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Substantial but uneven achievement: Selected Success When Stars Align

Public Financial Management Reforms in Sierra Leone

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Abstract: In the decade following the end of the civil war, the Government of Sierra Leone made substantial progress in strengthening public financial management. Improvements were achieved across all aspects of the budget cycle and were particularly notable with regard to budget execution functions. The main factors that appear to have contributed to these improvements are a strong starting position at the beginning of the ceasefire; political appetite for public financial management reforms; a cadre of motivated and professional local technical advisors; and considerable international support co-ordinated through budget support operations.

Keywords: public financial management reforms, Sierra Leone, post-conflict

AfDB	African Development Bank
AAP	Assessment and Action Plan
ASSL	Audit Service of Sierra Leone
CAP	Common Action Plan
CFAA	Country Financial Accountability Assessment
CPIA	Country Policy and Institutional Assessment
EC	European Commission
DFID	Department for International Development
FCAS	Fragile and Conflict-affected states
GDP	Gross Domestic Product
GoSL	Government of Sierra Leone
HDI	Human Development Index
HIPC	Heavily Indebted Poor Countries
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IPFMRP	Integrated Public Financial Management Reform Project
IRCBP	Institutional Reform and Capacity Building Project
LTA	Local Technical Advisor
MoFED	Ministry of Finance and Economic Development
MTEF	Medium Term Expenditure Framework
NAP	National Action Plan
OECD	Organisation for Economic Co-operation and Development
PFM	Public Financial Management
PFMRU	Public Financial Management Reform Unit
PEFA	Public Expenditure and Financial Accountability
SSA	Sub-Saharan Africa
UK	United Kingdom
UNDP	United Nations Development Programme

1 Introduction

Since the end of the civil war, the Government of Sierra Leone (GoSL) has made substantial progress in improving its public financial management (PFM) system. By 2007, it had achieved public expenditure and financial accountability (PEFA) assessment scores equivalent to those attained by other countries in the region, despite its more fragile context (GoSL 2007; World Bank 2009). Key achievements primarily relate to budget execution functions, including accounting, reporting, and establishing the internal audit function. Budget formulation has received a similar level of attention but results have been less successful, while improvements in external audit and parliamentary scrutiny have transpired more recently.

A number of factors appear to have contributed to the successful improvement of PFM performance in Sierra Leone. This article suggests that strong ownership and commitment to reforms by the Ministry of Finance and Economic Development (MoFED) matched by human capacity to deliver on reform agendas were key drivers of success. This conducive environment for progress was facilitated by strong PFM performance immediately after the ceasefire and further catalysed by the substantial incentives for performance created by international support over the following decade. In some areas the concentration and sequencing of reforms were also important, yet substantial attention given to certain PFM functions has delivered limited returns.

This article focuses on the decade immediately after the end of the civil war. It looks to factors both prior and during this period to help explain performance. It draws heavily on research carried out by the authors as part of a World Bank study on public financial management reforms in post-conflict states. The wider World Bank study attempted to answer two overarching questions. How were PFM reforms affected by the challenges associated with state fragility? Did the design and implementation of PFM reforms contribute to achieving sustainable progress in the development of PFM systems, as well as to supporting wider state- and peace-building objectives? The cross-regional findings illustrate that significant progress with improving PFM is possible in countries that suffer conflict legacies, including low and depleted human capacity, levels of continuing insecurity and acute levels of underdevelopment. Sierra Leone, along with Afghanistan, Kosovo and the West Bank and Gaza, achieved 'substantial' progress in this regard, whereas Cambodia and Liberia delivered immediate progress, while the Democratic Republic of Congo and Tajikistan showed limited improvement. In line with Sierra Leone's experience, progress has been uneven across the dimensions of the budget cycle in these countries, with some areas faring better than others.

This article draws on and extends this and other work by the authors, including adding new perspectives on the challenges and opportunities of such reforms drawn from first hand involvement in the reform process in Sierra Leone both immediately after the ceasefire an in the later years[1].

2 Country context

[1] The initial version of this article is presented in the WIDER paper under the same title and authorship.

The devastating consequences of a series of military coups and a protracted civil war between 1991 and 2002 are still visible in Sierra Leone. During the last ten years of the conflict, killings, looting and the destruction of property were widespread, resulting in the displacement of a third of the population. The impact of such devastation is most acutely illustrated in Sierra Leone's position on the Human Development Index (HDI), where it was recently ranked 183rd out of 187 participating countries[2].

Yet such stark performance does not capture the considerable progress in macro-economic and social development achieved since the end of the civil war. During the decade following the civil war Sierra Leone exceeded growth rates for most other Sub-Saharan African and low human development countries; recording an average of 7 per cent GDP growth between 2003 and 2012, with real growth rates not far behind (World Development Indicators, International Monetary Fund (IMF)). This was achieved despite periods of high inflation, the suspension of budget support in 2007 and the disruptive effects of the global economic crisis in the following year. Such growth was largely driven by strong performance in agriculture, mining, manufacturing and construction sectors. Alongside the initialization of iron ore exports, these high growth rates look to set continue. Economic improvements have been matched by improvements in most social development indicators. Despite Sierra Leone's poor positioning on the HDI, since 2000 HDI growth rates have exceeded those for most low human development countries and marked improvements in areas such as gender equity in primary education have been achieved. This has been facilitated by a rise in social sector spending—reversing a trend which saw the proportion spent on health, social security and welfare fall between 2003 and 2007—and the implementation of activities outlined in the government's national development plan: 'Agenda for Change 2008-2012' (IMF, 2009).

It is not uncommon to experience similar positive development trajectories in post-conflict environments. Yet, in the case of Sierra Leone, this performance—coupled with the successful introduction of other reforms to strengthen democratic governance and public service delivery—fostered the conditions for transition from fragile and conflict–affected state (FCAS) status less than ten years after the ceasefire.[3]

3 The public financial management approach

PFM concerns the institutional arrangements that affect the design and implementation of the government's fiscal plans and its overall fiscal performance. Institutional arrangements refer to the agencies, laws, systems and procedures, and capabilities that influence the effectiveness of fiscal performance. Even though PFM traditionally covers ways in which public finances are generated, allocated, spent and accounted for, this article focuses on issues and processes related to the expenditure side only. In Sierra Leone, the primarily institutions of concern are the Ministry of Finance and Economic Development (MoFED), the Independent Auditor General, the National Public Procurement Authority and Parliament (including the Public Accounts Committee) (GoSL 2010b).

There have been four main PFM reform action plans since the end of the civil war (Tavakoli 2012). The first, following the ceasefire, was primarily based on the recommendations of the World Bank funded Country Financial Accountability Assessment (CFAA) undertaken in

[2] 2013, HDI website.

[3] Sierra Leone has recorded an overall CPIA score not lower than 3.2 (the World Bank FCAS benchmark) for the last three years.

March 2002. Steps to implement the recommendations were undoubtedly followed by GoSL and the World Bank, DFID, AfDB and EU, but the extent to which this became the central and exclusive reform agenda in MoFED is unclear.

The second plan was developed at the end of 2004. It was initially referred to as the Common Action Plan because it was a 'common' plan whereby donors could collectively align their support. The aim was to amalgamate all donor supported PFM initiatives into one comprehensive strategy document in an attempt to harmonize support and reduce the growing level of transaction costs the government faced.[4]

The Common Action Plan eventually transformed into the National Action Plan, incorporating further PFM targets and plans.[5] The National Action Plan became the main government-donor monitoring tool and the Secretariat for the Oversight Committee was moved to the Public Financial Management Reform Unit (GoSL 2007).

In 2008, the Integrated Public Financial Management Reform project was developed. The programme set out reforms according to specific platform stages and focused on both supply- and demand-side elements of reform, including non-state actor engagement. Similar to previous plans, its design was heavily directed by PFM diagnostic instruments (GoSL 2007) and attempted to integrate recommendations from more recent relevant initiatives. The fourth PFM reform strategy will run from 2014 to 2017.[6]

Two patterns have emerged over the development of PFM reform plans in Sierra Leone. First, all the PFM reform plans have been heavily directed by PFM diagnostic instruments funded primarily by the international community. Initially this led to a collection of activities that were organized with limited attention given to their proper sequencing. Second, over time however, there has been a clear attempt to improve the comprehensiveness and conceptual coherence of each successive reform plan so as to streamline government-donor effort and strengthen the reinforcing nature of some reforms (GoSL 2007).

4 An uneven success across the budget cycle

Since 2002, the GoSL has made good progress in terms of improving its overall PFM performance and has initiated an ambitious set of reforms (Lawson 2007; GoSL 2007; World Bank 2009). But improvements have not been consistent across the budget cycle, with some areas faring better than others. A cursory presentation of reforms and progress in the ten years following the ceasefire is presented below followed by a more detailed discussion of the contributing factors of performance.

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[4] This included recommendations and targets from the Heavily Indebted Poor Countries (HIPC) Assessment and Action Plan (AAP) 2004, the European Commission (EC) audit; remaining actions from the CFAA; and the monitoring frameworks for the World Bank's Economic Rehabilitation and Recovery Grant and the IMF's Poverty and Growth Facility. To strengthen co-ordination further, an oversight committee was developed to monitor the implementation of the plan.

[5] This included recommendations and targets from GoSL (2007) the PRSP and Multi-Donor Budget Support Operation's Performance Assessment Framework, the Institutional Reform and Capacity Building Project and the Improved Governance and Accountability Pact.

[6] The strategy aims to deal with weaknesses noted in diagnostic work and places a greater emphasis on revenue management, especially mining revenues, and strengthening local government public financial management (GoSL 2013).

4.1 Legal and institutional framework

Between 2003 and 2007, considerable attention was paid to developing the legal and regulatory framework for budgeting, accountability and procurement. A number of new acts and procedures were developed and supplemented by the establishment of several new entities some of which were tasked to co-ordinate PFM reforms (World Bank 2009). This considerable attention ensured an 'adequate and generally appropriate' regulatory framework had been developed by 2007 (Lawson 2007), which compared well with that of most developing countries (World Bank 2010).

Since then, however, contradictory conclusions have been reached on the appropriateness of this legal framework. For instance a commission appointed to review the 1991 Constitution made no recommendations for change (World Bank 2010), whereas a 2010 review of the government budgeting act and financial regulations noted that 'much still needs to be done to streamline, strengthen and harmonize the PFM legislation' (GoSL 2010c). Nevertheless, there is agreement on the disconnect between the legal framework and common practice; 'perhaps the most pressing issue with regard to the legal framework is its implementation' (World Bank 2010; GoSL 2013).

4.2 Planning and budgeting

Introducing a policy-based, medium-term budget formulation process was an early reform priority and saw the introduction of a medium-term expenditure framework (MTEF) in 2001. Yet, despite this early and somewhat continuous attention in the post-war PFM reform effort, limited results have actually been achieved in terms of the use and quality of medium-term strategic fiscal planning (GoSL 2007; World Bank 2010; IMF 2012a).

A number of factors explain this poor performance: burdensome budget planning requirements; the fragmentation and separation of investment and recurrent budget planning; weak planning and costing capacity; and poor knowledge of strategic documents (such as the second PRSP). Collectively this translates into inconsistencies across budget and planning documentation, late submissions, and unreliable outer year projections which often bear little resemblance to policy plans (GoSL 2010b; Tavakoli 2012; World Bank 2010; IMF 2012b).

4.3 Budget execution

Relative to other dimensions of the budget cycle, budget execution functions reforms have been more successful and the Accountant General's Department has been instrumental in achieving these results.

During the civil war, strong expenditure control was delivered by the Accountant General's Department and achieved through a heavily centralized Financial Management and Accounting System. Since the ceasefire, the same department has spearheaded two key PFM achievements. First, the implementation of the Integrated Financial Management Information System (IFMIS), which—alongside the introduction of the first written procedures for budget execution in 2006—helped address the poor budget execution rates and budget credibility that have historically plagued Sierra Leone (GoSL 2007, 2010a). It also helped improve in-year budget reporting. So even though the benefits of the IFMIS were not being initially maximized, its implementation allowed a larger variety of data to be transferred to ministries, departments and agencies to assist them in decision-making (GoSL 2010b). The Accountant General's Department also facilitated a second key PFM achievement—increasing the

timeliness of financial statements and bank reconciliations, both of which are up to-date. Alongside these reforms, there was also significant effort to establish credible internal audit systems in the public sector; a relatively new concept for Sierra Leone (GoSL 2010b).

4.4 External audit and scrutiny

Compared to other stages of the budget cycle, external audit and scrutiny received proportionately less attention until several years after the ceasefire. This may be because these activities received relatively little coverage in early PFM assessments (e.g. the CFAA and the HIPC-AAP) which formed the basis of Sierra Leone's initial PFM reform plans, and there was a higher concentration of LTAs in the area of budget execution rather than planning and implementation oversight. Institutional and political challenges related to fostering strengthened domestic accountability mechanisms may also have delayed their attention. As a result, this has been one of the poorest performing areas of PFM.

External audit

Weaknesses in the comprehensiveness of audits, as well as severe delays in the submission of the Auditor General's annual reports to parliament, have historically undermined the impact of the Auditor General's work (GoSL 2010b). These areas were eventually addressed and the performance of the external audit function started slowly catching up with other aspects of the budget cycle.

Parliamentary and civil society oversight

Parliamentary scrutiny of budgets and external audits have also improved, despite poor past performance. Yet it continued to be undermined by short timeframes allocated to parliamentary review, bilateral discussions between the Minister of Finance and other ministers and poor credibility of the macroeconomic and fiscal framework (IMF 2012b).

Mechanisms such as manpower hearings, policy hearings and participatory budget discussions were established to encourage greater participation in the budget formulation process. However in practice engagement appeared fairly limited and not particularly meaningful, raising questions about its value. .

5 Drivers of public financial management reform success

Five main contributing factors appear to have influenced the choice and success of the reform approach pursued. Particular attention is paid to the interaction of aid processes and other contributory factors. The findings support conventional wisdom that international assistance can positively bolster change processes when the interests of government/sector officials are aligned with those of the international development community. In Sierra Leone, the international community were able to positively catalyse political drive and capacity for reform within MoFED. Together, this contributed to considerable improvements in PFM. In addition to these factors, success can also be explained by the favourable local conditions prior to the ceasefire, as well as the timing and distribution of reforms over the time period (Tavakoli 2012).

5.1 Local context: conditions at the time of the ceasefire

The first contributory factor concerns the local context at the time of ceasefire. According to the CFAA's findings the PFM system was functioning 'surprisingly well'[7] at the time of the ceasefire, despite the severe depletion of human and physical capacity during the conflict; not only was there a loss of skilled personnel but the building that housed the Ministry of Finance and Economic Development was destroyed in 1997 (GoSL 2007).

Two factors explain this relatively strong performance and the creation of an environment conducive for future PFM reforms:

- First, during the civil war, a highly centralized management system was maintained by a few well-qualified and financed technical assistance experts who ensured strong expenditure control and adherence to the legal and regulatory framework (World Bank 2002). At the time, the Accountant General was a foreign advisor, supported by eight local contract staff members, all funded by international donors. The strong discipline in commitment control, payment and accounting was primarily due to the fact that the Financial Management and Accounting System, implemented in 1998, was designed and administrated solely by the Accountant General. Although this ensured strong expenditure control, it also created associated problems related to accountability and sustainability.

- Second, between 1996 and 2002, incremental policy initiatives, as well as the continued provision of some public services to restricted areas of the country, served to strengthen governance structures. Even though most of the GoSL's energies were focused on security, the government was able to launch a wide-ranging National Strategy for Good Governance in 1997 and to establish the Governance Reform Secretariat. This initiated work on civil service and local government reform, including laying the foundations for anti-corruption reform. In terms of PFM reform, the government started implementing the Financial Management Accounting System and a Medium Term Expenditure Framework (MTEF) towards the end of the civil war period, and established a small but influential Economic Policy and Research Unit responsible for macroeconomic management (Tavakoli 2012).

In addition there are other economic conditions that appear to affect PFM performance (De Renzio et al. 2010; Andrews 2010; IMF 2004). Research suggests that state fragility has a negative effect on performance, as does a low population size, growth rates and per capita income (De Renzio et al. 2010). In this regard Sierra Leone is somewhat of an outlier as it has made great strides in PFM performance despite reflecting many such characteristics. The exception is high growth rates which may have counterbalanced such effects (De Renzio et al. 2010; Andrews 2010).

[7] The CFAA published less than three months after the civil war was officially declared over states that 'given the acute period of civil collapse from which the Republic of Sierra Leone only recently emerged, financial management in the country functions surprisingly well' (World Bank 2002). This was supported by a subsequent IMF assessment which suggested the conflict caused only a 'low to moderate' degree of institutional and social disruption compared to other post-conflict states (IMF 2004).

5.2 Local ownership: political appetite for public financial management and wider public sector reforms

The second influencing factor concerns the political appetite for PFM reforms. Evidence continues to indicate that political commitment to PFM and public sector reform, as well as local ownership of the agenda, is instrumental to its success (Lawson 2012). Such support is often stronger in countries where PFM reform performance is considered to be a function of greater state-building efforts (Pretorius et al. 2008). In the case of Sierra Leone, two patterns emerge regarding the political appetite for PFM reforms. First, within MoFED (the lead central finance agency in the country), certain champions have been instrumental in spearheading reform efforts. One such champion is the current Minister of Foreign Affairs who has filled the role of both financial secretary and minister for long periods since the peace agreements. Trained as an economist, he quickly developed a strong technical understanding of the reforms. This, in conjunction with his political clout within the cabinet and his previous experience at international financial institutions, meant he was uniquely placed to successfully navigate the complex political influencing opportunities both within government and between government and donors, and to drive reforms forward (World Bank 2012).

Second, it is unclear whether this commitment to reform was matched by the political establishment beyond MoFED. On the one hand, Sierra Leone's second PRSP considers macroeconomic stability and PFM performance to be a foundation of sustained pro-poor growth. Furthermore, the fact that the Minister sold the reforms in Cabinet indicates that there were other, perhaps silent, champions. On the other hand, a World Bank political economy study suggested there was little enthusiasm for the reforms at the highest echelons of state authority. This was attributed to the fact that planned reforms focused on building institutions and processes that limited the patrimonial discretion of state authorities (World Bank 2008). According to the report, reforms were instead pushed through because of the GoSL's dependence on financial and technical support from the international donors, which meant the latter dominated policy options, programmes and activities.

It is similarly difficult to decipher the real nature of support for wider public sector reforms in Sierra Leone. For public sector reform activities there has been a similar divergence between public policy pronouncements for reform (tied with significant increases in funding) and the achievement of improved public sector performance. For example, in the early stages of his tenure, President Kabbah's government prioritized civil service reform alongside fighting corruption, and it formed a key part of the 1999 Governance Reform Secretariat. Kabbah spoke of a 'lean, efficient and effective, performance-orientated civil service' (Thomson 2007) and pumped significant resources into public administration. By the time he left office in 2007, general public services received 32 per cent (the largest proportion) of total recurrent expenditure. Yet, over his tenure, inadequate improvements in civil service salaries, insufficient tightening of local patronage practices within the civil service, and limited reduction of corruption, meant the Kabbah government made little progress towards implementing his vision.

Since then, public sector reform efforts have continued to be 'sluggish' (GoSL 2010a). Even though a reasonable expectation of reform results must be acknowledged (Morgan 2009), the evidence of the impact of the substantial growth in spending is mixed and does not seem to have been very effective. Much like his predecessor, President Koroma has made strong political pronouncements regarding his commitment to public sector reform. At the launch of

the GoSL's second PRSP in 2009, he noted: 'It is our conviction that no economic transformation is possible without a transparent, accountable and effective public sector dedicated to providing supportive policies and actions' (World Bank 2010). To deliver this mission, he set up a donor-supported Strategy and Policy Unit in the Office of the President tasked with overseeing the intended transformation and supporting the delivery of key reforms. This helped focus implementation effort and advance some key economic reforms, but government wide performance remains weak.

5.3 Capability of the government of Sierra Leone to deliver on the reform agenda

The third factor concerns MoFED's admisntrative and technical capability to deliver on the reform agenda. It is relevant to both discussions of local context as well as local ownership. In fragile states, reform aspirations and the activities accepted by decision makers are often not in line with the capacity endowment to deliver on such reforms (Collier 2007). This sentiment is aligned with findings from the recent PFM evaluation which suggests a necessary condition for reform success is the tailoring of reform designs and implementation models to the institutional and capacity context (Lawson 2012).

In Sierra Leone, in the context of weak civil service capacity and ambitious development agendas, the GoSL and donors hired several categories of personnel to operate alongside the civil service. These highly-skilled personnel formed what became known as the 'parallel public service'. They were responsible for performing the highest level of policy development, planning and policy implementation functions, while routine administration procedures were left to the mainstream civil service (Ingram 2010; World Bank 2010). In an attempt to retain these highly qualified and motivated staff, they received salaries above the civil service pay scale and were almost exclusively paid by donors.

One type of such personnel, are Local Technical Advisors (LTAs), who became instrumental in PFM reform efforts in Sierra Leone. Their role and influence was first established during the conflict, when a small group of LTAs alongside international consultants maintained key PFM functions in the Accountant General's Department. Following the ceasefire, many more LTAs were hired and by 2008 they significantly outnumbered regular civil servants at professional grades (GoSL 2010a). Furthermore, all the government entities established to support the co-ordination of PFM reform agendas were all staffed with LTAs. A common theme in interviews with government officials and donors in Sierra Leone was that this cadre of motivated, highly experienced and well-remunerated staff (both technocratic and ministerial) was crucial to the implementation of certain reforms (Tavakoli 2012). They not only helped drive the implementation of reforms, but also further strengthened capacity in MoFED by incentivizing others to pursue further education and training.

The existence and performance of LTAs and other off-civil service officials are intertwined with the two other main drivers of reforms in Sierra Leone: the incentives created by the multi-donor budget support donors and the governance and leadership of MoFED. LTAs and other off-civil service officials had prominent positions in MoFED. In fact, the vast majority of senior managers in the ministry were classed as such staff. This meant they played a significant role in the design and implementation of reforms. Furthermore, such officials often were reliant on donors for their existence. Until recently, the vast majority if not all of such officials have been paid directly (or fungibly) from donor resources. As a result, the LTAs' professional interest in maintaining donor relations and reform success has, in part, secured the donors' influence (World Bank 2008).

A number of concerns have been raised about the extensive use of LTAs. Not only are there questions about the sustainability of reform efforts spearheaded by parallel structures, but evidence also points to the corrosive impact sharp salary disparities between civil servants and off-civil service line position officials has on morale and the feeling that such arrangements have siphoned critical skills out of government (Ingram 2010; Morgan 2009). Therefore, even if such capacity helped deliver short-term reform success in Sierra Leone it has come at a heavy cost in terms of buildng sustainable and affordable human capital. Between 2011 and 2012, many of the LTAs were brought onto the civil service, but their salaries have largely remained multiples higher than other civil service grades.

5.4 International co-operation and aid modalities

The fourth contributory factor is the international communities' involvement. External actors have been heavily engaged in Sierra Leone, both during and since the end of the conflict. During the civil war, multilateral and bilateral assistance provided financial and technical assistance to maintain some state functions, stabilize the security situation and eventually help secure the peace process. Sierra Leone has since been 'viewed as a success story of international intervention to put an end to a brutal civil war' (Thomson 2007).

At the turn of the century, UN, IMF, World Bank, DFID and EU aid programmes provided essential financing for the government's budget and helped maintain a functioning government at a time when other sources of revenue were very scarce. Beyond providing financial support, these donors provided support to the development of government strategy and policy. For instance, following the forced exile of the Sierra Leone People's Party government in 1997, cabinet advisors took part in a DFID-funded conference in the UK, which led to the production of a '90 day programme' outlining a development reform project for the restoration of the government (Thomson 2007).

Since the end of the war, the international community have played a prominent role in supporting the public sector, including PFM performance. This role was primarily assured by the substantial budget support programme, which equated to a quarter of all discretionary spending between 2001 and 2006 (GoSL 2007); surpassed by few (Lawson 2007). The programme became a key focal point for policy dialogue between the GoSL and budget support donors (AfDB, DFID, the EU and the World Bank). Its importance and leverage was driven by two reinforcing factors:

- First, it remained a significant source of revenue for the government: between 2008 and 2012, equivalent to between 20 to 30 per cent of total recurrent expenditure. This high degree of aid-dependency shored up the importance of the budget support donors' voice at the policy table.
- Second, the withholding of budget support funds in 2007[8] not only had a considerable effect on fiscal management but was also considered by some to be a contributory factor to the election of a new government in 2007 (Tavakoli 2012).

The budget support donors were inevitably interested in supporting the PFM systems used to spend government revenue and grants, including budget support finances. During 2005 and

[8] An exceptional volatility of disbursements against original forecasts occurred between 2007 and 2009: 0 per cent in 2007, 65.6 per cent in 2008 and 139 per cent in 2009.

2006, reacting to the renewed expression of the principles of aid effectiveness in the Paris Declaration, the budget support donors joined together to form the multi-donor budget support group. A joint Performance Assessment Framework was developed to harmonize donor monitoring procedures for the budget support operations. The proposed actions and indicators related to PFM made up the largest theme among all proposed actions in the Performance Assessment Framework between 2007 and 2013.

The multi-donor budget support donors' interest in strengthening PFM, alongside the sustained dependency of the GoSL on budget support and the real risk of donors withholding funds, meant that the GoSL faced strong incentives to push forward and implement PFM reforms tied to the budget support operations. Numerous budget support evaluations and related evidence on the role of budget support on PFM performance supports this conclusion (IDD and Associates 2006; Lawson 2012; De Renzio et al. 2010).

Four clear examples of the influence of the multi-donor budget support donors on the PFM reform agenda and PFM performance stand out:

- First, donors have heavily fed into the design and development of the PFM reform plans. For example, the primary motivation for the Common Action Plan—the second GoSL PFM reform plan post-2002—was to consolidate the numerous donor PFM reform plans and initiatives that existed at the time. Following this attempt—which was considered to produce a plan too unmanageable to implement—the Integrated Public Financial Management Reform Project (funded by the budget support donors) was developed to further harmonize and align donor efforts with government priorities.

- Second, there have been improvements in PFM performance across the budget cycle, yet it is perhaps unsurprising that performance in areas included in the budget support Performance Assessment Framework appear to have been prioritized, because good performance is often a requirement for the continuation of donor support. For example, the variance in expenditure composition is better for sectors included in the budget support Performance Assessment Framework, suggesting their performance was prioritized vis-à-vis other budget heads. There have been similar improvements in the predictability of funds to local councils, which improved soon after it became a Performance Assessment Framework indicator (Tavakoli 2012; GoSL 2010a).

- Third, the budget support donors have been the predominant providers of significant project and technical advisory assistance to targeted areas of PFM (such as support to the ASSL) and have funded the establishment of key PFM units in MoFED e.g. the Public Financial Management Reform Unit and the Local Government Finance Department (Tavakoli 2012).

- Finally, the budget support donors paid the salaries of the majority LTAs in MoFED. So there was a strong incentive to preserve donor involvement and financial support.

Table 1 presents the main PFM programmes funded by donors in Sierra Leone between 2002 and 2013.

Table 1: Donor support to public financial management in Sierra Leone

Donor	Type of support to PFM (primary projects)
AfDB	1. Integrated Public Financial Management Reform Project (IPFMRP) (2009-13) 2. Support to the AGD, ASSL and the Public Debt Management Unit
DFID	1. Institutional Reform and Capacity Building Project (IRCBP) (2004-11) focused on decentralized PFM 2. IPFMRP (2009-13) 3. Support to the Auditor General's Office 4. Support to the ASSL 5. Assistance to the National Commission for Privatization 6. Assistance on records management 7. Extensive support to the ACC via technical assistance and operational costs 8. Support to the National Democratic Institute to improve the operational and reporting capacities of parliamentary committees (no longer operational) In addition, through the provision of consultancy, DFID supported the implementation of the National Action Plan (NAP) and PFM aspects of budget support; the Government/Donor PFM Oversight Committee; and the National Revenue Authority.
World Bank	1. IRCBP (2004-11) 2. IPFMRP (2009-13), including the Public Financial Management Reform Unit (PFMRU) 3. The Decentralized Service Delivery Programme, approved in 2009, which will provide grants to local councils and technical assistance to support decentralized service delivery In addition, the World Bank has provided support in this area through a series of economic reconstruction and recovery credits, governance reform and growth programmes and public sector management support programmes.
EU	1. IRCBP (2004-11) 2. IPFMRP (2009-13) 3. Institutional capacity building of the finance ministry—which is a wide support package to the key MoFED departments, including the AGD, the Budget Bureau, the Accountant General's Department, the Economic Policy and Research Unit, the Tax Policy Division and the Internal Audit Unit.
GIZ	1. Support to non-tax revenue in the extractive industry

Sources: Edited from Tavakoli (2012), based on various sources, including the PEFA 2010. For further details, see GoSL (2010b).

5.5 Sequencing and concentration of reform effort

The final contributory factor relates to the sequencing of PFM reforms and the distribution of the reform effort. Intuitively, one would expect that PFM performance should be partly determined by the longevity of the reform effort—intuition that is supported by evidence (De Renzio et al. 2010). So one would expect, activities and functions receiving greatest attention over time should show greater levels of progress. This is partly true in Sierra Leone. Budget execution functions of the Accountant General's Department, which have been heavily supported since the ceasefire, have shown fairly consistent improvement. In contrast, however, other functions that received similar levels of attention over the last 15 years continued to deliver relatively poor results, such as the MTEF. The finding that budget execution has actually faired better than budget formulation in Sierra is contrary to convention wisdom about more successful reform areas, where the reverse is often

considered to be true (Andrews 2010). Yet this is finding mirrored in the wider PFM study and not surprising, given the problems associated with implementing MTEFs in fragile states (Pretorius and Pretorius 2008; World Bank 2012). The rationale for focussing more on perfecting budget execution functions was largely to first ensure the existence of a fair degree of strengthened expenditure control and reporting, especially in the light of availability of very scarce resources beyond those provided by development partners. Equally, development partners have tended to support the prioritization of 'embeded controls' through the budget execution function, as a way to demonstrate the effective use of their tax payers' resources put at the disposal of the fragile state.

In the 10 years following the ceasefire the sequencing of specific reforms were largely driven by the results of diagnostic assessments rather than a based on a change management theory. These assessments would throw light on poor performing areas and the associated set of remedial activities would form the basis of the subsequent PFM reform plans. So PFM reform effort mirrored the focus of diagnostic assessments. As such sections of the budget cycle, such as external audit and oversight, have for the most part received reform attention later in the process because some diagnostic instruments (such as the Country Financial Accountability Assessment) gave them limited attention. Only with the introduction of the platform approach, have there been efforts to introduce a conceptual logic to reform sequencing based on an understanding of the necessary conditions and steps, and their ordering, to build stronger PFM functionality.

6 Conclusions

Having emerged from decades of conflict and civil war at the turn of the century, Sierra Leone has made good progress in PFM. It has performed particularly well against certain budget execution functions, strengthened the PFM legal framework and budget planning, and overseen more recent improvements in audit and oversight.

What does this mean for other post-conflict countries embarking on similar reform trajectories? Well, it is clear that significant improvement in PFM is achievable even in the most fragile of contexts. Sierra Leone's experience in the decade after the conflict is illustrative of this, as is wider evidence on PFM reforms in fragile states (World Bank 2012). The wider research also shows that performance across the budget cycle is fairly similar for fragile countries, illustrating that improvements in budget execution functions seem to out-perform other areas in post-conflict countries (World Bank 2012).

Furthermore, the conditions for success in post-conflict countries appear to closely mirror those in less fragile contexts. According to a recent cross-country PFM evaluation, PFM reforms deliver results when three conditions coincide:

- strong political commitment to the implementation of reforms;
- reform designs and implementation models tailored to the institutional and capacity context; and
- effective government-led co-ordination arrangements to monitor and guide reforms (Lawson 2012).

These three conditions were clearly in place in Sierra Leone. Strong political commitment to the PFM reform agenda within MoFED was supported by wider political appetite for public sector development. Ambitious reforms were implemented by highly qualified, motivated and experienced LTAs and the GoSL undertook various initiatives to co-ordinate and harmonize PFM reforms in the post-conflict period. All this, coupled with financial support and incentives provided by the international community, created the necessary conditions for success in Sierra Leone.

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