in order to sustain and consolidate improvements in public service delivery. The attainment of Government’s long-term vision of becoming a middle-income country ought to be supported by continuous PFM reforms aimed at addressing identified weaknesses, improving the effectiveness of institutions and PFM systems for the implementation of national policies in order to bridge the inequality gap and reduce poverty, hence the development of PFM reform strategies over the years, including this current one for a five-year period 2023-2027.

Vision of the PFM Reform Strategy

The strategic vision of this strategy is to support the Government of Sierra Leone in strengthening the three budgetary outcomes, namely: (i) fiscal discipline, (ii) strategic allocation of resources, and (iii) effective service delivery.

Objective of the PFM Reform Strategy

The overall objective of this PFM reform strategy is to strengthen strategic planning through sound and realistic macro-fiscal framework for a better alignment of the annual budget to the medium-term strategy in order to improve fiscal discipline, improve budget formulation, preparation and execution by strengthening domestic revenue mobilisation capable of funding the expenditure budget for improved service delivery, strengthening the competitiveness in procurement, strengthening the transparency and accountability framework to improve public participation in the quest for social accountability, and improve the general environment of internal and external audit, and legislative oversight in order to reduce corruption.

5.3. Sequencing principles

Where do we begin the arduous task of reform? The case for sequencing is premised on the simple notion that certain reform actions should precede others from a technical point of view and that it is impractical to attempt to implement all reforms at once. In Sierra Leone, the implementation of PFM reforms has taken a largely very technocratic approach with optimistic assumptions. This strategy aims at pursuing a sequencing framework that goes beyond considerations relating to the technical merit of the reform intervention.

Non-technical, institutional and organisational considerations on PFM sequencing

Consideration of non-technical factors in the sequencing approach will consider critical political economy issues that impact on the viability of a reform action and its priority relative to another.

The strategy will consider the timing and staging of reforms based on contextual opportunities and constraints using a “triple A” space for change analysis, to discern how much space for change is available for each reform intervention. By analysing levels of authority, acceptance and ability, it can be determined whether it is best to start with an aggressive new reform intervention or something smaller whilst employing strategies to expand the space for change in the other areas. The three “As” are expanded on below:

Authority – refers to the support that will be required for the reform intervention – be it legal, political, organizational, or personal. The reform process will need to take into account how much authorization already exists to tackle the problem and the authority gaps that need to be closed. To illustrate the principle

of “**Authority**”, reference is made to Article 119 of the 1991 Constitution, which mandates the Auditor-General and by extension ASSL to audit all accounts of public institutions at central and local government levels. Therefore, the “**Authority**” of ASSL is legally established to expand audit coverage. However, this can only be realised or achieved if the principle of “**Ability**” (financial resources, human resources, logistics, etc.) is equally well established. Another aspect of “**Authority**” could also be whether a PFM component head in an MDA has the power to initiate/implement a PFM reform without the express authorisation and approval of the “PFM Champion”, in this case the Financial Secretary, for example.

Acceptance – refers to the extent to which there is buy-in for the reform – whether key stakeholders accept the need for change and its implications. The reform process will need to identify the relevant actors and what level of acceptance exists and the acceptance gap that needs to be closed. A classic example under “**Acceptance**” is whether the Government, and by extension Parliament will admit/accept to amend the Constitution to allow the opposition political party to chair the Public Accounts Committee (PAC), which is the international norm, currently not the case in Sierra Leone (the ruling political party chairs PAC, defeating the purpose of transparency and accountability).

Ability – refers to pragmatic considerations for the implementation of the reform – the extent to which there is sufficient time, money, and skills for the reform intervention. The reform process will need to consider what abilities exist and the gap that needs to be closed. A practical example to “**Ability**” is the recognition that ASSL needs to expand audit coverage. Expansion of audit coverage comes at a cost, including either recruitment of more staff, training and capacity building, more financial resources, computer/ICT equipment, transportation and logistics, among others. The question therefore is whether the Government, and by extension ASSL has the ability to expand audit coverage?

Technical considerations on PFM sequencing

Technical considerations on PFM sequencing are based on the three main higher level of PFM outcomes (1) Aggregate fiscal discipline, i.e., effective control of the total budget and management of the fiscal risk; (2) Strategic allocation of resources, i.e., planning and executing the budget in line with government priorities aimed at achieving policy objectives and (3) Efficient service delivery, i.e., achieving the best level of public services within available resources. These considerations are well articulated in a research paper authored by a renowned PFM practitioner, Jack Diamond on PFM reform sequencing⁹.

The first PFM priority should be the financial compliance, strictly interpreted as the adherence to all formal legislation, regulations, and procedures¹⁰ governing the public finance management system. This financial compliance should lead to adequate fiscal control, fiscal discipline, and a credible budget (i.e., a realistic budget, adequate internal/ external control and reporting over expenditure and revenue, centralised control over cash, sound procurement system, timely accounting and reporting, and comprehensive budget coverage). These functions are for the most part covered by PEFA indicators, though some aspects such as human resource or IT capacities are not covered by PEFA and require complementary analysis.

The second priority is the consolidation of the medium term macroeconomic and fiscal frameworks (i.e., a more realistic macro-fiscal framework and budget costing) to better ensure a longer run macro-fiscal stabilisation and sustainability. A sound and realistic multi-year budget planning will start with a sound and credible annual budget process (i.e., actual spending aligning with the approved budget, and sufficiently accurate revenue forecasting to support multi-year expenditure planning).

The third priority is achieving efficiency and effectiveness in service delivery which is the third high level outcome of a PFM system. This requires higher level of PFM skills, more complex PFM system and more information (i.e., costing of inputs/outputs, linking inputs/outputs/policy outcomes, multi-year policy-based program budgeting, new budget classification, more delegation and more flexibility of management to spending authorities with adequate internal control and audit functions, and key performance indicators)

Though Sierra Leone has already embarked on the two first priorities of the PFM higher outcomes, the third one on efficient service delivery is being initiated but constrained by the level of achievement of the two

⁹ Background Paper 1: Sequencing PFM Reforms, Jack Diamond, January 2012. PEFA.org

¹⁰ Considering that the PFM system legal, regulatory and operational framework is sound and in conformity with some “acceptable international standards”.

previous main budgetary outcomes. As it is observed in the last PEFA assessment (2021) and in the Auditor General Reports, though the legal/regulatory framework is considered sound and in conformity with international standards, the financial compliance and fiscal discipline remains a challenge and an impediment to achieving the adequate aggregate fiscal discipline and budget credibility. Pursuing the enforcement of the PFM legal/regulatory/operational framework will constitute one of the key and overarching priorities in the present strategy which will allow developing other dimensions/levels of the PFM system, (i.e., the macro-fiscal stability and strategic allocation of resources and finally the efficient/effective delivery of public services).

6. THEMATIC AREAS

The Strategy encompasses five key thematic areas that span across different phases of the PFM cycle. These areas address pressing PFM issues identified through stakeholder consultations, as well as findings from important diagnostic assessments like the PEFA, OBS and PIMA, and relevant government documents such as the Auditor General's Report. The five thematic areas are as follows:

1. Strategic Planning and Macro-Fiscal Framework
2. Budget Preparation, and Execution
3. Fiscal Decentralization for Improved Service Delivery
4. Accounting and Reporting through IFMIS (Integrated Financial Management Information System)
5. External Audit and Legislative Scrutiny

Other critical areas covered by the strategy include the following:

- (i) PFM Enablers – ICT support
- (ii) Cross-cutting (PFM Strategy Monitoring & Evaluation, Change Management, Implementation, etc.)

Each thematic area presents problem statements, their underlying causes, and the main reform areas. The action plan further breaks down specific activities under each reform area, spanning the entire five-year duration of the strategy. To ensure effective implementation, the sequence of reform activities considers country-specific factors such as political developments (e.g., the upcoming 2023 presidential elections), political commitment and sensitivity, resource availability, institutional priorities, capacity development needs, technical complexity, and stakeholder resistance. As a result, the Strategy largely front loads reform actions that are not resource-intensive, enable quick wins and generate reform momentum, can be administratively implemented without significant hurdles, and build upon recent or ongoing reforms; but also prioritizes activities that seek to address pressing issues. Additionally, certain activities are planned across multiple years to accommodate delays caused by resource constraints, coordination challenges, or political circumstances.

6.1. Theme 1 – Strategic Planning and Macro-Fiscal Framework

Section 22 of the Public Financial Management Act 2016 and Section 7 of the Public Financial Management Regulations 2018 provide the legal basis for the preparation of the medium-term macro-fiscal framework to guide revenue projections and the preparation of the medium-term expenditure framework through the issuance of medium-term expenditure ceilings. The preparation of sector strategies is also guided by the same legal provisions. The Government of Sierra Leone, led by the Macro-Fiscal Policy Division of the Ministry of Finance through the Macro-Fiscal Strategy Working Group comprising a number of divisions within the Ministry of Finance and other government agencies such as the National Revenue Authority (NRA), National Mineral Agency (NMA), Bank of Sierra Leone (BSL) and Statistics Sierra Leone (SSL), prepares fiscal projections using the Sierra Leone Integrated Macroeconomic Model (SLIMM)¹¹. The macro-

¹¹ The SLIMM is an excel based model using a similar approach to the IMF's Financial Programming Framework. In the model, different scenarios are used for all the sectors from a base case to alternative scenarios, to produce the final indicators.

fiscal projections which are part of the Fiscal Strategy Statement, are reviewed and approved by cabinet before submission to parliament.

Problem statements and underlying causes

The macro-fiscal projections are too ambitious, a desire to satisfy development partner needs/requests, with less emphasis on historical data. Over the years, the macro-fiscal forecasts have not yielded the desired results of ensuring a more predictable resource allocation envelop aimed at significantly influencing actual cash allocations for improved service delivery. The projections are unrealistic, through overoptimistic revenue projections or underestimation of expenditure commitments, thereby artificially increasing the fiscal space and undermining the credibility of the budget.

The negative impacts of data gaps in development planning, have contributed to a lack of credibility in the macroeconomic framework. These include (i) data reconciliation challenges among key government agencies (BSL, NRA, MoF, SSL), (ii) data gaps as a result of delays in collating statistical and economic data and (iii) the fact that Sierra Leone fails to produce quarterly national accounts statistics, the continuous use of 2006 base-year for GDP projections.

There is ample evidence (as per 2021 PEFA assessment under PI-14) to suggest that a range of fiscal forecast scenarios (for internal use only, without legislative scrutiny) based on alternative macroeconomic assumptions are prepared with a qualitative assessment of the impact of policy proposals, but not quantitatively. These scenarios appear to have made minimal impact in the macro-fiscal forecasting framework. The areas that need strengthening include, but are not limited to, strong and realistic underlying assumptions and comprehensiveness of the medium-term fiscal framework, in addition to building the technical capacity of key staff across government institutions responsible for macro-fiscal projections as well as the provision of the required up-to-date tools.

Delays in the strategic planning phase. The PFM Act requires that the fiscal strategy statement be prepared and approved by cabinet and parliament by July each year, to allow sufficient time for the budget formulation and preparation phase. The Finance Act 2021, for purposes of aligning the Government fiscal projections and discussions with development partners, amended the legal provision in the PFM Act from July to October. This has resulted in a squeezed timeframe for budget preparation, coupled with misalignment of annual budgets to medium-term sector strategies, as sufficiently evidenced in the 2021 PEFA report (under PI-16.3).

There is weak communication and coordination on the impact of policies among key government stakeholders. Inter and intra agency communication and coordination is crucial for sustaining and consolidating policy direction. Regular and systematic communication among all key stakeholders provide an opportunity for engagement to resolve emerging issues during the implementation of policies and programs. This is lacking or at best very minimal and less structured to derive the optimum impact.

Sector strategies are unrealistic and less than 25% by value of MDAs prepare costed strategies. Sector strategies are derived from the Medium-Term National Development Plan (MTNDP) which is GoSL's overarching development objective. The annual budgets are supposed to have a direct linkage to the medium-term sector strategies in order to assure policy cohesion. The preparation of a realistic budget also stems from the existence of a realistic and costed medium-term strategy. Currently, less than 25% by value of MDAs (22% according to the 2021 PEFA report, under PI-16.3) prepare costed strategies. That said, these costed strategies are unrealistic as there is no way the government can fund activities outlined in the strategy mainly due to fiscal constraints. This reflects coordination weaknesses between MoF and MoPED. Officials of MoPED Planning Department have indicated that there is limited information on the actual number of MDAs that prepare costed sector strategies. This will require a comprehensive analysis to determine the true situation on the ground.

Lack of the development and implementation of Computable General Equilibrium (CGE) Model: There is a need to strengthen policy modelling. The non-implementation of the activity relating to the development and implementation of the Computable General Equilibrium (CGE) model in the legacy PFM Strategy and Plan hampered progress in this area. CGE analysis is assessing the broader economic impact of changes in policy, technology or other external factors. The CGE model was not developed due to lack of

funding. The development and implementation of this model will significantly influence budget credibility positively.

Main PFM reform objectives/areas

Key interventions will focus on strengthening the budget credibility and discipline.

The first main reform objective is to strengthen the strategic planning phase of the budget process to better reflect high-level strategic dimension into the allocation of budget resources and strengthening fiscal discipline.

The key reform actions will include:

- The progressive implementation of a Top-Down Strategic Budgeting approach in compliance with the existing legal and regulatory framework.
- Develop a more analytical and strategic Fiscal Strategy Statement (FSS) (i.e., establishing fiscal objectives, analysis of the fiscal performance, impact of new policies) and submit the FSS to cabinet by July each year.
- Submit Budget Call Circular (BCC) before July with ceilings approved by Cabinet and the initiation of national policy hearings beforehand.

The second main reform objective is to improve macro-fiscal framework for realistic fiscal projections, with an outcome to produce a credible macro-fiscal forecast by 2027. This objective is a prerequisite to budget reliability.

The key reform actions will include:

- The development and/or acquisition of tools to facilitate data reconciliation in a timely manner among all key stakeholders within the macro-fiscal group, namely, the National Revenue Authority (NRA), Bank of Sierra Leone (BSL), Ministry of Finance, National Minerals Agency (NMA), and Statistics Sierra Leone (SSL).
- The second reform initiative will address the level and improvement of coordination among the government agencies within the macro-fiscal sector. The use of the SLIMM model and other economic modelling tools, in addition to training and capacity building, plus support to strengthen the analytical capacity of key staff within the macro-fiscal sector to notably produce macro-fiscal framework with quantitative and qualitative analysis of baseline and alternative scenarios as well as impact of new policy measures.
- Other key reform areas that are of importance include (i) the strengthening of macro-fiscal data collection in a timely manner, (ii) realignment of the strategic planning phase to the annual budget preparation phase which is key for ensuring the delivery of public service efficiently and effectively, (iii) strengthening of the technical capacity of MDAs and (iv) improving the coordination between MoF and MoPED to ensure the development of realistic and fully costed medium-term strategic plans, among others.
- It is strongly recommended that the Government of Sierra Leone liaises with development partners such as WB, IMF, and AfDB for the development and deployment of the CGE Model, as this is crucial for economic impact of government policy changes. This is in light of the fact that AfDB and WB have been engaging each other to synergise their efforts on the use of macroeconomic modelling tool for Sierra Leone.

6.2. Theme 2 – Budget Preparation and Execution

6.2.1. Budget Preparation

Budget preparation is the first phase of the budget cycle process and requires the existence of the institutional arrangements to ensure effective coordination of all stakeholders to translate public policy objectives into resource allocation decisions across Government. Public finance literature recognizes three important pre-conditions in developing a budget that is technically sound and aligns with political priorities – (a) early decision making on budget priorities, (b) the establishment of hard constraints (budget ceilings) to facilitate aggregate fiscal discipline, and (c) a medium-term orientation. The strategy will aim to strengthen these conditions in Sierra Leone by addressing core issues in budget preparation and approval.

Problem statements and underlying causes

The budget calendar is short. Guidelines on good practice recognize the need to allocate a sufficient timeframe for line ministries to plan for the upcoming fiscal year and for the legislature to conduct its necessary scrutiny. African countries on average present their budgets to the legislature two months before the next fiscal year. In Sierra Leone, the provision on the tabling of the budget has been amended to allocate a timeframe of six weeks, down from two months (Finance Act 2021); hindering substantive discussions on the budget and thereby limiting the scrutiny of the budget by the Legislature. Moreover, the time allocated for MDAs to prepare their budgets has progressively decreased over the years due to the increasingly delayed issuance of the Budget Call Circular (BCC).

Inadequate link between the budget and sector priorities. All MDAs are mandated to develop costed medium-term strategic plans. These are required to align with Government policy objectives and programmes and consist of both recurrent and capital expenditures for the subsequent year and two outer years. However, under 25% of MDAs are developing costed plans, although this is an improvement, with the number of MDAs drawing up costed strategic plans having gone up from one to five. Furthermore, Sierra Leone has adopted a line-item budgeting approach, with a core focus on inputs (the amount of money expended), overlooking the outputs of MDAs. This hinders a sufficient link between policy priorities and the budget, sufficient information on Government programmes and functions and accountability for results.

Budget credibility remains a weakness, as reflected in the PEFA scores. A key intervention in the legacy PFM Reform Strategy and Plan aimed at strengthening the budget preparation process was the deployment of budget officers to MDAs to shore up technical capacity within MDAs. Although they have been posted to most MDAs, this has not proved a sufficient condition to facilitate the formulation of realistic and comprehensive budgets and plans. This is compounded by a failure to conduct annual pre-budget briefings with sector working groups during the entire four-year period of the legacy Strategy. Assessing and strengthening the functionality of budget committees will be a significant part of efforts to address budget credibility weaknesses. The 2021 PEFA assessment, specifically under PI-21.4 highlights frequent and significant in-year budget adjustments contrary to the provisions in the 2016 PFM Act, specifically relating to Financial Secretary (FS) letters, eventually distorting the annual budget and affecting service delivery.

The above description is further buttressed by a quote from the 2021 PEFA report: *“Virements (budget adjustments without the need for parliamentary approval) are very frequent (more than 500 virements) and not transparent. Reference is made to PI-2 under the PEFA report (even though calculation excludes loans and grants) in terms of the effect of these adjustments – adjustments are significant. There are also payments made from Financial Secretary letters (Le30.17 billion in FY2020 – representing about 0.4% of total budgeted government expenditure, processed outside IFMIS and posted ex-post) which are not transparent – MDAs are unaware of these instances of payments and changes to their quarterly budget allocations which eventually affects their service delivery programs. Cash rationing is the order of the day due to inadequate cash to pay for expenditure commitments.”*

MDAs lack a comprehensive grasp of the resources available to them when the budget call circular is released. The discrepancy in the timing of recurrent and capital ceiling announcements hinders effective coordination between the two budgets. Wages and salaries costs are determined by the HRMO during the manpower planning process. Additionally, the Budget Bureau calculates the ceilings for goods and services, subsidies, and transfers, while the domestic capital ceiling is determined by the Macro Fiscal Policy

Department and communicated to MDAs after consultations with the Ministry of Planning and Economic Development (MoPED).

Main PFM reform objectives/areas

- Efforts to enhance the budget preparation process will require the inclusion of both recurrent and capital ceilings in the Budget Call Circular (BCC) with an emphasis on prior Cabinet approval and the introduction of baseline costing as a budget preparation technique.
- The second main reform objective is to reduce the misalignment between planned and actual expenditure in order to enhance budget reliability. This will require concerted efforts (led by the Ministry of Finance and the Ministry of Planning and Economic Development) to enhance the budget preparation process through an emphasis on the connection between government policy objectives and expenditure including procurement plans. This will require a critical inquiry into the existing state of affairs – drawing on a diagnostic survey on the functionality of budget committees and consultations with relevant stakeholders on the findings and way forward including strengthened budget committees that boost budgeting capacity and ensure a robust, collaborative and transparent process takes place.
- The third topmost priority reform objective is attainment of budget credibility, and predictability and control in budget execution. This will require the enforcement of the existing legal, regulatory, and operational framework with the complete elimination of unauthorised spending/virements including the use of Financial Secretary (FS) letters from the budget execution cycle and a tracking of all these operations. This can be achieved, as proposed in the strategy action plan below, through a phased reduction/elimination approach of at least 20% of FS letters annually over the 5-year span of this strategy. This means that by end of 2027, there should be a zero use of FS letters.

6.2.2. Gender-responsive budgeting

Gender equality is a key pillar in the Government of Sierra Leone’s National Development Plan 2019-2023 (Education for Development), with the Government committed to tackling the challenges in gender inequality, driven by a host of policy and legal frameworks at both the national and international levels. Some of the normative frameworks include the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW); the Beijing Declaration and Platform for Action (BDPA) at the international level and national frameworks including the National Gender Mainstreaming Policy 2000; Gender Equality and Women’s Empowerment Policy 2020 and Gender Equality and Women’s Empowerment Act 2022. All of these documents emphasise gender mainstreaming and gender responsive budgeting.

The Ministry of Finance has prioritized 5 Ministries for gender responsive budgeting for the 2023 financial year. With the increasing awareness that PFM systems and budget decisions impact on the social and economic outcomes of men and women in different ways, Governments are increasingly gravitating towards gender responsive budgeting (GRB). In response, the PEFA Secretariat has incorporated a supplementary assessment for GRB in its framework. Sierra Leone scored ‘Ds’ across all 9 indicators during the 2021 PEFA assessment. Nevertheless, the existence of laws, policies and strategies on gender equality in Sierra Leone present an opportunity for gender mainstreaming into the national budget.

Problem Statements and underlying causes

There is no gender perspective in the planning and budgeting framework despite the existence of strategies and policies that promote gender equality and support to youth and vulnerable groups in the society. The poor performance in the 2021 PEFA among other things, indicates that the gender impact of proposed changes in revenue and expenditure policies is not considered (GRPFM-1), which reinforces the poor score of “D” for PI-15.1 in line with the main PEFA assessment, in terms of assessing the fiscal impact of policy proposals. Furthermore, the Government neither considers gender responsiveness in public investment proposals nor does it conduct an economic analysis of investment proposals with a gender perspective.

There are ongoing efforts to bring in the gender dimension into the PFM. This includes technical assistance (TA) support from the IMF as well as the AFDB, and the piloting of gender budget statements in the 2023 national budget. Over the next five years, the GoSL will seek to establish a gender and planning perspective in the budgeting and planning processes through budget instruments and processes, legislation, the policy framework, and institutional mechanisms.

Main PFM reform objectives/areas

- The first and topmost priority reform objective is to diffuse and deepen GRB, currently at a very nascent stage across MDAs. This will require the incremental piloting of MDAs, the training of budget preparation teams of MDAs over time and the establishment or strengthening of gender desk focal points to facilitate the process of gender mainstreaming.
- The second reform objective is to strengthen gender responsive budgeting. This will require the undertaking of an annual gender audit to provide critical insight into the impact of gender mainstreaming efforts. Crucially important is the need to deliberately develop policies and programs to support the youth and vulnerable in the society.

6.2.3. Revenue Administration

Recent interventions in this area have centred on critical areas such as enhancing voluntary tax compliance, strengthening capacity, automation, and systems upgrades, enhancing the quality of revenue data and improving the regulatory framework for revenue administration. Moving forward, reforms will be guided by NRA's new Medium-Term Revenue Strategy 2023-27 (MTRS), which provides a roadmap for building more sustainable and resilient revenue. The MTRS interventions include:

1. Tax Policy and Legislative Measures

The legislative framework for revenue mobilization will be strengthened through the design of tax policies, the introduction of new legislations, and the review and amendments of existing laws. To support the government's macro-level objectives, a comprehensive assessment of various fiscal legislations, including the Income Tax Act (2000), Customs Tariff Act 1978, Excise Act 1982, Goods and Services Tax 2009, and others within Finance Acts, will be undertaken.

The Medium-Term Revenue Strategy aims to achieve the government's objective of increasing domestic revenue collection to 20% of GDP by 2027. The proposed tax policy measures include reviewing the Income Tax Act for a transition to global income taxation, enhancing the corporate income taxation system to boost revenue and encourage productive investments, transitioning excise taxes on various items to specific rates to reduce harmful behaviour and ensure stable revenues, broadening the base of the Goods and Services Tax by revising exemptions and thresholds, integrating land and property taxes management at the national level, and implementing a policy to avoid special fiscal terms in new greenfield investments in the extractive sector.

2. Revenue Administrative Measures

Sierra Leone's revenue administration primarily revolves around domestic taxes, customs revenue, and non-tax revenue. However, it faces multiple challenges characterized by administrative obstacles, weak enforcement, limited capacity and support systems, low compliance rates, and inadequate oversight. The MTRS therefore presents essential administrative reforms aimed at addressing the aforementioned challenges and enhancing revenue administration in the medium term. These include:

- Cross cutting measures aimed at: (i) strengthening compliance risk management, (ii) simplifying processes in tax administration, (iii) building an outcome-driven revenue administration, and (iv) modernizing business operations, capacity and productivity.

- Domestic tax administrative reforms aimed at enhancing compliance, strengthening the functionality and integration of tax administration systems (ITAS), improving access to and management of data to support domestic revenue mobilisation (DRM).

- Customs administration measures aimed at improving sustainable revenue performance and enhancing trade facilitation and border controls. These interventions specifically aim to enhance compliance, streamline customs exemptions, reinforce valuation processes, strengthen post-clearance audits, fully implement ASYCUDA World, and improve customs data acquisition and management.
- Measures to enhance the administration of the excise tax system in alignment with changes in excise tax policy.
- Administrative measures for non-tax revenues

Problem statements and underlying causes

Revenue arrears are on the rise. The 2021 PEFA pegged revenue arrears at 5.19% of total domestic revenue collection, up from 1.2% in 2017. The 2020 Auditor General’s report further affirms the nature of the challenge, indicating that outstanding revenue totalled Le329.89 billion, arising from non or a part payment, illegal tax credit claims, recalculation of tax liabilities, non-submission of evidence of payment in addition to confirmed revenue arrears. MDAs are reported to be the biggest offenders, whilst business entities also contribute to the figure. There is a need to establish reporting on actual arrears collection and strengthen collection mechanisms.

The generation of revenue in Sierra Leone is significantly constrained by a narrow tax base, exacerbated by low compliance amongst taxpayers and inefficiencies in tax administration. Efforts to improve tax and customs administration have thus resulted in the introduction of and improvements in digital technologies, leading to systems upgrade to ASYCUDA World, the implementation of an Integrated Tax Administration System (ITAS) for domestic revenues, and the introduction of Electronic Cash Registers to account for domestic GST. However, the multiplicity of systems and the lack of an interface between them means data reconciliation challenges and delays remain. Furthermore, limited acceptance of the ECR impedes its impact on tax compliance and revenue generation potential.

Whilst domestic revenue generation is crucial to funding the national budget, policy inconsistencies between the approved national budget and the Finance Act have emerged, thereby raising policy credibility issues. For instance, page 16 of the 2023 national budget clearly states that “this budget will not introduce any new taxes; all current rates of taxation remain unchanged in 2023. Efforts to raise revenues will focus mainly on strengthening tax compliance and broadening the tax base”. Surprisingly, the Finance Act 2023, enacted in April 2023 introduced two new taxes, namely: (i) New Minimum Alternate Tax (MAT) of 3% on turnover/sales of all companies, and (ii) New Tourism Levy of 2%.

Main PFM reform objectives/areas

- The first reform objective is the pressing need to strengthen the institutional arrangements for revenue collection in order to enhance domestic resource mobilization. This will require the development of strategies to address the root causes of arrears accumulation as well as the adoption of a different model for the collection of tax arrears, namely the outsourcing of this function to the private sector. It is also important that interventions here include the conduct of a cross-debt analysis on SOEs and central government.
- Secondly, a key reform objective is to increase the compliance of tax laws by SMEs with interventions that include data matching, voluntary compliance initiatives, the establishment of an interface between ITAS, ASYCUDA and other systems, the implementation of a block management system and the application of mobile payments. Furthermore, anti-avoidance schemes and establishment of a debt management function will be essential to enhancing compliance in the extractives.
- The third additional reform objective centres on the need to enhance post-clearance audit and risk encompassing a wide range of interventions, including – ESW extension, post seizure analysis, warehouse management, data reconciliation to ensure consistency between electronic records and physical inventory, the establishment of a monitoring system for warehouse cargo, the institutional strengthening of the NRA through capacity building of personnel and enhancing the governance of the PCA and a review of NRA powers in relation to access to information during audits.

- Also, a critical issue is preventing the misuse of duty waivers through enhanced duty waiver management and the monitoring of customs exemptions. Consistency in fiscal policy brings about confidence in the business community – this should be upheld.

6.2.4. Cash management

Active and effective cash management is critical in ensuring that cash is available to meet commitments in the required amount and in a timely manner to avoid the accumulation of expenditure arrears. The practice in Sierra Leone has however, been largely cash rationing as opposed to active cash management, prioritizing certain expenditures or deferment of discretionary expenditure. Scenarios where MDAs make expenditure commitments in line with their commitment ceilings and subsequently facing challenges such as late or non-release of cash, compounds the problem of expenditure arrears. This cluster will seek to address core challenges that impede effective cash management.

Cash plans are not credible. A core objective of cash management is anticipating the cash needs of Government and ensuring timely payments are made. Within this context, MDAs are a critical part of ensuring an alignment between expenditure planning and actual cash expenditure through the development of realistic cash plans. MDAs are best suited to project trends in their expenditures (as well as revenues) through the use of data on contractual agreements, planned procurement, work plans and so forth. However, complete, and timely submission of cash plans is a challenge that is further compounded by MDAs frontloading their cash needs. This is a result of low confidence in the timely release of funds when needed and often leads to idle cash.

The accumulation of arrears is a perennial problem. Clearing arrears continues to pose a threat to achieving the broader objective of establishing efficient cash management. Despite the implementation of an arrear’s clearance strategy and a decline in the overall stock (due to repayments), the strategy falls short of addressing the root causes of arrears and has therefore failed to curb its build up as MDAs continue to make commitments formally and informally. Consequently, despite improvements in arrears monitoring, Sierra Leone scored poorly in PI-22 (D+) because the overall stock remains significant. Reform interventions will need to address the drivers of expenditure arrears. For instance, an important finding from stakeholder engagements during the evaluation of the PFM Reform Strategy and Plan 2018-2021 was the need to maximize the use of Government capital assets through better information on Government buildings and ensuring their maintenance as a means of curbing rental arrears. The inefficient use of Government capital assets is therefore an important root cause of the problem of arrears that needs to be addressed alongside other issues.

The TSA is not comprehensive. The introduction of the TSA has been an important element to strengthen the management of cash within the Government system. Accordingly, one of the objectives of the PFM Reform Strategy 2018-21 included extending coverage of the TSA to all sub-vented agencies, DP project accounts and Local Councils. However, this is yet to be fully implemented.

Main PFM reform objectives/areas

- The first main reform objective is to strengthen the cash management function as a means for better predictability and control in budget execution. This requires the building of cash planning capacity within MDAs over a sustained period as opposed to one off trainings.
- Secondly, the shortcomings of the arrears’ clearance strategy call for its revision in order to minimize the continued accumulation of arrears.
- Lastly, an incremental approach (with a concomitant expansion to relevant ICT infrastructure) is required to increase TSA coverage.

6.2.5. Public Procurement

Public procurement is a critical pillar in the strategic allocation of resources and the promotion of public sector efficiency. Procurement reforms were a key priority in the legacy PFM reform Strategy and Plan, seeking to inject greater transparency in procurement processes, attain cost savings through greater competition and increase transaction efficiency through streamlined procurement processes. So, there was a lot of focus on ‘form’ - regulatory reforms, the development of strategic documents such as the procurement manual, institutional arrangements in the form of a Procurement Review Board and the establishment of procurement units in MDAs. However, the shortcomings highlighted in the 2020 Auditor General’s report suggest a lag in practice persists. Nonetheless, some improvement has been registered in procurement, largely a result of greater access to procurement information and underscored in an enhanced PEFA rating for PI-24 from a ‘D’ in 2017 to a ‘C’ in 2021. This cluster will seek to address challenges undermining procurement capability in the GoSL.

Problem statements and underlying causes

Procurement plans are not credible. MDA procurement plans are often not needs-based or linked to MDA cash plans. The Public Procurement Act mandates MDAs to submit annual procurement plans for the subsequent year to the Ministry of Finance as part of the budget process indicating:

- Contract packages
- Estimated cost of each package
- Method of procurement
- Procurement officers
- Processing steps and timeframe

These provisions do not provide a sufficient incentive for MDAs to develop realistic procurement plans, tied to key organizational objectives. The practice has rather been that of “malicious compliance,” to satisfy the requirements of the budget process. Furthermore, the non-integration of the procurement planning process of DP funded projects with GoSL funded projects results in significant duplication and spending inefficiencies.

There are no sanctions for non-compliance. The 2020 Auditor General’s Report highlights a myriad of practices that contravenes the regulatory framework for procurement. This includes:

- Non-compliance with due process in the termination of contracts
- Lack of a procurement committee
- Lack of a procurement plan
- Procurement irregularities in the management of contracts
- Non-adherence to procurement methods or procedures
- The absence of relevant supporting documents

Interventions in procurement will seek to address capability gaps and advance the implementation of e-Government Procurement.

Main PFM reform objectives/areas

- The first reform objective is to enhance national procurement systems for improved competition, transparency and accountability. There is a need to conduct a Methodology for Assessing Procurement Systems (MAPS) for more in-depth insight into the challenges in this area. Nonetheless, a review of the Procurement Act and the acceleration of e-procurement are proposed as immediate steps to tackle issues around non-compliance with procurement rules and regulations.
- The second reform objective is to ensure the credibility of procurement plans. This can be achieved by first ensuring the preparation and approval of a credible budget, then feeding into the preparation and approval of credible and realistic procurement plans.
- The third reform objective is enforcement of all procurement laws and regulations without fear or favour. The Government should boldly sanction all culprits of procurement infractions in accordance with law.

6.2.6. Payroll Management

Payroll is one of the best performing areas of the legacy PFM Reform Strategy and Plan, registering a notable improvement in the most recent PEFA, up from a 'D+' in 2017 to a 'B+' in 2021. Payroll controls and systems have improved considerably, particularly through the strengthening of financial data integrity. Reforms have included the activation of a payroll module in the IFMIS and the automation of payroll controls, the deployment of dashboards to enhance the monitoring of payroll data and a data matching and payroll cleaning exercise, culminating in a slight decrease in the wage bill. However, notable challenges linked to the sustainability of the wage bill and human resource management practices remain.

Problem statements and underlying causes

The wage bill is unsustainable. The most recent public expenditure review pegs wages and salaries at 7.0 of GDP, above Government's target of 6.0 in the National Development Plan and above the average for select regional countries. Furthermore, the wage bill stands at 48.9 per cent of recurrent spending, 47 per cent as a share of tax revenue, and is significantly higher than the ECOWAS convergence criteria of 35 per cent. Notable root causes include poor human resource practices and planning - lack of annual workforce plans beyond the scope of the civil service (resulting in overstaffing and unplanned recruitment) and pay rises and disparities. Spending on personnel emoluments crowds out other priority expenditures such as public investment.

There are salary disparities for wages and compensation across government agencies. A key issue has been the institutionalization of the positions of long-term consultants within a pay structure beyond the scope of the civil service grade scheme and pay increases in some MDAs. This has contributed to a disparity in pay and remuneration within certain payroll categories and among Sub-vented agencies. The implementation of a new pay structure to address the issue of equity and competitiveness in Government remuneration has been hampered by the lack of fiscal space. The setting up of a Wages and Compensation Commission will be critical, for pay harmonization which has been one of the key commitments of Government. In this regard, a bill has been drafted and approved by Cabinet and tabled for Parliamentary action.

There exists no direct link between personnel records and payroll records. Although recent reform efforts have included a physical verification exercise that has led to the elimination of ghost workers and the overall cleaning up of the payroll, a systemic framework to identify control weaknesses and ghost workers is still lacking. Personnel records are yet to be digitized and have no direct connection to payroll records such that changes to personnel records are automatically reflected in the payroll.

The national payroll and personnel data are incomplete. There are challenges with personnel data uploaded onto the Civil Service Management (CSM) system from the previous Human Capital Accountability (HCA) system, resulting in delays in the payment of gratuities for retired public servants, in addition to difficulties in churning out historical payroll data. Of equal concern is the wrong configuration of public servant salary scales, leading to challenges in manpower planning and budgeting. The continuous and periodic deletion of personnel and payroll data from CSM makes it impossible to properly audit data from the personnel and payroll management systems.

Main PFM reform objectives/areas

- The first main reform objective is to contain the wage bill through the effective control of expenditure on personnel emoluments. This will require the alignment of the manpower planning process with the budget preparation process; ensuring that manpower ceilings are allotted and adhered to.
- The second main reform objective is the development of a competitive and equitable pay structure, insulated from political interference. Towards this end, proposed interventions include the operationalization of the Wages and Compensation Commission, the digitization of the hiring

process, institutional strengthening of the Human Resource Management Office and the validation of new policies and programmes relating to human resource management.

- The third main reform objective is the creation of a link between personnel records and payroll records through the use of digital systems; leveraging the recently purchased records management system and finalizing the web interface for the document archive system. The implementation of these interventions will require close collaboration between the Human Resource Management Office, the Public Service Commission and the Budget Bureau.
- The fourth main objective is to ensure data accuracy in both personnel and payroll systems for proper accountability.

6.2.7. Public Investment Management

Sierra Leone faces significant infrastructure challenges, manifesting in key areas such as power, ICT, road infrastructure and water. Tackling these challenges will require sustained and efficient development expenditure. The most recent PIMA report indicates that there is a 47% efficiency gap in capital spending, higher than regional counterparts and the Sub-Saharan African average of 22 per cent and 37 per cent respectively. This cluster will seek to address key issues that undermine public investment management.

Problem statements and underlying causes

Project selection is largely guided by non-technical considerations. The PFM Act 2016 mandates MDAs to submit an appraisal of their projects as a pre-requisite for approval. However, the practice of financing domestically funded projects without satisfying the appraisal process persists. This is further compounded by the non-publication of the selection criteria applied to projects. The mandated publication of the economic impact (and other considerations) of selected projects would provide an incentive to take appraisals seriously.

Budget preparation weaknesses. The recurrent costs of capital projects are not included in the budget and there is very limited consideration of maintenance costs. According to the 2021 PIMA report, a standard methodology for assessing and prioritizing routine maintenance requirements has not been established for all sectors. Additionally, low actual expenditure on routine maintenance has reduced infrastructure outputs.

Institutional arrangements and coordination. A critical issue is the coordinating relationship among PIM actors (key Divisions at MoF: The Fiscal Decentralization Division (FDD), the Budget Bureau), MDAs, National Monitoring and Evaluation Directorate (NaMED), National Public Procurement Authority (NPPA), Ministry of Planning and Economic Development (MoPED), Ministry of Works, the Office of the President and Vice President, among others). The siloed approach to PIM has resulted in duplications in public investment interventions by MDAs, LCs and SOEs. The lack of a coordinated approach is reinforced by legally relegating leadership for public investment matters to the Ministry of Finance, instead of the Ministry responsible for development planning. The champion for PIM reform should ideally be MoPED, although the PFM Act refers to the Minister in charge of finance with regards to PIM. Furthermore, the tendency for unilateral decision making on public investment matters by the Ministry of Finance further undermines effective leadership and coordination.

There is a need for enhanced technical coordination to:

- Facilitate the interaction of MDAs managing large public investment projects, coordinating local council projects, championing presidential initiatives.
- Strengthen the synergy between PIM and sector strategies.
- Ensure political buy-in.

PPPs are not sufficiently leveraged. The harnessing of alternative financing through PPPs is undermined by the non-prioritization of feasibility studies and limited capacity in this area. Project proposals are largely unsolicited and require independent appraisal by Government to determine the viability of their designs, financial models, among others. Furthermore, there is little attention to infrastructure development at the local level resulting in low capabilities in transaction and investor relations. There is a need to address the weaknesses in the preparation, development, and implementation of PPCP projects.

Project implementation delays and adjustments have led to cost overruns. The lack of re-appraisal requirements and attempts to bypass the policy on prioritizing the implementation of new projects has given rise to frequent and notable project adjustments, leading to inefficiencies and implementation bottlenecks.

Main PFM reform objectives/areas

- The first main reform objective is to ensure a transparent project appraisal and selection process. This will require the issuance of MoF and MoPED regulatory and operational framework mandating and guiding all MDAs to prepare and publish project appraisal reports and enforce project selection criteria. It will also require building the technical capacity of all PIM actors across MDAs.
- The second main reform is the establishment of a framework for the maintenance of public infrastructure. This will require the collaboration of key MDAs including MoF, MoPED, and Ministry of Works to design an appropriate maintenance framework for all public infrastructure and other public assets.
- The third reform objective is the effective coordination on PIM matters. Key activities to be rolled out include periodic meetings among PIM actors to discuss emerging issues.
- The fourth main reform objective is the independent appraisal of PPP proposals. This will require massive technical capacity building programs to capacitate all actors in PPP.
- The fifth main reform objective involves creating an effective framework for project adjustments. These efforts will therefore include significant shoring up of technical capacity across MDAs, LCs and SOEs, greater collaboration between MoPED and other PIM actors as well as better clarity of roles and responsibilities within the overall PIM ecosystem.

6.2.8. Public Asset Management

The strengthening of public asset management is critical in enhancing efficiency and accountability in public capital spending in Sierra Leone. Improvements in this area have been constrained by limited funding for reform interventions as well as strengthening and resourcing key asset management institutions such as the National Asset and Government Property Commission (NAGPC). The PEFA score in 2021 for public asset management improved from 'D+' to 'C+' because of changes in the PFM Regulations to make provision for a framework for the disposal and transfer of government financial and non-financial assets. Nevertheless, there remains significant concern regarding the management of non-financial (tangible) assets (PI-12.2 rated 'D' in the 2021 PEFA assessment). The cluster will seek to procedurally address asset management issues including asset planning, reporting deficiencies, coordination challenges and information gaps.

There is a lack of comprehensive information on non-financial assets. The monitoring of public assets is a key weakness. A comprehensive, consolidated, and up-to-date national asset register, the responsibility of an under-capacitated NAGPC has not yet been suitably established. The current practice is reliance on asset listing, led by the newly created Stores and Inventory Division at the Ministry of Finance. These weaknesses manifest in issues such as sub-optimal asset acquisitions, escalating losses, asset under-utilisation, asset abuse and even the accumulation of rental arrears, whereas Government buildings are illegally occupied, unaccounted for or disposed of.

Positive deviants can however be identified. The NAGPC, supported by the EU has developed the National Capital Asset Management Framework Policy whose implementation could profoundly improve asset planning, management, reporting, and disposals. Also, the health and education sectors have made efforts to establish their capital stock through surveys whilst the roads sector has developed a roads database. A move towards digitalization of asset management will be a focus for future interventions once basic asset management practices are implemented to a reasonable and consistent level.

Non-compliance and unclear institutional arrangements undercut asset management efforts. Only 30% of MDAs responded during the last asset register development and reporting exercise. This can be attributed to a number of challenges including a general lack of compliance commitment by MDA's, lack of

consequences for non-compliance, the need for further instructional clarity, asset management training for MDA's and also clarifying and communicating the existing institutional structures and procedures relating to asset management. Furthermore, the perception of the NAGPC as merely a policing institution instead of an enabling and supporting structure undermines the functionality of the Commission and limits its effectiveness with regards to its mandate to report on national capital assets.

Main PFM reform objectives/areas

- The topmost reform priority is to significantly bolster GoSL's capability in asset management. Interventions aim at (i) operationalizing the assets and inventory policy and operational manual, (ii) developing and automating national assets register and inventory master with relevant parameters, garnering complete information on public assets and government storage facilities, and (iii) strengthening the authority and capacity of the NAGPC.

6.2.9. Public debt management

The establishment of a sound debt management framework is highlighted as a notable strength based on the 2021 PEFA, citing the preparation and publication of a medium-term debt management strategy (the first since independence), domestic and foreign debt being reconciled at least annually and the public availability of debt statistics. The PEFA score for PI-13 has improved from D+ in 2017 to B+ in 2021, largely attributed to the milestone achievement of developing a Medium-Term Debt Strategy (MTDS) and the operationalization of the legal framework pertaining to the authorization of borrowing and guarantees, which is now assigned solely to the Minister of Finance. Public debt management is guided by the MTDS for 2021-2025 with a keen focus on the prioritization of highly concessional external loans and the development of the domestic debt market. Nonetheless key interventions for strengthening public debt management remain outstanding and the most recent IMF review under the extended credit facility arrangement calls attention to the fact that Sierra Leone remains at high risk of debt distress.

Problem statement and underlying causes

The domestic debt market is shallow, characterized by limited investors and short-term debt instruments, posing a high refinancing risk. The vast majority of commercial banks invest in short term bonds, hampering the elongation of the yield curve. There is a need to develop the domestic debt market through the use of longer-term debt instruments, a widening of the domestic debt investor base and the development of a vibrant secondary market.

There is limited coverage of public debt. There is a need for an updated debt recording and management system with enhanced functionalities to provide more comprehensive coverage of public debt in Sierra Leone (going beyond central Government to include all publicly guaranteed debt) as well as enhanced analytical capabilities. Through its MTDS 2021-2025, the GoSL has committed to the more modern and advanced Commonwealth Secretariat Meridian and its integration with relevant PFM and banking platforms.

There is no report on the implementation of the (Medium-Term Debt Strategy) MTDS. There were no annual production and publication of reports on the implementation of the MTDS ahead of the budget speeches. It is important to note that the first MTDS for Sierra Leone was approved in April 2022. As at July 2023, no reports on MTDS have been produced.

Main PFM reform objectives/areas

Reform interventions are geared towards advancing four main objectives.

- The first main reform objective is the strengthening of the legal, regulatory and policy framework for debt management. This will require the review of the existing public debt law to ensure it addresses emerging new trends.
- The second main objective is promoting a more diversified investor base through engagements with financial sector players. This will be achieved through the primary review of the dealership

arrangement in the financial sector. Training and capacity building on capital markets and stock exchange developments are key interventions in this area.

- The third main reform objective is ensuring the use of an up-to-date debt recording and management system. Activities outlined under this area include the acquisition of a new debt management software (MERIDIAN) coupled with the necessary training and capacity building programs.
- The fourth main reform objective is ensuring greater debt transparency and accountability through the production and publication of reports such as the Medium-Term Debt Strategy (MTDS). Additionally, bolstering the capacity of the PDMD through conventional training as well as secondment to relevant institutions is an important part of efforts to enhance public debt management capability.

6.2.10. Internal Audit

Traditionally, internal audit has been a means of ensuring that Government expends public monies in compliance with budget appropriations and the applicable financial regulations, instructions, and accounting procedures. It therefore provides key support to management in the discharge of its duties, supporting internal control measures through its reports, and providing recommendations for corrective action where applicable. Internal audit should therefore ideally serve as a tool for accountability in the use of public funds. But in carrying out this function, management support is critical and is considered the second most important factor in the effectiveness of internal audit, after staff capacity. These must however be complemented by the existence of independence and objectivity. However, there are important shortcomings that undermine these and other critical elements in the workings of internal audit in Sierra Leone. The 2021 PEFA assessments reinforces these weaknesses with no improvement registered in PI-26 at ‘D+’.

Problem statements and underlying causes

There is a negative perception of the role of internal auditors. Misconceptions about the role of internal auditors has impacted the performance of internal auditors. Stakeholder engagements during the evaluation of the legacy PFM reform Strategy and Plan revealed that internal auditors are essentially viewed as police. A study by the Ministry of Finance’s Research Division further indicates that there exists some hostility towards internal auditors as they are perceived as enemies as opposed to colleagues supporting the enhancement of the internal control framework and the effectiveness of PFM at large. These in turn have affected unrestricted access to documents, personnel, and other assets.

Institutional arrangements undermine the autonomy of internal auditors. Internal auditors report functionally to the Audit Committee and administratively to the Vote Controller. This hinders an objective and independent reporting line for internal auditors because the auditee controls the funds required for the implementation of audit activities. Budgetary constraints have therefore been a significant bottleneck for the work of the internal auditor.

Irregular meetings of Audit Committees. There are currently 15 Audit Committees established across MDAs. However, meetings are irregular due to funding challenges. The umbrella Government Audit Committee is also ineffective to support internal audit work across MDAs and Local Councils.

Internal audit capacity undermines coverage. There are currently 147 internal audit staff and 49 MDAs covered by one or two internal auditors. Stakeholder engagements for the development of the Strategy highlighted the need to expand internal audit capacity. Additionally, there is a need for the building of capabilities in computer-based audit, fraud reviews and forensic audits in order to strengthen the audit function.

Implementation of audit recommendations is weak. According to the latest PEFA assessment report (2021), around 21% (for FY2020) of audit recommendations were fully implemented, the remaining 79% or so either partially implemented or not implemented at all.

Main PFM reform objectives/areas

- The first main reform priority is to enforce the implementation of audit recommendations, as this is a key requirement to improving compliance in PFM legal and regulatory framework. This can be achieved through the application of sanctions without fear or favour across the board.
- The second main reform objective is enhancing predictability and control in budget execution in Sierra Leone through the shoring up of the internal audit function. Reform initiatives will therefore seek to enhance the credibility of internal auditors through (i) internal and external quality assurance reviews, (ii) sensitization programmes, (iii) strengthening the functionality of audit committees through a diagnostic review with relevant recommendations, the provision of funding for committees, capacity building and an amendment to the PFM Act relating to the independence of committee members and (iv) enforcing the audit recommendations by implementing the Standard Operating Procedure (SOP) and complying to the legal and regulatory framework.
- The third reform objective is establishing greater autonomy of internal auditors through a potential internal audit service and the development of an internal audit charter clearly delineating the purpose, authority and responsibilities of the internal audit service. Key interventions will also include the clarification of reporting lines, training, an increase in audit capacity and the purchase of an internal audit software so as to strengthen overall internal audit coverage and capacity.

6.2.11. Fiscal risks and contingent liabilities

The overall environment for fiscal risk reporting has improved in terms of performance since 2017, although the 2021 PEFA rates PI-10 which assessed fiscal risks and contingent liabilities reporting at ‘D+’, as was the case in the 2017 PEFA. The Government has made significant strides by compiling for the first time a fiscal risk report for state-owned enterprises, in addition to being able to quantify contingent liabilities albeit without fiscal risks arising out of PPPs. This came as a result of support received from development partners for the establishment of the fiscal risk and SoE unit within MoF.

In 2022, Parliament passed the National Investment Board (NIB) Act. This Act seeks to establish an investment board to promote investment opportunities, to act as a facilitating body and assist investors to obtain facilities relating to their business enterprises and generally to improve the investment climate of Sierra Leone. The Act also merges three key government institutions, namely: the PPP Unit under the Office of the Vice President, the Corporate Affairs Commission, and the Sierra Leone Investment and Export Promotion Agency.

Problem statements and underlying causes

The GoSL quantifies fiscal risks and contingent liabilities, but this is not complete. In FY2020, the Ministry of Finance undertook an exercise to ascertain the financial viability of state-owned enterprises (SoEs). The analysis concluded that a significant number of SoEs pose high fiscal risks to central government due to their unprofitability. Given the limited fiscal space within the central Government budget, a huge SoE fiscal risk portfolio signifies the need for central government to bailout unprofitable public enterprises, thereby limiting government’s ability to fully fund its planned programs. Of equal concern is government’s inability to quantify the fiscal risks posed by public private partnership (PPP) ventures. Whilst PPPs present an alternative funding arrangement for critical public infrastructure, they equally pose significant fiscal threat to government if not properly executed and managed. For this reason, it behoves on government to fully quantify the fiscal risks associated with PPPs prior to engagement in order to ascertain the level of fiscal outlay to be borne by the government, as poor execution and management of PPPs lead to loss of revenue to the state, thereby threatening budget execution with a consequential effect on fiscal discipline. There is also the need to take a look at fiscal risks posed by local councils. As a general way of addressing risks, the Commonwealth Secretariat is championing the introduction of an Enterprise Risk Management (ERM) framework in six African countries of which Sierra Leone is included. Adoption of the ERM in Sierra Leone will contribute to addressing a wide range of risk in government operations.

There are significant delays in the preparation of SoEs annual financial statements leading to delays in external audits. The 2021 PEFA concluded that 46 per cent by value of state-owned enterprises delay (more than 9 months after year-end) in the preparation of their annual financial statements contrary to Section 86 of the PFM Act 2016 which stipulates a three-month deadline after year-end, resulting not only in delays in external audit but also delays in SoE fiscal risk analysis. As fiscal risk analysis of SoEs is heavily dependent on their financial data, any delays in the preparation of annual financial reports interrupts the fiscal risk analysis.

Main PFM reform objectives/areas

- The first main reform objective is to strengthen the technical capacity of key government officials in project appraisal. The limited technical capacity of GoSL officials in terms of the ability to independently appraise PPP projects has led to the over-reliance on appraisal reports produced by private investors to determine the level of financial exposure of PPP projects to government. To resolve this, this strategy is proposing to build the technical capacity of government officials to obtain internationally recognised accreditations, particularly those in charge of PPP projects, to be able to independently conduct appraisals to ascertain the fiscal risk implications of PPP projects.
- The second main reform objective is to improve fiscal risk reporting. Delays in the production of annual financial statements of SoEs, has led to delays in external audits and the production of annual SoE fiscal risk reports. To address this, it is crucial to ensure that qualified financial personnel are recruited to occupy critical financial positions, devoid of political interference, to ensure that timely and accurate annual financial reports are produced. Where necessary, existing financial staff should be retrained to acquire the required technical competences to address these inefficiencies. It is important to note that development partners are supporting GoSL to develop a new legal framework on SoEs, to be in line with the PFM Act 2016.

6.2.12. Monitoring and Evaluation

The establishment of the National Monitoring and Evaluation Directorate (NaMED) in 2018 with the mandate to provide technical leadership and coordination in monitoring and evaluation (M&E) across Government has been a significant step in building national M&E capability. NaMED along with M&E officers in various implementing agencies monitor and evaluate the implementation of public investment projects through physical inspections as well as scrutinising public investment project spending. The operationalization of the recently procured National Monitoring and Evaluation Management Information System (NaMEMIS) will provide much needed support to the monitoring activities of NaMED.

Problem statement and underlying causes

The monitoring and evaluation of PIM projects is inadequate, resulting in time and cost overruns. The M&E function has been significantly impaired by poor information and further constrained by institutional arrangements that conflate reporting lines, challenges with compliance, data collection and management as well as motivation and capacity deficiencies in M&E officers at both the central and local level. Interventions in the strategy will seek to inject a focus on results at various phases of the budget cycle.

Main PFM reform objectives/areas

- The first and topmost priority reform objective is to develop an effective framework, led by NaMED for the effective monitoring and evaluation of capital projects. The finalization and operationalization of the PIM manual and the roll out of the NaMEMIS to MDAs and LCs in addition to relevant training will be crucial to data collection and management efforts.
- The second reform objective is greater transparency in the disbursement for capital projects against NaMED's recommendations which will have a substantial impact for capital project execution.

6.3. Theme 3 – Fiscal Decentralization for Improved Service Delivery

The increasing recognition of the role of local governance in the delivery of public service and the realization of development objectives have been a significant motivation of fiscal decentralization efforts in Sierra Leone. The devolution of Government functions and the positive externalities it would generate would contribute to addressing some of the root causes of the civil war and the rebuilding of basic infrastructure and public services. The Local Government Act 2004 set the foundation for the re-establishment of local Governments and this legislative framework provided the basis for the establishment of a transparent and rule-based fiscal transfer system, a key PFM strength. However, the late release of funds is a perennial problem that undermines budget execution and the positive effects of the intergovernmental fiscal transfer system. These delays are attributed to non-compliance by Councils to appropriate financial management practices.

Problem statements and underlying causes

There is low public participation in budget formulation. This is attributed to several factors - the poor sensitization and appreciation of public involvement in budget planning, low capacity of the public to participate in planning and the lack of public trust and/or interest in the governance system.

The budget is not gender sensitive. Similar to the Central Government, gender issues have not been mainstreamed to the planning and budget process, constrained by limited capacity on gender responsive budgeting. Poor skills further hamper the implementation of the budget with a gender perspective.

There are delays in the finalization of the budget. The lack of full compliance with the Budget Call Circular (BCC) has led to the prolonging of the review process of the draft budget by the Fiscal Decentralization Division. This in turn increases the risk that the final version of the budget may be submitted late.

High staff turnover undermines local Government capacity. The devolution of functions was not accompanied by a concomitant devolution of technical staff to local councils. This limited technical capacity is further undercut by the re-assignment of staff by the Local Government Service Commission without due consideration to their existing scope of work. This has often led to incomplete assignments at Local Councils and the brain drain of experienced and trained staff.

Large variance between revenue forecast and actual collection. In line with the Local Government Act of 2004, Council funding emanates from two main sources - own-source revenue and central government. However, Councils generate approximately only 10 per cent of the required funding for core activities. There is a need for revenue forecasts to be based on credible data and realistic assumptions.

Cash loss in revenue collection. The 2020 Auditor General's Report has highlighted several issues relating to own source revenue in the different Councils. These include:

- Revenues not banked or accounted for
- Receipt books not submitted for inspection
- The lack of a database for registered businesses and properties
- Significant deviations between budgeted and actual revenue, suggesting insufficient collection efforts
- Incorrect classification and reporting of own-source revenue streams
- Receipts issued, but with blank duplicates
- Inaccurate reporting of revenue arrears

There is weak capacity in property tax administration, leading to low compliance. This can be attributed to an unsustainable Fiscal Cadastral System and the lack of an inbuilt accountability mechanism for assessment, billing and unpaid revenue arrears.

Unsupported expenditures. The Auditor General's report highlights the key issue of disbursements made either without or sufficient supporting documents to substantiate the payment. This is a problem that is replicated at the central government level but that should be ideally addressed in Central Government by the new version of the IFMIS, which mandates the uploading of supporting documents before payments can be

processed. At the local government level however, the underlying causes of the problem include weak capacity of political heads on budget execution processes, weak management styles of administrators, a poor filing system at local councils and an accounting system that is post-ante.

Non-compliance with procurement processes. The Auditor General's report flags critical issues such as:

- Non-submission of procurement plans
- Absence of relevant supporting documents
- Lack of evidence of supplier selection led by procurement proceedings
- Notification of bid rejections in line with Public Procurement Act 2016
- Lack of competition in the procurement process

Late preparation of budget execution reports. This arises from payments being made without the relevant supporting documents, bank accounts not reconciled in a timely manner and limited demand for such reports from the public.

Main PFM reform objectives/areas

The interventions proposed are geared towards the realization of multiple objectives aimed at more effective decentralized expenditure allocation and revenue collection.

- Key reform objectives include: (i) ensuring the development of an up-to-date Fiscal Decentralization Act, (ii) preparing gender responsive budgets, complying with PFM laws on budget formulation, preparation and execution, (iii) producing more realistic revenue forecasts, (iv) improving own source revenues, (v) developing and implementing a robust fiscal cadastral system for property taxes and (vi) establishing efficient systems for payment and financial records management.

6.4. Theme 4 – Accounting and Reporting through IFMIS

Since 2017, the promulgation of the PFM Regulations 2018 to further strengthening the PFM Act 2016, and the Procurement Regulations 2020 have reinforced the fiscal responsibility and accountability regimes. Government's policy of using IFMIS for financial management continues to be of topmost priority. To this end, all line ministries have been connected to IFMIS including the majority of sub-vented agencies, with plans to migrate all central government agencies unto the IFMIS platform. According to the 2021 PEFA report, Government has been resilient in ensuring the total elimination of suspense accounts in financial reporting, as a measure to improving financial data accuracy. The PEFA report further notes the expansion of TSA between 2018 and 2020 which has improved visibility of revenues related to extra-budgetary units outside central government budget even though expenditures of extra-budgetary units have not seen the same level of coverage and visibility as revenues. The use of multiplicity of central government financial management systems across MDAs without the necessary interface poses a significant threat to accurate and timely reconciliation of financial data.

Problem statements and underlying causes

Government financial reporting is not complete and comprehensive, coupled with delays in account reconciliations. The completeness and comprehensiveness of government financial information engenders public confidence as far as transparency and accountability of the use of public funds are concerned. According to the 2021 PEFA report, more than 10 per cent of Government revenues and expenditures are outside central government financial reports and/or budgets (reference PI-6). Additionally, revenues and expenditures of donor-funded projects are not reported through IFMIS. These have a negative impact on fiscal discipline. Delays in account reconciliations (such as bank accounts) affects the reliability of financial data. Whiles bank accounts on TSA appear to have more up-to-date and timely reconciliations, MDA bank accounts not on the TSA experience delays in reconciliation.

In-year financial reports are prepared but issued late. The timeliness of issuance of consolidated in-year budget execution reports is critical for providing useful financial and fiscal data to the public. These in-year reports are prepared but usually issued after eight weeks following the end of the previous quarter. Reference is made to the 2017 and 2021 PEFA reports where PI-28.2 which assesses the timeliness of issuance of in-

year budget execution reports is rated 'D'. The essence of reforming this critical element of PFM is not only limited to improving the PEFA score but rather to increase public confidence as well as transparency and accountability frameworks. Delays in issuance of in-year budget execution reports are mainly caused by delays in executive/top management approval prior to release.

IFMIS coverage is impressive but currently not covering all central government operations. The completeness and comprehensiveness of central government financial reporting can be guaranteed through expansion in the coverage of IFMIS across all MDAs. It is estimated that IFMIS coverage is around 80 per cent by value of central government operations. There is therefore the need to carry through an IFMIS expansion drive to improve the completeness and comprehensiveness of government financial reporting. This aspect of the reform is heavily dependent on improvement in the general government ICT and electricity infrastructure, often referred to as “PFM enablers.”

There is no interoperability of Government financial management systems. The use of a uniform/single financial management system provides greater opportunity for improving data accuracy and consistency. Where a single platform is non-existent for use by all central government institutions, it then behoves on the government to ensure that standalone financial management systems are interlinked to ensure data accuracy and consistency. Currently, there is no system interoperability – this has led to data inconsistency and reconciliation challenges, thereby delaying the release of critical financial and fiscal data for public use.

Main PFM reform objectives/areas

- The first main reform objective is to improve the accuracy and completeness of financial reporting. Given the importance of the preparation of complete, accurate and comprehensive annual financial statements, it is crucial to ensure that all accounts (bank accounts, imprest accounts, advance accounts, etc.) are fully reconciled in a timely manner, as these feed into the preparation and finalisation of annual financial statements. There is therefore the need to expand the IFMIS reconciliation model, in addition to providing the necessary training and capacity building, to accommodate more users to be able to reconcile bank accounts and other accounts speedily. Expansion of IFMIS coverage to other government agencies will provide the necessary platform to improve the completeness and comprehensiveness of government financial statements.
- The second main reform objective is to improve transparency and accounting through the timely publication of in-year financial reports. As transparency and accountability are important elements of good PFM, delays encountered in the publication of in-year government fiscal reports should be addressed. This can be resolved by reducing the bottlenecks in the executive approval processes of these fiscal reports, and/or by labelling these reports as “drafts” prior to publication. Strict enforcement of PFM laws in terms of timeliness of publication of fiscal reports should be upheld, and where necessary, sanctions applied.
- The third main reform objective is to ensure data consistency. The existence of multiple government financial management information systems has proven to be challenging in terms of data reconciliation and consistency. There is therefore the need to interlink all the existing standalone government financial management information systems. Where necessary, avoid the acquisition of new standalone systems, but rather ascertain the feasibility of using IFMIS for the intended purpose.

6.5. Theme 5 – External Audit and Legislative Scrutiny

There has been a sturdy improvement in external audit coverage since 2017 as well as the performance of specialised audits by ASSL. Nevertheless, budget constraints continue to hamper the effectiveness of the supreme audit institution. Despite ASSL’s efforts to improve public accountability, weak Parliamentary oversight constitutes a major hindrance to the accountability chain. There is also less executive action in terms of full implementation of audit recommendations. Reference is made to the 2021 PEFA report which concludes that delays in the implementation of audit recommendations by the executive, coupled with excessive delays in PAC’s scrutiny of audit reports and follow-ups have contributed to less effective and efficient service delivery. These delays have discouraged public accountability.

Problem statements and underlying causes

Audit Service Sierra Leone (ASSL) has no financial independence. Section 28 of the Audit Service Act 2014 states that the budget proposal of ASSL shall be prepared and submitted to the Budget Bureau of the Ministry of Finance for consideration. This undermines the independence of ASSL as its budget is significantly slashed, thereby affecting its effectiveness. It is therefore not surprising that PI-30.4 in the 2021 PEFA report, which assesses the independence of the Supreme Audit Institution (SAI), performed poorly (rated “D”). Good practice suggests that SAI’s budget should be reviewed directly by parliament, without executive interference.

There is poor audit and PAC follow-up, in addition to weak coordination among key stakeholders in the accountability chain. The 1991 Constitution of the Republic of Sierra Leone mandates the chairperson of PAC to be nominated from the ruling government. This arrangement lends itself to partisan consideration, thereby undermining the robustness of the legislative scrutiny framework. This practice is a significant departure from the norms across many Commonwealth countries where the chair of PAC comes from the opposition party. Though a key priority in terms of strengthening the accountability regime and requiring a constitutional amendment, this reform activity is not within reach in the shortest possible time. There is the need for political acceptability across partisan lines to carry through with this all-important constitutional amendment.

There is also poor coordination between the various actors in the oversight and accountability chain, despite the establishment of formal relations in the case of the ASSL and PAC for instance through the ASSL unit at Parliament. There is no clear definition, in terms of standard operating procedures to guide the roles and responsibilities of the different actors, especially for those actors (ACC, Attorney General, Parliament/PAC, ASSL, IAD) with overlapping mandates, to the extent that one of these institutions acquits the culprit (PFM offender) but still left unresolved in the records of another institution.

Weak public participation, including Non-State Actors (NSAs) limits the pursuit to proper accountability and transparency in the use of public funds. Active citizens’ participation and engagement encourage public accountability. This is further strengthened by a vibrant civil society organisation through support-based or evidence-based advocacy. Public participation in PFM, especially during budget execution, reporting and oversight is weak. There is little public enthusiasm in the use of public funds. The role of NSAs in the accountability chain cannot be overemphasised. Due to their crucial role, Section 18(7) of the PFM Regulations 2018 mandates public institutions to include NSAs in the budgeting process. It is however unclear the legal backing for the involvement of NSAs in the budget execution, reporting and oversight processes. That said, NSAs in Sierra Leone do participate in the budget execution process. Nevertheless, it appears the involvement of NSAs needs to be strengthened through evidenced-based technical capacity building initiatives.

Main PFM reform objectives/areas

- The first main reform objective is to strengthen the independence of ASSL. Good practice suggest that public accountability institutions ought to be given the administrative and financial independence to hold the executive accountable. The current practice where the supreme audit institution’s (Audit Service Sierra Leone (ASSL)) annual budget is subjected to the MoF in terms of determining the budget ceilings defeats the purpose of strengthening the institution to perform its constitutional mandate. It is crucially important to amend the legal and institutional framework to allow the legislature to determine and approve the budget ceilings of ASSL, not only that but to commit to releasing funds to ASSL in line with its cashflow projections in order to better perform its external scrutiny functions in terms of expansion of audit coverage and scope.
- The second main reform objective is to strengthen parliament to improve accountability. Strengthening the financial independence and technical capacity of ASSL alone without recourse to capacitating Parliament as a whole to both scrutinise the executive annual budget proposals as well as examine into detail ASSL’s audit reports will yield no meaningful results. Therefore, Parliament should be resourced financially and technically to better hold the executive accountable.

- The third main objective is to improve transparency and accountability for the use of public resources. Good governance thrives on public participation in the entire budget cycle. The involvement of non-state actors (also known as civil society organisations) in the budget cycle improves transparency and accountability, and also builds public confidence in the management and use of public funds. There is therefore the need to strengthen existing mechanisms and/or establish new frameworks to assure full participation of NSAs in PFM.

7. PFM Enablers – ICT Support

The IFMIS is a vital tool in the overall PFM value chain that utilizes information technology as a vehicle to enable the Minister of Finance fulfil his mandate of effectively and efficiently managing public resources. A robust and reliable IFMIS should facilitate budget planning, budget execution, accounting, and reporting within a strengthened control environment. It promotes transparency and accountability in the use of public resources by allowing the use of public resources to be audited, which in turn supports effective legislative oversight from the Public Accounts and Audit Committee.

Public Financial Management thrives on sound ICT and electrical infrastructure. Sierra Leone has a long history of a challenging energy sector (electricity for powering public institutions to effectively deliver on their core legal and administrative mandates) and ICT infrastructure, significantly impacting negatively on PFM performance across government institutions. Electrical power is insufficient and unstable. There is also inadequate local and wide-Area-Network (LAN and WAN). The instability and insufficiency in electrical power affects the performance of the general internet infrastructure serving government institutions, which is a pre-requisite for hosting critical government electronic database and financial management systems such as IFMIS, ITAS, e-Procurement, among others. To sustain the use of critical ICT infrastructure, government institutions have resorted to the use of electricity generators as a back-up power source that have become extremely expensive to operate due to the high cost of fuel needed to power these machines. Due to cash shortages, some government institutions are unable to continuously power their standby generators due to their inability to purchase fuel to constantly keep these machines working. These and many more hamper the effectiveness and efficiency of the PFM architecture.

This PFM reform strategy does not attempt to provide an action plan for resolving these critical PFM enablers but brings to the fore the need for government and its development partners to urgently take steps to address these challenges in order to derive maximum benefit from the use of PFM electronic systems. Nonetheless there are critical challenges within the purview of the Directorate of Financial Management Systems and Technologies (DFMST) that need to be addressed (some of which have been incorporated in the Draft ICT Strategy developed in 2022 through EU support).

Problem statements and underlying causes

Inadequate ICT Governance Structure: Currently, there are no appropriate governance frameworks (e.g CoBIT5, ITIL, etc.) in place. There is the need to establish a ministry-wide IT Governance Committee, headed by the Financial Secretary or Deputy, that has oversight of all critical PFM IT systems. This committee will also establish a functioning IT framework that will enable the Ministry of Finance to manage the IT-related risks and ensure that IT projects are delivered within time, budget and quality that aligns with the ministry’s strategic goals and objectives.

Coordination failures in ICT to support PFM: ICT challenges/needs of MDAs are not channelled through the DFMST. This has contributed to the proliferation of silos of disjointed ICT systems and undermines the principle of a unified country system for PFM.

Inadequate Cyber Security: Even though there is some semblance of cybersecurity in terms of controls around physical access to mission critical systems, there is no cybersecurity framework, policy or strategy to give directions on how core PFM systems can be protected from cyber-attacks.

Lack of Disaster Recovery & Business Continuity: Mission Critical Systems like IFMIS, EFT, CSDRMS etc continue to operate without adequate measures for recovery or business continuity in the event of a catastrophe. This is even more troubling as there is no disaster recovery site in place for these critical government systems. Currently, the IFMIS is backed up once a day, which implies that in the event of a

disaster, GOSL risks losing a whole day's worth of data. The absence of a 'Hot Disaster Recovery Site' could worsen this situation as it may take a considerable number of days to restore the system before commencing the recapture of lost data.

Interoperability of PFM Systems: due to coordination failures in the implementation of PFM Systems cited above, there is a lack of integration between core PFM Systems that would have allowed for a seamless exchange of data between these systems. Given the current ICT landscape, GOSL should seek to harmonise its PFM Systems through a deliberate process of interoperability by first developing an Interoperability Framework as the basis for acquiring new PFM Systems, and second, integrating the existing disparate PFM Systems to ensure a unified country PFM Landscape.

There is also the need for the development of an ICT service model to improve the responsiveness of DFMST and ICT contractors to support cases lodged by end-users.

Main PFM reform objectives/areas

The overall objective with respect to ICT is to ensure a fully integrated, secure, and robust financial management information system that facilitates budget planning, execution and timely reporting across government.

To achieve this, the reform will address the following areas:

- **Training and Capacity Building:** The ICT field is a very dynamic one and therefore requires that practitioners update their skills on a regular basis. It is reported by DFMST that none of its personnel has attended a training program in the past five (5) years. A comprehensive skills gap assessment will be conducted to help develop a relevant capacity building plan for personnel of the DFMST. This will improve the effectiveness and quality of in-house support provided by DFMST to the IFMIS and other PFM Systems across government.
- **Interoperability of Government IT Systems:** A Government of Sierra Leone Interoperability Framework (G-SLIF) will be developed to ensure all existing and future PFM-related systems of the government comply with a particular standard that supports the seamless exchange of data between the various PFM systems and ensures completeness of data for reporting purposes.
- **Business Continuity and Disaster Recovery:** There is an urgent need to set up a Disaster Recovery (DR) Site to minimize the impact of a system failure or disaster.
- **ICT Management:** There will be a holistic review of the way PFM IT Systems are being managed in the Ministry of Finance and across government. The goal will be to create an awareness of the importance of ICT in the overall PFM reforms and thereby giving it the strategic attention, it deserves.

8. ONGOING DEVELOPMENT PARTNER SUPPORT TO PFM

The PFM reform strategy action plan captures in detail, ongoing and planned development partner support to the Government of Sierra Leone. Key among them include the following:

European Union

The SBC III is currently supporting the government in the following areas:

Audit

- Support for the implementation of the SOP regarding audit follow-up recommendations;
- Support to enhance technical capacity of ASSL in IT audit (also to cover MoF Internal Audit Department), environmental audit, and forensic audit.
- Performance and quality management system of ASSL

Budget formulation, preparation and execution

- Support to budget preparation/execution reform
- Assets/Inventory: Implementation of the action plan to roll out assets/inventory in IFMIS
- Procurement: OECD Methodology for Assessing Procurement System (MAPS)
- Public Investment: Finalisation of the PIM manuals
- Sub Vented Agencies financial reporting
- Payroll verification in health sector
- Training for CSOs on budget analysis and/or follow-up of audit recommendations

Monitoring and Evaluation

- NaMED: Capacity Building Needs Assessment and capacity building
- Support to M&E capacity building in Education Sector

Revenue mobilization

- Support MTRS implementation, plus review of timber taxation regime

PFMRS implementation (MoF PFM Reform Department)

- Finalisation of PFM database/ Change management & communication strategy/plan development and implementation

UK-FCDO

- Technical Assistance to strengthen Education service provision through improvements in underpinning PFM, policy & audit
- Public sector payroll
- NRA data warehousing project
- NRA data analytics project
- Long-term technical Adviser embedded in NRA (still at project development phase, as at the time of finalising this strategy)
- Fiscal Decentralisation; Property tax
- Counter terrorist financing

World Bank

- Accountable Governance for Basic Service Delivery Project

IMF

Strengthening Statistics: this is aimed at ensuring the compilation and dissemination of credible and timely national data/statistics. Areas to support include:

- National Accounts rebasing: this involves the rebasing of GDP, producing quarterly national accounts, and improving data collection.
- High frequency indicators: this will cover the development of credible frequency economic indicators to facilitate the monitoring of macroeconomic and structural reforms.
- Consumer Price Index (CPI) Enhancements: this entails supporting Stats-SL to use current data (December 2021) for CPI projections.
- Other macroeconomic statistics: supporting MoF to improve debt recording and Bank of Sierra Leone to strengthen balance of payments and monetary statistics.
- Business Establishments Census: this involves gathering statistical data on businesses as well as support to Sierra Leone Integrated Household Survey (SLIHS).
- Agriculture Census and surveys: support Stats-SL to conduct agriculture census in 2023, which was last conducted 40 years ago.

9. PRIORITY LIST OF GOVERNMENT CAPACITY BUILDING NEEDS

The Government of Sierra Leone, through the PFM Reform Department, has identified priority PFM areas for immediate support, as follows; these are however detailed in the strategy action plan:

Planning

- Cashflow planning/forecasting for core PFM staff across MDAs and LCs.
- Capacity building through certified training on effective PPP analysis for staff of MoPED, MoF Fiscal Risk and PPP Units.
- Capacity building for planning and budget officers across MDAs and LCs on the entire project cycle management.
- Capacity building for planning/budget staff of MDAs and LCs, and MoF Budget Bureau on development/preparation of realistic costed sector strategies.
- Capacity building for MDAs and LCs procurement staff on the preparation of procurement plans in line with approved budget estimates.

Revenue management

- Institutional capacity building of NRA and MoF-Revenue and Tax Policy Division for domestic revenue mobilisation.

Budgeting

- Gender responsive budgeting, tracking/accounting/reporting on gender expenditure.

Accounting and Reporting

- Development of a comprehensive roadmap on preparation of consolidated annual financial statements for GoSL.
- Capacity building on IPSAS.
- Capacity building on fixed assets/stores/inventory management.

External/Internal Audit

- Specialised audits (e.g. IT audit, environmental audit, forensic audit, etc).
- Capacity building for actors on specialised audits (ASSL, IAD, NPPA)
- Strengthen audit committees through sustained capacity building by using train-the-trainer approach.

Monitoring & Evaluation

- Capacity building of M&E staff across MDAs and LCs.

Oversight

- Strengthen the technical capacity of Parliament (especially, new parliamentarians), particularly, members of PAC.
- Strengthen CSOs/NSA capacity on budget process, follow-up on implementation of audit recommendations, as well as monitoring and evaluation.

Cross-cutting

- Capacity building on PFM laws and regulations
- PFM Reform Strategy management and M&E (PFMRD)
- Capacity building on PFM enablers (specifically, ICT)

The institutional, organisational and implementation arrangements for the above listed GoSL priority areas on capacity building should be anchored on first and foremost, the development of a national (central and local governments) capacity building strategy on PFM. This is key to ensure that there is uniformity as well as elimination of duplication of efforts across the board. Secondly, the issuance of a GoSL policy directive on PFM capacity building aimed at properly coordinating all training and capacity building programs across MDAs/LCs will be key to ensuring the reduction or elimination of duplication of efforts across board in order to reduce training cost. Thirdly, it is crucially important to build a cadre of local/national trainers through train-the-trainer programs to ensure sustainability.

10. GOVERNANCE ARRANGEMENTS

10.1. The Public Financial Management Reform Division

10.1.1 Roles and responsibilities

The Public Financial Management Reform Division (PFMRD) has had the responsibility of governing the PFM reform interventions in Sierra Leone and in particular, oversee the implementation of reform strategies and action plans. Its role includes the following:

- Coordinate the implementation of the strategy, including action planning and work planning, convening of meetings
- Monitoring, evaluation and verification of results
- Solicit, coordinate and track DP support (both TA and financial resources).
- Monitor and manage risks, establish and support change management processes.
- Reporting and communication on reform progress, challenges and requirements.
- Publish regular progress reports and briefs on Strategy implementation.
- Update capacity needs and facilitate peer exchange and capacity building initiatives.
- Identify implementation bottlenecks.
- Facilitate learning and feedback during implementation process
- Ensure adherence to timelines.
- Identify opportunities for complementarity between reforms
- Develop a reporting framework – a defined schedule and content for periodic reporting.

10.1.2 Technical Capacity of the PFMRD

The legacy PFMSD failed to realize its objective of bolstering the capacity of the PFMRD in key areas. The PFMRD boasts of 14 technical staff. Staff should be selected to serve specialized roles in change management, M&E, communications and IT, and mandated to lead these processes. The PFMRD is to conduct a training needs assessment based on these functions and sector specific expertise and identify different modes of capacity building support – fellowships, peer exchange through regional bodies such as the Collaborative Africa Budget Reform Initiative (CABRI), online training, on the job training, technical support from local institutions such as NaMED, etc.

10.1.3 Accountability of results

The PFM Reform Division should have clear and explicit key performance indicators, costed with small financial incentives tied to meeting the KPIs.

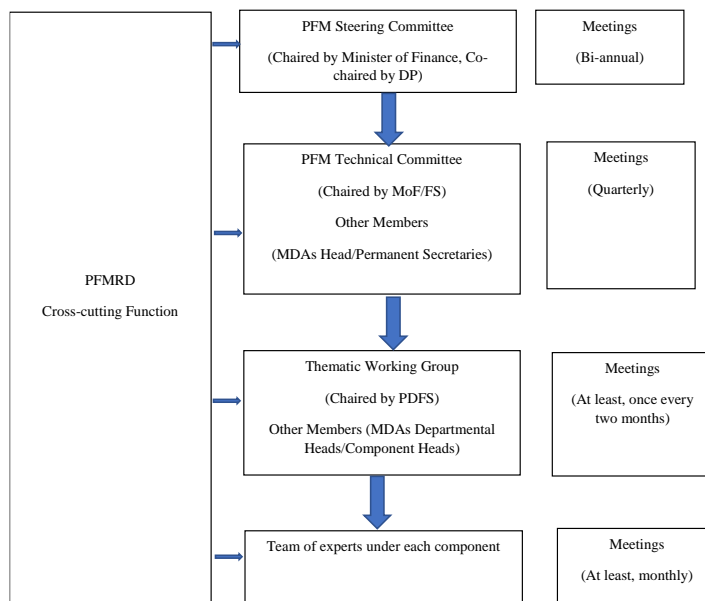
10.1.4 Funding

Establish a basket fund for PFM Reforms to enable the PFMRD to discharge its responsibilities, empowered with the authority to monitor MDA implementation of reforms. The fund should be based on realistic costed plans and activities of the PFM Reform Strategy, and have clear guidelines for the management, reporting, accounting and auditing should be established to minimize fiduciary risks to the acceptable levels. The management of the basket fund will have to be agreed between the Government of Sierra Leone and its development partners. That said, the management of the fund requires skill, competence and expertise to do so.

10.2. Institutional arrangements

The diagram below (diagram 1) illustrates the institutional arrangement and governance structure for the implementation of the PFM reform strategy. Effective governance arrangements will be critical in ensuring that there is effective coordination, follow up, accountability and support mechanisms in line with the implementation of the Strategy. The three-tier governance structure will be retained with relevant adaptations to committee mandates, meeting frequency as well as the composition of the committees.

Diagram 1: Institutional arrangement/governance structure



The PFM Steering Committee

Function - strategic oversight, policy direction, decision-making, and strategic guidance with core PFM stakeholders, ministerial level and DPs. Serves as a platform for dialogue with DPs on PFM reforms, resource mobilization and coordination of TA.

Meetings – Bi-annual

Membership – co-chaired by the Minister of Finance and a rotating member of the DP PFM group. It should include representation from senior management of the Ministry of Finance and other top executives of key MDAs. These component heads will play a pivotal role in the assessment and progress of reform initiatives within their designated areas. They will be tasked with providing comprehensive reports, highlighting what has been accomplished, the valuable insights gained from the implementation process (including whether a review of the reform approach or intervention is warranted), and proposing the next steps to be taken in their respective thematic domains. This reporting mechanism ensures that the working group remains well-informed, proactive, and adaptable as it continuously evaluates and refines its reform strategies.

The thematic technical working group also serves as a platform for stakeholders involved in reform initiatives to come together to evaluate their reform landscape ((i) **authority**: political, legal, or organizational support; (ii) **acceptance**: the willingness of those impacted by the reforms to endorse change; (iii) **ability**: the availability of skills, time, and financial resources), deliberate on strategies to broaden it, and consider whether there's a need to realign reform priorities.

The PFM Technical Committee

Function - reviews progress against objectives and expected outputs as outlined in the Strategy, provides recommendations and opinion on quarterly report of the thematic technical working group, provides technical support and guidance to the PFM Steering Committee and supports resource mobilization efforts.

Meetings – Quarterly

Membership - Chaired by the Financial Secretary. Membership comprises of Heads of all relevant MDAs.

Thematic Technical Working Group

Function - reports on strategy implementation – progress, challenges, lessons learnt and proposed next steps.

Meetings – At least every two months

Membership – Existing thematic technical working groups to be collapsed into one entity. Chaired by the PDFS, who is the ultimate authorizer or champion of the reforms and composed of all component heads. Members to be nominated by each MDA and the official will be directly involved and responsible for the implementation of reform activities. Each thematic area will be led by a component head (nominated by the PDFS) responsible for reporting on their respective thematic area during monthly engagements and beyond.

The PFMRD will continue to serve as the reform secretariat, coordinating the reforms, providing administrative and logistic support, in particular organizing meetings and serving as secretary to the various committees, the working group, compiling reports on implementation progress and annual actions plans. In order to operationalize the committees, the PFMRD will facilitate an internal review and approval process for the draft TORs of the various committees.

10.3. Development Partner Support and Coordination

Support to PFM in Sierra Leone has largely been donor-driven. The main development partners that support PFM reforms include the European Union (EU), World Bank (WB), African Development Bank (AfDB), International Monetary Fund (IMF)/AFRITAC-West 2, and UK Foreign Commonwealth Development Office (FCDO formerly DfID).

So far, support to PFM has covered all five main thematic areas, namely: (i) strategic planning and macro-fiscal forecasting, (ii) budget formulation, preparation, and execution, (iii) fiscal decentralization for improved service delivery, (iv) accounting and reporting through IFMIS, and (v) external audit and legislative scrutiny. Support to gender responsive budgeting has been relatively new, with the IMF taking the lead through the provision of technical assistance to support the GoSL in terms of training and capacity building as well as the development of gender responsive budget statements, beginning FY2023.

Whilst there is no firm and direct commitment from development partners at this stage for supporting the implementation of proposed activities in this strategy, all main development partners in PFM have indicated their willingness in terms of continuity to supporting PFM in Sierra Leone. It is also worth noting that a number of proposed activities in this strategy have either been conceived by donors for future support or are already ongoing to some extent, making it relatively easier to pursue proposed activities enumerated in the strategy.

Coordination among development partners (DPs) is key to supporting PFM reforms in Sierra Leone. This affords donors the opportunity for better harmonisation to reduce or completely eliminate the incidence of duplication of efforts, in addition to presenting a united front for Government's consideration. The establishment of a basket fund (with contribution from development partners and government's counterpart funding) provides a better opportunity for donor coordination and dialogue with Government, instead of having individual development partner funding aimed at supporting specific PFM initiative(s). This approach has been adopted in time past, and could be relooked at, going forward. GoSL's ownership of PFM reforms can be demonstrated through direct budget allocation and funding from its own resources to support proposed interventions, especially the roles, responsibilities and functions of the PFM reform division (PFMRD). Such dedicated funding source provides a leverage for donors to offer additional grants.

Regular and periodic meetings among PFM DPs to discuss and agree on critical PFM issues that need immediate attention, also contributes to strengthening development partner coordination. There is also the need to formalise joint meetings between GoSL and DPs for better dialogue on PFM issues, challenges, opportunities and remedial actions to be taken.

11. CHANGE MANAGEMENT AND STRATEGIC COMMUNICATION

Change occurs when a reform process alters how an organization carries out its functions. The type and scope of the change depends on the reform itself but also country specificities. For instance, reform interventions that promote transparency may alter how the Ministry of Finance discloses information, civil society engagement in the budget process or how the legislature conducts oversight. During the process, it is important to recognize that there are adaptive or non-technical and political challenges that will need to be tackled for the successful implementation of PFM reforms in Sierra Leone. Change management strategies will therefore need to accompany the technical interventions in the Strategy, in order to build a case for change among key reform stakeholders and motivate a sustained change in behaviour and practices by identifying and managing risk.

11.1. An authorising environment– the role of multi-agent leadership

There is growing awareness of the role of leadership in establishing space for change. Creating the desired impact from the Strategy will require the type of leadership that will mobilize people, ideas, and resources towards the shared vision of the Strategy. Although leadership is often not embodied in a single individual, a senior official to serve as an ‘authorizer’ or reform ‘champion’ will be critical to the implementation process to play the following roles:

- Garner and sustain political support
- Authorize the change
- Motivate the change
- Mobilize resources
- Empower stakeholders and convene when necessary
- Push for collaborative efforts
- Foster accountability for results

The authorizer will in turn empower leaders across the various thematic areas to drive the change process in their respective streams. This strategy therefore proposed the Financial Secretary (FS) of the Ministry of Finance as the authorizer.

11.2. Change management process

The change management process will be led by the PFMRD (facilitated by an official designated as the change management expert). The PFMRD will take charge of the following process:

Training on adaptive leadership for reform champions, and the PFMRD – this will focus on building problem solving skills among those at the helm of the reform process. This would equip reform champions and build the capacity of the PFMRD in effective change management tools, identifying non-technical barriers to change, minimizing resistance, managing risk and varying stakeholder perspectives.

A stakeholder mapping exercise – this will define the roles, incentives and influence of the various stakeholders that will impact on the delivery of reform interventions. This exercise will help identify risks, constraints, support, and resistance and allow for mitigation measures to be crafted and deployed.

A communications plan – In order for stakeholders to buy into and support a shared vision, effective coordination and information sharing will be critical.

11.3. Effective Communication

Communication should cater to both internal and external stakeholders and also provide feedback loops that support reform implementation. The communications plan should consider the appropriate channels and timeframes for high level political engagement, information sharing between key reform stakeholders, modalities for feedback and communication on reform objectives, and the dissemination of information on reform progress and implementation. The PFMRD will need to harness various tools as required:

- Seminars, workshops, training sessions
- Website updates
- Newsletters, policy briefs, analytical summaries, periodic reports/publications
- Case studies and leadership stories
- User committees to garner end-user feedback on new tools, technologies and so forth that have been introduced

The PFMRD will be mandated to develop a change management action plan, in consultation with the various component heads.

12. RISK MANAGEMENT

12.1. Risks

Sierra Leone has been pursuing PFM reforms for more than two decades. Past experiences have brought to the fore the existence of risks and challenges, given the fact that the implementation of PFM reforms is a complicated venture. It is worth noting that this phenomenon is not limited to Sierra Leone alone. Countries globally face similar challenges and risks during the implementation of PFM reform strategies. Chapter 7.2 below outlines a number of risks, though not exhaustive but intended to provide a basis for further engagement during the lifetime of this current PFM reform strategy. The risks listed below could change along the way, the most important factor is to develop risk mitigation strategy whenever additional risks are identified.

12.2. Risk mitigation plan

Table 2 below presents some potential risks with proposed mitigation plan. The risks are categorized as external and internal to identify the risks outside the direct influence of the strategy (external) and the risks internal to the strategy itself.

Table 2: Risk mitigation plan

Factors	Risk	Level (Low/Medium/High)	Mitigation plan	Responsibility
External	Funding constraints/reduction of funding from development partners due to policy changes in home-countries	Medium	GoSL to factor PFM reforms into main budgeting process to ensure reliable funding stream to reduce dependency on development partner support.	DPs/GoSL
	Delays in disbursement of funds from development partners due to stringent disbursement framework as well as government failing to meet agreed triggers	Low to Medium	Have an early discussion with development partners to agree disbursement triggers beforehand to reduce disruptions in terms of actual disbursements.	DPs/GoSL
Internal	Buy-in of reforms from political leadership and other line ministries, departments and agencies (MDAs)	Medium to High	Ensure that reforms are initiated internally with the involvement of all key stakeholders, especially top management right from the onset in the development of the proposed reform agenda. Develop case studies with practical examples supported by concrete evidence for the political class to solicit their support for reforms	MoF/Financial Secretary
	Delays in enactment of proposed new/revised PFM laws to strengthen PFM environment	Medium	Set clear targets for the passage of new/revised PFM bills and seek political buy-in during the drafting stage of these bills.	Minister for Finance and Financial Secretary
	Technical and human capacity constraints across MDAs leading to constant MoF mentoring	Medium	Adopt a skill enhancement program to train critical mass of public servants that includes a sustainability and retention policy/strategy	MoF/Financial Secretary
	High turnover/rotation of trained public servants for implementing key reforms	High	Institutionalise a train-the-trainer program to ensure skill transfer within the shortest possible time to reduce disruptions of reforms during implementation.	Cabinet

	Less attention placed on skill transfer to ensure sustainability	Medium	Develop a staff retention policy across all MDAs	Cabinet
	Insufficient number of skilled staff to take over from consultants	Medium	On-the-job training to be embedded in consultants' contracts to assure skill transfer to local staff	MoF/Financial Secretary
	Lack/absence of exit strategy resulting in continuous dependence on external support/input	High	Develop exit strategy prior to implementation of reforms to reduce dependence on external support in order to improve on sustainability of reforms	MoF/Financial Secretary

13. MONITORING AND EVALUATION

Periodic monitoring and evaluation of any reform intervention is crucial to its success. The 2023-2027 PFM reform strategy will adopt a number of M&E approaches, key amongst them include the following:

- **Annual workplan on the basis of PFM interventions in the strategy:** The PFM steering committee will develop a comprehensive annual workplan on the basis of targeted activities in the reform strategy. The workplan will accommodate any changes/updates relevant in the present circumstance during implementation of the reforms. It will draw on inputs from all component heads of the main thematic areas of the strategy, to ensure ownership and buy-in at all times. The annual workplan should be prepared and approved before the beginning of the new financial/fiscal year of implementation.
- **Quarterly performance monitoring and evaluation reports:** Each component head will prepare an up-to-date progress report in terms of the implementation of activities outlined in the annual workplan linked to the broader PFM reform strategy document. The quarterly physical reports from each component head, will be submitted to the Director of the PFM Reform Division for review and consolidation. The quarterly performance report will catalogue physical outputs and outcomes of PFM interventions linked to each activity in the annual workplan, progress made thus far, challenges encountered and recommendations for remedial actions, going forward. The consolidated quarterly progress report (to be prepared by the Director of PFM Reform Division) will also include the financial status of the implementation of the PFM interventions, indicating how much has been spent so far, having regard to value-for-money, and balance of funds uncommitted thus far. The quarterly report should be prepared and approved for dissemination not later than four (4) weeks after the end of the previous quarter.
- **Annual performance monitoring and evaluation report:** Not later than eight (8) weeks after the end of the previous financial year, the Director of the PFM Reform Division, in consultation with component heads, shall prepare an annual performance monitoring and evaluation report indicating outputs and outcomes achieved plus the corresponding financial performance report. The consolidated annual M&E progress report, once approved by the GoSL, should be published within one month after compilation (or within three months after the end of the financial year), whichever comes first. The annual financial progress report should be subjected to external audit.
- **Mid-Term Review (MTR):** Within the third year of implementation of the five-year reform strategy, a mid-term review/evaluation shall be conducted to assess the level and progress of implementation, challenges encountered thus far, areas/interventions that need adjustments/realignment, and make appropriate recommendations. The MTR is crucially important to ensure that corrections are made during the period of implementation to attain optimum value by the end of the strategy period. The MTR may take the form of joint GoSL/DP evaluation or the recruitment of qualified, independent evaluation experts. As part of measures to build local capacity, it is strongly recommended to appoint a couple of key GoSL officials to be part of the independent evaluators.
- **Implementation Completion M&E Report:** A final M&E will be carried out at the end of the fifth year of implementation. The evaluation will be in two-fold: (i) a standard PEFA plus gender

responsive PFM assessment to be carried out to ascertain superficially the progress of PFM performance; (ii) evaluation of the five-year strategy to ascertain in detail the level of implementation, challenges encountered, lessons learned, and recommendations thereon. The findings and recommendations of the final evaluation report will form the basis for future reform programmes.

14. COSTING

Table 3 below summarises the costing framework. Annex 2 provides the details. Estimated total cost of the 5-year reform strategy is USD51.9 million, excluding Government counterpart funding (in the form of human resource, office space and utilities) which is estimated at 10% of the total cost of the strategy. It is equally worth noting that the estimated cost of this strategy also excludes the cost estimates for the implementation of 2023-2027 Medium-Term Revenue Strategy (MTRS).

Based on a funding gap analysis undertaken by the MoF-PFMRD for activities outlined under FY2023 in this PFM reform strategy, 40% in terms of cost estimates is not funded. This trend is worrisome and may undermine the successful implementation of this strategy.

Table 3: Summary estimated costing.

No.	Theme	Estimates Cost (USD thousand)
1	Strategic planning and macro-fiscal framework and forecasting	540.00
2	Budget Formulation, Preparation and Execution	20,715.30
3	Fiscal Decentralization for Improved Service Delivery	11,858.00
4	Accounting and Reporting through IFMIS	7,025.60
5	External Audit and Legislative Scrutiny	1,491.80
6	PFM enablers – ICT support	7,970.00
7	Cross-cutting (PFM Monitoring & Evaluation, Implementation, Change Management, etc.)	2,303.00
Grand total (USD thousand)		51,902.80

15.1. Annex 1: Sierra Leone PFM Reform Action Plan

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
Theme 1: Strategic Planning and Macro-Fiscal Framework														
Policy-based fiscal strategy and budgeting		Data gaps exist among strategic policy stakeholders (MoF, BSL, NRA, SSL) leading to data reconciliation challenges and overambitious fiscal projections	Use of multiplicity of financial management systems without interface, coupled with delays in capturing and processing public data Delays in data from data source Lag in data – BSL - trade data and fiscal data	Improve macro-fiscal framework for realistic fiscal projections	Develop a tool to facilitate data reconciliation between NRA, BSL, MoF, and SSL Training on ECA and SLIMM models Provide training on the use of data reconciliation tool Improve Coordination – BSL/MoF/NRA/NMA/SSL-STAT Cabinet to approve the total expenditure ceiling, based on the updated	Training on ECA and SLIMM models Provide analytical data with solid evidence to aid political/policy decision makers in order to support more realistic fiscal forecast Provide training on the use of data reconciliation tool Cabinet to approve the total	Provide analytical data with solid evidence to aid political/policy decision makers in order to support more realistic fiscal forecast Review ECA + SLIMM (to improve forecasting Cabinet to approve the total expenditure ceiling, based on the updated MTFF that has been prepared by the MOF, at the beginning of a new budget	Provide analytical data with solid evidence to aid political/policy decision makers in order to support more realistic fiscal forecast Cabinet to approve the total expenditure ceiling, based on the updated MTFF that has been prepared by the MOF, at the beginning of a new budget cycle and again when detailed annual budget estimates are approved	Provide analytical data with solid evidence to aid political/policy decision makers in order to support more realistic fiscal forecast Cabinet to approve the total expenditure ceiling, based on the updated MTFF that has been prepared by the MOF, at the beginning of a new budget cycle and again when detailed annual budget estimates are approved	2021 PEFA indicators: PIs-1 and 2 rated ‘D’ PI-3 rated ‘C+’ PI-14.1 rated ‘D’	Production of realistic macro-fiscal projections for realistic budgeting by 2027 PEFA assessment by 2027 PIs-1, and 2 all scoring at least ‘Cs’ or above PI-3 scoring at least ‘B’ or above. PI-14.1 scoring at least ‘C’ or above	MoF Macro-fiscal Division (Lead) BSL/NRA/SSL (Partners)	225.00	FCDO TA support to NRA data warehouse

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					MTFF that has been prepared by the MOF, at the beginning of a new budget cycle and again when detailed annual budget estimates are approved	expenditure ceiling, based on the updated MTFF that has been prepared by the MOF, at the beginning of a new budget cycle and again when detailed annual budget estimates are approved	cycle and again when detailed annual budget estimates are approved							
Policy-based fiscal strategy and budgeting	Weak mechanism for input data collection and management for realistic macro-fiscal projections	Use of multiplicity of GoSL financial management systems, plus delays in data collection by key	Strengthen data collection and management process for realistic macro-fiscal forecast	Improve framework with specific timeframe for collecting and analysing input data for macro-fiscal projections Provide training on the use of existing data	Provide training on the use of existing data collection mechanism Implement fully new data collection	Update the framework to reflect emerging issues Provide training on the updated framework Implement fully updated	Provide training on the use of existing data collection mechanism Implement fully data collection/analysis framework	Provide training on the use of existing data collection mechanism Implement fully new data collection/analysis framework Digitise manual data collection process –	2021 PEFA indicators: PIs-1 and 2 rated 'D' PI-3 rated 'C+' PI-14.1 rated 'D'	Production of realistic macro-fiscal projections for realistic budgeting by 2027 PEFA assessment by 2027 PIs-1, and 2	MoF Macro-fiscal Division (Lead) BSL/NRA/SSL (Partners)	100.00	IMF/AFRITAC	

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
			stakeholders		collection mechanism	/analysis framework	data collection/analysis framework		acquisition of tablets + training, etc		all scoring at least 'Cs' or above PI-3 scoring at least 'B' or above PI-14.1 scoring at least 'C' or above			
Policy-based fiscal strategy and budgeting		Finance Acts 2020 stipulate FSS to be approved by October. Approval of FSS too late for meaningful budget formulation and preparation FSS not comprehensive enough to include fiscal impact of proposed change in revenue and expenditure policy and sensitivity analysis not	Desire to satisfy development partner request/needs	Realignments of strategic planning phase with budget formulation /preparation for better and timely budget preparation and approval process	Alignment of Finance Acts with legal requirements of PFM Act which provides for approval of FSS in July by Cabinet and in November by Parliament. Prepare a comprehensive FSS to include fiscal impact on proposed change in revenue and expenditure policy and sensitivity analysis (to	Alignment of Finance Acts with legal requirements of PFM Act which provides for approval of FSS in July by Cabinet and in November by Parliament. Prepare a comprehensive FSS to include fiscal impact on proposed change in revenue	Alignment of Finance Acts with legal requirements of PFM Act which provides for approval of FSS in July by Cabinet and in November by Parliament. Prepare a comprehensive FSS to include fiscal impact on proposed change in revenue and expenditure policy and sensitivity	Alignment of Finance Acts with legal requirements of PFM Act which provides for approval of FSS in July by Cabinet and in November by Parliament. Prepare a comprehensive FSS to include fiscal impact on proposed change in revenue and expenditure policy and sensitivity	Alignment of Finance Acts with legal requirements of PFM Act which provides for approval of FSS in July by Cabinet and in November by Parliament. Prepare a comprehensive FSS to include fiscal impact on proposed change in revenue and expenditure policy and sensitivity	2021 PEFA indicators PI-15.1 rated 'D' PI-16.2 rated 'D'	FSS to be approved by July each year to allow more time for budget formulation and preparation FSS to include changes in revenue and expenditure policy proposals for all changes proposed by Government PEFA assessment by 2027 PI-15.1 scoring at	MoF Macro-fiscal Policy Division (Lead) Parliament and MoF Debt Department (Partner)	0.00	TA from IMF/AFRITAC

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
		published.			be included in the FSS outline) Transform the FSS document into a more strategic document Improve macro-fiscal forecasting by: (i)developing high/low macro-fiscal forecasts and debt forecasts under alternative scenarios based on positive/negative assumptions. (ii)including a discussion of the reasons for macro-fiscal forecast errors in FSS (iii)reviewing and updating macro-fiscal forecasts	fiscal impact on proposed change in revenue and expenditure policy and sensitivity analysis Transform the FSS document into a more strategic document Improve macro-fiscal forecasting by: Transform the FSS document into a more strategic document Improve macro-fiscal forecasting by: (i)developing high/low macro-fiscal forecasts and debt forecasts under alternative scenarios based on positive/negative assumptions. (ii)including a discussion of the reasons for macro-fiscal forecast errors in FSS (iii)reviewing and updating macro-fiscal forecasts based on positive/n	and expenditure policy and sensitivity analysis Transform the FSS document into a more strategic document Improve macro-fiscal forecasting by: (i)developing high/low macro-fiscal forecasts and debt forecasts under alternative scenarios based on positive/negative assumptions. (ii)including a discussion of the reasons for macro-fiscal forecast errors in FSS (iii)reviewing and updating macro-fiscal forecasts based on positive/n	analysis Transform the FSS document into a more strategic document Improve macro-fiscal forecasting by: (i)developing high/low macro-fiscal forecasts and debt forecasts under alternative scenarios based on positive/negative assumptions. (ii)including a discussion of the reasons for macro-fiscal forecast errors in FSS (iii)reviewing and updating macro-fiscal forecasts quarterly. Determine a binding debt anchor and	into a more strategic document Improve macro-fiscal forecasting by: (i)developing high/low macro-fiscal forecasts and debt forecasts under alternative scenarios based on positive/negative assumptions. (ii)including a discussion of the reasons for macro-fiscal forecast errors in FSS (iii)reviewing and updating macro-fiscal forecasts quarterly. Determine a binding debt anchor and trajectory, as	Baseline	least 'C' or above PI-16.2 scoring at least 'C' or above			

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					quarterly. Determine a binding debt anchor and trajectory for achieving the same, within a specified period. The debt anchor and trajectory, as well as subsequent changes to either, should be submitted to Cabinet for approval and reported to Parliament for information	egative assumptions. (ii)including a discussion of the reasons for macro-fiscal forecast errors in FSS (iii)reviewing and updating macro-fiscal forecasts quarterly. Determine a binding debt anchor trajectory for achieving the same, within a specified period. The debt anchor and trajectory, as well as subsequent changes to either, should be submitted to Cabinet for approval and reported to Parliament for information	errors in FSS (iii)reviewing and updating macro-fiscal forecasts quarterly. Determine a binding debt anchor trajectory for achieving the same, within a specified period. The debt anchor and trajectory, as well as subsequent changes to either, should be submitted to Cabinet for approval and reported to Parliament for information	trajectory for achieving the same, within a specified period. The debt anchor and trajectory, as well as subsequent changes to either, should be submitted to Cabinet for approval and reported to Parliament for information	well as subsequent changes to either, should be submitted to Cabinet for approval and reported to Parliament for information					

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources	
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification				
						as subsequent changes to either, should be submitted to Cabinet for approval and reported to Parliament for information									
Policy-based fiscal strategy and budgeting		Weak communication and coordination among strategic planning stakeholders	Government institutions preference to work in silos, as opposed to working collaboratively	Strengthen strategic policy communication and coordination among all stakeholders for better policy impact	Develop standard operating procedure (SOP) to guide strategic policy framework	Implement SOP to improve communication and coordination among key stakeholders in strategic development	Update the SOP to reflect emerging issues	Implement the updated SOP to improve communication and coordination among key stakeholders in strategic development	Implement SOP to improve communication and coordination among key stakeholders in strategic development	Implement SOP to improve communication and coordination among key stakeholders in strategic development	Weak communication and coordination	Better strategic policy stakeholders' communication and coordination by 2027 for better strategic planning Number of meeting and stakeholder engagements held; outcome of policy documents feeding into strategic planning	MoF Macro-fiscal Policy Division & MoPED (Lead) BSL, SSL, NRA, NMA (partners)	25.00	

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
Policy-based fiscal strategy and budgeting		Less than 25% by value of MDAs prepare costed strategy	Weak technical capacity of planning officers across MDAs, coupled with over-ambitious strategic planning	Improve and increase number of MDAs that prepare realistic costed medium-term strategic plans	Establish benchmarks (a guide in terms of fiscal space) for the preparation of realistic and costed medium-term strategies Train MDA planning officers on the preparation of realistic costed strategies Develop the technical capacity of MoPED for critical review/analysis of medium-term strategies	Costed strategy prepared, submitted to MoF and published on MoF website by at least forty (40%) percent of MDAs Develop the technical capacity of MoPED for critical review/analysis of medium-term strategies	Costed strategy prepared, submitted to MoF and published on MoF website by at least sixty (60%) of MDAs Develop the technical capacity of MoPED for critical review/analysis of medium-term strategies	Train MDA officers on the preparation of realistic costed strategies Costed strategy prepared, submitted to MoF and published on MoF website by at least eighty (80%) of MDAs Develop the technical capacity of MoPED for critical review/analysis of medium-term strategies	Train MDA officers on the preparation of realistic costed strategies Costed strategy prepared, submitted to MoF and published on MoF website by 100% of MDAs Develop the technical capacity of MoPED for critical review/analysis of medium-term strategies	2021 PEFA indicators PI-16.3 rated 'D'	All (100%) MDAs prepare realistic costed medium-term strategy with direct linkage to national medium-term plan by 2027 <u>PEFA assessment by 2027</u> PI-16.3 scoring 'A' in the event that at least 90% by value of MDAs prepare realistic costed strategies PI-16.3 scoring 'B' in the event that between 75% and 90% by value of MDAs prepare realistic costed strategies PI-16.3 scoring 'C' in	MoPED Planning (Lead) MDAs (Partners)	125.00	TA from IMF/AFRITAC

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources	
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification				
											the event that between 50% and 75% by value of MDAs prepare costed strategies				
Policy-based fiscal strategy and budgeting		Lack of Computable General Equilibrium (CGE) Model to influence policy change	Funding challenges	Strengthen economic modelling	Development of Computable General Equilibrium (CGE) Model and produce the required report	Update the CGE model and produce the required report	Update the CGE model and produce the required report	Update the CGE model and produce the required report	Update the CGE model and produce the required report	No CGE modelling tool	CGE model updated and used to produce the necessary reports	MoF Macro-fiscal Policy Division (Lead) MDAs (Partners)	65.00	TA from IMF/AFRITAC	
Theme 2: Budget Formulation, Preparation and Execution															
Policy-based fiscal strategy and budgeting		Time to table the budget was amended to allocate a timeframe of six weeks down from two months; hindering substantive discussions on the budget. Delayed issuance of the BCC compresses MDA budget preparation	Desire to satisfy development partner request	Implementing budget calendar to support an effective strategic formulation process	Ensure the Finance Act is consistent with the PFM Act with regards to timeline required to table the budget in parliament Issue BCC before end July Conduct national policy hearings prior to issuance of	Ensure the Finance Act is consistent with the PFM Act with regards to timeline required to table the budget in parliament Issue BCC before end July Issue BCC before	Ensure the Finance Act is consistent with the PFM Act with regards to timeline required to table the budget in parliament Issue BCC before end July Conduct national policy hearings prior to issuance of	Ensure the Finance Act is consistent with the PFM Act with regards to timeline required to table the budget in parliament Issue BCC before end July Conduct national policy hearings prior to issuance of	Ensure the Finance Act is consistent with the PFM Act with regards to timeline required to table the budget in parliament Issue BCC before end July Conduct national policy hearings prior to issuance of	Ensure the Finance Act is consistent with the PFM Act with regards to timeline required to table the budget in parliament Issue BCC before end July Conduct national policy hearings prior to issuance of	<u>2021 PEFA indicators</u> PI-17.1 rated 'C'	Adequate time allocated to MDAs budget preparation process <u>Mid-term review / mini PEFA self-assessment in 2024/2025</u> PI-17.1 scoring at least 'B' or 'A' Score and performance to be maintained	MoF PFMRD	0.00	GoSL

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					BCC	end July	prior to issuance of BCC	BCC			going forward			
Policy-based fiscal strategy and budgeting		MDAs do not have complete information on available resources when BCC is issued	Discrepancy in the timing of recurrent and capital ceiling announcements hinders effective coordination between the two budgets	Strategic budget preparation	Submit ceilings for wages and salaries, goods and services, subsidies and transfers, and capital for Cabinet approval prior to BCC issuance Include ceilings in the BCC for wages and salaries, goods and services, subsidies and transfers, and capital, along with projected interest payments, to provide timely financial guidance to	Submit ceilings for wages and salaries, goods and services, subsidies and transfers, and capital for Cabinet approval prior to BCC issuance Include ceilings in the BCC for wages and salaries, goods and services, subsidies and transfers, and capital, along with projected interest payments, to	Submit ceilings for wages and salaries, goods and services, subsidies and transfers, and capital for Cabinet approval prior to BCC issuance Include ceilings in the BCC for wages and salaries, goods and services, subsidies and transfers, and capital, along with projected interest payments, to	Submit ceilings for wages and salaries, goods and services, subsidies and transfers, and capital for Cabinet approval prior to BCC issuance Include ceilings in the BCC for wages and salaries, goods and services, subsidies and transfers, and capital, along with projected interest payments, to	Submit ceilings for wages and salaries, goods and services, subsidies and transfers, and capital for Cabinet approval prior to BCC issuance Include ceilings in the BCC for wages and salaries, goods and services, subsidies and transfers, and capital, along with projected interest payments, to		Improved budget reliability	MoF and MoPED (Lead) MDAs (Partners)		

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					MDAs Train Budget Bureau on baseline costing	transfers, and capital, along with projected interest payments , to provide timely financial guidance to MDAs Train budget preparation team of MDAs on baseline costing Include baseline costing as instruction in BCC	to provide timely financial guidance to MDAs Train budget preparation team of MDAs on baseline costing Include baseline costing as instruction in BCC	MDAs Include baseline costing as instruction in BCC	BCC					
		Gender responsive budgeting is at an infant stage in Sierra Leone, coupled with inadequate policies to support the youth and the		Deepened gender responsive budgeting across MDAs, with specific focus on the youth and the	Train budget preparation team of MDAs on basic gender responsive budgeting and other	education , health, defence, police, & gender) Train budget preparati	Train budget preparation team of MDAs on basic gender responsive budgeting and other emerging	Undertake institutional gender audits of activity-based budgets	Undertake PEFA Gender Assessment	All nine (9) gender responsive budgeting PEFA indicators rated 'Ds' Specifically on gender responsive	<u>PEFA Gender assessment by 2027</u> GRPFM-3 scoring at least 'C' or above Remaining 8		176.10	IMF

PFM cycle	Main problems (PEFA/PIM A/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources	
				2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification				
Policy-based fiscal strategy and budgeting	vulnerable in the society	Limited capacity in gender responsive budgeting and funding constraints	vulnerable	emerging reforms prior to the development of their respective budgets in 5 piloted MDAs Establish/strengthen gender desk focal points in all MDAs to address issues of gender mainstreaming Develop policies and programs to support the youth and the vulnerable in society	on team of MDAs on basic gender responsive budgeting and other emerging reforms prior to the development of their respective budgets in 5 pilot MDAs Establish/strengthen gender desk focal points in all MDAs to address issues of gender mainstreaming	reforms prior to the development of their respective budgets in 5 pilot MDAs Undertake institutional annual gender audits of activity-based budgets				budget circular, GRPFM-3 rated 'D'	PEFA gender indicators scoring at least 'C' by 2027	MoF (Lead) Ministries of Gender, Health, Education (partners)		
	Limited functionality of budget committees		Reduce misalignment between planned and actual	Conduct diagnostic survey on the functionality of budget committees	Implement recommendations emanating from diagnostic	Implement recommendations emanating from diagnostic	Implement recommendations emanating from diagnostic	Implement	<u>2021 PEFA indicators</u> Pls-1 and 2 rated 'D'	Production of realistic budget by 2027 <u>PEFA</u>	MoF- Bureau Budget	34.10		

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
Budget reliability		Budget proposals failing to respond to economic realities	expenditure	across MDAs Conduct consultative workshop on the findings of survey and develop recommendations Align budget allocations with results to be delivered for capital projects Implement all “strategic top-down budgeting” provisions of the PFM Act 2016 including quantitative targets for fiscal objectives	diagnostic report and consultations Align budget allocations with results to be delivered for capital projects Implement all “strategic top-down budgeting” provisions of the PFM Act 2016 including quantitative targets for fiscal objectives	report and consultations Align budget allocations with results to be delivered for capital projects Implement all “strategic top-down budgeting” provisions of the PFM Act 2016 including quantitative targets for fiscal objectives	report and consultations Align budget allocations with results to be delivered for capital projects Implement all “strategic top-down budgeting” provisions of the PFM Act 2016 including quantitative targets for fiscal objectives	recommendations emanating from diagnostic report and consultations Align budget allocations with results to be delivered for capital projects Implement all “strategic top-down budgeting” provisions of the PFM Act 2016 including quantitative targets for fiscal objectives	PI-3 rated ‘C+’	assessment by 2027 PIs-1, and 2 all scoring at least ‘Cs’ or above PI-3 scoring at least ‘B’ or above.	MoPED (Partner)			
Transparency of public finances		Delays in publication of in-year budget execution and other fiscal reports and non-	Weak enforcement of PFM rules, coupled with weak supervision	Increase compliance with requirements relating to the preparation and	Prepare compliance checklist covering the PFM Act and Regulations, the OBS and PEFA	Check compliance and report findings in time for management action.	Check compliance and report findings in time for management action.	Check compliance and report findings in time for management action.	2021 PEFA indicators PI-9 rated ‘D’ 2021 OBS	Timely publication of all fiscal information PEFA & OBS assessment	MoF PFMRD	0.00	GoSL	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources	
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification				
		publication of the pre-budget statements		publication of key fiscal information	requirement. ent action. Check compliance and report findings in time for management action.						OBS transparency indicator rated 45/100	by 2027 PI-9 scoring 'A' OBS score on public availability of fiscal data scoring 55/100 by 2027			
Transparency of public finances		Limited coverage of the public to participate in the budget formulation process	Delays in publication of fiscal data, coupled with weak public accountability	Increased public participation in budget formulation	Conduct training for members of the Civil Society (DBOCs, NSAs, Parliament) on budget process. Sensitize the General Public on the budget process.	Assess the impact of the training received by members of the Civil Society (DBOCs, NSAs) on budget process based on feedback from the assessment report	Conduct follow-up training for members of the Civil Society (DBOCs, NSAs) on budget process based on recommendations emanating from the assessment report	Assess the impact of the training received by assessing their quarterly report as required by the PFM Act 2016 and PFM Regulations 2018	Conduct follow-up training for members of the Civil Society (DBOCs, NSAs) on budget process based on recommendations emanating from the assessment report	Sensitize the General Public on the budget process.	OBS 2021 Public participation rated 31/100	Improved public participation in the budget process OBS assessment by 2027 Public participation scoring 50/100 by 2027	Budget Bureau, FDD and NaMED	312.20	WB AGBSD Project

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
						General Public on the budget process.								
Transparency of public finances & Policy-based fiscal strategy and budgeting		Continuous disregard to the views of NSAs and the public in the budgeting process, coupled with delays in publication of fiscal data	No evidence of public and NSAs views during budget hearings included in the annual budget proposals	Improve public participation in the budget scrutiny process	Develop a systematic framework to solicit and include public/NSAs views on annual budget proposals	Finance Committee of parliament to produce reports showing evidence of inclusion of public/NSAs views into budget proposals	Finance Committee of parliament to produce reports showing evidence of inclusion of public/NSAs views into budget proposals	Finance Committee of parliament to produce reports showing evidence of inclusion of public/NSAs views into budget proposals	Finance Committee of parliament to produce reports showing evidence of inclusion of public/NSAs views into budget proposals	Low public and NSA participation the budget process OBS 2021 report Public participation is weak, rated 31/100 Budget oversight is weak, rated 46/100	More citizens engagement and participation in the budget process OBS assessment by 2027 Public participation scoring 50/100 by 2027 Budget oversight scoring 50/100 by 2027	Parliament (Lead) NSA (partners)	25.00	
Predictability and control in budget execution		Unrealistic budget proposals, coupled with political pressure	Adjustment/virements are made to the budget without observing provisions in the PFM Act relating to in-year budget adjustments	Enhanced credibility of the annual budget	Prepare PFM Act compliance checklist and report on adherence to the relevant provisions of the PFM Act and Regulations.	Report on adherence to the relevant provisions of the PFM Act and Regulations. Follow-up on	Report on adherence to the relevant provisions of the PFM Act and Regulations. Follow-up on recommendations and ensure	Report on adherence to the relevant provisions of the PFM Act and Regulations. Follow-up on	Report on adherence to the relevant provisions of the PFM Act and Regulations. Follow-up on recommendations and ensure	2021 PEFA indicators PI-2 rated 'D' PI-21.4 rated 'D'	Transparent in-year budget adjustment in compliance with PFM Act. Also, elimination of FS Letters by 2027	MoF Budget Bureau (lead) MoF/Internal Audit Directorate (partner)	0.00	GoSL

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					Follow-up on recommendations and ensure compliance. Reduce the use of FS Letters by 20% to improve budget reliability, predictability and control in budget execution	Follow-up on recommendations and ensure compliance. Reduce the use of FS Letters by 40% cumulatively to improve budget reliability, predictability and control in budget execution	recommendations and ensure compliance. Reduce the use of FS Letters by 60% cumulatively to improve budget reliability, predictability and control in budget execution	compliance. Reduce the use of FS Letters by 80% cumulatively to improve budget reliability, predictability and control in budget execution	compliance. Zero FS Letters by 2027		<u>PEFA assessment by 2027</u> PI-2 rated at least 'C' or above PI-21.4 rated at least 'C' or above			
Predictability and control in budget execution		There is a negative perception of the role of internal auditors	Vote controllers' desire to usurp authority, coupled with lack of independence of internal auditors	Enhanced credibility of internal auditors	Conduct internal quality assurance review for internal audit functions across MDAs Sensitisation and awareness raising campaign for	Implement improvements in line with recommendations from internal quality assurance review	Conduct external quality assurance review for internal audit functions across MDAs Conduct sensitisation and awareness raising	Implement improvements in line with recommendations from external quality assurance review	Implement improvements in line with recommendations from quality assurance review Conduct sensitisation and awareness raising campaign	Negative perception of the role of internal auditors	Internal audit to be more independent, and seen as partners to improving internal controls Reports on IAD quality assurance	MoF- Internal Audit Department (IAD)	40.00	

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					MDAs and LCs on the role of the internal audit function and audit committees through workshops, radio discussions and jingles		campaign							
Predictability and control in budget execution & External scrutiny and audit		Audit Committees established in at least 27 MDAs but holding irregular meetings and lack of funding of its activities Irregular meetings of the Government Audit Committee	Weak technical capacity of audit committees coupled with lack of funding	Strengthened Audit Committees	Conduct training of Audit Committees for 15 MDAs Provide funding for 4 meetings per year	Conduct training for Audit Committees for another 15 MDAs Provide funding for 4 meetings per year	Conduct study on the impact of Audit Committees in MDAs Provide funds for 4 meetings per year	Implement recommendations of the impact assessment to further strengthen the work of the Audit Committees at both central and local Council Provide funds for 4 meetings per year	Amend PFM Act to ensure all members of the Audit Committee are independent Provide funds for 4 meetings per year	Ineffective audit committees as a result of irregular meetings leading to weak implementation of audit recommendations <u>2021 PEFA indicators</u> PI-26.4 rated 'D'	More effective audit committees in place to hold executive accountable and reduce corruption Reports on audit committee training, plus assessment of internal control infractions <u>PEFA assessment by 2027</u> PI-26.4 scoring at least 'C' or above	MoF- Internal Audit Department (IAD)	134.90	WB Accountable Governance

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
Predictability and control in budget execution		Institutional arrangements undermine the autonomy of internal auditors	Internal auditors report functionally to the Audit Committee but administratively to the Vote Controller	Greater autonomy of internal audits	Conduct a feasibility study to determine the need and potential benefits of establishing an internal audit service	Develop an internal audit charter that outlines the purpose, authority, and responsibilities of the internal audit service in line Internal Audit Service (IAS) act approved in parliament	Adopt the current internal audit policies and procedures that outline the audit process, including planning, fieldwork, reporting, and follow-up including adjustments reflected in the charter and IAS act.	Provide office space, equipment and recruit additional internal auditors		Internal auditors do not have sufficient autonomy to effectively carry out their function	PEFA assessment by 2027 PI-26.4 scoring at least 'C' or above	MoF- Internal Audit Department (lead)	75.00	
Predictability and control in budget execution		There are 147 internal auditors covering 49 MDAs. There is limited capability in specialised audits.	Weak technical capacity of internal auditors, coupled with lack of funding	Strengthened internal audit capacity and coverage	Improve audit coverage by requiring internal auditors in other agencies to report directly to IAD Conducted training for all heads of Internal Audit unit on Audit	Purchase internal audit software to enhance coverage Conduct Information technology (IT) training, including	Increase current staff capacity by 10% Procurement of specific audit software, installation and training	Conduct internal audit needs assessment	Capacity building plan developed and implemented	Limited internal audit capacity across MDAs	Improved internal audit capacity for better public accountability Report on capacity building, plus assessment of internal audit reports	MoF- Internal Audit Department (lead) MoF – PFMRD (Partner)	175.00	

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					methodology and techniques, such as risk assessment, control testing, and sampling (Risk-Based Audit	data analysis and use of audit software								
Predictability and control in budget execution & External scrutiny and audit		Inadequate management preparation by MDAs, Local Councils and Foreign Missions to provide the relevant documentation for audit purpose.	Poor records keeping	Client (MDAs, LC and Embassy) readiness to audit is assured	Conduct audit readiness exercise for MDAs, LCs and Foreign Missions. Disseminate e-report of the audit readiness exercise to all clients visited Prepare a checklist (prepare by client listing) of documents that would be required by Auditors and disseminated to MDAs, LCs and Foreign Missions	Conduct audit readiness exercise for MDAs, LCs and Foreign Missions and disseminate e-report of audit readiness exercise to all clients visited Prepare checklist (Prepare-by-client listing) of documents that would be required by Auditors and disseminate to MDAs, LCs and Foreign Missions	Conduct audit readiness exercise for MDAs, LCs and Foreign Missions and disseminate report of the audit readiness exercise to all clients visited Prepare checklist (Prepare-by-client listing) of documents that would be required by Auditors and disseminate to MDAs, LCs and Foreign Missions.	Conduct annual audit readiness exercise for MDAs, LCs and Foreign Missions and disseminate e-report.	Poor record keeping and management system across MDAs and LCs	Proper filing system, better records keeping practices to improve public accountability	MoF- Internal Audit Department (lead)	375.00	GoSL	

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
						Auditors and disseminate to MDAs, LCs and Foreign Missions.	Missions.							
Predictability and control in budget execution		MDA procurement plans are not needs based Non-review of DP procurement plans	Unrealistic budget proposals, coupled with weak enforcement of procurement laws and regulations	More credible procurement plans	Establish joint review of MDA procurement plans (including all donor-funded projects) between NPPA, MoF Procurement Directorates, Budget Bureau. Request submission of asset register as part of review	Establish joint review of MDA procurement plans between Procurement Directorate. Request submission of asset register as part of review	Establish joint review of MDA procurement plans between Procurement Directorate. Request submission of asset register as part of review	Establish joint review of MDA procurement plans between Procurement Directorate. Request submission of asset register as part of review	Establish joint review of MDA procurement plans between Procurement Directorate. Request submission of asset register as part of review	2021 PEFA indicators PI-1 rated 'D'	Production of a reliable budget that feeds into reliable procurement plans PEFA assessment by 2027 PI-1 scoring at least 'C' or above	MoF – NPPA (Lead), Procurement Directorate MDAs (Partners)	295.00	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					operation staff and committees across MDAs and LCs and inclusive of suppliers Engage MDAs on procurement lapses (IPRP) Review Public Procurement Act 2016 to consider provision for a Procurement Institute and minimum requirements for practitioners	ceilings Train procurement officers, operation staff in IPRP and committees across MDAs and LCs and include suppliers Engage MDAs on procurement lapses (IPRP)	committees across MDAs and LCs and inclusive of suppliers Engage MDAs on procurement lapses (IPRP)	suppliers Engage MDAs on procurement lapses (IPRP)						
Predictability and control in budget execution		The 2020 Auditor General's report highlights a myriad of practices that contravene the regulatory framework for procurement	Weak enforcement of procurement laws and regulations	Improved compliance with procurement rules and procedures	Review Public Procurement Act 2016 to include clause on sanctions for non-compliance, contract negotiations Implement e-procurement	Implement e-procurement	Implement e-procurement	Implement e-procurement	Implement e-procurement	2021 PEFA indicators PI-24.1 rated 'D' PI-24.2 rated 'D'	E-Procurement fully implemented and operational for all public procurement activities (without any exemptions) PEFA assessment	NPPA (lead) MoF- Procurement Directorate (Partner)	5,000.00	WB funding

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
											by 2027 PI-24.1 scoring at least 'C' or above PI-24.2 scoring at least or above			
Predictability and control in budget execution		There has been no comprehensive assessment of the procurement system for over a decade	Lack of funding	Comprehensive diagnosis of the procurement system	Conduct Methodology for Assessing Procurement Systems (MAPS) Annual procurement assessment Strengthening NPPA M&E department	Incorporate MAPS findings into PFM reform agenda Annual procurement assessment	Annual procurement assessment	Annual procurement assessment	Annual procurement assessment	No comprehensive assessment of public procurement systems	MAPS conducted; implement recommendations to improve public procurement systems	MoF (Lead) NPPA (Partner)	220.00	
Predictability and control in budget execution		The 2021 PEFA pegged revenue arrears at 5.19% of total domestic revenue collection, up from 1.2% in 2017.	Weak revenue collection measures, coupled with weak monitoring and update of taxpayer database	Strengthened institutional arrangements for revenue collection	Develop strategies to address the root causes of tax arrears Outsource collection of tax arrears to private sector	Implement strategies to address the root causes of tax arrears Outsource collection of tax arrears to private sector	Implement strategies to address the root causes of tax arrears Outsource collection of tax arrears to private sector	Implement strategies to address the root causes of tax arrears. Outsource collection of tax arrears to private sector	Implement strategies to address the root causes of tax arrears. Outsource collection of tax arrears to private sector	2021 PEFA indicators PI-19.4 rated 'B' (satisfactory PEFA score but actual performance deteriorating compared to 2017 PEFA with revenue arrears at 1.2% of domestic	Improved domestic revenue collections PEFA assessment by 2027 PI-19.4 scoring 'A'	NRA		

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
						private sector					revenue)			
						Conduct cross-debt analysis on SOEs and Government								
Predictability and control in budget execution				Enhancing Compliance Risk Management of the large taxpayers through recruitment of more taxpayers from the SMEs pool and hidden economy into the regime	Anti-avoidance and international tax risks Develop and implement Compliance Improvement Plans (CIPs) Strengthen the functionality of ECR and ITAS	Enhance performance of SOEs on tax compliance Debt management function (revenue arrears collection)	Corporate tax of private entities Undertake Data matching (interface of NRA and other GoSL systems)					NRA (lead) MoF (partner) RTPD		
Predictability and control in budget execution	Low non-tax revenue mobilisation	Inadequate data on prospective taxpayers	Rental Income and High Net Worth Individuals (HNWI)	CIPs Data matching Access to third party data Interface of	CIPs Data matching Access to third party data							NRA (lead) MoF (partner) RTPD		

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASSL reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					ITAS with external systems	Interface of ITAS with external systems								
Predictability and control in budget execution		Low tax compliance in the SME sector	Weak enforcement of tax laws	Enhancing compliance of SMEs through BMS, data matching etc	Voluntary compliance Data matching Interface of ITAS with ASYCUDA and other systems (OARG) Implement Block Management System nationwide Roll out mobile payment App to SMEs	Voluntary compliance Data matching Interface of ITAS with ASYCUDA and other systems (OARG) Implement Block Management System nationwide Roll out mobile payment App to SMEs	Voluntary compliance Data matching Interface of ITAS with ASYCUDA and other systems (OARG) Implement Block Management System nationwide Roll out mobile payment App to SMEs	Voluntary compliance Data matching Interface of ITAS with ASYCUDA and other systems (OARG) Implement Block Management System nationwide Roll out mobile payment App to SMEs	Voluntary compliance Data matching Interface of ITAS with ASYCUDA and other systems (OARG) Implement Block Management System nationwide Roll out mobile payment App to SMEs			NRA (lead) MoF (partner) RTPD		
Predictability and control in budget		Low tax compliance in the extractive sector	Poor enforcement of laws in the extractive	Enhancing compliance of the Extractives	Anti-avoidance schemes Debt	Anti-avoidance schemes Debt	Anti-avoidance schemes Debt	Anti-avoidance schemes Debt	Anti-avoidance schemes Debt management			NRA (lead) MoF (partner) RTPD		

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
execution			sector		management function CIPs	Debt management function CIPs	management function CIPs	management function CIPs	function CIPs					
Predictability and control in budget execution		Weak controls in customs duty management	Weak enforcement of tax laws	Enhancing post-clearance Audit and risk selectivity at Customs	ESW extension Enforcement Post-seizure analysis Warehouse, management OGAs Bonded warehouse/cargo reconciliation between information from carriers (advanced electronic information) with the physical inventory stock data from warehouse System for monitoring warehouse cargo entries. Movements,	ESW extension Enforcement Post-seizure analysis Warehouse, management OGAs Bonded warehouse/cargo reconciliation between information from carriers (advanced electronic information) with the physical inventory stock data from warehouse Bonded warehouse/cargo reconciliation between information from carriers (advanced electronic information) with the physical inventory stock data from warehouse System for	ESW extension Enforcement Post-seizure analysis Warehouse, management OGAs Bonded warehouse/cargo reconciliation between information from carriers (advanced electronic information) with the physical inventory stock data from warehouse Bonded warehouse/cargo reconciliation between information from carriers (advanced electronic information) with the physical inventory stock data from warehouse System for	ESW extension Enforcement Post-seizure analysis Warehouse, management OGAs Bonded warehouse/cargo reconciliation between information from carriers (advanced electronic information) with the physical inventory stock data from warehouse Bonded warehouse/cargo reconciliation between information from carriers (advanced electronic information) with the physical inventory stock data from warehouse System for	ESW extension Enforcement Post-seizure analysis Warehouse, management OGAs Bonded warehouse/cargo reconciliation between information from carriers (advanced electronic information) with the physical inventory stock data from warehouse System for monitoring warehouse cargo entries. Movements, and exits Strengthen staff			NRA (lead) MoF (partner) RTPD		

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					and exits Strengthen staff capacity and upgrade governance of PCA Review the powers of NRA for information access during audit	data from warehouse System for monitoring warehouse cargo entries. Movements, and exits	monitoring warehouse cargo entries. Movements, and exits Strengthen staff capacity and upgrade governance of PCA	and exits Strengthen staff capacity and upgrade governance of PCA Review the powers of NRA for information access during audit	capacity and upgrade governance of PCA Review the powers of NRA for information access during audit					
Predictability and control in		Weak controls in customs duty	Inadequate funding coupled with low political	Control of duty waiver management and	Automate customs transit.	Automate customs transit.	Automate customs transit.	Automate customs transit.	Automate customs transit. Integration of			NRA (lead) MoF RTPD		

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
budget execution	management	will	monitoring – Customs Exemptions	Integration of CESW with other port stakeholders Implement ECOWAS regional transit. HS use for exemptions identification	Integration of CESW with other port stakeholders Implement ECOWAS regional transit. HS use for exemptions identification	Integration of CESW with other port stakeholders Implement ECOWAS regional transit. HS use for exemptions identification	Integration of CESW with other port stakeholders Implement ECOWAS regional transit. HS use for exemptions identification	CESW with other port stakeholders Implement ECOWAS regional transit. HS use for exemptions identification			(partner)			
Predictability and control in budget execution	The last TADAT was conducted in 2016	Lack of funding	Diagnosis of revenue administration system	Conduct TADAT	Review reform interventions taking into account TADAT findings				TADAT outdated, last conducted in 2016	Conduct TADAT; implement TADAT recommendations	MoF - Revenue and Tax Policy Division (Lead) NRA (Partner)	205.00	IMF/AFRITAC	
Predictability and control in budget	The wage bill stands at 48.9 per cent of recurrent spending 47 per cent as a share of tax revenue; significantly higher than	Political interference in public service employment and salary scheme	Effective control of expenditure on personnel emoluments	Align manpower planning process with the budget preparation process and allot manpower	Align manpower planning process with the budget preparation process	Align manpower planning process with the budget preparation process and allot manpower	Align manpower planning process with the budget preparation process and allot manpower	Align manpower planning process with the budget preparation process and	High wage bill (48.9% of GoSL recurrent expenditure), unsustainable	No political interference in public service employment and salary schemes Reduction of wage bill	Budget Bureau (Lead) HRMO (Partner)	0.00		

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
execution		the ECOWAS convergence criteria of 35 per cent.			ceilings	and allot manpower ceilings	ceilings	ceilings	allot manpower ceilings		percentage to ECOWAS convergence criteria of 35% by 2027			
Predictability and control in budget execution		Disparity in pay and remuneration within certain payroll categories and among Sub-vented agencies.	Political interference in public service employment and salary scheme Poor human resource planning and practices (over-staffing and unplanned recruitment)	A competitive and equitable pay structure	Engage Parliament on Wages and Compensation Commission Bill Conduct regional validation on Draft Competency Framework Validate new civil service code, rules and regulations Conduct outreach programme on new Government policies and programmes Implement new policy to shorten payment of end of service benefits	Enactment of the Wages and Compensation Commission Bill Develop business mapping process for HRMO Develop 5 year strategic plan for HRMO Digitize hiring process (from job advertisement, to shortlisting and interviews)	Operationalize the Wages and Compensation Commission Operationalize the Wages and Compensation Commission Digitize hiring process (from job advertisement, to shortlisting and interviews)	Operationalize the Wages and Compensation Commission Operationalize the Wages and Compensation Commission Digitize hiring process (from job advertisement, to shortlisting and interviews)	High wage bill (48.9% of GoSL recurrent expenditure), unsustainable Digitize hiring process (from job advertisement, to shortlisting and interviews)	No political interference in public service employment and salary schemes Reduction of wage bill percentage to ECOWAS convergence criteria of 35% by 2027	HRMO (Lead) PSC, Budget Bureau	313.00		

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					Develop business mapping process for HRMO									
					Develop 5-year strategic plan for HRMO									
					Digitize hiring process (from job advertisement , to shortlisting and interviews)									
Predictability and control in budget execution		There exists no direct link between personnel records and payroll records.	Personnel records manually kept	Alignment and linkage between personnel records and payroll records	Operationalize new Personnel Records Management System (PRMS) and interface with payroll	Operationalize new Personnel Records Management System (PRMS) and interface with payroll	Operationalize new Personnel Records Management System (PRMS) and interface with payroll	Develop/improve HR and Payroll data systems for complete and accurate manpower planning and budgeting	Develop/improve HR and Payroll data systems for complete and accurate manpower planning and budgeting	2021 PEFA indicators PI-23.1 rated 'B'	Ensure direct linkage between personnel and payroll records PEFA assessment by 2027 PI-23.1 scoring 'A'	HRMO (Lead) Budget Bureau (Partner)	417.60	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					manpower planning and budgeting	Develop/improve HR and Payroll data systems for complete and accurate manpower planning and budgeting	and budgeting							
Management of assets and liabilities & Budget reliability	Monitoring and evaluation of public investment projects is limited	Project profiles have insufficient information as the PIM Manual has not been operationalised Capacity constraints in M&E	Effective monitoring and evaluation framework for capital projects	Finalise and operationalise PIM manual Roll-out of National Monitoring and Evaluation Management Information System (NaMEMIS) to MDAs and LC Capacity building on M&E across MDAs and LCs to strengthen data collection and	Roll-out of National Monitoring and Evaluation Management Information System (NaMEMIS) to MDAs and LCs Capacity building on M&E across MDAs and LCs to	Capacity building on M&E across MDAs and LCs to strengthen data collection and management processes Support project completion reports of all PIPs Support dissemination and outreach of NaMED's	Capacity building on M&E across MDAs and LCs to strengthen data collection and management processes Support project completion reports of all PIPs Support dissemination and outreach of NaMED's	Capacity building on M&E across MDAs and LCs to strengthen data collection and management processes Support project completion reports of all PIPs Support dissemination and outreach of NaMED's	Capacity building on M&E across MDAs and LCs to strengthen data collection and management processes Support project completion reports of all PIPs Support dissemination and outreach of NaMED's	2021 PEFA indicators PI-11.1 rated 'D' 2020 PIMA report Project appraisal – high risk area	PIM manual finalised and operationalised by end of 2023. PEFA assessment by 2027 PI-11.1 scoring at least 'C' or above	NaMED (Lead) MoPED, MDAs, LCs, SOEs (Partners)	138.50	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					management processes Support project completion reports of all PIPs Strengthen transparency in disbursement of funds against NaMED's recommendations for capital projects	strengthen data collection and management processes Support project completion reports of all PIPs Support project completion reports of all PIPs Support dissemination and outreach of NaMED's annual reports, including implementation of recommendations	annual reports, including implementation of recommendations	implementation of recommendations						
Management of assets and liabilities &		There is no standard criteria/guideline for project selection	Non-operationalisa	Transparent project selection process	Publish project selection criteria and economic impact of selected projects	Train MDA planning and budget officers on project appraisal	Publish project selection criteria, economic impact of selected projects and appraisals	Publish project selection criteria, economic impact of selected projects and appraisals of selected	Publish project selection criteria, economic impact of selected projects and appraisals of selected	<u>2021 PEFA indicators</u> PI-11.2 rated 'C' <u>2020 PIMA report</u> Project	PIM manual finalised and operationalised by end of 2023 <u>PEFA assessment by 2027</u>	MoPED (Lead) MDAs, LCs, SoEs	17.20	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
Budget reliability			tion of PIM manual		Mandate the publication of appraisals of selected projects	templates of selected projects	of selected projects	projects	projects	selection – high risk area	PI-11.2 scoring at least ‘B’ or above			
Predictability and control in budget execution	Lack of framework and funds for routine maintenance of public infrastructure	Poor maintenance culture, coupled with lack of funds	Systematic maintenance of public infrastructure	Develop framework for assessing and prioritizing routine maintenance of projects	Implement framework for assessing and prioritizing routine maintenance of projects	Implement framework for assessing and prioritizing routine maintenance of projects	Implement framework for assessing and prioritizing routine maintenance of projects	Implement framework for assessing and prioritizing routine maintenance of projects	Implement framework for assessing and prioritizing routine maintenance of projects	<u>2020 PIMA report</u> Maintenance funding – high risk area	Improve maintenance culture within the public service; adequate funds allocated for maintenance <u>Next PIMA assessment (from 2024 onward) – maintenance funding improved</u>	MoPED (Lead) MDAs, LCs, SoEs	5,000.00	
Management of assets and liabilities	Institutional arrangements and coordination among PIM actors is weak	Non-operationalisation of PIM manual The legal	Effective coordination on PIM	Establish platform for regular meeting of PIM actors Review PFM Act on the	Periodic meeting of PIM actors	Periodic meeting of PIM actors	Periodic meeting of PIM actors	Periodic meeting of PIM actors	Periodic meeting of PIM actors	Weak PIM coordination 2020 PIMA report Coordination between entities	Improved PIM coordination <u>Next PIMA assessment (from 2024 onward) –</u>	MoPED (Lead) MDAs, LCs, SoEs	163.40	

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASSL reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources	
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification				
			framework's designation of PIM matters to the Minister of Finance and not Minister responsible for Development		authority given to the Minister of Finance on matters relating to PIM (review to consider linking loans to capital investment)						- medium risk area	coordination between entities improved			
Management of assets and liabilities & Budget reliability		Limited funding and technical capacity for feasibility studies to assess design, the financial model, profitability etc of PPP proposals	Limited political will to capacitate public officials in PPP analysis	Independent appraisal of PPP proposals is strengthened	Build capacity of staff of MoPED, MoF-fiscal risk, and PPP unit to effectively conduct PPP analysis (certified training)	Build capacity of staff of MoPED, MoF Fiscal Risk, and PPP unit to effectively conduct PPP analysis (certified training)	Build institutional capacity to support LCs in project preparation, development and implementation and public private community project				<p>2020 PIMA report</p> <p>Alternative project financing (PPPs) – high risk area</p> <p>2021 PEFA indicators</p> <p>PI-10.3 rated 'D'</p>	<p>PPP capacity improved</p> <p>Next PIMA assessment (from 2024 onward) – alternative project financing (PPP) framework improved with adequate and full analysis on implicit contingent liabilities</p> <p>PEFA assessment by 2027</p> <p>PI-10.3 scoring at least 'C' or better</p>	PPP (Lead) MoPED/MoF-fiscal risk, PFMRD (Partners)	Unit 2,550.00	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
Predictability and control in budget execution		Frequent and significant project adjustments	Absence of a functional PIM manual	Effective framework for project adjustments	Establish standardised rules and procedures for project adjustments Budget disbursement to capital projects to be accompanied by NaMED's monitoring report	Implement rules regarding project adjustments Budget disbursement to capital projects to be accompanied by NaMED's monitoring report	Implement rules regarding project adjustments Budget disbursement to capital projects to be accompanied by NaMED's monitoring report	Implement rules regarding project adjustments Budget disbursement to capital projects to be accompanied by NaMED's monitoring report	Implement rules regarding project adjustments Budget disbursement to capital projects to be accompanied by NaMED's monitoring report	<u>2020 PIMA report</u> Project implementation – high risk area	PIM manual finalised and operationalised by end of 2023 <u>Next PIMA assessment (from 2024 onward)</u> – project implementation improved with clear rules on project adjustments	MoPED (Lead) MDAs (Partners)	54.70	
Management of assets and liabilities		Unclear mandate of NaMED as the Act, Policy and strategy are yet to be ratified/approved.	Competing political interest	Effective Monitoring and Evaluation framework developed for capital projects	Engage the relevant authorities to ratify/approve the NaMED Act, policy, strategy and other institutional documents Capacitate NaMED staff and other M&E staff					NaMED mandate unclear	NaMED legal framework approved and operationalised	NaMED (Lead) MoPED (Partner)	370.00	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
						across MDAs and Local Councils								
Management of assets and liabilities		National Assets and Inventory Policy and Operations manual developed but yet to be approved and rolled out.	Lack of political will to empower NAGPC to fully implement its legal mandate, coupled with lack of resources	Roll out of National Assets and Inventory Policy Manual	Engage MoF leadership for cabinet approval	Roll out the assets and inventory policy and operational manual to MDAs and Local Councils	Training of Inventory Officers across MDAs and Local Councils on the use of the approved policy, manual and other tools used in effective inventory management.			Asset and inventory policy not in operation	Operationalise National Assets and Inventory Policy manual by 2024 after training and capacity building	Stores & Inventory Division/MoF	52.60	EU
Management of assets and liabilities		There is no comprehensive register of government inventory showing movement in stock level	Poor stores management	National Inventory Master register developed	Develop a national stock master with the required inventory parameters	Expand the roll out to additional MDAs Conduct stock verification of all public stores	Expand the roll out to additional MDAs Conduct stock verification of all public	Expand the roll out to additional MDAs Conduct stock verification of all public stores	<u>2021 PEFA indicators</u> PI-12.2 rated 'D' <u>2020 PIMA report</u> Management of public assets – medium risk area	Comprehensive fixed assets register developed and updated annually <u>PEFA assessment by 2027</u> PI-12.2 scoring at least 'C' or	Stores & Inventory Division/MoF	255.10	EU	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
						MDAs		stores	Acquire/Develop a government wide inventory and Asset Management system		above Next PIMA assessment (from 2024 onward) – management of public assets improved			
Management of assets and liabilities		There is no comprehensive and up-to-date asset register	Weak technical capacity across MDAs to comprehensively compile asset registers, coupled with lack of funding to support NAGPC	Complete information on public assets and Government storage facilities	Conduct nationwide assessment to identify Fixed assets and implement recommendation	Conduct physical verification of all public assets at least once a year and implement recommendation	Conduct physical verification of all public assets at least once a year and implement recommendation	Conduct physical verification of all public assets at least once a year and implement recommendation		2021 PEFA indicators PI-12.2 rated 'D' 2020 PIMA report Management of public assets – medium risk area	Comprehensive fixed assets register developed and updated annually PEFA assessment by 2027 PI-12.2 scoring at least 'C' or above Next PIMA assessment (from 2024 onward) – management of public assets improved	NAGPC (Lead) MoF-Stores and Inventory Division (Partner)	99.90	EU
		Coordination between the Ministry of Works and the NAGPC	Lack of political will to empower NAGPC to fully implement its	Strengthened authority of the NAGPC in order to bolster	Review and clarify reporting line of the NAGPC and coordination	Train staff of NAGPC on effective asset	Require MDAs to submit up-to-date asset register	Require MDAs to submit up-to-date asset register during budget	Require MDAs to submit up-to-date asset register during budget	2021 PEFA indicators PI-12.2 rated 'D'	Comprehensive fixed assets register developed and updated	NAGPC (Lead) MoF- Budget Bureau and PFMRD (Partner)	56.2	EU

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
Management of assets and liabilities	is weak	legal mandate, coupled with lack of resources	reporting compliance	with other institutions Train staff of NAGPC on effective asset management Require MDAs to submit up-to-date asset register during budget submission	management Require MDAs to submit up-to-date asset register during budget submission	during budget submission	submission	submission	2020 PIMA report Management of public assets – medium risk area	annually PEFA assessment by 2027 PI-12.2 scoring at least 'C' or above Next PIMA assessment (from 2024 onward) – management of public assets improved				
Predictability and control in budget execution	MDA cash plans not credible	Over-ambitious strategic planning, feeding into unrealistic budget	Enhanced cash management capability	Train MDAs on cash planning for Permanent Secretaries and key fiduciary staff	Train/refresher course MDAs on cash planning for Permanent Secretaries and all fiduciary staff	LCs training on cash forecasting Refresher course – cash planning	Refresher course – cash planning for LCs & MDAs	Refresher course – cash planning for LCs & MDAs	2021 PEFA indicators PI-21.2 rated 'A' but has very little impact on credibility of cash plans. Note: 'A' score in PEFA under PI-21.2 has nothing to do with credibility of cash plans. Reason for unrealistic cash plan is because of unrealistic budgets	Prepare credible cash plans based on credible budget. Note: Without a credible budget, there will be no credible cash plans PEFA assessment by 2027 PI-21.2 retaining 'A' score, with improvement	AGD (Lead) MDAs (Partners)	39.50	IMF/WB	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
											in budget credibility			
Predictability and control in budget execution		Expenditure arrears as at end 2020 stood at 30% of total expenditure	Over-ambitious strategic planning, feeding into unrealistic budget	Reduced stock of arrears	Conduct root cause analysis of accumulation of expenditure arrears and create awareness across MDAs Update arrears clearance strategy based on root cause analysis	Implement revised arrears clearance strategy Develop an Arrears Profiling System	Implement revised arrears clearance strategy	Implement revised arrears clearance strategy	Implement revised arrears clearance strategy	2021 PEFA indicators PI-22.1 rated 'D' Note: PI-22.1 is affected by PI-1	Reduced stock of expenditure arrears. This is only possible through preparation of realistic budget PEFA assessment by 2027 PI-22.1 scoring 'C' or above	MoF- (Lead) AGD – CMU, MDAs, PFMRD (Partners)	0.00	AfDB
Management of assets and liabilities		Need to strengthen, legal, regulatory and policy framework for debt management	Strengthened legal, regulatory and policy framework for debt management		Review of the Public Debt Management Act 2011 Review of Draft Public Debt Management Regulations to support revised Act	Strengthen the operations of the Expanded Cash and Debt Management Committee in line with Cabinet Conclusion Build capacity of national stakeholders in conduct	Strengthen the operations of the Expanded Cash and Debt Management Committee in line with Cabinet Conclusion		Inadequate legal, regulatory, and policy framework for managing debt.	Shortcomings and gaps in legal, regulatory and policy framework addressed	PDMD (Lead) MoF (partner) PDMD	155.90	AfDB	

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					Review of draft procedures manual for debt management	of DeMPA								
					Establish Public Debt Management Policy Committee									
					Strengthen the operations of the Expanded Cash and Debt Management Committee in line with Cabinet Conclusion									
Predictability and control in budget execution		TSA coverage excludes SVAs, DP and LCs	Low commitment from DPs and SVAs to be on TSA due to fear of not having full access of their	Full coverage of the TSA	Increase TSA coverage to include bank accounts of SVAs, Expansion of BSL ICT	Increase TSA coverage to include bank accounts of DP projects	Increase TSA coverage to include bank accounts of DP projects and LCs	Increase TSA coverage to include bank accounts of DP projects and LCs	Increase TSA coverage to include bank accounts of DP projects and LCs	<u>2021 PEFA indicators</u> PI-21.1 rated 'C'	TSA coverage expanded to include all MDA's <u>PEFA assessment</u>	AGD (Lead) SVAs, BSL DPs, LCs	250.00	

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
			funds as and when required		infrastructure for TSA coverage	of SVAs,					<u>by 2027</u> PI-21.1 scoring at least 'B' or above			
Management of assets and liabilities		Narrow investor base Limited secondary market activities	Weak investor confidence in the secondary market	Diversified investor base/development of domestic debt and capital market	Review primary dealerships arrangement in the financial sector Conduct seminars with primary dealers and select market players Training on capital markets and stock exchange development, international bonds issuance and trading Training on securities	Conduct seminars with primary dealers and select market players Secondment to sub-regional offices on enhancing front office capabilities for market deepening and promoting secondary activities	Conduct seminars with primary dealers and select market players Secondment to sub-regional offices on enhancing front office capabilities for market deepening and promoting secondary activities	Conduct seminars with primary dealers and select market players	Weak secondary markets	Improve secondary markets for lower cost of borrowing to the government	MoF Public Debt (Lead) BSL (Partner)	241.50	AfDB	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					fundamentals									
					Conferences on credit ratings, sukuk and international bonds issuance with financial sector players									
					Secondment to sub-regional offices on enhancing front office capabilities for market deepening and promoting secondary activities									
					Studies on how to restart the stock exchange									

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources		
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification					
						in Sierra Leone										
Management of assets and liabilities		The CSDRMS limited to Central Government debt	Lack of funding	Updated debt recording and management system/consolidated public debt database and systems management	Business process review of debt management software	Develop/acquire Commonwealth Meridian	Migrate from CSDRMS to Commonwealth Meridian.			Current debt management system has limited coverage <u>2021 PEFA indicators</u> PI-13.1 rated 'C'	Coverage improved in debt management recording and reporting <u>PEFA assessment by 2027</u> PI-13.1 scoring at least 'B' or above	MoF Public Debt (Lead) BSL (Partner)	197.50	AfDB		
Management of assets and liabilities		Need to deepen debt transparency and accountability (debt recording, analysis and reporting)	Weak compliance to PFM rules regarding debt reporting Limited capacity Weak monitoring of sub-national	Report on the implementation of MTDS produced and published in addition to other relevant reports	Update of MTDS Conduct of DSA Production and publication of annual report on the implementation of the MTDS and submitted to	Update of MTDS Conduct of DSA Production and publication of annual report on the implementation of the	Update of MTDS Conduct of DSA Production and publication of annual report on the implementation of the	Update of MTDS Conduct of DSA Production and publication of annual report on the implementation of the	Update of MTDS Conduct of DSA Production and publication of annual report on the implementation of the	Update of MTDS Conduct of DSA Production and publication of annual report on the implementation of the	Update of MTDS Conduct of DSA Production and publication of annual report on the implementation of the	No report on MTDS implementation	Reporting on MTDS systematically	MoF Public Debt (Lead) MoF Fiscal Risk (Partner)	371.50	AfDB

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
						nt Conduct training on DSA and MTDS for national staff Conduct training on mechanics and interpretation of loan agreements Conduct training on the preparation of debt reports and statistical bulletin Conduct training on issuance of guarantees, on-lending and contingent liability management Conduct training on monitoring of sub-national and SOE borrowing Conduct training on debt portfolio analysis and reporting Conduct training on issuance of guarantees, on-	the preparation of debt reports and statistical bulletin Conduct training on issuance of guarantees, on-lending and contingent liability management Conduct training on monitoring of sub-national and SOE borrowing Conduct training on debt portfolio analysis and reporting							

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					lending and contingent liability management									
					Conduct training on monitoring of sub-national and SOE borrowing									
					Conduct training on debt portfolio analysis and reporting									
					Provide capacity building in auditing debt management operations for audit staff									
					Provide capacity									

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources			
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification						
						building for NSAs and CSOs on debt management											
Management of assets and liabilities		Fiscal risk reporting is not comprehensive. There are also delays in SoE reporting	Significant delays in SoE reporting in terms of annual financial statements, coupled with weak capacity in PPP analysis	Develop a compliance checklist in accordance with the PFM Act and other PFM laws relating to Fiscal risk and SOE, report on compliance and ensure action is taken to remedy any identified challenges	Develop training program for staff of SoEs, LCs, plus MoF fiscal risk department (to lead to development of checklist)	Conduct annual SOEs/LCs Contingent Liabilities survey	Monitor compliance of SoEs/LCs	Conduct annual SOEs/LCs Contingent Liabilities survey	Conduct annual SOEs/LCs Contingent Liabilities survey	Conduct annual SOEs/LCs Contingent Liabilities survey	Monitor compliance of SoEs/LCs	Digitise SoEs/LCs fiscal risk reporting and monitoring	2021 PEFA indicators PI-10.1 and PI-10.3 rated 'Ds'	Improvement in the timeliness of SoEs reporting; comprehensiveness of SoE fiscal reporting PEFA assessment by 2027 PI-10.1 scoring at least 'C' or above PI-10.3 scoring at least 'C' or above	MoF Fiscal Risk Department (lead) All SoEs (partners)	231.00	EU and IMF

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					Liabilities survey + development of annual fiscal risk statement (to include all SoEs and LCs)	fiscal risk analysis and reporting, including PPPs, SoEs and LCs fiscal risk and contingent liabilities								
					Develop a reporting template for all SoEs to submit at least quarterly (unaudited) financial report to MoF in order to maintain and update database of fiscal risk	Special audit/valuation of dormant SOEs in terms of fiscal risk to assess long term viability of poorly performing SOEs and help develop options for restructuring								
					Special audit/valuation of dormant SOEs in terms of fiscal risk to assess long term viability of poorly performing SOEs and help develop options for restructuring									

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					Develop a guideline for the issuance of guarantee to SOEs and the private sector									
					Coordinate the development of disaster finance strategy									
Management of assets and liabilities		ERM Framework and Policy is not yet approved by cabinet for wider stakeholder buy-in.	Weak political commitment	Rolling out of Enterprise Risk Management across MDAs	Engage the leadership of MoF to speed up the process leading to the approval of the enterprise risk management (ERM) policy and framework.	Pilot ERM to five major MDAs.	Expand ERM to additional MDAs	Expand ERM to additional MDAs	Expand ERM to additional MDAs	2021 PEFA indicators PI-10.1 and PI-10.3 rated 'Ds'	Improvement in the timeliness of SoEs reporting; comprehensiveness of SoE fiscal reporting PEFA assessment by 2027 PI-10.1 scoring at least 'C' or above PI-10.3 scoring at	MoF FRMD & SOE (Lead) MoF IAD/PFMRD (partners)	62.00	GoSL/Commonwealth

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					African Countries and act on recommendation						least 'C' or above			
Theme 3: Fiscal Decentralisation for Improved Service Delivery														
Transparency in public finances	National Decentralisation Policy and Strategy not yet finalised and rolled out	Limited political commitment towards full implementation of decentralisation policy	Development of Fiscal Decentralisation Act/ Local Government Finance Act	Engage leadership of key MDAs to finalise the National Decentralisation Policy and Strategy Conduct wide stakeholder consultation on the development of the new Local Government Finance Act	Continue the drafting process and continuous stakeholder consultation					No rollout of National Decentralisation Policy and Strategy	Decentralisation Policy fully rolled out / implemented by 2027	FDD (Lead) MLGRD PFMRD; LGSC		GoSL
Policy-based fiscal strategy and budgeting	Devolved sector heads and LCs sector committees have limited capacity on gender responsive budgeting	Limited political will to fully operationalise gender equality strategies and policies	All 22 local councils prepare Gender Responsive Budgets	Train LCs staff, Devolved Sector heads and Sector Committee members on Gender Responsive Budgeting	Train LCs staff, Devolved Sector heads and Sector Committee members on Gender	Increase women's representation at various stages in the budget formulation process	Increase women's representation at various stages in the budget formulation process	Increase women's representation at various stages in the budget formulation process		All nine (9) gender responsive budgeting PEFA indicators rated 'Ds' Specifically, on gender responsive budget circular,	PEFA Gender assessment by 2027 GRPFM-3 scoring at least 'C' or above Remaining 8 PEFA gender	LGSC (Lead) FDD, PFMRD. (Partners)	368.00	Accountable Governance for Basic Service Delivery Project (World Bank)

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					Increase women's representation at various stages in the budget formulation process	Responsible Budgeting					GRPFM-3 rated 'D'	indicators scoring at least 'C' by 2027		
Transparency in public finances		Some of the sectors do not comply fully to the Budget Call Circular hence leading to prolong review of draft budget by FDD which increases the risk that the approved (final version) budget may be submitted late.	Weak enforcement of PFM laws on budget formulation and preparation	Timely submission of all statutory budget and financial reporting documents	Develop a PFM compliance checklist covering the PFM Act, Local Government Act and other relevant laws and follow-up on challenges to ensure improved compliance Undertake financial and budget preparation support mission	Undertake financial and budget preparation support mission	Undertake financial and budget preparation support mission	Undertake financial and budget preparation support mission	Undertake financial and budget preparation support mission	<u>2021 PEFA indicators</u> PI-9 rated 'D' <u>2021 OBS</u> OBS transparency indicator rated 45/100	Timely publication of all fiscal information <u>PEFA & OBS assessment by 2027</u> PI-9 scoring 'A' OBS score on public availability of fiscal data scoring 55/100 by 2027	LGSC (Lead) FDD, Budget Bureau, PFMRD, MLGRD (Partners)	265.00	Accountable Governance for Basic Service Delivery Project (World Bank) Resilient Urban Sierra Leone Project (RUSLP);

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					Prepare manuals on roles and responsibilities of Financial Management (FM) Committees of Local Councils which includes the Budget and Finance Committee.	which includes the Budget and Finance Committee.								
Predictability and control in budget execution		Revenue forecast is not based on credible data and realistic assumptions	Over-ambitious macro-fiscal projections, feeding into unrealistic budget proposals	Improve capacity in revenue forecasting resulting in a more realistic forecasts with assumptions clearly stated	Train local council finance officers and B&F Committees on the basic methods used in revenue forecasting	Train local council finance officers and B&F Committees on the basic methods used in revenue forecasting				LC's revenue projections unrealistic	Improved LCs revenue forecasting by 2024 onwards	LGFD (Lead) FDD, PFMRD (Partners)	100.00	Resilient Urban Sierra Leone Project (RUSLP); and Government of Sierra Leone
	Poor mobilization of own source revenues	Weak enforcement of domestic revenue	Improve own-sources revenues and reduce reliance on IGFT ¹²	Prepare and roll out revenue mobilization manuals with requisite training and capacity	Prepare and roll out revenue mobilization manuals with requisite training and capacity	Prepare and roll out revenue mobilization manuals with requisite training and capacity	Prepare and roll out revenue mobilization manuals with requisite training and capacity	Prepare and roll out revenue mobilization manuals with requisite training and capacity	Prepare and roll out revenue mobilization manuals with requisite training and capacity	LCs revenue mobilisation is below expectation, resulting in over-reliance on central government	Improved LCs revenue collection to reduce dependency on central government transfers by	MLGRD (Lead) NRA, PFMRD, LCs (Partners)	215.00	Resilient Urban Sierra Leone Project (RUSLP); and Accountable Governance for Basic

¹² Inter-governmental Fiscal Transfer

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
Predictability and control in budget execution			mobilisation laws and regulations, coupled with weak monitoring of revenue performance		building Prepare and monitor implementation of MOUs on revenue sharing with chiefdom councils	requisite training and capacity building Prepare and monitor implementation of MOUs on revenue sharing with chiefdom councils	capacity building Prepare and monitor implementation of MOUs on revenue sharing with chiefdom councils	building Prepare and monitor implementation of MOUs on revenue sharing with chiefdom councils	building Prepare and monitor implementation of MOUs on revenue sharing with chiefdom councils	transfers	2027			Service Delivery Project (World Bank)
Predictability and control in		Unsustainable Fiscal Cadastral System and lack of inbuilt accountability mechanism for assessment, billing, and unpaid arrears	Limited political will	Develop a robust fiscal cadastral system for property tax administration and roll it out using a phased approach that starts with the city councils	Assess the existing cadastral systems with the view of adopting a standard system to be used across all local councils Upgrade existing fiscal cadastral system and the supportive ICT environment in all city councils.	Assess the existing cadastral systems with the view of adopting a standard system to be used across all local councils Upgrade existing fiscal cadastral system and the supportive ICT	Assess the existing cadastral systems with the view of adopting a standard system to be used across all local councils Upgrade existing fiscal cadastral system and the supportive ICT environment in all city	Assess the existing cadastral systems with the view of adopting a standard system to be used across all local councils Upgrade existing fiscal cadastral system and the supportive ICT environment in all city	Assess the existing cadastral systems with the view of adopting a standard system to be used across all local councils Upgrade existing fiscal cadastral system and the supportive ICT environment in all city	Fiscal cadastral system not sustainable resulting in poor revenue mobilisation in the area of property tax	Up-to-date fiscal cadastral system developed to aid in LCs revenue mobilisation by 2027	LGFD (Lead) NRA, PFMRD, LCs, MLGRD. (Partners)	10,420.00	Resilient Urban Sierra Leone Project (RUSLP); and Government of Sierra Leone

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
budget execution			to fully implement fiscal decentralisation strategy		Set up in all city councils Digital Citizens Engagement Platforms through which each city council can engage taxpayers	supportive ICT environment in all city councils.	environment in all city councils.	councils.	on revenue mobilisation in at least one region/quarter.					
				Train Valuation Officers on the operationalization of the new cadastral systems	Train Valuation Officers on the operationalization of the new cadastral systems	Train Valuation Officers on the operationalization of the new cadastral systems	Train Valuation Officers on the operationalization of the new cadastral systems	Train Valuation Officers on the operationalization of the new cadastral systems	Train Valuation Officers on the operationalization of the new cadastral systems					
				Conduct Dialogue Forum on revenue mobilisation in at least one region/quarter	Conduct Dialogue Forum on revenue mobilisation in at least one region/quarter	Conduct Dialogue Forum on revenue mobilisation in at least one region/quarter	Conduct Dialogue Forum on revenue mobilisation in at least one region/quarter	Conduct Dialogue Forum on revenue mobilisation in at least one region/quarter	Conduct Dialogue Forum on revenue mobilisation in at least one region/quarter					
Transparency in public finances		Inadequate M&E for effective expenditure tracking against	Weak M&E capacity	Build M&E capacity in LCs	Build M&E capacity in LCs for effective expenditure tracking	Build M&E capacity in LCs for effective expenditure tracking	Build M&E capacity in LCs for effective expenditure tracking	Build M&E capacity in LCs for effective expenditure tracking	Build M&E capacity in LCs for effective expenditure tracking	Weak capability in M&E	M&E capability built at local level	NaMED (Lead) MLGRD, (Partners) FDD	370.00	Accountable Governance for Basic Service Delivery Project

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
& Accounting and reporting		efficient service delivery and impactful results			against efficient service delivery and impactful results	expenditure tracking against efficient service delivery and impactful results	against efficient service delivery and impactful results	against efficient service delivery and impactful results	delivery and impactful results				(World Bank) and Government of Sierra Leone	
Transparency in public finances & Accounting and reporting		Weak capacity of political heads on budget execution processes; weak management styles of administrators ; Poor filing system at LCs; Accounting system is post-ante	Failure to recruit qualified staff at LCs	Efficient payment system and financial records management	Train LCs on budget execution process - including Internal Audit Committee and Budget & Finance Train LCs on filing and retrieval system	Train LCs on budget execution process - including Internal Audit Committee and Budget & Finance Train LCs on filing and retrieval system	Train LCs on budget execution process - including Internal Audit Committee and Budget & Finance Train LCs on filing and retrieval system	Train LCs on budget execution process - including Internal Audit Committee and Budget & Finance Train LCs on filing and retrieval system	Train LCs on budget execution process - including Internal Audit Committee and Budget & Finance Train LCs on filing and retrieval system	Train LCs on budget execution process - including Internal Audit Committee and Budget & Finance Train LCs on filing and retrieval system	Technical capacity of LCs functional heads developed by 2024 and beyond to improve public accountability	MLGRD (Lead) FDD, PFMRD, LGFD, LCs (Partners)	170.00	Accountable Governance for Basic Service Delivery Project (World Bank) and Government of Sierra Leone
Accounting		Payments without supporting documentation; Bank Accounts not reconciled on time; Citizens not appreciating	Disregard to PFM laws and regulations, coupled with weak enforcement	Citizens timely informed on budget execution; Improved citizens awareness and participation	Train FM staff on monthly bank reconciliation Prepare and rollout citizens/popular	Train FM staff on monthly bank reconciliation Prepare and Support LCs hold	Prepare and rollout citizens/popular financial statements Support LCs hold quarterly	Prepare and rollout citizens/popular financial statements Support LCs hold quarterly	Prepare and rollout citizens/popular financial statements Support LCs hold quarterly	Poor financial accountability as a result of poor records keeping Improved records keeping for improved public accountability by 2024 and beyond	LGFD (Lead) FDD, PFMRD, LCs, NSA Secretariat (Partners)	90.00	Accountable Governance for Basic Service Delivery Project (World Bank) and Government of Sierra	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
and reporting		budget execution reports		n on budget execution	financial statements Support LCs hold quarterly stakeholder discussions on budget execution and reporting	rollout citizens/popular financial statements Support LCs hold quarterly stakeholder discussions on budget execution and reporting	quarterly stakeholder discussions on budget execution and reporting	stakeholder discussions on budget execution and reporting	discussions on budget execution and reporting					Leone
External audit and scrutiny		Lack of monitoring of implementation of remedial actions at LCs	Limited political will in enforcing PFM laws and regulations	Timely implementation of auditor's recommendations and reduction in risk of cash loss	Monitor and report on local councils' compliance to auditor's recommendations	Monitor and report on local councils' compliance to auditor's recommendations	Monitor and report on local councils' compliance to auditor's recommendations	Monitor and report on local councils' compliance to auditor's recommendations	Monitor and report on local councils' compliance to auditor's recommendations	<u>2021 PEFA indicators</u> PI-26.4 rated 'D' PI-30.3 rated 'C'	Improved management response to audit findings/recommendations <u>PEFA assessment by 2027</u> PI-26.4 scoring at least 'C' or above PI-30.3 scoring at least 'B' or above	FDD (Lead) MLGRD, PFMRD (Partners)	0.00	Government of Sierra Leone

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources			
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification						
Theme 4: Accounting and Reporting through IFMIS																	
Accounting and reporting		Bank reconciliation done within a month for TSA accounts, but not for all MDAs operations accounts	Non-compliance to PFM laws and regulations, coupled with weak enforcement	Improve the timeliness of bank reconciliations of MDAs imprest/operation accounts, to be completed within 15 days after end of the month	Acquire user license for IFMIS bank reconciliation for all MDAs imprest bank accounts, plus training on use of bank reconciliation model (max. 2 people per MDA)	Reconcile all bank accounts (non-TSA) within one month after end of previous month.	Reconcile all bank accounts (non-TSA) within one month after end of previous month.	Enforce punitive measures such that MDAs with unreconciled bank accounts within a month not to receive their monthly/quarterly financial allocation from MoF	Reconcile all bank accounts (non-TSA) within one month after end of previous month.	Enforce punitive measure such that MDAs with unreconciled bank accounts within a month not to receive their monthly/quarterly financial allocation from MoF	Reconcile all bank accounts (non-TSA) within one month after end of previous month.	Enforce punitive measure such that MDAs with unreconciled bank accounts within a month not to receive their monthly/quarterly financial allocation from MoF	Not all MDAs bank accounts are reconciled within a month in line with the PFM Act <u>2021 PEFA indicators</u> PI-27.1 rated 'B'	All MDs bank accounts to be reconciled within one month after previous month by 2023 and beyond <u>PEFA assessment by 2027</u> PI-27.1 scoring 'A'	AGD (Lead) All MDAs (Partners)	300.00	

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					on MDAs financial reporting plus all reconciliations									
Accounting and reporting		Monthly/Quarterly budget execution reports are issued and published (website and gazette) within two months or more after the end of the previous quarter (2021 PEFA: PI-28.2 scored D)	Limited technical capacity, coupled with weak enforcement of PFM laws and regulations	Preparation and publication of all statutory reports including in-year budget execution reports in a timely manner	Budget execution reports (monthly/quarterly) to be issued and published (website and gazette) latest within one month after the end of the previous month or quarter	Budget execution reports (monthly/quarterly) to be issued and published (website and gazette) latest within one month after the end of the previous month or quarter	Budget execution reports (monthly/quarterly) to be issued and published (website and gazette) latest within one month after the end of the previous month or quarter	Budget execution reports (monthly/quarterly) to be issued and published (website and gazette) latest within one month after the end of the previous month or quarter	Budget execution reports (monthly/quarterly) to be issued and published (website and gazette) latest within one month after the end of the previous month or quarter	Late preparation and publication of in-year budget execution reports <u>2021 PEFA indicators</u> PI-28.2 rated 'D' PI-9 rated 'D' (element number 3 says 'No')	In-year budget execution reports prepared and published timely <u>PEFA assessment by 2027</u> PI-28.2 scoring at least 'C' or above PI-9 scoring 'A', with element number 3 improved from 'No' to 'Yes'	AGD (Lead) All MDAs (Partners)	0.00	
Accounting and reporting		Accounting Manual is now obsolete after the upgrade of IFMIS and	Inadequate funding	Develop new Accounting Manual	Develop new Accounting Manual Conduct training of	Refresher Training staff on the use of the Accounting Manual and	Refresher Training staff on the use of the Accounting Manual and	Refresher Training staff on the use of the Accounting Manual and	Monitor quality of Financial Statements produced and address weaknesses	Outdated accounting manual	New and up-to-date accounting manual developed and used for	AGD (Lead) MDAs (Partners)	41.40	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
		the Chart of Account of GoSL			Finance Officers	ing Manual and the preparation of consolidated Financial Statements	the preparation of consolidated Financial Statements	the preparation of consolidated Financial Statements	identified		financial reporting in line with IFMIs version 7 and new Chart of Accounts from 2024 and beyond			
Accounting and reporting		Financial Statements of the General Government is not prepared due to lack of capacity of some institutions	Limited technical capacity, coupled with weak enforcement of PFM laws and regulations	Preparation of consolidated AFS for general government	Develop a comprehensive roadmap for the preparation of central government consolidated annual financial statements	Consultative process among key stakeholders for preparation of central government consolidated annual financial statements	Training and capacity building on preparation of central government consolidated annual	Training and capacity building on preparation of central government consolidated annual		No central government consolidated annual financial statements.	Central government consolidated annual financial statements prepared annually	AGD (Lead) ASSL/MoF (partners)	8.60	
		PETRA serves the		Upgrade PETRA	Train Local	Train Local Council	Train Local Council	Train Local Council	PETRA not	New financial management	MoF-PFMRD	4,175.60	World Bank Accountable	

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
Accounting and reporting		purpose of recording and reporting and not web-based. PETRA is installed on standalone computers with limited/no local area network.	Inadequate funding	system to PFM Smart web-based system	Council officials on the effective operation of the PETRA system Roll out of PFM Smart to Local Councils	officials on the effective operation of the PETRA system Establish help desk to respond to complaints Roll out of PFM Smart to Local Councils	officials on the effective operation of the PETRA system Roll out of PFM Smart to Local Councils	officials on the effective operation of the PETRA system Roll out of PFM Smart to Local Councils	officials on the effective operation of the PETRA system Roll out of PFM Smart to Local Councils	web-based	and reporting model deployed to LCs, with capability for easy interface with IFMIS by 2027	(Lead) FDD, LGSC, LCs, AGD (Partners)		Governance
Accounting and reporting		IFMIS rollout coverage to 61 MDAs representing about 80% (as per 2021 PEFA report)	Limited funding, coupled with poor network infrastructure	Sustain IFMIS rollout and expansion initiative to cover all central government MDAs and donor-funded projects to improve completeness and comprehensiveness of central government financial	Increase IFMIS coverage to 85% by end of 2024. All extra-budgetary units to be covered by IFMIS	Increase IFMIS coverage to 90% by 2026. All extra-budgetary units to be covered by IFMIS	Increase IFMIS coverage to 95% by 2027. All extra-budgetary units to be covered by IFMIS			Current IFMIS coverage at 80% by value of central government operations <u>2021 PEFA indicators</u> PI-6 rated 'D'	IFMIS coverage extended to all MDAs at central government level to 95% by 2027 <u>PEFA assessment by 2027</u> PI-6 scoring at least 'C' or above	AGD (Lead) All MDAs (Partners)	2,500.00	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
				reports										
Theme 5: External Audit and Scrutiny														
External scrutiny and audit		ASSL's budget is reviewed/scrutinised by MoF Budget Bureau, thereby compromising ASSL's financial independence	Limited of political will to ensure full independence of ASSL	Strengthen ASSL's financial independence	Amend ASSL's law to ensure its annual budget is directly reviewed by parliament.	Draft and promulgate new ASSL regulations to be in line with amended/ revised ASSL law				ASSL's financial independence compromised <u>2021 PEFA indicators</u> PI-30.4 rated 'D'	Financial independence of ASSL improved and sustained <u>PEFA assessment by 2027</u> PI-30.4 scoring 'A' Note: All other criteria for ASSL's independence are met except for financial independence	ASSL (Lead) MoF and Parliament (Partners)	10.00	IMF TA
External scrutiny and audit		Financial audit coverage is around 80% by value.	Inadequate auditors at ASSL, coupled with inadequate funding	Expand external audit coverage	Improve/expand external audit coverage (both revenue and expenditure) to 82% by value by end 2023 Include specifications for capability to	Improve/expand external audit coverage (both revenue and expenditure) to 84% by value by end 2024 Track ASSL's	Improve/expand external audit coverage (both revenue and expenditure) to 86% by value by end 2025 Track ASSL's	Improve/expand external audit coverage (both revenue and expenditure) to 88% by value by end 2026 Track ASSL's audit coverage using new	Improve/expand external audit coverage (both revenue and expenditure) to 90% by value by end 2027 Track ASSL's audit coverage using audit management system	<u>2021 PEFA indicators</u> PI-30.1 rated 'B'. Note: 2021 PEFA findings revealed difficulty in tracking external audit coverage <u>OBS 2021</u>	External audit coverage easily trackable. Also, audit coverage expanded from 80% in 2021 to 90% by end of 2027 <u>PEFA assessment by 2027</u>	ASSL (Lead)	257.50	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources	
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification				
					record/track external audit coverage in audit management system	ASSL's audit coverage using new audit management system	audit coverage using new audit management system	audit management system			report ASSL's audit oversight rated 72/100	PI-30.1 scoring 'A' OBS assessment by 2027 ASSL's audit oversight scoring 82/100			
External scrutiny and audit	Less than 10 specialised audits conducted in 2021	Inadequate technical capacity of ASL in specialised audits	Strengthen ASL's technical skills in order to increase number of specialised audits (performance audit, IT audit, forensic audits, procurement audit, etc.)	Strengthen the specialised audit department of ASL through training of more auditors Develop a standardised procurement audit framework (SPAF) for use by ASL, ACC, IAD, and NPPA to carry out procurement audit Increase the number of specialised audits by 10% from 2021	Train ASL, IAD and NPPA staff on the use of SPAF Increase the number of specialised audits by 15% from 2023 figure	Train ASL, IAD and NPPA staff on the use of SPAF Increase the number of specialised audits by 15% from 2024 figure	Increase the number of specialised audits by 25% from 2025 figure	Increase the number of specialised audits by 25% from 2026 figure		Specialised audits conducted by ASL inadequate, below 10 in 2021	Increased specialised audits conducted by ASL, from 10 in 2021 to 20 specialised audits by 2027. On average, an addition of 2 specialised audit per year from 2023	ASSL (Lead) IAD/NPPA (Partners)	102.70		

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					figure									
External scrutiny and audit		Weak enforcement of ASL's audit recommendations.	Weak political will to fully implement recommendations	Strengthen the implementation of ASL's audit recommendations through strict enforcement of punitive measures	Strictly activate ASL's powers to surcharge public officials for misuse/misappropriation of public funds Improve public and NSA engagement with parliament to strengthen enforcement of audit recommendations	Strictly activate ASL's powers to surcharge public officials for misuse/misappropriation of public fund Improve public and NSA engagement to strengthen enforcement of audit recommendations	Strictly activate ASL's powers to surcharge public officials for misuse/misappropriation of public fund Improve public and NSA engagement to strengthen enforcement of audit recommendations	Strictly activate ASL's powers to surcharge public officials for misuse/misappropriation of public fund Improve public and NSA engagement to strengthen enforcement of audit recommendations	Strictly activate ASL's powers to surcharge public officials for misuse/misappropriation of public fund Improve public and NSA engagement to strengthen enforcement of audit recommendations	ASL's recommendation not fully enforced by the executive <u>2021 PEFA indicators</u> PI-30.3 rated 'C' PI-26.4 rated 'D'	Improved implementation of ASL's (and by extension IAD's) audit recommendations <u>PEFA assessment by 2027</u> PI-30.3 scoring at least 'B' or above PI-26.4 scoring at least 'C' or above	Parliament (Lead) MoF/ASL/IAD/NSA (partners)	61.60	
External scrutiny and audit		Weak parliamentary scrutiny of ASL audit reports	Weak technical capacity of PAC	Strengthen the capacity of parliament to improve public accountability	Develop a periodic schedule to increase the frequency of parliamentary scrutiny (it should be more than once a year)	Develop training modules for parliamentarians on scrutiny of audit reports Train-	Continuous training for parliamentarians	Constitutional/Legal amendment plus revision of standing orders to change chair of PAC from ruling party to opposition party	Constitutional/Legal amendment plus revision of standing orders to change chair of PAC from ruling party to opposition party	Parliament PAC not adequately capacitated to effectively scrutinise ASL's audit reports <u>2021 PEFA indicators</u> PI-31 rated	Improved technical capacity of PAC to scrutinise ASL's audit reports timely <u>PEFA assessment by 2027</u>	Parliament/PAC (Lead) GoSL-MoF/IAD/ASL/ NSA (Partners)	660.00	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources	
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification				
			political interest			the-trainer programs developed/provide training for PAC and Transparency committee Secretariat					'D+' Specifically: PI-31.1 rated 'D' PI-31.4 rated 'D'	PI-31 scoring at least 'C' or above Specifically: PI-31.1 scoring at least 'C' or above PI-31.4 scoring at least 'C' or above			
External scrutiny and audit		PAC reports too generic, with limited focused actions	Weak technical capacity of PAC to prepare reports emanating from audit scrutiny	Improve the quality of PAC reports on ASSL's audits for better accountability	Develop technical capacity of PAC to prepare more focused PAC reports with clear findings with associated recommendations	Develop technical capacity of PAC to prepare more focused PAC reports with clear findings with associated recommendations	Develop technical capacity of PAC to prepare more focused PAC reports with clear findings and associated recommendations	Develop technical capacity of PAC to prepare more focused PAC reports with clear findings with associated recommendations	Develop technical capacity of PAC to prepare more focused PAC reports with clear findings with associated recommendations	Parliament PAC not adequately capacitated to effectively scrutinise ASSL's audit reports 2021 PEFA indicators PI-31 rated 'D+' Specifically: PI-31.4 rated 'D'	Improved technical capacity of PAC to scrutinise ASSL's audit reports timely PEFA assessment by 2027 PI-31 scoring at least 'C' or above Specifically: PI-31.4 scoring at least 'C' or above	Parliament/PAC (Lead) MoF/IAD/ASSL/NSA (Partners)	75.00		
		PAC follow-up of its recommendations		Strengthen PAC's follow-up	Develop an M&E framework to	Develop train-the-trainer				Weak PAC follow-up	PAC strengthened to hold the	Parliament/PAC	250.00		

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
External scrutiny and audit	ons very weak	Weak parliamentary oversight coupled with inadequate funding	mechanism	guide PAC follow-up of its recommendations (should be more than once a year) Develop train-the-trainer programs on parliamentary scrutiny of ASSL audit reports for PAC and Transparency Committee Secretariat Train PAC members on new M&E framework for follow-ups	programs on parliamentary scrutiny of ASSL audit reports Train PAC members on new M&E framework for follow-ups	Train PAC members on new M&E framework for follow-ups	Train PAC members on new M&E framework for follow-ups	Train PAC members on new M&E framework for follow-ups	mechanism <u>2021 PEFA indicators</u> PI-31.3 rated 'C'	executive accountable in a timely manner <u>PEFA assessment by 2027</u> PI-31.3 scoring at least 'B' or above	(Lead) MoF/IAD/ASSL/NSA (Partners)			
External scrutiny and audit	Significant delays in scrutinising ASSL audit reports	Inadequate funding of parliamentary activities including PAC No timeframe for PAC's scrutiny of ASSL audit reports	Improve the timeliness of PAC review of ASSL audit reports Amend PFM law to include timeframe for PAC to	Review of standing orders of parliament – to allow paperless reports Amend PFM law to include timeframe for	Digitalise the process of producing and laying parliamentary/PAC reports to improve timelines Train PAC secretariat on the use of digitalise platform				Delays in PAC's scrutiny of ASSL' audit reports <u>2021 PEFA indicators</u> PI-31.1 rated 'D'	Significant improvement in the timeliness of PAC's scrutiny of ASSL's audit reports <u>PEFA assessment by 2027</u>	Parliament/PAC (Lead) MoF/IAD/ASSL/NSA (Partners)	0.00	EU	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
				scrutinise ASSL audit reports	PAC to scrutinise ASSL audit reports	Train PAC secretariat on the use of digitalise platform					PI-31.1 scoring at least 'C' or above			
External scrutiny and audit		No clarity on the roles and responsibilities of different actors in the accountability chain.	Poor definition of roles and responsibilities of accountability players	Improve coordination among key accountability players	Implement SOP to ensure uniformity and clarity on the resolution of audit queries and recommendations	Implement SOP to ensure uniformity and clarity on the resolution of audit queries and recommendations	Implement SOP to ensure uniformity and clarity on the resolution of audit queries and recommendations	Implement SOP to ensure uniformity and clarity on the resolution of audit queries and recommendations	Lack of clarity regarding roles and responsibilities of accountability actors	Clear articulation of the roles and responsibilities of accountability actors from 2023 and beyond	Parliament (Lead) ASSL, MoF-IAD, Attorney General, ACC (partners)	50.00	EU	
PFM Enablers – ICT Support														
PFM enablers		Absence of disaster recovery strategy		Optimisation of existing communication hardware and server infrastructure at data centre Development	Acquisition of ICT infrastructure Develop a comprehensive disaster recovery plan for the entire government financial management system with the	Acquisition of ICT infrastructure Implementation of disaster recovery plan plus the requisite training for ICT staff at MoF and other support MDAs such as Ministry	Implementation of disaster recovery plan plus the requisite training for ICT staff at MoF and other support MDAs such as Ministry of Communication, plus training on	Implementation of disaster recovery plan plus the requisite training for ICT staff at MoF and other support MDAs such as Ministry of Communication, plus training on COBIT 5				2,795.00		

PFM Area	cycle	Main problems (PEFA/PIM A/OBS/ASS L reports/ /others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources		
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification					
- ICT support			Limited government priority, coupled with inadequate funding	nt of a robust/host disaster centre	appropriate training	staff at MoF and other support MDAs such as Ministry of Communication, plus training on COBIT 5	of Communication, plus training on COBIT 5	COBIT 5			No proper data security and recovery system, coupled with inadequate ICT governance framework	to guarantee data backup for easy recovery by 2027, in addition to a functional ICT governance framework	MoF/ DFMS (Lead) Ministry of Communication and MDAs (Partners)			
		No cyber-security plan and architecture			Developme nt of Cyber-security system	Develop Cyber-security system to support IFMIS and other central government financial management systems	Impleme ntation of cyber-security architecture plus the requisite training	Implementa tion of cyber-security architecture plus the requisite training	Implementati on of cyber-security architecture plus the requisite training	Implementation of cyber-security architecture plus the requisite training					1,116.00	
		No ICT service model			Developme nt of ICT governance framework	Develop ICT governance framework to guide government ICT infrastructure	Develop an ICT service model for PFM Systems. Train ICT cadre plus vote Controller on ICT governan									808.00

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD'000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
						ce								
Accounting and reporting – ICT support		Multiplicity of different government financial management systems leading to data reconciliation challenges	Competing political/technical interest in the application of financial management software, coupled with inadequate funding needed for interface	Interface/interoperability of all central government's financial management systems	Develop a comprehensive plan to ensure interlinkages/interface of all central government financial management systems Integrate existing standalone PFM Systems to ensure a unified country PFM System	Implementation/rollout of interface/interlinkage plan, including training for core ICT staff across all MDAs, specifically staff of Directorate of Financial Management Systems and Technology (DFMST)	Implementation/rollout of interface/interlinkage plan, including training for core ICT staff across all MDAs, specifically staff of Directorate of Financial Management Systems and Technology (DFMST)	Implementation/rollout of interface/interlinkage plan, including training for core ICT staff across all MDAs, specifically staff of Directorate of Financial Management Systems and Technology (DFMST)	Implementation/rollout of interface/interlinkage plan, including training for core ICT staff across all MDAs, specifically staff of Directorate of Financial Management Systems and Technology (DFMST)	Variety of financial management and reporting systems across central government institutions, resulting in data reconciliation challenges	All standalone financial management and reporting systems effectively linked by 2027 to resolve data reconciliation challenges	MoF/DFMST (Lead) Ministry of Communication and MDAs (Partners)	2,381.00	

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
Cross-cutting (implementation, monitoring and change management)														
Cross-cutting (PFM strategy Monitoring & Evaluation, Implementation, etc.)		Inadequate funding coupled with insufficient technical capacity		Develop, implement and strengthen M & E framework Strengthen governance framework to support implementation of PFM reforms Support change management and communication of PFM reform strategy Training and Capacity Building of PFM Professional	Develop, implement and strengthen M & E framework Strengthen governance framework to support implementation of PFM reforms Support change management and communication of PFM reform strategy	Develop, implement and strengthen M & E framework Strengthen governance framework to support implementation of PFM reforms Support change management and communication of PFM reform strategy	Develop, implement and strengthen M & E framework Strengthen governance framework to support implementation of PFM reforms Support change management and communication of PFM reform strategy	Develop, implement and strengthen M & E framework Strengthen governance framework to support implementation of PFM reforms Support change management and communication of PFM reform strategy	Develop, implement and strengthen M & E framework Strengthen governance framework to support implementation of PFM reforms Support change management and communication of PFM reform strategy		M&E approaches adopted to monitor the 2023-2027 PFM reform strategy:	MoF PFMRD (Lead) MDAs (partners)	2,303.0	Partly funded by EU

PFM Area	cycle	Main problems (PEFA/PIMA/OBS/ASSL reports/ others)	Root causes (technical/non-technical)	Main PFM reforms objectives	Key actions-outputs/sequence/timeline					Performance Indicators		Responsibility	Cost (USD*000)	Funding sources
					2023	2024	2025	2026	2027	Baseline	Desired PFM outcome (Target) / Means of verification			
					across MDAs	Training and Capacity Building of PFM Professional across MDAs	Reform Strategy		Reform Strategy					

15.2. Annex 2: Costing matrix

Key PFM Activity/Intervention	Estimated annual cost (USD thousand)					Estimated Total cost (USD thousand)
	2023	2024	2025	2026	2027	
Theme 1: Strategic planning and macro-fiscal framework and forecasting	120.0	130.0	130.0	80.0	80.0	540.0
Improve macro-fiscal framework for realistic fiscal projections (development of reconciliation tool + training on SLIMM/ECA, etc.)	25.0	75.0	75.0	25.0	25.0	225.0
Strengthen data collection and management process for realistic macro-fiscal forecast (training, etc.)	20.0	20.0	20.0	20.0	20.0	100.0
Realignment of strategic planning phase with budget formulation/preparation for better and timely budget preparation and approval process	0.0	0.0	0.0	0.0	0.0	0.0
Strengthen strategic policy communication and coordination among all key stakeholders for better policy impact	5.0	5.0	5.0	5.0	5.0	25.0
Improve and increase number of MDAs that prepare realistic costed medium-term strategic plans	25.0	25.0	25.0	25.0	25.0	125.0
Strengthen economic modelling (development of Computable General Equilibrium)	45.0	5.0	5.0	5.0	5.0	65.0
Theme 2: Budget Formulation, Preparation and Execution	4536.8	3793.8	5707.0	3449.2	3228.5	20715.3
Implementing budget calendar to support an effective strategic formulation process	0.0	0.0	0.0	0.0	0.0	0.0
Conduct diagnostic survey on the functionality of budget committees	34.1	0.0	0.0	0.0	0.0	34.1
Hold Consultative workshop on the findings of survey and develop recommendations	9.0	0.0	0.0	0.0	0.0	9.0
Develop the necessary tools for mainstreaming gender into government PFM system to promote gender equality (training + establishment of MDA gender desks, etc.)	0.0	110.5	32.8	32.8	0.0	176.1

Conduct training for members of the Civil Society (DBOCs, NSAs, Parliament) on budget process; follow-ups, etc.	104.1	0.0	104.1	0.0	104.1	312.2
More credible procurement plans (review procurement law to set up procurement institute; training of procurement officers, etc)	35.0	65.0	65.0	65.0	65.0	295.0
Rollout e-Government Procurement	1000.0	1000.0	1000.0	1000.0	1000.0	5000.0
Better compliance with procurement rules and procedures (enforce procurement laws, etc.)	0.0	0.0	0.0	0.0	0.0	0.0
Comprehensive diagnosis of the procurement system (conduct MAPS)	200.0	5.0	5.0	5.0	5.0	220.0
Strengthened institutional arrangements for revenue collection	15.0	15.0	15.0	15.0	15.0	75.0
Enhancing Compliance Risk Management of the large taxpayers through recruitment of more taxpayers from the SMEs pool and hidden economy into the regime	10.0	10.0	10.0	10.0	10.0	50.0
Enhancing compliance of SMEs through BMS, data matching etc	10.0	10.0	10.0	10.0	10.0	50.0
Enhancing compliance of the Extractives	10.0	10.0	10.0	10.0	10.0	50.0
Enhancing post-clearance Audit and risk selectivity at Customs	10.0	10.0	10.0	10.0	10.0	50.0
Control of duty waiver management and monitoring – Customs Exemptions	100.0	100.0	100.0	100.0	100.0	500.0
Diagnosis of revenue administration system (conduct TADAT)	200.0	5.0	0.0	0.0	0.0	205.0
Effective control of expenditure on personnel emoluments	0.0	0.0	0.0	0.0	0.0	0.0
A competitive and equitable pay structure	0.0	0.0	0.0	0.0	0.0	0.0
Alignment between personnel records and payroll records	0.0	0.0	0.0	0.0	0.0	0.0
Develop 5-year strategic plan for HRMO	2.1	4.0	0.0	0.0	0.0	6.1
Develop business mapping process for HRMO	11.5	10.0	0.0	0.0	0.0	21.5

Validate new civil service code, rules and regulations	168.6	0.0	0.0	0.0	0.0	168.6
Implement new policy to shorten payment of end of service benefits	18.2	0.0	0.0	0.0	0.0	18.2
Conduct outreach programme on new Government policies and programmes	98.7	0.0	0.0	0.0	0.0	98.7
Operationalize new Personnel Records Management System (PRMS) and interface with payroll	81.6	81.6	81.6			244.8
Finalize web interface for Document archive system	86.4	86.4				172.8
Improved framework for public investment planning	27.7	27.7	27.7	27.7	27.7	138.5
Transparent project selection process	0.0	17.2	0.0	0.0	0.0	17.2
Effective coordination on PIM	45.0	29.6	29.6	29.6	29.6	163.4
Effective framework for project adjustments	10.9	10.9	10.9	10.9	10.9	54.7
Independent appraisal of PPP proposals (Build capacity of staff of MoPED, MoF Fiscal Risk, and PPP unit to effectively conduct PPP analysis (certified training))	50.0	50.0	50.0	50.0	50.0	250.0
Independent appraisal of PPP proposals (Build institutional capacity to support LCs in project preparation, development and implementation and public private community project)	0.0	0.0	0.0	300.0	0.0	300.0
Establish PPP transaction support fund	0.0	0.0	2000.0	0.0	0.0	2000.0
Systematic maintenance of public infrastructure	1000.0	1000.0	1000.0	1000.0	1000.0	5000.0
Build M&E capacity in LCs for effective expenditure tracking against efficient service delivery and impactful results	40.0	100.0	70.0	50.0	40.0	300.0
Align budget allocation with results to be delivered for capital projects	20.0	30.0	0.0	0.0	0.0	50.0
For the PIM process, budget disbursement to capital projects to be accompanied by NaMED's monitoring report	15.0	20.0	25.0	30.0	30.0	120.0
Capacity building on M&E across MDAs and LCs to strengthen data collection and management processes	50.0	80.0	80.0	80.0	80.0	370.0

Support project completion reports of all PIPs	30.0	50.0	50.0	50.0	50.0	230.0
Support dissemination and outreach of NaMED's annual reports including implementation of recommendations	0.0	30.0	30.0	30.0	30.0	120.0
Strengthen transparency in disbursement of funds against NaMED's monitoring recommendations for capital projects.	20.0	0.0	0.0	0.0	0.0	20.0
Develop/Roll out of National Assets and Inventory Policy Manual + Procedures (this involves training of Inventory Officers across MDAs and Local Councils)	56.2	0.0	0.0	0.0	0.0	56.2
Conduct physical verification of all public assets at least once a year from 2025	0.0	0.0	28.7	28.7	28.7	86.1
Acquire/Develop a government wide inventory and Asset Management system	0.0	0.0	255.1	0.0	0.0	255.1
Conduct nationwide assessment to identify Government and Government related storage facilities	0.0	3.5	3.5	3.5	3.5	13.8
Enhanced cash management capability (training on cashflow planning for MDAs)	7.9	7.9	7.9	7.9	7.9	39.5
Full coverage of the TSA	50.0	50.0	50.0	50.0	50.0	250.0
Strengthen the legal, regulatory and policy framework for debt management	91.5	41.9	22.6	0.0	0.0	155.9
Diversified investor base/development of domestic debt and capital market	141.0	72.5	28.0	0.0	0.0	241.5
Updated debt recording and management system/consolidated public debt database and systems management	158.0	39.5	0.0	0.0	0.0	197.5
Report on the implementation of MTDS produced and published in addition to other relevant reports	82.0	65.2	63.4	0.0	0.0	210.5
Reduced stock of arrears	0.0	0.0	0.0	0.0	0.0	0.0
Institutional capacity building (debt management)	78.0	83.0	0.0	0.0	0.0	161.0
Develop a compliance checklist in accordance with the PFM Act and other PFM laws relating to Fiscal risk and SOE	0.7	0.7	0.7	0.7	0.7	3.5
Report on compliance and ensure action is taken to remedy any identified challenges	2.5	2.5	2.5	2.5	2.5	12.5

Develop training materials/program for staff of SoEs, LCs, plus MoF fiscal risk department + provision of training	3.0	3.0	3.0	3.0	3.0	15.0
Conduct annual SOEs/LCs Contingent Liabilities survey	25.0	25.0	25.0	25.0	25.0	125.0
Train staff of MoF fiscal risk department on fiscal risk analysis and reporting, including PPPs, SoEs and LCs fiscal risk and contingent liabilities	0.0	35.0	0.0	0.0	0.0	35.0
Special audit/valuation of dormant SOEs in terms of fiscal risk to assess long term viability of poorly performing SOEs and help develop options for restructuring	0.0	40.0	0.0	0.0	0.0	40.0
Conduct survey on ERM awareness and popularization	0.0	7.5	0.0	0.0	0.0	7.5
ERM implementation and monitoring	0.0	0.0	17.0	17.0	17.0	51.0
Follow-up on Survey conducted by the Commonwealth on ERM implementation in six African Countries and act on recommendation	2.0	1.5	0.0	0.0	0.0	3.5
Conduct Internal quality assurance review + Tools and Equipment	40.0	0.0	0.0	0.0	0.0	40.0
Implement improvements in line with recommendations from the Internal quality assurance review	0.0	35.0	0.0	0.0	0.0	35.0
Conduct External quality assurance review for internal audit functions across MDAs	0.0	0.0	100.0	0.0	0.0	100.0
Implement improvements in line with recommendations from the external quality assurance review + Study tour	0.0	0.0	0.0	200.0	0.0	200.0
Implement improvements in line with recommendations from the external quality assurance review	0.0	0.0	0.0	0.0	150.0	150.0
Awareness Raising & sensitisation Campaign of MDAs, LCs & Audit Committees-through workshop on the roles, Radio discussion on Audit committees and jingles	48.0	0.0	48.0	0.0	48.0	144.0
Report on adherence to the relevant provisions of the PFM Act and Regulations. Follow up on recommendations and ensure compliance.	10.0	10.0	10.0	10.0	10.0	50.0
Conduct training for audit committees for 15 MDAs. -Provide funds for 4 meetings per year	67.4	67.4	0.0	0.0	0.0	134.9
Conduct a study on the impact of the role of the Audit Committee in MDAs - Provide funds for 4 meetings per year	0.0	0.0	75.0	0.0	0.0	75.0

Implement recommendations of the impact assessment to further strengthen the work of the Audit Committees at both central and local Council -Provide funds for 4 meetings per year	0.0	0.0	0.0	74.9	0.0	74.9
Make changes to the PFM act have all members of the Audit Committee independent -Provide funds for 4 meetings per year	0.0	0.0	0.0	0.0	49.9	49.9
Conduct training for all heads of Internal Audit unit on Audit methodology and techniques, such as risk assessment, control testing, and sampling (Risk-Based Audit)	10.7	0.0	0.0	0.0	0.0	10.7
Conduct Information technology (IT) training, including data analysis and use of audit software	0.0	100.0	0.0	0.0	0.0	100.0
Procurement of specific audit software, Installation and training	0.0	0.0	75.0	0.0	0.0	75.0
Conduct internal audit training needs assessment	0.0	0.0	0.0	35.0	0.0	35.0
Capacity building plan developed and implemented in line with preexisting capacity building strategy in ready for the next 5 years	0.0	0.0	0.0	0.0	80.0	80.0
Conduct audit readiness exercises for MDAs, LCs and Foreign Missions. Disseminate e report of the audit readiness exercise to all clients visited. Prepare a checklist (Prepare by-client listing) of documents that would be required by Auditors and disseminate to MDAs, LCs and Foreign Missions.	75.0	75.0	75.0	75.0	75.0	375.0
Conduct a feasibility study to determine the need and potential benefits of establishing an internal audit service	75.0	0.0	0.0	0.0	0.0	75.0
Office Space and recruitment of additional Internal auditors	0.0	60.0	0.0	0.0	0.0	60.0
Theme 3: Fiscal Decentralization for Improved Service Delivery	900.0	2088.0	2955.0	3380.0	2535.0	11858.0
Train LCs staff, Devolved Sector heads and Sector Committee members on Gender Responsive Budgeting	125.0	0.0	50.0	0.0	0.0	175.0
Increase women's representation at various stages in the budget formulation process	45.0	48.0	50.0	50.0	0.0	193.0
Undertake budget preparation support mission	45.0	50.0	50.0	50.0	0.0	195.0
Prepare manuals on roles and responsibilities of Financial Management (FM) Committees of Local Councils which includes the Budget and Finance Committee.	50.0	20.0	0.0	0.0	0.0	70.0

Train local council finance officers and B&F Committees on the basic methods used in revenue forecasting	0.0	100.0	0.0	0.0	0.0	100.0
Prepare and roll out revenue mobilization manuals	40.0	50.0	50.0	0.0	0.0	140.0
Prepare and monitor implementation of MOUs on revenue sharing with chiefdom councils	0.0	25.0	25.0	25.0	0.0	75.0
Assess the existing cadastral systems with the view of adopting a standard system to be used across all local councils	100.0	0.0	100.0	50.0	0.0	250.0
Upgrade existing fiscal cadastral system and the supportive ICT environment in all councils.	400.0	1500.0	2450.0	2950.0	2500.0	9800.0
Set up in all city councils Digital Citizens Engagement Platforms through which each city council can engage taxpayers	80.0	0.0	0.0	0.0	0.0	80.0
Train Valuation Officers on the operationalization of the new cadastral systems	0.0	50.0	50.0	50.0	0.0	150.0
Conduct Dialogue Forum on revenue mobilization in at least one region/quarter.	0.0	35.0	35.0	35.0	35.0	140.0
Train LCs on budget execution process - including Internal Audit Committee and Budget & Finance	0.0	40.0	0.0	40.0	0.0	80.0
Train LCs on filing and retrieval system	0.0	15.0	0.0	0.0	0.0	15.0
Train FM staff on monthly bank reconciliation	0.0	50.0	0.0	25.0	0.0	75.0
Prepare and rollout citizens/ popular financial statements	15.0	0.0	0.0	0.0	0.0	15.0
Support LCs hold quarterly stakeholder discussions on budget execution and reporting	0.0	25.0	25.0	25.0	0.0	75.0
Monitor and report on councils' compliance to auditor's recommendations	0.0	0.0	0.0	0.0	0.0	0.0
Train CSO groups on budget management processes	0.0	80.0	0.0	80.0	0.0	160.0
Organise CSOs to advocate on community needs (parallel budgets) to influence LCs budgets	0.0	0.0	70.0	0.0	0.0	70.0
Theme 4: Accounting and Reporting through IFMIS	2170.6	1433.8	1430.6	1430.6	560.0	7025.6

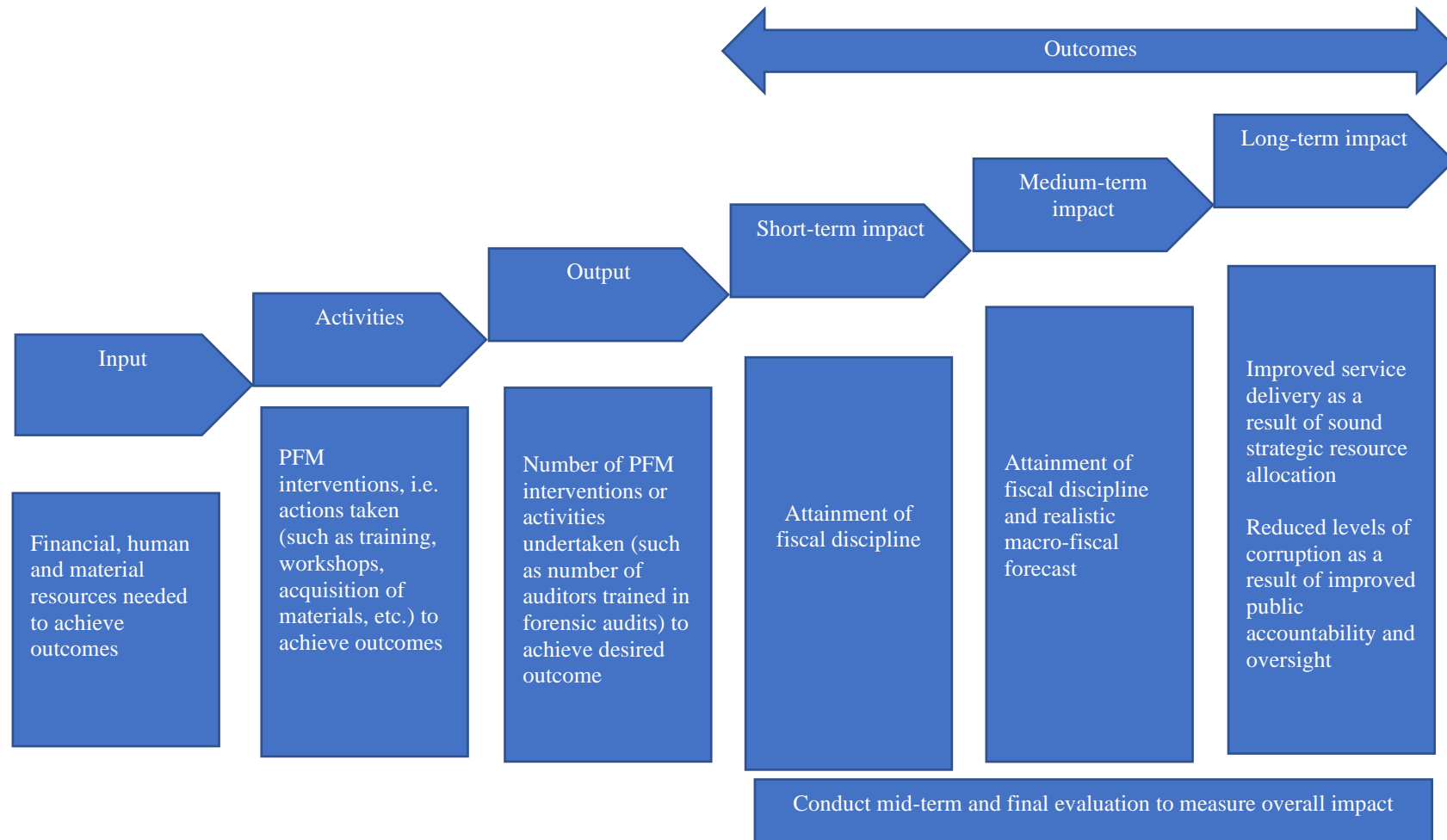
Acquire user license for IFMIS bank reconciliation for all MDAs imprest bank accounts, plus training on use of bank reconciliation model (max. 2 people per MDA)	60.0	60.0	60.0	60.0	60.0	300.0
Reconcile all MDAs imprest bank accounts within one month after end of previous month.	0.0	0.0	0.0	0.0	0.0	0.0
Monitoring the implementation of MDAs imprest bank accounts reconciliations	0.0	0.0	0.0	0.0	0.0	0.0
Legislate punitive measures for non-compliance on MDAs financial reporting plus all reconciliations	0.0	0.0	0.0	0.0	0.0	0.0
Budget execution reports (monthly/quarterly) to be issued and published (website and gazette) latest within one month after the end of the previous month or quarter	0.0	0.0	0.0	0.0	0.0	0.0
Sustain IFMIS rollout and expansion initiative to cover all central government MDAs and donor-funded projects to improve completeness and comprehensiveness of central government financial reports	500.0	500.0	500.0	500.0	500.0	2500.0
Develop new accounting manual + training of accounting officers	33.0	2.8	2.8	2.8	0.0	41.4
Develop a comprehensive roadmap for the preparation of central government consolidated annual financial statements	2.0	1.0	0.0	0.0	0.0	3.0
Training and capacity building on preparation of central government consolidated annual	0.0	0.0	2.8	2.8	0.0	5.6
Roll -Out of PFM Smart to Local Councils	1575.6	870.0	865.0	865.0	0.0	4175.6
Theme 5: External Audit and Legislative Scrutiny	385.0	394.4	264.4	249.4	198.7	1491.8
Strengthen ASSL's financial independence (review/passage of revised ASSL Act)	5.0	5.0	0.0	0.0	0.0	10.0
Expand external audit coverage	109.3	87.1	13.7	13.7	33.7	257.5
Strengthen ASSL's technical skills in order to increase number of specialised audits (performance audit, IT audit, forensic audits, procurement audit, etc.)	55.7	15.7	15.7	15.7	0.0	102.7
Strengthen the implementation of ASSL's audit recommendations through strict enforcement of punitive measures	0.0	61.6	0.0	0.0	0.0	61.6
Improve public participation in the budget scrutiny process	5.0	5.0	5.0	5.0	5.0	25.0

Strengthen the capacity of parliament to improve public accountability	125.0	135.0	145.0	155.0	100.0	660.0
Improve the quality of PAC reports on ASSL's audits for better accountability	25.0	25.0	25.0	0.0	0.0	75.0
Strengthen PAC's follow-up mechanism	50.0	50.0	50.0	50.0	50.0	250.0
Improve the timeliness of PAC review of ASSL audit reports	0.0	0.0	0.0	0.0	0.0	0.0
Improve coordination among key accountability players	10.0	10.0	10.0	10.0	10.0	50.0
PFM enablers - ICT support	1023.0	4304.0	1668.0	517.5	457.5	7970.0
Develop a comprehensive disaster recovery strategy/plan for government PFM systems with appropriate recommendations for the acquisition of equipment and training.	150.0	870.0	0.0	0.0	0.0	1020.0
Optimization of existing communications hardware and server infrastructure at MoF data centre/acquisition of ICT infrastructure	550.0	230.0	0.0	0.0	0.0	780.0
Develop and implement a backup and disaster recovery plan plus the requisite training for ICT staff at MoF and other MDAs such as the Ministry of Communications, Technology, and Innovation.	80.0	1300.0	445.0	20.0	20.0	1865.0
Develop and Implement Cyber-security system to support IFMIS and other central government financial management systems + training	63.0	678.0	275.0	50.0	50.0	1116.0
Develop and implement an ICT Governance Framework (COBIT 5), and an ICT service model to support PFM + training.	120.0	385.0	228.0	37.5	37.5	808.0
Develop and implement/rollout an interface/interoperability plan, including training for core ICT staff across all MDAs, specifically staff of Directorate of Financial Management Systems and Technology (DFMST)	60.0	780.0	720.0	410.0	350.0	2320.0

Training on Enterprise Architecture	0.0	61.0	0.0	0.0	0.0	61.0
Cross-cutting (PFM Strategy Monitoring & Evaluation, Change Management, Implementation, etc.)	590.2	432.2	531.6	342.1	406.9	2303.0
Capacity Building of PFM Reform Professional on Monitoring and Evaluation	55.0	50.1	50.1	50.1	50.1	255.4
Mid –Term Review (MTR)	0.0	0.0	83.0	0.0	0.0	83.0
Implémentation Complétion M & E Report	0.0	0.0	0.0	0.0	0.0	0.0
Completion of PFM Database + Training on the use and reporting of the M&E Framework tool developed+ Training on the roll-out and functionality of the PFM database +Annual Maintenance Fee	50.2	3.0	3.0	3.0	3.0	62.2
Coordination of Steering Committee Meetings	1.8	1.8	1.8	1.8	1.8	9.0
Coordination of Technical Committee Meetings	9.6	9.6	9.6	9.6	9.6	48.0
Coordination of TTWG Meetings	21.6	21.6	21.6	21.6	21.6	108.0
Training on adaptive leadership for reform champions, and the PFMRD	0.0	47.5	47.5	-	0.0	95.0
CABRI Membership for Sierra Leone	16.0	18.0	20.0	22.0	24.0	100.0
Peer learning/ Study Tour on updated PFM practices	61.0	0.0	61.0	0.0	61.0	183.0
Development of Communication Plan and Change Management Action Plan	96.2	0.0	0.0	0.0	0.0	96.2
Implementation of the Communication Plan and Change Management Action Plan including through media engagement	25.0	25.0	25.0	25.0	25.0	125.0
Dissemination of the PFM Annual and Quarterly Report	9.0	9.0	9.0	9.0	9.0	45.0
PEFA Training for improved understanding of methodology	44.8	0.0	0.0	0.0	0.0	44.8
Conduct PEFA Self-Assessment on selected Indicators (working groups)	0.0	1.8	0.0	0.0	1.8	3.6

Training of PFM Staff on Climate Responsive PFM System and Gender Responsive Budgeting Assessment	0.0	44.8	0.0	0.0	0.0	44.8
Preparation of PFM Training Programs for Professionals across MDAs	0.0	0.0	0.0	0.0	0.0	0.0
Training and Capacity Building for PFM Professional (Budget Officers, Accountants, Account Assistant Internal Auditors, Procurement Officers, Stores Personnel, HR Officers, Economist, amongst others) across MDAs	200.0	200.0	200.0	200.0	200.0	1000.0
Estimated grand total (USD thousand)	9725.6	12576.2	12685.6	9448.8	7466.6	51902.8

15.3. Annex 3: M&E Matrix





15.4. List of documents consulted.

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