

THE UNIVERSITY OF HULL

MOVING TOWARDS TRANSPARENCY AND PARTICIPATION IN THE  
BUDGETARY PROCESS  
A Case Study of Sierra Leone

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PhD

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## DEDICATION

Dedicated to N'na – she who toiled in the fields of motherhood  
But never within the dictates of the divine will  
Wiped off the sweat from her brow – the labour of eve  
But the multitudes of men have, shall and will always  
By proxy, harvest the blooming fields.

And dedicated also  
To this age-race of men who confuse complacency with development  
Ah yes - the multitudes who march in a delusion empowered by drumless songs to the  
grave  
That grave  
Of ignorance  
Of hunger  
Of thirst, and  
Of poverty of the mind

And yonder, beyond the hills of strange-familiarities  
The tidings of the cup is brought to all  
To drink  
To be sober  
To be enlightened, and  
To reverse the tide of complacency  
But they fail to ask:  
Where is the torch and spirit to transform dreams?

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## PART ONE

### CHAPTER ONE: INTRODUCTION

#### 1.1 INTRODUCTION

The international community has invested a significant amount of resources to limit corruption in developing countries and institute sound public finance management systems.<sup>1</sup> This strategic approach has resulted in the emergence of anti-corruption commissions in Africa and elsewhere as a means to institute good governance, limit unconscionable spending and promote economic growth.<sup>2</sup> However, a proactive participation of Parliaments and other key stakeholders, including the Auditor-General and civil society, in achieving this goal, has been very limited. As a result, systemic corruption and mismanagement of financial resources continue to pervade emerging economies in the midst of an unsettled political climate and limited reforms.<sup>3</sup>

Notwithstanding this trend, the quest for achieving transparency and participation in the budget process has become part of the general rubric of national developments.<sup>4</sup> By design and purpose, international policy makers and leaderships of emerging economies are pursuing new public financial management strategies to increase the role of oversight institutions such as Parliaments, to enhance economic performance and curb corruption in the public sector.<sup>5</sup> At the heart of the new strategies lie the improvement of budget transparency and participation.

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<sup>1</sup> International Monetary Fund (IMF) , *Manual on Fiscal Transparency*, (2000), p9; Communiqué of Commonwealth Heads of Government Meeting held in Abuja, Nigeria, Commonwealth Secretariat, 2003. p4

<sup>2</sup> *Ibid.*,p4

<sup>3</sup> D. Leonard and S. Strauss, *Africa's Stalled Development: International Causes and Cures*, Boulder and London, Lynne Rienner Publishers, 2003 p5

<sup>4</sup> *Ibid.*, p8

<sup>5</sup> *Ibid.*,p8

## 1.2 BUDGET TRANSPARENCY AND PARTICIPATION

Put simply, budget transparency and participation constitute the attainment of acceptable levels of fiscal disclosure in the budgetary process that matches the appropriate standards of oversight coming from within and without.<sup>6</sup> Transparency must come from the executive (within) in the management of the budget through the observance of fiscal accountability rules as well as upholding the principles of good governance.<sup>7</sup> Participation on the other hand, is the enhanced level of scrutiny that comes from constituted authorities (without) such as the Parliament and the auditor-general, and from non constituted authorities such as the civil society.<sup>8</sup> As the *Africa Budget Project* puts it:

There is an emerging consensus on the importance of transparency, as a fundamental principle in public finance theory, in achieving sound financial and budget practices. Not only is transparency [a] prerequisite for effective participation around budget issues by both the legislature and the civil society, but it is also conducive to better decision-making in government and provides a check on the behaviour of decision-makers. More broadly citizens, as contributors to the public purse, have a direct interest in transparency as they are entitled to know how their government is using and managing public funds.<sup>9</sup>

### 1.2.1 Significance of budget transparency and participation

The significance of budget transparency and participation rests on the fact that national development largely depends on the effective management of public finance. Therefore, not only is allocative efficiency and value for money critical to national development, but the involvement of key oversight institutions in turn provides the

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<sup>6</sup>Commonwealth Secretariat, Public Financial Management Reform: *Case study of South Africa*, Commonwealth Secretariat, 2007 p10

<sup>7</sup> M. Claassens and A. Van Zyl, Budget Transparency and Participation: *Nine African Case Studies*, Cape Town, IDASA, 2005 p 10

<sup>8</sup> *Ibid.*, p10

<sup>9</sup> *Ibid.*, p11-13

basis for assurances that tax moneys are well spent on service delivery.<sup>10</sup> In addition, developing countries have mostly continued to face mounting fiscal pressures to make further improvements as aid flows have failed (although not in all cases) to keep pace with inflation; also, domestic resource mobilization mechanisms are in dire need of review and reinvention.<sup>11</sup> As current expenditures (particularly wages and salaries) have grown steadily, revenue growth has generally been slower to catch up with trends. As a result development expenditures have been squeezed, compromising future growth prospects.<sup>12</sup> At the same time there are growing pressures to improve the quality and coverage of public services as well as developing the human resource.<sup>13</sup> The attainment of fiscal transparency and effective participation of key stakeholders holds out the prospect of addressing these issues by improving the effectiveness of public expenditure to achieve national development.<sup>14</sup>

### **Approaches to budget transparency and participation**

Approaches to the improvement of budget transparency and accountability across developing countries fall into two categories: the international and the regional or country levels.

#### ***1.2.2 The International Level***

International financial institutions (IFIs), such as the World Bank and international development agencies, including the United Kingdom Department for International Development (DfID), have provided lots of technical, advisory and financial support to institute transparency and accountability in the budgetary process

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<sup>10</sup> *Ibid.*,p13

<sup>11</sup> W. Tan, “Improving Public Financial Management in the Caribbean”, Commonwealth Public Expenditure Management Seminar Report, Commonwealth Secretariat, 2006, p3

<sup>12</sup> *Ibid.*,p4

<sup>13</sup> *Ibid.*,p4

<sup>14</sup> *Ibid.*,p4

of developing countries.<sup>15</sup> These development partners have also established performance base indicators for the assessment of financial management, including triggers and benchmarks that would determine the flow of direct budgetary support to developing nations. Key among these compliance tools are the Organisation for Economic Cooperation and Development (OECD) *Best Practices for Budget Transparency*, and its corresponding instruments: *Public Expenditure Reviews* (PERs), *Country Financial Accountability Assessments* (CFAAs) and *Country Procurement Assessment Reports* (CPARS) of the World Bank. These tools primarily provide transparency guidelines for recipient nations.<sup>16</sup> Other transparency and accountability guidelines include the International Monetary Fund (IMF) *Reports on the Observance of Standards and Codes of Fiscal transparency* (Fiscal ROSCs), the IMF-World Bank *Public Expenditure Tracking Assessments and Action Plans for Heavily Indebted Poor Countries* (HIPC AAPs).<sup>17</sup> These instruments aim to strengthen expenditure monitoring and fiscal responsibility, among others.

Recent initiatives have however witnessed some coordination among donor agencies. The IFIs and corresponding development agencies, for example, DfID have made efforts to harmonise their individual assessment and performance instruments for developing countries so as to record better impact. The rationale behind the harmonisation is primarily to coordinate their activities in a better way. In the past, a developing country would host more than four similar assessment missions from four international development agencies in a period of two months to measure performance,

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<sup>15</sup> *PFM Performance Management Framework*, Public Expenditure and Financial Accountability Secretariat, [www.pefa.org](http://www.pefa.org) June 2005

<sup>16</sup> C. Santiso and A. G., Belgrano, *Waiting for Godot? Legislative Budget Oversight and Public Finance Accountability in Peru*, xvi Regional Seminar Paper, <http://www.oecd.org/dataoecd/33/13/1905258.pdf>, January 2004, p 2

<sup>17</sup> Fiscal Affairs Department, International Monetary Fund, *Manual on Fiscal Transparency*, Washington, 2003 p16

transparency and accountability in the financial management system.<sup>18</sup> These lapses in development assessments led to the establishment of the Public Expenditure and Financial Accountability (PEFA) Secretariat to coordinate the harmonisation exercise. The PEFA Secretariat is housed in the World Bank, Washington.<sup>19</sup>

Added to the above collaborative activities of IFIs and development agencies, a host of multilateral organisations such as the Commonwealth Secretariat are equally pursuing budgetary reform measures as part of a comprehensive public sector reform package for member countries. At a Commonwealth Parliamentary Association (CPA) workshop held in Nairobi (10<sup>th</sup> – 14<sup>th</sup> December, 2001), for example, participants - mostly drawn from Parliaments - recognised the need for effective scrutiny and resolved that “the future of Parliamentary oversight must [ensure] that the provisions governing Appropriation Bills are properly enforced and that preventive policies are put in place to mitigate against fraud, waste and abuse of public funds”.<sup>20</sup> Similarly, at a Commonwealth Heads of Governments Meeting (CHOGM) held in Abuja, Nigeria in 2003, leaders committed themselves to institute transparency and accountability in the public finance management system of developing member countries.<sup>21</sup> The Commonwealth Secretariat has to this effect developed *Guidelines for Public Financial Management Reform* to guide reforms in member countries. The publication received the endorsement of finance ministers, as well as being adopted by the Heads of Governments at Malta CHOGM in November 2006.<sup>22</sup>

### **1.2.3 Regional and country levels**

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<sup>18</sup> *Ibid.*, p16

<sup>19</sup> *PFM Performance Management Framework*, [www.pefa.org](http://www.pefa.org) June 2005

<sup>20</sup> Commonwealth Parliamentary Association Workshop Report, held in Nairobi, Kenya, 10<sup>th</sup> – 14<sup>th</sup> December 2001, <http://www.cpahq.org> March 2006

<sup>21</sup> Commonwealth Secretariat, Abuja Communiqué of Commonwealth Heads of Government, 2003

<sup>22</sup> K. Marah, Commonwealth Secretariat, *Guidelines for Public Financial Management Reform: Strengthening Transparency and Accountability in the Public Sector*, 2006 p 2

Across all the regions of the world: Africa, Asia, the Caribbean and Pacific, young and old democracies are all on the march towards achieving strong oversight measures to curb corruption and waste in the public sector.<sup>23</sup> The African Union (AU) as part of its initiative, the New Partnership for Africa's Development (NEPAD), for example, has launched the "peer review mechanism", which enables the AU to appraise upfront member countries' performance on a broad range of governance issues and judicial matters.<sup>24</sup> The review instrument is quintessential to well-meaning reforms geared towards achieving accountability and transparency in the public sector of member countries. In India, for example, the use of the "report card system" by service users in local communities has helped to assess the quality of services delivered by agencies, and has recorded recognition and success beyond the borders of that country.<sup>25</sup> Developing economies in Latin America have also embarked on public expenditure management reforms to improve transparency and accountability in decision making mechanisms, including strengthening legislatures to scrutinise the executive budget.<sup>26</sup>

Waves of ongoing reforms in public financial management and budgeting in some countries have partly given rise to the emergence of corruption-curbing agencies or anti-corruption commissions, such as in Kenya.<sup>27</sup> In addition, the role of the media and civil society organisations in the promotion of fiscal transparency and accountability has received recognition and is being strengthened in almost all developing countries. The trends in financial management reform have led to the promulgation of public financial management laws; the refinement of procurement

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<sup>23</sup> International Monetary Fund (IMF), *Manual on Fiscal Transparency*, Washington, 2003 p18

<sup>24</sup> Editorial Comments, *Africa Budget Watch*, IDASA, November 2002 p 4

<sup>25</sup> M. Robertson, *Budget Analysis and Policy Advocacy: The Role of Non-governmental Public Action*, Working Paper 279, Institute of development Studies, (2006) p 26

<sup>26</sup> C. Santiso and A. G. Belgrano, op.cit., <http://www.oecd.org/dataoecd/33/13/1905258.pdf>, 2004 p 4

<sup>27</sup> M. Robertson, op.cit., p27

practice, strengthening supreme audit institutions by transforming them into effective independent oversight bodies, and enhancing the oversight role of Parliaments on all finance and taxation matters.<sup>28</sup>

### 1.3 THE SIERRA LEONE SCENARIO

Like some of its developing counterparts, Sierra Leone has had a history of systemic corruption that derailed the relatively stable economy it inherited at independence in 1961.<sup>29</sup> At the dawn of independence, Sierra Leone was “characterised as a model, if not the model, of British Parliamentary democracy in West Africa....and there were reasons to believe that it could become a constitutional model for most West African nations”<sup>30</sup>. It is further argued that “In the 1960s, Sierra Leone had one of the best public sector structures in Africa. Its workers were professionally trained, and a regular apparatus was in place to deal with challenges confronting the new nation,” but that “decay and inefficiency set in the 1970s” because of “political interference.”<sup>31</sup> This was largely brought about by the reign of the All People’s Congress (APC) Party 1968 – 1992, which was marked by widespread corruption and a systematic decay of democratic values, the erosion of participatory governance, the infringement of human rights, the lack of answerability of Government to the electorate, and the perpetuation of a non-transparent public accounts system.<sup>32</sup>

In recent years, however, the country has experienced a wave of reforms in almost all spheres of governance under the leadership of President Ahmed Tejan

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<sup>28</sup> *Ibid.*, p 27

<sup>29</sup> J. A.D. Alie, *A New History of Sierra Leone*, Oxford, 1990 p230 (according to the Hansard on “Sierra Leone Independence Debate” 22 March 1961) Sierra Leone was not particularly a rich country)

<sup>30</sup> P. Marc-Georges, *Review of the Constitutional History of Sierra Leone (1961-1995)*, <http://www.bsos.umd.edu/gvpt/1pbr/subpages/reviews/thomps98.htm> retrieved 24 March 2005

<sup>31</sup> A. J. Ndumbe, “Diamonds, Ethnicity, and Power: The Case of Sierra Leone” *Mediterranean Quarterly* 12:90-105, no. 4 Fall , (2001), P1

<sup>32</sup> *Ibid.*,p1

Kabbah (1996 - 2005). The Government among other initiatives instituted an anti-corruption commission to combat fraud in the public sector and adopted programmes to enhance human and institutional resources through its interactions with bilateral and multilateral institutions such as the United Kingdom Department for International Development (DfID).<sup>33</sup> The Administration has promulgated a new financial management law – the Government Budgeting and Accountability Act (GBAA) in 2005, and has established a Budget Bureau in the Ministry of Finance (MOF), with the primary responsibility of budget development and public expenditure monitoring.<sup>34</sup> Other initiatives include pre-budget discussions coordinated by the Budget Bureau in which Parliament and civil society representatives participate. The current Parliament has also facilitated the creation of District Budget Oversight Committees (DBOCs) to monitor the budgetary process at grassroots and national levels.<sup>35</sup>

#### **1.4 THE STUDY OBJECTIVES**

This research is a follow-up to an earlier thesis (MA) by the author: *Development Constraints of Sierra Leone: The Role of the National Leadership and International Financial Institutions (1961-2003)*<sup>36</sup>, which delved into the development challenges that have haunted that country since it attained independence in 1961. The previous work argues that Sierra Leone's stalled development was in large part due to weak national leadership, systemic corruption, the mismanagement of public funds and the inappropriate policies advised, but sometimes dictated by international financial institutions – primarily the World Bank and the IMF.

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<sup>33</sup> Sierra Leone Ministry of Finance, Working Paper 120, (2002)

<sup>34</sup> Sierra Leone Ministry of Finance, Poverty Reduction Strategy Paper Briefing Paper, 2004

<sup>35</sup> Sierra Leone Government Budgeting and Accountability Act, 2005

<sup>36</sup> K. Marah (Unpublished MA Thesis): *Development Constraints of Sierra Leone: The Role of National Leadership and International Financial Institutions 1961-2003*, (SUNY, New York) (May 2003)



The primary objective of this study is to unpack the measures that have so far been put in place by the country leadership (1996 - 2005) to reverse the dismal state of economic governance through the introduction of a sound public finance management system – budget transparency and accountability, including strong external oversight from the Parliament, the Auditor-General and civil society. To this end, the study aims to present an overview of the nation’s financial management system of the All Peoples Congress (APC) Party administration (1968 – 1992) and that of the military regime - the National Provisional Ruling Council (NPRC) from 1992 to 1996. Most importantly, the study focuses on the public finance reforms that were introduced by the 1996 democratically elected Government of President Ahmed Tejan Kabbah (1996 - 2005).

Another key objective of the study is to explore leadership failure as an underpinning contributor to the undesired development pursuits of the country since independence. In particular, it aims to put into perspective how the leadership – regardless of which political party is in power - has persistently continued to shape and influence the politics and development policies in a downhill trend. For example, the study investigates how political parties have never functioned on the basis of ideology, values and commitment, and how political membership is fluid such that politicians move between political parties with little regard to values. It also aims to unveil the unsavoury and endured political strategy of dependency, such that the leaders adopt policies supplied by the development partners with no distinct effort to carve home-grown polities in response to the development challenge.

A third objective is to explore whether reforms of the Kabbah administration meets internationally recognised standards on public expenditure management, in particular, that of the Organisation for Economic Co-operation and Development’s (OECD) *Best Practices for Budget Transparency*. By so doing, the study will explore

the role of key institutions in the process, primarily the oversight functions of Parliament, the Auditor-General and the civil society.

Another key objective of the research centres on the quest to contribute to the search for reasons rather than for answers to the weak performance of the political economy of Sierra Leone since independence and the performance of oversight functions by accredited institutions. In the narrow sense, also, the research contributes to the continuing debate on the model strategies, policies or approaches required to propel developing countries into economic growth. The work promises a thorough analysis of the interface of effective financial management and enhanced oversight in the public sector.

In concluding, it is worth mentioning that this work may be the first to investigate the financial management system of the country and one that seeks to offer practical recommendations to achieve a strengthened approach to national development through strengthening external oversight and improved procedures. The relevance of the study also rests on the key objective to signal a wake up to decision makers at the highest tier of the Sierra Leone society.

## **1.5 RESEARCH STATEMENT**

Against the backdrop of the study objectives discussed above, the focus of the study rests on the public finance management reforms that have taken place from 1996 to 2005 under the Kabbah administration. The research is thus centred on the question of whether or not the Government has made a steady and impressive progress on transparent budgeting with a strong Parliamentary oversight during the stated period. It must be understood from the standpoint that the Government has in recent years embarked on a number of transparent budgeting projects, such as the medium-term expenditure framework (MTEF), to improve public finance so as to achieve good

governance. In this regard, the research investigates the steps so far taken and it analyses the delivered impact on the overall system. In order to achieve this approach and to address the above objectives, the study sets out to address the following research statement: *Sierra Leone's on-going reforms in public financial management from 1996 to 2005 have moved the country towards improving budget transparency and participation.*

The basis of the research statement also hinges on a previous work of the author in which the opinion was held: "Strengthening democratic and oversight institutions such as Parliament, national audit service, civil society and the anti-corruption commission, would improve transparency and participation in the budgetary process".<sup>37</sup> The unpublished thesis argued that a transparent and participatory budgeting system is among the lead strategies that could be adopted to reduce corruption, enhance good governance and propel national economies in the right direction. It is relevant and equally important to note that this view was not only reflected in the policies of the Government, but it became part of its overall reform package to attain good financial governance. In his State Opening Speech to Parliament, for example, the President, Dr Ahmed Tejan Kabbah noted:

We attach a high degree of importance to probity, transparency, accountability and efficiency in the management of public resources. In this regard, we have been reviewing our expenditure profile with the aim of minimizing any leakage of public funds. In addition to our three-year budgetary planning formula through the Medium Term Expenditure Framework we have established Community Budget Oversight Committees, in all the Districts as part of our decentralization programme. These Committees will participate in the annual budget discussions and will monitor budget implementation in their respective areas... In our efforts to ensure accountability in the use of public funds, the second Public Expenditure Tracking Survey (PETS) was conducted in August 2002 for public expenditure for the second half of the 2001 Financial Year. This survey, as with the first, has revealed that government policies need to be

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<sup>37</sup> K. Marah (Unpublished MA Thesis), op.cit

fully implemented at the grassroots levels in order to reach target beneficiaries.<sup>38</sup>

The above scenario therefore, provides the ideal opportunity to investigate the progress so far made in accordance with the research statement. In this regard, the methodology introduces the tools that will be used.

## **1.6 METHODOLOGY OF THE STUDY**

There has not been any well known publication on the budgetary process of Sierra Leone, except reports on the activities of IFIs on various strands of reforms taking place in the country. These are mostly focused on the financial management assessment missions, poverty reduction strategy paper (PRSP) and the achievements and challenges so far recorded. Although there is a handful of works on the Sierra Leone Parliament, the Office of the Auditor-General (the audit service) and on civil society activities such as those by Joe A. D. Alie and Marcus Jones, for example, there has not been any significant piece of research dedicated to roles in public finance oversight. Most publications, in particular Marcus Jones's *Legal Development And Constitutional Change in Sierra Leone (1787-1971)*, touched on the general development of Parliament as an institution rather than the critical issue of being the lead national oversight body, and how those functions are being carried out or influenced by the executive branch of government.

In view of the above reasons, the study mainly relies on primary resources and promises to be among the first set of works to conduct in depth analysis and to investigate the oversight role of Parliament and other oversight institutions such as the Audit Service, and civil society in Sierra Leone. In this regard, the study draws on

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<sup>38</sup> Address by His Excellency the President, Alhaji Dr. Ahmed Tejan Kabbah, on the Occasion of the State Opening of the Second Session of the Second Parliament of the Republic of Sierra Leone, 20 June 2003

generic publications on the role of Parliament and other key oversight bodies. The research makes good use of primary sources and internationally accepted principles and practices on transparent and participatory budgeting processes, in particular that of the OECD, drawn up as a benchmark for good practice. Put simply, the on-going Sierra Leone reforms will be measured against six established benchmarks of the *OECD Best Practices for Budget Transparency*<sup>39</sup>.

- i. Comprehensiveness of budgets and involvement of stakeholders at the formulation stage
- ii. Parliament be given sufficient time (three months) to study, debate and pass the budget submitted by the ministry of finance
- iii. Effective internal control measures and internal audit to ensure the integrity of information provided in reports
- iv. The year-end timely submission of reports to the supreme audit institution (auditor-general's department) in accordance with generally accepted principles
- v. Parliamentary scrutiny – Parliament be adequately resourced and empowered to carry out effective scrutiny of the report
- vi. The public and media must be proactively involved in the budgetary process and this to be made possible by the ministry of finance.

In addition to the OECD benchmarks, in depth analysis of primary sources drawn from the ministry of finance, newspaper articles, magazines, among others, will form the main research methodology. The study relies on these sources as the main materials from which analysis will be conducted to validate the research statement. For example, in identifying the culture-based reasons for the endured over-reliance on donor and multilateral budgetary support by succeeding leaderships of Sierra Leone, evidence would be drawn from diverse primary sources to pinpoint reasons, pattern of behaviour and trends of donor assistance. It also helps to showcase the challenges facing leadership to tap into opportunities present over the years.

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<sup>39</sup> Organisation for Economic Cooperation and Development (OECD) *Code of Good Practices on Fiscal Transparency* OECD Best Practices for Budget Transparency, <http://www.imf.org/external/np/fad/trans/code.htm#code> retrieved January 2005

Semi-structured interviews of former and current policy makers, technocrats and civil society activists is also employed with added analysis to complement evidence drawn from documentary analysis. Opinions of lead oversight officials - Parliamentarians, Office of the Auditor-General, and the national anti-corruption agency - for example, provide insight into the evolving levels of public accountability during the study period, and demonstrate whether oversight and accountability requirements are incremental or static. The interviews will also capture the discourse of leadership, policy direction and the quality of implementation under the various regimes examined in the study. In this regard, a deliberate and careful selection of interviewees from among the relevant stakeholders in the budgetary process prevails.

In complement of semi structured interviews and documentary analysis of primary sources, elite public perception survey is also integrated in the study. This approach regardless of its limitation in social science research is meant to assist in validating the research statement. The views of senior public sector officials as well as those of civil society activists are included in the perception survey.

### **1.6.1 Study Period**

The period chosen for this study is 1996 – 2005; a two-term democratically elected government of President Ahmed Tejan Kabbah, and of two elected Parliaments. It must be mentioned that Kabbah's first term was interrupted by a nine-month military interregnum - May 1997 to March 1998. For effective measurement of progress so far achieved in transforming financial management, the study examines post-independence public finance management and the role of Parliament and other stakeholders in the exercise of budget oversight. In this regard, both the All peoples Congress (APC) Party administration from 1968 – 1992 and the NPRC military regime from 1992 – 1996, are examined to create an informed background of what prevailed prior to the study period.

## 1.7 STRUCTURE OF THE RESEARCH

The study is divided into three parts. Part one presents the research framework, country background, the development of the Sierra Leone Parliament since 1787, and pre 1996 financial management systems as they prevailed under numerous political administrations. Part two examines on-going reforms – 1996 to 2005, including the role of oversight institutions: The Parliament, Audit Service, and civil society. And part three tests our hypothesis, provides study findings and conclusions, and submits recommendations for the way forward.

Part One: Chapter one presents the analytical framework within which the research is conducted. The framework comprises the *OECD Best Practices for Budget Transparency*. The chapter attempts to define budgeting and the core elements of a transparent and accountable budgeting system. As there is no renowned literature on the budgetary process of Sierra Leone, our literature review will be drawn from the works of academics and professional experts in the field of budget transparency and legislative studies. The works of scholars such as Lord Byrce, Marrett Claassence, Warren Krafchik, Mezey, Professor the Lord Norton of Louth, and Joachim Wehner, among other authors will be reviewed.

Chapter two sets the country research stage. It presents the history and background of the political economy of Sierra Leone. The third chapter unravels the history and development of Sierra Leone with emphasis on the political structures, system of government and political system. Attention is paid to the lack of values and ideologies as mechanisms that should shape the party system, rather personality cult personal influence party leaders, including ethnic considerations and regional affiliations are the forces that shape party membership, political support and electoral gains. The chapter explores further that while political parties are permanently driven

by affiliation, there exists a fluid membership pattern and such that there is no permanent political allegiance demonstrated by politicians as membership vacillates between one party and another with disregard to sincerity. Chapter four explores the evolution of the Sierra Leone Parliament dating from 1787 when “The Province of Freedom” was founded by British Philanthropists: Granville Sharpe, William Wilberforce (a member of the British Parliament) and others, to create a settlement for the British “Black Poor” and the liberated slaves who fought on the side of Britain in the American War of Independence (1775 - 1783), to the 1991 Multi-Party Constitution. The chapter explores more than two centuries of Parliamentary development with emphasis on legislative – executive relations on the conduct of public finance and oversight.

Chapter five throws light on the management of public resources by previous administrations. The first section of the chapter explores financial management under the single party rule of the APC 1968 - 1992; and the second section looks at the handling of financial resources under the four-year military regime of the NPRC 1992-1996.

Part Two of the study investigates mainly the reforms that have been carried out in recent times under President Tejan Kabbah from 1996 to 2005. This part opens with the sixth chapter, which presents a field survey report on the perception of elites and civil society activists on the key elements relating to budget transparency and accountability and how they impact on reforms in Sierra Leone. The objective of the survey is meant to integrate opinions in complement to primary resources as well as opinions of interviewees drawn from senior policy makers and implementers. Respondents are therefore selected from civil society activists and public sector officials in Ministries, Departments and Agencies (MDA) to be able to achieve a wider sampling of opinions. In addition, the survey which mainly depends on simple



averages and percentages underpins the rationale of seeking the opinions of those closer to reform platforms in developing countries.

Chapter seven captures the reforms introduced between 1996 and 2005 under the democratically elected government of President Tejan Kabbah. Particular attention is paid to the promulgation of new laws and regulations, the institutional reconstruction of the Ministry of Finance (MOF) and other innovations adopted by the government to achieve transparent budgeting and national economic growth. Chapter six delves into the establishment of a national procurement authority to regulate Government procurement as a means to curb corruption and usher in fair and transparent supply of public goods and services. Chapter seven is dedicated to external oversight. To this end the chapter is organised into sections: the first section deals with a unicameral Parliamentary oversight in accordance with the OECD best practice guidelines. The section examines the legal mandate of the Parliament as the people's representative assembly, which authorises and scrutinises the executive budget; it explores the committee system and the institutional resource capacity of Parliament to carry out effective oversight. The second section explores the oversight function of the supreme audit institution – the Audit Service of Sierra Leone; the third section looks at the role of the anti-corruption commission; and the final section delves into the critical inputs of the civil society in exercising their constitutional rights.

Part Three of the research tests the research statement, presents a conclusion and generates some recommendations based on key findings as a means to contribute to the development debate on Sierra Leone. The concluding chapter delves into the key variable of development – leadership – with comments on the identified inherent weaknesses ingrained in the leadership dynamics of the country, in particular, dependency on external support, lack of commitment and systemic corruption as the forces that cripples the country's development prospects.

### **1.7.1 Limitation of scope**

The scope of the study is limited to the budgetary process only and will not cover other financial institutions that are affected by the reform. These are the Bank of Sierra Leone, the National Revenue Authority and other such institutions. Secondly, ongoing reforms and national recovery programmes such as the country's Vision 2025, the Poverty Reduction Strategy Paper (PRSP) and the Heavily Indebted Poor Countries Initiative (HIPC), the role of development partners, and many others, will not be examined but may be mentioned in passing.

Furthermore, the analytic framework is limited to only six OECD best practice guidelines on budget transparency. The rationale centres on better management of the research and the level of the country's development pace: other best practice criteria are far beyond the country's present capacity to be used in this research but may be used in future studies of this nature as the reforms unfold.

## CHAPTER TWO

### CHAPTER TWO: ANALYTICAL FRAMEWORK

#### 2.1 INTRODUCTION

This chapter sets out the analytical framework within which the research is conducted. It guides the research process by creating the basis of approach, the arguments and key analysis. By so doing, a cursory definition of a budget, and a detailed explanation of the budgetary process is presented. However, taking into account that budgetary processes vary from country to country, the chapter delves into the general principles of budgeting processes with emphasis on specific weaknesses that have been identified in developing countries. This approach is a deliberate strategy to be able to narrow the subject matter and test our hypothesis.

The second part of the chapter sets out the OECD's Best Practices for Budget Transparency, against which the reform experience of Sierra Leone will be measured. Attention is paid to selected principles of the OECD Best Practices that are considered crucial to the standard of Sierra Leone as a developing economy. For even among OECD member countries, it is recognised that "different countries will have different reporting regimes and may have different areas of emphasis for transparency. The Best Practices are based on different member countries' experiences in each area. It should be stressed that the Best Practices are not meant to constitute a formal "standard" for budget transparency".<sup>40</sup> On this premise, a range of selected prerequisites of the Best Practices – also a sine qua non to transparent democratic governance - are used in the analysis.

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<sup>40</sup> Organisation for Economic Cooperation and Development (OECD) *Code of Good Practices on Fiscal Transparency* OECD Best Practices for Budget Transparency, <http://www.imf.org/external/np/fad/trans/code.htm#code> retrieved January 2005

## 2.2 DEFINITION OF BUDGET

A budget is the most important government policy instrument through which national policies such as on education and economic development can be translated into concrete results.<sup>41</sup> A government budget therefore, records financial allocations and revenue generation plans, and provides a guide to support the implementation of plans set out in the estimates. A budget also establishes the legal means (authorisation) to incur expenditure from the consolidated fund, as well as provides for a system of accountability, and the standard against which results can be measured. Budgeting has also been defined as the distribution of scarce resources amidst competing national interests<sup>42</sup>; and the attainment of aggregate fiscal discipline as its main objective has been underscored<sup>43</sup>. Budgets are constrained by the tax base and the ability of government to generate sufficient revenue to meet its spending needs. As a result, governments are faced with the task of broadening the tax base without the prospect of damaging electoral gains in the next election.<sup>44</sup>

Prioritisation, which is an integral component of allocative efficiency, underpins government's interpretation of the will of the people, and in developing countries it could be poverty reduction programmes.<sup>45</sup> Budgeting is therefore a highly political process rather than a professional exercise alone.<sup>46</sup> For an orderly process, budgeting for effective service delivery must be governed by rules, procedure and processes involving the inputs of stakeholders, principally the civil society and international financial institutions, such as the World Bank (where a country relies on

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<sup>41</sup> H. Garnett and W. Plowden, "Cabinets, Budgets, and Poverty: Political Commitment to Poverty Reduction", in *Building State Capacity in Africa: New Approaches, Emerging Lessons*, edited by B. Levy and S. Kpundeh, The World Bank, Washington, 2004 p149

<sup>42</sup> *Ibid.*, p149

<sup>43</sup> R. Allen, S. Schiavo-Campo and T. C. Garrity, *Assessing and Reforming Public Financial Management, A New Approach*, World Bank, Washington 2004 p2

<sup>44</sup> *Ibid.*, p2

<sup>45</sup> United Kingdom Policy Paper, *Partnerships for Poverty Reduction: rethinking conditionality*, (2005), p9 <https://www.comminit.com/en/node> retrieved November 2005

<sup>46</sup> H. Garnett and W. Plowden, *op.cit.*, p150

external budgetary support).<sup>47</sup> In a situation where a developing or middle income economy supports its own budgetary needs without external financial inputs, taking stock of the international financial environment and market trends, must guide policy and decision-making as a means to support investments.<sup>48</sup> Oversight institutions, primarily Parliament and principal audit institutions such as the office of the Auditor-General must be seen to be playing their roles without undue influence of the executive.<sup>49</sup>

Put simply, a budget is a spending plan of government in which forecasted revenue are allocated to specific expenditure areas for a period- mostly in the medium term. In this kind of arrangement, care must be taken so that enthusiastic expenditure plans of government do not outweigh forecasted revenue, or a deficit will ensue – creating an unbalanced budget. A balanced budget is one in which aggregate spending match aggregate revenue: spend as you earn scenario.<sup>50</sup>

### **2.3 MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)**

The single-year budgeting system, the model through which countries developed a budget for a one year period has now been replaced by the medium-term expenditure framework (MTEF) across economies in the world.<sup>51</sup> MTEF is a three-year rolling budget plan and has been lauded for its suitability in planning national finance resource management. It allows for better prioritisation, planning and adjustments. Budget predictability is easier as it makes possible long-term thinking, preparation and internal reviews. A functioning three-year budgetary system is

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<sup>47</sup> *Ibid.*, p151

<sup>48</sup> *Ibid.*, p52

<sup>49</sup> *Ibid.*, p52

<sup>50</sup> K. Marah, *Overview of Public Financial Management* Commonwealth Public Expenditure Management Seminar Paper, Port Moresby, Papua New Guinea, October 2005

<sup>51</sup> *Manual on Fiscal Transparency*, op.cit., p4

therefore vital to sustainable development, most especially in emerging economies where pro-poor issues are at the forefront of development.<sup>52</sup>

## **2.4 PHASES OF THE BUDGETARY PROCESS**

In this subsection, the principles and processes involved in the budgetary process are explained and serve as a guide to further analysis in the study. Four major generic and interrelated strands of the budgetary process have been identified, although there are behavioural variations in the matter in which they are handled at individual country levels.<sup>53</sup> In this research, emphasis is placed on how developing countries conduct financial management and oversight functions within the framework of the four elements of the budgetary process, namely:

- *Budget Drafting*
- *Budget Legislation*
- *Budget implementation; and*
- *Budget monitoring and evaluation (audit and reporting)*

### **2.4.1 Budget Drafting**

The first stage of the budgetary process is drafting the budget document, which involves the development of information contained in the budget and the preparation of the final estimates of revenue and expenditures of various agencies that will be submitted to Parliament for approval. Budget drafting varies across systems, which underscores the notion that budget making reflects the political arrangement, history and culture of democracies.<sup>54</sup> In the Westminster Parliamentary democracy, for example, the executive budget is rarely modified or rejected by the legislature; this is because the lives of both government and Parliament are inextricably linked – a rejection of the budget by Parliament is tantamount to a vote of no confidence in the

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<sup>52</sup>Sierra Leone Ministry of Finance, *Medium Term Expenditure Framework Guidelines*, 2003, p12

<sup>53</sup>Editorial Comments, *Africa Budget Watch*, op.cit., p1

<sup>54</sup> *Ibid.*, p1

government, which will lead to dissolution of Parliament and early elections.<sup>55</sup> Unlike the Westminster system, Parliaments such as the United States Congress can not only challenge the executive budget, but can also produce its own budget if the need arises and thus reject the president's budget.<sup>56</sup>

In the Westminster democracies, a powerful finance minister is responsible for the formulation as well as overseeing the implementation process.<sup>57</sup> In the United Kingdom, for example, where the Prime Minister and the Chancellor of the Exchequer live next door to each other, a close working relationship is a must for the government to continue in power.<sup>58</sup> In single-party governments (non-coalition scenario), the minister of finance prepares a fiscal policy paper or a "budget call circular" <sup>59</sup> outlining general guidelines of the government's multiyear priorities, including its fiscal policy and the macroeconomic framework for the set period. In economies where governments are formed on the basis of a coalition, as it is in the Netherlands, "strategic discussion [becomes] an essential part of the contractual approach, in which several partners in government agree, up front, on their budgetary targets and other strategies for the ensuing period".<sup>60</sup> In Germany, technocrats play a leading role in the allocation of revenue to regions.<sup>61</sup> This exercise however requires a high mathematical modelling. In India, a constitutionally mandated, impartial body called the Fiscal and Financial Commission (FCC) is responsible for financial allocation.<sup>62</sup>

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<sup>55</sup> Morunga Werunga, *Commonwealth Parliamentary Systems*, Commonwealth Parliamentary Association Seminar for West African Parliaments, Banjul, The Gambia, August, 2005, p3

<sup>56</sup> *Ibid.*, p 6

<sup>57</sup> W. Krafchik and J. Wehner, *The Role of Parliament in the Budgetary Process*, <http://www.idasa.org.za> August 2005

<sup>58</sup> J. Wehner, *Principles and Patterns of Financial Scrutiny: Public Accounts Committees in the Commonwealth*, Commonwealth and Comparative Politics, (November, 2003) p

<sup>59</sup> *Ibid.*, p187

<sup>60</sup> *Ibid.*, p175

<sup>61</sup> K. Marah, Commonwealth Secretariat, *Public Financial Management Reform, A Case Study of South Africa*, op.cit., p 20

<sup>62</sup> *Ibid.*, p20

The South Africa model is a combination of matrixes meant to achieve fiscal transparency. First, the Budget Forum is responsible for local government fiscal arrangements and allocations.<sup>63</sup> Above this level is the Budget Council, which is a consultative body of political representatives from national and provincial governments that makes recommendations to the cabinet on financial allocation. The final and inner core of the Budget Council is the Finance MinMEC – which means, the Minister and Members of the Executive Council that comprises of the Minister of Finance, the Deputy Minister, and the nine provincial MECs for finance, advisors, and the Director General of Finance. This core group shapes the draft budget that is submitted to Parliament.<sup>64</sup>

#### **2.4.2 Challenges**

Regardless of the differences in the approach to budget formulation, it can be said that developed democracies have had adequate resource and capacity both in terms of human, legal, and institutions to deliver successful budgetary outcomes. For example, the number of research assistants and technical experts in the United States Congressional Budget Office is more than the number of all Commonwealth West Africa Parliamentary staff put together.<sup>65</sup> Developing countries are faced with the challenge of poor institutional capacity and inadequate infrastructure to develop as well as effectively implement public expenditure. For example, there is a persistent problem associated with revenue forecasting – revenue shortfall is not a new phenomenon but there is also the lack of political will to expand the revenue base and to make critical changes in the public sector.<sup>66</sup>

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<sup>63</sup> *Ibid.*, p59

<sup>64</sup> *Ibid.*, p59

<sup>65</sup> J. Wehner, op.cit., 189

<sup>66</sup> K. Marah, *Commonwealth Public Expenditure Regional Programme Brief for Belize*, (July, 2006)



The OECD Best Practices for Budget Transparency recommends that “the budget documentation should specify fiscal policy objectives, the macroeconomic framework, the policy basis for the budget, and identifiable major fiscal risks”.<sup>67</sup> Thus a fundamental requirement of budget drafting is the availability of professional expertise and the capacity of departments and agencies to be able to come up with realistic estimates.<sup>68</sup> This is considered vital because a sound budget is characterised by “comprehensiveness, predictability of resources and policies, and the flexibility”<sup>69</sup> of the system to be able to make relevant adjustments to the budget document, as and when required. This critical requirement is lacking in emerging economies. For example, a five African country performance reports on the budgetary process published by the *Africa Budget Project*, raised concerns that with the exception of South Africa, the countries of Ghana, Nigeria, Kenya, and Zambia lack the relevant professional expertise to draft comprehensive budget documents.<sup>70</sup>

Another serious and regularly cited defect in the budgetary process is that budget drafting takes place in secrecy in some developing countries. Commenting on this trend, the *Africa Budget Project* observed that budget formulations shrouded in secrecy for whatever reasons, violate the principles of transparency and participation.<sup>71</sup> “What ought to be done”, Marritt Claassens of the Africa Budget Project reiterates is “to operate a transparent system that provides room for inclusion at every level of budget engagements”.<sup>72</sup> Lawrence Matemba, also of Africa Budget Project, takes the point further that, unlike mature democracies, emerging economies have failed to achieve sustainable growth partly because of the “closed-door-budget process” they

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<sup>67</sup> <http://www.oecd.org/dataoecd/33/13/1905258.pdf> op.cit.

<sup>68</sup> M. Claassens, *Analysing Budget Policies*, presentation at a Budget Workshop for Civil Society in Sierra Leone, Freetown, 15 – 18 September, 2003

<sup>69</sup> L. Matemba, *Analysing Budget Policies*, presentation at a Budget Workshop for Civil Society in Sierra Leone, Freetown 15 – 18 September, 2003

<sup>70</sup> Africa Budget Watch, *Transparency in the Drafting Phase*, IDASA, November, 2002 p 2

<sup>71</sup> *Ibid.*, p 2

<sup>72</sup> L. Matemba, *Analysing Budget Policies*, op.cit.,

have consistently pursued. Matemba underscores his argument: closed and secret budget systems exclude Parliaments and civil society in constructive engagements, which in turn leads to weak accountability and reporting systems.<sup>73</sup>

Current trends in developing countries however, demonstrate a change in attitude. The creation of an enabling environment to nurture civil society participation in drafting and implementation stages of the budget is laudable.<sup>74</sup> In addition, the high level involvement of Parliament and other stakeholders in the budgetary process is also a remarkable progress made.<sup>75</sup>

### **2.4.3 Legislation**

Budget legislation is the second stage of the budgetary process. It is the legal authorisation of Parliament that enables the executive arm of government to start generating revenue as well as expending resources from the consolidated funds.<sup>76</sup> The process starts with the budget being formally tabled before Parliament by the executive - in a number of cases, this is done by the minister of finance.<sup>77</sup> It must be mentioned that the method through which Parliaments authorise budgets varies from country to country, however the processes are often similar.<sup>78</sup> When the budget speech is delivered by the finance minister, considered to be the first reading, the appropriate committees or sub-committees that deal with the budget may then study the content in detail at committee stage. In some democracies, the committees have the leverage to make changes to the original document such as in the United States.<sup>79</sup>

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<sup>73</sup> *Ibid.*,

<sup>74</sup> Commonwealth Secretariat, Commonwealth Public Expenditure Review, London, 2005 p9

<sup>75</sup> T. Saronjini, “*Gender Budgeting*”, Seminar Paper by the Social Transformation Division of the Commonwealth Secretariat, Barbados, September 2005

<sup>76</sup> L. Matemba, op.cit.,

<sup>77</sup> Commonwealth Public Expenditure Review, op.cit., p10 -11

<sup>78</sup> *Ibid.*,p12

<sup>79</sup> P. Norton, *The Legislative Powers of Parliament*, In: The evolving role of Parliamentarians in Europe, p18 -19; J. Wehner, op.cit., p 9

Committee remits differ across countries, as do debates on the budgets: some are well organised with sufficient allotted time to review the estimates such as in India; others have less time and are not clearly focused, or decisions are not influenced by the opposition (Nigeria).<sup>80</sup> In some countries, Parliamentary finance committees conduct public hearings through which the inputs of citizens and other stakeholders are incorporated into the committee's recommendations for the consideration of the whole House.<sup>81</sup> However, this activity is largely practiced in the United States and it is almost nonexistent within the Commonwealth of Nations. "The greater effective power of the legislature" argues Andy Norton and Diane Elson, is to create a platform for civil society involvement "as the scope for public debate of the budget is at its highest during the approval phase"<sup>82</sup>. It is also relevant that further incentives are created for special interests, and "elite lobbying" to get involved in the process. The significance of expanding the budget debate to include stakeholders has been felt and developing economies heavily reliant on external budgetary support have heeded the call of the donor community to incorporate stakeholders in the process.<sup>83</sup>

The prevailing scenario across democracies is that budgets are authorised through the passing of an Appropriation Bill by Parliament. In some countries, a separate Finance Bill which would authorise government to start mobilising revenue whilst the Parliament is still considering the budget, accompanies the budget document for an earlier consideration.<sup>84</sup>

It is increasingly recognised by academics and development practitioners that the role of Parliament in the budget process is on the downward spiral, especially in

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<sup>80</sup> R. Allen, S. Schiavo-Campo and T. C. Garrity, op.cit., p12

<sup>81</sup> *Ibid.*, p12

<sup>82</sup> A. Norton and D. Elson, "What's behind the budget? *Politics, rights and accountability in the budgetary process*", Working paper, Overseas Development Institute, 2000 p 12

<sup>83</sup> *Ibid.*,

<sup>84</sup> Sierra Leone Ministry of Finance, "Improving the Budget Stream", 2005 p13

developed economies.<sup>85</sup> The growing dimensions of governance and its complexities, such as entitlement spending, are among the reasons responsible for this trend. Lord Bryce put it as “the constant additions to functions of governments”<sup>86</sup> To the contrary, a wave of reform is taking place across Africa, Asia and Latin America strengthening Parliamentary oversight in the budgetary process. This trend has been daubed by academics and practitioners as on-going *legislative activism across the developing world*.<sup>87</sup> For example, the passing of the Public Finance Act by the South African Parliament which sanctions prison sentences for ministers or permanent secretaries who overspend, demonstrates the changing role of Parliament.<sup>88</sup>

The oversight role of Parliaments takes various forms. Studies reveal that some Parliaments play *ex-ante* role, that is, they take part in the pre-budget consultation process with the executive, before a budget is tabled before Parliament for approval.<sup>89</sup> With the exception of the United States Congress, which can write its own budget if it finds it necessary, most Parliaments in developing countries can only approve or rubberstamp budgets without the power of creating new expenditure heads, or making an increase under existing heads without the prior approval of the president.<sup>90</sup> If anything, Parliaments in emerging democracies are limited to the authorisation role rather than that of formulation.

#### **2.4.4 Constraints of Parliaments**

Although the wave of democratisation in emerging economies has had positive impacts on the budgetary process, Parliaments continue to be constrained by factors

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<sup>85</sup> A broad range of literature including Lord Bryce in his *The decline of legislatures* argues that the age of powerful legislatures has dwindled over the years. However, a notable reason advanced is the expansion of public services and service providing agencies.

<sup>86</sup> L. Bryce, *The decline of legislatures*. In: Legislatures, Norton Philip, pp 47 -56. (1990) ,p53

<sup>87</sup> C. Santiso and A. G. Belgrano, op.cit., p4 W. Krafchik and J. Wehner op.cit., p 2

<sup>88</sup> K. Marah Commonwealth Secretariat, *Public Financial Management Reform, The Case Study of South Africa*, op.cit., p45

<sup>89</sup> J Wehner, op.cit., p 24

<sup>90</sup> C. Santiso and A.G. Belgrano, op.cit., p 3,

that are internal as well as external to the institutions.<sup>91</sup> First, memberships of committees are subject to frequent changes between elections which subsequently erode committee efficiency and institutional memory.<sup>92</sup> In addition, committees lack the basic and adequate resource base such as research assistants and budget experts to inform decision-making process and to provide professional support to the work of the committees.<sup>93</sup> Parliaments are also constrained by a limited window of time to study and pass the budget. In some countries such as Maldives in the Indian Ocean, time is irrelevant; the Parliament passes the budget without any dissenting voice both from within and from without the walls of Parliament.<sup>94</sup> In some, if not most countries within the Commonwealth, the critical exercise could take less than a month.<sup>95</sup> The Internationally accepted standard, however, stipulates three to four months to allow the legislature sufficient time to study, debate and pass the budget.<sup>96</sup>

Furthermore, committees such as the Public Accounts Committee (PAC) - a traditional standing committee in Commonwealth Parliaments that is charged with the constitutional mandate of establishing value for money following the audit reports on public accounts - lack the requisite power to summon every kind of witness to testify. In the United Kingdom, for example, some ministers may refuse to appear before committees to give evidence (this is explained by the fact that ministers are not accounting officials).<sup>97</sup> In addition, unlike PACs that are normally chaired by a member of the opposition party (a Commonwealth tradition), finance committees

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<sup>91</sup> J. Wehner, op.cit., p5

<sup>92</sup> *Ibid.*, p6

<sup>93</sup> W. Krafchik and J. Wehner, op.cit., p 8

<sup>94</sup> A. Arif, *Public Financial Management in Maldives*, Commonwealth Public Expenditure Seminar Paper, May, 2005

<sup>95</sup> *Parliamentary Oversight Within the Commonwealth*, Commonwealth Seminar Paper, London, June 2005, p2

<sup>96</sup> *Ibid.*, p2

<sup>97</sup> M. Stanford and L. Maer, *Select Committees Under Scrutiny*, University of London Research Series, 2004, p14

would normally be chaired by members from the majority ruling party.<sup>98</sup> While this arrangement assists the government in dominating the conduct of committee business, including the pace and content of committee agenda, it invariably kills bipartisan spirit at committee levels.<sup>99</sup>

Since a huge portion of some national budgets are donor funded, such arrangements would normally be entered into with little or no reference to the Parliament.<sup>100</sup> Parliaments are thus constrained by a number of internal impediments as well as hurdles that are externally imposed. Parliamentary oversight has therefore been a very challenging exercise.

Philip Norton and David Olson succinctly captured another key constraint of Parliaments in developing democracies, in particular post-Soviet Parliaments where electorates freely move from one party to another, as well as politicians after the fall of the Soviet hegemony.<sup>101</sup> It would appear that similar situation prevailed in post-independent territories, such as Sierra Leone where electorates and politicians move freely between parties; but also where personality plays a huge role. The interesting corollary is captured by Norton and Olson: "...the membership of Parliamentary parties is sometimes fluid. Some parties are formed after the Parliament has met. Some members move from one to another, engaging in what has been termed 'political tourism'."<sup>102</sup>

In exploring Sierra Leone's political development the shifting patterns of politicians across parties will be discussed, and the role personalities play in shaping political parties will also be dealt with.

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<sup>98</sup> J. Wehner, op.cit., p 28

<sup>99</sup> *Ibid.*, p29

<sup>100</sup> W. Tan, *Parliamentary Oversight within the Commonwealth*, op.cit., p4

<sup>101</sup> P. Norton and D. M Olson, *Parliaments in Adolescence*, In: *The New Parliaments of Central and Eastern Europe*, edited by D.M. Olson and P. Norton, Routledge, 1996 p235

<sup>102</sup> *Ibid.*, p235

#### 2.4.5 Budget Implementation

Budget implementation is the actual management of allocated resources to deliver projected plans, for example, road construction or the provision of health services in remote villages. After the budget has been approved by Parliament, the onus of implementation rests with the executive arm of the government. Implementation is thus carried out by vote controllers or permanent secretaries, chief executive officers of agencies, who are assisted by a professional team made up of departmental principal accountants, controllers and middle level managers.<sup>103</sup> However, budget implementation goes beyond the mere spending of moneys from the consolidated fund, and comes with the recognition and adoption of efficiency and accountability tools; namely: internal control and internal audit, and regular reporting systems – monthly, quarterly, half yearly and annually.<sup>104</sup>

Expenditure control measures relate to the limitation of Virements – a justifiable shift of votes from one head to another, achieved through obtaining the express permission of a supervising body such as the controller and Accountant-General's office.<sup>105</sup> It has been observed, however, that ministries, departments and agencies (MDAs) do not usually adhere to rules as it is expected of them. Santiso and Belgrano observed that it is not uncommon that votes are moved from one head to another without proper recording and approval of Parliament being sought. The point is further reinforced that *ad hoc instruments* (creating spending areas at the execution stage without the approval of Parliament) may feed uncertainties in the macroeconomic framework of the country and undermines good governance.<sup>106</sup> Similarly, supplementary spending plans which must be brought before Parliament for

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<sup>103</sup> Ibid.,p4

<sup>104</sup> Ibid.,p5

<sup>105</sup> Ibid.,p5

<sup>106</sup> C. Santiso and G. Belgrano, op.cit., p8

independent scrutiny, as well as to guide non-allocated spending in the original budget, is ignored and replaced with extra-budgetary spending – an improper, unaccountable method of expending public monies, common in countries such as Nigeria.<sup>107</sup>

Recent public finance reform structures have witnessed the emergence of internal audit commissions or divisions to enforce the observation of financial regulations, rules and accounting principles and practices in ministries, departments and government supported agencies (MDAs). Internal Audit bodies can be an independent commission (Ghana)<sup>108</sup> that operates almost independent of the ministry of finance or exists as an arm of the Ministry of Finance (Sierra Leone).<sup>109</sup>

A critical component of expenditure control and financial accountability is the frequency and timely submission of reports and the reliability of the generated data contained in the reports. The accepted principle on the frequency requires MDA expenditure reports to be submitted on monthly, quarterly, half yearly and on annual basis to the budget division or bureaus as the case may be, and to the office of the controller and Accountant-General.<sup>110</sup> The chain of reports creates the basis for the Accountant-General's regular and annual reports on the public accounts that are submitted to the supreme audit institution. The supreme audit body will in turn audit the account statements and forward it to the PACs for necessary scrutiny and action.

The role of Parliament in the budgetary process is not totally limited to preparation, authorisation and scrutiny. There is also an increasing trend of Parliament's involvement in the implementation phase of the budget to enhance participation. The German Bundestag, for example, plays an active role in the

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<sup>107</sup> Transparency in the implementation Phase", *Africa Budget Watch*, November 2002, p 3

<sup>108</sup> P. Nomo , "Internal Audit Case Study, the Ghana Internal Audit Commission", In: *Internal Controls and Internal Audit Case Studies: Ghana Seychelles and Singapore*, Edited by K. Marah, Commonwealth Secretariat, 2006 p 13

<sup>109</sup> Interview with Olayinka Phillips, Deputy Director, Internal Audit Department, Ministry Finance, Freetown, June 2006

<sup>110</sup> K. Marah, *Guidelines for Public Financial Management Reform*, op.cit., p34



implementation (*concurrent*) of the budget by overseeing departmental spending.<sup>111</sup> A similar scenario now exists across developing countries with some limitations, however, their role has been expanded from a mere *ex post* (post mortem activity, or after the fact) review function to taking on the role of establishing value for money.<sup>112</sup>

#### **2.4.6 The debate on the role of Parliaments**

The role of Parliament in the budgetary process has received mixed reactions from academics and practitioners. Some analysts are of the view that Parliaments, especially those in developing countries where democracy is yet to establish firm feet, face the odds of battling a strong entrenched executive, which may strangle oversight functions.<sup>113</sup> On the other hand however, fears have been raised that juggling between the executive and legislature over the budgets may generate indiscipline and over expenditure in the public sector.<sup>114</sup> This argument may not be totally valid if the “contractual approach” operating in some OECD member countries is considered. In the Netherlands, for example, members of the coalition may enter into an arrangement that captures the interests of all parties concerned, which goes beyond the control of the cabinet.<sup>115</sup> This approach brings into focus Lord Philip Norton’s valid point that the strength of a Parliament partly resides in its institutional capacity to influence the policy stream; in this case, the national budgets that are prepared by the executive and tabled before the legislature for authorisation. He puts it simply: “The legislature itself is not responsible for creating the stream, but rather for determining whether and to what extent it is allowed to continue”.<sup>116</sup> The strength to influence changes in the

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<sup>111</sup> J. Wehner, op.cit., p 24-25

<sup>112</sup> C. Santiso and G. Belgrano op.cit., p 2

<sup>113</sup> J. Wehner, op.cit., p 7

<sup>114</sup> C. Santiso and G. Belgrano, op.cit., p 3

<sup>115</sup> *Ibid.*,

<sup>116</sup> P. Norton, “The legislative Powers of Parliaments”, In: The evolving role of Parliamentarians in Europe, 1994 ,p21

budget document or rubber stamp it, as presented, marks a point of departure in the classification of Parliaments.

Warren and Wehner on the other hand, argue that the current executive-legislative imbalance over the budget process could be addressed through *Institutional engineering* – improving the capacity of Parliaments so as to create a balance in the executive-legislative budgetary relationship. They propose that Parliament could adopt measures such as fixing budget ceilings and creating new budgetary guidelines, such as a balanced budget criterion to which the executive must comply. They posit further that the capacity of Parliament could be improved by establishing research institutions or strengthening existing ones, as well as building the technical capacity of Parliamentary committees.<sup>117</sup>

The lack of enforcement mechanism in Parliament to regulate the behaviour of the executive greatly undermines the implementation phase of the budgetary process.

#### **2.4.7 Other challenges**

As submitted above, the best practice criteria for budget implementation hinge on strengthening the expenditure environment with controls and reporting systems to foster transparency.<sup>118</sup> However, a series of challenges hinder effective implementation in developing democracies due in large part to inadequate institutional capacity and weak governance. There is no doubt, for example, that the lack of capacity to record spending is widespread across developing nations.<sup>119</sup> And although internal audit institutions have been created in some developing countries to enhance control and accountability, there is a significant lack of political will to adequately empower actors or take appropriate actions on audit recommendations.<sup>120</sup> At a pan-Commonwealth

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<sup>117</sup> P. Norton, op.cit. W. Krafchik and J. Wehner, op.cit. p 8

<sup>118</sup> UK Policy Paper *Partnerships for Poverty reduction: rethinking conditionality*, op.cit., p16

<sup>119</sup> Editorial Comments, *Africa Budget Watch*, op.cit., p 4

<sup>120</sup> *Ibid.*, p4

seminar held in London for senior internal audit officials from 9 – 13 October 2006, it came out strongly from participants that internal audit and expenditure control measures require urgent and appropriate actions from political leaderships.<sup>121</sup>

#### **2.4.8 Reporting and Audit (Establishing Value for Money)**

The final stages of the budget process are monitoring and evaluation of public expenditure, and audit and reporting. The latter includes:

- preparing and publishing reports on the annual public accounts by the Accountant-General;
- submission of the report to the Auditor-General;
- accounts report audited by the audit general or an independent agency selected by the Auditor-General; and
- submission of the published audit report to the Public Accounts Committee (PAC) of Parliament to scrutinise and to establish value for money.<sup>122</sup>

Public accounts are published by the Accountant-General followed by an audit conducted by the principal audit body or an independent institution appointed by the former. The audit report, in principle, must be prepared and submitted within twelve months of the end of the financial year.<sup>123</sup> The code of Best Practices recommends that “The budget documentation, final accounts, and other fiscal reports for the public should cover all budgetary and extra budgetary activities of the central government, and the consolidated fiscal position of the central government should be published”.<sup>124</sup> These criteria have unfortunately not been met as is the case in some developing countries where institutional capacity is weak and processes and procedures largely compromised or disregarded at the highest level.<sup>125</sup>

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<sup>121</sup> Commonwealth Public Expenditure Seminar Report, October 2006, p3

<sup>122</sup> J. Wehner, op.cit., p12

<sup>123</sup> OECD Best Practices for Budget Transparency, op.cit.,

<sup>124</sup> *Ibid*

<sup>125</sup> *Ibid*

The Auditor-General would normally audit the published report of the Accountant-General and forward the audit report to Parliament for scrutiny and to establish value for money. In the ideal transparent environment, the audit report would normally be published to keep the tax payers abreast with the outcomes of government fiscal performance over a budget period.<sup>126</sup> The essence of submitting an audit report to the Parliament is not limited to demonstrating value for money, it also is to uncover what went wrong and what was done right so that future budgetary activities could draw on the mistakes, inadequacies or good examples from the previous budget.<sup>127</sup>

Regrettably, legislatures in developing economies lack the required logistics, skills, resource and time to study such reports. According to Santiso and Belgrano, budget cycles overlap so that while Parliament is busy approving a recent budget, it might also be monitoring an approved budget as well as studying a previous one. There is therefore little or no corollary between audit reports to achieve a feedback impact on the process. Thus, no one budget informs budget makers about issues they would have learned from the previous budget.<sup>128</sup> In the next section, the role of public accounts committees of Parliament is reviewed.

#### ***2.4.9 Financial Scrutiny and the Public Accounts Committee (PAC)***

The Public Accounts Committee (PAC) is the creation of the Gladstonian reforms of 1863 in the Westminster Parliament of the United Kingdom.<sup>129</sup> The committee was established to carry out financial scrutiny of the public accounts. The popularity of the PAC has over the years gained a wider adoption and it has become a traditional Parliamentary standing committee for scrutiny within the

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<sup>126</sup> J. Wehner, op.cit., p24

<sup>127</sup> *Ibid.*, p 32

<sup>128</sup> C. Santiso and G. Belgrano, op.cit., p11-12

<sup>129</sup> J. Wehner, op.cit., p31

Commonwealth.<sup>130</sup> The reasons PACs are charged with the scrutiny function is underscored by the three major achievable objectives in recent public expenditure management reforms: affordability, prioritisation and value for money (the last being a new focus area).<sup>131</sup> While the functions of Parliament in part is to set expenditure ceilings on the grounds of affordability and in accordance with the priorities of the government, it is the prime business of the PAC to establish whether value for money was attained at the end of the budget implementation. The scrutiny function of the PAC therefore completes the cycle of the Parliament's authority for financial control and oversight.

#### ***2.4.10 Challenges facing Effective Scrutiny***

The structure and direction of policy and implementation within the Commonwealth have placed increasing constraints on the work of PACs. The definition of roles and responsibilities in governments has always given the ministers control over providing policy direction for the ministries, while the heads of administration (mostly permanent secretaries) are put in charge of administration and financial control as vote controllers. Regardless of the role separation, the parameter within which ministers and senior officials operate is blurred, as actions of ministers can sometimes bear direct influence on the manner in which departmental finances are administered.<sup>132</sup> This challenge has led to the call for the demonstration of political will for the institutionalisation of good governance and economic growth.

The traditional practice of summoning witnesses to answer queries before PACs is limited usually to administrative and accounting officers (See Table 1 below). There are only a few cases where ministers appear before committees. In a Commonwealth Parliamentary Association (CPA) survey carried out in 2001, it

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<sup>130</sup> *Ibid.*, p 1

<sup>131</sup> *Ibid.*, p2

<sup>132</sup> *Ibid.*, p5

emerged that 97 percent of departmental officials are summoned as compared to only 31 percent of ministers. Table 1 below demonstrates the trends and variations.

**Table 1: Who is normally summoned as witness? (%)**

	<b>Yes</b>	<b>No</b>
Ministers	31	69
Departmental officials	97	3
Auditor-General	79	21
Civil society and interest groups	29	71

Source: Adapted from Wehner

As mentioned earlier, weak institutions and bad governance have had a failing impact on committees. First, the quality and frequency of reports may affect the work of committees. In the “Westminster tradition” a PAC is designed to scrutinise reports of the Auditor-General as well as take appropriate actions. However, the lack of capacity which comes in the form of human and institutional preparedness inhibits the frequency and robust quality of audit reports sent to PACs in developing democracies.<sup>133</sup> Audit institutions in advanced economies are on the other hand, adequately resourced. For example, the National Audit Office (NAO) of the United Kingdom has more than 800 highly skilled audit officials, compared to Zambia, where in 1997, it had 416 qualified accountants but only four worked for the government.<sup>134</sup> These institutional failings have largely been blamed on poor remuneration, wages and salaries paid in developing countries.

In addition, and as Lord Norton puts it, the skills set of committee members to effectively scrutinise audit reports as well as carryout similar technical functions largely depends on among others: “exclusive jurisdiction, informed memberships, and

<sup>133</sup> *Ibid.*,p5

<sup>134</sup> J. Wehner, op.cit., p7 8

enjoy extensive power of evidence-taking, and amendment”.<sup>135</sup> These requirements do not necessarily prevail in Parliaments of developing economies, and it is made worsened by the changing nature of audit functions and the introduction of new accounting principles and audit systems. For example, the introduction and adoption of an accrual accounting system side by side with cash accounting, poses significant challenge to both the audit institution and the PACs in terms of meeting the skills requirement to “parallel existing bureaucratic agencies” or the ministry of finance, to be able to conduct effective audit and scrutiny respectively.<sup>136</sup>

Furthermore, the proliferation of government supported agencies in the public sector created to provide emerging and expanding new services comes with its own problems. As a result, not only has the remit of the supreme audit institution been overstretched, but the quality and frequency of reports has been adversely affected in developing countries.<sup>137</sup> In some economies, including Sierra Leone, for example, the Audit Service makes a selection of institutions for audit on risk basis. This is mainly due to inadequate manpower, resource and lack of technical expertise to be able to cover the institutions critical to the accountability process.<sup>138</sup>

It is underscored that the purpose of PAC scrutiny is not only to provide feedback by way of a report, but to be able to get the government to initiate action on the recommendations.<sup>139</sup> Value for money can best be achieved through this feedback loop. The Government response is normally embodied in a Treasury Minute or Executive Minute. Nonetheless, it is the core business of the committee to follow up its recommendations. In a survey conducted by the CPA in some Commonwealth countries, 80 percent of respondents say that the executive is required to respond to

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<sup>135</sup> P. Norton, *The legislative Powers of Parliament*, op.cit., p23

<sup>136</sup> W. Tan, *The Public Overseer*, Commonwealth Public Expenditure Management Seminar Paper, Singapore, November-December 2006

<sup>137</sup> *Ibid.*

<sup>138</sup> Interview with Leslie Johnson, Deputy Auditor-General of Sierra Leone, June 2006

<sup>139</sup> J. Wehner, op.cit., p 9

committee recommendations (See Table 2 below). The table also demonstrates that 85 percent of PACs depend on the Auditor-General's report, while 87 percent say that committee reports are freely available to the public.<sup>140</sup>

**Table 2: Selected results from a survey of  
Public Accounts Committees in the Commonwealth (%)**

	<b>Yes</b>	<b>No</b>
Is the chairperson a member of the opposition?	67	33
Is it required that the committee be unanimous in its decisions?	33	67
Are committee reports freely available to the general public?	87	13
Are hearings open to the press and the general public?	55	45
Does the committee depend primarily on the Auditor-General's report?	85	15
Is the committee report debated in the legislature?	57	43
Is the executive required to respond to committee recommendations?	80	20

Source: Adapted from Wehner,

To conclude, the role of PACs in the budgetary process has proven to be resourceful and strategic to public sector accountability and participation. Later on in this research, the case study of Sierra Leone will highlight the issues as they play out in that country.

## **2.5 DEFINING THE RESEARCH FRAMEWORK**

The previous section defined a budget and dealt with structural and administrative issues relating to implementation, and in part, what it takes to achieve transparency and accountability in the public sector. The section also touched on the role of the lead oversight institution – Parliament - and the challenges it faces. This

<sup>140</sup> *Ibid.*,p9



section defines the research framework – the OECD code of best practice for budget transparency - and provides an outline of the core elements against which the Sierra Leone budget transparency initiatives will be assessed.

## **2.6 OECD BEST PRACTICE FOR BUDGET TRANSPARENCY**

The OECD codes of Best Practice for budget transparency are internationally recognised and are used by OECD member countries as well as non-member countries to assess the effectiveness of financial management systems. However, for the purpose of this study, only six out of the long list of best practice codes have been selected. This is because the systems and institutions of the OECD countries are of high standards compared to those of Sierra Leone. And as such, the latter cannot be assessed by using all the tools applicable to developed OECD economies. Secondly, the six best practices have been deliberately selected because they are the entry point of budget transparency and accountability and could be applied to any system of similar standing. The following codes have been selected for this study:

- I. Comprehensiveness of budgets and involvement of stakeholders at the formulation stage;
- II. Parliament be given sufficient time (three months) to study, debate and pass the budget submitted by the ministry of finance;
- III. Effective internal control measures and internal audit up and running to ensure the integrity of information provided in reports;
- IV. The year-end timely submission of reports to the supreme audit institution (auditor-general's department) in accordance with generally accepted principles;
- V. Parliamentary scrutiny – Parliament be adequately resourced and empowered to carry out effective scrutiny of reports; and
- VI. The public and media must be proactively involved in the budgetary process and this to be made possible by the ministry of finance.

From the above outlined codes of best practice it is implied that Parliaments should:

- I. Be given sufficient time –no less than three months to study a budget document before legal authorisation takes place;
- II. Be adequately resourced to be able to examine all forms of reports it deemed fit. The fiscal reports could be monthly, quarterly, half-yearly or annual reports of the Accountant-General; and
- III. Scrutinise the Auditor-General’s report to ascertain value for money.

In addition, it also implied that annual public accounts must be audited by the Supreme Audit Institution (SAI) or the Auditor-General’s department in accordance with accepted auditing principles; thirdly, that internal control mechanisms and internal audit at MDA levels must be institutionalised to strengthen fiscal discipline and financial rectitude; and finally, that civil society awareness and participation should be facilitated by the ministry of finance.

## **2.7 CONCLUSION**

This chapter has provided an overview of government budget and the budgetary process; it has explored what it takes to attain transparent and participatory budgeting, including an examination of the institutions involved and the inherent challenges they face; and it has provided a framework for our analysis.

Implicitly, the chapter sets out that in instituting effective financial governance, robust leadership is required to not only put in place such institutions as relevant as an independent audit office, a strong and capable Parliament, but also to adequately resource these bodies by building institutional and human capacity, providing adequate logistical support, and financial resources so as to instil and nurture accountability and transparency in the budgetary process. It also calls for the leadership to adopt a forward looking mentality in terms of providing the legal framework to guide the reforms, and to be able to incorporate all stakeholders as civil society and the media in

the change and delivery process. The process, for example, involves shifting from single year budgeting to medium and long term budgeting – taking a long term view of development; and to incorporate also, strategic planning and effective implementation of budgets, with the culture of disclosure and financial reporting being mainstreamed in the process.

It is against these set of requirement that in the next chapter an attempt is made to explore the human and development background of Sierra Leone, which are essential components of transparent and participatory budgeting. By so doing, attention will be paid to the socio-economic livelihood and infrastructure, leadership and political arrangements, as well as other development indicators that are integral to attaining successful financial governance.

## CHAPTER THREE

### CHAPTER THREE: HISTORY AND DEVELOPMENT OF SIERRA LEONE

#### 3.1 INTRODUCTION

Sierra Leone is situated on the southwest coast of West Africa bordered by Guinea and Liberia, with an area of about 73,326 square kilometers. The country is endowed with rich natural vegetation ranging from coastal swamps to a green peninsular belt towering over the capital city, Freetown. There are twelve administrative districts subdivided into three provinces with capitals, Bo, Kenema and Makeni. The population is about 6 million.<sup>141</sup> A Sierra Leone historian, Magbaily Fyle<sup>142</sup> reported that by the late fourteenth century, a Portuguese sailor named the coastal region “Serra Lyoa”, meaning’ *Lion Mountains* - because the peninsula surrounding the capital city looked like a lion. The corrupt form of “Serra Lyoa” is today Sierra Leone, with sixteen ethnic groups.

Contemporary Sierra Leone is the product of the initiative of some eighteenth century Christian philanthropists in Britain, among them Granville Sharpe and William Wilberforce.<sup>143</sup> In 1787 the group established a settlement in West Africa called the “Province of Freedom” for the British “black poor” that were mostly freed slaves, including British Crown ex-servicemen who fought on the side of Britain in the American War of Independence (1775 -1782). The settlement which later came to be known as Freetown (the capital of Sierra Leone), became a Crown colony in 1808 and the territory also became a base for the British anti-slavery campaign.<sup>144</sup> British control was limited to the settlement until 1896 when the colonial power extended its sway

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<sup>141</sup> Sierra Leone Web, <http://www.sierra-leone.org/cso.html> May 2004

<sup>142</sup> M. Fyle, *The State and the Provision of Social Services in Sierra Leone Since Independence, 1961-91*, London 1993, p1

<sup>143</sup> *Ibid*, p3

<sup>144</sup> *Ibid.*, p 3

over the hinterland (the rest of present day Sierra Leone). Britain continued to exercise political and economic control over the territory for nearly two centuries (1787 – 1961). Sierra Leone attained independence in 1961, and became a Republic within the Commonwealth in 1971.

### **3.2 POLITICS**

Sierra Leone mostly enjoyed stability throughout the period of colonial administration until independence. However, between 1967 and 1997, the country experienced more than 10 political upheavals: aborted or successful military coups.<sup>145</sup> The first attempted coup was uncovered three weeks before the 1967 general elections, as a result the Deputy Commander of the Military, Colonel John Bangura and seven others, were arrested.<sup>146</sup> However, a successful military coup took place on the 22 March 1967 in the wake of the general elections, in which dispute arose about the clear winner between the ruling Sierra Leone Peoples Party (SLPP) and the opposition All Peoples Congress Party (APC). The coup happened when Siaka Stevens the leader of the opposition APC, who had been sworn as Prime Minister was about to appoint his cabinet. A counter coup staged by another set of army officers on the following day, 23 March 1967, led by Lieutenant-Colonel Juxon-Smith, brought the National Redemption Council (NRC) to power. One year on - 17 April 1968, another coup led by “a Sergeant’s Revolt” returned Siaka Stevens to power, as Prime Minister.<sup>147</sup>

Siaka Stevens, who was ardently opposed to the SLPP proposals for the attainment of a republican status and the introduction of a single-party constitution, became the ironical champion of both policies. The APC successfully introduced a republican constitution in 1971 as well as a single-party constitution in 1978.<sup>148</sup>

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<sup>145</sup> *Ibid.*, p.4

<sup>146</sup> J.A.D. Alie, *A New History of Sierra Leone*, 1990, p 232

<sup>147</sup> *Ibid.*, p239

<sup>148</sup> It was reported by Mr Marquand MP, at the Sierra Leone Independence debate in the House of Commons that Mr Stevens had written several letters calling for post independence efforts to

Following the inception of the single party constitution, Stevens banned all political parties, student union activities and pro-democracy campaigns.<sup>149</sup> In 1985, he resigned the seat of president, and manipulated his succession by appointing Major General Joseph Saidu Momoh, then head of the Sierra Leone Armed Forces, as president. Under President Momoh, economic conditions further deteriorated and corruption spiralled out of control. In the face of prevalent economic malaise, Foday Sankoh, a former corporal in the Sierra Leone military, led a rebel incursion into Sierra Leone from across the Liberian border on March 23, 1991.<sup>150</sup>

The Momoh administration was faced with the daunting task of putting down a rebel invasion amidst a faltering economy and an ill-equipped fighting army. As a result, the President became unpopular among the army rank and file, and was subsequently overthrown in a popular military coup led by a twenty-six year old officer, Captain Valentine Strasser, on 29 April 1992. Strasser formed the National Provisional Ruling Council (NPRC), and took over the reins of government, until he was ousted in a 1996 palace coup led by his deputy, Brigadier Julius Maada Bio<sup>151</sup>.

Clamour for democratic changes intensified in 1990 and 1991 from every sector, and was led by three key institutions: the Sierra Labour Union, the National Union of Sierra Leone Students, and the Sierra Leone Bar Association. The Student Union, for example, organised peaceful demonstrations calling for political pluralism, which were brutally dispersed by the Special Security Division (a special security unit of the ruling party). The national outcry led to the promulgation of the 1991 multi-party constitution by the APC, and the first democratic elections in decades were held in 1996. Ahmed Tejan Kabbah was elected President under the SLPP that lost the 1967

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consolidated democracy in Sierra Leone., See Sierra Leone Independence Bill – order of the second reading, 22 March 1961)

<sup>149</sup> *Ibid.* p. 241

<sup>150</sup> A. Ndumbe, “Diamonds, Ethnicity, and Power: The Case of Sierra Leone” *Mediterranean Quarterly* 12:90-105, no. 4 Fall (2001), p. 94

<sup>151</sup> Economic Intelligence Unit, *Country Profile: Guinea, Liberia and Sierra Leone*, (2001), p. 12

general elections to the APC. Kabbah was also re-elected in the May 2002 presidential elections, but his government faced a setback in May 1997, when it was toppled by a rebel-military coalition led by Major Johnny Paul Koroma of the Sierra Leone Armed Forces (SLAF). Major Koroma formed the Armed Forces Revolutionary Council (AFRC). But the coalition was short-lived as it was taken out in a blood battle in the city of Freetown by the Nigerian-led Economic Community Monitoring Group (ECOMOG) - the military wing of the Economic Community of West African States (ECOWAS). President Kabbah was reinstated by ECOMOG in March 1998.<sup>152</sup> In July 1999, a United Nations (UN) sponsored peace accord was struck between the government and the rebels in the spirit of the Lome Peace Accord, which ultimately led to a final conclusion of the nation's civil conflict in January, 2002.<sup>153</sup>

### **3.2.1 Political Parties**

Political parties in Sierra Leone as in most developing countries are nascent, less than organised and ill disciplined.<sup>154</sup> They are neither created on platform of political, social or economic ideology, nor are they sufficiently cohesive to have an impact on the lives of the electorates.<sup>155</sup> Political parties are largely organised around personality cults and along tribal and regional lines. As a result, the activities of government and Parliament are centred on the influence and desire of the head of state, party stalwarts and senior ministers in government. Commenting on the features of Sierra Leone's party systems, an assessment team of the United States National Democratic Institute for International Affairs (NDI) underscored:

Political organizations have lacked the opportunities to develop into representative bodies. The parties are urban based and largely personality driven. They are not identified with issues and ideologies, have little or no

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<sup>152</sup> *Ibid.*, p14

<sup>153</sup> *The Lome Peace Accord* provided for a power sharing arrangement between the government and the rebels RUF. The leader of the RUF was given a strategic control over mineral resources.

<sup>154</sup> Political Parties and Processes: an NDI Assessment Mission Report, March 6-10 2000", [http://www.accessdemocracy.org/library/101\\_sl\\_processes.htm#politicalparties](http://www.accessdemocracy.org/library/101_sl_processes.htm#politicalparties) 22 February 2005

<sup>155</sup> *Ibid*

relationship to constituents, and derive electoral support along ethnic and regional lines. As described by one party head, "politics in Sierra Leone is not based on issues, it's based on leaders".<sup>156</sup>

During colonial rule when political parties actively clamoured for independence, the dominant party was the Sierra Leone People's Party (SLPP) under the leadership of Sir Milton Margai, who led the country into independence. The SLPP dominated the political scene until the death of Sir Milton in 1964. Siaka Stevens, the leader of the All People's Congress Party (APC) - arch rival of the SLPP leadership - came to power after the 1967 general elections despite a military coup that was allegedly supported by the ruling SLPP to stop the opposition from taking the reins of government. The APC ruled the country for a period of twenty-four years (1968 to 1992) until it was toppled in a popular military coup in 1992.

Political parties in Sierra Leone do not coalesce around policies or ideologies as it is in western democracies. The situation is underscored by a number of factors, including personality, regional and ethnic influence.<sup>157</sup> The number of political parties elected to Parliament in the 1996 general elections doubled the current three parties represented in Parliament. In the 1996 elections, six parties were elected on the basis of proportional representation. The SLPP traditionally draws its support from the south and east of the country, mostly from among the majority Mende ethnic group. The APC on the other hand, draws its support from mainly the northern ethnic groups, including the Temne and Limba. The United National People's Party (UNPP) which was led by John Kerifa Smart (formerly, a member of the SLPP) was the main opposition in Parliament after winning 17 seats. The UNPP then drew its support from the north, east and western regions, and from among the Temne ethnic group. The

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<sup>156</sup> "Political Parties and Processes: an NDI Assessment Mission Report, March 6-10 2000", [http://www.accessdemocracy.org/library/101\\_sl\\_processes.htm#politicalparties](http://www.accessdemocracy.org/library/101_sl_processes.htm#politicalparties) 22 February 2005

<sup>157</sup> *Ibid.*,



People's Democratic Party (PDP) won 12 seats with a majority of its support coming from the north. Its leader, Taimu Bangura was formerly a member of the APC.

The Democratic Centre Party (DCP) which received its support from the diamond-rich Kono District was led by an ethnic Kono, Abu Koroma, who was also a former member of the APC. The National Unity Party (NUP) which relied on votes in the capital, Freetown and from the military NPRC supporters has almost gone into extinction. The then presidential candidate of the NUP, Dr John Karimu is now a member of the SLPP and holds the strategic position of Commissioner General of the newly created National Revenue Authority (NRA). In the present Parliament only 3 out of the 17 registered political parties are represented. Table 3 below demonstrates the shifting pattern of political party membership over the years.

**Table 3: Shifting pattern in political party membership**

<b>Name</b>	<b>Current Party</b>	<b>Former Party</b>	<b>Last Parl</b>	<b>Current Parliament</b>	<b>Current Status of Party or personality</b>
Dr. John Kerifa Smart	UNPP	SLPP (1960s)	27 seats	none	Almost submerged
Taimu Bangura (deceased)	PDP	APC		none	Almost submerged after demise of leader
Abu Koroma (deceased)	SLPP	APC & DCP	3	none	Merged with SLPP
Fillie Faboe	SLPP	APC, Secretary General before the 1992 NPRC Coup			Ruling Party, currently, a regional minister of the SLPP
J.B. Dauda	SLPP	APC			Special adviser to the current president
Charles Margai, son of former Prime Minister, Albert Margai	PMDC	SLPP & NUP		New Party Will contest next elections	Lost SLPP Party Leadership in 2005-found the new party
John Karimu	NUP 1996 Presidential Candidate	SLPP			Currently, the Commissioner General of the NRA

Source: developed in the research process

With the exception of the long standing parties - the SLPP and the APC - none of the four political parties in the previous Parliament won a seat in the 2002 general elections. The question therefore may be asked: how could the UNPP, which was the main opposition party with 17 seats in the last Parliament, came to lose that strategic position to the APC, and worse still, ended up with no seat in the current Parliament? The answer rests with the fact that apart from ethnic and personality influence, political support and leadership are in a constant state of flux, in part determined by unfolding

circumstances. For example, the APC came out very strong in the north by squeeze out the UNPP in the region. With the benefit of hindsight, the APC struggled in the 1996 general and presidential elections because of the stigma of corruption for which it was thrown out of power in the 1992 NPRC coup. The stigma was still fresh in the heart and mind of the electorates. Ten years on (2002) however, the memory had faded and the party was again able to appeal to its natural constituents in the north. It must be also mentioned that during the whole period, the UNPP leadership was caught up in a court battle over leadership status, which weakened the party's morale and support base.

Another instance of fluidity lies in the fact that the DCP, which won seats in the previous election in 1992, merged with the SLPP in the 1996 general elections, and the leader was given ministerial appointment. When Abu Koroma, who was the leader and founder of the DCP crossed over to the SLPP, the party ceased to exist. Also, the PDP and the NUP won no seats in the 2002 general elections. The PDP did not win any seats because its charismatic leader, Taimu Bangura, died before the elections – the leader died with his party. In addition and as mentioned above, the NUP presidential candidate of the 1996 elections, Dr. John Karimu, did not take part in the 2002 elections. He crossed over to the SLPP and he is now the Commissioner General of the newly created National Revenue Authority (NRA).

Another interesting twist took place. The deposed military leader of the Armed Forces Revolutionary Council (AFRC), Johnny Paul Koroma, established a new party, the Peoples' Liberation Party (PLP) on the eve of the 2002 election (after the rebel conflict). His party drew support from his ethnic group, the Limba and sympathisers of his regime; as a result, the PLP won 2 seats in Parliament with little efforts put into the campaign. Johnny Paul Koroma is currently at large on account of an alleged coup plot

against Tejan Kabbah in which he was implicated. His disappearance took away the party with him - it is almost a dead one.

Another case in point centres on Charles Margai, a popular lawyer and son of Sir Albert Margai, the second Prime Minister (1964-1967) under the SLPP. Charles was a member of the SLPP but he resigned from the party in 1996 to join the NUP when he lost the party's leadership contest to Tejan Kabbah. Charles was recalled later by the SLPP party leadership and appointed a minister in the Kabbah Government. Charles resigned from the party in 2005, when he lost another leadership contest to the current Vice President, Solomon Berewa ahead of the July 28, 2007 general and presidential elections. Charles has formed a new party, the Peoples Movement for Democratic Change (PMDC) and will be contesting the presidency in the 2007 elections. Charles Margai draws support from the younger generation and largely from his ethnic Mende.

In conclusion, the aforementioned shifts in political allegiance and leaderships, clearly demonstrates how personality and ethnic belonging have shaped the party system of that country and the entire political landscape since independence. The scenario is clearly captured by Norton and Olson as it was with post-soviet politics: "The fluid nature of parties within Parliaments...too many parties, and too little organisation, will tend to fragment the legislature, depriving it of any internal ability to organise itself. Certainly, party within the Parliament tends to be fragmented and members variously willing to move from one party or party group to another".<sup>158</sup>

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<sup>158</sup> P. Norton and D. Olson, *Parliament in Adolescence*, In: *The New Parliaments of Central and Eastern Europe*, op.cit., p237

### **3.2.2 *Government***

The government of Sierra Leone is headed by an executive president, assisted by an appointed cabinet. At present (2007), the country has a 124 member unicameral legislature with three political parties represented: SLPP 83, APC 27, and the Peoples' Liberation Party (PLP) 2. Each of the 12 administrative districts is also represented by an elected Paramount Chief (traditional ruler) to fill the remaining 12 seats. The country is governed by a democratic constitution passed in 1991.

Before the 1991 Constitution came into being, the system of government since colonial period was fashioned along the model of Westminster Parliamentary democracy, in which the head of government and ministers are members of Parliament. However, with the introduction of the 1991 Constitution, Sierra Leone adopted the American style presidential system of government in which the president is elected independent of Parliament. In addition, the President would normally appoint his ministers from outside of Parliament. No reason was given for the change, but it may be deduced that the then President Joseph Saidu Momoh opted to become a very powerful executive president, such that his political fortunes would be independent of the Parliament's and would have leeway to appoint persons from outside Parliament.

## **3.3 THE ECONOMY**

### **3.3.1 *Agriculture and Mining***

Sierra Leone is one of Africa's poorest nations. Its economy can be roughly divided into two main sectors: agriculture and mining. Agriculture is the mainstay of the country's economy, employing 80-90 percent of the rural population. But farming is done on a subsistence scale, and is carried out on smallholdings averaging 1.6

hectares.<sup>159</sup> This sector provides foreign exchange earnings from cash crops such as coffee, cocoa, palm oil, palm kernel and ginger. However, agricultural output is severely hampered by falling producer prices, poor transport facilities<sup>160</sup> and the devastating effect of the civil conflict.

Mining is the chief source of the country's revenue. Until 1970, mining provided the dynamism for the economy. But the declining yields of diamonds coupled with the fall in international market prices of iron ore adversely affected national revenue in the 1970s.<sup>161</sup> In 1977, for example, the iron ore mines closed down on account of falling prices and cost overruns.<sup>162</sup> On the eve of the rebel conflict in 1991, diamonds, bauxite, rutile (titanium dioxide) and gold accounted for 80 percent of official exports.<sup>163</sup> Unfortunately, the bauxite and rutile mines closed down when they came under rebel assault in 1995.

The end of the conflict in January 2002 brought former rebel strongholds under government control and diamonds are again the leading contributor to the country's export and foreign exchange earnings. The Bank of Sierra Leone put official diamond exports between July 2000 and July 2001 at \$US15.32 million.<sup>164</sup> Increase in diamond export in part was due to a UN Security Council resolution,<sup>165</sup> which prohibits businesses from buying diamonds without an accompanying *Certificate of Origin* from the exporting nation. The resolution came about as a result of rising concerns that "blood diamonds" (illegal trade of diamonds in a war torn country) fuel conflicts in Sierra Leone and elsewhere<sup>166</sup>.

Sierra Leone is the largest producer of rutile (titanium dioxide) in the world, with an estimated annual output of 150,000 tons.<sup>167</sup> Modalities have been worked out recently and have led to the resumption of the mining of the mineral but on a very

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<sup>159</sup> J. Weeks, *Development Strategy and the Economy of Sierra Leone*, London 1992, p. 13

<sup>160</sup> *Ibid.*, p 14

small scale. The Koidu Kimberlite diamond mines has also resumed operations under the Koidu Holdings Company.<sup>168</sup>

The Government of Sierra Leone in 2001, announced the discovery of offshore gas and oil in fairly large quantities, and plans are currently underway to conduct further explorations and award contracts to commence extraction.<sup>169</sup> The country is also endowed with marine resources, but lacks the technology to fully explore its 485 kilometre coastline rich in lobsters, shrimp, shark fins, and other marine stocks.<sup>170</sup>

By mid 2003 Sierra Leone's external debt stood at about US\$1.52 billion from US\$1.48 billion in 2002.<sup>171</sup> The country is indebted to sixteen bilateral creditors including eleven Paris Club member nations – Austria, Belgium, Germany, France, Italy, Netherlands, Norway, United States of America, United Kingdom, Japan and Switzerland. Non-Paris Club creditors include China, Morocco, Kuwait and Saudi Arabia.<sup>172</sup>

### **3.3.2 Manufacturing**

Sierra Leone's manufacturing sector contributes only 5 percent to the country's Gross Domestic Product (GDP). Most manufacturers produce consumer goods such as plastic footwear, small items of furniture, clothing, beer, soft drinks, candles and matches. Some of the major manufacturing companies include the Sierra Leone

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<sup>161</sup> *Ibid.*, p13

<sup>162</sup> *Ibid.*, p 13

<sup>163</sup> *Ibid.*, p 16

<sup>164</sup> Economic Intelligence Unit, Report on *The Sierra Leone Economy*, 2001, <http://www.eiu.com> 24 May 2006

<sup>165</sup> UN Security Council Resolution 1306 (2000), 6, 11

<sup>166</sup> UN Security Council, Report of the Panel of Experts Appointed Pursuant to Security Council resolution 1306 (2000) (New York: UN Security Council, 2000), 23, 193

<sup>167</sup> Economic Intelligence Unit, op.cit.

<sup>168</sup> All Africa Website, *Resumption of Koidu Kimberlite Project*, 23 September 2002 [www.Allafrica.com](http://www.Allafrica.com)

<sup>169</sup> Economic Intelligence Unit, op.cit.,

<sup>170</sup> *Sierra Leone Chamber of Commerce Report*, November 2002, p. 11

<sup>171</sup> Sierra Leone Ministry of Finance, Economic Bulletin, *The Economic Policy and Research Unit (EPRU)* Vol 9, No. 3,( October 2003), p 43

<sup>172</sup> *Ibid.*, p43

Brewery, Chanrai Chemicals, Aureol Tobacco Company, and the Sierra Leone Paint Factory.<sup>173</sup>

### **3.3.3 *Infrastructure and the Environment***

Sierra Leone's infrastructure is among the poorest in Sub-Saharan Africa. Most of the rural areas are inaccessible and the roads linking the capital to other major towns are largely unpaved. There is also a severe shortage of power supply both in the capital and in all towns and cities with the exception of Bo and Kenema – the only two cities that enjoy regular power supply. The lack of power supply is a clear disincentive for investment. Management of the environment is almost non-existent as a result of the government's failure to enforce laid down regulations. While the war has taken a toll on the environment, the persistent cutting of trees by the logging industry and individuals for business and domestic use, continue to damage the environment.<sup>174</sup>

## **3.4 HUMAN RESOURCE DEVELOPMENTS**

According to the Economic Intelligent Unit, Sierra Leone's income distribution is among the lowest in the world. In 1990, 82 per cent of its population lived below the poverty line. Between 1990 and 2000, per capita income plunged 35 percent and it was only \$1.34 per day in 2000.<sup>175</sup> According to a World Bank assessment, "even taking into account projected growth rates and expected improvements in its terms of trade, Sierra Leone is expected to remain an International Development Association (IDA)-only and Poverty Reduction and Growth Facility (PRGF)-eligible country for the foreseeable future"<sup>176</sup>

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<sup>173</sup> *Ibid.*, p13

<sup>174</sup> J. Weeks, *op.cit.*, p 8

<sup>175</sup> Economic Intelligent Unit, *op.cit.*,

<sup>176</sup> World Bank Report, *Sierra Leone Country Background*, World Bank, Washington, 2002, p23



Other development indicators tell a sad story: child and maternal mortality are among the highest in the world. In fact, for the past several years, Sierra Leone has been ranked at the very bottom among 162 nations in terms of Gross National Product (GNP) per head, life expectancy at birth, and adult literacy.<sup>177</sup> In 2001, the UN Children's Fund estimated that 5,000 children die in Freetown before reaching their first birthday.<sup>178</sup> Life expectancy in 2002 is 38 years; the average life expectancy in Sub-Saharan Africa is 49 years.<sup>179</sup>

There is a high incidence of sexually transmitted diseases also perpetuated by the rebel conflict. Malaria, a readily preventable disease, still remains the single largest health problem in the country. In addition, the country faces poverty and hygiene related illnesses as well as preventable epidemics, such as typhoid, cholera, periodic outbreaks of Lassa fever and many others. There are no reliable data on the level of HIV/AIDS among the population. However, the Economic Intelligent Unit speculated that it will soon hit epidemic proportions if urgent action is not taken. For example, in 1999, the military carried out tests on 1,099 potential male conscripts and recorded a 21.3 percent infection rate compared to 7.8 percent in 1994.<sup>180</sup>

### 3.5 CONCLUSION

The political, social and economic history of Sierra Leone unravels multi-layer challenges that the currency of the state must grapple with as well as reverse for the good of the nation. The history of violence, punctuated by a spate of military coups and aborted coups are a worrying scenario for a nation still struggling to stand on its own feet. To this end, the country requires proactive and multidimensional economic

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<sup>177</sup> UNDP Human Development Report, 2001, p 156

<sup>178</sup> Economic Intelligence Unit, *Health and Education Sierra Leone* 2001 <http://www.eiu.com> January 2006

<sup>179</sup> *Country Profile: Sierra Leone*, April 4, 2003, [www.devdata.worldbank.org/external/CPProfile](http://www.devdata.worldbank.org/external/CPProfile)

<sup>180</sup> Economic Intelligent Unit, op.cit.

strategies and long term commitment to the principles of good governance for the attainment of economic growth and sound democratic institutions. This is underscored by a demonstrated presence of undisciplined political arrangement such that the party system is neither defined by values and ideologies, nor is it guided by a strong culture of allegiance – one that is structured on discipline and political beliefs. Amidst the lame-development environment came a long drawn ill defined civil conflict that terrorised the human potential, devastated an already limited infrastructure and reversed the development potential of the small nation-state. The endured encumbrances are heightened by the country being an ailing and a highly indebted poor economy for the foreseeable future, which presents in a sense, the opportunity for a committed leadership to reverse the trend with support from the international community and development partners.

There is a lingering hope that the Kabbah administration will take forward some of the key challenges to institute change, however, The state of the human, socio-economic and political development potential as presented in this chapter begs at least, three questions to grapple with: first, how has the leadership been managing the challenges prior to the 1996 Kabbah reforms, or have they been part of the problem dynamics; second, there arises the need to further investigate the interplay between leadership and the management of public resources that resulted into the grim state of affairs as presented in the chapter; and finally, there is a need to explore the state of affairs before independence in 1961, for example, to understand whether the political and economic dimensions of governance were a good foundation for the leadership to build upon, or whether there was absolutely no political or economic infrastructure put in place by the colonial masters in helping the new leaders take the country forward.

The next chapter addresses the last question – investigating the political and economic landscape of Sierra Leone prior to independence. This will be done by

examining the parliamentary development of the country since 1787, as representative democracy was the first and ultimate institution that the first settlers of present day Sierra Leone saw as the platform through which development aspirations should be channelled. The subsequent chapters will explore the first two issues with the objective of identifying how the leadership failed in providing multiplier effects through not strengthening oversight institutions, or enhancing human capacity, as well as failing to adopt inclusive policies for the engagement of the civil society and the media in national resource management.

## **CHAPTER FOUR**

### **CHAPTER FOUR: PALIAMENTARY DEVELOPMENT OF SIERRA LEONE**

#### **4.1 INTRODUCTION**

Modern Parliaments are imbued with the “power of the purse”<sup>181</sup> to authorise executive budgets and to exercise financial oversight to ensure transparency and accountability in the process of delivering public services within the spirit of planned estimates and expenditures.<sup>182</sup> It can be said, also, that the political history and social dynamics of a country are to a very large extent reflective of the manner in which politics and policy implementation are shaped. In the attempt to analyse the role of the Sierra Leone Parliament in exercising law-making as well as budgetary oversight functions, it is useful to take a look at the historical development of the institution to understand how it has evolved from the colonial era to the present. In depth study of the background of Parliament will also help the research process to unpack the dynamics behind its present relationship with the executive on major issues such as the national budget and implementation.

#### **4.2 ABSOLUTE INDEPENDENCE 1787-1791**

The first legislative institution established in Sierra Leone - the then “Province of Freedom” was in 1787, when the free blacks were returned to the West African coast from Britain under the humanitarian venture of Granville Sharpe and other Englishmen. These men were vehemently opposed to the Slave Trade and agitated for an end to the inhuman act. Upon the creation of the settlement, the returned free slaves

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<sup>181</sup> Seminar discussions led by Professor the Lord Norton of Louth, University of Hull, October 2004

<sup>182</sup> R. Kibria, *Budgeting and Oversight in the Commonwealth*, Commonwealth Public Expenditure Management Regional Seminar, (July 2006), Belmopan, Belize

were given the opportunity to elect a council that would be responsible for the day to administration of the settlement. In the words of Marcus Jones:

The founding of the settlement was unique and peculiar .... Instead of a colonial legislature, the settlement had a Common Council formed from among the Hundredors and Tythingmen who were elected. In their Common Council the settlers exercised legislative powers with absolute freedom, unfettered by any interference or direction from anywhere else. The council was one of limited powers.<sup>183</sup>

The first legislative council of the settlement unfortunately was short-lived. It lasted for only four years - 1787 to 1791 when the Sierra Leone Company was set up by the philanthropists in England, to take control of the administration of the territory. As a result the settlers lost their independence to company rule. It is worth noting that the four years of self rule was the only period before Sierra Leone attained independence in 1961, where an indigenous independent Parliament was in absolute control of the affairs of state.<sup>184</sup>

#### **4.3 COMPANY RULE 1791- 1808**

Since 1791 when the Sierra Leone Company took over the administration of the territory from the indigenous independent Parliament, it continued to be in charge of affairs of the settlement until 1808 when the British Crown took over from the business institution.<sup>185</sup> Under company rule, an independent elected Parliament was replaced by a Governing Council headed by a Superintendent appointed by the Court of Directors of the Sierra Leone Company, residing in England. The Superintendent was not responsible to the settlers but to the Company Directors. The Superintendent wielded absolute powers over the territory.<sup>186</sup>

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<sup>183</sup> M. Jones, *Legal Development and Constitutional Change in Sierra Leone (1787 – 1971)*, p 32

<sup>184</sup> *Ibid.*;p32

<sup>185</sup> *Ibid.*; p 40

<sup>186</sup> *Ibid.*; p41

While the company ruled, it was also busy conducting trade with the settlers and neighbouring indigenous tribes.<sup>187</sup> To maintain law and order, the Superintendent involved the settlers in the general administration of the settlement. In that regard, Hundredors and Tythingmen were appointed from among former indigenous settlers responsible for the running of the settlement. However, these appointed officials operated on the fringes of government, they were not allowed to play any strategic role in governance regardless of their experience in leading the settlement prior to company rule. For example, on 1 March 1793, the council appointed a handful of Hundredors as Town Marshals. The Hundredors and Tythingmen mainly performed municipal duties where they debated and passed resolutions.<sup>188</sup>

By 1793 the settlers started claiming the right to propose enactments through the Superintendent and Council; the proposals were accepted by the company leaders and were passed into law. However, by virtue of a Charter passed by the Company in 1800, the Hundredors and Tythingmen were removed from all decision making schemes and the powers of the Governor consolidated (The Charter changed the title Superintendent to Governor) to make decisions without recourse to the settlers. According to Marcus Jones, the 1800 Charter marked the beginning of executive style leadership in Sierra Leone:

The governor's position was strong. He had a veto, and contrary to what had been in force earlier on, his powers were not limited or made conditional upon his obtaining the concurrence of the council. However, neither he, nor his council, could pass any law which was repugnant to or inconsistent with the laws of England.<sup>189</sup>

By strengthening the Governor to act independent of the council, it can be said that the 1800 Charter not only laid down the foundation for ultra-executive style

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<sup>187</sup> *Ibid* p78-79

<sup>188</sup> M. Jones, op.cit., p79

<sup>189</sup> *Ibid.*, p69

leadership, but also prepared the ground for colonial rule, in which the governors wielded absolute executive powers in the colony.

A provision in the Charter worthy of mention is the incorporation of Freetown, making it the first municipality on the African continent. It was established “Body Politic and Corporate” under the leadership of “The Mayor and Aldermen of Freetown”. The settlers played a significant role in the administration of the city.<sup>190</sup> But as highlighted above their role was limited to municipal duties only, with no significant involvement with the proper administrative framework.

#### **4.4 COLONIAL RULE 1808 - 1960**

Following numerous attacks on the settlement by neighbouring tribes and the rising resentment against company rule, the British Crown took over the administration of the settlement in 1808, thus marking the real beginning of British colonial rule in Sierra Leone.<sup>191</sup> In the early years of colonial rule, the Crown retained all administrative structures put in place by the Company and did not make any major changes to the rules laid down by the Sierra Leone Company. The only exception was to deny the settlers the right to take part in any form of decision making in the territory. The new policy not only deepened deprivation from playing some form of role in the administration of their settlement, but the settlers were neither consulted nor did their opinions count any longer.<sup>192</sup>

##### **4.4.1 *Changes to Legislative Arrangements***

After more than a decade of crown rule, the British Government introduced some legislative changes in its West Africa territories. In 1821 the West Africa Act

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<sup>190</sup> *Ibid.*, p71

<sup>191</sup> *Ibid.*, p83

<sup>192</sup> M. Jones, p 85

was passed in the British Parliament which led to the expansion of the membership of the Legislative Council by nine additional councillors.<sup>193</sup> The Act also brought into being a significant change to British administration in West Africa, by making Freetown the seat of colonial administration for the rest of its West African colonies: “all the possessions and territories of Great Britain in West Africa, between latitudes 20 degrees north and 20 degrees south should be annexed to and or made Dependencies of the colony of Sierra Leone”.<sup>194</sup> As a result The Gold Coast (now Ghana), The Gambia and Lagos became dependencies of Sierra Leone, and were subject to the laws of Sierra Leone. Freetown then became the administrative capital for the rest of West Africa.<sup>195</sup> Although the Act was repealed in 1827, it underscored the premium placed on the Sierra Leone colony above the rest of the British territories in West Africa.

#### **4.5 THE 1863 CONSTITUTION**

The next significant change took the form of a new constitution introduced in 1863, which was regarded as the first constitution to be specifically promulgated for the administration of Sierra Leone.<sup>196</sup> Previous instruments of administration were Charters or Orders made in Council. The 1863 Constitution made the following changes to the Legislative Council:<sup>197</sup>

- The Governor and Commander-in-Chief (had a casting vote)
- The Chief Justice
- The Colonial Secretary
- The Queen’s Advocate
- The Officer Commanding the Troops

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<sup>193</sup> *Ibid.*, p98

<sup>194</sup> J. Marcus, op.cit., p96

<sup>195</sup> *Ibid.*,

<sup>196</sup> *Ibid.*, p108

<sup>197</sup> *Ibid.*, p108



- “And such other person or persons nominated and appointed to serve on the council” (the number varied between 2 to 7). The nominations were to be made by the Governor confirmed by the Secretary of State.

The provision made for nominated members turned out to the advantage of the settlers when one of their members, John Ezzidio, became the first African to be nominated to the Legislative Council. Ezzidio’s nomination once again opened the door for the indigenous Sierra Leoneans to play an active role in the political dispensation of the colony. The trend continued until Sierra Leoneans gained total control over the Legislative Council and government a century later. The Constitution provided for an Executive Council, which comprised of all official members of the Legislative Council with the exception of the unofficial nominated members. It is important to note, also, that emphasis was placed on the official establishment of an Executive Council in the 1863 Constitution.<sup>198</sup>

It is submitted that the 1863 Constitution is the “archetype colonial measure” in which the Governor wields unlimited residual powers incompatible with contemporary executive leaderships.<sup>199</sup> Under the Constitution, for example, the Governor could appoint members to the Legislative Council and dismiss them – the members served at his pleasure; he exercised absolute control over the treasury and financial administration beyond that of the Legislative Council; and also exercised judicial functions. Moreover, the Governor was not made to be accountable to any political unit in the colony except the Crown in England.<sup>200</sup> It could be said perhaps that the absence of political accountability in the colonies might have contributed to the general outcry in the British Parliament in 1865 against the submitted estimates for the administration of the colonies. Members in the House then described the colonial

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<sup>198</sup> *Ibid.*, p112

<sup>199</sup> *Ibid.*, p112

<sup>200</sup> *Ibid.*, p109

leadership as irresponsible; that they neither promoted trade nor fought to end slavery in the West African territories.<sup>201</sup>

The year 1896 was another turning point in the political and Parliamentary development of Sierra Leone: the Crown established its sway over the hinterland (contemporary Sierra Leone) and declared it a Protectorate.<sup>202</sup> The declaration came about as a result of the Berlin Conference of 1885 (the partition of Africa among the colonial powers), which extended Britain's colonial grip over the rest of present day Sierra Leone. It should be mentioned, also, that the settlement of Freetown was the only jurisdiction under colonial control since the introduction of company rule in 1791, the rest of the country was under tribal rule of numerous Kings and Warriors. The declaration of the protectorate also brought to an end absolute tribal authority and changed the overall administrative structure of the country in favour of colonial rule.<sup>203</sup>

#### **4.6 THE 1924 CONSTITUTION**

The introduction of the 1924 Constitution was the first major change to have taken place in the political and Parliamentary setup of the colony since the 1863 Constitution. The new instrument brought about changes, although not radical enough to transform the Legislative Council. Under the provisions of the new constitution, the membership of the legislative council was expanded to eleven (11) official members and ten (10) unofficial members nominated by the Governor. The membership was as follows:<sup>204</sup>

##### *Official Members*

- Officer Commanding the Troops
- Colonial Secretary

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<sup>201</sup> *Ibid.*, p109

<sup>202</sup> *Ibid.*, p119-123

<sup>203</sup> Note: Freetown area which was established in 1787 was for administrative convenience referred to as the Colony, while the annexed hinterland of 1896 was known as the Protectorate.

<sup>204</sup> M. Jones, op.cit., p137

- Attorney General
- Colonial Treasurer
- Principal Medical Officer
- 3 Provincial Commissioners (following the annexation of the hinterland)
- Comptroller of Customs
- Director of Public Works
- Commissioner of Lands and Forests

#### *Unofficial Members*

- 3 Elected members from the colony
- 2 Colony Africans nominated by the Governor
- 2 Europeans nominated by the Governor
- 3 Paramount Chiefs from the protectorate one each from the three administrative regions nominated by the Governor<sup>205</sup>

The Executive Council comprised of the five senior members of the Legislative Council:

- Officer Commanding the Troops
- Colonial Secretary
- Attorney General
- Colonial Treasurer
- Director of Medical Services

The promulgation of a new constitution conferred immense powers on the Governor beyond the provisions of the 1863 Constitution. The Governor, for example, could make laws for peace and good government (the colony and protectorate together); he could summon, adjourn, prorogue or dissolve the Legislative Council without advice. The Governor could, moreover, exercise all prerogative powers of the Crown with the exception of the powers of legislation. He could among others:

- i. Nominate members to the Council
- ii. Exercise the right of veto
- iii. Appoint judges and justices of the peace

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<sup>205</sup> Note: The Paramount Chiefs were the Kings or ethnic leaders in charge of the administration of numerous tribal jurisdictions. The title was changed to *Paramount Chief* by the British Crown and ruled the protectorate through the Paramount Chiefs under the system of “indirect rule”. The chiefs were addressed by the colonial administrators as “my good friend”. Regardless of several merger arrangements over the years, there remain 146 Chiefdoms in present day Sierra Leone.

- iv. Grant pardons
- v. Regulate fees collected as general revenue
- vi. Dispense offices
- vii. Reserve bills for Her Majesty's pleasure, and refuse assent to them<sup>206</sup>

#### ***4.6.1 Implications of the 1924 Constitution on Public Finance***

The 1924 Constitution brought along administrative features similar to those of contemporary executive leadership, including that of Sierra Leone, where the executive president is imbued with extensive rights to veto, powers to appoint judges and the granting of presidential pardons.<sup>207</sup> The Constitution reinforced the vast powers of a future executive president already laid down by the previous Constitution of 1863.

Another significant feature of proper public finance administration was for the first time since the British Crown took over the crown colony in 1808, followed by the 1896 declaration of the protectorate in 1896, brought to the fore. Firstly, a Colonial Treasurer now sat on the Legislative Council as well as the Executive Council. This development was significant in terms of mainstreaming financial regulations and resource management in the colony. It meant also that budgetary issues including resource allocations were discussed at both the Legislative and Executive Councils. In addition, the presence of the Comptroller of Customs in the Legislative Council also meant that revenue policies received the direct attention of members and occupied a strategic place on the agenda of legislative proceedings.

Thus far, there seems a high correlation between revenue generation and expenditure control during the third decade of the twentieth century in the colony of Sierra Leone. It is worth noting at this juncture that the post of Comptroller of Customs continued to be in charge of revenue generation at customs, until recently when all

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<sup>206</sup> M. Jones, op.cit., p138

<sup>207</sup> The 1991 Constitution of Sierra Leone

revenue generating agencies were harmonised in 2004 under a single body, the National Revenue Authority (NRA).

Moreover, the fact that the Governor regulated fees collected as general revenue reinforced the primacy of executive control over public funds during the first quarter of the twentieth century (nearly four decades before independence). However, there is no indicative evidence that emphasis was placed on the proper management of finances in a transparent and accountable environment, which should have been created by the colonial administration. On the contrary, evidence shows that indigenous ministers in the colonial government were involved in financial impropriety even before independence. This might partly be explained by the absence of a transparency culture in the management of national resources.<sup>208</sup>

By virtue of this analysis, it could be said that the overwhelming powers of the Governor over financial resources must have shaped current trends in which the executive president exercises unrivalled control over the national budget. As demonstrated in chapter eight of this study, in most developing countries within the Commonwealth, all Money Bills with financial implications must be cleared with the executive or receive prior approval before they can be introduced in Parliament.<sup>209</sup> In this regard, it can be said that the peripheral role of Parliaments in the budgetary process owes its ancestry to colonial administration. Executive dominance over the budget is a culture that has evolved over the years in most Commonwealth countries.

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<sup>208</sup> The 1958 Riot over the hoarding of rice as explained later in this chapter, is a case in point

<sup>209</sup> This was discovered at recently organised training programmes under the Commonwealth Secretariat's Public Expenditure Management Programmes held at pan-Commonwealth and regional levels.

#### 4.6.2 *Developments leading to further legislative changes*

Post-1924 Sierra Leone was one in which the indigenes clamoured for more changes to the political arrangement and called for their greater participation in government. The nationalists took bold steps for self-determination which resulted into some significant changes. The Sierra Leoneans started organising for political change even before the 1924 Constitution was passed. For example, as early as 1907, the *Civil Servants Association* was formed by indigenous workers in the public service to protect the welfare of their membership and agitate for appointments to top civil service positions.<sup>210</sup> In addition, the first *Ratepayers Association* was formed in 1909, among other reasons to contest seats in the municipal elections of Freetown. The group later focused its attention on national politics seeking representation in the Legislative Council. Furthermore, as a result of ongoing external forces within the region, in particular after the First World War, the *National Congress of British West Africa* was formed by J.E Caseley-Hayford of the Gold Coast (Ghana) with the prime objective of seeking self-rule for all West African British colonies, namely Ghana, The Gambia, Nigeria and Sierra Leone.<sup>211</sup>

In 1919 another group of political activists, the *African Progressive Union* was formed in the colony of Freetown with a similar objective to influence constitutional changes that would grant Sierra Leoneans greater role in the politics of the colony.<sup>212</sup> Further developments took place in 1945 when a new political party, *The Sierra Leone National Council (SLNC)* was formed under the leadership of highly educated elites to play a central role in the administration of the country. The most dramatic change however, took place in 1938 when the *West African Youth League* was formed by Isaac Theophilus Akunna Wallace Johnson, a radical political activist who found and ran the

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<sup>210</sup> *Ibid.*, p141-143

<sup>211</sup> *Ibid.*, p142-143

<sup>212</sup> *Ibid.*, p142-143

*African Standard* Newspaper in Freetown. Wallace Johnson was a radical with neo-communist ideologies.<sup>213</sup>

The *West African Youth League* delivered its first dramatic impact by winning several seats in the municipal council elections in Freetown. As a result and on account of pressures from other groups, the colonial administration approved the provision for an African unofficial majority in the Standing Committee of the legislative council – the first time in the history of colonial Africa.<sup>214</sup> Following this achievement, two Sierra Leoneans were appointed to the executive council in 1943, granting them the opportunity for the first time - after more than hundred years - to participate in the executive decision making process in the country. It can be submitted that having an unofficial African majority on the Standing Finance Committee was by itself a significant gain in the struggle for self-rule. In addition, matters relating to control over public finance also gained primacy.

On account of the increased pressure for political change, the *Protectorate Assembly* was established in 1946 by the colonial administration to provide the protectorate local leaders with the opportunity to play a role in national administration. The Protectorate Assembly advised the Crown on native and tribal issues. During the same period that the Protectorate Assembly was created, the *Sierra Leone Organisation Society* was formed by a handful of protectorate elites to serve as a mouth piece for provincial interests.<sup>215</sup>

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<sup>213</sup> *Ibid.*, p142-143

<sup>214</sup> *Ibid.*, p144

<sup>215</sup> *Ibid.*,

## 4.7 THE 1951 CONSTITUTION

On 19 November 1951, the British Government issued an Order in Council, published as *The Sierra Leone Legislative Council Order in Council Public Notice No. 106 of 1951*, to introduce a new constitution. The new instrument provided for an Executive Council and an unofficial African majority in the Legislative Council. It also attempted to introduce representative government but the latter was not operational in the protectorate where the elective principle was absent.<sup>216</sup> Membership of the Legislative Council in the protectorate was through a padded nominated system rather a direct electoral system. In other words, representatives were drawn from the protectorate assembly. The legislative assembly comprised the following:<sup>217</sup>

### *Official Members*

- The Governor (as President)
- The Chief Commissioner of the Protectorate
- The Attorney General
- The Financial Secretary
- The Director of Medical Studies
- The Director of Agriculture
- The Director of Education

### *Unofficial Members*

- Seven elected members from the colony
- Fourteen elected members from the protectorate, of whom one was to be nominated by the Governor and one nominated by the protectorate assembly
- Two nominated members to represent trade and commerce.

The Executive Council comprised of following:

- Four ex-officio members, these were:
- The Colonial Secretary
- The Chief Commissioner of the Protectorate

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<sup>216</sup> *Ibid.*, p180

<sup>217</sup> *Ibid.*, p180-181



- The Financial Secretary
- The Attorney General
- *Six Unofficial Members*

In spite of the introduction of an unofficial majority in the Legislative Council, the Governor was still a very powerful influence as he presided over the Executive Council as well as exercised control over the colony. For example, he had the power of veto, could introduce legislation and he also enjoyed absolute control over the judiciary.<sup>218</sup>

Regardless of criticisms levied against the constitution on account of the sweeping powers of the Governor, it could be said, that the 1951 Constitution laid the foundation for self-government and it created the building blocks for a clearly defined budgetary system. For example, the appointment of the Financial Secretary to the Executive Council was a pointer that financial controls were beginning to gain a foothold in the system. In addition, the election of a Vice President, in this case, Beoku Betts, from among the Africans, meant that the principle of self-determination was gradually taking shape.<sup>219</sup>

#### ***4.7.1 Towards Ministerial Government***

The 1951 Constitution was to facilitate a rapid shift of power from the colonial administrators into the hands of the local African leaders. Following the 1951 elections contested by the Sierra Leone Peoples Party (SLPP) and the National Council, the SLPP formed a government after taking the majority of seats.<sup>220</sup> Further significant developments took place in 1953 that expanded the scope of national responsibility of local political leaders. Six ministers, including one without portfolio, were appointed

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<sup>218</sup> *Ibid.*, p181

<sup>219</sup> *Ibid.*, p184

<sup>220</sup> *Ibid.*, p184

from among the local Legislative Council members. The title “leader of the opposition” was formally conferred on Dr H.C. Bankole Bright of the National Council by the Governor.<sup>221</sup>

The political landscape during this period was marked by intense party rivalry in which financial malpractice and public sector impropriety started to incubate among the new African leaders in executive positions. It could be argued, however, that the colonial leadership might have greatly influenced the behaviour of the new elected officials in government. Professor Marcus Jones aptly quoted Professor Robinson in his *The Governors and the Governed* that: “Knowledge by the people about their government is indispensable if democracy is to succeed. The government cannot operate successfully if its activities are veiled in ignorance, misunderstanding and mystery. Public authorities must come into the market place and tell people simple and clearly what they are trying to do and why. They should explain and justify the methods. They should be frank about difficulties and shortcomings. Only by a deliberate effort of this kind can prejudice and ignorance or malevolent criticism be avoided and a discriminating body of public opinion built up”.<sup>222</sup>

The prevailing situation in government, unfortunately dictated the reverse. In his contribution to Parliamentary debate on 5 November 1956, for example, Wallace Johnson, the radical politician and journalist, lashed out that “one minister since entering the executive council had built houses worth £9000 and had £5000 cash in various banks. Another had £6000 worth of buildings, a transport company and one hundred acres of land; a third was suppose to be able to sign cheques of £30,000”.<sup>223</sup> The spate of corruption, it can be argued, took its toll on the livelihood of the populace, because in February 1955 serious riots took place in Freetown on account of alleged

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<sup>221</sup> *Ibid.*, 184

<sup>222</sup> *Ibid.*, p188

<sup>223</sup> *Ibid.*, p189, J.A.D. Alie, op.cit., p211

hoarding of rice by political leaders. Mr Stevens (who later led the country for nearly two decades 1968-1985), Mr Margai and Mr Mustapha - all politicians, alleged their houses were attacked by rioters.<sup>224</sup> Similar disturbances took place in the protectorate, which were followed by the setting up of the Cox Commission to look into the situation. The Commission reported among others that “there was evidence of greed, extortion and widespread corruption on the part of chiefs. They concluded that these activities had a demoralising effect on the people.”<sup>225</sup>

#### ***4.7.2 Constitutional changes leading to independence***

In addition to the high level mismanagement in government, the clamour for self-rule continued unabated. One would have thought that the nationalist leaders clamour for political independence was in tune with the spirit of national development, rather than personal aggrandisement as demonstrated during this period. Between 1951 and 1960, several developments took place in preparation for the attainment of independence in 1961. One of the occurrences was a dialogue that took place in London between the local leaders and the Crown Representatives which led to the removal of all Official Members from the Executive Council with the exception of the Governor.<sup>226</sup> Dr Margai, the then leader of the majority party (the Sierra Leone Peoples Party) in Parliament was designated Chief Minister.

Furthermore, a statutory instrument was introduced in 1956 that ceded more responsibilities to the local leaders in anticipation of independence. The instrument, for example, changed the name of the Legislative Council to the House of Representatives (HOR). The membership of the HOR was also increased to fifty-seven with a new

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<sup>224</sup> J. A.D. Alie, op.cit., p212-213 (explained further that five chiefs were deposed and five resigned their positions following the Cox Commission Report)

<sup>225</sup> *Ibid.*, p190

<sup>226</sup> *Ibid.*, p191

position of “Speaker of the House”. The House of Representatives comprised the following:<sup>227</sup>

*Ex-Officio*

- The Chief Secretary (the new name for the Colonial Secretary)
- The Attorney-General
- The Chief Commissioner of the Protectorate
- The Financial Secretary

*Elected*

- 14 from the colony
- 25 from the protectorate
- 12 chiefs from the protectorate

*Nominated*

- 2 nominated members

The Governor withdrew from the Legislature and was replaced by the Speaker.

On 25 March 1960, Sir Milton Margai, the Chief Minister led a twenty-four man team, called a *United Front* including 17 members of the HOR to London to engage the Crown in further negotiations for self-rule. The mission achieved a number of fruitful outcomes, for example, on the 23 June 1960, another Statutory Instrument introduced a whole new African Executive Council – now called the Cabinet, and the Premier (Chief Minister) became Prime Minister. The Instrument further established a new Public Service Commission and a Judicial Service Commission. All of these developments bore the hallmark of self-government that was translated into independence the following year.<sup>228</sup>

#### **4.8 THE 1961 INDEPENDENCE CONSTITUTION**

Prior to the attainment of independence, an “all party delegation” of local political leaders led by Sir Milton Margai (Leader of the majority party, SLPP in the

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<sup>227</sup> *Ibid.*, p191

<sup>228</sup> *Ibid.*, p 193

HOR), visited London again from 20 April to 4 May 1960, to request formally independence from the Crown. As in the previous case, the mission was successful and led to the selection of 27 April 1961 as the date for independence. Following this understanding, the Sierra Leone Independence Bill was tabled and debated by the British Houses of Parliament on the 22 March 1961. However, the manner in which the bill was rushed through the house and concluded within two hours, raised serious concerns for which Norman Pannell MP said:<sup>229</sup>

I regret the delay in bringing this bill before the House...Even more do I regret the haste with which the Bill is being passed through all its stages. A colony with which we have had a connection for over 200 years is being, in a sense disposed of in a few hours. Whereas yesterday, we discussed for the whole day a matter of transitory and trivial importance – the salary of one man – today we are disposing of the destiny of two million people in less than half that time.

#### ***4.8.1 Features of the 1961 Constitution***

The Constitution brought with it some features of real democracy: it introduced a Bill of Rights – guaranteed the rights of citizens, and Judicial Review - which meant that laws passed by Parliament that contravenes the constitution could be subjected to a review by the judiciary. The principle of executive governance was introduced as it vested immense powers in the Governor-General which can be exercised directly or indirectly through cabinet ministers. The Constitution put finishing touches to the Westminster style government in which ministers are drawn from the unicameral Parliament. The instrument also provides that following a general election, the Governor General can appoint as Prime Minister the person who appears to command a majority in the HOR. However, in spite of the presence of an elected Prime Minister as head of government, the Governor General retained extensive powers such that he can dissolve the HOR and may appoint persons to the judiciary if he chose.<sup>230</sup>

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<sup>229</sup> *Ibid.*, p196 (The author incorrectly refers to the MP as Norman Powell)

<sup>230</sup> *Ibid.*, p200-202

The Constitution established a Parliament for an independent state composed of the Governor General, the Speaker and members elected from single-member constituencies. Added to this number, each of the 12 Districts had one traditional ruler – a Paramount Chief - as member. Parliament was instituted the supreme legislative authority of the country with powers to alter and amend the constitution, although some clauses were entrenched.<sup>231</sup>

#### ***4.8.2 Analysis of the independence status***

It appeared that whilst Sierra Leone and its leaders celebrated independence, the great question that loomed was the preparedness of its leaders to take forward the leadership mantle of the young nation. It is of significance to note that the new leaders had not had the political and administrative experience required to lead the country into independence. Unlike the Creoles of Freetown (formerly the Province of Freedom), who have had nearly two hundred years (1787 – 1961) experience in political, legal and administrative leadership, their counterparts in the protectorate, who were now in control of government had only had less than two decades experience in political leadership. It was for this, among other reasons that some creoles challenged the legality of the constitution. Marcus Jones shared their sentiments:

When independence arrived in Sierra Leone, there were no fundamental unities binding the peoples of the country. The colony and the protectorate were torn apart and once again, litigation was commenced, this time in London, to challenge the constitutionality of the independence of Sierra Leone. There was no great mass movement for independence as had happened in Ghana, for instance and so the legal framework for national unity was practically non-existent. The civil service was beginning to be politicised, there was considerable illiteracy and there was a deep tribal division. This was the kind of country which was taken over by the politicians of the Sierra Leone People's Party who had had just under a decade of experience in the running of a modern democracy. The provision of a Bill of Rights as an attachment to the

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<sup>231</sup> *Ibid.*, p202

constitution of Sierra Leone seemed a very necessary and desirable expedient.<sup>232</sup>

Until the establishment of the protectorate assembly in the 1940s, membership to the Legislative Council for the protectorates was through nomination rather than by election, and until the subsequent creation of the SLPP by the protectorate elites, the new leaders have never had dealings with western public sector leadership. The Creoles who have had that exposure in the colony were in the minority and could not win as many seats as were required to lead the country. Similar views of political immaturity were raised from several quarters including the *Times* newspaper:

A colonial regime is authoritarian in essence, even though it may be acting as a school for democracy. The authoritarian sanctions are there in reserve and even occasionally used. The African Government taking over from such a regime has to govern a country where the electorate are immature, mostly illiterate and ridden by fear and witchcraft. They are deeply divided tribally, violence is endemic and the very boundaries of the country are recent and in some cases, purely artificial. It is reasonable to suppose that any government will be able to control such a situation unless it is prepared to govern it strongly?<sup>233</sup>

Political immaturity manifested itself soon after the death of the first Prime Minister, Dr Margai in 1964. Mr Albert Margai, junior brother of the deceased Prime Minister, who succeeded him, immediately attempted to introduce a single-party constitution as well as a republican one. Both attempts met with stiff opposition from the leading opposition party, the All Peoples Congress (APC). The APC mobilised national resistance against the Margai proposals. In addition, following the 1967 elections which were marked by serious malpractices, a team of military officers took power by force, but this was short-lived as it was put down by another rank of junior officers, who formed the National Reformation Council (NRC) headed by Lieutenant Colonel Juxon-Smith.<sup>234</sup> One year later, another military coup toppled the NRC and

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<sup>232</sup> *Ibid.*, p198

<sup>233</sup> Quoted in Marcus Jones, p.198

<sup>234</sup> M. Jones, op.cit., p231

installed Siaka Stevens as Prime Minister. Stevens was leader of the APC that supposedly won the controversial 1967 general elections.<sup>235</sup>

#### **4.9 THE 1971 REPUBLICAN CONSTITUTION**

When the APC came to power in 1968, the party ruled and dominated the political scene of Sierra Leone for a period of twenty-four years, 1968 to 1992, when it was ousted in a military coup in 1992. Stevens, who had earlier opposed the introduction of both a republican constitution and a single party rule, became the great advocate of republicanism and the single party system. On the 19 April 1971, Parliament passed a Republican Constitution by a majority of 53 to 10.<sup>236</sup> Section 16 of the Constitution introduced an executive president as head of state and commander in chief of the armed forces. He was to be elected by cabinet and to hold office at the pleasure of the cabinet. Initially, a significant constitutional omission regarding the qualification for the office of President was identified and was later addressed by an amendment. Apart from the fact that he was supposed to take an oath of office, there was no provision in respect of his role in the process of government.<sup>237</sup>

The constitution provided for a unicameral Parliament of elected members and paramount chiefs. The Constitution did not take into account the role of an opposition party in Parliament. The only significant role set out for the opposition was after the passing of Act No. 7 in the same year, which required the whole Parliament including the opposition members to appoint the President with the Chief Justice serving as the returning officer. This role was previously carried out by the Cabinet. The amended act also provided that to be eligible for the position of President, the person must be a

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<sup>235</sup> *Ibid.*, p231

<sup>236</sup> *Ibid.*, p236

<sup>237</sup> *Ibid.*, p236



citizen and must have attained the age of forty-five years. The immunities and privileges of the President were also provided for.

Under the new arrangements, the President could appoint members of the electoral commission without the advice of the Prime Minister (now the Vice President). Section 49 further consolidated the President's grip on power, for example, he would act in his deliberate judgement without the advice of the cabinet. He "shall not be obliged to follow the advice tendered by any other person or authority". The office of the Vice President replaced that of the Prime Minister. Most notably, and in contravention of tradition, the President had two Vice presidents instead of one.

The republican Constitution also introduced a president more powerful than even the colonial Governors, who were answerable to a Colonial Secretary and the Crown in England. The republican President was not answerable to any institution or individuals – arguably marking the beginning of a dictatorship. The 1971 constitution reinforced absolute executive dominance over the legislature in relation to all state operations, including the oversight functions of the latter. Section 49 more or less reduced the powers and influence of the Parliament over issues that required its approval such as on the national budget as well as its oversight functions.

#### **4.10 THE 1978 SINGLE-PARTY CONSTITUTION**

The 1978 One-Party Constitution was the most repressive post independent constitution passed in Sierra Leone under the APC regime of Siaka Stevens. The constitution was passed on the premise that a single party system would facilitate effective governance in a post independent era, given that human resource and ideas would be harmonised under a single political club.<sup>238</sup> Proponents of this political arrangement were of the view that the polarisation of people and ideas was not in the

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<sup>238</sup> J.A.D. Alie, op.cit., p242-245

best interest of young nations across Africa. Thus Stevens, the flag bearer, who had opposed the introduction of a republican constitution and a single-party rule, championed the passing of both constitutions. The APC manipulated a referendum which led to the promulgation of the 1978 one-party constitution.<sup>239</sup>

#### **4.10.1 Features of the 1978 Constitution**

##### ***4.10.2 The Parliament***

The new Constitution fashioned Parliament along the Westminster model with the President and cabinet being Members of Parliament. To be eligible for election to Parliament, a person must be a citizen of Sierra Leone (naturalised citizens exempted), must have attained twenty-one years and must be literate in English. The election of a Speaker and a Deputy Speaker from among Members of Parliament (MPs) was also provided for. The Parliament was made the supreme law making body and was imbued with such powers that allowed it to regulate its own proceedings – for example, make, amend, and revoke Standing Orders for the orderly conduct of Parliamentary business.

##### ***4.10.3 Executive Dominance***

Executive dominance which prevailed during colonial administration was perpetuated in the 1971 Republic Constitution and, again taken to excessive lengths in the 1978 Constitution. This was ingrained, for example, in the election of President in which Section 24 (2) (a) provided that complaints or protests relating to the election shall be referred to and be determined by the Returning Officer, whose decision shall be conclusive and shall not be inquired into by any court of law. In addition, Section

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<sup>239</sup> *Ibid.*, p245

90 provided for the Chief Justice to serve as the Returning Officer, who by deliberate design is appointed by the President and holds office at his pleasure.

Section 21(1) provides for a “Supreme Head of State and Commander of the Armed Forces, and Grand Commander of the Order of the Republic, who shall be known as the President of Sierra Leone”. The Head of State is the embodiment of national unity and ensures continuance of the Republic; he is guardian of the constitution, guarantor of national independence, of the integrity of the territory, of respect for treaties and international agreements. He is the fountain of justice and honour, who shall hold office for a period of seven years.

The President is powerful such that he is exempted from personal taxation (Section 27 (3)) and no criminal or civil proceedings can be instituted against him in respect of anything done or omitted either in his official or personal capacity (Section 27 (4)). Furthermore, Section 79 (1) vested further executive powers in the President: the President shall always act in accordance with his own deliberate judgement in the performance of state duties, among them the dissolution of Parliament and the appointment of the first and second Vice Presidents. The President is also empowered to appoint up to seven members to Parliament after each Parliamentary election and those members were entitled to contribute to debates and could vote on any matter before the House (Section 43). In a situation where the decision or action of the President requires advice from some other quarters, such as from the Cabinet, the question whether he sought or received such advice “shall not be inquired into by any court” (Section 79 (3)).

The extensive powers of the President also overshadowed the legislature. For instance, the President may at any point in time prorogue or dissolve the Parliament, and he may recall the body after such a dissolution, pending a general election if he

deemed it necessary owing to a state of public emergency (Section 75) (1) (5)). The President may at any point in time summon a meeting of the Parliament.

#### ***4.10.4 The Power of the Purse***

The 1978 Constitution provided for the Parliament to authorise (through an appropriation Act) national budgets (estimates and expenditure) submitted by the minister of finance (Section 127). While the Constitution provided for the traditional Parliamentary power of the purse, it is clear that real power over public funds rested with the executive – the President, the Cabinet and the minister of finance. For example, although Parliament can confer the authority on a local government unit to raise funds through local taxes, the President and Cabinet on the other hand, wield absolute control over taxation: Section 54(1) limits the ability of Parliament to impose any form of tax without the express approval of the President, except where reduction is required.

Furthermore, where it appeared to the minister of finance that there will be delays in passing the Appropriation Act to authorise expenditure, the minister may through a Parliamentary resolution, cause moneys to be spent from the consolidated fund for implementation purposes. Section 132 of the constitution also provided that Parliament may establish a contingency fund which is controlled by the finance minister and who in turn determines how and when the funds would be o be expended.

The constitution further provides that “there shall be paid to the holders of the offices ... such salaries and allowances as may be prescribed by or under any law or determined by the President acting in consultation with the Cabinet”. This provision resides considerable powers in the president to determine the salaries and allowances of the following: the Vice- Presidents, Attorney General and Minister of Justice, the Chief Justice, A Justice of the Supreme Court, A Justice of Appeal, A Judge of the

High Court, the Director of Public Prosecutions, the Chairman and Members of the Electoral Commission, the Chairman and members of the Public Service Commission, and the Auditor-General (Section 131 (1) and (4).

Drawing on the aforementioned, it is clear that the President's firm grip over state funds as provided for in the constitution, provided leeway to act ultra-vires on financial matters. The constitution also provided the President undue leverage over the judiciary and the financial oversight institution of the Auditor-General. The Auditor-General is appointed by the President in consultation with the Public Service Commission, if he pleases, and he also determines the salary and allowances of the public oversight officer.

#### **4.11 CONCLUSION**

This chapter has presented the history and background of Sierra Leone's parliamentary and constitutional developments as a prelude to the current institutional behaviour and political structures. The chapter traced executive dominance as a political legacy of colonialism that laid the foundation for current executive-legislative relations in which the latter plays a peripheral role in the budgetary process of the country. Regardless of this identified institutional challenge, it can be said that the British colonial legacy was one that can be celebrated as it laid all the democratic foundations, including institutions that the leadership could have built upon after independence.

At independence there were not only present proactive bodies such as an audit office, a free media (for example, Wallace Johnson's *African Standard* newspaper and many more), and avenues for civil society activities (such as the Rate Payers Association established as far back as in 1909), there were also opportunities present in the form human and institutional capacity (include a Public Service Commission and a

Judicial Service Commission), as well as political awareness, which were huge capital to be tapped into for the cultivation of economic and political development. In summary, the colonial apparatus did deliver some of the key mechanisms on which a strong nation could have been built, in particular for the political leadership to have transformed the country from a small and relatively peaceful cohesive nation to one of affluence and modern dynamism.

The next chapter is an attempt to examine in depth the management of national resources including governance structures under a number of successive governments - civil as well as military - prior to the Kabbah administration. It also highlights some of the leadership failures and the attendant attributes of corruption, greed, and the lack of foresight that have defined and permeated the development parameters of a once peaceful and thriving economy, only to be transformed into oblivion and poverty in less than half a century. The journey for Sierra Leone has been a painful experience accompanied by some of the most intriguing elements of society as set out in the next chapter.

## **CHAPTER FIVE**

### **CHAPTER FIVE: BUDGET TRANSPERENCY AND PARTICIPATION 1968-1996**

#### **5.1 INTRODUCTION**

This chapter unpacks the administration of public finance by three governments from 1968 to 1996, prior to the ongoing reforms of President Ahmed Tenja Kabbah. First, it looks at the All Peoples Congress (APC) Party's management of the budgetary process under two succeeding regimes, with emphasis on government transparency and stakeholder participation between 1968 and 1992. In this regard, the rule of Siaka Stevens 1968 -1985, and that of Major General Joseph Saidu Momoh 1985 -1992 would be examined. Second, it explores the manner in which the military government – the National Provisional Ruling Council (NPRC) - handled the public finances from 1992 to 1996.

#### **5.2 THE APC REGIME 1968 -1992**

##### **5.2.1 *Siaka Stevens 1968 -1985***

Siaka Stevens, the founding father of the All Peoples Congress (APC) party introduced the Republican Constitution in 1971 and the Single-Party Constitution in 1978. The successful introduction of the 1978 Constitution guaranteed the government the leeway to do whatever it chooses to do, when and in the manner in which it wanted to be done without formidable opposition from any quarters within society.<sup>240</sup> The legal framework which guided the budgetary process, as highlighted in the previous chapter was the 1971 Republican Constitution and the Finance Control and Management Act No. 2 of 1961. The 1978 Constitution entrusted enormous powers in the President and Cabinet over the management of the public purse. Section 132 of the

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<sup>240</sup> J. A. D. Alie, op.cit., p246

Constitution for example, provided for the Parliament to create a contingency fund to be managed by the minister of finance at his own discretion. Contrary to the OECD best practice guidelines, the government largely managed the budgetary process bereft of transparent discretions. As a result, unofficial spending was estimated at 60 percent of the country's operating budget by 1979 and was higher in the 1980s.<sup>241</sup>

Corruption was systemic and eventually affected the fabric of society such that by the 1980s the corrupt activities of ministers and civil servants took the slang: "Squandergate, Vouchergate, and Milliongate".<sup>242</sup> Public servants indulged in corrupt practices without fear of sanctions. In the 1985/86 fiscal year, domestic revenue stood at 18 percent of the 1977/78 figures.<sup>243</sup> The economy was so weak that the finance minister announced in 1980 that businesses had paid only 1.7 million (Leones) out of 100 million in assessed taxes since 1971. By 1984 national development outlay stood at only 3 per cent of the overall budget.<sup>244</sup> These developments completely fell outside best budgetary practice.

As mentioned earlier, the President is powerful such that he is exempted from personal taxation and no criminal or civil proceedings can be instituted against him for any wrong doing or omission either in his official or personal capacity. Furthermore, Section 79 (1) vested extreme executive powers in the President: the executive President shall always act in accordance with his own deliberate judgement in the performance of state duties, among them the dissolution of the Parliament and the appointment of first and second Vice Presidents.

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<sup>241</sup> *Ibid.*, p246

<sup>242</sup> S. Kpundeh, *op.cit.*, p150

<sup>243</sup> W. Reno, *Corruption and State Politics in Sierra Leone*, Cambridge University, 1995 p 64

<sup>244</sup> *Ibid.*, p 64



A similar trend of poor financial management continued under the administration of Major General Saidu Momoh, who was head of the Sierra Leone Armed Forces (SLAF), but was handpicked by Stevens to succeed him as President in 1985. The economic downturn became more pronounced under the Momoh administration which among several factors led to the successful 1992 military coup that brought an end to the twenty-four year rule of the APC (1968 -1992).

### ***5.2.2 Parliament under the APC regime***

Parliament under the 1978 single-party constitution was a one-dimensional house characterised by no dissenting voice. The submission of a single year budget was only a political masquerade and was reduced to a mere ceremonial process.<sup>245</sup> Debates on budgets were smooth, with no controversies or need to strike compromises on any budget head as every MP was part of the government. In fact, Appropriation bills were never a priority on the business list of the House.<sup>246</sup> On the question of taxation, Parliament could only make a reduction and could not introduce any new tax without the express consent and approval of the executive President (Section 54 (1)). In view of the above, Parliament under the APC did not operate within the prescribed OECD benchmarks for robust Parliamentary scrutiny.

All Pre-1996 Parliaments were Westminster-style legislatures in which the President and Cabinet were members of Parliament. The scenario made it very simple for all APC Governments to introduce and pass all money bills. In addition, neither the 1971 Republican Constitution nor the 1978 Single-Party one provided for a comprehensive committee system. There was no Public Accounts Committee (PAC), for example, as would be provided for under both constitutions in conformity with the

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<sup>245</sup> Interview with Sahr Randolph Fillie-Faboe, former MP and Secretary General of the APC Party, currently a regional minister of the SLPP, June 2006

<sup>246</sup> *Ibid.*,

Westminster Parliamentary tradition. Little wonder that emphasis was never placed on the publication of the Accountant-General's annual report or submission of such reports to the Auditor-General for audit.<sup>247</sup>

Although Parliament during the Momoh administration introduced the PAC under the Standing Orders, the committee was never up to the job. In fact, the current tradition of drawing the chairman of the PAC from the ruling party can be traced to the single party Parliament under the APC.<sup>248</sup> In sum, Parliament was allotted a lame duck role in the budgetary process, a demonstration of a total disregard for the values and principles of transparency and accountability.

### **5.2.3 Auditor-General and other stakeholders**

The role of oversight institutions in the budgetary process, in particular the Auditor-General was peripheral, inadequate, and less desirable. For example, appointment, dismissal and salary of the Auditor-General were at the President's discretion (Section 131), and his decisions on the allowances to be received by the Auditor-General could not be questioned in any court of law. In addition to this provision, "probity and accountability was not a word in the dictionary of the APC", said Sahr Randolph Fillie-Faboe, a former APC MP and last Secretary-General before the 1992 coup, and currently a Minister of State in the SLPP Government. "The party did what it did for the sake of its interest ... the interest of entrenching itself in power". While independent corroborating sources may be required to buttress Mr Fillie-Faboe's opinion, it could be deduced by inference what has been reported by William Reno, other scholars and observers that the APC regime was grossly in breach good governance values and acceptable practice of representative democracy.

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<sup>247</sup> Interview with Mr Fillie-Faboe

<sup>248</sup> *Ibid.*,

Civil society involvement in the budgetary process, which would have been critical to achieving transparency and accountability, was not encouraged or facilitated by the Government – a significant departure from the OECD best practice benchmarks. The APC largely discouraged all forms of civil society activity that opposed its policies. In reality there was no formidable or organized civil society group to have put up challenge to government activities. Opposition to government policies came mainly from university students, such as the 1977 student uprising that forced the APC among other things to call early elections.<sup>249</sup>

The party mostly made use of the youth supporters and thugs to suppress dissenting voices. The APC policy of blatant intimidation of the citizenry was also reinforced by the establishment of the Internal Security Unit (ISU), a paramilitary unit that parallels the military and police. The ISU not only intimidated citizens it also provided security for the president and his ministers. The ISU was later renamed Special Security Division (SSD), when it was popularly dubbed by the citizens to mean: “I shoot you”. The SSD was better trained and professionally equipped than the constitutional forces - the military and police. The SSD received professional combatant training from Cuba that transformed it into a force of repression.<sup>250</sup>

### **5.3 STEVENS AND STATE FINANCE**

The problem with the APC management of Sierra Leone budgets, it can be argued, did not lie in the lack of resources, but in the absence of respect for democratic and accountability values. Anyu Ndumbe observes: “In the 1960s, Sierra Leone had one of the best public sector structures in Africa. Its workers were professionally trained, and a regular apparatus was in place to deal with challenges confronting the

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<sup>249</sup>J.A.D. Alie, op.cit., p243

<sup>250</sup>W. Reno, op.cit., p108

new nation,” but that it began to suffer “decay and inefficiency in the 1970s” because of “political interference.”<sup>251</sup>

William Reno on the other hand, argues that state corruption in Sierra Leone was in the first place introduced and nurtured by the British colonialists who ruled the former West African territories through *indirect rule* - a system by which colonial governors administered the territories through the local chiefs with little or no regard to the educated elites.<sup>252</sup> The administrative setup was such that all development funds were channelled through the chiefs and the colonial office deliberately refused to take appropriate actions when the chiefs misappropriated the funds.<sup>253</sup> Reno argues that during the colonial period, factional politics developed along the line of acquiring state resources rather than class politics or ideology.<sup>254</sup> As a result, he posits further, that when the elites assumed power at independence, they built partnerships with the business class, particularly the Lebanese community, to the detriment of national development. Whether the argument is valid or not the fact remains that the Lebanese had dominated the Sierra Leone economy since independence by creating an informal market in league with the political stakeholders. This gave rise to a patron-client relationship between corrupt politicians and the Lebanese businessmen which in part led to economic decline.<sup>255</sup>

Sahr Kpundeh,<sup>256</sup> a prolific writer on Sierra Leone, observed that President Stevens institutionalized corruption through the slang: *Wusai den cow, nar dae e go*

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<sup>251</sup> J.A. , Ndumbe, *Diamonds, Ethnicity, and Power: The Case of Sierra Leone*” *Mediterranean Quarterly* 12:90-105, no. 4 p 1

<sup>252</sup> W. Reno, op.cit., p3

<sup>253</sup> *Ibid.*, p59 (a key example was the findings of the Commission that investigated the 1958 riots that the chiefs were involved in hoarding of rice)

<sup>254</sup> *Ibid.*, p 60

<sup>255</sup> *Ibid.*, p.61

<sup>256</sup> S. J. Kpundeh, “Limiting Administrative Corruption in Sierra Leone,” *The Journal of Modern African Studies*, 32,1(1994), p 145

*eat*, meaning that a cow grazes where it is tethered.<sup>257</sup> Stevens wielded control over every facet of the economy and personalized state power more than any leader of that country. For a period of seventeen years (1968-1985), he was the lynch pin around whom every state activity evolved. During his tenure, for example, Stevens adopted the following major policies: created a shadow state and a powerful informal market in partnership with Lebanese businessmen,<sup>258</sup> he outwitted the World Bank and the IMF on major economic reforms such as privatization by selling off state enterprises to his cronies;<sup>259</sup> he transformed the country into a single party state in 1978, and manipulated his succession by handing power to the Major-General and head of the Sierra Leone army, Joseph Saidu Momoh, who was also a member of Cabinet.<sup>260</sup> It could be said therefore, that the APC Government of President Stevens was far removed from the principles of good financial governance, citizens' participation in the decision-making, and the values of fiscal controls as contained in the OECD best practice benchmarks.

### 5.3.1 *Stevens's informal market*

Stevens extended his grip over the rich diamond district of Kono under the guise of a privatisation policy. Through this policy he forged a strong partnership with Lebanese merchants such as Anthony Yazbeck and an Afro-Lebanese, Jamil Said Mohamed.<sup>261</sup> With Stevens and his team in partnership, they initiated the *Corporate Contract Mining Policy* through which Stevens's cronies were awarded lucrative mining rights with no transparent mechanism to hold them accountable. Stevens also established a mineral regulatory body called the *Government Gold and Diamond*

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<sup>257</sup> W.Reno, op.cit., p76; S.J Kpundeh, p 145

<sup>258</sup> W. Reno, "Ironies of Post Cold-War Structural Adjustment in Sierra Leone," *Review of African Political Economy* No.6, (1996), p 10

<sup>259</sup> *Ibid.*, p10

<sup>260</sup> S.J. Kpundeh, p 150

<sup>261</sup> W. Reno, *Corruption and State Politics in Sierra Leone*, p 68

*Office (GGDO)* to regulate the diamond market and appointed Jamil and himself as board members.<sup>262</sup> The remit of the board, among others, was to value precious minerals - gold and diamonds - on behalf of the Government for tax purposes. However, the board undervalued diamonds for close associates of the President or allowed them to export the precious minerals without going through the normal channel. Such activities undermined the sector, which was one of the country's major sources of export earnings.<sup>263</sup>

The activities of the shadow state were so inimical to the country's economy such that by 1980, the National Diamond Mining Company (NDMC), which was the official mining company mandated to extract diamonds, produced only 29 percent of diamonds. The rest went into the hands of the informal market participants.<sup>264</sup> Thus, by the early 1980s, an estimated \$70 million was accumulated by the informal sector annually.<sup>265</sup> Jamil, for example, had created a link with the Byblos Bank in Lebanon to finance Stevens's informal market. In 1984, Jamil established his own bank in the capital, Freetown, known as the *International Bank of Trade and Commerce*. Through this bank, Jamil directly financed illegal diamond operations in collaboration with the Byblos Bank in Beirut.<sup>266</sup> As a result private diamond sales to the Government fell by 90 percent in 1984.<sup>267</sup>

#### **5.4 JOSEPH SAIDU MOMOH 1985 -1992**

Joseph Saidu Momoh's succession to the presidency in November 1985 was greeted with a sigh of relief by the populace amidst hope for popular reforms. This was initially manifested in Momoh's launch of his *New Order* policy, with the primary aim

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<sup>262</sup> *Ibid.*, p. 69

<sup>263</sup> *Ibid.*, p69

<sup>264</sup> *Ibid.*, p70

<sup>265</sup> *Ibid.*, p114

<sup>266</sup> *Ibid.*, p130

<sup>267</sup> *Ibid.*, p 134

of ridding the country of corruption.<sup>268</sup> The new President started on a sounder footing as a well-intentioned leader, but was caught up in a triangular web of redirecting the course of a battered economy: meeting International Financial Institutions' (IFIs) conditionalities for fiscal responsibility; clamping down on a thriving informal market, which he not only inherited but in which he was stakeholder and a key player in the game.<sup>269</sup>

#### **5.4.1 *Improving the economy and fighting the informal market***

In the quest of reversing the poor state of the economy, Momoh tried to assert his authority over diamond trade so as to reduce the influence of the informal market.<sup>270</sup> To this end, the new President enlisted a foreign firm, *LIAT Construction and Finance Company*, headed by an Israeli businessman, Shaptai Kalmanowitch, to play a lead role in the diamond trade.<sup>271</sup> The company imported substantial amount of rice from diamond proceeds in order to “isolate Lebanese-politician enterprises” that have dominated rice business - the staple food - under the previous administration”. Further, the President “used LIAT’s intervention to reassert his own control over diamond wealth.”<sup>272</sup> This strategy paid off to the satisfaction of both creditors and the president.<sup>273</sup> As a result, official diamond exports in 1986/87 rose to 280 percent over the previous years.<sup>274</sup> One year into his presidency, the Bank of Sierra Leone’s foreign reserve holdings rose from a mere \$196,000 to \$7.6 million. As a result, Freetown

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<sup>268</sup> J. A.D, Alie, op.cit., p245

<sup>269</sup> W. Reno, op.cit., p114

<sup>270</sup> *Ibid.*, p158

<sup>271</sup> *Ibid.*, p.158

<sup>272</sup> *Ibid.*,p158

<sup>273</sup> *Ibid.*, p159

<sup>274</sup> *Ibid.*, p159

resumed paying multilateral arrears that also led to the institution of Structural Adjustment Programme (SAPs) in 1986 for SDR 63.7 million.<sup>275</sup>

Building on these gains, Momoh introduced the *Public Economic Emergency Regulations (PEER)* to limit systemic corruption.<sup>276</sup> However, resistance from the informal sector came through a foiled coup plot in 1987. Momoh's Vice President, Francis Minah, was implicated in the act of treason including Jamil and two dozen of the former President's close associates.<sup>277</sup> A further blow came from the arrest of the LIATT leader, Kalamanowitch, in London for allegedly raising money in the United States through illegal means to buy shares in the National Diamond Mining Company in Sierra Leone. Momoh's authority, as a result, was weakened and the informal sector was in control again. In consequence, official diamond exports dropped and the payment of arrears to multilateral creditors halted. The Bank and the IMF responded by blocking loans to the government.<sup>278</sup>

#### **5.4.2 Momoh - IFI relations**

Unlike Siaka Stevens, who was capable of manipulating IFI policies such as selling off public enterprises to his cohorts, Momoh on the other hand played into hands of the Bank and the IMF by adopting all policy proposals - some of them inimical to the economy.<sup>279</sup> The IFIs did so with little regard to the impact the policies would have on the economy including social life of the country, and the likely erosion of the President's authority. Part of the Structural Adjustments Programme (SAP) imposed by the IMF, for example, forced a devaluation of the Leone (the national currency) against the advice of the Bank of Sierra Leone, which resulted in "capital

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<sup>275</sup> *Ibid.*, p 159

<sup>276</sup> *Ibid.*, 160

<sup>277</sup> *Ibid.*, p160

<sup>278</sup> *Ibid.* p161

<sup>279</sup> *Ibid.*, p215



flight” and a further contraction of the economy.<sup>280</sup> In the midst of this grim situation, Momoh was for the second time advised by the IFIs to contract another international firm as a means to squeeze out the influence of the informal sector. Another Israeli company, *N. R. SCIPA Group*, was contracted to take over the export of diamonds under the directorship of Nir Guaz. Like LIATT, SCIPA registered initial successes but became involved with the informal market, which further undermined the economy and the President’s authority. Momoh responded by arresting Guaz for economic sabotage. With Guaz behind bars, the economy ground to a halt, and gas prices, in particular the cost of a gallon of petrol rose as high as \$10.00 per gallon on the black market.<sup>281</sup>

Momoh’s battle with the informal market was shrouded in a big irony. Whilst he focused on ridding the country of corruption, he was also asserting his authority over the nation’s resources as well as practising blatant nepotism. For example, the following strategic positions were held by his relatives from the same ethnic group: Minister of Mines, Minister of Transport and Communications, Minister of State Enterprises, Minister of Party Affairs, Speaker of the House of Representatives, Inspector General of Police, Deputy Force Commander, Managing Director of Sierra Leone Commercial Bank Ltd., Chairman of Sierra Leone State Lottery, and Deputy Managing Director of the Sierra Leone Produce Marketing Board, including several influential State House aides.<sup>282</sup>

#### ***5.4.3 Towards democratic reform and transparent budgeting***

The last days of the Momoh administration witnessed a nation-wide call for democratic governance which includes the resuscitation of political pluralism through

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<sup>280</sup> *Ibid.*, p162

<sup>281</sup> *Ibid.*, p167

<sup>282</sup> *Ibid.*,

constitutional reforms. At the forefront of the campaign were the Sierra Leone Bar Association, the labour unions, and the National Union of Sierra Leone Students. The students in particular, Fourah Bay College Students Union organised two successive peaceful demonstrations demanding the return to multi-party democracy, which were dispersed by the SSD and the police with tear gas canisters and rubber bullets. At the academic front, the Fourah Bay College students organised round table discussions and public lectures led by senior lecturers drawn from primarily the Department of Political Science, and History. The renowned historian, Magbeley Fyle, for example, delivered a public lecture at the student amphitheatre entitled “Search for the Beast” that was attended by intellectuals, professionals and senior civil servants. His paper focused on the one-party system as the beast that terrorises development, democratic values and the prospects for political maturity of the country.<sup>283</sup>

The rebel conflict which started in 1991 – also on the premise of political reform - brought pressure to bear on the political leadership to institute reform. As a result of the clamour for change, two major constitutional changes took place: the 1991 Constitution and the 1992 Public Budgeting and Accounting Act. In concluding, it could be said that on the eve of the military take-over in April 1992, Sierra Leone was moving towards democratic governance and transparent budgeting, albeit influenced by the will of the people.

## **5.5 THE 1991 CONSTITUTION**

The 1991 Constitution (Act No. 6 of 1991) is a democratic multi-party constitution that revoked the 1978 single-party instrument. The constitution promised a return to democratic rule after more than two decades of the APC administration and economic decay. The country was bracing itself for Parliamentary and presidential

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<sup>283</sup> Witnessed by the author of this research

elections to take place within the framework of the new constitution that had been approved in a referendum. However, the instrument did not come into being because of a successful military coup in 1992 that brought the National Provisional Ruling Council (NPRC) to power. The 1991 Constitution, nonetheless, took effect after the 1996 democratic elections won by the current President Alhaji Dr. Ahmed Tejan Kabbah of the SLPP.

#### ***5.5.1 Features of the 1991 Constitution***

The 1991 Constitution is a significant departure from the 1978 single party constitution. It guarantees and protects the fundamental human rights of the citizens and freedoms of the individual. Provision was also made for the registration of political parties, for the purpose of which a Political Parties Registration Commission was created in Section 34 (1). The constitution also put in place good governance structures including the Office of the Ombudsman to provide citizens with an avenue for seeking public redress. For the purpose of this study the following key provisions were made in the constitution: the office of the President and Parliament.

#### ***5.5.2 The President***

Section 40 of the Constitution provides for a president who shall be Head of State, the supreme executive authority of the Republic and the Commander-in-Chief of the Armed Forces. However, Section 46 (1) provides for an incumbent to be in office for no more than two five-year terms “whether or not the terms are consecutive”. This section is an improvement on the 1978 Constitution which provided for an open ended term of seven years each.

The 1991 Constitution provided for a unique mix of the traditional Westminster Parliamentary democracy and that of the American-style presidential government such

that while members of the Cabinet are drawn from outside of the Parliament (Section 56 (1)), the Public Accounts Committee (PAC) a traditional Westminster standing committee is retained for the purpose of financial oversight. It must be said that while the Constitution is heavily designed along the American presidential system, the undeniable values of the British Parliamentary system persists. This brings Douglas Verney's comments to mind that "Nowadays when it is fashionable to speak of political systems and theories as "not for export" it is worth bearing in mind the success with which a system adapted piecemeal to suit British constitutional developments has proved feasible in different situations abroad".<sup>284</sup>

### **5.5.3 *The Parliament***

Section 73 of the constitution provided for a Parliament that comprises of the President, the Speaker and Members of Parliament. Parliament is the supreme law making authority in the land (Section 93 (1)). Unlike the 1978 constitution, the 1991 makes the Parliament powerful such that all the committees may summon a minister to appear before MPs to account for issues within his official remits or to explain a major government plan or "policy" for the benefit of the business of the House and the electorates. The constitution further established eight Standing Committees among them, a Finance Committee and a Public Accounts Committee (PAC). For purposes of effectiveness, the committees are imbued with such powers as those of the High Court, including the following:

- a. compelling the attendance of witnesses and examining them under oath, affirmation or otherwise;
- b. compelling the production of documents; and
- c. issuing of a commission or request to examine witnesses abroad.

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<sup>284</sup> D. V. Verney, "Parliamentary Government and Presidential Government" In: Parliamentary Versus Presidential Government, Edited by Arend Lijphart (1992)

It was the first time in the Parliamentary history of Sierra Leone that committees had been given such outright powers.

#### **5.5.4 *Power of the purse***

The constitution gives Parliament the power to impose tax: “no taxation shall be imposed or altered otherwise than by or under the authority of an act of Parliament”. Parliament is also empowered to authorise the budget submitted by the minister of finance (Section 112), including supplementary estimates prepared by spending agencies during the course of the financial year. It is also the responsibility of Parliament to ratify all loan agreements entered into by government with any agency, government of individuals (Section 118). The legislature must be also notified by any minister concerned for the receipt of gifts, donations, grants and pledges on behalf of the country.

#### **5.5.5 *Limitations***

Regardless of the extensive powers imbued in Parliament in the exercise of its functions, there are some limitations within which it must operate. For example, whilst Parliament is the only body that can authorise taxation, the institution is limited by not being able to make an increase in tax rates without the express approval of the President. The executive arm of the government, to be precise, the minister of finance, also has the advantage of setting up a contingency fund and determining the method of expenditure. Although this can only take place on the approval of Parliament, its oversight functions are limited in terms of not being able to know in the first place, how and within which parameters the resources would be used.

#### **5.5.6 *The Public Budgeting and Accounting Act, 1992***

The Public Budgeting and Accounting Act of 1992 was passed by Parliament on the 5 March 1992 - four weeks before the military took over the reins of power. The Act repealed Act No. 2 of 1961 – The Finance (Control and Management) Act. The introduction of this Act, it could be argued, marked a turning point in the management of national financial resources. The country from this point was set on the path leading to greater budget transparency and accountability as contained in the provisions of the Act.

### **5.6 TOWARDS IMPROVING THE BUDGETARY PROCESS**

After thirty one years of managing public resources under the Finance (Control and Management) Act of 1961, the 1992 Act introduced several accountability measures aimed at improving the budgetary process by clearly defining roles and responsibilities, such as the establishment of a Budget Bureau (BB) in the ministry of finance for the preparation and monitoring of annual budgets (Section 4). The BB is a new instrument of change introduced to improve budgeting. The Act also provides that a budget document be submitted to Parliament one month before the beginning of the financial year. Although the period allocated to the Parliament is shorter considering the huge task involved in scrutinising the budget, it is nonetheless an improvement on what prevailed under the single-party rule of the APC. Parliament's authority over the national purse is further maintained so that the oversight institution approves all supplementary budgets and the public accounts committee (PAC) reviews the auditor-general's report.

### **5.6.1 *Financial reporting emphasised***

The Act introduced appropriate financial procedures: Sections 18 and 31 (2) provided respectively, that the minister of finance submits “monthly reports to the finance committee for the information of Parliament; and that within ten days at the end of the financial year, all heads of departments prepare and submit reports to the minister on annual commitments and unspent resources for onward transmission to Parliament. The Accountant-General is required by Section 54 (1) “to draw up and sign a monthly statement” of the public accounts and to publish such statements in the Sierra Leone Gazette. Section 56 (1) (2) and Sub-section (2) provides further that the Accountant-General not later three months after the end of the financial year, submits a report on the public accounts to the minister of finance, and publish such a report for the good of the general public, including submitting a copy of the report to the Auditor-General for audit purposes.

### **5.6.2 *Financial oversight***

Apart from the scrutiny role of Parliament, financial oversight is provided by the Auditor-General, who audits the public accounts and reports to the PAC for review. The Auditor-General is also responsible for internal audit to be carried out across government departments and agencies. Section 63 (3) provides that “The auditor-general may in consultation with heads of the establishment make arrangements for the carrying out of internal audit functions in all the offices audited by him”. While this provision is laudable, it is practically impossible for the Auditor-General to be able to exercise both internal and external audit across a government with a growing number of service delivery agencies.

### **5.6.3 *Sanctions to strengthen accountability***

The Public Accounting Act provided for sanctions such as surcharge. A robust measure taken against fraud is imprisonment or a fine or both imposed in a summary court of law. As stated in Section 87, whosoever commits an offence under this Act “shall be liable on summary conviction to a fine not exceeding five times the amount so offered or accepted or to imprisonment for a term not exceeding five years or to both such fine and imprisonment”.

### **5.6.4 *Summary***

From the above examination of the twenty-four year APC rule, it could be said that the activities of the party both under Siaka Stevens and Joseph Saidu Momoh did not strengthen budget transparency and participation. Rather, the general economic direction under both leaderships was dismal and one that led to the intervention of the military in the business of government. It can be said however, that the party introduced meaningful democratic changes in the early 1990s under the influence of a public cry for democratic reforms. Unlike Stevens, it was worth mentioning that although attrition set in under both administrations, Momoh could be singled out for been good-spirited to have introduced reform measures for economic recovery, among them, the *New Order* and the *Public Economic Emergency*. In addition, it could be said he was relatively a tolerant leader to have allowed reforms to take place, while Stevens clamped down on every form of dissent with an iron fist.

## **5.7 THE NPRC MILITARY REGIME 1992-1996**

The National Provisional Ruling Council (NPRC) came to power in a military coup on 29 April 1992 that ousted Major-General Joseph Saidu Momoh of the APC. It must be mentioned that the coup took place one year into the rebel conflict, which



started in 1991. The coup makers explained as key reasons for the revolt: the lack of military logistics to fight the rebels, the poor state of the economy and the rampant corruption as reasons behind their action. The NPRC was headed by a twenty-six year old military Captain, Valentine Strasser who was later dethroned in a palace coup by his deputy, Brigadier Julius Maada Bio. Typical of military regimes, the NPRC banned all political parties and political activities, suspended Parliament and ruled by decree.<sup>285</sup> These actions are in total breach of the good spirit of good governance and accountability. The military formulated annual budgets in secrecy and expended public funds in a poor accountability environment with no proper reporting systems.

At the early stages of the NPRC regime, the military worked very hard to revive the economy (which was part of the reason they staged the coup) and did very well. The regime was lauded for its initial brilliant performance which was achieved through the launch of an anti-corruption campaign to improve fiscal and monetary control and to enhance revenue generation. As a result, the Paris Club agreed to write off “50 per cent of debt –service obligations due under non-concessional loans”.<sup>286</sup>

The success story was however short-lived as the military leader fell into the same trap of the informal market nurtured by his predecessors. Strasser manipulated state apparatus to wield control over resources, and did so by enlisting the support of individual businesses to finance his endeavours. The Captain established links with creditors and “overseas commercial networks,”<sup>287</sup> and in 1993, 435 carats of diamonds were exported to Sweden under private arrangements.<sup>288</sup> William Reno observed that Strasser’s regime found it difficult to accept a free market activity and as a result, the leaders of the regime established “a monopoly on the exercise of violence, and the

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<sup>285</sup> W. Reno op.cit., p173

<sup>286</sup> Economic Intelligent Unit, *The Shaping of Political Forces in Sierra Leone*, 2001 p49

<sup>287</sup> W. Reno, op.cit., p176

<sup>288</sup> *Ibid.*, p176

capacity to direct and control the exploitation of resources on behalf of new claimants is the imperative of Strasser's government."<sup>289</sup> The influence of foreign firms helped Strasser freeze competition among rivals with himself at the top. With established control over resources, the military captain entrenched his position as a powerbroker of the country's population.<sup>290</sup>

Coupled with a gloomy state of a slipping economy, the country was held in a rebel conflict which took a toll on personal security and led to the proliferation of private security companies to protect life and property.<sup>291</sup> In order to restore security as well as halt the advancing rebels, Strasser sought external assistance and contracted a South African mercenary security firm, *Executive Outcomes*, in return for lucrative diamond concessions.<sup>292</sup> Strasser, like his predecessors, failed to put the economy on a recovery track.

### **5.7.1 Budget transparency and accountability undermined**

Brigadier Julius Maada Bio, who took over from Strasser in a palace coup went further to amend the Public Budgeting Act of 1992 by issuing Decree No. 7 of 1996. The amendment decree not only concentrated the exercise of power in the Secretary of State for Finance, but also distorted the accountability and transparency environment already created by the Public Budgeting Act. For example, an additional Section 10 gives the Secretary of State for finance powers over the Accountant-General such that the latter is obliged to do as directed by the former: "the accountant-general shall in the performance of his duties under this Act, act in accordance with the general or specific directions issued by the minister". "Specific directions" could mean any form of

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<sup>289</sup> *Ibid.*, p178

<sup>290</sup> *Ibid.*, p180

<sup>291</sup> *Ibid.*, p 176

<sup>292</sup> Economic Intelligent Unit, op.cit., p 51

directives in financial management relating to fraud. Moreover, whilst the Public Budgeting Act required the Accountant-General to publish statement of accounts three months after the end of the financial year, the Decree amendment extended the reporting period to six months, and provided further that such reports may not be sent to the Auditor-General for audit purposes (Section 56 (3) (4)).

An assessment of corruption and its perpetrators in Sierra Leone has been simply summarized by William Reno: “...top politicians and businessmen pursue personal wealth and political power through informal markets...and state officials...even share common interest in abetting informal markets as part of a strategy to control political challenges or obtain essential services, especially when austerity programmes reduce institutional state supplies of benefits.”<sup>293</sup>

## **5.8 CONCLUSION**

This chapter has unravelled the Parliamentary history of Sierra Leone dating from 1787 assembly of Hundredors and Tythingmen in a settlement of about a few hundred to the present Parliament with a population of about 6 million. One can deduce that the country has had a long history of British interaction both as a colonial master and a development partner for more two centuries. This is evident by the structure of the country’s institutions, including education and administration. Regardless of its departure from the British Parliamentary democratic system, the manner in which the Sierra Leone Parliament conducts its business has a typical Britishness about it.

Part one of this study raised a number of underpinning questions on the development of Sierra Leone, ranging from imbued opportunities to wasted ones; from a cultural shift of a committed and collective mindset of a people in the early years of

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<sup>293</sup> W. Reno, op.cit., p 215

statehood, to one of declining dimensions such as to have laid the foundation of poor leadership and dependency; and to a scenario where donor conditionalities dictate the pace of development rather than guided by internally generated policies.

In addition, it is observed that wasted opportunities do ring alarm bells for the future of the country as there seem to be a dwindling influence on the energy that once fired-up those Hundredors and Tythingmen who worked tirelessly in the early years of the Sierra Leone settlement, for example, to have led to the nomination of John Ezzidio to become the first African to the legislative council in 1863. By 1800, Freetown did not only achieve the status of being the first municipality on the continent of Africa, but that the West Africa Act of 1821, also helped to develop the leadership and institutional potential of Sierra Leone such that the rest of British West Africa territories (Gold Coast (now Ghana), The Gambia and Nigeria) were administered from Freetown, until 1827, when a decentralised structure was adopted. Moreover, with Fourah Bay College being the first institution of higher learning in the sub region as far back as 1872, and with Sierra Leone being referred to as the “Athens of West Africa” it becomes obvious that opportunities have been wasted over the years (with a consistent disregard for good governance), which could have been put into good use by the succeeding leadership to take the country to higher heights. Instead, moral authority waned and the impetus of delivering development was transformed into systemic corruption, mismanagement and a “shadow state” propped up by corrupt leaders and dishonest politicians.

Thus a shrinking political commitment became glaring as demonstrated in the Cox Commission Report follow up to the 1958 riots, in which it was highlighted that greed and corruption among the political class were the main factors that led to the national outbursts. Indeed, corruption has been groomed long ago with little or no transparent and accountable structures nurtured to stem the steady drain of national

resources. Instead, in the place of political leadership has emerged a shadow state that controlled the realm of the economy, while the role of leaders has technically been taken over by the international financial institutions – mainly the World Bank and the International Monetary Fund, and bilateral partners such as the DfID - who provide policy initiatives, some of which turned out inimical to the state survival and interest.

The question that lingers so far is to be asked of all political leaders of Sierra Leone: where did innovation, commitment and love for country get lost along the way since independence.

Put simply, part one of the study unpack a story of poverty of leadership coupled with political parties not structured on ideologies, but characterised by shifting loyalties from one party to the other by the great and influential members of society – “political tourism”. The type of politics through which ideologies and policies are channelled and implemented, is being played out with blurring rules put in place by ill-disciplined political parties with fluid memberships. With opportunities been wasted, and with endured shrinking leadership, part two of the research focuses on the role the Kabbah administration to reverse the dismal trends, but with external direction being provided by donor partners.

## **PART TWO**

The previous chapters present an overview of Sierra Leone in terms of its history, Parliamentary and constitutional developments, post independent political scenarios and the management of financial resources by numerous governments dating from the late 1960s to the eve of the 1996 democratic elections. The chapters demonstrate the unsatisfactory role played by the succeeding governments in the financial management of the country with few exceptions, such as the initiatives introduced by President Momoh. In contrast, the post democratic government of President Ahmed Tejan Kabbah introduced a number of reforms with the aim of reversing the trend. It is these adopted measures and initiatives that the following chapters will investigate to measure the levels of achievements in budget transparency and accountability from 1996 to 2005, using the OECD best practice indicators on budget transparency.

In addition, attention is also paid to some of the most significant factors that drive transparent and accountable budgeting, these are, leadership and political will, enhanced human capital, inclusive governance and institutional renewal – delivering change through learning. The chapters are laid out in the following:

- Public perception
- Public financial management reform under the Kabbah Administration 1996-2005;
- Public procurement reform; and
- The role of external oversight institutions:
  - Parliament;
  - Auditor-General;
  - Anti-Corruption Commission; and
  - Civil society.

## **CHAPTER SIX**

### **CHAPTER SIX: PUBLIC PERCEPTION**

#### **6.1 OBJECTIVES**

Public perception on the change introduced by the Kabbah administration is captured in the opening of part two of this study. The chapter unveils in particular the levels of transparency and accountability that has so far been achieved in the budgetary process; and the evolving interactions among such stakeholders as the Parliament and civil society groups to improve participation. It also unpacks the nature of existing relations between government and the civil society groups, as well as those between the development partners and the civil society activists. In addition, opinions are sought on key oversight and implementation issues which are integral to transparent budgeting, for example, functions of internal audit and controls, financial reporting and general strategy.

The main objective of the field survey (See sample questionnaires in Appendices G and H) is to investigate the levels of transparency and participation in the budgetary process beyond what would normally be recorded during interviews such as in this study.

An analysis of leadership as a driving force of reform, provided in the concluding chapter of this study draws mainly on the survey results and provides insights into the future directions of the reforms when support scales down and the development depart the country. It also is an attempt to delineate some of the far reaching positive changes that have so far taken place since the end of military rule showcasing a new era of political-civil interactions in a number of that hinge on national development. The chapters also addresses salient issues regarding committed

leadership and the need for leaders to deliver on social contracts – good governance and service delivery – comments which could not have been relevant in the pre-democratic military context - prior to the reforms.

The survey incorporates the opinions of middle level practitioners in Government, as well as civil society activists and the ordinary man on the street as a means to achieve a holistic approach to investigating the research statement. However, limitation of the this approach is taken into account as it does not meet the requirements of quantitative or scientific analysis; it is a deliberate attempt meant to gauge the perception of the public through the use of simple mathematical calculations to determine averages, as well as to complement opinions raised by officials in interviews conducted and analysis carried out on primary sources. Put simply it does not propose to meet scientific corroborations rather it seeks to achieve an indicative measure of the opinions of stakeholders of the reforms considered suitable to the research purpose.

The specific objectives of the survey are as follows:

1. To examine budget participation and transparency;
2. To examine the available merits in budget mechanisms as a means to enhance accountable budget management;
3. To explore the level of civil society interactions with Government and other stakeholders and the effectiveness of such interactions; and
4. To make recommendation based on findings.

### **6.1.1 Study Area**

Freetown, the capital city of Sierra Leone was selected for the study given it is the highest populated city, which increased in recent years due to the decade-long civil conflict (1991-2001), also because it is the administrative capital where the Ministry of Finance (MOF) and line ministries, the Parliament and lead civil society groups are



located. In short, it is the place in which all the drama surrounding budget transparency and participation evolves.

### **6.1.2 Sample size and selection**

To achieve a more representative perception of the public, sample for the study was drawn from all sectors of the population of Freetown on a random basis to reflect the purpose of the investigation. The survey was carried out in respect of the natural distribution of the population in the city: those within the low income bracket live in the east, those in the middle income level live in the central, and those considered within the high income bracket live in the west of the city. Officials from key line ministries with a wider mandate on financial management and public service delivery were randomly selected. These include the following big spending ministries: finance, development, health, education and agriculture. Similarly, the main civil society groups and key activists were identified and selected for sampling (see socio-economic data of respondents in Appendix H). The study interviewed 115 respondents from across Freetown as follows:

- a) 55 for the MDA's of these 34 were received
- b) 60 for the civil society, 46 questionnaires received from Respondents.

The remaining questionnaires were not returned. The socio-economic characteristics of correspondents, including education, occupation and gender distribution can be found in Appendix H

## **6.2 PRESENTATION OF DATA**

A simple data collection and analysis technique was employed in the survey. Questionnaires were used for data collection and data was analysed using simple mathematical calculations to determine averages and converted into percentages. The

results are then presented in the form of tables to demonstrate various relationships in the order set out below:

- (a) Budget participation
- (b) Budget transparency
- (c) Monitoring budget expenditure
- (d) Interaction with Government and other stakeholders
- (e) General oversight
- (f) Recommendations

### **6.2.1 Budget Awareness, Transparency and Participation**

To gauge public perception on budget awareness, transparency and participation among civil society groups and MDAs, the following were considered:

#### Civil Society

Budget awareness among civil society activists

Level of participation in the budgetary process

Collaboration between civil society groups

#### MDAs

Budget transparency and participation

Supplementary budget

Release of funds

### **6.2.2 Budget Awareness**

A sense of awareness and active involvement of citizens is required for the success of any development initiative. In this regard, awareness and participation among civil society groups in the capital compared to those operating in the rural areas was investigated. Results from the findings are indicated in the table below.

**Table 19**  
**Is budget awareness and participation among civil society in Freetown the same as in the rural areas?**

<b>Awareness</b>	<b>No.</b>	<b>%</b>
Yes	14	30.40
No	11	23.90
Don't know	21	45.70
<b>Total</b>	<b>46</b>	<b>100%</b>
<i>Source: Field Survey 2006</i>		

The results of the survey indicate that 45.70 percent of the public are not aware of the existence of budget awareness campaigns among the civil society in Freetown and in the rural areas, while 30.4 percent confirm that the level of budget awareness among civil society in Freetown is the same as in the rural areas. However, the survey also indicates most of the respondents are of the view that reports from the provinces would normally not be channelled to the civil society groups in Freetown; and that civil society groups in the rural areas are not as organized in order to create significant impact on the budget process. In this regard, it must be mentioned however, that the mixed results is a possible reflection of the early stages of participatory governance, given that it is a new and prescribed concept that is yet to flourish.

### **6.2.3 Budget Participation**

Respondents were asked whether their organizations participate in the budget preparation exercise at any time, and whether in any way influence the draft budget. Results from the investigations are shown in the table below.

**Table 20**  
**Civil society participation and influence on the draft budget**

<b>Organisation / Participant</b>		<b>Influence on budget draft</b>		
	<b>No</b>	<b>%</b>	<b>No</b>	<b>%</b>
Yes	38	82.6	21	46.0
No	7	15.2	9	20.0
Don't know	1	2.2	16	34.0
<b>Total</b>	<b>46</b>	<b>100</b>	<b>46</b>	<b>100</b>
<i>Source: Field Survey 2006</i>				

As shown in the above table, 82.6 percent of respondents which are drawn from civil society organizations upheld the notion that civil society groups participate in the budget preparation exercise through consultations and discussions, for example, their recommendations are sometimes considered by the Budget Bureau in the Ministry of Finance when finalising the final budget document for parliamentary debate and approval. However, about 2.3 percent say they do not know whether civil society groups influence the budget draft, but sample respondents – 46 percent - say that civil society groups do influence the budget draft developed by the Budget Bureau. A smaller proportion of the respondents - 20 percent - believe that civil society groups do not influence the budget draft. The overall survey outcome demonstrates civil society groups believe they do influence the draft budget by participating in the Budget Hearings in the MOF and by making recommendations at such a forum.

#### ***6.2.4 Participation and Collaboration between Groups***

Sample respondents are drawn from civil society groups participating in budget oversight and influencing national politics. Perception among these groups on civil society participation and collaboration among their ranks with a view to improving transparency in the budgetary process was sought. Results from the investigation as shown in the table below demonstrate that more than half of the sample respondents - 67 percent – perceive civil society participation is on the increase, while a corresponding 66 percent hold the view collaboration between and among civil society groups is appreciably improving.

**Table 21****Civil society participation and collaboration**

<b>Level</b>	<b>Level of Civil Society Participation</b>		<b>Level of Civil Society Collaboration</b>	
	<b>No</b>	<b>%</b>	<b>No</b>	<b>%</b>
Very high	8	17.0	7	16.0
Appreciably Improving	31	67.0	30	66.0
Not Improving	4	9.0	5	11.0
Don't Know	3	7.0	3	7.0
<b>Total</b>	<b>46</b>	<b>100</b>	<b>46</b>	<b>100</b>
<i>Source: Field Survey 2006</i>				

The above findings illustrates public perception is relatively positive about the participatory policies being introduced by the Kabbah administration to improve budget transparency and accountability. However, it also underpins participatory governance is still in its infancy as demonstrated in the survey of public sector officials.

### **6.3 MINISTRIES, DEPARTMENTS AND AGENCY (MDA) OFFICIALS**

#### **6.3.1 *Budget transparency and participation***

The perception of MDA officials on budget transparency and participation at MDA levels is positive. The table below presents that most of the respondents drawn from middle level accountants on MDA Budget Committees, were involved in the drawing up of budget estimates for their MDAs. There is also a positive 65 percent of respondents saying the system allows for a dialogue between MDA officials and the Budget Bureau (the body responsible for budgeting in the ministry of finance) to discuss and defend estimates.

**Table 22**

**Involvement in drawing up of estimates**

	Involvement in drawing up estimates		Window to defend estimates	
	No	%	No	%
Yes	37	80	30	65
No	9	20	7	15
Don't Know	-	-	9	20
<b>Total</b>	<b>46</b>	<b>100</b>	<b>46</b>	<b>100</b>
<i>Source: Field Survey 2006</i>				

**6.3.2 Supplementary Budget Preparation and Release of Funds**

Opinions were also sought on the preparation of supplementary estimates to cover for shortfalls, unplanned activities and emergencies within spending agencies. As shown in the table below, each year, a below 45 percent average of respondents prepare supplementary estimates; another 32.6 percent do not prepare supplementary estimates; while a 19.6 percent prepare supplementary estimates once in the past three years, and 2.2 percent did so once in the last five years. The results suggest that budget implementation is fraught with challenges. Firstly, it is apparent that if preparation of supplementary estimates is below average, it could be the case that resources are not available to warrant supplementary spending; or secondly, that the agencies do not exhaust allocated funds and, therefore do not require additional funds during the fiscal year.

**Table 23**

**Preparation of supplementary budget and release of funds**

<b>Preparation of Supplementary Budget</b>			<b>Release of Funds</b>	
	<b>No</b>	<b>%</b>	<b>No</b>	<b>%</b>
Every year	21	45.6		
Once in the past 3 years	9	19.6		
Once in the past 5 years	1	2.2		
Not at all	15	32.6		
Delay is common			29	63.0
Some delay			16	35.0
Less delay			0	
No delay			1	2.0
<b>Total</b>	<b>46</b>	<b>100</b>		<b>100</b>
<i>Source: Field Survey 2006</i>				

Thirdly, even where supplementary estimates are prepared, release of funds by the office of the accountant general often results in delays as reported by 63 percent of respondents. In addition, 35 percent say they experience some delay in the receipt of funds. Reasons advanced for delays points to the National Revenue Authority (NRA) not been able to generate sufficient funds to meet MDA quarterly allocations at the beginning of each quarter. In a number of cases, the process drags onto the second month or even the last month of the quarter. Ministry of finance officials on the other hand, say delays are due to poor revenue collection, and also that Sierra Leone being a donor-driven economy, development partners would normally not honour their promises on time, and sometimes, may fail to contribute pledged resources. A caveat worth noting is that no reasons were advanced for development partners failing to honour pledges on time. The usual occurrence is that untimely release of funds to the MDAs negatively impact sectoral performance and the general health of the economy.

An ominous question to be asked in regard to irregular disbursement of funds is what the leadership has done over the years to stem the perennial problem. The answer may rest in a two-fold possible strategic failure: the leadership has not demonstrated required levels of commitment in instituting transparent budgeting systems as

demanding by the development partners to facilitate timely donor support, and inherent weaknesses persist, failing to transform the national revenue agency into a robust and forward looking institution.

### **6.3.3 Expenditure Monitoring**

Public perception was sought on the levels of expenditure monitoring designed partly to enhance transparency and participation in the budgetary process. The survey focused on the following key areas:

- role of civil society in expenditure monitoring especially the usefulness of Public Expenditure Tracking Survey (PETS);
- effectiveness of the District Oversight Committees;
- preparation of expenditure report by MDAs; and
- monitoring MDA expenditure by internal auditors.

### **6.3.4 Role of Civil Society in budget monitoring and the significance of PETS**

The strengthening of monitoring mechanisms in spending institutions is a significant component of expenditure management. To test public trust in the mechanism being introduced in the budget management system, sample respondents were asked how they would consider the role of civil society in monitoring the expenditure stream of government and whether the Public Expenditure Tracking Survey (PETS) – a post expenditure survey conducted by government - is a useful monitoring and evaluation tool. As indicated in the table below, a poor 32.6 percent perceive expenditure monitoring less active, corroborated by the same number of respondents as not active. However, 28.3 percent suggest there is some amount of active time being put into budget monitoring by civil society groups.



Public expenditure tracking survey (PETS) is considered a useful monitoring tool according to 54 percent of those who participated in the survey, as opposed to 6 percent who did not think so. A worrying 39 percent however, say they are not aware of the existence of PETS. Overall, while the results suggests civil society activities around the budget is improving, there remains the critical function of mainstreaming it in the national engagement strategy to engage as many community activists as possible and build capacity on financial oversight.

The results further demonstrate the significance of “political will” as a driving force behind successful reforms as in the case of the PETS initiative, which is sufficiently resourced by the Government. On the contrary, it could be said that a civil society initiative which fails to win both political buy-in and financial support, would normally deliver little or no impact as indicated in the table below.

**Table 24**  
**Role of civil society in budget monitoring and usefulness of PETS**

Role of Civil society in monitoring			Usefulness of PETS	
	No	%	No	%
More active	13	28.3		
Less active	15	32.6		
Not active	15	32.6		
Don't know	03	6.5	18	39.0
Yes			25	54.0
No			03	6.0
<b>Total</b>	<b>46</b>	<b>100</b>	<b>46</b>	<b>100</b>
<i>Source: Field Survey 2006</i>				

### ***6.3.5 Effectiveness of the District Oversight Committees in budget monitoring***

With the dawn of decentralization to enhance service delivery through the direct involvement of grassroots communities in the budgetary process, government established the District Budget Oversight Committees (DBOCs) – in all the twelve administrative districts of the country - under the Government Budgeting and

Accountability Act (2005), to engage government functionaries as a means to achieving a citizens' oriented government. Public perception of DBOCs was sought and a positive 94 percent feedback was received that the strategy has been a useful process that delivers financial oversight strategy – see table below.

**Table 25**  
**Impact of DBOCs on the budget process**

<b>Impact</b>			<b>Effectiveness</b>	
	<b>No</b>	<b>%</b>	<b>No</b>	<b>%</b>
Yes	43	94		
No	1	2		
Don't know	2	2		
Highly effective			2	4
Improving			30	66
Not effective			13	28
Don't know			1	2
<b>Total</b>	<b>46</b>	<b>100</b>	<b>46</b>	<b>100</b>
<i>Source: Field Survey 2006</i>				

In addition, 66 percent say the role of DBOCs in providing monitoring and oversight is appreciably improving, as against 28 percent who say they are not. Only 2 percent say they have no knowledge about the existence of DBOCs. The appreciable improvement in the activities of DBOCs can also be explained by the government's direct involvement in the process, hence a further confirmation of the notion that leadership, backed by political will, invariably drives reforms. Of grave concern is the simple consideration for the sustainability of adequate political support when donor funds will recede in the near future, and when development partners leave the reform environment. It stands to reason that where a reform initiative is being supplied by the development partners and compliance with conditionalities is adequate, perhaps financial consideration as the main incentive for change cannot be discounted. This argument casts a shadow on the sincerity of leadership and makes clear the case that,

reforms are only implemented in order to access donor funds – and not because they want to meet electoral mandate.

### **6.3.6 Preparation of Expenditure Reports by MDAs**

Financial reporting is integral to effective expenditure management and underpins institutional disclosure. Sample respondents were asked whether MDAs prepare timely expenditure reports to enhance expenditure monitoring by internal auditors, as well as to feed the accountant general's reports. The results demonstrate in table below that almost all sample respondents prepare timely expenditure reports; only 8 percent do not prepare timely expenditure reports and 8 percent do not know about expenditure reports being a requirement.

**Table 26**  
**Timely expenditure reporting by MDAs**

<b>Expenditure Reports</b>		
	<b>No</b>	<b>%</b>
Yes	18	53
No	8	23.5
Don't know	8	23.5
<b>Total</b>	<b>34</b>	<b>100</b>
<i>Source: Field Survey 2006</i>		

### **Monitoring of MDAs by internal audit mechanisms**

To maintain proper accounting systems in the institutions and to be able to meet outlined departmental objectives, internal audit function is mainstreamed within MDAs to enhance accountability and strengthen expenditure monitoring. Public perception on effective internal auditing as indicated in the table below is below average – 44.1 percent.

**Table 27****How effective is internal auditing?**

<b>Internal Auditing</b>		
	<b>No</b>	<b>%</b>
Yes	15	44.1
No	12	35.3
Don't know	07	20.6
<b>Total</b>	<b>34</b>	<b>100</b>
<i>Source: Field Survey 2006</i>		

In addition, 35.3 percent say they are not aware of the existence of such activities in their institutions, while 20.6 percent are not aware of internal audit teams functioning in their MDAs. Regardless of the discrepancy, some institutions have operationalised internal auditing between 5 to 10 years, while in 35 percent of the case, hiring of staff and building capacity of internal auditors is still in the formative stages. It was also revealed that recommendations of internal auditors are mostly adopted by the management teams in MDAs.

The overall distribution suggests that some amount of internal audit does take place in MDAs but the extent of the mechanism used is not revealed. This is in line with the opinion of the Deputy Director of Internal Audit Department, MOF, Olayinka Phillips (See Appendix A) that internal audit is still in the early stages of development. In addition, the results further indicate that internal audit is yet to be entrenched across Government. This is evident of the 35 percent *no monitoring*, and 20.58 percent *don't know* – further demonstrating significant levels of ineffective monitoring and internal control process across MDAs.

#### **6.4 INTERACTION AMONG STAKEHOLDERS**

One of the key requirements of development partners for donor-driven economies as Sierra Leone is building partnerships through wider consultations with stakeholders on all strands of financial management. These include budget drafting and

implementation, monitoring and evaluation of budget performance. Thus, high level interactions between civil society and government and other stakeholders such as the Parliament becomes central to transparent and participatory budgeting; at the other end of relationship building is that which exists between civil society groups and development partners.

Public perception was sought on all the levels of collaborations mentioned above. On the relationship between civil society and development partners, 70 percent think it is moderate and requires improvement. Secondly, government strategy towards improving civil society participation through active engagement is rated 65 percent, although 26 percent think there is room for improvement on the part of government. In this regard, 57 percent say government has failed in providing adequate financial and logistical support to enhance civil society participation in the budget process, while 39 percent think that government assistance has moderately increased over time.

Opinions on parliamentary - civil society interaction were mixed with opinions split between appreciable relationship and low interactions. In addition, 43 percent of respondents think the civil society does not influence parliamentary debates and decision-making, while 26 percent think they do.

The issue of partnership building between parliament and civil society although not as robust as expected is a marked improvement in a poor governance environment such as Sierra Leone. However, the acid test of the several achievements being made rests on the sustainability of systems and structures already put in place when the development partners shall depart the scene. This again is a call on the leadership to be sincere and to demonstrate a true spirit of the social contract with no external influence required to influence behaviour.

## 6.5 CONCLUSION

This chapter has explored the opinions of all levels of civil society activists and officials in MDAs on the relevant areas underpinning budget transparency and participation. In particular, the survey explored the following key areas:

- **Awareness and participation** among civil society on budgetary matters, participation of and collaboration among civil society groups and between civil society and the Parliament; and
- **Transparency measures**, including MDA internal controls, supplementary budget and release of funds, budget monitoring and the role of civil society in all the processes.

From the above survey results, it is observed that awareness, participation and collaboration between and across groups and institutions in the budgetary process are appreciably on the increase. In addition, matters of transparency touching on internal control mechanisms are weak but that considerations for further improvements are being actively considered by government and implemented in some MDAs.

A most notable observation is that political will does influence and shape reforms; this is demonstrated in the perception survey, for example, that government initiatives, in particular, the DBOCs, PETS and Budget Hearings have been more effective than those, if any initiatives emanating from both the Parliament and the civil society. This is suggestive, however of the fact that the lack of direct access to and control of resources by both the Parliament and civil society gives government the clear lead and advantage of driving the pace of reform.

It is apparent therefore, that although the government is in the driving seat in terms of leading the initiatives and exercising control over resources, oversight bodies including the Parliament and civil society do exercise some influence on budget policy

and implementation. In addition, a range of opinions of interviewees on internal controls and audit, such as those of Olayinka Philips, are well reflected in the survey results, in which 35 percent of respondents say that hiring and training of staff to manage internal audit is still baby-walking, while 20.6 percent say that they have no knowledge of internal audit in their institutions. Later in the study a lot more ground will be covered on external oversight from Parliament, civil society and the office of the auditor general, complemented by interviews of a wide range of officials drawn from among stakeholders.

## CHAPTER SEVEN

### CHAPTER SEVEN: PUBLIC FINANCIAL MANAGEMENT REFORM (1996-2005)

#### 7.1 INTRODUCTION

Since the inception of the democratic government of President Ahmed Tejan Kabbah after the 1996 presidential and Parliamentary elections, the government in collaboration with development partners, principally, the World Bank, the IMF, the United Kingdom Department for International Development (DfID) and the European Union (EU), has carried out a holistic good governance reform in a number of sectors. These include, the Sierra Leone military: right-sizing the force and delivery of technical training by the British International Military Assistance and Technical Training (IMATT); the police: restructuring and system improvement to reposition the significance of the force; and the public sector: modernisation and structure renewal to enhance public service delivery.<sup>294</sup> Local government administration units, which were suspended by the Siaka Stevens administration in 1972, for example, have been resuscitated through the enactment of the Local Government Act 2004. The policy was aimed at engaging grassroots communities in the mobilization of local resources to foster development in collaboration with the central government. The overall reform agenda of government is captured in its Vision 2025, which is also in line with meeting the Millennium Development Goals (MDGs).<sup>295</sup>

In discussing the transformation of Sierra Leone's budgetary process within the identified timeframe, a number of issues will be covered, which would unavoidably make this chapter unusually very long. For the same reason, reforms on public

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<sup>294</sup> *Governance Reform*, Ministry of Finance Document, 2005 p2

<sup>295</sup> *Ibid.*, p4



procurement – a core function of the budgetary stream - has been dealt with in a separate chapter.

## **7.2 PUBLIC FINANCIAL MANAGEMENT REFORM**

The fact that sixty percent of Sierra Leone’s budget is donor-driven has resulted in the donor partners putting increasing pressure on the Government to institute as well as strengthen the financial management environment to achieve transparency, accountability and participation, as well as reduce budgetary dependence on development partners in the long-term.<sup>296</sup>

The 2002 Country Financial Accountability Assessment (CFAA) report of the World Bank on Sierra Leone brought to light a number of lapses in the then Public Budgeting and Accountability Act (PBAA) of 1992, and the Public Amendment Act 1996. It was put to light that the instruments did not adequately emphasise the significance of the oversight roles of both the Parliament and the Audit Service in the execution of the national budget. The following system weaknesses were also highlighted warranting the need for robust budgetary reform:

- “That the budgeting system does not yet present a real and comprehensive view on planning;
- That the central accounting system has not yet progressed to produce reliable financial statement or meaningful figures for the purpose of budgetary control;
- That the system of internal control has unclear rules and weak enforcement, enabling inefficient use of public funds and contributing to lack of transparency and accountability;
- That serious human resource constraints hamper effective financial management;
- That management of assets, liabilities and internally generated revenue is very weak;

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<sup>296</sup> *Governance Reform*, Ministry of Finance, Document, 2005 p8

- That the Financial Management and Accounting System (FMAS) lacks critical functionality, controls, audit trails, system documentation, is unsuitable, and is not accessible for departments;
- That service delivery continues to suffer in the absence of monitoring of results, poor information, and a weak control environment in line ministries;
- That external auditing is in arrears and at present still not addressing high risk areas, and
- That Parliamentary oversight is not yet effective”.<sup>297</sup>

In the light of these findings, the Government attracted support from the World Bank under its Institutional Reform and Capacity Building Project (IRCBP), United Kingdom DfID, the United Nations Development Programme (UNDP), the EU and the African Development Bank (ADB), to provided technical and financial assistance in support of the Government’s Public Financial Management (PFM) Reform agenda. As a result, the need arose for the promulgation of a new and robust organic budget law, which led to the crafting and passing of the Government Budgeting Accountability Act (GBAA) in April 2005. to secure transparency, accountability, and sound management of the government budgets<sup>298</sup>. The measure became part of a wider agenda to improve financial management along the lines of transparency and participation, as well as delivering on plans contained in the country poverty reduction strategy paper (PRSP) under the heavily indebted poor country initiative (HIPC) – all driven by the World Bank and the IMF.

In general, the Government took a holistic outlook of financial management to include the following initiatives:

- Introduce a new legal framework (Public Budgeting and Accountability Act (GBAA) 2005, to improve budgeting and meet laid down poverty reduction policies;
- Introduce the medium term expenditure framework (MTEF) to improve budgeting;

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<sup>297</sup> *Ibid.*, p12

<sup>298</sup> *Ibid.*, p12

- Enhance the Accountant-General's Department (AGD) and improve the integrated financial management information system (IFMIS);
- Create internal audit department within the ministry of finance to institute controls;
- Introduce public expenditure tracking surveys (PETS) to monitor and evaluate expenditure; and
- Create an independent national public procurement authority (NPPA) to achieve fair and transparent procurement.

### ***7.2.1 The Legal Framework: Overview of PFM***

The legal framework for public financial management (PFM) in Sierra Leone consists of the 1991 Constitution (sections 110 – 119), The Government Budgeting and Accountability Act (GBAA) No. 3 of 2005, the Audit Services Act 1998, the Local Government Act 2004, and the Public Procurement Act 2004. With the exception of the 1991 Constitution which preceded the 1996 democratic elections, all other financial management laws are recent and were as a result of donor recommendations and the resolve of Government. In principle, the Government was receptive to change as well as prepared to introduce positive thinking in financial governance, however, it must be mentioned for clarity (as reiterated by MOF officials, including Senior Budget Analyst Mariama Anthony-Williams) that change was driven by the donor community, largely the World Bank, the IMF, DFID, and the European Union. Also, that the Government in most cases has emerged as a lame duck in the midst of development partners when critical decisions are being made.<sup>299</sup>

The GBAA is structurally robust and it lays a foundation for sound public financial management with emphasis on transparency, accountability and participation. Put explicitly, Section 2(f) purports to “promote and enforce transparency and sound management in respect of the revenue, expenditure, assets and liabilities of budgetary agencies”. The GBAA also emphasises participation such that the minister of finance

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<sup>299</sup> Interviews with Mariama Anthony-William, Senior Budget Analyst, and Cyprian Kamaray, Accountant-General, all of Ministry of Finance, June 2006

is required under Section 2(b) to “ensure that all interested parties are able to participate fully in the decisions taken on the budget within the medium term expenditure framework”.<sup>300</sup> For the first time in the financial management system, government adopted the policy of inclusion that leverages the role of citizens and stakeholders in the decision making process. The GBAA also introduced a robust financial management system. First and foremost, it provides that budgets are to be prepared by taking a medium-term view (three years); Sections 1 and 2 established internal audit unit within the ministry of finance with a room for expansion to other MDAs to enforce expenditure control. The Act also provides for the strengthening of budget oversight through enhancing the role of the Parliament, the Auditor-General, and strongly prescribed for civil society participation.

Moreover, the instrument introduced budget oversight committees (Section 2(1)) in all of the twelve districts to facilitate grassroots involvement in the budget process; and it reinforced financial reporting and fiscal responsibility among vote controllers. The new organic budget law also established a budget bureau in the ministry of finance to develop, monitor and evaluate public expenditure.

### **7.3 MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)**

Prior to the 2001 financial management reform, Governments of Sierra Leone used an incremental annual system of budgeting. This approach treats existing programme and departments as already approved, subject only to increases based on the previous year’s figures.<sup>301</sup> The financial resource allocation process lacked the requisite policy focus at the Cabinet level that could create a buy-in framework to

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<sup>300</sup> Section 2(b)

<sup>301</sup> Ministry of Finance, Medium Term Expenditure Framework (MTEF) Guidelines, 2003 p2

guide spending agencies. Governments ran the risk of 'creeping' costs year on year. For example, each year the Government may take 'last year plus 10 percent' as its figure and fail to query the basis for the decision. In this way, an arbitrary decision in a given year continued unchallenged for decades with no proper monitoring and evaluation mechanisms to measure budgetary outcomes. The shortcomings of this approach led Government to adopt a Medium Term Expenditure Framework (MTEF) approach to budgeting.<sup>302</sup>

### **7.3.1 The MTEF Process**

In striving to adopt good budgetary practices, the Government in 2001 introduced a new budget process known as the Medium Term Expenditure Framework (MTEF), which encourages line ministries to prioritise their activities within the given resource envelope over a number of years, so as to maximise the benefits from the limited resources available. The MTEF process is aimed at improving efficiency in the allocation and utilisation of public funds as well as enhancing transparency and accountability.<sup>303</sup> In August 2003, a set of MTEF guidelines were prepared, approved by Cabinet and circulated to all ministries departments and agencies (MDAs) for use. The MTEF guidelines stressed the importance of strategic planning that sets outputs, outcomes (performance) indicators for MDAs in order to monitor and improve service delivery.<sup>304</sup>

The main challenges within the MTEF Process, as set out in the prescribed MTEF Guidelines, are to establish and monitor the performance indicators in the strategic plans of sector ministries within a given resource envelope, also consistent with the Poverty Reduction Strategy Paper (PRSP). The Process is also geared towards

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<sup>302</sup> *Ibid.*, p3

<sup>303</sup> *Ibid.*, p7

<sup>304</sup> *Ibid.*, p7

ensuring a more comprehensive public sector budgeting prevails, by reflecting all revenues and expenditures, including funds provided by the donor partners, as well as internally generated funds. Thus, the Budget document should incorporate all extra-budgetary resources, record and report on donor funding, using the standard classification and objects of expenditure (deepening the integration of the recurrent and development budgets) and ensure that all revenues of government, especially internally generated funds, are timely and completely collected, remitted and monitored.<sup>305</sup>

Starting from the 2004 to 2006 MTEF, Budget Policy Hearings are held and thereafter preliminary budget discussions with key MDAs take place before budget ceilings are set. MDAs have been advised to establish Budget Committees as required in the MTEF Guidelines so as to resolve budgetary problems and to enhance participation and transparency in MDAs' budgetary operations, viz. budget preparation, execution and monitoring.<sup>306</sup>

The MTEF approach could be defined as a *Three Year, Integrated, Broad Based, Performance Rolling Budget* that sets out the government's expenditure plans for a three-year period within an available resource ceiling. It integrates both recurrent (for example, salaries and wages) and capital expenditures (development projects) of both the government as well as donor resources, and is based on achieving *an agreed level of performance within each sector*. It also places emphasis on three aspects of public expenditure management – **Participation, Transparency and Accountability**.

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The MTEF seeks to discipline policy choices with a realistic aggregate resource constraint over the medium term, with policies having to compete with each other, as concepts and for funding. It translates longer-term strategic priorities stated in the

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<sup>305</sup> *Ibid.*, p13

<sup>306</sup> *Ibid.*,

<sup>307</sup> K. Marah, Commonwealth Public Expenditure Seminar Paper, Commonwealth Secretariat, 2007 p4

country's Vision 2025 and Millennium Development Goals (MDGs) into sustainable funded programme and activities over the medium term as set out in its poverty reduction strategy. In addition, it ensures that policy and spending decisions are based on full disclosure of their expected impacts and costs over the medium term; and it seeks to improve the predictability of policy and funding.<sup>308</sup>

The MTEF seeks to reflect the following in accordance with the Guidelines:

- Better matching of spending with overall resource availability over the medium term, thereby increasing the likelihood that policies will have their intended impact and will be consistent with short term stabilisation needs;
- Sectoral allocations of spending more in line with government's priorities, on the basis of a comprehensive review of resources, policy options and their costs;
- Improved sector planning and management, by requiring the simultaneous programming of recurrent and investment expenditures; and
- Increased effectiveness and efficiency of spending, by requiring line Ministries to define their Mission, Goals, and Activities and, where possible link spending amounts to measures of performance in outputs and outcomes''<sup>309</sup>

In order to achieve the above, the Ministry of Finance has since August 2003 placed emphasis on three key aspects of public expenditure management – **Participation, Transparency and Accountability.**

### **7.3.2 The key features of the MTEF:**

#### **7.3.3 Three Years:**

MDAs are informed of the resources that are likely to be made available for their operations over a three-year period so that they are able to plan ahead. The three-year horizon seeks to introduce greater fiscal discipline. The MOF aims to maintain the three-year estimates as much as possible and MDAs will need to phase the implementation of their activities over the three-year period.<sup>310</sup>

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<sup>308</sup> *Ibid.*, p5

<sup>309</sup> Ministry of Finance, MTEF Guidelines, op.cit, p7

<sup>310</sup> *Ibid.*, p16

#### **7.3.4 Integrated:**

The new approach involves planning of recurrent, capital and development resources together so that MDAs consider whether it is more effective to spend limited resources on the operation of existing facilities or on new investments. The integrated approach also ensures that MDAs plan for the new operational costs that will arise from new investments.<sup>311</sup>

#### **7.3.5 Comprehensive and Broad Based:**

The MTEF approach involves bringing together all resources available to Government (from government's own resources; internally generated funds and donor funds) and for MDAs to allocate these resources in line with their priorities. This is a key area which poses a challenge to the ongoing reforms, that is to say, harmonization of donor resources and aid flows.<sup>312</sup>

#### **7.3.6 Performance Budget:**

The approach also involves MDAs setting performance targets to achieve key objectives, such as increasing the enrolment of girls in schools, or increasing the rate and quality of treatment in clinics. These performance indicators will enable Parliament, Cabinet and MOF to assess MDAs on whether they have improved frequency and quality of services provided rather than solely concentrating on implementing expenditures. The focus on performance targets meant that MDAs have become more attuned to meeting the challenge of providing the needs of their clients or stakeholders.<sup>313</sup> This process has been deepened by aligning the key performance

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<sup>311</sup> *Ibid.*, p17

<sup>312</sup> *Ibid.*, p18

<sup>313</sup> *Ibid.*, p18



indicators in the country poverty reduction strategy and all other donor quantitative and structural benchmarks.

### **7.3.7 Participation:**

The MTEF attracts the involvement of every stakeholder in budget preparation ranging from the communities to the national budget discussions. It encourages community consultations through the establishment of District Budget Oversight Committees (DBOCs) as provided in the GBAA. Grassroots participation helps in identifying local needs and priorities which would be integrated in the budget document, as well as plays a significant role in monitoring the budget implementation. Within the same spirit, policy hearings and budget discussion are held and include the participation of District Budget Oversight Committees (DBOCs) and non-state actors.<sup>314</sup>

### **7.3.8 Transparency and Accountability:**

The MTEF has helped to provide more information on the activities and costs of Government operations, with which MDAs can be held accountable by Parliament, Cabinet, MOF and the general public. The MOF gazettes quarterly allocations and actual expenditure, also the allocation formulae for administration and development grants are made public.<sup>315</sup>

The predictability of available resources is critical to the success of MTEF; however, predictability and the timely flow of funds pose a threat to Sierra Leone's development process, because the country heavily relies on the donor community for direct budgetary support. Worse still, domestic revenue mobilization is at a low point.

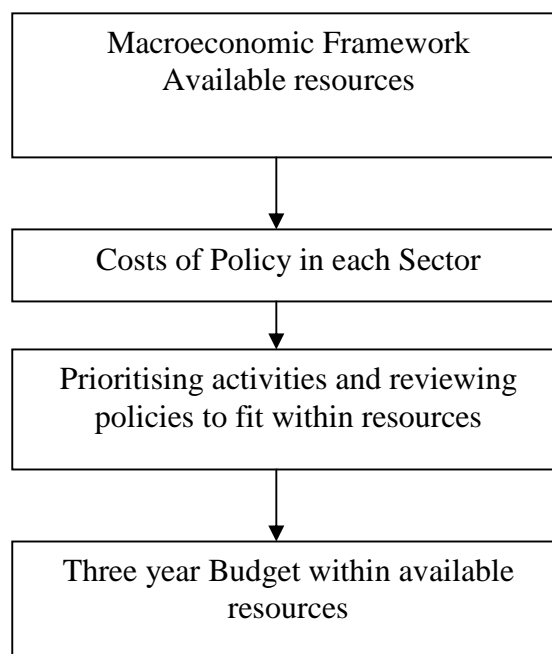
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<sup>314</sup> *Ibid.*, p18

<sup>315</sup> *Ibid.*, p18

Thus it is important that assurance for timely flow of donor resources for a given period is provided, to enhance the ability of government to conduct accurate forecasting on resource flow. In other words, support for Year N+1 to be determined in Yr N as this will give credence to revenue forecast and enables government to execute its budget according to the plan. Furthermore, all donor project interventions in line ministries should be captured in the Annual Estimates as part of the total resources available to government, so as to avoid duplication and waste of resources. The focus of the process is illustrated in Figure one below:

**Figure 1: The MTEF Process**



Source: adapted from MOF MTEF Guidelines

In sum the MTEF process involves:

- Assessing the total resources available to the Government as a whole;
- Estimating the actual costs of policies in each sector;
- Comparing these requirements with resources; and
- Prioritising between activities and allocating scarce resources in line with priorities.

## 7.4 THE BUDGETARY PROCESS

The budgetary process of Sierra Leone runs from 1<sup>st</sup> January to 31<sup>st</sup> December of the calendar year. Under the MTEF process, the MOF sends out the Budget Call Circular in June setting out the ceilings of the total budget allocated to each MDA. It is the responsibility of each vote controller in collaboration with budget committees<sup>316</sup> to prepare budget estimates against such ceilings.<sup>317</sup> After the preparation of MDA estimates, the Budget Bureau in the MOF holds “Budget Hearings” during which estimates are defended and clear explanations are provided by MDAs. The hearings are attended by MPs of the Finance Committee of Parliament, civil society leaders and other stakeholders as a means to integrate opinions from the social, political and technical divide into the final budget document. The budget estimates are then submitted to the Cabinet for approval.<sup>318</sup>

Since budget preparation and documentation are highly technical, the question whether all category of stakeholders (interest groups) in a developing economy would clearly understand the process as well as the information contained in the document, always comes to mind. However, it emerged in an interview with Mohamed Jusu, Senior Clerk of Committees (See Appendix E) that stakeholders do influence, and indeed, cause some modifications to be made to the budget document. A classic case cited was the Government decision to accept a proposal by stakeholders to provide examination fees for all candidates (middle secondary school pupils) slated to take the West African Basic Examinations Certificate Examinations, as a result of widespread poverty in the wake of the rebel conflict.

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<sup>316</sup> Budget committees are a new creation of the reforms in all MDAs to facilitate and direct budgetary reform at their own levels. Their role is fully discussed later in the chapter

<sup>317</sup> Ministry of Finance, Medium Term Expenditure Framework (MTEF) Brief, 2005 p2

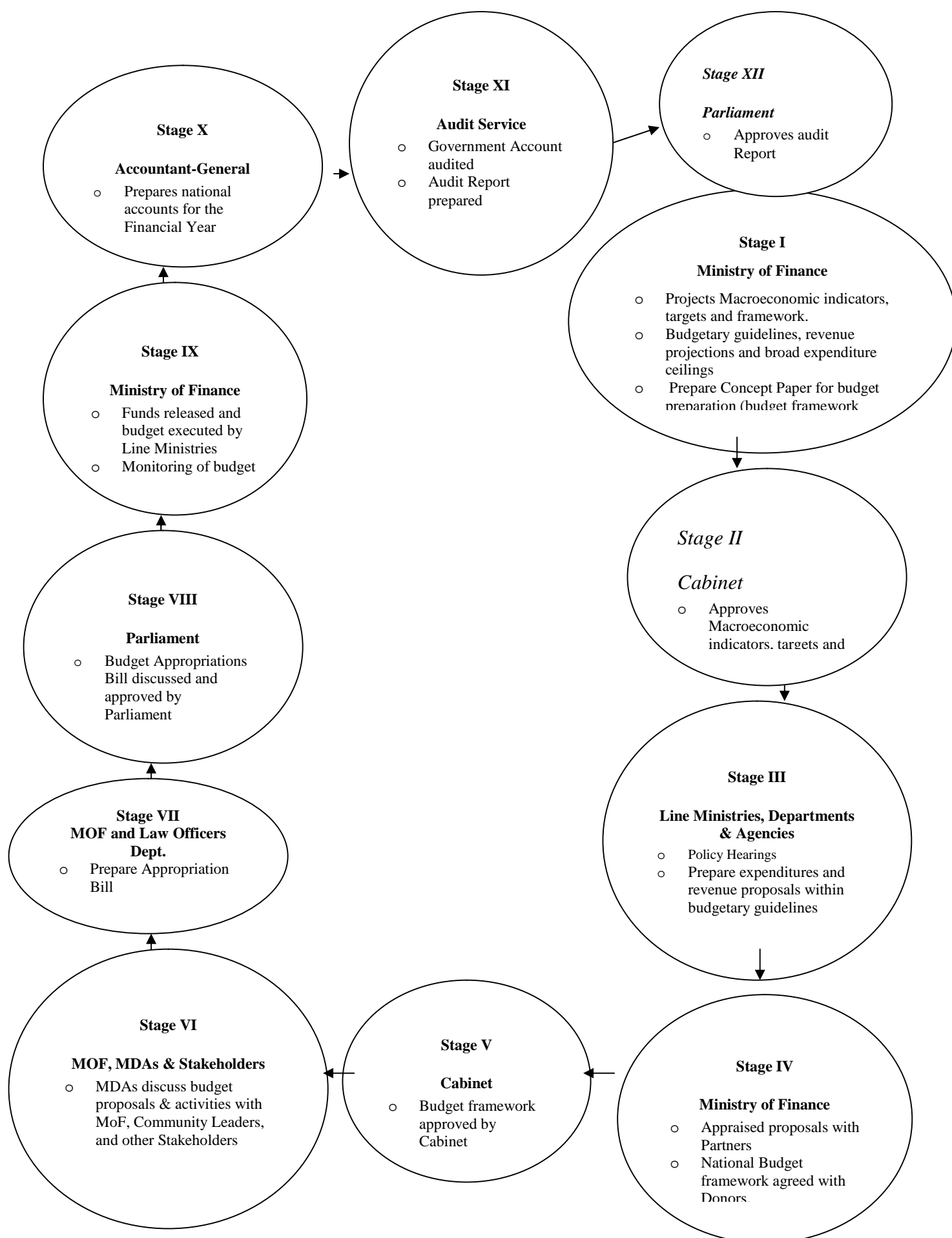
<sup>318</sup> *Ibid.*p2

The budget is presented to Parliament in a speech delivered by the MOF; in most cases this is done in November at least one month before the budget comes into force. The budget speech is considered the first reading of the Appropriation Bill that outlines the Government's recurrent expenditure plans, estimated revenue in the medium term, and debt. When Parliament passes the budget, implementation takes effect across MDAs. At the end of the financial year, the Accountant-General prepares national accounts and submits a report to the Auditor-General for audit purposes. The Auditor-General in turn submits an audit report to the Public Accounts Committee of Parliament for review and action.<sup>319</sup> The process cycle is illustrated below in Figure 2

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<sup>319</sup> *Ibid*, p6

**Figure 2; The Budgetary Process (Source: MOF)**



#### **7.4.1 *Linking planning and budgeting***

Linking planning and budgeting is made possible by the MTEF being used as a strategic tool to integrate what government wants to achieve (goals), how it will go about achieving it (strategy) and what (resources) it will take to achieve the goals. Under the MTEF process, the preparation of strategic plans provides an opportunity for MDAs to review the reasons for their existence, what they are trying to achieve, and the resources required to achieve those objectives. However, as resources are limited, it will not be possible to implement all they require – thus requiring prioritisation in the planning process.<sup>320</sup>

Preparing a strategic plan is an interactive process that links MDA objectives and policies to the national goals and policies as described in the Medium Term Plan. It agrees the mission statement, objectives, outputs and activities, as well as the cost of the activities. In addition, it assesses whether the activities are affordable within the resource envelop, and provides an opportunity to revisit the activities and to identify lower ones that can be eliminated or scaled back (prioritisation), redefine output and objectives if necessary.

As is required by the MTEF Guidelines, all MDA plans must include the following components as part their Strategic Plans:

- National and sectoral goals
- Mission statements
- Objectives
- Activities
- Outputs
- Outcomes

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<sup>320</sup> Ministry of Finance MTEF Guidelines , op.cit., p21

#### **7.4.2 National and sectoral goals**

Sierra Leone being a poor country emerging from a civil conflict (1991-2002), has embarked on a holistic strategy to achieve its proclaimed Mission 2025 and the Millennium Development Goals. Part of the strategy adopted by the Government is restructuring the sectors into clusters for better planning to guide the delivery of results. The sectoral goals are set out in the annual speech of the President delivered at the State opening of Parliament and it is included in the National Recovery Programme (NRP) and various sectoral master plans. However, since 2005, the MOF decided that national and sectoral goals would constitute elements of the Poverty Reduction Strategy Paper (PRSP).<sup>321</sup>

#### **7.4.3 Mission statements**

MDAs are also required to make clear their mission statements. This is considered the most critical role of MDAs in the whole MTEF process. The first requirement is the mission statement of MDAs spelling out values of existence, their core business they wish to deliver on for stakeholders and what guides their operations. This is to be based on the legal instrument establishing the MDA.<sup>322</sup> Where a ministry has several departments and subvented organisations under its operational ambit, it will prepare a general Mission Statement to be followed by sub-statements for such departments and agencies. In the parent ministry's submission, the departments and the agencies under its mandate would be presented as sub-sets.<sup>323</sup>

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<sup>321</sup> *Ibid.*, p21-24

<sup>322</sup> *Ibid.*, p25

<sup>323</sup> *Ibid.*, p30

#### 7.4.4 Objectives

The next stage in the strategic planning process involves stating the broad objectives or goals for the MTEF period - normally, three years. These will outline the overall Government policies as they affect the MDA, as well as specific policies of the MDAs within the broad framework of government. The broad objectives are followed by strategic goals, which gives expression to the fulfilment of the MDA's Mission as well as the broad objectives or goals for the MTEF period. The objectives stated should be accompanied by the outputs to be produced to achieve them.<sup>324</sup>

#### 7.4.5 Activities

Setting out activities to be undertaken by the MDA is also relevant as a measure of performance. This is significant as MDAs are impelled to meet self-generated activities against the specified period. Another requirement is that both the outputs and activities must be 'SMART', in other words, they must be Specific, Achievable, Realistic and Time bound, and should be prioritised in the light of available resources.<sup>325</sup>

As a general rule for the preparation of the MTEF budget, MDA submissions must include a statement of prioritised activities (which should not be a shopping list). The activities should further be expressed in terms of inputs required to produce them. These should then be costed and presented to the MOF. These activities are classified into three types:

- **Administration:** those activities involved in the day-to-day running of an office such as office supplies;
- **Service Activities:** those activities involved in the provision of the services for which the MDA exists. For example, treatment of patients, preparation of the budget; and

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<sup>324</sup> *Ibid.*, p30

<sup>325</sup> *Ibid.*, p31



- ***Investment Activities:*** the acquisition of capital assets such as construction or purchase of equipment.<sup>326</sup>

#### 7.4.6 *Outputs*

Outputs are the tangible products of the activities, which could be for example, school buildings. Other examples include, the kilometre of roads rehabilitated; number of farmers provided with extension services; number of policy documents reviewed; and the number of textbooks supplied to pupils.<sup>327</sup>

#### 7.4.7 *Outcomes*

This is the result or impact of the activity on recipients. For example, increase in pass rates that would result from providing more textbooks and better-trained teachers, increase in rice production that would reduce the importation of rice. In other words, it is the measure of whether goals have been achieved. The overall process is an interrelated work chain which requires continuous review of all the components to reflect ongoing realities, and the changing needs and policies of government. The process in short, requires the following:

- Inputs will lead to the activities;
- These activities will produce the outputs;
- The outputs will lead to the accomplishment of the objectives; and
- The objectives will fulfil the MDAs' mission.<sup>328</sup>

The flow of activities is illustrated below:

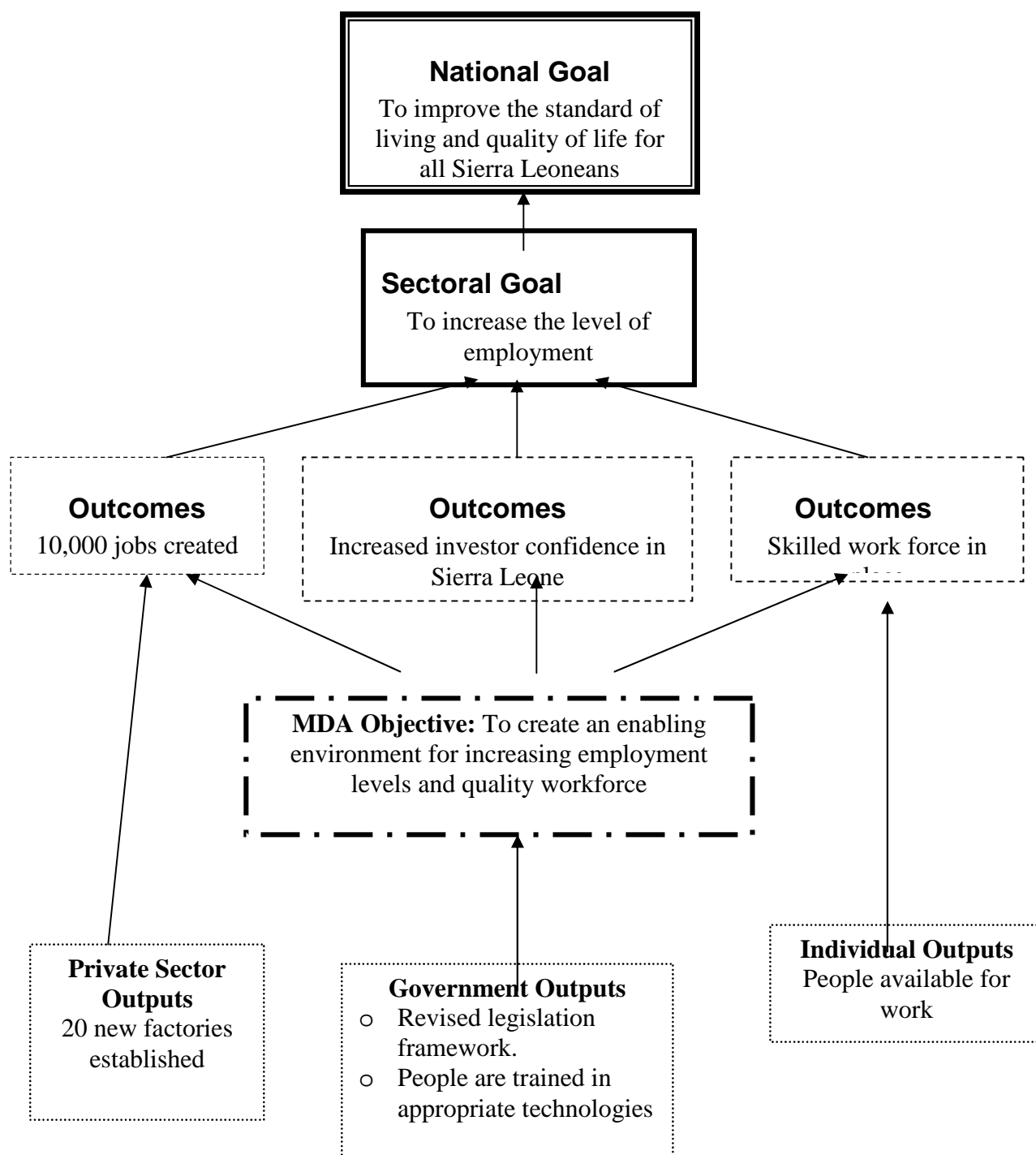
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<sup>326</sup> *Ibid.*, p31

<sup>327</sup> *Ibid.*,p31

<sup>328</sup> *Ibid.*,p31

**Figure 3: The Dynamics of The Process**



Source: Ministry of Finance

## 7.5 INSTITUTIONS AND STRUCTURES

Given the new orientation on doing government business, the MOF has created the following structures to support the MTEF process both at MDA and national levels:

1. MTEF Technical Committee
2. MDA Budget Committees
3. Policy Hearings
4. PFM Reform Unit

### 7.5.1 *The MTEF Technical Committee*

To facilitate the MTEF budget process, an MTEF Technical Committee was created and empowered by the 2001 budget speech to guide MDAs in the preparation and implementation of budgets under the new dispensation in respect to MDA activities at regional levels.<sup>329</sup> The Committee comprises officials from the MOF, the Ministry of Economic and Development Planning (MODEP), the Bank of Sierra Leone (BSL), Statistics Sierra Leone, and the University of Sierra Leone (USL). The Secretariat of the Committee is the Budget Bureau in the MOF. The Secretariat also liaises with civil society groups and media institutions to reflect their opinions in the budget document. Responsibilities of the Committee among others are to:

- Assist MDAs to formulate budget estimates;
- Assist the Budget Bureau to finalise National Budget estimates for cabinet approval;
- Prepare guidelines and documentations of the MTEF process and procedures;
- Provide a channel for information flow between central budget agencies and sector ministries;
- Coordinate the establishment of the institutional framework for the whole MTEF process;
- Facilitate budget discussions involving all stakeholders;

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<sup>329</sup> The Budget Speech, Republic of Sierra Leone, 2001

- Promote transparency in budgetary process by establishing and coordinating activities of District Budget Oversight Committees (DBOCs);
- Act as liaison between the MDAs, other stakeholders and the MOF;
- Assist in implementation of the budget process;
- Organise Workshops, training seminars and study tours; and
- Identify areas that require enhancement of the MTEF process<sup>330</sup>

The formation of the technical committee has brought with it a new orientation and the value of technical inputs into the budget process.<sup>331</sup> It also underscores the significance of using local expertise in a country environment as a more proactive approach to driving reforms.<sup>332</sup>

### **7.5.2 MDA Budget Committees**

Under the MTEF guidelines, all MDAs have to establish Budget Committees chaired by vote controllers. The committees take responsibility for leading the MTEF process within their organisations and ensure compliance.<sup>333</sup> This strategy not only introduces the decentralisation of management responsibilities from the MOF but it creates and encourages team management within the public service which was lacking. In the words of Mariama Anthony-Williams, Senior Budget Analyst in the Budget Bureau-MOF, “we want institutions to be proactive and be directly involved in driving the reform process. The MDAs Budget Committees will therefore take responsibility for their own success or failures and are accountable to the heads of institution. With the MTEF, gone are the days when permanent secretaries sit on top of the pile alone without any sense of accountability, and come are the days where permanent secretaries as vote controllers, find themselves put on the spot and charged with the

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<sup>330</sup> *Ibid.*,

<sup>331</sup> Interview with Mariama Anthony-Williams, op.cit.,

<sup>332</sup> K. Marah, *Guidelines for Public Financial Management Reform*, op.cit., p14

<sup>333</sup> MTEF Guidelines, op.cit., p25

responsibility of team leadership. This is all about team building, leadership and collective responsibility”.<sup>334</sup>

### **7.5.3 Membership**

Membership of the MDA Budget Committee is a flexible process that is determined by the team leader, who at the ministry level is the permanent secretary and vote controller. The membership of the committee includes:

- The vote controller as chair;
- Membership to reflect the entire spectrum of the agencies under a line ministry; and
- Departments and Agencies may also establish individual Budget Committees as subordinate Committees.<sup>335</sup>

### **7.5.4 Role of Budget Committees**

MDA Budget Committees carry out the following responsibilities:

- Review policies, strategic plan and budget performance;
- Manage and co-ordinate the preparation of the Strategic Plan on a three yearly basis;
- Divide the total ceiling provided for the MDA between the cost centres based on agreed criteria;
- Train cost centre managers in all aspects of budget preparation and management;
- Co-ordinate and manage the preparation of work plans and cash flow forecasts; and
- Co-ordinate and manage the preparation of quarterly monitoring reports and expenditure returns.<sup>336</sup>

The aim of Government is to institutionalise Budget Committees as the permanent focus of budget preparation and management in all MDAs. In order for Budget Committees to perform their roles effectively, the vote controllers need to be actively involved and brief their Ministers on the performance of Budget on a regular

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<sup>334</sup> Interview with Mariama Anthony-Williams, op.cit.,

<sup>335</sup> MTEF Guidelines, op.cit., p30

<sup>336</sup> *Ibid.*,p30

basis; all members need to be involved and to be clear about their commitment and functions. In addition, membership remains as constant as possible: change in membership is minimised. Also, the Committees meet regularly during the year: at least on a weekly basis during budget preparation and on a monthly basis to monitor and manage the implementation process. Contact persons are being identified as the links between the MDAs and the Ministry of Finance; and the Committees need to make full use of the reports that will be generated from the software to analyse options for budget preparation and management.<sup>337</sup>

#### ***7.5.5 Role of the Budget Committees in Managing Change***

While the MOF manages the overall MTEF change process, Budget Committees are mandated to manage change within their own organisations. In order to fulfil this role, the vote controllers and Budget Committee members have to identify areas for change and communicate such message and proposed strategy within the organisation. The existence of a shared vision which expresses where the MDA/Government intends to go as a result of the change must be clear. This visualizes the future in terms of providing an effective response to the reasons why the change is being introduced; identifying the desired future condition of the MDA, and creating a climate of enthusiasm and participation. In view of these key requirements, the MTEF guidelines provide that:

- Everyone involved in making the change has to feel as part of it and accept the vision and how it is to be realised;
- Aspects such as the future structure, patterns of work, and procedures have to be explained in detail to all within the organisation;
- Champions for the change have to be identified and charged with leading reform within the organisation;
- Allocation of resources to maintain and review the change through the regular meetings of the Budget Committee; and

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<sup>337</sup> *Ibid.*, p29

- It is the responsibility of the Budget Committee to allocate the MDA ceiling between the cost centres and objectives. Once the MDA ceiling has been provided, the Budget Committee meets to allocate the resources amongst the various cost centres”.<sup>338</sup>

### 7.5.6 *Policy Hearings*

The Government of Sierra Leone introduced Policy Hearings in the budgetary process in 2004, with the aim of discussing and reviewing sectoral policies as the first stage in allocating resources between and within sectors.<sup>339</sup> The hearings are organised on a broad sectoral level and inform decision making process at MDA levels by the Budget Committee. Prior to the hearings, sectoral MDAs meet to discuss cross sectoral issues and areas of collaboration and linkages.<sup>340</sup>

“Until the introduction of the MTEF”, said, Mariama Anthony-Williams, “policy hearings only focused on issues without a discussion of the expenditure requirements and their implications on national development. However, with the introduction of policy hearings that are structured on understanding the relationship between policy and policy financing, a whole new approach is born. Indeed, ministers and senior administrators now approach national development in a different light, which has also helped the Ministry of Finance as the central management agency of national resources”.<sup>341</sup>

Policy Hearings, including budget consultations and the input of technocrats between and across MDAs, have become a common phenomenon in the MTEF practising nations. In the case of South Africa, with public financial management reform, for example, the Treasury and Ministry of Finance have established a body called the 4\*4s that comprises technocrats and sectoral managers. The team informs

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<sup>338</sup> *Ibid.*, p32

<sup>339</sup> *Ibid.*, p32

<sup>340</sup> *Ibid.*, p32

<sup>341</sup> Interview with Mariama Anthony-Williams, op.cit.,

decision-making at ministry level.<sup>342</sup> A Budget Council, which also comprises regional and MDA managers, do meet to link policy and expenditure before the cabinet considers the draft budget.<sup>343</sup>

In Sierra Leone, Policy Hearings are hosted and driven by the MOF. The MDA Strategic Plans provide sufficient information to kick-off discussions on the costs of public policies at the hearings. Thus MDAs present their Policy Review Reports with the three year expenditure requirements. The MOF would normally be interested in three key areas:<sup>344</sup>

1. Review of cross sectoral meetings/findings/conclusions/recommendations: the areas of potential overlap and duplication between MDAs will highlight possible savings; while the interlinkages between MDAs will indicate areas of inter dependence between the budgets.
2. Review of individual MDA Policy Review Report with emphasis on:
  - ❑ consistency with national goals and objectives;
  - ❑ reality of the planned outputs and outcomes;
  - ❑ analysis of policy/ strategy options;
  - ❑ revised objectives; and
  - ❑ key outputs.
3. Review of estimates at the cost centre, and item levels:
  - ❑ the reality of estimates for the planned objectives, cost centres and items;
  - ❑ the priorities as agreed with the MDAs and whether they reflect national priorities; and
  - ❑ how well the priorities have been reflected in the allocation of resources.

The Policy Hearings are preceded by review meetings where MDAs share individual Strategic Plans with the other MDAs within their sectors so as to be able to:

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<sup>342</sup> K. Marah, *Public Finance Management Reform, A South Africa Case Study*, op.cit., p61

<sup>343</sup> *Ibid.*, p61

<sup>344</sup> *Ibid.*, p40



- a) identify areas of overlap and duplication between MDAs; and
- b) identify areas for collaboration between MDAs.

Following the meetings, the convening MDA will prepare the joint paper for the Policy Hearings. For coordination of sectoral meetings, the following ministries act as convenors:

Economic Sector -	Ministry of Agriculture, Forestry and Food Security
Social Sector-	Ministry of Education, Science and Technology
Security Services -	Ministry of Defence
General Services -	Office of the President

**Table 4: MTEF Budget Presentation in Annual Estimates**

<b>Title</b>	<b>Content</b>
Mission Statement and MDA Objectives	Presents the Mission Statement and Objectives for the MDA
Summary by Head and Sub-head by Government of Sierra Leone-Donor	A summary of the annual estimates broken down by Division and broad category of expenditure for both GSL and donor funds
Estimate of outputs and objectives	Shows for each Division/Department the objectives and related outputs.
Summary by MDA, Objectives and item of Expenditure	Shows a summary for the MDA of the Estimates for the three year period for the three items of expenditure
Summary by MDA, Head and Sub-head	Shows the total Estimates for all Estimates for all Heads and Sub-heads for each of the three years
Details of Development activities	Shows the details of projects including description, costs for the three year and location

Source: adapted from MTEF Budget Bureau Staff work

Changes to the budget classification will be reflected in the Chart of Accounts so that MDAs will be able to control, monitor and account for their expenditures according to objectives. In addition, the outputs developed by MDAs as part of the

strategic plan will be monitored during and after budget implementation to ensure that actual performance by MDAs are met according to planned outputs and objectives, or with little deviations.<sup>345</sup>

#### **7.5.7 Public Financial Management Reform Unit**

For the new reform to take a foothold, Government through the recommendation of development partners, in particular the World Bank, has created a PFM Reform Unit under the auspices of the MOF. The Unit is a US\$6.2 million World Bank supported institution charged with the responsibility of providing general support to facilitate and strengthen PFM reform. The key focus areas are to:<sup>346</sup>

- establish a legal PFM framework with a focus on financial accountability;
- support the establishment of a decentralised budget, including accounting procedures, reporting and control process; and
- provide intensive and sustainable training package for PFM officials and managers across MDAs.

Institutional support also comes from the UK DfID to enhance the capacity of the Audit Service, strengthen Parliamentary oversight, and provide technical support to the National Revenue Authority (NRA).<sup>347</sup> The final phase of technical delivery from the PFM Unit is strengthening the newly decentralised local government institutions along similar lines with the national PFM reform: providing a legal framework, improving expenditure execution and training of staff.<sup>348</sup>

### **7.6 SUCCESSES AND CHALLENGES**

Drawing from the above processes and institutional arrangements, it is evident in theory that all the core six OECD best practice benchmarks are in large measure

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<sup>345</sup> *Ibid.*, p40

<sup>346</sup> “Public Financial Management Reform” Institutional Reforms and Capacity Building Project (IRCBP), Ministry of Finance, Sierra Leone, [www.ircbp.sl](http://www.ircbp.sl) May 2005

<sup>347</sup> *Ibid.*, p40

<sup>348</sup> *Ibid.*, p40

captured in the reform: the successes lie in the fact that there is a significant departure from the norm of poor budgeting. Within the new system, planning and resources are linked with the emphasis on outputs and outcomes; goals are set by MDAs with clear linkages to the national plan; and external oversight, including internal controls, is being put in place to support reform. While much progress has been made a lot more remains to be done, too. To this end, three major flaws have been identified in the budgetary process, namely: the non-robust involvement of the Cabinet in decision making; a fragmented budget development process continues regardless of the reform; and the persistence of non-comprehensive budgeting.<sup>349</sup> These challenges are discussed below.

#### **7.6.1 Limited Involvement of the Cabinet**

A proactive and focused involvement of the Cabinet in the budget development as well as the implementation process is very limited. In it is observed in the 2006 Country World Bank Review that:

*The Cabinet “discusses” the budget for about one hour immediately prior to its presentation to Parliament. That is not to say that the ministers are not involved in the preparation of the budget for their ministry; the usual budget hearings with the Ministry of Finance do take place. It is just that there is no collective discussion of the priorities as an input into the budget process. Instead, bargaining takes place largely on a bilateral basis between Finance and each spending ministry.*<sup>350</sup>

Although the new MTEF Guidelines of August 2003 envisaged a robust Cabinet role in the budget process, much is still expected of the team. In its conclusion, the World Bank team stated that “if the political leadership is not collectively involved

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<sup>349</sup> Sierra Leone - public expenditure review: from post-conflict recovery to sustained growth, The World Bank, Washington, 2004, p70

<sup>350</sup> *Ibid.*, p72

in setting the priorities by making the tough choices, then it will not be committed to the budget that will fund the implementation of those priorities”.<sup>351</sup>

According to the Commonwealth *Guidelines for Public Financial Management Reform*, the quality and comprehensiveness of the final document, and style of implementation, largely hinge on the long-term commitment of the political leadership and that of the central policy making body (the Cabinet) to institute change.<sup>352</sup> Since the inception of the reforms in Sierra Leone, several improvements have taken place. For example, a standard Cabinet procedure was laid out in “Notes on Cabinet Procedure (GSL 1998)”, with a standard format for Cabinet Memoranda. The President can draw advice from the National Policy Advisory Committee (NPAC) comprised of eminent Sierra Leoneans from outside of the Government. The group which was set up in 1996 (in the wake of the President’s first term), make its own proposals to the President.<sup>353</sup> It is reported that the NPAC reviews from 2 to 12 proposals a week. It does not, however, review the budget prior to its presentation to Cabinet. The President can also obtain advice from the Ministry of Presidential Affairs; the Secretary to the President, the National Security Council and the project teams administratively located in his office, such as the governance and public sector reform staff.<sup>354</sup>

Regardless of the above improvements in the recent past, recent studies on the Cabinet procedures indicates a weak team that does not particularly study the budget document. The report also demonstrates that neither the Cabinet as a collective body nor the President as its chairman receives quality technical support to enhance better

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<sup>351</sup> *Ibid.*, p72

<sup>352</sup> K. Marah, *Guidelines for Public Financial Management Reform*, Commonwealth Secretariat, op.cit., p10-11

<sup>353</sup> Sierra Leone - public expenditure review, op.cit., p12

<sup>354</sup> *Ibid.*, p13

decision making process. More than half of the decisions made by the Cabinet were not implemented.<sup>355</sup>

### **7.6.2 *Fragmented Budget Development***

After ten years of reform 1996 to 2006, the process through which the budget is developed remains fragmented:<sup>356</sup> the non-wage recurrent budget is crafted by the Budget Bureau in the MOF; the Development Budget is prepared by the Ministry of Development and Economic Planning (MODEP), while the payroll estimates are mainly prepared by the Establishment Secretary's Office and the Public Service Commission (PSC). Under the existing budget procedures, these elements are brought together by the MOF without the benefit of a strategic review of priorities and trade-offs at the national policy making level.<sup>357</sup> There is a lack of synergy in the development of the budget, and there is no single coordinating committee that could take on the job.

### **7.6.3 *Non Comprehensive Budgets***

Another distinct challenge still bedevilling the Sierra Leone reform is that budget documents are not holistic. In other words, they do not capture every source of revenue or consider all expenditure areas. According to the OECD and international best practice, a national budget should be comprehensive such that all sources of revenue, expenditure plans and government debts (foreign as well as domestic) are comprehensively recorded.<sup>358</sup>

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<sup>355</sup> Ministry of Finance Circular: Implementing Financial Oversight and Monitoring Units, 2005

<sup>356</sup> Sierra Leone – public expenditure review, op.cit., 2004 p 68

<sup>357</sup> Ibid., p68

<sup>358</sup> K. Marah, op.cit., p14

While the budget document covers the expenditure plans of the central Government, including counterpart contributions, and donor disbursements and project expenditures, donors would normally not provide data to the Accountant-General's Department (AGD) on grants in kind (drugs, equipment, vehicles, etc). The United Kingdom DfID grant support to the Police force, for example, is a case in point.<sup>359</sup> This practice runs contrary to the spirit of the selected OECD best practice benchmarks, for example, that budgets should be comprehensive and that the "the integrity of information provided in the reports" should be ensured.

In addition, omissions in the budget report relates to local governments, special funds (such as the Road Fund, and the Reforestation Fund), subvented institutions (such as universities and teacher training institutions) and public enterprises. Because of this fragmented system, there is no consolidation of the whole-of-government or the public sector.<sup>360</sup>

In principle, the budget includes transfers to several 'subvented' or 'self-accounting' institutions that maintain their own bank accounts, draw their own cheques, and send monthly returns to the Accountant-General. In practice, most of these agencies are legally separate from the Government such as the Anti-Corruption Commission, the Office of the Ombudsman and the National Revenue Authority (NRA). They prepare separate budgets and accounts in accordance with the statutes by which they were established. However, the main exception is the Police Department, which is part of central government but has negotiated to have its non-salary budget treated as a grant.<sup>361, 362</sup> In 2005 World Bank assessment mission report, it

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<sup>359</sup> Sierra Leone – public expenditure review, op.cit., p28

<sup>360</sup> World Bank Report – Sierra Leone, Ministry of Finance, 2005 p7

<sup>361</sup> The whole of their non-salary recurrent expenditure is classified as 'Office and General', which is not correct. It should be counted as an advance, then cleared to expenditure on monthly reports from Police.

recommended that “the budgets of self-accounting units should be fully detailed and integrated into the Government budget, even if the units are exempted from budgetary review process and the controls over virement”.<sup>363</sup>

Some subvented units have other sources of funds, so the transfers do not represent their total expenditure. There are some major funds such as the Road Fund (under the Sierra Leone Roads Authority), and minor extra-budgetary funds, such as the Reforestation Fund, which receive earmarked revenues. According to the World Bank, the budgets of these projects should be included as annexes to the national estimates, and their accounts as annexes to the Annual Statement of Accounts. The situation is captured in excerpt of the World Bank Report.

#### **Box 1: Non-Comprehensive Budget**

The Public Accounts cover only the Consolidated Fund. Special funds are not publicly reported. It would be better if their accounts were included as annexes to the Public Accounts, so that data are publicly available. Examples are the Road Fund (which receives revenue from sales of petrol and diesel and grants from the Consolidated Fund), the National Social Security Insurance Trust (deductions from employee salaries and grants from the budget head 342), the Agricultural Support Services Account (receives some agricultural revenues and acts as a revolving fund for purchases and sales of fertilizer), and the Reforestation Fund (some earmarked forestry revenues). In light of the above, it is therefore recommended that all special funds and subvented units should be made accountable by including their budgets as annexes to the Annual Budget document, and their accounts as annexes to the Public Accounts

The law requires that all revenues are payable into the Consolidated Fund unless by an Act of Parliament they are payable into some other fund. For instance, the Reforestation Fee (Le 770 per cubic meter of first class timber) is payable into the Reforestation Fund in accordance with the Forest Act (1988) and Regulations (1990). Whether departmental revenues are payable into the Consolidated Fund or some extra-budgetary fund, they tend to be under-estimated and unaccounted, e.g. proceeds of sales of fertilizer and oil palm seedlings and ploughing fees (hire of tractor) collected by the Ministry of Agriculture go into a bank account called Agricultural Support Services and are used for miscellaneous ministry purposes. Similarly, in the Ministry of Health, 30 percent of the fees charged by Government doctors to private patients are supposed to go to the Consolidated Fund, but these are not properly controlled. In GOSL embassies, ‘temporary receipts’ are given for visa fees, i.e. the revenue is not brought into the Consolidated Fund. It is thus recommended that all revenues should be fully accounted and brought into the Consolidated Fund (or to some other fund if so required by law).

Source: World Bank Report, 2005

<sup>362</sup> The other exception is the Office of National Security in the President’s Office. All their non-salary expenditure goes to ‘State Security Expenses’, which is another catchall to avoid the virement rules.

<sup>363</sup> World Bank Country Assessment Report - Sierra Leone 2005 p8

Non-comprehensive budgeting comes with several challenges such as under-reporting, fraud as well as upsetting the macroeconomic framework of the country.<sup>364</sup> With the benefit of common sense a non-comprehensive budget would undermine all economic data of the country as they fail to present a real economic outlook in terms of resource inputs and outputs. It may also hinder the quest for transparency as it deprives stakeholder access to relevant information. A case in point is the newspaper report presented in Box 2 below.

**Box 2; EU Funded Projects are a Recipe for Corruption**

Mohamed Konneh, Standard Times (Freetown). 06 April 2005

The European Union funded HIPC projects have been described by Budget Oversight Committees and District Task Teams throughout the country as a recipe for corruption. The Budget Oversight Committees set up by government under the ministry of finance and the task teams set up by the civil society groups have a mandate to monitor all HIPC funded projects within their localities.

However members of these committees are finding it very difficult to monitor projects funded by the EU, which has been a major concern. Information reaching this press reveals that contractors of these projects fail in many cases to give details of contract agreements, noting that they have no mandate to disclose whatsoever that is in the agreement.

The EU office itself is also unwilling to give information about projects that they are funding. According to sources inside the ministry of finance, there is an agreement between the government and the EU that forbids them from disclosing details of agreements to the public especially regarding projects funded by support from the EU.

The concern here is that considering the fact that the European Union is here to help Sierra Leone reduce poverty, what is happening in this matter at present appears to be a way of getting the people of this country to become poorer and certainly not out of poverty. In the absence of a rigid monitoring framework projects funded by the EU, or any other source, are marred by corruption and incompetence, and the contractors do just what is good for them.

For example when the team of observers visited the site of the rehabilitation of the Municipal School at Ferry Junction, the contractor deliberately refused to give details of the project, and without knowledge of the contract agreement one will not be able to monitor, evaluate or assess the work.

For this country to move ahead there should be transparency and accountability in all projects of such nature for a sustainable development. People need to be informed on all developmental programme within their localities.

Source: <http://admin.corisweb.org/index.php?fuseaction=news.view&id=117028&src=pub>

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<sup>364</sup> F. Lequiller and D. Blades, *Understanding National Accounts*, OECD, 2007 p18



#### **7.6.4 Expenditure Control**

As the title implies, expenditure control comprises the strategies put in place to exert control on public expenditure and ensure fiscal rectitude.<sup>365</sup> According to OECD best practice, a credible budgetary process is reflected partly in the effectiveness of expenditure control as a fundamental to several key objectives: macroeconomic stability, public service delivery, policy credibility, and transparency and accountability.<sup>366</sup> It is opined further that the ultimate measure of expenditure credibility is the variance between actual spending and the approved budget.<sup>367</sup> Variance for expenditure item can appear for several reasons: “the sum of quarterly allocations do not match the voted budget, actual spending does not match the allocation and some spending is made without benefit of an allocation”.<sup>368</sup>

The above scenario poses serious challenge to the credibility of the system. This is because the certainty of achieving development in a large measure hinge on the minimum of variance in expenditure. However, expenditure control in Sierra Leone comes with a number of challenges.

### **7.7 THE CHALLENGES**

The challenges associated with expenditure control despite ongoing reforms under the administration of Tejan Kabbah, are numerous. Government also recognises that regardless of the institutional reforms, internal control mechanism in the budget implementation is weak.<sup>369</sup>

One of the identified failings is the delays in the monthly reconciliation of records which are maintained by the Accountant-General’s Department (AGD), Bank

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<sup>365</sup> W. Tan, *Expenditure Control in the Public Sector*, Commonwealth Public Expenditure Seminar Paper, Singapore, May 2005 p4

<sup>366</sup> *Commonwealth Public Expenditure Management Brief*, Commonwealth Secretariat, 2005 p3

<sup>367</sup> *Ibid.*, p3

<sup>368</sup> *Ibid.*, p3

<sup>369</sup> Interview with Cyprian Kamaray, Accountant-General, Ministry of Finance, Sierra Leone June, 2006

of Sierra Leone and the National Revenue Authority (NRA). This omission has had some ramifications: delays in the preparation of the annual accounts of the government, causing fraud to go undetected (double encashment of cheques) or the non submission of updated financial data. As a stop gap measure, the Government went as far as contracting the preparation of monthly bank reconciliation to an external accounting firm in 2002.<sup>370</sup> For a better illustration of the problem, a spending review of 2001 to 2003 fiscal years presented below.

### 7.7.1 *Spending Review 2001 -2003*

As illustrated in Table five below, the deviation of expenditure from allocated budgets as emphasised by the Budget Bureau and the Accountant-Generals' Department (AGD) are due to the lack of adequate projections of cash requirements from the MOF, capacity constraints and many others.

**Table 5: Expenditure Deviation, 2001 - 2003**

	2001	2002	2003
<b>Allocations vs. Voted Budget</b>			
Aggregate Deviation (%) b/	4	6	9
Count of Budget Heads with Minimal Deviation	38	19	19
Count of Budget Heads with Deviation > +5%	11	18	23
Count of Budget Heads with Deviation < -5%	5	18	13
Total Budget Heads	54	55	55
<b>Actual Spending vs. Allocations</b>			
Aggregate Deviation (%) b/	2	-7	-3
Count of Budget Heads with Minimal Deviation	23	20	13
Count of Budget Heads with Deviation > +5%	6	10	4
Count of Budget Heads with Deviation < -5%	25	25	39
Total Budget Heads	54	55	56
Recorded Allocations without Recorded Spending	169	489	649
Recorded Spending without Recorded Allocations	165	292	801
Transactions Reviewed	2,625	3,974	4,311
<b>Actual Spending vs. Voted Budget</b>			
Aggregate Deviation (%) b/	6	-2	6
Count of Budget Heads with Minimal Deviation	23	17	15
Count of Budget Heads with Variance > +5%	10	15	14
Count of Budget Heads with Variance < -5%	21	23	26
Total Budget Heads	54	55	55

Source: Accountant-General's Department, Ministry of Finance and staff calculations

<sup>370</sup> Integrated Financial Management Information System (IFMIS) Reform Report, Accountant-General's Department, Ministry of Finance, August, 2003 p8

At present data suggest that intra-budgetary expenditure control is deteriorating across MDAs even though control at the aggregate level is adequate.<sup>371</sup> This can be seen in Table five above. Spending allocations were 4 percent above the approved budget in 2001, 6 percent over in 2002 (including the Supplemental Budget) and 9 percent over in 2003.<sup>372</sup> The number of budget heads with minimal deviations between allocations and voted budget decreased from 38 out of 54 in 2001 to 19 out of 55 in 2002 and 2003. It is interesting to observe that the aggregate increase was not uniform: to the contrary, many budget heads received allocations that were smaller than the amounts in the voted budget. “This was often the result of shortfalls in financing. For example, many MDAs received less than expected allocations in 2003 when expected loans and grants were delayed into 2004”.<sup>373</sup>

Actual spending slightly exceeded allocations in 2001 and fell short of allocations in 2002 and 2003. Only 20 budget heads had minimal deviations from the allocated amounts in 2001 and this fell to 20 in 2002 and 13 in 2003. Under-spent heads increased sharply in 2003 due in part, again, to the shortfall in donor financing. In this case, the MOF imposed spending limits after allocations had been made, creating a situation where some suppliers could not be fully paid for goods and services delivered. In spite of this situation, several MDAs also overspent their allocations without benefit of a supplemental budget.<sup>374</sup>

### **7.7.2 *Instituting Expenditure Control***

In view of the above inherent challenge and a host of others, the MOF and the AGD have introduced a number of expenditure control measures to achieve transparency and accountability in the budgetary process. These actions brings with

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<sup>371</sup> Sierra Leone – public expenditure review, op.cit., p18

<sup>372</sup> Excludes external funded portions in the Development Budget

<sup>373</sup> Interview with the Cyprian Kamaray, op.cit.,

<sup>374</sup> See for example, the 2 December 2003 letters from the AGD to the MDAs entitled “Allowable Spending Limits for the Rest of the Fourth Quarter.”

them the challenge of meeting the government wide Vision 2025, the Millennium Development Goals (MDGs) and the poverty reduction commitment of government.<sup>375</sup> The following self-explanatory expenditure control and payment procedure in Box 3 have been introduced.

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<sup>375</sup> Ministry of Finance Public Expenditure Report, 2005

### Box 3: Expenditure Control and Payment Procedure

- Step 1. Budget Bureau prepares the Quarterly Allocations of Expenditure for the year. Some are based on the seasonal pattern of needs, *e.g.* agricultural activities and road building need funds in the first half of the year before the rains come. The full amount appropriated for ‘other charges’ (i.e. excluding salaries and debt charges, which are paid centrally) and development expenditure (mainly GOSL counterpart funds) is distributed over the four quarters, and notified to AGD and MDA Vote Controllers in January. Allocations are broken down by division (not programme).
- Step 2. Vote Controllers sit with their Budget Committees and sub-allocate to programmes. This process is often completed slowly.
- Step 3. The MDA invites bids and selects a supplier according to the procurement procedure chosen for each purchase. (In future, MDAs will have to prepare Procurement Plans and get them approved centrally).
- Step 4. The MDA prepares a Commitment Form for the amount of the purchase, attaches the supplier’s *pro-forma* invoice and contract (such as a local purchase order), and submits it to AGD (Expenditure Control). Since 2003, a further form, MTEF/PETS Form 1,\* is required to be attached.
- Step 5. AGD enters the commitment in the FMAS. The system checks that the cumulative commitments and expenditure are within the cumulative allocations at that point of time. If so, the commitment is assigned a unique number. If it is not, the system rejects it. (*The demands placed on AGD could be reduced if the MDAs maintained their Vote Service Registers and did their own prior check for funding adequacy; passing on only those they believe can be funded.*)
- Step 6. MDA requests the contractor to supply the goods.
- Step 7. The Programme Manager or MDA’s storekeeper checks the goods when they are received and issues goods received note (GRN). The AGD’s Stock Verifier also checks the goods and issues a stores verification certificate (SVC).
- Step 8. The MDA prepares a payment voucher, attaches the commitment form, LPO, GRN, SVC, and MTEF/PETS Form 2, and submits the package to AGD for payment. The PETS Form 2 has to be signed by the Programme Manager, the professional head to whom s/he reports, the Vote Controller and the Minister. Payments for development projects are routed through the Development Secretary (MODEP) for her approval before going to AGD.
- Step 9. AGD (Expenditure Control) checks that the documentation is all complete and in order, and appropriately signed, and keys details of each payment into the FMAS database. The system prints a check. Checks are signed by the Accountant-General and Deputy Accountant-General, and issued.

\* The two Public Expenditure Tracking Survey (PETS) forms are misnamed as they are not used in PETS studies. Expenditure tracking is through the AGD’s FMAS, not by these forms. Their function is only to ensure the participation of Programme Managers and Ministers in the expenditure process. It is claimed that the PETS Forms have improved relationships between administrative officers and their political masters, but the process is often protracted by Ministers’ absence or delay in approvals.

**Source: Ministry of Finance, Freetown**

## **7.8 THE ACCOUNTANT-GENERAL'S DEPARTMENT (AGD) – VEHICLE FOR FINANCIAL CONTROL**

In discussing financial reporting and internal controls, it is worth looking at the role of the Accountant-General's Department (AGD) as the institution driving the cash management of the Government.

The Sierra Leone Treasury known as the Accountant-General's Department (AGD) is headed by an Accountant-General – the Government cashier. The AGD is responsible for all government accounting, which include the recording of financial transactions, production of financial reports and accounts, serving as a catalyst for the implementation of financial policies, regulating, monitoring and controlling government revenue and expenditure.<sup>376</sup>

In the 1920s, a Colonial Treasury was set up charged with responsibilities similar to those stated above. The first known financial report of the colony of Sierra Leone was published on the 18<sup>th</sup> June 1928. The Colonial Treasury was transformed to the National Treasury in the 1960s, after Sierra Leone gained independence in 1961. The first known report of the Accountant-General was published for the period 1969 – 1970 on the 30<sup>th</sup> June 1970. The Treasury building was burnt down during the May 25<sup>th</sup> coup. “Until June 1998, the AG's department was operating a system using a one-sided cash book developed on a computer spreadsheet application, prepared the government cheques manually, operated a non-computerised payroll and pension system and used antiquated waybill and vote service ledger”.<sup>3</sup>

### **7.8.1 Integrated Financial Management Information System (IFMIS)**

Progress has been made under President Tejan Kabbah to strengthen financial management and accounting systems of the AGD to which the European Union (EU)

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<sup>376</sup> Government Budgeting and Accountability Act, 2005

<sup>3</sup> Annual Statement of Public Accounts for the Period 1<sup>st</sup> Jan. 1998 to 31<sup>st</sup> Dec. 1998. Volume 1, page 3 lines 1 and 2.

provided technical support from 1998 to 2003.<sup>377</sup> Also, the United Kingdom DfID funded two diagnostic studies on the Financial Management and Accounting System (FMAS) and Charts of Accounts were completed in 2003. The studies recommended the replacement of the FMAS with a new Integrated Financial Management Information System (IFMIS) that went into full operations in 2004.<sup>378</sup> The then FMAS lacked functionalities such as automated bank reconciliation, user defined reports, audit trails and screen viewing.<sup>379</sup> The new IFMIS will be transformed to support the more decentralised financial control and accounting system critical to meeting the objectives of accountability and transparency under the umbrella of good governance.<sup>380</sup>

A Statement of User Requirement (SOUR) for the IFMIS has been prepared and the procurement process is ongoing. The IFMIS will be rolled out eventually to all MDAs and Local Councils, and the AGD has made some improvements in the reconciliation of records through the IFMIS. Also, a new chart of accounts that is compliant with international standards and enables budget estimates to be classified has been introduced.<sup>381</sup> According to the Accountant-General, Cyprian Kamaray, “the IFMIS will in due course enable the Government to publish accurate Annual Statements of Public Accounts on a timely basis, thereby improving transparency and accountability”.<sup>382</sup>

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<sup>377</sup> M. Sandy, *The Impact of Computerisation on the Accounting Systems Adopted At The Accountant-General's Department*, 2005, p35

<sup>378</sup> *Ibid.*, p37

<sup>379</sup> *Ibid.*, p38

<sup>380</sup> IFMIS Reform Report, Accountant of General's Department 2005

<sup>381</sup> M. Sandy, *op.cit.*, p40

<sup>382</sup> Interview with Cyprian Kamaray, *op.cit.*,

### **7.8.2 *Implementing IFMIS for new Local Government Councils***

According to the Accountant-General, plans are underway to develop and implement an interim financial management system for the newly established local government councils, which would be followed by intensive training for users and local government staff. The local government financial management system will initially be implemented on a manual basis. The project will later finance the acquisition and implementation of a small standard accounting package for local governments. The experience of using this simple computerized system will prepare local governments for operating the IFMIS, when it is rolled out to local councils after three years.<sup>383</sup>

### **7.8.3 *Challenges of Financial Reporting***

Financial reporting as part of financial control is critical to transparent budgeting. It highlights when and what was received, and when and how moneys were spent with variance – the reconciliation of accounts.<sup>384</sup> Under the revised Financial Regulations, the AGD must give high priority to the regular and prompt reconciliation of the Treasury Accounts. The AGD must ensure that MDAs are fulfilling their responsibilities to reconcile their accounts for deposits monthly under Financial Regulations 139.

Regardless of the above provisions and requirements, the World Bank assessment team notes that “the AGD needs to further improve its capacity to detect errors and fraud through the reconciliation of expenditure data with banking data”.<sup>385</sup> The failure to reconcile fiscal data with bank data has been the main impediment to

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<sup>383</sup> Interview with Mr Cyprian Kamaray

<sup>384</sup> Commonwealth Public Expenditure Review, Commonwealth Secretariat, 2005 p4

<sup>385</sup> World Bank Report – Sierra Leone, Ministry of Finance, 2005 p23



prompt finalization of the Public Accounts each year. The Government of Sierra Leone (GSL) bank accounts comprise 47 ‘Treasury’ accounts maintained by AGD with the Bank of Sierra Leone (BSL), which is the the central bank, and about 180 accounts maintained by departments with the BSL and the commercial banks.

With regard to the Treasury Accounts, the FMAS was intended to include a bank reconciliation module of the integrated financial management system, but this was not satisfactorily completed. The computer system used by BSL is not linked to the FMAS and the two systems keep data in different formats. To date, the only practicable way of reconciling is done manually, matching lists of checks issued by the FMAS and checks cleared according to weekly tapes from BSL. An outside team was contracted and reconciled all the records up to December 2002. The 2003 records are being reconciled by AGD, and are complete up to November 2003: at end of January 2004, only a few of the 47 accounts were yet to be reconciled. There is still one Treasury account for salaries not reconciled to end-2003.<sup>386</sup>

Commenting on the non-Treasury Accounts, Joshua Ellie, Principal Accountant in the Ministry of Education, Science and Technology (MEST), said, “Nothing is known centrally about the operations of the non-Treasury Accounts, or whether they are reconciled, because AGD does not receive or check departmental bank reconciliations. They are only able to monitor and report the BOSL closing balances in the Public Accounts.”<sup>387</sup> In some departments, it was discovered that reconciliation is annual rather than monthly. As you can see, we are still not there but we will be there soon”.<sup>388</sup>

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<sup>386</sup> Interview with Cyprian Kamaray, Accountant-General

<sup>387</sup> Any increase in the overall balance on these accounts is treated as an increase in deposits.

<sup>388</sup> Interview with Joshua Ellie, Principal Accountant, Ministry of Education, Science and Technology, June, 2006

#### 7.8.4 *Virements*

In budget execution, virement is simply the movement of resources from one budget head to another.<sup>389</sup> This is a common practice as all spending institutions occasionally find themselves in need of the flexibility to move resources from one project to another during the year as the case may be. However, excessive recourse to virement is a sign of “either weak planning or weak expenditure controls”.<sup>390</sup> At present, shifting budget provisions from one project to another is tightly controlled by the MOF. The revised Financial Regulations disallow any virement between departmental objectives and it is a Parliamentary prerogative. Virement is allowed only within groups of sub-heads (for example, personnel, other charges, capital). Virement to or from the overseas travel vote or out of a utility provision is disallowed. Within the rules, application for such virements has to go through the Budget Bureau, which tends to discourage any virement, and must be approved by the Minister. This process typically takes one month.<sup>391</sup>

Asked whether virement doesn't open a door to abuse across MDAs, Mariama Anthony-Williams of the Budget Bureau responded: “MDAs have various ways of getting around the controls. For instance, expenditure may be misclassified on PETS 2 forms so as to use unspent balances of allocations elsewhere. The Accountant-General's Department does check PETS Forms against supporting documentation, but the staff does not have the detailed knowledge of the IFMIS programme that they can use to detect programme misclassifications”.<sup>392</sup> The MOF is still grappling with finding ways to eliminate abuse in virement.

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<sup>389</sup> Commonwealth Public Expenditure Review, Commonwealth Secretariat, 2005 p7

<sup>390</sup> *Ibid.*, p8

<sup>391</sup> Sierra Leone's Financial Regulations was recently reviewed under a joint Commonwealth-World Bank support programme in June 2006.

<sup>392</sup> Interview with Mariama Anthony-Williams, Senior Budget Analyst

### **7.8.5 Internal Reporting**

Regular and timely internal reporting is a high requirement for expenditure control through which the treasury is able to collate and prepare its monthly, quarterly and annual reports of the public accounts.<sup>393</sup> Section 53 (1) of the Government Budgeting and Accountability Act (2005) requires vote controllers within ten days after the end of the month to prepare and submit information on actual revenue and expenditure. The Minister of Finance is also required by sub section (20) to submit quarterly financial reports of receipts and payment no later than one month after the end of the quarter. It provides further that the Accountant-General presents monthly statement of public accounts for publication.

However, evidence abounds that the MDAs do not produce accounts reports for revenue and expenditure either on a timely or regular basis, and neither the Minister of Finance nor the Accountant-General are able to meet the legal requirements of the GBAA.<sup>394</sup> Recently, the MOF recruited a Deputy Accountant-General in order to revamp administration, but the institution is yet to meet its mandate as required by law.

In addition, each vote controller has a Vote Service Register (VSR), and should record allocations, commitments and expenditures promptly for each line item, deducting each commitment and expenditure from the allocation to show the remaining balance available. VSRs should agree with the AGD quarterly statements. In practice, however, VSRs are not kept properly. According to the World Bank Assessment Team, it was discovered that transactions are not entered promptly. For example, “In one major ministry, commitments were not entered, only allocations and

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<sup>393</sup> Commonwealth Public Expenditure Review, Commonwealth Secretariat, 2005 p4

<sup>394</sup> World Bank Assessment Report – Sierra Leone, 2006 p17

expenditures”, and VSRs are not reconciled with the AGD statements.<sup>395</sup> Instead, the MDAs have become entirely dependent on the central system maintained by the AGD.

Asked why the AGD is not arresting the situation such as by withholding quarterly allocations until reports are updated as is being done in other countries, the Accountant-General responded: “We have just started the reform process and it will take some time for our stakeholders to digest the value of reform. We will do something about it, hopefully soon, and part of the process is strengthening our internal control functions”.<sup>396</sup> In an interview with Joshua Ellie, Principal Accountant of the MEST, he reacted to the above scenario that: “failure to report or record expenditure does not necessary mean corruption is taking place. It means only that the right people are not being hired to do the job”. Ellie further explained that the public sector is in large measure populated by untrained and unqualified accountants doing the jobs of accountants, and that Government reform must incorporate a change in the civil service machinery in order to improve financial management.<sup>397</sup>

#### **7.8.6 Internal Audit**

Section 5 (3) (a) of the Government Budgeting and Accountability Act (2005) provides for the establishment of an internal audit department (IAD) in the MOF and other MDAs (as will be required) to “measure, evaluate and report on the effectiveness of internal control both financial and otherwise.” This strongly reflects the values of OECD best practice benchmarks. However, though the IAD and audit functions are supported by the GBAA, and are in line with the OECD standards, the department is not adequately resourced with talent and logistics to be considered an excellent benchmark. The IAD in the MOF has had no annual plan or programme, and it lacks

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<sup>395</sup> Ibid., p17

<sup>396</sup> Interview with the Accountant-General, Mr Cyprian Kamaray, June 2006

<sup>397</sup> Interview with Joshua Ellie, Principal Accountant, MEST, June 2006

adequate resource to do a post-audit of transactions, systems audit or performance audit. Also, standards of book-keeping and records management have fallen.<sup>398</sup> The IAD consists of a senior officer and about 4 to 5 part-time staff who are ‘borrowed’ from the AGD, including a contract EU Technical Assistant (acting as Deputy Director), and one of them holds a diploma in accounting.<sup>399</sup>

The IAD investigates cases at the request of the Financial Secretary or on its own initiative, and follows up on the Auditor-General’s audit queries as well as queries raised by external donors.<sup>400</sup> Thus far, it is given access to the books and records it may need for audit purposes. There is also a so-called ‘pre-audit’ that operates on payments by the AGD. This, however, is more properly considered as part of the accounting process.<sup>401</sup>

Asked about the structure of internal audit across MDAs as required in Section 3 of the GBAA, the Deputy Director of the Internal Audit, Olayinka Phillips, said “some ministries have what is called an Internal Audit Department, but these are either a single person, for example, in the Ministry of Agriculture, or are recently established in accordance with the GBAA. I strongly believe it should be part of the Ministry of Finance Internal Audit Department’s responsibility to supervise these internal audit units in the MDAs. Moreover, as a Directorate of Internal Audit, we should be the professional head of the internal audit cadre in the same way as the Accountant-General heads the accounting class. There is no guidance or audit manual provided from the centre and no training programmes are being put in place”.<sup>402</sup>

Internal controls are embedded in the Financial Regulations, but these are widely ignored. For instance, MDAs receive advances from the AGD for monthly

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<sup>398</sup> Internal Audit Report, Ministry of Finance, 2005 p 3

<sup>399</sup> Interview with Olayinka Phillips, Deputy Director of Internal Audit Department, Ministry of Finance, June 2006

<sup>400</sup> *Ibid.*,

<sup>401</sup> *Ibid.*,

<sup>402</sup> *Ibid.*, (see full interview in Appendix A)

petty cash and for special events.<sup>403</sup> The revised Financial Regulations (2006) require that actual amounts spent should be accounted for and the balance refunded or claimed, as the case may be.<sup>404</sup> In fact, the accounts and vouchers submitted to AGD invariably add up to the amounts advanced. No unspent balance is ever returned. It is opined by external auditors that vouchers are engineered to exhaust the amount available. Asset registers are not kept up to date and the Boards of Survey do not verify stores and inventory and send their reports to the Accountant-General and Auditor-General, as required by Financial Regulations 215. According to the Deputy Director of Internal Audit, there is a total breakdown in record-keeping.<sup>405</sup>

#### **7.8.7 *Records Management***

Records management underpins the value of accountability as a critical function of budgeting. The quality of records management invariably registers the level of accountability as well as transparency in systems.<sup>406</sup> Records are the heart and soul of transparency and accountability.<sup>407</sup> In the Sierra Leone context, management is deplorable. Financial Regulations 110-112 provides that the Accountant-General shall issue instructions to Vote Controllers on the safeguard of accounting records and documents, and ensure that all vouchers in the Treasury are kept in an orderly manner to be made available when required. But this largely is not the case; for example, repeated requests of the Office of the Auditor-General to produce documentary evidence of transactions has not always been met by the Accountant-General, as demonstrated in Box 4 below.

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<sup>403</sup> The total expenditure from these advances is said to be less than 5% of total MDA expenditure. All other expenditure is paid by the AGD on vouchers submitted by the MDAs.

<sup>404</sup> The Financial Regulations was revised through joint technical support of the World Bank and the Commonwealth Secretariat, in 2006

<sup>405</sup> Interview with Olayinka Phillips, Deputy Director of Internal Audit, June 2006

<sup>406</sup> Commonwealth Public Expenditure Review, Commonwealth Secretariat, 2005 p17

<sup>407</sup> *Ibid.*,

#### **Box 4: Voucher Storage in the Ministry of Finance**

*In the basement of the new Ministry of Finance building are the Voucher Archive Rooms. Here all the documentary evidence for expenditure from 1998 to 2003 is loosely bundled by year and stacked on shelves, boxes and cabinets. The Accountant-General has imposed substantial order on the situation in 2004 though more organization is required.*

Though the Auditor-General has requested delivery of all documents to her representative in the building so that audit can immediately follow their entry in the computer system, the Accountant-General's Department does not comply, or soon gives up. The auditors have continual problems in accessing the documentation for selected agencies, periods and transactions. The Auditor-General, in her reports on the public accounts for 1996-1999 and 2000, expresses her inability to give any opinion on the accounts due to lack of information on the regularity of the underlying transactions. Even the Anti-Corruption Commission has difficulty in getting particular documents retrieved: a recent case took two months.

Piles of paper are a fire risk, and cigarette butts on the floor of the Archive Rooms indicate that the new Ministry building is at risk of finishing like the former Treasury building across the street from the present MOF.

These problems could be addressed by applying basic records management principles. Adequate shelving, a simple indexing system and procedures for receipt, filing, retrieval and disposal, security rules, training and supervision would, at minimal cost, result in high gains in accountability.

**Source: adapted from World Bank Report, 2006**

#### **7.8.8 Monitoring Assets and Liabilities**

The ability to monitor goods between procurement, use and disposal, determines how much Government loses or saves.<sup>408</sup> Unnecessary purchase of foods, for example, may be avoided when adequate stocks are available and losses from deterioration and theft reduced. Similarly, careful monitoring of liabilities could also assist government to reduce costs. Timely payment for goods and services, for example, may as well help to avoid the accumulation of arrears and associated costs: interest charges, legal fees, project restart fees and so-on.<sup>409</sup>

It appears in large measure that rules for asset monitoring have not been followed. The GBAA and Financial Regulations are clear on proper custody, use and

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<sup>408</sup> K. Marah, *Innovations in Public Financial Management Reform*, Commonwealth Public Expenditure Seminar, Port Moresby, Papua New Guinea, October 2005

<sup>409</sup> *Ibid.*,

annual verification of physical assets, divided between stores and inventory.<sup>410</sup> For example, it is provided that payment cheques must have the following attached to it: the voucher, a Goods Received Note signed by the MDA Storekeeper (or a Programme Manager), and a Stock Verification Certificate, signed by the AGD Stock Verifier.<sup>411</sup> Stores that are not immediately allocated to a Programme Manager have to be taken on charge by a Storekeeper and accounted for (in quantities not values). In accordance with the Financial Regulations, the vote controller should appoint a Board of Survey on an annual basis, who are independent of stores and store records to verify the existence, condition and location of all stores and inventory.<sup>412</sup> Any differences between the records and the verified quantities have to be followed up and explained. However, vote controllers neglect asset management without clear direction, supervision and guidance from the centre.<sup>413</sup>

### **7.8.9 Annual Public Accounts**

The publication of annual public accounts is a strict transparency and accountability requirement in budgeting and a best practice criterion of the OECD – which in principle, as provided for in the GBAA – is largely being met.<sup>414</sup> For example, the MOF publishes quarterly resource allocations and half-yearly expenditures for all MDAs in the Government Gazette. However, the last published Public Accounts issued for FY 2002 and 2003 were finalized in 2006. Asked why the AGD is lagging behind publishing Annual Accounts, the Accountant-General responded: “we are just coming out of a long brutal war, and I am convinced we need

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<sup>410</sup> Section 34, Government Budgeting and Accountability Act 2005

<sup>411</sup> World Bank Report – Sierra Leone, Ministry of Finance, 2005 p24

<sup>412</sup> *Ibid.* p24

<sup>413</sup> *Ibid.*,

<sup>414</sup> Commonwealth Public Expenditure Review, Commonwealth Secretariat, 2005 p23



time to catch up with best practice”.<sup>415</sup> Despite significant progress made, the timely publication of Public Accounts has not met the international accepted practice of budget transparency. Public Accounts are not yet uploaded on the official Government of Sierra Leone website.

#### **7.8.10 Payroll Management**

Management of the payroll system has undergone some changes. Over the years, management of the wage and salary bills posed significant challenge to Government. According to MOF records, Government employment by the 1980s reached unsustainable levels with over 100,000 employees on the payroll.<sup>416</sup> By 1996, this figure was reduced to less than half.<sup>417</sup> Further improvements have been made such that by 2000, payroll management was developed into a computerised system and has made a drastic reduction in the number of “ghost workers”.<sup>418 419</sup>

As a matter of procedure the AGD pays all salaries centrally. Salaries are being increasingly paid through bank transfers into employees account. The Accountant-General has entered into a special arrangement with commercial banks to exempt these accounts from bank charges and minimum balance requirements.<sup>420</sup> For MDAs, all payees without bank accounts (still in the great majority) are grouped under programmes and a cheque is prepared by AGD for each programme. The programme paymaster cashes the cheque and pays officers personally through the show of identification cards and by signing the payroll. Unclaimed salaries would normally be returned into the Consolidated Fund, followed by issue of a receipt, also entered on the

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<sup>415</sup> Interview with Cyprian Kamaray, Accountant-General of Sierra Leone, 20 June 2006

<sup>416</sup> *Sierra Leone Structural Adjustment Programme*, Ministry of Finance, 2000 p8

<sup>417</sup> *Ibid.*, p8

<sup>418</sup> IFMIS Reform Report, op.cit., p16

<sup>419</sup> Ghost workers are merely deceased staff whose names are retained by heads of institutions and continue to receive salaries and wages on behalf of the deceased.

<sup>420</sup> IFMIS Reform Report, op.cit., p18

payroll. The AGD enforces these controls by insisting to receive the returned payrolls and checking that all salaries are accounted for before releasing the following month's cheques.<sup>421</sup> Much more progress has been made in the management of the payroll than in other expenditure areas examined in the previous chapters.

#### ***7.8.11 Salaries and Salary Arrears***

Teacher salaries – which used to be a major issue in the education system of the country - have been brought under control. Almost all teacher salaries are now paid directly into school bank accounts. In the Western Area, for example, 98 percent of the primary schools have bank accounts. By 2004, 30 percent of police have their salaries paid into their personal bank accounts. Also, special arrangements have been made for the military payroll.<sup>422</sup>

However, there remains ongoing problem with salary arrears for teachers. This can be attributed to poor record keeping. According to the AGD the total number of teachers being paid by Government in January 2003 were just under 19,000 and it went over 21,000 in January 2004. By contrast, Ministry of Education, Science and Technology data show that in May 2003, the numbers of teachers were 17,611 primary, 5,325 secondary and 989 technical/vocational, a total of 23,925. Comparing this number to the payroll numbers suggest that many teachers were not being paid.

### **7.9 EXPENDITURE CONTROL**

Two initiatives have been introduced by the MOF to control public expenditure; these are PETS Form 1 and 2, and the Control Commitment Form.

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<sup>421</sup> *Ibid.*, p18-19

<sup>422</sup> *Ibid.*, p23

### **7.9.1 MTEF/PTES Form 1 and MTEF/PETS Form 2**

To strengthen general expenditure control the Budget Bureau in the MOF in collaboration with the Accountant-General's Department introduced the PETS Form 1 and PETS Form 2 in 2003 under the management of the Budget Bureau and the AGD.<sup>423</sup> According to MOF officials the introduction of these tools has recorded some amount of control by reducing corruption and instituting fiscal rectitude to a commendable level.<sup>424</sup> It is clear however, that this instrument was introduced on the initiative of the donor community as part of their conditionalities or benchmarks for budgetary support.

### **7.9.2 The Rationale**

The introduction of the PETS Form 1 and PETS Form 2 take root from a public expenditure tracking survey carried out by the Ministry of Finance in collaboration with donor partners in 2002. The survey was carried out to verify whether projects budgeted for in the fiscal year were indeed implemented on the ground.<sup>425</sup> While the outcome of the survey recorded a high incidence of misappropriation and under-performance across the MDAs, the tool underpins a valuable OECD benchmark for a strengthened financial environment. Some projects were found either not to have been completed or not initiated on the ground at all. There were cases in which vote controllers in the capital, Freetown, initiated and executed programmes without going through a competitive bidding process (procurement) as well as bypassing the programme managers, who were the real executors of the projects. In short, the system

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<sup>423</sup> Ministry of Finance, MTEF Guidelines, op.cit., p12

<sup>424</sup> Interview with Mariama Anthony Williams op.cit.,

<sup>425</sup> *Ibid.*,

was prone to abuse where senior officials access funds, execute or decide not to execute at all, without fear of sanctions.<sup>426</sup>

It was as a result of these gross malpractices that the control tools, PETS Form 1 and PETS Form 2 were introduced to forestall unconscionable spending and to institute fiscal discipline in the budgetary process.

### **7.9.3 How PETS Forms 1 and 2 function**

PETS Form 1 captures the aggregate quarterly expenditure needs of MDAs by line item. It is used after the budget has been authorised by Parliament and the expenditure commences. MDAs complete the form by outlining their expenditure needs for the quarter and submit it to the Budget Bureau for approval and to input the data in the computerised accounting system of the AGD. Once the funds have been inputted, MDAs could commit the entire inputted amount or roll over such funds to the next quarter of the same fiscal year.<sup>427</sup> However the preparation of the PETS Form 1 involves several key players at the managerial, professional and political levels. In other words, the form is completed (prepared) by the Programme Manager, certified by the professional head such as the Director General, and authorised by the Vote Controller - in the case of a ministry, the Permanent Secretary. Finally, the completed form is approved by the Minister and submitted to the Budget Bureau in the MOF.<sup>428</sup>

While some programme officers in MDAs complain about the bureaucracy involved in processing the forms, officials in the AGD consider PETS Form 1 an effective control tool that has improved resource management reduce leakages and wastes since its introduction. (See PETS Form 1 and PETS Form 2 in Appendix B)

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<sup>426</sup> *Ibid.*,

<sup>427</sup> MTEF Guidelines, op.cit., p25

<sup>428</sup> *Ibid.*,

The PETS Form 2 on the other hand, is a detailed line by line expenditure function of the PETS Form 1. In other words, it is activity-based execution tool. “Assuming a ministry’s approved estimate as stated in the PETS Form 1 for overseas travel is 20M Leones,” explained Joseph Kaiwa, senior accounting official in the AGD, “a PETS Form 2 has to be raised under the Travel Head as indicated in the PETS Form 1, each time the ministry wants to utilise moneys under the travel vote”.<sup>429</sup> Regardless of the fact that the preparation of the PETS Form 2 is the same process as that of the PETS Form 1, the process leverages control and effectively tracks expenditure across MDAs.

#### **7.9.4 Commitment Control Form (CCF)**

The Commitment Control Form (CCF) is another expenditure control tool used by the AGD. The CCF as a matter of procedure is submitted to the AGD after the PETS Form 1 and 2 have been processed. The CCF is prepared by the Accountant in the MDA, approved by the Vote Controller and submitted in duplicate to the AGD. It is then entered into the Integrated Financial Management Information System (IFMIS) using its pre-number. A unique number is then generated and attached to the activity. If funds are available for the activity, the original copy of the CCF is returned to the MDA with a Y (yes) – indicating the vote controller can go ahead to execute the activity, or returned with an N (no) if there is no fund available to cover the proposed activity – plus a hold on the activity until a Y is received.<sup>430</sup>

The CCF is multi-functional. Firstly, it confirms the availability of funds to meet the commitment raised in the PETS Form 2 – preventing over-expenditure. Secondly, it introduces a stringent coding system that enables officials within and

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<sup>429</sup> Interview with Joseph Kaiwa, Senior Accountant, Accountant-General’s Department (AGD), Ministry of Finance, June 2006

<sup>430</sup> Interview with Cyprian Kamaray, op.cit.,

across MDAs to track activities; thus preventing fraud and unconscionable spending; and thirdly, it introduces fiscal rectitude and transparency in the expenditure system.

### **7.9.5 Effectiveness of tools**

Officials in the AGD are of the opinion that the control tools have been crucial to instituting controls in the system.<sup>431</sup> First, the PETS Forms expand the scope of participation in which professional heads, vote controllers and the political heads of institutions collaborate on expenditure decisions – which was lacking in previous systems. Thus, while the process leverages the role of programme managers, it equally institutes transparency by involving all key players in a given MDA. Secondly, the participation process creates a sobering environment so that senior managers must take responsibility for their actions – as it would be easy for the Budget Bureau and the AGD to trace moneys to the implementers of particular projects, if the need arise.<sup>432</sup>

Thirdly, senior officials in the AGD say that the CCF prevents reckless spending in MDAs as well as limits domestic arrears on contracts. This is because all vote controllers are required to seek clearance from the MOF for the availability of funds through the CCF, before making financial commitments to contracts. Officials further note that before the introduction of the control tools, a reckless pattern of expenditure system prevailed: any expenditure line could be charged to any head. “For example, overseas travel could be charged to a stationery head or any other line item in the MDA estimate”.<sup>433</sup> It is argued further by proponents of the PETS Forms that the signing of the forms by ministers as a requirement expands the scope of accountability to the political level – holding politicians accountable instead of administrators also reduces system corruption.

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<sup>431</sup> Interview with Joseph Kaiwa, op.cit.,

<sup>432</sup> *Ibid.*,

<sup>433</sup> *Ibid.*,

Regardless of the effectiveness of the tools, their introduction does not go without drawbacks. Senior officials in the MOF, in particular within the AGD, opined that the PETS Form 2 is a duplication of the CCF and have gone ahead to call for the elimination of the CCF. Further, it appears from common sense that accessing funds for programme implementation is cumbersome and time consuming. The initiation, preparation and the signing of the forms by the respective authorities within an entity alone, could take more than a week, while the approval process within AGD is also multi-layered and can go for as long as for weeks. In short, implementing agencies have to complete three forms in total (all of which have to be approved by more than one senior official within an MDA at different intervals) submit them to more than one division in the ministry of finance (Budget Bureau and AGD) and obtain approval before implementation could take place.

Moreover, the role of politicians in the preparation of PETS neither guarantees accountability nor enforces transparency. William Reno, an extensive writer on Sierra Leone raises similar concerns: “Official corruption lay at the heart of the collapse of state authority and legitimacy in the decades prior to the 1991 start of the war, and corruption remains extensive today. It regularly features in citizens’ characterization of their government, despite the advent of civilian rule and regular elections. Sierra Leone government officials recognize the seriousness of this situation. The minister of finance, for example, announced that about 70 percent of customs revenue disappears into the pockets of customs officers”.<sup>434</sup>

In addition, a general complaint by officials in the Budget Bureau speaks to the ill practice of late submission of PETS Form1 by the MDAs. The forms are mostly submitted when they have gone more than half way through the tender process and would normally want to access funds to meet contractual commitments. “We have

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<sup>434</sup> W. Reno, *Corruption and State Politics in Sierra Leone*, op.cit., p10

preached against late submission of PETS Forms as the wrong sequence but only few have heeded our advice”.<sup>435</sup> As Chris Mahony of Campaign for Good Governance (a local NGO for civil advocacy) puts it “Controls are also being introduced in the Ministry of Finance, especially in the budgeting process. Nevertheless, these controls are being flouted already by various ministries in the face of both anti corruption agencies and public sector reform mechanisms”.<sup>436</sup> While reasons for the weak control environment are explained in part two of the research, it is worth mentioning in passing that the prevailing situation is in a large measure due to the reluctance of the judiciary to institute action against defaulters.

#### **7.10 BUDGET EVALUATION - PUBLIC EXPENDITURE TRACKING SURVEY (PETS)**

This section focuses on the evaluation of public expenditure and the process involved measuring budgetary outcomes through Public Expenditure Tracking Survey (PETS). PETS is an annual post-expenditure evaluation exercise to measure the impact of the budget. Within the spirit of transparency, accountability and participation, the MOF in collaboration with stakeholders conduct post expenditure survey to measure the impact of programme across the nation. In this sub section an in depth analysis of the government’s post expenditure evaluation exercise is carried out to measure the effectiveness of the evaluation tool and the changing trend in transparent budgeting.

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<sup>435</sup> Interview with Joseph Kaiwa, op.cit.,

<sup>436</sup> C. Mahoney, “Addressing Corruption in Post Conflict Sierra Leone”, [www.anticorruption.sl](http://www.anticorruption.sl) May



### **7.10.1 PETS -Field Exercise**

Added to the financial control measures reflected in the PETS Forms 1 and 2, the Public Expenditure Tracking Survey (PETS) carried out in the field is meant to track the flow of resources through various layers of government (central, regional, district, chiefdom and village levels). The exercise determines how much of the originally allocated and disbursed resources reach each layer and how long resources take to get there. The survey therefore assesses leakages of public funds and hence the efficiency of pro-poor public spending. The tracking of the flow of resources would have more impact particularly if it is strongly linked to the assessment of service delivery. Therefore, PETS in Sierra Leone also assesses the communities' perceptions of the quality of service delivery.<sup>437</sup>

### **7.10.2 Rationale**

The Government of Sierra Leone introduced field evaluation of budgetary outcomes in 2001 in collaboration with and on the insistence of donor partners, including the World Bank and the United Kingdom Department for International Development (DfID). The activity is mainly a donor driven initiative. The evaluation has mainly targeted frontline service delivery, for example, health and education, and poverty related sectors such as evaluating country-wide seed rice distributed to community farmers under the Ministry of Agriculture.

Since its introduction in 2001, three rounds of PETS have been conducted.<sup>438</sup> Two separate surveys were carried out in 2001 covering public expenditure for the first and second halves of the year in eight sectors. Prior to the commencement of the third

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<sup>437</sup> Public Expenditure Tracking Survey (PETS) Report, Ministry of Finance, 2003 p5

<sup>438</sup> *Ibid.*, p7

PETS covering public expenditures for the year 2002, the Government in collaboration with UK DFID, and the World Bank carried out a review of the PETS process in March 2003.<sup>439</sup> The review examined the scope, methodology, coverage, institutional arrangements for the survey, as well as the link between the survey and other Government resources management initiatives. The review culminated in the development of a Resource Flow Model, which facilitates the calculation of leakages of public resources and time delays in the delivery of services. The model was piloted in a selected poverty-related expenditure in the education sector. The lessons learnt were used to improve the effectiveness of the model, as well as in subsequent surveys.

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The third survey, covering financial year 2002 poverty related expenditures in the health and education sectors, was undertaken in October 2003 and the findings published in May 2004. The survey traced the flow of school fees subsidy and teaching and learning materials in the education sector and the distribution of essential drugs in the health sector. PETS are now a key instrument for monitoring of the Sierra Leone Poverty Reduction Strategy (SL-PRS), especially in terms of its capacity to probe accountability, transparency and efficiency of public expenditures.<sup>441</sup>

### ***7.10.3 How PETS are conducted***

The process involves asking community members specific questions on service delivery within their localities. This information is sought through score cards that are publicly disseminated to demand accountability and lobby for change. PETS are also

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<sup>439</sup> *Ibid.*, p17

<sup>440</sup> *Ibid.*, p15

<sup>441</sup> *Ibid.*, p24

conducted in a participatory manner involving civil society groups and the Parliament as participants as well as supervisors.<sup>442</sup>

University students are mainly temporarily recruited by the MOF to carry out the exercise. For example, a total of three hundred and thirty five (335) students took part in the 2003 PETS as enumerators, while senior officers from the MOF, Ministry of Development and Economic Planning (MODEP), Statistics Sierra Leone, Bank of Sierra Leone (BSL), Lecturers/Research Assistants from the University of Sierra Leone, and staff of Non-Governmental Organisations (NGOs) formed the supervisory team.<sup>443</sup> A ten days intensive training exercise was organised by the PETS Task Team in the finance ministry for supervisors and enumerators on the Resource Flow Model, survey methodology and interviewing techniques prior to the commencement of the field work.

The next sub-section presents a case study on the 2003 PETS on the education sector. The rationale of the case study is to measure the effectiveness of PETS as a post-expenditure evaluation tool.

#### ***7.10.4 Case study – Ministry of Education Science and Technology (MEST)***

*MEST - mission statement:* “To provide sound policy guidelines and programmes for the effective delivery of educational services, development and promotion of basic occupational skills for the alleviation of illiteracy and poverty”.

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<sup>442</sup> *Ibid.*, p17

<sup>443</sup> *Ibid.*, p19

**Table 6: Sectoral Plan for Education**

NO	OBJECTIVE	PERFORMANCE INDICATORS	ACTIVITIES
1	To provide access to basic education for all by making it free and compulsory with special emphasis on the girl child	<p>1. No of children enrolled increased from 65% to 70% in primary school and 13% to 17% in JSS</p> <p>4 School enrolment ratio of girls:boys increased from 2:6 to 4:6</p>	<p>1.1 Pay school fee subsidies for pupils in primary and junior and senior secondary schools</p> <p>1.2 Pay public examination fees for all pupils to WAEC</p> <p>1.3 Embark on enrolment drives and campaigns to mobilize communities to enrol their children and wards</p> <p>1.5. Promote children's clubs at basic education level to promote child development</p> <p>4.1 consolidate support to the girl child in the Northern and Eastern regions and extend support to the South and Western regions (support includes School fees, 2 sets of uniforms, procure text for core subjects, supply games tunic and assorted learning materials.)</p>

NO	OBJECTIVE	PERFORMANCE INDICATOR	ACTIVITIES
2	To improve the quality of education	<p>1. pass rate for NPSE increased from 48,077 to 54,700</p> <p>2.Pupil teacher ratio reduced from 52:1 to 40:1</p>	<p>1.1 Procure teaching and learning materials for 4000 schools.</p> <p>1.2 Distribution of teaching and learning materials</p> <p>1.3 Procure core text books at a ratio of 1:4 ratio for 1:2 pupils.</p> <p>1.4 Provide supplementary reading materials for pupils.</p> <p>2.1 Promote and implement distant learning for untrained and unqualified teachers.</p> <p>2.2 conduct refresher courses for teachers.</p> <p>2.3 Institute performance based reward scheme for teachers every year.</p>

Source: MOF, 2004

### **7.10.5 Objectives of PETS on Education**

The main objectives of the PETS on education are to:

- i. track the flow of the distribution of school furniture from Ministry of Education, Science and Technology (MEST) to beneficiary primary schools;
- ii. provide quantitative evidence of transfer discrepancies in the distribution of school furniture from one level to the other in the flow channel;
- iii. provide quantitative evidence of delays in the procurement and distribution of school furniture; and
- iv. assess the perception of communities on the quality of service delivery of the Ministry of Education, Science and Technology.<sup>444</sup>

### **7.10.6 Distribution of primary school furniture in 2003**

In the 2003 financial year a number of contracts were awarded by the ministry of education through the Local Purchase Orders (LPOs) for the supply of school furniture to primary schools in the country. Most of the suppliers were resident in the capital, Freetown and a few of them lived in the regional headquarter towns. The contractors in Freetown delivered the furniture to the MEST headquarters, while those in the regions delivered the furniture to the respective Regional Deputy Directors of Education to be transferred to primary schools. The Accountant-General's Department (AGD) store officials verified both quality and quantity supplied.<sup>445</sup>

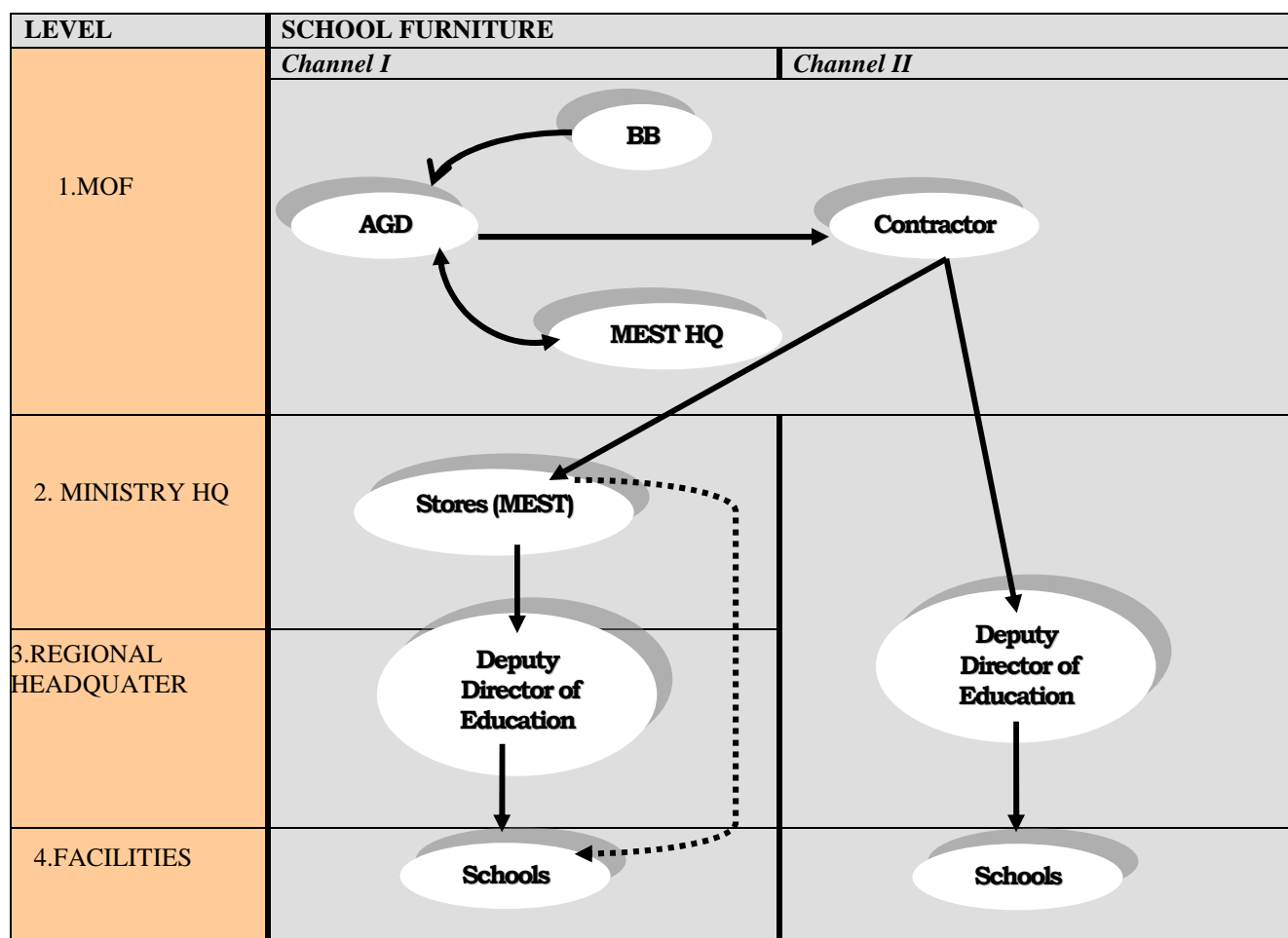
The distribution of the school furniture was done through two channels: the MEST directly distributed the furniture to schools in the Western Area (within the capital, Freetown and its surrounding) while those in the provinces were delivered to the Regional Deputy Directors of Education for onward distribution to primary schools. The distribution channel is illustrated in figure four below.

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<sup>444</sup> PETS Report, op.cit., p21

<sup>445</sup> *Ibid.*, p21

**Figure 4: Mode of Distribution of School Furniture in the Education Sector**



Source: MOF, 2004

#### **7.10.7 Transfer of furniture to Western Area schools**

The PETS covered a total of 131 schools that benefited from the supply of school furniture in 2003. Information provided by MEST indicated schools within the Freetown environs benefited from 2,071 sets of furniture valued at Le 165.7 million that were distributed directly to 67 primary schools - 62 in the Western Area, 1 in the Eastern Region and 4 in the Southern Region.<sup>446</sup>

From among the 67 schools supplied 34 acknowledged receipt of the exact number of furniture items reported to have been transferred by the MEST headquarters - valued at Le 89.2 million. 24 primary schools reported not to have received any

<sup>446</sup> *Ibid.*,p22

supply from the MEST. This gives a transfer discrepancy value of Le 52.5 million. In addition, six schools acknowledged receipt of more school furniture than was reportedly transferred by MEST. The total receipt of the six schools was estimated at Le 28.0 million, resulting into a *negative transfer discrepancy estimated at Le 17.6 million*. Moreover, three schools acknowledged receipt of less school furniture than supposedly transferred by MEST. The estimated receipt amounted to Le 6.0 million, giving a *positive transfer discrepancy valued at Le 12.0 million*. The results are illustrated in Table seven below.

**Table 7: Summary of the transfer of furniture by MEST and receipt by schools**

Receipt Category	No. of schools	Value of Transfer	Value of Receipt	Transfer Discrepancy
Receipt = Zero	24	52,480,000	0	52,480,000
Receipt = Transfers	34	89,200,000	89,200,000	0
Receipt < Transfers	3	18,000,000	6,000,000	12,000,000
Receipt > Transfers	6	10,400,000	28,000,000	-17,600,000
<b>Total</b>	<b>67</b>	<b>170,080,000</b>	<b>123,200,000</b>	<b>46,880,000</b>

Source: Adapted from Public Expenditure Tracking Survey (PETS) Report, FY 2003

#### **7.10.8 Reasons for discrepancies**

MEST officials and Head teachers of schools put forward the following explanations:

- a) Inability on the part of the Head teachers to distinguish between the financial year and the academic year: the financial year runs from January to December, while the school year runs from September to July;
- b) Poor records management at all levels of the distribution chain;
- c) Failure on the part of transferred Head Teachers to hand over updated school records to succeeding Head Teachers; and
- d) Most schools affected operate a two shift school system, (A.M and P.M); as a result, the furniture supplies were not distinguished accordingly.<sup>447</sup>

<sup>447</sup> *Ibid.*,p22

### 7.10.9 PETS Results of furniture transfers from Deputy Regional Directors to schools

A total of 1,826 sets of school furniture valued at Le 146.1 million were reported transferred by the Deputy Directors of Education to primary schools in the various regions. However there was *an unexplained residual of 447 sets of school furniture valued at Le 35.8 million*<sup>448</sup>. Primary schools acknowledged receiving 1,087 sets of furniture valued at Le 86.9 million from the Deputy Directors of Education.<sup>449</sup>

Out of the 64 primary schools to which school furniture were reportedly transferred by the Regional Deputy Directors of Education, 36 reported not to have received any furniture. This resulted in a *transfer discrepancy valued at Le 76.8 million*. 20 primary schools acknowledged receipt of the quantity reportedly transferred to them. Only 3 schools acknowledged receiving less furniture than was transferred. This gave a *positive transfer discrepancy estimated at Le 1.5 million*. On the contrary, 5 primary schools reported receiving more school furniture than was officially transferred. The estimated receipt of these schools was Le 30.0 million, resulting in to a *negative transfer discrepancy valued at Le 19.2 million*.<sup>450</sup> The transfers and receipt are summarised in Table eight below.

Table 8: Summary of transfer of furniture by DDs and receipt by schools

Receipt Category	No. of schools	Value of Transfer	Value of Receipt	Transfer Discrepancy
Receipt = Zero	36	76,800,000	0	76,800,000
Receipt = Transfers	20	53,200,000	53,200,000	0
Receipt < Transfers	3	5,280,000	3,760,000	1,520,000
Receipt > Transfers	5	10,800,000	30,000,000	-19,200,000
<b>Total</b>	<b>64</b>	<b>146,080,000</b>	<b>86,960,000</b>	<b>59,120,000</b>

Source: MOF, 2005

<sup>448</sup> Unexplained Residual: This is the difference of the total receipt of school furniture by the DDs and the amount of these furniture transferred by DDs to the next level (2,273 minus 1,826 sets of furniture)

<sup>449</sup> *Ibid.*, p26

<sup>450</sup> *Ibid.*, p27



#### **7.10.10      *Community perception of education service delivery***

Within the spirit of Section 2 (b) of the organic budget law: “to ensure that all interested parties are able to participate fully in the decisions taken on the budget within the medium term expenditure framework”, the government has engaged not only civil society activists in the furtherance of transparent budgeting and public sector stewardship, but has also involved communities at the grassroots. In the 2003 PETS exercise, for example, 320 communities were interviewed to share their perceptions on the quality of education services delivered during that financial year. 30 of these communities are located in the urban areas and 290 in the rural areas. About 87.2 percent of the communities interviewed rated education service delivery as good or better in 2003 than previously.<sup>451</sup> In almost all the communities interviewed, about 95.3 percent reported that the school within their communities faced lots of problems. Some of the challenges facing communities included lack of trained and qualified teachers in the schools, low teacher wage and inadequate teaching and learning materials. The interactive process also involved the use of score cards.<sup>452</sup> The survey outcome is provided in Table nine below.

**Table 9**

<b>Community Perception of the Quality of Education Service Delivery</b>		
	<b>No. of Communities</b>	<b>Percent</b>
<b>Very Good</b>	59	18.4
<b>Good</b>	220	68.8
<b>Bad</b>	41	12.8

Source: PETS FY2005

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<sup>451</sup> PETS Report, 2005 p4

<sup>452</sup> *Ibid.*, p8

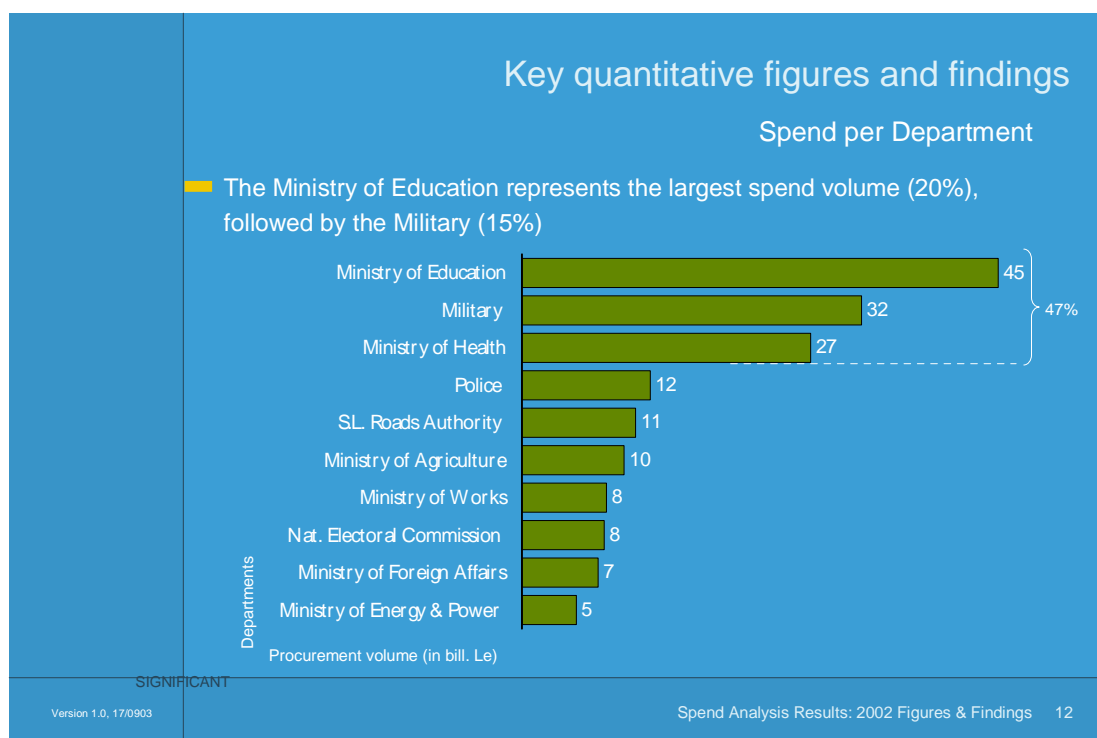
**Table 10: Score Card for Education Sector**

Level	Definition	Scores (in percent)		
		2001	2002	2003
Overall Integrity Index for the distribution primary school furniture	Value of School furniture received by schools as a proportion of the total value reported transferred by MEST (Headquarters and Regional Deputy Directors) including excess receipts	-	-	59.8
Quality of Education Service Delivery	The sample of the community respondents perceiving education service delivery to be good or better	69.0	76.1	87.2

Source: Public Expenditure Tracking Survey (PETS), FY 2003

#### 7.10.11 Summary

Whilst the PETS exercise uncovered numerous discrepancies in the expenditure stream of public financial management, several questions may be asked: *given the level of poor accountability in only a selected case of school furniture supply, what would the results have looked like if the exercise were to cover the whole of government?* Another angle of looking at it is to examine the procurement reform system. However, the results portray a huge loss of resource in the expenditure stream, especially on contracts. According to records of the National Public Procurement Authority (NPPA), the body created by government to manage and regulate government procurement- MEST have recently awarded the highest number of contracts – 20 percent of the total government contracts in 2002. This is illustrated in Figure 5 below.



Source: adapted from the National Public Procurement Authority

## 7.11 CONCLUSION

This chapter has unravelled some of the positive steps being taken by the Kabbah administration to improve transparency and accountability in the management of public resources – an inspiring departure from previous governments. In the quest of moving the country towards transparent and accountable budgeting, some of notable significant decisions are worth celebrating, these include, the promulgation and at least partial implementation of a number of enabling legal frameworks to guide the reforms, for example, the Government Budgeting and Accountability Act (2005), the Audit Service Act (1998), and the Public Procurement Act (2004). These legal provisions have made considerable contributions toward enhancing the reform environment, in particular, the budget bureau now manages the release and management of funds across government, the district budget committees engage decision makers and hold public officials accountable, performance budgeting has been introduced to enable medium term planning and execution, and notable, the civil society and the media are

being involved in budget development at policy hearings and along with the Parliament, they track public expenditures at the end of each financial year to ascertain government performance.

These achievements amidst several others suggest that there is some positive change in the development thinking and leadership approach to national transformation. Also, that whilst challenges remain in ensuring that crucial policy initiatives are effectively implemented as in the case of interactive cabinet engagement in the budgetary process, and strengthening of the control environment and that of institutional leadership, there is a marked indication of change in the internal dynamics of the country management.

However, a notable variable that must not be lost in any attempt of appraising the change process is, the dominant role played by the development partners, who to a large extent seem to be driving the reforms of President Tejan Kabbah as they provide both budgetary support and policy direction. This calls into question the preparedness and the potency of leadership in leading the aspirations of the nation. As would be observed in the next chapter, the procurement reform was more of an externally driven initiative than a home-grown strategy aimed at improving public procurement.

In the next chapter, we will examine the evolution of the public procurement function of Government as it has also been overhauled in the course of the reform. The significance of public procurement in the budget process is that a huge chunk of resources are expended through procurement of goods and services.

## CHAPTER EIGHT

### CHAPTER EIGHT: PUBLIC PROCUREMENT REFORM

#### 8.1 INTRODUCTION AND BACKGROUND

Chapter XIV, Sections 411 – 418 of the Financial Orders of 1963 (which replaced the 1954 Edition) established various tender boards throughout Sierra Leone to undertake the procurement of goods, services and works. The Financial Orders stipulated the composition, procedure and powers of each tender board – Central Tender Board (CTB) – in the ministry of finance, Provincial Tender Board, Freetown Tender Board, Departmental Tender Board and the Military Tender Board. The Public Budgeting and Accounting Act of 1992 and the Amendment Act of 1996, scantily dealt with the acquisition, payment and responsibility for Government stores in Part IV, Sections 43 – 50. In addition, the Financial Orders of 1963 were not revised until June 2006 through the collaborative support of the Commonwealth Secretariat and the World Bank country capacity building project for Sierra Leone.<sup>453</sup>

Before the reform there existed no comprehensive procurement policy and no proper procurement planning was carried out across Government spending agencies. In the absence of a comprehensive procurement law or updated rules and regulations, the Government had from time to time produced guidelines taking into consideration particularly donor procurement practices, to guide public procurement at the Central Tender Board (CTB) and in ministries.<sup>454</sup>

Over the past decades, tender boards have been poorly organized and managed, and ill-equipped in terms of trained and experienced procurement personnel and material resources. Board and technical committee members were frequently part-

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<sup>453</sup> Commonwealth Public Expenditure Management Report on Sierra Leone, Commonwealth Secretariat, June 2006 p13

<sup>454</sup> F. J. Elliott, *Procurement Reform in Sierra Leone: A Public Choice Model of Analysis*, National Public Procurement Authority, October, 2005 p6

timers brought from various line ministries, departments and agencies.<sup>455</sup> Procurement was never considered a required professional career and therefore affects public sector performance and budgetary outcomes. Continuity in participation is often hampered by the absence of board and technical committee members, who would be busy performing their regular duties. This led to excessive delays in accomplishing tasks.<sup>456</sup>

Owing to the lack of human resources, there was a laid down mechanism through which compliance was enforced or complaints addressed by the CTB, line ministries or departments. Complaints were frequently made to the CTB, which ironically had evaluated and awarded contracts with which suppliers were dissatisfied.<sup>457</sup> Thus oversight and monitoring machinery were virtually absent, and many contractors who failed to meet their obligations had gone undetected with huge sums of money. As a result of these deficiencies in the management of the procurement system, with widespread malpractices and corruption costing the Government huge sums of money, the Government decided to reform the system.<sup>458</sup>

## **8.2 INTRODUCING PROCUREMENT REFORM**

In the face of an obsolete and inadequate legal framework, and with the Government procurement volume averaging over an annual US\$ 250 million, senior advisors of the Government as early as 1996 showed interest in the operations of the CTB and expressed a strong desire to bring about a reform in the public procurement procedures and policies in line with modern-day best policies and practices.<sup>459</sup> It was observed that the change would secure value for money, reduce expenditure and

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<sup>455</sup> *Ibid*, p7

<sup>456</sup> *Ibid.*,

<sup>457</sup> *Ibid.*, p9

<sup>458</sup> *Ibid.*, p10

<sup>459</sup> *Ibid.*, p11

combat corruption.<sup>460</sup> It was also realized that good procurement practice was an essential aspect of sound fiscal management and a basis for donor confidence.<sup>461</sup>

In addition, the policy advisors noted that since the Government budget was (and still is) highly dependant on external aid flows, implementing appropriate procurement reform measures may save the Government an estimated \$25 to 40 million per annum.<sup>462</sup> In short, it became clear to Government that public procurement constitutes a substantial portion of public expenditure and therefore a critical function of its performance.<sup>463</sup> These findings clearly manifest that the Government would have never uncovered the leakages on its own without the intervention of external experts. It must be mentioned also, that whilst Government advisors were grappling with the idea of reform, the donor community was equally busy drawing the attention of the Government to the much needed change. The World Bank, for example, had demonstrated its commitment by providing an initial amount of \$1.5 million towards a procurement reform through the Transport Sector Project.<sup>464</sup>

Cognisant of the inadequacies outlined above and given the existing reform environment, President Ahmed Tejan Kabbah encouraged a quick start of the actual procurement reform to include the modernisation of the legal and institutional framework. These included building human capacity and institutions, and improving the procurement processes. In this regard, the President requested the United Nations Development Programme (UNDP) for technical intervention to improve procurement management.<sup>465</sup> As a follow up to the President's request, the UNDP enlisted the Inter-Agency Procurement Services Office (IAPSO) to assess, evaluate and describe the

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<sup>460</sup> *Ibid*, p12

<sup>461</sup> *Ibid.*,

<sup>462</sup> United Nations Development Programme (UNDP) Report, *Support to Public Procurement Reform of the Government of Sierra Leone*, Freetown, Sierra Leone, 2002 p13

<sup>463</sup> *Ibid.*,p13

<sup>464</sup> *Ibid.*, p14

<sup>465</sup> F.J. Elliott, op.cit., p2

current procurement function of Sierra Leone and to provide recommendations for the way forward. An exploratory mission was conducted in April 2002, and the first mission of technical assistance for procurement reform was also conducted by UNDP/IAPSO in December 2002. As a result of the key findings set out below, and following a Cabinet Conclusion of 26<sup>th</sup> March 2003, the Honourable Vice President of Sierra Leone, Solomon Berewa, whose office was charged with responsibility of driving procurement reform, issued instructions that halted all procurement activities by the CTB and line ministries, as an interim measure while awaiting procurement reforms. A Steering Committee headed by the Vice President himself replaced the CTB, and was responsible for interim public procurement directives. On the 22 April 2003, the Vice President issued the following Directives:<sup>466</sup>

1. “All Departments/ministries are to cease forthwith from awarding procurement contracts either by themselves or through the Central Tender Board [Directive, 4(a)].
2. A list of all procurement contracts awarded but still to be performed wholly or in part should be submitted to me without delay for the attention of the Steering Committee...” [Directive, 4(b)].

### **8.2.1 Key Findings of the mission**

The assessment mission made some revealing discoveries. One of the findings was that procurement constitutes a substantial portion of government expenditure and that Sierra Leone imports around \$ 200 million worth of goods per annum. That goods and services expenditure accounted for almost 40 percent of total recurrent expenditure in 2002 (9.6 percent of GDP), and the total recurrent and development expenditure minus wages and salaries were projected at Le 672,046 billion in 2003, equivalent to approximately US\$336 million (31.1 percent of GDP).<sup>467</sup>

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<sup>466</sup> K. V. Thai, *Advisory Services on spend Analysis of Sierra Leone Government's Procurement: Inter-Agency Procurement Services Organisation,(IAPSO) Report*, 2003, p7

<sup>467</sup> UNDP Report, op.cit., p8



Moreover, it came out strongly that the Government budget is highly dependent on external aid flows: that external grants account for 53 percent of total Government revenue as per 2003 budget forecast; the total aid recipient figure is even higher (loans). The World Bank for example, estimated the total financing requirement for Sierra Leone in 2003 to be \$ 336.5 million.<sup>468</sup> “Procurement is a critical function of government performance”, concluded the report, “with wages and salaries only accounting for 20 percent of total Government expenditure and working under the conservative assumption that 80 percent of remaining expenditure is procurement related we arrive at an annual procurement figure well beyond \$ 250 million. If only 15 percent of \$ 250 million gets wasted due to inefficiencies, bad planning, malpractice and outright corruption, implementing appropriate procurement reform measures may save the Government of Sierra Leone an amount in the measure of \$ 30 to 40 million per annum (equalling HIPC debt relief).”<sup>469</sup>

### **8.3 SETTING THE REFORM STAGE (KEY OBJECTIVES)**

As a follow up to the submission of the assessment report, the Government set out to achieve a broad range of objectives on transparency and accountability. The Government was determined to ensure value for money in the procurement of goods, services and works prevailed; and that the Government shall procure goods, services and works of the right quality, at the right price, at the right time and at the right place through an open competitive bidding process. The leadership was cognisant of being a steward entrusted with public funds to provide services and it decided that the use of

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<sup>468</sup> *Transitional Support Strategy for the Republic of Sierra Leone*, The World Bank, Ministry of Finance, 2002 p6

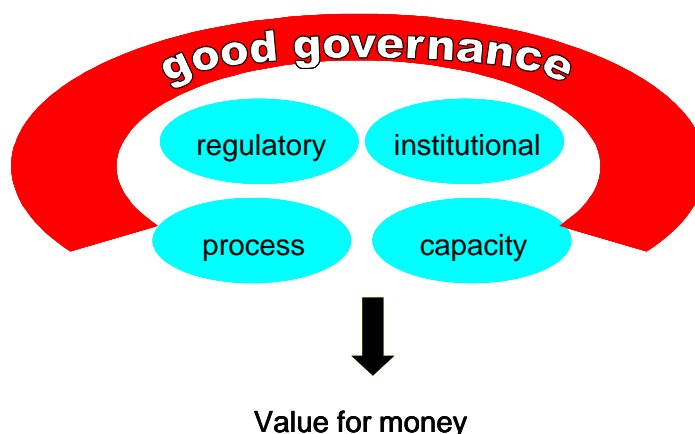
<sup>469</sup> UNDP Report, op.cit., p10

public money shall be conducted in a transparent and open manner, allowing stakeholders and the general public to access information on procurement.<sup>470</sup>

The Government was also determined that all public officials and practitioners of procurement shall be held accountable for their actions, and that all suppliers, contractors and consultants shall be treated fairly and be given equal opportunity to obtain contracts.<sup>471</sup> Thus to ensure that procurement is done in the most efficient manner as well as upholding the principles of value for money, transparency and fairness, the Government came up with the following key objectives as reflected in the Figure six below.<sup>472</sup>

- Transparency and accountability;
- Efficiency;
- Value for money;
- Ethical conduct;
- Develop national businesses; and
- Achieve National Development objectives.

**Figure 6: Actionable areas to achieve value for money**



Source: Adapted from the UNDP Report, 2000

<sup>470</sup> *Ibid.*, p12

<sup>471</sup> *Ibid.*, p13

<sup>472</sup> *Ibid.*, p17

### **8.3.1 Stakeholder participation**

The Government adopted a broad range consultative approach by engaging various stakeholder institutions to chart the path of procurement reform. The following institutions took part in all deliberations, consultative meetings and workshops:<sup>473</sup>

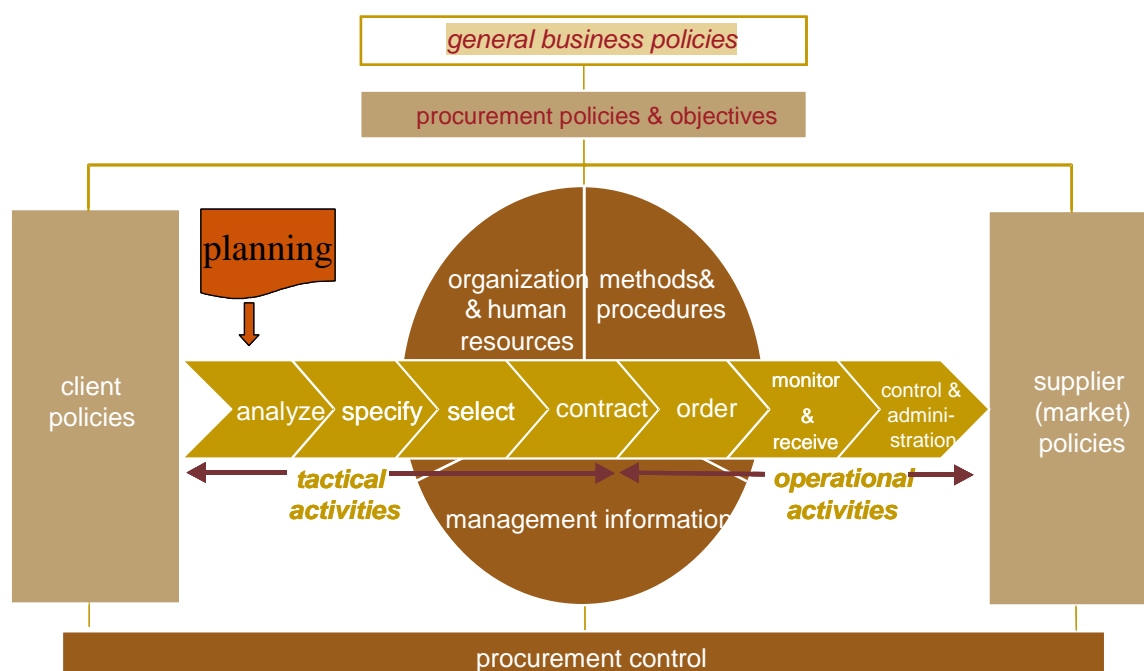
- Highest political decision making institution
- Procuring Entities
- Central Tender Board
- Bilateral Donors
- UNDP, World Bank
- Chamber of Commerce/Private Sector
- Watch dogs of the system/civil society/media
- Anti-Corruption Commission
- Ombudsman
- Solicitor General
- Public internal and external audit institutions

In December 2003, following several stakeholder workshops and consultations, the stakeholders came out with a number of recommendations (See Appendix C) and a qualitative procurement analysis that would guarantee a rich, transparent and accountable procurement system, as illustrated in Figure seven below. It could be observed that the involvement of stakeholders marks a fruition of citizen–government relationship in financial management matters. It also in large measure reflects the observation of the principle of participation in contemporary governance arrangements.

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<sup>473</sup> *Ibid.*, p16

**Figure 7: Integrated Approach to Procurement Reform**



Source: Adapted from UNDP/IAPSO Report, 2003

### 8.3.2 Strategy for the way forward

In order to achieve outlined objectives and qualitative framework, the Government of Sierra Leone adopted four key strategies on the recommendation of technical experts and stakeholders as a way forward to a successful public procurement reform:

- Developing a legal and regulatory framework;
- The institutional set-up (creating a regulatory agency);
- Building capacity; and
- Improving the procurement process.<sup>474</sup>

The above strategies are discussed in details below.

<sup>474</sup> *Ibid.*, p17

## 8.4 LEGAL AND REGULATORY FRAMEWORK

The legal and regulatory framework for procurement needed an overhaul as the existing legal frameworks were incomprehensive and obsolete (being in vogue since 1963). Also, a uniform and codified procurement procedures and regulations were virtually non-existent. While procurement procedures and regulations abound in various circulars, a practical body of knowledge and guidance was also missing and it led to lack of clarity of roles and responsibilities among key players, contradictory practices and misinterpretations of contract administration.<sup>475</sup> Thus Government promulgated a new comprehensive law, the Public Procurement Act in December 2004.

The new Act is based on the United Nations Commission on International Trade Law (UNCITRAL) Model Law and is a comprehensive legal framework designed to eliminate the shortcomings and organisational weaknesses inherent in the procurement system.<sup>476</sup> Furthermore, it provides a direct response to the overall governance reform programme taking place in the country. The Act specifically applies to the procurement of goods, works, and services by Ministries, Departments and Agencies (MDAs) through an open competitive bidding process, including any procurement financed in whole or in part from public funds. The overall objective of the new public procurement system is to provide value for money by ensuring that public funds are spent in a transparent, efficient and fair manner. In addition, the implementation of the new Act is supported by a regulatory instrument (Public Procurement Regulations, 2006) and will together form the basis for the entire reform.<sup>477</sup>

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<sup>475</sup> *The History of Public Procurement*, National Public Procurement Authority (NPPA) Report, 2004

p3

<sup>476</sup> *Ibid.*, p3

<sup>477</sup> *Ibid.*, p5-6

#### **8.4.1 Provisions of the Public Procurement Act 2004**

The Act provided for a comprehensive management structure for public procurement. Sections 3 and 4 of the Act created a National Public Procurement Authority (NPPA), as a body corporate that is responsible for regulating public procurement. It also established a Board of the NPPA headed by a chairman including a representative of the Minister of Justice and Attorney-General and other five persons who are conversant with procurement matters, to be appointed by the Minister of Finance. The Board is charged with the responsibility of controlling, supervising as well as providing policy direction for the procurement secretariat or authority. The Secretariat which is headed by a Chief Executive Officer (CEO) is also the secretary and member of the Board.<sup>478</sup>

Section 18 (1) of the Procurement Act provides for the creation of Procurement Committees in every procurement entity – ministries, departments and agencies. The Committee will be appointed by the head of an entity and is responsible for all procurement matters of the entity. Section 19 (1) also created Procurement Units in every procuring entity and is responsible for the management of procurement functions of the entity, such as the preparation of invitation to bid documents.

Furthermore, in order to institute the much required transparency and fairness in public procurement, Section 20 (1) created an arbitration body known as the Independent Procurement Review Panel (IPRP). The body is responsible for conducting independent administrative review of complaints and challenges to award decisions. The IPRP consists of three persons appointed by the Minister of Finance from among eminent Sierra Leoneans with a procurement background. The members hold office for three years.

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<sup>478</sup> F.J. Elliott, op.cit. p18

## 8.5 INSTITUTIONAL SET-UP (CREATING A REGULATORY AGENCY)

As mentioned in the opening of this chapter, the procurement function was totally over-centralized in the past. There was no clear procurement organizational structure. The Central Tender Board was overloaded and inefficient. *Every tender above USD 5000, - passes the CTB.* This meant that the Central Tender Board was doing the work for most of the procurement entities instead of providing advice and facilitating the process.<sup>479</sup> The CTB was understaffed and overloaded with work. In addition, participating in the Board activities was a part-time job. The division of labour was confusing and procurement entities didn't take ownership of their functions. There was neither a common procurement platform nor vendor management to measure performance, and there was virtually no control and monitoring mechanism in place.<sup>480</sup>

Responding to these institutional weaknesses, the Government of Sierra Leone in February 2005 established the National Public Procurement Authority (NPPA). The NPPA is the main regulatory and monitoring body for public procurement in Sierra Leone and it advises the Government on matters of contracts and procurement policies (Section 14 (1)). The body ensures that a level playing field prevails and it facilitates the participation of all stakeholders in public procurement. Thus its creation is a significant step in the implementation of the new Public Procurement Act of 2004. Section 14 (2) of the Act, sets out the remits of the Authority:

- (a) to formulate policies and standards on public procurement and to ensure compliance therewith by all parties to procurement contracts;
- (b) to assess the operations of the public procurement processes and submit proposals the improvement of the processes, including the introduction of information and communications technology, and the development of modalities for appropriate collaboration among procuring entities;

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<sup>479</sup> *Ibid.*, p18

<sup>480</sup> *Ibid.*, p25

- (c) to ensure capacity building and human resource development for public procurement, including development, promoting and supporting training and professional development of persons engaged in public procurement;
- (d) to develop and recommend to heads of procuring entities a career development and management programme, and a system for selection, appointment and termination of appointment of procurement officers;
- (e) to disseminate information about, and promote awareness of the public procurement system;
- (f) to issue standard forms of contract and standard bidding documents for mandatory use by all procuring entities;
- (g) to provide interpretation of this Act and other instruments governing the procurement process;
- (h) to plan and coordinate technical assistance in the field of public procurement;
- (i) to publish a quarterly Public Procurement Bulletin which shall contain information on public procurement, including approved procurement plans, proposed procurement notices, and notices of invitation to bid and contract award information;
- (j) to publish in the Public Procurement Bulletin or in the *Gazette* or newspaper with wide national circulation or the electronic media, a database of suppliers, contractors and consultants, and records of prices to assist in the work of procuring entities;
- (k) on its own or based on reports by procuring entities or the Independent Procurement Review Panel, investigate and suspend from procurement proceedings under this act, suppliers, contractors and consultants who have neglected their obligations under a procurement contract, or provided false information about their qualifications, contravened tax regulations, or offered inducements referred to in this Act;
- (l) to maintain and issue on a regular basis to all procuring entities a list of suspended suppliers, contractors and consultants;
- (m) to prepare an annual report on the overall functioning of the public procurement system, including a profile of procurement activities, to be presented to Cabinet and tabled before Parliament through the Minister;
- (n) to share information and cooperate with other arms of Government to facilitate the implementation of Government policies aimed at improved governance;
- (o) to conduct, at least annually, a procurement forum bringing together public sector, private sector, civil society and development partners to address issues related to public procurement;



- (p) to perform such other functions as are incidental or conducive to the attainment of the object stated in subsection (1).

In addition to the NPPA, other structures created under the Procurement Act as already mentioned, include Procurement Committees, Procurement Units, Technical Evaluation Committees and the Independent Procurement Review Panel (IPRP).

#### ***8.5.1 Building capacity to enhance procurement functions***

Before the passing of the Procurement Act, procurement functions were predominantly clerical in nature. Knowledge of international rules and regulations existed in flux as there was no cohesive or focused professional approach to the discipline. A discrete and acknowledged career track for procurement professionals did not exist and there was no recognized community of procurement practitioners.<sup>481</sup> In response to the general lack of procurement capacity within the CTB and the procuring entities, (operational, tactical and strategic), the Government not only provided for capacity building needs in the law, Section 17 (1), but went as far as to engage development partners in pursuit of meeting the critical need.

The NPPA has carried out a series of training events intended to address the skills gap.<sup>482</sup> Several development partners including the World Bank and the Commonwealth Secretariat have made immense contributions in building the institutional capacity of the NPPA. For example, the Commonwealth Secretariat under its Public Expenditure Management (PEM) Programme has intensely engaged with the NPPA in the delivery of a number of skills based training for officials involved in

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<sup>481</sup> *The History of Public Procurement*, op.cit., p6

<sup>482</sup> *Mission Report of Joint Team on Capacity Building in Public Procurement in Sierra Leone*, NPPA, Freetown, 2006 p2

procurement.<sup>483</sup> The PEM Programme is currently considering an NPPA request for the publication of an abridged version of the Procurement Regulations. The project is meant to reach out to stakeholders including busy senior government officials who hardly find time to read the full text of the regulations.<sup>484</sup> The NPPA is also a member of the Commonwealth Public Procurement Network (CPPN) – a forum of procurement Chief Executive Officers (CEOs) in Commonwealth West Africa. The forum creates an experience sharing platform for procurement practitioners as well as a valuable learning network for member countries.<sup>485</sup>

## **8.6 IMPROVING THE PROCUREMENT PROCESS**

Prior to procurement reform, there was no procurement policy within government as well as no proper procurement planning. Proper coordination and communication between the ministries was lacking and Government extensively used the single source method for selection of consultants and shopping procedures for goods.<sup>486</sup> Often the same firms were used. The procedures for bid openings, criteria for bid evaluation and contract award were unclear and the practice of post contract negotiations was rampant across MDAs.<sup>487</sup>

Following the reforms, the NPPA has developed, revised and applied price norms in the procurement market, implemented institutional structure staff needs. The body has developed the Independent Public Review (IPR) manual and procedures.<sup>488</sup>

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<sup>483</sup> The Commonwealth PEM Programme has delivered 4 in-country training projects and it is currently assisting the NPPA to publish an abridged version of the Procurement Regulations, as well as placing a technical expert to map out procurement framework for monitoring and evaluation.

<sup>484</sup> Request for Technical Assistance, NPPA, 2007,

<sup>485</sup> Commonwealth Public Procurement Report, Commonwealth Secretariat, May 2005

<sup>486</sup> History of Public Procurement, op.cit., p4

<sup>487</sup> *Ibid.*, p8

<sup>488</sup> Annual Report of the National Public Procurement Authority – (NPPA) 2005 p6

### **8.6.1 A success story**

The procurement reform of Sierra Leone has yielded some success. Nearly forty years or more (1963) since the law came into being, no action was taken along the lines of improving the procurement system until 2002. Therefore the move to reform the process is by itself a positive sign. In its country Public Expenditure Review Report of June 2004, the World Bank opined “Government is to be commended for its commitment to reform” and went further to urge government to continue with the reforms.<sup>489</sup>

The passing of the procurement law in December 2004 and the creation of the NPPA including the procurement units and committees across MDAs, also recounts success. In its 2005, report for example, the NPPA Secretariat recorded progress that has been made within the short period of its creation. For example, the Secretariat conducted a regional Price Survey of common user items to guide pricing systems within the procurement market. The survey was conducted in the capital Freetown and other provincial headquarter towns of Bo, Kenema and Makeni in collaboration with Statistics Sierra Leone, in late 2005. “The NPPA Price Norm” as the survey results is known, has been widely distributed to all procuring entities as a guide in the preparation of annual procurement plans.<sup>490</sup>

The establishment of the Independent Procurement Review Panel (IPRP), the body that handles all complaints and adjudicates on such matters, is also part of the success story. However, the IPRP is yet to deliver impact on the procurement process.<sup>491</sup> Another instance of success is the fact that MDAs are now responsible for their individual procurement with a structured oversight coming from the NPPA. In

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<sup>489</sup> Sierra Leone Public Expenditure Review, World Bank Report No. 29075-SL, p vi

<sup>490</sup> NPPA Annual Report, op.cit., p20

<sup>491</sup> Interview with Farrel J. Elliott, Executive Assistant, NPPA (see full interview report in Appendix D)

sum, the reform process championed by the structural inputs has had some positive impact underpinned by transparency and accountability in the budgetary process.

One of the key success aspects of the reform is the launch of a website of the NPPA: <http://www.savepublicmoney.sl/>. The portal has been very useful both to suppliers, contractors and all stakeholders in the procurement process. The Website has broken the traditional barrier of information access to information on tender, and has brought people closer to the way government conducts its business. For example, potential suppliers can now access information on contracts, notice of tender and news.<sup>492</sup>

## **8.7 CHALLENGES FACING PROCUREMENT REFORM**

Regardless of the success scored so far, a number of challenges becloud the procurement blue sky. One of the key challenges facing the reform process is the lack of commitment on the part of Government to continue adequately to resource the NPPA to carry out its responsibility. In its 2005 report, for example, the CEO notes:

Although the Authority is grateful for the institutional support received both from the Government and donor agencies in the year under review, inadequate funding severely hampered the work of the NPPA in its first year of operation. The Authority had no budget allocation from Government in 2005 and had to source funds from donors to support its activities. As donors are not prepared to support such government institutions on any long-term or permanent basis, the need for substantial budget allocation from Government next year and beyond will be very necessary in order to enable the NPPA to function effectively.<sup>493</sup>

The lack of commitment to provide financial support for the NPPA certainly raises legitimate concerns about the good intentions of the Government in achieving a transparent procurement system.

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<sup>492</sup> National Public Procurement Authority <http://www.savepublicmoney.sl/> September 2006

<sup>493</sup> NPPA Annual Report , op.cit., p4

Another area of challenge is the failure of procuring entities to adhere to the procedures and processes set out in the law for transparency in the procurement process. In the World Bank Public Expenditure Review, for example, the team issued a damning statement on the poor processes: “The majority of procurement transactions do not benefit from open, transparent and competitive procedures. This might not be unrelated to the rather low rating by Transparency International of Sierra Leone for perceived corruption”.<sup>494</sup> This prevailing public sector scenario is further underscored in an interview with Elliot Farrell, the Executive Assistant to the CEO of the NPPA. He said: “Possibilities for information leakage and insider trading are enormous. In fact, there is suspicion in some quarters that some public officials are linked to some companies.”<sup>495</sup> (See full interview in Appendix D) Closely related to the non adherence to the new procurement rules and procedures by MDAs, is weak procurement reporting, which according to Farrell is lacking across MDAs.

Moreover, the quest of instituting transparency and fairness in procurement was translated in the creation of the IPRP to review procurement complaints. It turned out however that the IPRP is beset with the teething problem of not being able to make impact on the dynamics of public procurement. Farrell:

“In my opinion [the IPRP is] not very effective as they have yet to fully assess complaints brought by suppliers. In fact, there has been a noted reluctance on the part of suppliers especially to bring cases to the IPRP. Maybe, this is because they are afraid of losing business. There was a complaint once heard by the IPRP on the supply of rice threshers and haulers for the Ministry of Agriculture but I am not sure of the outcome. The problem was that the contract was cancelled by the Office of the President and there are concerns of political interference in the process”. (See Appendix D for full interview).

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<sup>494</sup> Sierra Leone Public Expenditure Review, Report No. 29075-SL, op.cit., p 70

<sup>495</sup> Interview with Farrell Elliot

## **8.8 CONCLUSION**

The reform of public procurement as part of the overall public expenditure management system is encouraging compared to what prevailed in the pre reform period (1961 – 1995). The passing of the law including the creation of administrative and oversight structures are all pointers to the right direction. However, much is required of the government in terms of a continued commitment to the reform process as well as the enforcement of sanctions.

The question of leadership and the capacity to generate, or groom and implement integrated development plans or change initiatives seem to be missing. This is not to suggest that governments did and have not been doing their lot – most especially the Kabbah administration - however, almost all policies being implemented are advised by international development partners. As in the case of public procurement, the reforms process was mostly championed by donors. Thus a simple question to be asked is, how could have the ministry of finance and the cabinet failed to observe that, Chapter XIV, Sections 411 – 418 of the Financial Orders of 1963, which regulates procurement process through a single Central Tender Board was not only inadequate and inefficient a body to manage procurement across government, but was also overdue for institutional review? They failed to not only observe the inherent weaknesses in that body and the huge amount of money being wasted each year through the procurement system, the leadership as demonstrated in the chapter had not incorporated the culture of institutional review for far too long. For example, the need was not felt to review the 1963 Financial Orders on procurement until forty-one years later (2004) on the recommendation of external advisers.

Throughout the Kabbah reform initiatives, it appears change for the good is being prompted by development partners and not the leadership; and it might be

possible to posit that those who are in charge only support reform on account of remittances involved (budgetary support). This is a worrying sign particularly, as Lord Norton pointed: what happens when donor partners leave the scene? A sensible response to that question partly lie in the next chapter, which explores the depth and strength of external oversight provided by the office of the auditor general, the Parliament, the civil society and the media, and the anti-corruption commission. The chapter examines the transformation of the audit body to audit the books of government, the robust engagement of the civil society and the media by the government and the strategic transformation of the Parliament with new committees imbued with such powers as the Supreme Court in the land.

## **CHAPTER NINE**

### **CHAPTER NINE: EXTERNAL OVERSIGHT**

#### **9.1 INTRODUCTION**

Chapters six and seven have unravelled reforms that have taken place in the budgetary process from 1996 to 2005, under the Government of President Ahmed Tejan Kabbah. This chapter unpacks the role of oversight institutions in the budgetary process of Sierra Leone. It assesses the effectiveness of the following oversight bodies in the quest of improving budget transparency and accountability. In this regard, the roles of the following oversight institutions are examined:

- Parliament
- The Audit Service (Office of the Auditor-General)
- Anti-Corruption Commission; and
- Civil society.

#### **9.2 PARLIAMENT**

Chapter three of this research report traced the root of Parliamentary development of Sierra Leone, whilst chapter four explored the dormant role of Parliament in the budgetary process under the different regimes. Technically, the post democratic reforms dating from 1996 brought a host of changes including a revamp of the Parliament. In this section, the role of the Sierra Leone Parliament in the ongoing reform as they impact the budgetary process will be examined.

In practice Parliaments derive powers of financial oversight from the constitution and related instruments such as organic budget laws.<sup>496</sup> In Sierra Leone these powers are clearly spelled out in Chapter VI of the 1991 Constitution with a

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<sup>496</sup> Y. Suleiman, *Parliamentary Oversight in Commonwealth Africa*, Commonwealth Public Expenditure Management Seminar Paper, Accra, Ghana, May 2006



broad range of activities, including the authorisation of the national budget, the powers to promulgate laws on fiscal responsibility and financial management, and the exercise of oversight on public expenditure and review of the audit reports. Parliament's fiscal muscle is entrenched in section 110 (1) of the 1991 constitution: "No taxation shall be imposed or altered otherwise than by or under the authority of an Act of Parliament". In other words, only Parliament has the authority to impose taxes or approve the generation of national revenue. Under the same Act, Parliament can delegate the power of taxation to institutions such as local government bodies for purposes of administrative convenience and development purposes.

In accordance with its law making powers, Parliament has promulgated a number of fiscal and financial laws (although with donor influence and executive direction) with the aim of improving financial governance as well as transparency and accountability in the public sector. On 26 September 2002, for example, Parliament passed the National Revenue Act which merged the two major national revenue generating entities: the Customs and Excise Department, and the Income Tax Departments into the National Revenue Authority (NRA).<sup>497</sup> The NRA was created for the purpose of harmonizing and consolidating domestic revenue collection as a means to limit foreign aid dependency and to inculcate the spirit of self-reliance in national development.<sup>498</sup> This executive-backed constitutional initiative came with the realization that more than 60% of Sierra Leone's annual budget is donor-driven, in addition to a long-standing record of dysfunctional domestic revenue collection policy and administration.<sup>499</sup>

Apart from the powers of financial legislation, Parliament also has the remit for financial oversight. In this regard, Parliament elicits explanations from ministers

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<sup>497</sup> Ministry of Finance, MTEF Report, 2006 p3

<sup>498</sup> *Ibid.*, p 18

<sup>499</sup> *Ibid.*, p18

regarding gifts and donations as well as grants and pledges made by bilateral and multilateral partners.<sup>500</sup> This instrument of checks and balance underscores the distinct value of public accountability as a residual component of representative democracy. In addition, section 118 (1) - (7) of the 1991 Constitution empowers Parliament to superintend loans and grants flowing into the consolidated fund. Furthermore, while it is conventional for the Executive to enter into agreements, be it political, economic or military, with other governments or bilateral partners, Parliament on the other hand, has the power to ratify such agreements. There are arguments, however, that the sovereignty of Parliament over loan agreements is very limited, considering the fact that neither the Government nor Parliament has got absolute control over loan conditionality, which invariably is dictated by international financial institutions, such as the International Monetary Fund (IMF).<sup>501</sup>

### ***9.2.1 Parliament and the Budgetary Process***

Before the budget is presented to Parliament, the Budget Bureau develops the budget document in collaboration with several key players and presents it to the Cabinet through the Minister of Finance for approval. Following Cabinet approval of the Budget highlights and the Summary of the final Budget Estimates by MDAs, the draft Budget is published in the national Gazette.<sup>502</sup> “The essence” according to Mariama Anthony-William, “is for the public to have a glance and contribute where necessary within the constitutional timeframe. After a period of twenty-one days, without any comment from the public, the document becomes authentic for reading in Parliament”.<sup>503</sup> This is a significant breakthrough in the budget process as citizens are

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<sup>500</sup> *Ibid.*, p19

<sup>501</sup> Ministry of Finance MTEF Report, op.cit., p 4

<sup>502</sup> Budget Bureau - Briefing Paper, Ministry of Finance, 2006

<sup>503</sup> Interview with Mariama Anthony-William

given another opportunity to have a say before the Budget is presented to Parliament for authorisation.

### **9.2.2 *The Budget Speech***

According to the Government Budgeting and Accountability Act (GBAA) 2005, the Budget should be submitted to Parliament by the Minister of Finance not later than two months before the beginning of the fiscal year (an improvement on the previous Public Budgeting and Accounting Act, which stipulated one month). However, the Budget Speech is usually delivered in Parliament on the last Friday in November or for some other reasons, the first Friday in December.<sup>504</sup> Asked why the presentation of the budget contravenes the constitutional provision since the financial year begins on the first day of January, Mariama Anthony-Williams responded: “the delay is totally due to the lack of human resource and logistical constraints facing the Bureau in particular, and the Ministry at large. The Budget estimates books are usually not submitted in time, in most cases, they are submitted a month or two after the reading of the Budget”.<sup>505</sup>

The Budget speech which is considered the First Reading of the Appropriation Bill outlines the government’s recurrent expenditure plans and estimated revenue in the medium term. Copious volumes of estimates organized under head and sub heads are presented to members and committee staff.<sup>506</sup>

The Second Reading takes place two clear days after the First Reading, and five days are allotted for the Second Reading- this takes place in a committee (Committee of Supply) comprising the whole house chaired by the Speaker. The

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<sup>504</sup> Budget Bureau Briefing Paper, op.cit. p3

<sup>505</sup> Interview with Mariama-Anthony-William

<sup>506</sup> M. Jusu, “Financial Supervision Parliament Contributes to the Recovery of Sierra Leone” The Parliamentarian, 2003/Issue Three LXXXIV p282

Parliamentary Appropriation Sub-Committees play a key role during the Second Reading of the Appropriation Bill and they provide vital information to the Committee of Supply in its consideration of the draft budget. When required, ministers are summoned by the committees to provide evidence on policy or to clarify details before the Bill is sent for the Third and Final reading. The Appropriation Bill is then rushed through the House at the Third and Final reading by a motion without further debate or amendments.<sup>507</sup>

### **9.2.3 *Restraining executive dominance***

Regardless of the Bill-rushing scenario, Parliament has made considerable progress in restraining executive dominance in the budget process, especially at the formulation stage. For example, 26 of the 31 committees in Parliament exercise oversight functions over the activities of ministries, departments and agencies (MDAs).<sup>508</sup> In addition, Parliament passed a motion in 1997 that empowered oversight committees to review recurrent and development estimates contained in the executive budget. This was meant “to enhance transparency and accountability in the system, so that members of Parliament, as representatives of people, know where the money goes”.<sup>509</sup> Nine Appropriation Sub-Committees were further created from among the 26 oversight committees to thoroughly scrutinise MDA estimates and expenditure at the formulation stage of the budget.<sup>510</sup> These committees ensure that public officials conduct financial affairs in accordance with the Public Budget and Accounting Act (Amendment Decree 1996, GBAA 2005).

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<sup>507</sup> Ibid.p4

<sup>508</sup> <sup>508</sup> P. Kulagbanda, “Parliamentary committees Parliament and congress Meet in Sierra Leone” The Parliamentarian, 2003/Issue Three LXXXIVp285

<sup>509</sup> Ibid., p 282

<sup>510</sup> Ibid., p282

At the draft stage of the budget, the Appropriation Sub-Committees send standard questionnaires to MDAs, demanding clarification on grey areas in the projected estimates already submitted to the Budget Bureau. Upon receipt of response from MDAs, the committees hold pre-budget meetings with respective vote controllers, senior ministry officials and accountants to discuss previous budget performance including the rationale behind spending proposals.<sup>511</sup> See full interview as appendix E.

#### ***9.2.4 Parliament and civil society on the budgetary process***

According to the Honourable Ibrahim Sesay, Chairman of the Finance Committee, Parliament in recent years seems to have come closer to the electorate to restrain executive dominance.<sup>512</sup> Parliament has adopted an all-inclusive strategy by working hand in glove with civil society activists at the draft stage of the budget. The relationship is made manifest during budget hearings organised by the Budget Bureau for the purpose of including the citizens' opinion in the final budget document.<sup>513</sup> During the hearings, civil society representatives are privileged to engage MDAs by raising concerns and asking pertinent questions on service delivery under various sectors such as education and health. Their inputs and concerns are to some extent integrated into the draft budget.<sup>514</sup> By the same token, Parliament, especially the Finance Committee, is reportedly maintaining closer relations with civil society groups, such as the *Network Movement for Justice and Peace* for the purpose of influencing budget formulation and to restrain executive dominance.<sup>515</sup>

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<sup>511</sup> Interview with Mohamed Jusu, Senior Clerk of Committees, Sierra Leone Parliament, June 2006

<sup>512</sup> Interview with Honourable Ibrahim Sesay, Chairman of the Finance Committee of Parliament, June 2006

<sup>513</sup> *Ibid.*,

<sup>514</sup> *Ibid.*,

<sup>515</sup> Interview with Abu Brima, Co-ordinator, Network Movement for Justice, Peace and Development, Freetown, Sierra Leone, June 2006

The capacity of Parliament to relate to constituents and to check the Executive has also been enhanced through external support. For example, an MP-Constituency outreach project sponsored by the United States National Democratic Institute for International Affairs (NDI) targets the improvement of MP-Constituency relations on a broad range of issues, including budgetary matters.<sup>516</sup> This fundamental democratic requirement was markedly absent in pre-civil conflict Sierra Leone and has had positive impact on the role, functions and public profile of Parliament.<sup>517</sup>

#### **9.2.5 *The Committee System***

The Sierra Leone Parliament is an organisational construct reflecting values and practices of the Westminster Parliamentary democracy as well as that of the American Congress.<sup>518</sup> While Parliament maintains the traditional Commonwealth Public Accounts Committee (PAC) for example, its committee system is mostly fashioned in line with the powerful U.S Congressional Committees. Section 93 (6) of the 1991 Constitution, for example, vests such powers and privileges in committees as are vested in the High Courts. The powers include the summoning of witnesses and examining them under oath; compelling the submission of documents for evidence, as well as examining witnesses living abroad. Moreover, as part of its transparency drive, Parliament in 1997 opened the business of committees with the exception of the defence matters, to the general public<sup>519</sup>. These changes have leveraged and emboldened the influence of Parliament on the conduct of public affairs, which in the past was totally within the executive domain.

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<sup>516</sup> Interview with Honourable Ibrahim Sesay

<sup>517</sup> Interview with Mariama Anthony-William

<sup>518</sup> P. Kulagbanda, op.cit., p284

<sup>519</sup> Ibid., p284

Also, and as mentioned above, Parliament has restructured its committee system with the emphasis on financial oversight. At present, 26 out of a total of 31 committees carry out an oversight mandate, while nine Appropriation Sub-Committees scrutinise MDA expenditure management activities. In our analysis of the role of Parliamentary committees in providing budget oversight, we will examine the two committees that are specifically responsible for financial oversight. These are the Finance Committee and the Public Accounts Committee (PAC).

#### **9.2.6 *The Finance Committee***

The Finance Committee of the Sierra Leone Parliament is responsible for direct budget oversight, overseeing budget formulation, implementation and evaluation. The Committee also is charged with the task of reviewing the Supplementary Estimates brought before the Parliament by the Minister of Finance for approval.

#### **9.2.7 *Responsibilities***

In an interview with the Chairman of the Finance Committee, the Honourable Ibrahim Sesay of the ruling Sierra Leone Peoples Party (SLPP), he outlined the responsibilities of the committee of which the core mandate is to supervise the activities of the Ministry of Finance (MOF) and all institutions operating under the supervision of the Minister of Finance, which include the National Revenue Authority (NRA). However, “our remit is so large that we hardly find time during the year to oversee all the bodies because we don’t have the manpower support, financial resources and required logistics”.<sup>520</sup>

The Finance Committee is also responsible for overseeing the budget process. As provided for in the Government Budgeting and Accountability Act (GBAA), the

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<sup>520</sup> Interview with Honourable Ibrahim Sesay

Minister of Finance presents a budget before Parliament in the last week of October of the preceding year to give Parliament sufficient time - a month and half (November and part of December) to debate and pass the budget before the new financial year kicks off on the first day of January. The Committee gets involved at the formulation stage of the budget. It does when invited by the MOF Budget Bureau (the division in the MOF responsible for the formulation, monitoring and evaluation of the budgetary process), attend budget hearings along with vote controllers of ministries, departments and government supported agencies (MDAs) to discuss and defend expenditure heads. “The relationship that has developed between the MOF and the Committee in the past few years has been very useful and it promotes the culture of inclusion in our society. We have made meaningful contributions to the hearing process and we sometimes intervene on behalf of some ministries”.<sup>521</sup>

On the advice and recommendation of the Finance Committee, Parliament has created nine Appropriation Sub-Committees to look at various components of submitted budgets in greater details.<sup>522</sup> Under the leadership and guidance of the Finance Committee, the sub-committees look at the previous year’s budgetary performance of MDAs, the performance of vote controllers in accordance with the GBAA and the Public Procurement Act. In their analysis of the previous year’s expenditure records, the Sub-Committees focus on cases of excess expenditure, under-expenditure and virements –whether they were allowed in the first place. At the end of such investigations, the Sub-Committees would normally prepare a report and submit it to the Committee of Supply for consideration and action. The recommendations of

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<sup>521</sup> Interview with Honourable Ibrahim Sesay

<sup>522</sup> *Ibid.*,



the Sub-Committees may affect some departmental allocations by suffering a decrease in budgetary allocation.<sup>523</sup>

Commenting on breach and sanctions, the Chairman said: “If the members are not satisfied with the conduct of a certain ministry, a member will move a motion to hold the vote. Normally, Parliament will appoint a special select committee to look into the case in a greater detail”.<sup>524</sup> Some of the institutions being affected by this special probe are the Sierra Leone Telecommunications (Sierratel) and the National Fire Force. The chairman alluded to an ongoing Parliamentary investigation his committee is handling – the Anti Corruption Commission - that was setup by the Government to clamp down on corruption. “But now the Commission is under Parliamentary probe by a special committee headed by myself. Some of the issues involved are why moneys meant for the payment of staff salaries were moved to offset costs for other activities without any authorisation or justification. The investigation has been interpreted in some quarters more so from the media, as a witch-hunting exercise sponsored by the Government to get rid of the head of the anti corruption commission. I do not see it that way...someone flouts the rules of virement, and we are investigating the actions”. A newspaper report of the ACC Parliamentary probe is provided in Box 5 below.

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<sup>523</sup> *Ibid.*,

<sup>524</sup> *Ibid.*,

### **Box 5: Parliament Probes Anti-Corruption Commission Head**

**The Independent (Freetown)**

**June 27, 2005**

Posted to the web June 27, 2005

Parliament is probing the Commissioner of the Anti-Corruption Commission in Sierra Leone.

Val Collier is facing two Parliamentary committees for two reasons; first to give explanation on his reason for what Parliament calls violation of ethics, by referring to Parliament as visionless. Second, to give explanation on what has been described as doubtful expenditures of the Commission, involving act of impropriety. The Parliamentary committee probing Val Collier is reported to be receiving incriminating documents as to how Collier has been spending the Commission's funds, which some Parliamentarians described as frivolous.

This investigation has cost Collier his financial officer Mr. Koroma and the deputy financial officer Mr. Sima Turay. Sources say there is likelihood for Parliament to question why Neneh Dabo one senior official of the Commission collected 7,000 dollars as subsistence allowance for just one trip to Vienna, Austria to attend an Anti-Corruption conference. The Commission has been discovered to spend a whopping Le 20 billion on special operations alone and Le 118,540,000 on the Commission's generator. Expatriates also consume a huge chunk of the Commission's money.

Collier's contract has not been renewed but extended for a 2 -year period. He has been in controversy with successive Attorney Generals including the current one F.M. Carew. Financial officers operate the Commission's finances but because Val Collier is the vote controller, he bears the greatest responsibility for any impropriety discovered.

Val Collier entered the civil service in the 70s under the reign of Siaka Stevens and rose to the rank of Secretary to Cabinet under Joseph Saidu Momoh, a post he held till the All Peoples Congress was ousted in 1992. The National Provisional Ruling Council junta retained him.

Source: <http://allafrica.com/stories/200506270761.html>

### **9.2.8 *Incorporating private sector inputs***

Parliament has expanded its scope of operations to incorporate private sector concerns and inputs into its functions. The exercise is usually co-ordinated by the Finance Committee. In the words of the Chairman, “Parliament is at present considering matters raised by the Sierra Leone Manufacturers Association on the tax increase contained in the proposed budget, which business community consider is too much for businesses to meet in a post-conflict situation. The association has requested Parliament to make some reduction... We have not decided on the request yet, and I cannot say at the moment what our final decision will be”.<sup>525</sup>

### **9.2.9 *Public Expenditure Tracking Surveys (PETS)***

Another function of the Finance Committee is to take leadership on behalf of Parliament to champion the public expenditure tracking surveys across the country. The survey evaluates whether moneys allocated are utilised by MDAs as contained in the budget. “The Committee collaborates with the Ministry of Finance and donor agencies to carry out a public expenditure tracking survey to look at what has happened to the previous year’s allocations in terms of services delivered. The survey is carried out in far and remote areas of Sierra Leone. We have scored some success”.<sup>526</sup>

### **9.2.10 *Budget authorisation diversified***

On the recommendation of the Finance Committee, Parliament in 2006 proposed a separation of revenue authorisation from that of public expenditure. In the past, budgets were submitted late to Parliament and authorisation was therefore not

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<sup>525</sup> *Ibid.*,

<sup>526</sup> Interview with Honourable Ibrahim Sesay

given in time to enable Government to start generating revenue and incurring expenditure. This is partly owing to the delays in the reproduction (printing) of the budget document in quantities for the use of MPs.<sup>527</sup> Delays adversely affect the following year's expenditure operations as taxes can only be collected and expenditure incurred, after the budget has been authorised by Parliament.<sup>528</sup> In most cases, budget authorisation is delayed until the middle of the first quarter of the financial year. To forestall this problem, the Finance Committee's proposal made the process easier to manage. The MOF now presents two Authorisation Bills along with the budget: a Finance Bill to authorise revenue mobilisation and the usual Appropriation Bill to authorise expenditure only. The former when passed authorises Government to start collecting revenue on time whilst awaiting Parliament to authorise expenditure.

#### **9.2.11 Public Accounts Committee (PAC)**

The Sierra Leone Parliament operates the traditional Westminster Public Accounts Committee (PAC) system, which is responsible for reviewing audit reports on the public accounts submitted by the office of the Auditor-General.<sup>529</sup> The PAC is by tradition a Standing Committee with enormous oversight powers in Commonwealth member countries,<sup>530</sup> and it also is by tradition chaired by a member of the opposition party.<sup>531</sup> However, there is a significant departure from this convention in Sierra Leone as the chair of the 15-member PAC is the Deputy Speaker from the ruling Sierra Leone People's Party (SLPP).<sup>532</sup> Membership of the PAC is proportional to the number of

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<sup>527</sup> Interview with Mariama Anthony-Williams

<sup>528</sup> Interview with Honourable Ibrahim Sesay

<sup>529</sup> Seminar Paper, Ministry of Finance, February 2005

<sup>530</sup> M. Werunga, *Evolution of the Kenyan Parliament*, Commonwealth Parliamentary Association Seminar Paper, Banjul, The Gambia, August, 2005

<sup>531</sup> J. Whener, op.cit., p24

<sup>532</sup> Interview with Mohamed Jusu

seats allotted to parties following a Parliamentary election.<sup>533</sup> (See full text of interview with Mohamed Jusu, Senior Clerk of Committees in Appendix E)

In an interview with a member the PAC, the Honourable Chukumu Johnson of the opposition All Peoples' Congress (APC) Party, he reiterated: "The timing between the submission of the audit report from the Auditor-General and our action poses the greatest challenge. We are still dealing with the 2001 and 2002 reports in the year 2006, and unfortunately, most of the government officials who should be appearing before the committee are nowhere to be seen. Some, we are told have left the service".<sup>534</sup> According to the Government Budgeting and Accountability Act (GBAA) reports should be presented three months after the financial year to the Auditor-General. This provision of the law has never been put into force by the Accountant-General and no one seems to care that a senior official of Government is breaching the law. We have complained but we were told the rebel conflict destroyed the whole system and that we have to be patient...in my opinion people are hiding behind the rebel conflict."

#### ***9.2.12 Constraints of Parliament***

As is the case with Parliaments in most developing countries, the activities of the supreme oversight institution is constrained by several factors, including but not limited to finance, logistics, manpower and executive dominance.<sup>535</sup> Sierra Leone is no exception as explored below.

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<sup>533</sup> *Ibid.*,

<sup>534</sup> Interview with Chukumu Johnson, Member of PAC, June 2006

<sup>535</sup> Commonwealth Parliamentary Association (CPA) Seminar Paper, 2003

### ***9.2.13 Inadequate financial resource***

The institutional capacity of Parliament is weak; they range from inadequate financial resource to support operations, logistics and manpower support to facilitate the work of the committees. Except in 2004 when Parliament opted for the provision of funds to support oversight work, resources had never been made in the allocations to support oversight work. “For the first time in the history of the Parliament” says Mr Johnson, “a token allocation of one hundred million Leones was allocated to support the work of Parliament on oversight”.<sup>536</sup> Regardless of this allocation, Parliament still finds it difficult to carry out effective financial oversight given the paltry sum allocated, and the cumbersome process of accessing the funds. “However, we find it difficult to access the money from the Ministry of Finance even though it is inadequate to support the activities of all the committees. For example, it costs about one million Leones [approximately £200.00] to hire a vehicle for four days oversight work. It is most discouraging fact that no increase has been made by the ministry since 2004, despite clamour from us. The total budget allocated to Parliament in this financial year is one billion five hundred million Leones”.<sup>537</sup>

The lack of adequate financial support has had adverse effect on the operations of Parliament. For example, the PAC sits an average of eleven hours with an inadequate sitting allowance. In addition, where a committee wishes to conduct assessment on the activities of an agency or ministry, it has to rely on that institution to facilitate the process - providing logistics such as transportation. “The last time we conducted an expenditure assessment on the Ministry of Marine Resources”, said Mr Johnson, “the Committee had no choice but to rely on the goodwill of the ministry to

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<sup>536</sup> Interview with Honourable Johnson: One hundred million Leones is approximately, £20,000.00 Great British Pounds

<sup>537</sup> Interview with Honourable Johnson

carry out the assignment by providing transportation, etc’’.<sup>538</sup> On the basis of Johnson’s recount of events, it is clear that the prevalent situation will not only compromise the outcome of the exercise but inadequate financial resource undermines the integrity of the PAC and that of Parliament.

#### **9.2.14 Inadequate logistics and manpower**

The 124-member Parliament lacks the requisite logistics to carry out its functions. There are only four laptop computers provided by the African Development Bank (ADB) as part of its governance support programme.<sup>539</sup> Parliament also has a legislative library on the premises of Parliament but that is largely under-resourced in terms of equipment and the lack of Internet facility to conduct legislative research and policy analysis.<sup>540</sup> “In addition to the state that there are no constituency and transport allowances for MPs”, said Mr Johnson (speaking as member of the Finance Committee), “there is no office facility provided for MPs to perform their duties as elected officials. There is no privacy within the building of Parliament. We do not have offices where we can sit and conduct research and there are also no research assistants to assist us with research. So we have to either sit in the canteen or the in library with no privacy to do our work. The loss or misplacement of important documents is an everyday occurrence as there is no proper storage facility to support our work’’.<sup>541</sup>

On the manpower side of things, there are only four Parliamentary committee clerks serving all the committees.<sup>542</sup> This has had adverse effect on the performance of the institution as the highest oversight and law making body in the land. The committees are handicapped by lack of special Parliamentary clerks that can be

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<sup>538</sup> *Ibid.*,

<sup>539</sup> *Ibid.*,

<sup>540</sup> *Ibid.*,

<sup>541</sup> *Ibid.*,

<sup>542</sup> P. Kulagbanda, op.cit., p287

assigned to handle the affairs of each committee. This is frustrating to MPs, because the Government Budgeting and Accountability Act (GBAA) empowers the Parliament to carry out financial oversight. “We have just received a report from the Governor of the Bank of Sierra Leone on a matter relating to the State”, said Mr Johnson, “if we have had research assistants, they would be busy looking at the grey areas in the report and they would then provide appropriate advice to the Committee”.<sup>543</sup>

Another case cited by Johnson is the lack of support both from the Executive and the Parliamentary leadership. “There are about forty officially registered foreign exchange bureaux operating in Freetown, but those that are operating underground more than double the number of the legally registered. But we do not have a vehicle and the necessary logistics to chase them out. It is our estimation that a proper study into the activities of illegal bureaux would save the economy a huge waste and would bring extra revenue into the economy. This is a missed opportunity and nobody in the Cabinet thinks so”.<sup>544</sup>

#### ***9.2.15 Executive dominance***

The Executive arm of the Government has and exercises immense powers on financial matters that seem to frustrate legislative oversight and the trend is continuing.<sup>545</sup> The Parliament’s investigative muscle over failed and mishandled contracts had been felt lately although it is sometimes outmanoeuvred by the Executive. For example, an investigation into the management of the sea port which was under the Hamburg Ports Consultants (a foreign firm), was successfully concluded by Parliament and its recommendations were adopted by the Executive<sup>546</sup>. However,

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<sup>543</sup> *Ibid.*, p285

<sup>544</sup> *Ibid.*, p285

<sup>545</sup> *Ibid.*, p285

<sup>546</sup> *Ibid.*, p 285



the same rule did not apply whenever investigations touch the direct interest of the Executive. For example, the Government blocked the publication of a 1998 Parliamentary investigative report on the activities of the Sierra Leone Telecommunication Company (Sierratel), of which the Government was the sole shareholder. Upon blocking the publication, the Government claimed that the investigation procedure used by Parliament was unconstitutional.<sup>547</sup> This setback among others, illustrates executive dominance. An interesting case of executive manipulation of the Parliament as relayed by the Honourable Chukumu Johnson is illustrated in Box 6 below.

**Box 6: Executive Dominance**

“We are empowered by the GBAA” said the Honourable Chukumu Johnson, “but whether Parliament as a law making body and the Executive as an executing body is listening to us is another matter. The Cabinet doesn’t recognise the Committees with any seriousness. I will give you an example: last year, when the Committee of Supply (the whole House) was divided into Appropriation Sub-Committees to study the budget document before the House could debate and give its authorisation, the Sub-Committee on which I served, managed to carry out a little research on the Ministry of Agriculture. Based on the wide remit of the ministry and the level of poverty and low level food security in the country, the Sub-Committee suggested and recommended to the House that even though the Ministry receives an annual estimated budget of 14 billion Leones that a reasonable increase is made in its allocation. However, with further research, we discovered that the ministry received the sum of 30 million US Dollars of extra budgetary support from donors for the financial year. To our surprise, when we requested the Ministry to present to us their short, medium and a long-term project plan to enable us evaluate its standing against others, the Minister and senior officials refused to comply. As a result, we referred the matter to the Oversight Committee for Agriculture for further consideration...as you can guess the outcome, nothing came out of it, nothing! This is just an example of the endless frustrations we experience in the hands of the Cabinet and Executive Heads of cooperate bodies”.

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<sup>547</sup> *Ibid.*, p285

### **9.2.16 Control over Bills**

The Executive is powerful such that no Private Member Bill has been tabled before the House during the present Parliament and there is no evidence of what happened in the past.<sup>548</sup> If an MP wishes to introduce a Private Member's Bill, he first of all has to send it to the Law Officer's Department for their inputs (as there is no legal draftsman in Parliament to handle Bill Drafting). As a result of this resource omission, 100 percent of the Bills passed by the Parliament are Government Bills. No Private Member Bill (the research is informed) will receive the prime attention of law officers who, it is alleged are under the tutelage of the Minister of Justice, who is also the Attorney-General.<sup>549</sup>

### **9.2.17 Lack of Sanctions**

Common sense dictates that sanctions are effective deterrents as well as robust accountability and transparency tool in the budgetary process.<sup>550</sup> The fear that accountability comes with some form of punishment deters fraud and shapes behaviour in accordance with laid down principles.<sup>551</sup> However, not only has the lack of appropriate sanctions stifled performance in the public sector of Sierra Leone for far too long, but that the lack of willingness on the part of the Judiciary to impose sanctions have created a weak accountability environment.<sup>552</sup> Commenting on the frustrations faced by the Anti-Corruption Commission - the body set up by the Government to fight corruption - David White of the British Newspaper, *Financial Times*, commented that: "Depending up to now on the attorney general's office to press ahead with any prosecutions, it has a long backlog of outstanding cases. It has so

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<sup>548</sup> Interview with Honourable Johnson

<sup>549</sup> *Ibid.*,

<sup>550</sup> Commonwealth Public Expenditure Management Review, Commonwealth Secretariat, London , 2005, p27

<sup>551</sup> *Ibid.*, p27

<sup>552</sup> Anti-Corruption Commission Annual Report, Freetown, Sierra Leone, 2003 p35

far failed to bring any top-level prosecution to a successful conclusion. A minister convicted over diamond mining activities had his sentence overturned on appeal...The commission complained in one report about the “lukewarm attitude” of Sierra Leone’s judiciary and a lack of interest from Parliament. It said the public had developed a “healthy mistrust” of the legal system”.<sup>553</sup>

According to Chukumu Johnson, the PAC is constrained by failings of the judiciary to impose and enforce sanctions based on the recommendations of the Committee. “We send the report to the Attorney-General and Minister of Justice who has the mandate to take necessary action, but nothing comes out of it. It ends there....ends there, I say. Let me say this with a broken heart that, no action has been taken on the PAC’s recommendations from 1996 to 2000. I think the PAC should be given the opportunity to impose sanctions”.

#### ***9.2.18 The way forward***

Against the backdrop of the numerous constraints facing Parliament, some MPs, mostly from the opposition All Peoples Congress (APC) party, have called for the creation of a Parliamentary Service Commission to be independent of the civil service, so that Parliament would determine its operational budget without any hindrance or control from the Executive.<sup>554</sup>

#### ***9.2.19 Summary***

In spite of reforms in the area of Parliamentary oversight as spelled out in the Government Budgeting and Accountability Act (GBAA) of 2005 and other instruments, it can be said much is still desired for the reform to be successful and

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<sup>553</sup> D. White, *Financial Times*, Quoted in the *Standard Times*, Freetown, 24 February 2005

<sup>554</sup> *Ibid.*,

robust. Key among the requirements is enhancing the capacity of Parliament by providing the institution with adequate manpower, financial resources and logistical support. Most importantly, the institution must be robust enough to deliver oversight as much as it possibly can. But this comes with political will and long time commitment to change. However, the question that come to mind is, would the leadership do so without the implicit intervention or much less motivation from the development partners? As it has always been the case, each strand of reform has been prompted and driven by external players, which is to suggest leadership has been relegated to the back burner of national development – it cannot be blamed on the external players, because, there is no shred of evidence to suggest there has been at least a conflict of ideas on reform between the leadership and the development partners.

Regardless of the leadership and system failings, it could be said that much progress has been made in recent years on Parliamentary oversight. Some of these include the participation of Parliament in budget hearings, opening the business of Parliament to the general public, enhanced Parliament - civil society engagements, and the restructuring of the committee system to deliver oversight. The next section examines the role of the auditor general in providing external oversight.

### **9.3 THE AUDIT SERVICE**

This section examines the oversight role of the Audit Service of Sierra Leone to measure the depth of transparency and accountability in the country's budgetary process. It identifies the characteristics of national audit bodies and discusses institutional evolution of the Sierra Leone Audit Service, including new developments and challenges facing the institution. It also discusses findings and provides commentary on the overall audit structure and its effectiveness.

The section is divided into two sub-sections, the first attempts to define the supreme audit institution (SAI), its strategic role in the overall budgetary process, and the general characteristics that defines the effectiveness of the institution in carrying out its mandate. The second is dedicated to Sierra Leone's audit service. The sub-section also examines the state of the agency and attempts to measure its effectiveness in delivering accountability and transparency in the budgetary process.

### ***9.3.1 Sub-Section One: Overview of Supreme Audit Institutions***

### ***9.3.2 Defining the role of an SAI***

A supreme audit institution (SAI) is a conventional or statutory body responsible for carrying out public audit on government-wide expenditure of ministries, departments and government sponsored agencies for the sake of probity; and it forms a vital component of a country's public financial management system.<sup>555</sup> The oversight body highlights weaknesses in public expenditure and recommends necessary measures to exert fiscal discipline. As such, it provides a check on unconscionable spending. This public oversight institution is also core to contemporary good governance arrangements as machinery that reinforces public confidence in governments.<sup>556</sup> A national Audit body is therefore an invaluable source to measure the level of transparency and accountability in a government's public financial management system.<sup>557</sup>

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<sup>555</sup> A. Aziz, "Audit Profile: The Auditor-General Department, Sierra Leone", *International Journal of Government Auditing*-January 2000, p17

<sup>556</sup> "Working with Supreme Audit Institutions", Department for International Development (DfID), London, July 2005, p2-6

<sup>557</sup> *Ibid.*, p7

### **9.3.3 SAI legal framework and mandate**

Supreme Audit Institutions (SAIs) are normally established under a national constitution or by a separate law enacted by Parliament or national assembly. Such laws prescribe the mandate, responsibilities, powers and the independence of the SAI and its head, usually the Auditor-General (AG), within the overall governance arrangement. The mandate generally includes what is to be audited, how audits should be conducted and the authority to which the audit report is to be submitted.<sup>558</sup>

### **9.3.4 Strategic role of an SAI**

A supreme audit institution is a fundamental pillar of good governance as it provides a check on the management of financial resources. If audit recommendations tabled before the Public Accounts Committee (PAC) meets required outcomes, then they may impact behaviour and future decision making at MDA levels.<sup>559</sup> The activities of a public audit body thus guarantee the maintenance of the democratic value of creating a balance in public administration, as well as injecting sanity and probity in the public sector.

Moreover, because governments are big spenders and each year they purchase goods and services, Auditors General have the mandate and “moral obligation to assure the public that monies allotted to the government have been spent in the most judicious manner and to give assurances and report on the effectiveness and adequacies of controls”.<sup>560</sup> SAIs are therefore the financial “gadfly” of public financial management and their role as lead stakeholders in accountability has, in recent times, been brought to the fore in reaching bilateral and multilateral agreements on national

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<sup>558</sup> K. Coghill, “Auditing the Independence of the Auditor-General”, Seminar Paper, 11 February 2004, The Australian National University, p3

<sup>559</sup> *Ibid.*, p4

<sup>560</sup> A. Aziz, op.cit., p19

budgetary support. Strengthening public audit, including guaranteeing the independence of the Auditor-General, for example, now forms part of the United Kingdom's requirements for budgetary support to Sierra Leone.<sup>561</sup>

Furthermore, the role of SAIs as strategic stakeholders has increasingly become a lead component of public financial management reform as part of public oversight arrangements. As highlighted by the Auditor-General of Sierra Leone: "the role of the Supreme Audit Institutions in public service delivery as a result, has always remained very critical more so if they are to be seen as oversight institutions in the collection and disbursement of stakeholders' financial and non-financial resources, which responsible Governments are obliged to manage economically, effectively and efficiently".<sup>562</sup>

In sum, robust display of public finance oversight has earned SAIs an increasing role in the march towards achieving transparency and accountability in governments, and has made them strategic stakeholders in the budgetary process.<sup>563</sup>

### **9.3.5 Independence of SAIs**

The Independence of SAIs is an internationally accepted attribute of audit institutions, and a fundamental requirement for attaining good governance.<sup>564</sup> Their independence is underpinned by the oversight role which is critical to achieving discipline in the public sector. Thus the status of an institution that provides detailed audit on how the taxpayers' monies are being expended, demands by common sense,

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<sup>561</sup> Strengthening the office of the Auditor-General including the audit service formed part of the commitments of the Government of Sierra Leone when entering into the Poverty Reduction Arrangement with the Government of the United Kingdom in 2004.

<sup>562</sup> <sup>562</sup> A. Caesar, "Independence of Supreme Audit Institutions" Seminar Paper Presented at the Abidjan Summit of Audits General, 2002

<sup>563</sup> "Working with Supreme Audit Institutions" op.cit., p3

<sup>564</sup> *Lima Declaration of Guidelines on Auditing Precepts*, United Kingdom National Audit Office (NAO), London, 1977

that it should be protected and its independence guaranteed through a legal instrument.

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However, a legal provision to secure institutional independence for SAIs is not enough; rather, laws must be complemented with the provision of adequate financial resources to enable the oversight body perform its functions effectively. Also, while adequate resource allocation ameliorates operational and legal independence of SAIs, institutional capacity is also a core requirement in terms of the availability of office equipment, logistical support and meeting the capacity building needs of the staff to enhance performance and organizational quality.<sup>566</sup>

While the above hold true in terms of requirement, there are marked differences in the status of SAIs across nations. Audit bodies in developed democracies are adequately resourced in terms of number and quality of professional staff. In the United Kingdom, for example, the National Audit Office has about 750 skilled and highly trained staff. Zambia has 511 qualified registered accountants, but only four of them work for the Government. The rest are employed in the private sector.<sup>567</sup> This scenario underscores the opinion that a poor human resource base pervades the public sector in developing countries and it may partly be responsible for late submission of audit reports to Public Accounts Committees in Commonwealth member countries.<sup>568</sup>

### **9.3.6 The Auditor-General**

As a matter of convention, the Auditor-General is head of public audit body and as such, the independence of the Supreme Audit Institution is hinged on the scope of responsibility, powers and independence of the Auditor-General to carry out audit

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<sup>565</sup> *Ibid.*,

<sup>566</sup> A. Caesar, op.cit., p 2

<sup>567</sup> J. Wehner, *Principles and Patterns of Financial Scrutiny: Public Accounts Committees in the Commonwealth*, op.cit., p9

<sup>568</sup> *Ibid*, p9



functions without hindrance. The independence of heads of public audit institutions is captured in a manual developed for and on behalf of Commonwealth Auditors General by the National Audit Office, United Kingdom. It covers the following key requirements for the office of the Auditor-General:<sup>569</sup>

- Appointment and dismissal of the Auditor-General not to be within the prerogative of the executive;
- The Auditor-General's salary to be a direct charge on public funds and not subject to annual appropriation;
- The Auditor-General to report directly to the legislature (rather than to or through the executive) and to decide the nature and timing of the report;
- The Auditor-General to appoint and pay staff taking into account the civil service conditions of service but subject only to budgetary approval by the legislature or a body empowered to do so by the legislature;
- The Auditor-General imbued with discretion to decide the nature and conduct of the audit, including value for money investigations, and to decide whether or not to accede to requests emanating from outside the Auditor-General's office proposing matters for audit;
- The Auditor-General to have unrestricted access to information and to obtain explanations from public servants; and
- The audit mandate to cover all public enterprises.”

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<sup>569</sup> “Strengthening Public Audit”, Background Paper - Commonwealth Auditors-General Conference 10-13 October 1999

### ***9.3.7 Sub-Section Two: The Sierra Leone Audit Service***

Having discussed the general framework and characteristics of SAIs in accordance with international best practice, this sub-section explores the role of the Sierra Leone Audit Service within the research framework.

### ***9.3.8 The Sierra Leone Audit Service***

The SAI in Sierra Leone is the Sierra Leone Audit Service, established under Section 119 (1) of the 1991 Constitution: “There shall be an Auditor-General for Sierra Leone whose office shall be a public office and who shall be appointed by the President after consultation with the Public Service Commission and subject to the approval of Parliament.” Primarily the Audit Service is responsible for public sector audit to ensure financial integrity in government agencies and to provide independent information and assurances to Parliament that tax payers’ money has been used efficiently and effectively by Ministries, Departments and the Government assisted Agencies (MDAs) through timely and accurate reporting.<sup>570</sup>

### ***9.3.9 Evolution of the Audit Service***

Prior to Sierra Leone’s attainment of independence, the SAI was controlled and directed by the Colonial Audit Service.<sup>571</sup> When the country attained independence in 1961, administrative structures of most public institutions including that of the Colonial Audit Service remained the same. However, some minor changes took place on the mandate and authority – the indigenes replaced colonial officials in the general administrative framework of things. Thus one year after independence, the Audit Act of 1962 was passed and it established among others, the Auditor-General’s Department

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<sup>570</sup> A. Aziz, op.cit., p19

<sup>571</sup> *Ibid.*,

in the place of the Colonial Audit Service, with similar remits and functions. Typical of post independence laws, the Act shifted responsibility into the hands of key indigenous players.<sup>572</sup> Since then, five nationals have held the post of Auditor-General between 1962 to present. See Table 11 below.

**Table 11**  
**List of Auditors General Since Independence**  
**1962-2005**

<b>No</b>	<b>NAME</b>	<b>PERIOD/COMMENTS</b>
1	Pre independence era (Audit function was under the Colonial Audit Service)	Pre 1961
2	Mr. M.A. Seray-Wurie	1963 - 1965 Served in an acting capacity only
3	Mr. A.S.C Johnson	1965 – 1970
4	Mr. C.O. Mammah	1970 – 1989
5	Mrs A.O. Caulker	1989 – 2000
6	Mrs Anna Caesar	2000 - present

Source: National Audit Service, Strategic Plan, 2004-2008 p 10

In addition to the 1962 Audit Act, significant changes were made to the office of the Auditor-General in both the 1971 and 1991 Constitutions that provided the basis for the creation of an audit service. In particular, the latter laid the foundation for a wider oversight function of the Auditor-General. In addition, Section 65 of the Public Budgeting and Accounting Act of 1992, recognise the shifting trends - all of which led to the enactment of the Audit Service Act in 1998. The new Act changed the name of the Department to the *Audit Service Sierra Leone*, with a wider remit.<sup>573</sup>

Under the 1998 Act, the Auditor-General as well as that of the institution was made independent. The Auditor-General was given wider remit and powers, for example, the Auditor-General can levy a surcharge. The Government Budgeting and Accountability Act of 2005 also put a premium on accountability and audit functions.

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<sup>572</sup> L. Johnson, "Introduction to Sierra Leone Audit Service", Seminar Paper presented at the Sierra Leone Audit Service Strategic Planning Review Seminar, Freetown, January 2005

<sup>573</sup> *Ibid.*,

This trend has introduced organizational restructuring, including change in knowledge base and skills set, and improvements have also been achieved in the conditions of service.<sup>574</sup> Most importantly, the audit body has been removed from the mainstream civil service - an institution beset with multiple problems underscored by underperformance. The Audit Service has been transformed into an independent public oversight body and its creation is a pointer to the Government's determination to bring about good governance, transparency and accountability in the public sector. This was achieved by the insistence of the donor community.

#### ***9.3.10 Functions of the Audit Service***

In addition to the Audit Service Act (1998) and the Government Budgeting and Accountability Act (2005), the 1991 Constitution of Sierra Leone clearly provided for an independent Auditor-General with a greater audit mandate. Section (119) of the 1991 Constitution spells out the following functions of the Audit Service. The Auditor-General shall audit the public accounts of Sierra Leone and all public service 119(2); he shall decide the form and manner in which public accounts should be kept 119(3); and he shall submit a report to Parliament within 12 months of the end of the “immediately proceeding financial year”, drawing attention to any irregularities in the audited accounts (119 (4). The Auditor-General is empowered to establish internal audit machinery in MDAs in consultation with the respective MDA heads.

The 1991 Constitution and the GBAA provided further that the Auditor-General can deploy in any MDA, any person, employed under his/her office in the execution of audit functions. This strategy is a marked deviation from the traditional practice of over-centralizing institutional operations, which in turn limits access to

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<sup>574</sup> Interview with Leslie Johnson, Deputy Auditor-General of the Sierra Leone Audit Service, December 2006

valuable audit materials and negatively affects general performance of oversight agencies in the public sector.<sup>575</sup> For purposes of effectiveness, therefore, not only does the deployment of Audit Service staff in respective public institutions facilitates easy access to records and information, but it also raises the profile of the institution as an effective watchdog over the wider public service.<sup>576</sup>

The deployment of audit staff in the respective functionaries of the Government is widely viewed by the Audit Service staff as a move in the right direction. According to Leslie Johnson, Deputy Auditor-General, the presence of an audit agent in a division sends a clear message to those managers responsible for the implementation of departmental budget that it is not business as usual. “The closer we get to these officials”, he said: “the tendency to be more transparent in doing their thing becomes greater. We have also experienced some improvement in the submission of expenditure reports and a relative progress has been made in our case by case access to departmental expenditure records.”<sup>577</sup>

Within the framework of the Audit Service Act 1998, the Auditor-General is also empowered to issue queries and can make such observations and recommendations to the Accountant-General or any other person or agency on the conduct of public accounts; and he may call for the submission of such accounts, vouchers statement, documents and can demand explanations as he may deem it necessary. The powers of the Auditor-General are such that he may disallow any item of expenditure contrary to law on surcharges. In the case of failure to answer to an audit query, Section 67 of the Public Budgeting and Accounting Act (1992) provides that “without prejudice to any other provisions of this Act every person who fails or

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<sup>575</sup> R. Kibria, *Propriety in the Public Service*, Commonwealth Public expenditure Management Regional Seminar, Port Moresby, Papua New Guinea, October, 2005

<sup>576</sup> Interview with Leslie Johnson

<sup>577</sup> *Ibid.*,

refuse to reply to an audit query or observation within the appropriate period specified in sub-section (5) of Section 66 shall, if the Auditor-General so directs, have his emoluments and allowances withheld for so long as the officer fails to reply”.

According to Leslie Johnson, Deputy Auditor-General, the extensive remits of the Auditor-General under the current instruments has had some positive effects on the governance framework and has secured a facelift for the oversight institution as a public watchdog. Both middle level and senior staff of the agency regarded these changes as a robust confidence building mechanism for the Audit Service.<sup>578</sup>

### ***9.3.11 Independence of the Audit Service***

As mentioned in the previous sub-section, the independence of a supreme audit institution is crucial to public oversight. The creation of the Sierra Leone Audit Service as a Supreme Audit Institution with wider remits is a move in the right direction and a remarkable indication that the Government of Sierra Leone meant business. The extensive responsibilities of the Auditor-General imbued with overwhelming powers underscores the fact that reform is taking root. The legal instruments vests a wide mandate and defines the independence of the Auditor-General as provided for in Section 119 (6) of the 1991 Constitution: “In the exercise of his/her functions under this constitution or any other law, the Auditor-General shall not be subject to the direction or control of any person or authority”. This provision in principle establishes and entrenches the oversight authority of the AG such that he is to carry out his functions without fear or favour or reference to a third party.

The independence of the Auditor-General as the official head of the public watchdog also stands out prominently as a significant component of a meaningful oversight machinery. As it is in most developing countries, however, the independence

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<sup>578</sup> *Ibid.*,

of the Auditor-General regardless of the legal framework is limited and, there are several shortcomings that affect the performance of the Auditor-General. The Auditor-General, for example, is appointed by the president though in consultation with Parliament. Thus the process through which the Auditor-General is appointed suggests some limitations in the exercise of his independent functions, and therefore, the position might be subject to political influence from above. Asked whether the Auditor-General without fear could conduct effective audit in higher political offices, is a question none of the officials contacted in the Audit Service had sufficiently responded to. Leslie Johnson evaded the issue: “We may if we chose to, but one has to be sensitive to the politics of the environment. You don’t want to put your job on the line, so instead you focus on other high risk areas”.

To further illustrate the above, in a paper presented at an Auditors’ General Meeting in Abidjan, Ivory Coast, the Auditor-General of Sierra Leone emphasized that “political will geared towards accountability and transparency” is critical to guaranteeing the independence of SAIs, but “in the light of practical experience, more so in the African environment, SAIs are almost destitute or unable to capture full political will geared towards accountability and transparency”<sup>579</sup>.

As mentioned in the previous sub section, SAI independence is invariably underscored by the method in which the institution is funded as well as the size of financial resources provided to carry out its functions. It is expected that the wider the scope and the greater its independence, the immense the resource base to match institutional commitments and operational needs. An inadequate resource base negates effective oversight and erodes SAI independence. The latter has become a cause for

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<sup>579 579</sup> A. Caesar, op.cit.,

concern in the Audit Service of Sierra Leone, as its budget estimates are subjected to cuts by the Budget Bureau in the Ministry of Finance.<sup>580</sup>

As a matter of procedure the Audit Service submits its annual estimates along with other MDAs to the Budget Bureau for approval. Under the said circumstance, the Audit Service defends its estimates and in the process of justifying operational plans, it discloses strategies to a unit that is subjected to audit scrutiny. This ugly situation is viewed by the Deputy Auditor-General as a significant constraint that must be dealt with to ensure independence of the Audit Service prevails. In his remarks the Deputy Auditor-General reiterated that the procedure for budget allocation is critical to both the quality of its performance and independence, and thus called for a review on the allocation procedures.

Further, because the institution's estimates are in all cases subjected to cuts and review by the Finance Ministry, the ability of the oversight body is limited to recruit and retain professional brains including meeting other logistical requirements in a given financial year.<sup>581</sup> In the words of Leslie Johnson: "Limited funding has hindered our operations as a Service. It affects the quality of our manpower and logistics. At the moment, the independence of the Audit Service is impaired by budgetary constraints. In the last financial year, the Ministry of Finance did not release our last quarter allocations, and no proper explanations were given".<sup>582</sup>

Given the above scenario, it stands to reason that providing for institutional independence in a legal document such as in the 1991 Constitution is not enough. What matters most, it can be argued, is providing the required elements to enable the institution carryout its mandate. Thus SAI independence and its resilience to remain an effective public oversight body, largely hinge on the scope of operations, adequate

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<sup>580</sup> Interview with Leslie Johnson

<sup>581</sup> Interview with Leslie Johnson

<sup>582</sup> *Ibid.*,



resource base, access to relevant financial and non-financial records of MDAs, and other institutional requirements such as enhanced human capacity to operate<sup>583</sup>.

The Auditor-General's work stops at reporting while the implementation of recommendations made in the report falls within the purview of the Public Accounts Committee (PAC) and the Judiciary. "We need an Act", says the Deputy Auditor-General, "that can extend the powers of the Auditor-General beyond mere reporting, to enable us instil discipline".

### **9.3.12 Challenges**

#### **9.3.13 *Institutional Resource***

As mentioned above, one of the challenges facing the Audit Service is the non availability of an adequate resource base to match its remits- a situation that has inhibited in-house and field operations. The mismatch has been exacerbated by the devolution of governmental functions to local government units (since 2002) that are now handling financial resources for the delivery of public services, such as health and education. Devolution of service provision has not only extended the scope of audit, but staff levels including inadequate resources have overstretched the institution beyond its normal capacity to perform.<sup>584</sup>

#### **9.3.14 *Logistics and staff***

Another challenge facing the Audit Service is logistical constraint such as an inadequate transport facility to reach far-flung districts and remote areas of the country to carry out audit. At the moment, the Institution relies on two vehicles only (Land

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<sup>583</sup> Lima Declaration of Guidelines on Auditing Precepts, op.cit.,

<sup>584</sup> Interview with Leslie Johnson

Rovers) each provided by projects under the United Kingdom DfID and the African Development Bank (ADB). Mobility problems have had a negative impact on the activities of the institution as it limits the movement of auditors to access various programmes and projects being implemented in remote areas of the country.<sup>585</sup>

Furthermore, low staff levels and the unavailability of adequate professionals in the Audit Service also constraints the institution's performance. For example, since the rebel conflict ended in 2002, no audit staff has been deployed to carry out audit in the Northern Province, which is the largest region of the country.<sup>586</sup> This operational failure is explained by lack of office premises as a result of the rebel conflict during which Government property became a prime target for destruction by the rebels. In addition, auditors who are assigned to the region have had no vehicles or office equipment to conduct proper audit. Thus SAI activities in the northern region of the country have been remotely directed from the capital, Freetown, limiting the scope of the Audit Service's effectiveness in that part of the country.<sup>587</sup>

While the oversight body suffers low staff levels, capacity building requirements are also crucial and there does not seem to be any comprehensive training or professional development scheme put in place except for ad hoc ones.<sup>588</sup> The table below provides a graphic explanation of the staff situation in the Audit Service.

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<sup>585</sup> Strategic Plan of the Sierra Leone Audit Service, Audit Service Sierra Leone, Freetown 2004, p6

<sup>586</sup> *Ibid.*, p12

<sup>587</sup> *Ibid.*,p13

<sup>588</sup> The Commonwealth Public Expenditure Management (PEM) Programme is implementing a three-year capacity building programme with the Audit Service, including setting up if an internal audit unit, and enhancing capacity for performance audit

**Table 12: Audit Service staff strength as at December 2005**

Qualification	Number of Staff	%
ACCA	3	3
Accounting Degree	28	25
Non-Accounting Degree	5	4
TDA, CAT, AAT, LCCI & ICM	25	22
Masters Degree	3	3
Pitmans, TC, HTC, and Civil Service Entrance Exams	48	43
<b>Total</b>	<b>112</b>	<b>100</b>

**Source:** Developed in the research process

Considering the volume of work, the above table demonstrates an under-staffed Audit Service. The manpower level is very low (112) to be able to meet audit functions across more than 20 ministries, 30 public enterprises, 19 local councils and all diplomatic missions abroad. The modest manpower of 112 would have been adequate if all of the audit functions were normally outsourced, with the Audit Service playing a monitoring role and producing annual audit reports. However, an outsourced scenario would not have also addressed the manpower situation given the low level of staff calibre and professional qualifications among the team. Only three members of staff are professional accountants, another three of them hold masters degree and 28 others hold accounting degrees- the rest do not meet technical audit skills requirements.

The Deputy Auditor-General blamed the poor manpower level on financial constraints and inconsistent budgetary allocations that limit the scope of the agency to

increase salaries and to attract qualified persons to serve. Moreover, inadequate resource level is a disincentive for a sustained professional training. The unavailability of adequate office equipment also inhibits the agency's performance. At the moment, there are insufficient computers, photocopies and fax machines for use by agency staff.<sup>589</sup>

### ***9.3.15 Evaluation of the Role of the Audit Service***

In our evaluation of the role of the audit service in terms of providing quality service and delivery of impact, it is worth taking a look at one of its annual reports. In this regard some key findings highlighted in the 2001 Audit report are presented below.

### ***9.3.16 Auditor-General's Report 2001***

As mentioned above, the 2001 Audit Report is reviewed to demonstrate not only the value of the audit function but to help us measure the level of transparency and accountability in the budgetary process. In the Auditor-General's foreword to the 2001 edition published in February 2003, she highlighted that the agency could not present its report on time as a result of several constraints affecting the institution ranging from "inadequate staffing to logistics". Also, that the Audit Service Act of 1998 was still not operational, which among other things accounts for the "stalemate in the approval of the conditions of Service without which the statutory instrument of incorporation cannot be executed".<sup>590</sup>

Another mention in the report is an appeal made to the political leadership to provide the institution with adequate office space not only in the capital, Freetown, but

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<sup>589</sup> Interview with Leslie Johnson

<sup>590</sup> Auditor-General's Report, Sierra Leone 2001, p1

in the provincial capitals as well as district headquarter towns. The most notable element in the report is that the 2001 Audit Report was not based on the Accountant-General's Public Accounts Report, which in accordance with procedure should form the basis of audit review. Rather the report was based on the extracts from audit reports and comments from parastatals.

### ***9.3.17 Key finding of the 2001 Audit Report***

A number of omissions and discrepancies were discovered in the general reporting and accounting systems across MDAs. For example, the Auditor-General's Certificate reads: "I have examined the attached annual statements of public accounts for 1999 and 2000 financial years in accordance with Section 58 (1) (2) and (3) of the Public Budgeting and Accountability Act of 1992. As the figures for several items in the statements cannot be verified/confirmed, I am unable to certify that, in my opinion, the statements are correct".<sup>591</sup>

The report also made a damning comment on the Government procurement system that was found to be corrupt and fraught with weak disbursement and control systems. The Central Tender Board in the Ministry of Finance (now replaced with the NPPA) - the body responsible for all government purchase and contracts - for example, made 100 percent payment to contractors on behalf of the Ministry of Health without submission of invoices. Similarly, advance payments of 50 percent were made before performance. In a number of cases, payments above the normal market prices were made to contractors by the Central Tender Board. In other instances, ministries, departments and agencies arbitrarily flout procurement regulations with impunity without the imposition of sanctions by the relevant authorities. For example, in the bid to evade procurement regulation which required MDAs to submit contracts above

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<sup>591</sup> *Ibid.*, p2

Le12 million to the Central Tender Board for processing, they deliberately commit fraud by splitting contracts in order to evade procedure. The problems are further underscored by the following findings contained in the audit report:

1. Losses of cash and stores from theft, fraud or serious irregularities, Le 710,527,637 and £147,159.
2. Over-expenditure, Le8, 337,505,141 with the exception of few departments was discovered.
3. Final accounts of 1999 and 2000 did not capture Government's fixed assets-government lands, buildings, vehicles, equipment and furniture.
4. Could not verify balances held at commercial banks as there were no statements/certificates to the effect.
5. Miscellaneous debtors amounting to Le4, 868 million for the period 1999/2000 were not supported by any authentic document for the Auditor-General to confirm their existence.
6. Proper reconciliation of the external and domestic debt figures was not carried out.
7. Provision for outstanding claims, totalling Le470 billion as stated in the Accounts for 1999, could not be confirmed by the Public Debt Unit of the Ministry of Finance.
8. The Accountant-General refused to provide the Auditor-General's department details of accounts on the European Union Grants to the Government of Sierra Leone-no action was taken to ensure that the report was submitted for audit.
9. Accountability measures were flouted by all diplomatic missions overseas and their reporting systems weak and inadequate.
10. Generally, accountability and reporting systems are almost non-existent across sectors.<sup>592</sup>

### **9.3.18 Summary**

Significant progress seems to have been made in budget oversight provided by the supreme audit office compared to the pre 1996 era in which oversight institutions were subject to direct executive control. The 1998 Audit Act with imbued powers of the auditor-general such as to levy a surcharge are transforming indicators for improved oversight in the public sector.

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<sup>592</sup> The Auditor-General's Report, op.cit

From the finding in this chapter, however, there is a clear indication that the budgetary process is still fraught with problems relating to accountability and transparency. It depicts also that although much has been done in terms of promulgating a new Audit Service Act (1998), there is a lot more being said on paper than played out in action. For example, it is absurd that the annual estimates of the audit office – supposedly an independent oversight body - is being subject to the scrutiny of budget bureau; and with a staff strength far below the required levels to cover a vast territory as local government units, there is little wonder that commitment and political will are half-measured, to say the least. To institute transparent budgeting, it must be stated, requires that external audit functions are strengthened to meet the task. It is in this regard that it comes as no surprise that the reform of the audit office as in all change initiatives, came from the development partners as conditionality for budgetary support. There is identified failing leadership to say the least.

The next section investigates the role of the anti-corruption commission (ACC) also set up again on the recommendation of the development partners to institute transparency and accountability in the budgetary process in part, and to curb corruption in general.

## 9.4 ANTI-CORRUPTION COMMISSION

### 9.4.1 Introduction

The Anti-Corruption Commission (ACC) was set up in 2000 as part of the Government's public sector reform to curb corruption in the Sierra Leone society.<sup>593</sup> The ACC was officially established under the Anti-Corruption Act, passed in February 2000.<sup>594</sup> Section 5 of the Act spells out the functions of the ACC, which includes to investigate alleged fraud, to examine and propose a revision of practices and procedures of all government ministries, departments and public agencies (MDAs), to educate the public on the ills of corruption, and to combat corruption in the public domain.

Section 3 of the Act provides for a Commissioner as head and a Deputy Commissioner and both shall be appointed by the President from among persons of "conspicuous probity and with proven knowledge and ability in accounting or other profession or in the investigation of offences involving dishonesty". However, the appointments which shall last for a five-year term "may be renewed as and when necessary" by the President. The Commissioner is charged with the responsibility "to account to the people of Sierra Leone for the conduct of the national campaign against corruption" (Section 5 (1)).

Section 16 imbued the Commission with powers, rights and privileges similar to those of the High Court. And as such, the ACC can examine a witness on oath, compel the production of evidence and can examine witnesses living overseas. It must be mentioned however that the creation of the ACC was not a "home-grown" initiative or internally conceived strategy by the political leadership; rather it was externally

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<sup>593</sup> Anti-Corruption Strategic Plan - Sierra Leone 2003, p14

<sup>594</sup> *Ibid.*,



prescribed by the development partners as part of donor conditionality for loans and grants.<sup>595</sup> It also came about as a result of high level corruption in the public sector, for which the donor community including the UK DfID and the World Bank, urged the Government to create a corruption curbing agency.<sup>596</sup>

#### **9.4.2 Strategies for combating corruption**

The ACC has since its inception approached its mandate through adopting broad range activities to reduce corruption in the public sector. First, the ACC published a mission statement: to prevent and control corruption in all forms; and its vision: to rid the country of corruption, enhance the rule of law and contribute to the creation of a good governance environment.<sup>597</sup> In 2003 the Commission crafted a five year strategic plan 2003-2008 to achieve its mandate. The anti-corruption agency has also established an official website (See [www.anticorruptionsl.org](http://www.anticorruptionsl.org).) and has initiated citizen awareness campaign to reduce corruption.<sup>598</sup>

One of the strategies implemented is *anonymous reporting* – an interactive system through which citizens can anonymously report corrupt activities or suspected corrupt activities via the internet.<sup>599</sup> Another strategy is sensitising the younger generation by encouraging them to participate in national essay competitions on topics such as: *How corruption affects me*- this strategy is meant to create a corrupt-free future generation. The agency also publishes quarterly anti-corruption newsletters as part of its sensitisation campaign and it also organises radio talk shows and press briefings on its activities.<sup>600</sup>

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<sup>595</sup> Interview with Neneh Daboh, Director of Prevention and Community Relations, Anti Corruption Commission (ACC) , June 2006

<sup>596</sup> *Ibid.*,

<sup>597</sup> See official website: [www.anticorruptionsl.org](http://www.anticorruptionsl.org)

<sup>598</sup> *The Eye*, quarterly magazine , December 2002

<sup>599</sup> Anti-Corruption Commission, [www.anticorruptionsl.org](http://www.anticorruptionsl.org) July 2007

<sup>600</sup> Anti-Corruption Annual Report, 2003,

### 9.4.3 Success Story

The ACC has registered some success in its war against corruption. In its 2003 Annual Report for example, the Commission reported a total of 115 offences handled in that year alone. 37 of the reported cases relate to misappropriation of public funds and property; and 18 of the cases relate to the misappropriation of donor funds. Tables 13 and 14 below illustrate the occurrence and category of cases dealt with. See full list of anti-corruption cases in the high and magistrate courts in appendix F.

**Table 13: Categories of case commenced in 2003**

No	Offence	No. of Offence
1	Corruption involving a Public Officer	47
2	Corruption in the Public Sector	13
3	Misappropriation of Public Funds or Property	37
4	Misappropriation of Donor Funds	18

**Table 14: Misappropriation of Public funds**

No	Ministries/Departments	No. of Investigations
1	Education	8
2	Customs and excise	-
3	City Council of Freetown	1
4	State House	-
5	National Power Authority	1
6	Income Tax (NRA)	1
7	Ministry of Health	-
8	Prisons	-
9	NCRRR	1
10	Ministry of Education, Youths & Sports	3
11	Sierra Leone Army	-
12	National Development Bank	-
13	Others	10

Source: Both table adapted from ACC 2003 Report

From the above illustrations, the ACC seem to be headed in the right direction, as it is making inroads and creating the required impact both in the public as well as the private sectors. A case in point as reported in the media is presented below in Box 7.

**Box 7: Anti-Corruption Commission probes senior public official**

*The Independent*, 03 May 2005, By Mohamed Kai

The Anti-Corruption Commission in Sierra Leone has continued its drive against prevalent corruption in the country. The Director General of Sierra Leone Water Company (SALWACO) Justin Musa is the most recent catch in the Commission's net.

The ACC has executed two search warrants at his offices in Freetown. Reports say a search warrant was also executed at his residence on Tuesday 26 April 2005. Justin Musa was arrested, detained but has been given bail. Justin Musa is suspected of misappropriating funds of SALWACO.

The Public Relations Officer of the ACC Emmanuel Aiah Sennesie says the matter is under investigation. The warrant might not be unconnected with Justin's suspected embezzlement of over 2 million Pound Sterling meant for the provision of safe drinking water at Makeni, Bo and Kenema in the provinces. The funds were provided by the African Development Bank and the contract was awarded to CEEMATS, a local firm, but several problems arose that hindered the implementation.

SALWACO was set up by government to provide water supply to urban towns in the provincial areas of the country. Corruption has been observed to be Sierra Leone's biggest problem in post-war era. There have been reports of fictitious contracts in many public places. (Payments are made for services not rendered). Some public officials have also been suspected of diverting funds to private accounts, a phenomenon that has aroused the interest of the Anti-Corruption Commission.

**Source:**

<http://admin.corisweb.org/index.php?fuseaction=news.view&id=117317&src=pub>

While the Commission is making progress on curbing corruption, problems do exist.

There are serious limitations to the operations of the ACC that inhibit desired outcomes. These challenges are examined below.

**9.4.4 Challenges**

The ACC challenges are both institutional and external. They range from internal failings including inadequate logistics and lack of skilled professionals; uncoordinated access to and a peripheral involvement in the budget process; and the lack of political will - all critical to championing the war on corruption.

#### **9.4.5 Institutional failings**

The ACC is limited by the lack of robust institutional capacity to make the required impact. According to Neneh Daboh, Director of Prevention and Community Relations of the ACC, “we are handicapped by the lack of experienced, professional crime analysts and forensic experts in the field of financial fraud. Experts on financial intelligence are most required here; however, we do not have the resources to hire one from abroad. We have relied on local capacity which we find very limited”.<sup>601</sup> In addition, the Commission partly relies on the Government’s financial assistance, the release of which can be painfully slow thereby inhibiting performance. Also, donor support seems to be waning in terms of providing financial and technical support.

#### **9.4.6 Uncoordinated role in the budgetary process**

That corruption mainly takes place during budget executing such as in government procurement, cannot be overemphasised.<sup>602</sup> It stands to reason therefore that the Anti Corruption Act could have expanded the scope of the ACC to be directly involved in the budgetary process. This should have been done through granting the ACC a direct access to MDA monthly and quarterly reports, as well as creating a working relationship with the Internal Audit Department in the MOF. In an interview with Neneh Daboh of the ACC, during which the matter was raised, she concurred: “As an agent of change we can request access to such materials, however, it could only be done if we are investigating some form of allegations and not as a routine practice. A routine working relationship in public expenditure would have made a difference”.<sup>603</sup>

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<sup>601</sup> Interview with Neneh Dabor

<sup>602</sup> *Procurement Reform*, Ministry of Finance Briefing Paper, 2003

<sup>603</sup> Interview with Neneh Daboh

In an interview with Mariama Anthony-William, Senior Budget Analyst of the Budget Bureau, on the oversight role of the ACC in the budgetary process, and on a possible working relationship between the Budget Bureau and the ACC on budget monitoring, she responded that there is no working relationship between the two bodies, but that the need for such a working relationship has never been raised by the ACC. “I want to believe that the ACC has got the powers to extend its influence in this territory. But let me say that resistance is the key word, and resistance comes from all quarters...people don’t want to change. We as a Bureau are still wondering why MDAs are slow at compliance”.<sup>604</sup> Such a sentiment is shared by Chris Mahoney that “staff resistance” to good governance reform comes from ministries, departments and agencies.<sup>605</sup>

#### **9.4.7 ACC mired in corruption scandals**

There have been a number of media reports alleging ACC involvement in corrupt practices. The reports not only undermine the credibility of the agency but have created a recipe for doubts over its anti-corruption operations. For example, *The Standard Times Newspaper* has run several headlines (more than 6 in number) alleging ACC malpractices, which the ACC refuted on its official website.<sup>606</sup> Another case in point is a story carried by the *Independent Newspaper* on June 27 2005 in which the following was alleged:

The Parliamentary committee probing Val Collier (the former Commissioner) is reported to be receiving incriminating documents as to how Collier has been spending the Commission's funds.... Sources say there is likelihood for Parliament to question why Neneh Dabo one senior official of the Commission collected 7,000 dollars as subsistence allowance for just one trip to Vienna, Austria to attend an Anti-

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<sup>604</sup> Interview with Mariama Anthony-Williams, January 2007

<sup>605</sup> C. Mahoney, *Campaign for Good Governance*, Anti-Corruption Commission, [www.anticorruptionsl.org](http://www.anticorruptionsl.org) January 2007

<sup>606</sup> See Anti-Corruption Website, [www.anticorruptionsl.org](http://www.anticorruptionsl.org)

Corruption conference. The Commission has been discovered to spend a whopping Le 20 billion on special operations alone and Le 118,540,000 on the Commission's generator.<sup>607</sup>

While some of the stories carried in the media may or may not be true, they are however a recipe for the waning of the ACC's morale in its fight against corruption.

#### **9.4.8 The lack of political will**

The ACC leadership has changed. The Commissioner Val Collier resigned amidst unsettled relationship with the judiciary and political leadership. The Commissioner has not only been on the wrong side of things with the head of the Judiciary, as alleged by the media, but that he also resigned his position as a result of pressure from the political leadership.<sup>608</sup> Commenting on the resignation of the Commissioner, Saio Kamara, Editor of a local newspaper, *Awareness Times*, said:

We in the media business knew that Val was going to go. The SLPP [party in government] has a way of getting their men off the hook and even rewarding them for wrongdoing. Mohamed Daramy, a Madingo by tribe, who was Deputy Minister of Finance and was tried in a case of fraud, is now the Minister of Development and Economic Planning. Take another example: Kanji Daramy, also a Midingo, the same tribe as the President, was removed as head from SALPOST [Sierra Leone Postal Services] for committing fraud, he was rewarded by being appointed as Presidential Spokesman. And as if that was not enough, the same Spokesman has now been appointed Chairman of SIERRATEL [Sierra Leone Telecommunications].....ACC is only a front to gain donor support; and who in this country doesn't know that the new Chairman of the ACC, Joko Smart, is Kabbah's man? ACC is a big joke.<sup>609</sup>

Chris Mahoney of Campaign for Good Governance, a local non-governmental organization (NGO), also raised similar sentiments in an article: "*Addressing corruption in Post Conflict Sierra Leone*"<sup>610</sup> that the ACC is an "intentional infrastructure flaw" through which the insiders of Government get away with fraud.

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<sup>607</sup> *Independent Newspaper*, "Parliament Probes Anti-Corruption Commission Head", 27 June 2005

<sup>608</sup> *Ibid.*,

<sup>609</sup> Interview with Saio Kamara, Editor, *Awareness Times* Newspaper, Freetown, Sierra Leone

<sup>610</sup> Anti-Corruption Commission, Freetown [www.anticorruptionsl.org](http://www.anticorruptionsl.org) January 2007

Mahoney stressed the fact that the whole idea of reform and good governance is meant to “satisfy donor requirements for donor funds without implementing the anti-corruption strategy”.<sup>611</sup>

Concerns have been raised, also, that the role of the Attorney-General who is also the Minister of Justice in the fight against corruption has not been a healthy one. It has been alleged that the Attorney-General through whose courts the alleged anti-corruption cases are heard, resorts to a delay mechanisms in order to get party insiders off the hook.<sup>612</sup> This is reflected in the number of cases that have been referred to the courts without conclusion. About 51 percent of the cases are still awaiting decisions in the courts (See Appendix F for number of cases and the poor trend in prosecutions).<sup>613</sup>

#### **9.4.9 Summary**

Drawing on the above findings it could be said that while reforms geared towards transparency and accountability in the public sector is required, resistance to change is strong and commitment to reform and political will from leaders is low. Another challenge rests with the vision of the leadership of the Commission: the way forward, it could be said, will largely depend on the drive of the agency leader. In all, although political will is lacking and the leadership may be acceding to the externally prescribed policies from donor partners, it is also relevant to note that these institutions have come to stay and that impact will take root, but it will be gradual. The ACC is also another case of relative success in the budgetary process of Sierra Leone.

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<sup>611</sup> *Ibid.*,

<sup>612</sup> *Ibid.*,

<sup>613</sup> *Ibid.*,

## **9.5 CIVIL SOCIETY**

### **9.5.1 Introduction**

Until recently, civil society and media participation in the budget process which is core to meeting the OECD transparency and accountability benchmarks was almost non-existent. The political arrangements and power dynamics under both the APC and NPRC regimes was such that critical voices were considered anti-government and every attempt was made to suppress them. Critical voices from the media and civil society organisations are now on the increase to which the Government is tolerant to an appreciable level.<sup>614</sup> There is a number of civil society initiatives organised around several themes: these range from civic campaigns to poverty reduction. It must be mentioned however, that these changes have been brought about as a result of pressure from the development partners rather than as Government initiatives.

An appreciable increase in the number of community based organisations now exists both in the capital city, Freetown and in the rural areas. For example, an umbrella organisation, the Sierra Leone Association of Non Governmental Organisations (SLANGO) was created as a rallying point for all NGOs in the country. This is considered a bold move by civil society activists as a step towards engaging the Government and local authorities to improve service delivery and political reforms.

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<sup>614</sup> Interview with Abu Brima, Co-ordinator, Network Movement for Justice and Development, Freetown, Sierra Leone, February, 2006



### ***9.5.2 Civil Society and the budgetary process***

Civil society mind set has also focused on the budget process and as a corollary; the Government has complemented this by involving citizens in the budget process. Three major developments that have taken place in participatory budgeting help to analyse the role of the citizens and the media in achieving transparency and participation in Government budget. First, there is now the District Budget Oversight Committees designed to enhance community participation in the development of budget, monitoring and evaluation of Government performance. This is provided for in the GBAA to involve communities proactively in broader decision making; second, is the involvement of civil society organisations in Budget Hearings prior to finalising the budget document for submission to the Cabinet and Parliament; and third, is the creation of a civil society united front - a focused umbrella organisation created by civil society organisations to monitor the implementation of Government's Poverty Reduction Strategy Paper (PRSP), the utilisation of funds under the Heavily Indebted Country Poor Country Initiative (HIPC) programme of the World Bank; and most importantly, monitoring the budget process. These developments are discussed under the following:

1. District Oversight Committees
2. Budget Hearing
3. Civil Society Alternative Process
4. Public Expenditure Tracking Surveys (PETS)

### **9.5.3 District Budget Oversight Committees (DBOCs)**

To further strengthen the budgetary process, the Government in 2003 established District Budget Oversight Committees (DBOC) in all the 12 Districts, with the collaborative efforts of the Paramount Chiefs and Community Representatives.<sup>615</sup> The Oversight Committees serve as intermediaries between the Government and the communities. The DBOCs comprise of citizens of good character. The committees discuss development plans with local political leaders, and track the budget and the Government's PRSP process, as it affects their communities.<sup>616</sup> The DBOCs prepare and submit quarterly reports to the Director of Internal Audit in the MOF, and send a copy to the Budget Bureau for action. Asked of what value the reports have been to the audit department or the bureau, Mariama Anthony-Williams said: "the reports are here, but let's say, the reform has just started...we will along the line do something about the reports".<sup>617</sup>

The DBOCs also take part in the review of public expenditures and the monitoring of budget execution. The results of the tracking survey for the 2002, for example, were presented to Cabinet in November 2003 and its results published thereafter.<sup>618</sup> Consistent with the Government's desire to enhance transparency and accountability, the MOF has periodically published information on budgetary provisions and expenditures in the Gazette extended to Notice Boards in all 146 Chiefdoms in the country.<sup>619</sup>

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<sup>615</sup> Budget Bureau - Briefing Papers, op.cit.,

<sup>616</sup> *Ibid.*,

<sup>617</sup> *Ibid.*,

<sup>618</sup> Poverty Reduction Strategy Paper (PRSP) Report, Ministry of Finance, 2004, p 9

<sup>619</sup> *Ibid.*,p10

#### **9.5.4 Budget Hearings**

After the line MDAs have submitted their Budget Estimates proposals based on the Budget Call Circular, Vote Controllers and their Professional Heads and accountants are invited to a Budget Discussion Meeting.<sup>620</sup> The objective of the meeting is to defend and justify the estimates submitted and to make necessary upward/downward adjustments where possible to the resource distributions within the agreed Budget ceiling.<sup>621</sup> Also, policy issues, objectives and activities for which the anticipated resources are to be used are discussed in the Budget Meeting. This meeting for all MDAs last for about two to three weeks.<sup>622</sup>

With the introduction of the MTEF process in 2000, the Budget Discussions took a different turn in 2001 by involving Paramount Chiefs and Community Community Leaders in the discussion. During the 2002 – 2004 Budget Discussions, fifteen (15) Paramount Chiefs/Representatives and Community Leaders were invited from several areas within the country to take part. The discussions would normally last for three weeks and yield a high dividend to the Ministry of Finance since most of the salient questions that could bring about improvement in budget operation at departmental levels were asked by these paramount Chiefs/Representatives and Community Leaders.<sup>623</sup> A case in point is that Government now pays the West African Basic Education Certificate Examination fees for all junior secondary candidates as a result of budget hearings. Extreme poverty was given as a reason for the proposal.<sup>624</sup>

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<sup>620</sup> Budget Bureau-Briefing Paper, op.cit., p6

<sup>621</sup> *Ibid.*,p6

<sup>622</sup> *Ibid.*,p6

<sup>623</sup> *Ibid.*, p7

<sup>624</sup> Interview with Mariama Anthony-William, May 2007

### 9.5.5 *Civil Society Alternative Process*

A broad coalition of civil society organisations - Civil Society Alternative Process - is led by a collective leadership of three groups, namely; *Network Movement for Justice and Development*, *National Forum for Human Rights*, and *Trade Union Confederation of Sierra Leone*.<sup>625</sup> These groups steer and direct civil society participation in the budgetary process including Government's poverty reduction programme.

The team has created *Community Animators* across the country that sensitises communities on their role and rights relating to national resource distribution. The group has also formed a network of *Task Force* across the districts to engage local government officials and politicians to ensure that development is delivered to the general citizenry in far-flung communities.<sup>626</sup>

Mr Abu Brima, National Co-ordinator of the *Network Movement for Justice and Development* was interviewed to gauge the level of citizen participation in the budget process, as well as to measure the effectiveness of the Civil Society Alternative Process since its formation. Mr Brima highlighted the group is a national advocacy NGO formed in 1988, in response to the breakdown of the national economy and the marginalisation of citizens in decision-making. It was created as a strategy to complement the Government's efforts on national economic recovery, as civil society participation is conceived a function of national development. The paramount objective of the Movement is to address "bad governance" and to achieve "economic justice", as the country was brought to its knees by the decade-long rebel conflict.

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<sup>625</sup> Bulletin, Network Movement for Justice and Development, January 2005, p12

<sup>626</sup> *Ibid.*, p12

### 9.5.6 Constraints

Civil society involvement in the budgetary process and other financial matters is limited by its inability to influence government. The most popular case cited by civil society activists is the World Bank's approach to reduce poverty under its PRSP, which required the Government to conduct nation wide consultations, surveys and sensitisation exercises prior to documenting a national strategy on poverty reduction. The civil society organisations took part in the exercise to help citizens to highlight priorities on poverty alleviation.<sup>627</sup> According to reports, priorities across the country varied at regional and at district levels: while health and sanitation were key priorities in some regions, education topped the list in other areas. During the exercise they found that rehabilitation of roads to access commercial centres and agricultural subsidies, preceded education and health. Bad roads affect agricultural communities as they are faced with the perpetual problem of dumping rotten harvests because of the inaccessibility to the market areas and limited local market.<sup>628</sup>

Despite the disparity in priority needs of regions, the government did not draw up the final strategic plans on poverty reduction in line with the recommendations of regions. Rather it went ahead to produce a non-prioritised plan, which did not take into consideration the views of the communities. In his overall assessment of citizens involvement in the budgetary process, Brima said: "The government has started to listen to the people, but it does not heed their voices".<sup>629</sup>

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<sup>627</sup> *Ibid*, p14

<sup>628</sup> Interview with Abu Brima

<sup>629</sup> Interview with Abu Brima, January, 2006

**Box 8: Interview with Abu Brima, Co-ordinator, Network Movement for Justice and Development**

Except for the last three years, citizens' participation in the process is almost non-existent, says Mr Brima. The participation takes two forms: Budget Hearings and PRSP sensitisation and Public Expenditure Tracking Surveys (PETS). The Ministry of Finance initiates budget hearings by inviting civil society activists including members of Parliament to hearings on budget estimates drawn up by ministries, departments and agencies (MDAs) for review. The meetings are usually attended by donors who heavily provide budget subsidy. Mr Brima lauded the activity as a useful outreach strategy and an inclusive instrument that takes into account citizens' views on national resource allocation. But he does not celebrate the move as a productive function of achieving good governance as the activity is top-down rather than bottom-up driven, which blunts opportunities for initiatives emanating from citizens as well as drawing up the agenda of required areas that need to be clarified by government functionaries at the hearings. Discussions at the hearings are "shallow, hurriedly conducted" and citizens' inputs have never had a significant impact on the final estimates laid before Parliament by the finance minister.

**9.5.7 Public Expenditure Tracking Surveys (PETS)**

The public expenditure tracking survey is the point of intersection civil society groups, community leaders, DBOCs, the finance committee and the MOF officials. As highlighted earlier, the exercise requires local and community communities to deliver verdict on the public service delivery system. The strategy has helped to bolster citizens' participation in line with the OECD Benchmarks for budget transparency.

**9.6 CONCLUSION**

This chapter has reviewed the state of public oversight in the reform environment of Sierra Leone under President Ahmed Tejan Kabbah since 1996. The findings underpin that some robust measures have been taken by the development partners backed – leadership, which promises to flourish in the medium or long term.

The changes that have been put in place in the Parliament, the audit institution, the introduction of the anti-corruption commission, and the limited role of the civil society and the media – all in the budgetary process, promises a change for the better – at least a departure from the endured under-regulation of oversight, consistent suppression of people's opinion and voices, and the underperformance of stagnated spirit in the Parliament failing to perform. The chapter has helped to identify two key elements of the study: first, that there have been some significant changes in the external oversight functions in the budgetary process; and second, that these changes are here to stay, in particular that civil society role will continue to evolve in the right direction to influence government decisions.

The key question to be asked, however, is whilst reforms have been gradual and positive although with challenges of implementation still looming, has the internal leadership been adequate? These and many questions including the key findings are captured and appraised in the concluding chapter.

## **PART THREE**

### **CHAPTER TEN: CONCLUSION**

#### **10.1 TESTING OF RESEARCH STATEMENT**

This chapter among others tests the research statement; *Sierra Leone's ongoing reforms in public financial management reform 1996 to 2005 have moved the country towards improving budget transparency and participation*. This is done through examining the six selected OECD best practices for budget transparency in accordance with the research findings. The chapter provides concluding remarks on the report and offers recommendations for improved budgetary process in Sierra Leone. The following key issues will be explored in testing the statement in accordance with the OECD best practice criteria:

- I. Comprehensiveness of budgets and involvement of stakeholders at the formulation stage
- II. Parliament be given sufficient time (three months) to study, debate and pass the budget submitted by the ministry of finance
- III. Effective internal control measures and internal audit to ensure the integrity of information provided in reports
- IV. The year-end timely submission of reports to the supreme audit institution (auditor-general's department) in accordance with generally accepted principles
- V. Parliamentary scrutiny – Parliament be adequately resourced and empowered to carryout effective scrutiny of the report
- VI. The public and media must be proactively involved in the budgetary process and this to be made possible by the ministry of finance.

From the above outlined codes of best practice the following are reiterated that Parliament should:

- a) Be given sufficient time –no less than three months to study a budget document before legal authorisation takes place;



- b) Be provided with adequate resources to examine all forms of reports it deemed fit. The fiscal reports could be monthly, quarterly, half-yearly or annual reports of the Accountant-General; and
- c) Scrutinise the Auditor-General's report to ascertain value for money.

## **I. Comprehensiveness of budgets and involvement of stakeholders at the formulation stage**

Comprehensiveness of the budget requires that all sources of revenue are disclosed and incorporated in the main budget document, and involvement of stakeholders means that all key players - most importantly, the civil society and the media play their own part in the formulation of the budget.

a) The research findings show that the Medium Term Expenditure Framework (MTEF) has significantly impacted the budgetary process in several respects, while the Government Budgeting and Accountability Act (GBAA) on the other hand, provides a sound basis and assurances for budget transparency. Both the MTEF and the GBAA promises budget transparency and participation. The MTEF process, in particular, introduced the relevant framework that aims to achieve a comprehensive budgeting system by linking planning and budgeting, requiring MDAs to prepare strategic plans – linking their individual sectoral goals to the national goals, redefining inputs, outputs and key objectives.

While Government has made admirable progress on improving budget development in terms of process and procedure, it could be said however, that there still remains residual challenges on meeting the requirement of a comprehensive budget. The element of preparing a comprehensive budget has not been met, as some sources of revenue are not still captured in the main budget or appropriately reported. These failings are clearly demonstrated in boxes 1 and 2 of the research report.

b) On the element of stakeholder involvement at the formulation of the budget, it could be said that this best practice has largely been met by Government. This is underscored by the involvement of Parliament, notably the Finance Committee and civil society groups by participating in Budget Hearings organised by the Budget Bureau in the MOF. This is further reinforced by the survey results, which demonstrates that civil society participation at the formulation stage of the budget is improving.

In view of the above analysis, this benchmark has partly been met. This is because while the budget document is not comprehensive, stakeholders are however, involved in the formulation process.

## **II. Parliament be given sufficient time (three months) to study, debate and pass the budget submitted by the MOF**

While this benchmark has not been strictly met, it can be said that Government is progressively moving towards meeting the best practice criterion. This is manifested in the fact that previously budgets were submitted to Parliament for authorisation one month before the beginning of a new financial year. However, in recent times, the budget documents are submitted in October, two months before the new financial year kicks off. In view of the above findings, this benchmark has moderately been met.

## **III. Effective internal control measures and internal audit to ensure the integrity of information provided in reports**

Internal audit and control measures in a large measure underscore the key element of accountability in the public sector. It can be said however, that this element has not been met in the budgetary system of Sierra Leone.

Abundant evidence suggests in part three, chapter five, that internal audit and controls are weak across government; for example, delays are common in the monthly

reconciliation between the Bank of Sierra Leone (BSL), the Accountant-General's Department (AGD) and the National Revenue Authority (NRA), as well as in the annual preparation of the public accounts by the AGD. Also, out of 180 non-treasury accounts, only 47 accounts have been reconciled. In addition, and regardless of the established rules on financial reporting, MDAs do not normally comply with monthly financial reporting. Other weaknesses identified in the system are delays in the monthly allocation of funds to support programmes, which in some cases, are not disbursed at all.

Moreover, there is uncontrolled misclassification of spending that is responsible for misuse of virement across MDAs. Vote Service Registers are not properly kept or updated, which, according to the research findings, are due to low professional staff calibre - there is a high number of non-accounting staff - operating professional duties in the public service. Evidence of inefficient internal control is further underscored by the spending review conducted for 2002 to 2003 financial years. The report illustrates huge and rising variance between allocation and expenditure from 4 percent expenditure increase above allocation in 2001, to 6 percent in 2002 and to a dismal 9 percent in 2003. As there is no current data to show a reverse in trends, it can be said therefore, that expenditure controls are very weak.

It stands to reason on the other hand that Government is not oblivious of the continued trend, and has put in place workable structures to address lapses in expenditure control. Among these mechanisms are the expenditure control and payment measures set out in box three of this report: preparation of financial reports by the Government; integrated financial management system instituted to enhance decision making and to track financial transactions; and the introduction among several measures, a new chart of accounts in line with international best practice.

On the question of internal audit, it could be said that while some improvement have taken place such as the establishment of internal audit department in the MOF and within some MDAs, like the internal control requirements, much is still desired in terms of attaining higher standards. For example, the unit is understaffed, there are no annual audit plans in place, there is a lack of standard book keeping and recording, and there is no audit manual to guide the process.

In view of the above weaknesses inherent in the control and audit systems of the budgetary process, it could be said that Sierra Leone does not meet the best practice criteria. However something is being done, although not as robust as would be expected of the system.

#### **IV. The year-end timely submission of reports to the supreme audit institution (auditor-general's department) in accordance with generally accepted principles**

The general accepted principle is that the public account of the financial year should be published no more than three months after the end of the financial year. However, the public accounts of Sierra Leone for 2001 to 2004 are yet to be completed by the AGD. In other words, the reports of the Auditor-General for 2001-2003, have been based on reports of transactions of MDAs.

Whilst the AGD is doing its utmost to finalise and submit the public accounts for the said periods, it can be said that this benchmark has not been met.

#### **V. Parliamentary scrutiny – Parliament be adequately resourced and empowered to carryout effective scrutiny of the report**

Drawing on the research report, it can be said that Parliament has over the years not been adequately resourced to carry out budget oversight. While Parliament by law is fully empowered to scrutinise reports, this function has not been effectively translated into practice. Parliament is beset with multiple problems ranging from human, financial and logistical weaknesses to be able to deliver on its mandate. Regardless of

these missing links, however, Parliament in recent times has revamped itself in terms of restructuring its committee systems and, as well as holding some institutions to account.

In view of the above analysis and findings, it could be said that this benchmark has been partially met, however, surmounting challenges remain that could only be met through the exercise of political will and long-term commitment.

**VI. The public and media must be proactively involved in the budgetary process and this to be made possible by the ministry of finance.**

A lot has been done to enhance citizen and media participation in the budgetary process. According to Section 2 of the Government Budgeting and Accountability Act (GBAA) of 2005, the minister must ensure that all interested groups participate in the decision making, implementation and evaluation processes of the national budgets. Evidence on the actualisation of these requirements has been reviewed in the report and they include holding budget hearings, conducting public expenditure tracking surveys, the establishment of district budget oversight committees (DBOCs), and the institutionalisation of civil society efforts in influencing the budgetary process.

Whilst these suggest a positive achievement, there is also the missing link of total involvement of the citizenry in the process as well as providing the district budget oversight committees the required logistics and an enabling environment to perform their functions. In view of the overall analysis, it can be said that this benchmark has moderately been met.

From the above analysis, it is discovered that while the Government of Sierra Leone is making progress in the area of participation in the budgetary process, the elements of transparency, which comes with accountability are lacking. Participation of all stakeholders at the formulation, implementation and evaluation stages is on the increase. However, there is gross underperformance in the area of transparency: the

budget documents are not comprehensive; poor and untimely reporting on monthly, quarterly and annual public accounts pervades the system, and monitoring and control mechanisms are mostly dysfunctional.

A table capturing the performance of various Governments reviewed in this study is provided below.

**Table 32**  
**OECD Best Practice Benchmarks for Budget Transparency**

Administration	1. Comprehensive budget & stakeholder participation	2. Three months given to Parliament to pass budget	3 effective internal control/audit prevails	3. Timely publication of public accounts	5. Adequate resource to enable Parliamentary scrutiny	6 Civil society and media participation	Comments
Siaka Stevens 1968 - 1985	xx	xx	xx	xx	xx	xx	Championed single-party
M-Gen Joseph Momoh 1985 - 1992	x	xx	xx	xx	xx	xx	Introduced 1991 Constitution and a new financial law
Cpt. Valentine Strasser/Madaa Bio 1992 - 1996	xx	xx	xx	xx	xx	xx	Reversed the gains made by Momoh
Tejan Kabbah 1996 – 2005	x✓	x✓	x✓	xx	x✓	x✓	Moving in the right direction but with donor pressure

Key:

x = poor performance (benchmark not met)

xx = very poor performance (benchmark not met)

x✓ = mixed performance, but improving trend (benchmark met)

## 10.2 CONCLUSION

The research report has traced the historical development of the Sierra Leone Parliament since 1787 to the present with emphasis on capacity of Parliament to hold the executive to account, and the management of financial resources. The piece of work has also explored the political development of the country with a focus on the party system overridden by personality and tribal affiliations. The work has also explored the management of financial resources under the various governments of Siaka Stevens (1968 – 1985), Major General Joseph Saidu Momoh (1985-1992), Captain Valentine Strasser and Brigadier Julius Maada Bio (1992-1996), and that of President, Alhaji Dr Ahmed Tejan Kabbah (1996-2007). The key findings reveal that with the exception of the Kabbah administration (1996 to 2007), which introduced standard measures to improve budget transparency, all preceding governments did little to improve budgeting and/or largely perpetuated corruption.

Drawing on the research findings, a key lesson identified must be highlighted, which is that the success of reform (among several variables not discussed here) is contingent on putting the appropriate institutions in place, providing enabling legal frameworks to define the process as well as to guide implementation; putting in place a robust people process – building the capacity of the workforce from senior officials down to the bottom of the ladder, and the flexibility to enable them perform their duties without interference and hindrance; a robust strategy defined and guided by systems review and reaching out to stakeholders – allowing for a multiplicity of opinions to enrich the process – developing a culture to be challenged by stakeholders; and a leadership that is defined by commitment, will power, and what would be



referred to as a “phoenix mentality”.<sup>630</sup> Of the variables identified, it could be said that the research findings demonstrate that for nearly a decade 1996-2005, the government of President Kabbah has registered some successes and they manifest a marked improvement in budget participation with some achievements in transparency. On the basis of this premise of the research findings, it could be said that reforms in Sierra Leone are moving towards improved budget transparency and participation, thus confirming the research question of the study that, *Sierra Leone’s on-going reforms in public financial management from 1996 to 2005 have moved the country towards improving budget transparency and participation.* This is demonstrated in Table 31 above, which presents a summary indication of the performance of the various leaderships between 1968 and 2005.

In drawing this conclusion, one is not oblivious of the fact that the measures introduced by the Kabbah administration were in a large measure influenced or directed by donors or development partners, principally the World Bank, IMF, European Union (EU) and DFID. The research report further demonstrates that whilst the reforms that were being introduced might have been useful and proactive, they were not robust enough to meet the OECD transparency benchmarks. This brings Lord Norton’s concerns to the fore about the sustainability of reforms in countries that heavily depend on donor budgetary support, such as Sierra Leone. One of the concerns is whether change could be achieved in the medium term before donor support diminishes or disappears; and secondly, noting that governments are not usually keen

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<sup>630</sup> As a public sector adviser in the area of public finance, one of the key elements of institutional success I share with senior officials in government across the Commonwealth is the *legend of the phoenix (the bird that burns itself on the pyre after 500 years of living in the desert only to achieve self-renewal)*. The phoenix mentality requires the humility to identify personal and institutional limitations and to make difficult and realistic decisions to deal with them.

to be heavily scrutinised, where would political will come from when donor pressure diminishes?<sup>631</sup>

On the first question above, it could be said that regardless of donor involvement in the financial reforms of Sierra Leone for about a decade, a lot more is desired in order to meet the OECD benchmarks. In other words, whilst much has been accomplished in terms of adopting principles introduced by the donors, the willingness to translate principles into practice as related in the analysis of this study remains a daunting challenge. Furthermore, the need for meeting the challenge of change is directly related to the question of political will, which is the lynchpin of national reform. Common sense demonstrates that it is easier to implement internally conceived ideas and policies than externally prescribed ones. In other words, it could be easier to carry out one's own plan of action than those prescribed by external players.

Reform measures introduced by the World Bank, bilateral and multilateral agencies come with the following challenges: the leadership must first of all understand the policy, adopt and implement it in good faith, as well as make follow-throughs. It stands to reason, therefore, that whilst these challenges may be addressed by a determined government to achieve results, on the contrary, leaderships that are not keen to be heavily scrutinised, would almost always adhere to externally prescribed policies only to access extra resources that come with the benchmarks and, not because they believe in the measures introduced. This is underscored by Chris Mahoney's comment in chapter eight, for example, that the Government of Sierra Leone established the anti-corruption commission to satisfy donor requirements in order to receive donor funds without implementing the anti-corruption strategy. It could be

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<sup>631</sup> The comment was raised by Lord Norton whilst reviewing this research. It however turns out to be a very significant component of a future follow up research: *The interplay and impact of political will and external development partners on reforms*

deduced from this analysis that until the leadership of Sierra Leone commits itself to a genuine reform strategy, the role and influence of the development partners would not deliver robust impact.

This brings the role of the civil society and media to the fore. Throughout the study, it is observed that civil society and the media have not been given the legitimate space to engage both with government and the development partners nor have they been able to meaningfully influence decision making around the budget. This is not to suggest that their collective role has not received due attention at these quarters – it certainly has – nonetheless, there is room for improvement. Having said that, capacity enhancement of the media and civil society to be able to hold government to account also comes as a crucial measure that limits participation. It must be said that both the government and development partners require a shift that allows for a holistic integration of these closely related communities in the overall outreach programme.

Furthermore, a key issue that must be addressed is the critical question of a continued commitment on the part of the Government and succeeding administrations to consolidate recent gains when donor resources or presence would have declined. On the face of things it appears from evidence in this research that the Government is committed to consolidate gains, however, how substantial and sustainable will the commitment turn out to be given the unmistakable and conspicuous chequered history of political and economic corruption? May be reforms will continue in the right direction, or drain into the quagmire of political complacency.

In regard of the above scenario, where will the drive for change and development emanate if it had never been demonstrated by the political leadership except when prompted by key external players to do what is right? It appears from evidence in this research that major changes and reforms were brought to the fore on

account of external influence such as the introduction of the Medium Term Expenditure Framework (MTEF) for effective budgeting, the National Public Procurement Authority (NPPA) to achieve fair and corrupt-free procurement environment, and the introduction of sectoral budgeting, to name a few. Does the lack of initiative to get things done rest on complacency, or is it a lapse demonstrated by the lack of political will? It appears that external players have got lot more roles to play in terms of providing positive direction for economic development than local political leaders. However, external players only deliver some segments of the process, leaving the critical task to be carried out by the Government: they are to change the mindset of public servants, community leaders and that of the people; instil drive and a sense of purpose in the public service and the people. It is in regard of what ought to be done as a national strategy that the following approach is recommended to inform decision-making as a way forward for national development.

### **10.3 MAIN REFORM CONCLUSIONS**

- I. That the success of reform will largely benefit from political will and long term commitment to change, rather than from externally driven ideas that may not directly reflect the internal social-economic and political dynamics of the country. Evidence from the research depicts that this is unlikely to happen given the unimpressive trail of leadership performance over the years. However, a robust adherence to the provisions of Paris Declaration on donor alignment backed by the strict application of international best practice on budget transparency and participation will provide focus and deliver results.
- II. That empowerment of key institutions such as the Parliament, the Auditor-General backed by adequate resources to support their functionality will make positive difference to reform. The independence of the Audit institution is also

paramount to the process. The achievement of these international best practices must be set as a stringent condition for accessing donor funds.

- III. There is still a room for the enhancement of civil society and, stakeholder participation in the budgetary process is urgently recommended.
- IV. A review of budget preparation system to capture all sources or revenues and expenditure (comprehensive budgets) will remove inconsistencies and combat corruption.
- V. A strengthened control environment is required to enforce internal control, financial reporting and internal audit across the MDAs.
- VI. There is the general need to strengthen budget oversight by empowering all oversight institutions.
- VII. That Government should continue to empower its citizens in the quest of achieving a mature level of responsive governance; and
- VIII. That to achieve the above, it is highly recommended that Government hold a national economic forum to “brainstorm” or discuss and search for a way forward on improving financial governance.

The question also of how to take forward the recommendations emanating from such a forum would squarely depend on political will and long term commitment to the new agenda of change, including the desire to consolidate the gains made in the recent past. Alternatively, the donor community may have to adopt a sunset policy on budgetary support leading to a gradual withdrawal of all forms of support relating to budgetary resources. It could be argued that a gradual recession in aid and loan may influence and trigger change in the development psyche of the people and leaders of Sierra Leone. The view taken is based on the evidence in this study that the availability

of budgetary support over the years have permeated the development agenda with little internal contribution from the leaders and technocrats in terms of initiatives and commitment. In this regard, the endless stream of budgetary support has become part of the problem rather than a solution. The resultant effect is a reinforcement of the age-old social problem of complacency, which is structured on the foundation of dependency; a state of dependency nurtured by a non-forward looking culture of underperformance, reinforced and spirited by corruption, maladministration, and a failure to reinvent and give meaning to itself. It is also about time for the leaders to note that poverty and war are a failure of politics and policy.

The demeaning state of affairs raises more questions than provide answers. A key question to be grappled with is how could a country blessed with so much natural deposits such as diamonds, gold and bauxite, fail to propel itself into affluence for nearly half a century of independence even though it was armed with the first institution of higher learning - Fourah Bay College – in the sub region as far back as 1872. Ideally, Mr Macloed's contribution to the debate on the Sierra Leone Independence Bill in March 1961 must be carefully considered by every Sierra Leonean:

The Population and area of Sierra Leone will make it one of the smaller members of the Commonwealth, but that in itself is no bar to a country holding its independence with dignity and ability and playing a substantial part on the stage of the world. Nor is it a particularly rich country, although, as the Report I have quoted shows, we have been able to make substantial provision for financial assistance in the early stages. As those hon. Members who have been there will know, its economy is mainly agricultural, but it has, in addition, rich deposits of diamonds and iron ore, and bauxite has recently been discovered in substantial quantities. I think that there is a sufficient economic basis for an independent future. Certainly, Sierra Leone is much better off than many other countries which have recently come to their independence.<sup>632</sup>

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<sup>632</sup> Hansard Report: Sierra Leone Independence Bill – Order for Second Reading – 22 March 1961

Drawing on the above, it could be said that Sierra Leone requires a strong leadership with vision and commitment to turn around not only the economy but the development culture and mindset of its people. Certainly, it requires a leadership with the ability to look beyond the horizon of personal aggrandisement with a conviction that the pleasures of life could be derived from giving oneself to the good course of a nation. After nearly half a century of independence, the country deserves a leadership that prides itself on giving rather than taking, on sowing rather than reaping, and on respecting the needs of posterity rather than those of a selected few. It is about time leaders recognise that the key role of leadership is to carry a succeeding generation shoulder-high to give them the opportunity to see beyond what the current generation could ever experience.

In conclusion, it must be said that the journey of change is characterised by the making of tough and difficult decisions in a changing international environment. Therefore, the leaders of Sierra Leone must note that the test of change and development lies in the strength and vision of leadership, in the poise of policies, in a robust people process and in the flexibility to review and adopt new ideas. That while the country might have inherited the past, the present is the only opportunity it has to shape the future, and it must do so by drawing lessons but not being afraid to introduce new thinking with commitment.

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## **MAJOR LEGISLATIONS**

1. 1863 Constitution
2. 1924 Constitution
3. 1951 Constitution
4. 1961 Constitution Independent Constitution
5. 1971 Republican Constitution
6. 1978 Single Party Constitution
7. 1991 Constitution
8. 1992 Public Budgeting and Accounting Act
9. 1998 Audit Service Act
10. 2004 Public Procurement Act
11. 2005 Public Budgeting and Accountability Act

## **LIST OF INTERVIEWEES**

<b>NAME</b>	<b>DESIGNATION</b>	<b>DATE OF INTERVIEW</b>
Abu Brima	National Coordinator, Network Movement for Justice and Development	8 January 2005
Chukumu Johnson Hon.	Member of Parliamentary Finance committee and the PAC	18 June 2006
Cyprian Kamaray	Accountant-General	20 June 2006
Farrell Elliott	Executive Assistant, National Public Procurement Authority	
Ibrahim Sesay Hon.	Chairman of Parliamentary Finance Committee	18 June 2006
Joshua Ellie	Principal Accountant, Ministry of Education, Science and Technology	21 June 2006
Leslie Johnson	Deputy Auditor-General	19 December 2006
Mariama Anthony-William	Senior Budget Analyst, Ministry of Finance	12 and 13 June 2006, January 2007, including telephone interviews
Mohamed Jusu	Senior Clerk of Committees, Sierra Leone Parliament	December 2005, June 2006 and January 2007
Neneh Daboh	Director of Prevention and Community relations, ACC	12 June 2006
Olayinka Phillips	Acting Deputy Director, Internal Audit Department, Ministry of Finance	14 June 2006
Ransford Fillie-Faboe	Minister of State, East	June 2006
Saio Kamara	Editor, Awareness Times, Freetown	January 2007
Joseph Kaiwa	Senior Accountant, Accountant-General's Department	June 2006

## APPENDIX A

### Interview, Olayinka Phillips, Ag Dept Director, Internal Audit 14 June 16 2006

1. *When was the concept of Internal Audit (IA) brought to the fore in Sierra Leone's Public Financial Management (PFM) reform?*

Answer: April 2005 when the Government Budgeting and Accountability Act was created.

2. *Was the idea internally conceived, I mean, who thought of the idea within Government? Or was it externally prescribed such as by donors?*

Answer: The idea was prescribed by the donors and is part of the benchmark criteria to be met for donor support.

3. *So, no one thought since independence that internal audit, or a kind of self-assessment is integral or significant to financial management?*

Answer: I will be in trouble. OK, you said this is for academic credit only. Yes, it wasn't important to the powers that be. But those who are contributing to our development ... our donors thought it is important. And you know what; they are driving us crazy on this.

4. *Can you tell me in passing, the evolution of internal audit in Sierra Leone?*

Answer: At the moment 13 MDAs have internal audit which have recently been created but only six could be said to meet the donors' criteria as effective Internal Audit. The required calibre of staff in terms of qualification and experience is yet to be provided to properly staff these units. With the exception of the Sierra Leone Police, the issue of producing regular reports to the vote controller of these MDAs with copies sent to the Ministry of Finance is still a challenge.

5. *Is there a special Act or Regulation on Internal Auditor driving your activities?*

Answer: Yes the Government Budgeting and Accountability Act (2005) gave legal backing to Internal Audit and how this act is to be implemented would be contained in the new Financial Management Regulations to be finalised in April 2007.

6. *What is the Internal Audit structure? Is it centralised in the Ministry of Finance (MOF), or is it decentralised? I mean, staff arrangements.*

Answer: The structure of Internal Audit is still evolving, at the moment a combination of both centralised and decentralised system is being used. Decentralised in that each MDA should provide its own staff, do their independent plan of activity, report to their vote controllers or ministers where the issue of the report concerns the vote controller.

It is centralised because the Internal Audit in all MDAs receive technical support from the Internal Audit in the Ministry of Finance. However we are looking at a situation where all Internal Audit Staff within all MDAs will be under the full supervision and control of the Director of Internal Audit in the Ministry of Finance, he would be

transferring these staff within the MDAs to foster and maintain their independence. This would be included in the new Financial Management Regulations.

*7. Could you please throw some comment on reporting systems?*

Answer: Each MDA reports to its vote controller and the minister is copied. Where the subject of the report is that of the vote controller himself, then the report is addressed to the minister. This is stipulated in the GBBA 2005.

*8. So, what about sanctions?*

Answer: None at the moment. Maybe when the Internal Audit Committee is formed they will look into this.

*9. In the absence of sanctions, what about follow-up systems, how effective are they?*

Answer: Not effective. The formation of the Internal Audit Committee is still a challenge

*10. Any Strategic partnerships?*

Answer: None at the moment

*11. Is the Internal Audit a division of the Auditor-General's Office?*

Answer: No it is not a division of the Auditor-General's Office, it is a separate division within government.

*12. Is it a division then, of the Accountant-General's Office?*

Answer: No it has nothing to do with the Accountant-General's office. Although what used to be an internal audit unit within the Accountant-General's office, it was transferred to the Department under the control of the Director of Internal Audit in the Ministry of Finance.

*13. What are the initiatives, any thing new in terms of practice or management?*

Answer: We are moving away from pre-audits and developing an internal audit that will look at business process and add value to management.

*14. Any comments on internal control procedures?*

Answer: Each Internal Audit Unit is expected to review the internal controls within their respective division and report on its adequacy and adherence to management. Where such controls are lacking, the Internal Audit Unit should make suggestions to management.

*15. Any comments on budget monitoring and evaluation?*

Answer: honestly we have not been able to do much on this as yet. During 2006 the Internal Audit within the Ministry of Finance looked at how the imprest given to Sierra Leone Police was spent and a comprehensive report was issued to the Inspector General of Police. Other Charges of Ministries of Agriculture, Health, Internal Affairs were also audited with reports sent to their vote controllers and each minister copied. This was done in a bid to have first hand evidence as to how budget in these ministries are implemented.

*16. Can you tell me a success story?*

Answer: Apart from the Sierra Leone Police that have implemented most of the recommendations none of the other MDAs have complied.

*17. What about the challenges you face: Institutional, capacity, funding, wages, equipping, MOF, external, etc*

Answer: From my own perspective as a government, we have not made Internal Audit a priority therefore, the required attention from the powers that be have not been given to it.

On Capacity, there is generally an apparent lack of capacity within the entire government machinery from which Internal Audit is no exempt. The ministry of finance is talking about employing 8 new internal audit staff as clerks and audit assistant - these would be deployed in the various MDAs. The joke about this is that they are claiming to target graduates and accounting technicians but they are offering to pay the mainstream Civil Service pay of less than Le200,000 to [approximately, £40.00 Great British Pounds] these staff.

*18. Per month?*

Answer: Yes, per month.

About funding, the Department needs more attention in terms of funds to make its existence felt. Now about wages – As I speak to you my contract will end on the 30<sup>th</sup> June 2007 although the European Commission is saying they will provide funding up to 31<sup>st</sup> December 2007. No sustainability plans have been set by the Ministry of Finance as to the way forward and all three qualified staff within the Internal Audit... in the entire government machinery are contract staff: two are paid by the European Commission and the Director is paid by DFID.

*19. What about equipment?*

Answer: I must confess it is getting better but the process is very slow and a lot more needs to be done if the department should be effective. I stand to be corrected but personally, I am not sure whether as a ministry we want Internal Audit to be effective and efficient. I believe donors should pay attention to Internal Audit in terms of project support and not make it an EC something.

*20. Can you offer any recommendations?*

Answer: The donors needed to come down hard on the ministry to own Internal Audit as their project and make it a budgetary priority. I think this is the only language that our government can understand.

*21. Any other issues not captured here, today?*

## APPENDIX B

### MTEF Forms

<u>Application for Quarterly Release of Funds - Other Charges</u> To be used for GOSL Funds  <b>MTEF/PETS FORM 1      No.....</b>		
<b>Quarter:</b> _____  <b>MDA Code</b> _____ <b>Division Code:</b> _____ <b>Programme Code:</b> _____ _____ <b>Accounts Details:</b> _____ <b>Accounts Code:</b> _____		
<b>Annual Provision</b> _____ <b>Releases to Date</b> _____ <b>Balance</b> _____ _____		
Programme Objective(s) as per Strategic Plan: / Ref. No.....		
<b>Ref No.</b>	<b>Activities/Details of Expenditure</b>	<b>Amount (Leones)</b>
<b>Total for Quarter</b>		
<i>Complete details as per Procurement Plan</i> <b>1. Procurement Method:</b> _____ <b>2.</b> _____ <b>Ref</b> _____ <b>No.....</b>		

Answer: No, not at all.

Date	Name	Signature
Initiated by: (The Programme Manager)	_____	_____
Certified by: (The Professional Head)	_____	_____
Authorised by: (The Vote Controller)	_____	_____
Approved by: (The Minister)	_____	_____

EXPENDITURE AND ACTIVITY INITIATION FORM		Form:
MTEF/PETS 2		
Activity and Expenditure Initiation		
To be used for both GOSL and Donor Funds		
<p>This Form is to be completed by the Programme Manager when an activity is to be implemented for which funds will be required. The purpose of the Form is for the Programme Manager to state the activity, to which Objectives it relates (as shown in the 2003 MTEF Estimates) and the types and costs of the inputs (or items and sub-items) required.</p> <p>The Form is to be authorized by the Vote Controller and Professional Head and to be attached to the LPO and Payment Voucher for the expenditures.</p>		
<b>PART ONE: ORGANISATION</b>		
MDA:	Code:	
Division:	Code:	
Programme:	Code:	
Region:	Code:	
District:		
<b>PART TWO: OBJECTIVE AND ACTIVITY</b>		
Indicate whether expenditure is: <b>Item 2: Other Recurrent Expenditure</b> <b>Item 3: Capital Expenditure</b> <b>Item 4: Development Expenditure</b>	Code: Code: Code:	



**Indicate Objective of Expenditure:**

**Description of Activity:** (Write brief description of Activity as described in Strategic Plan and Estimates)

**Form: MTEF/PETS 2  
(Continued)**

***Activity and Expenditure initiation***

This part of the Form is to be used in identifying and coding the Items required and their costs. For each Item identify whether it is to be funded by GOSL or a donor and code the source of funds. The bottom part of the Form is for authorisation of the expenditure and completion of the full account code for the expenditures

**PART THREE: TYPES OF EXPENDITURE REQUIRED**

<b>Items and sub-Items (use standard Items and Sub-items)</b>	<b>Funding Institution</b> (Indicate the amount to be funded by the GOSL or donor)
---	---

<b>Local Purchase Order No:</b>	<b>Date:</b>
<b>Payment Voucher No:</b>	<b>Date:</b>

<b>Sub-Code</b>	<b>Accounts Details</b>	<b>Description</b>	<b>Qty Cost</b>	<b>GOSL</b>	<b>Donor</b>
			Le	Le	Le

**PART FOUR: AUTHORISATION OF EXPENDITURES**

**Programme Manager:**

**Name:** \_\_\_\_\_ **Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Professional Head:**

**Name:** \_\_\_\_\_ **Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Vote Controller:**

**Name:** \_\_\_\_\_ **Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Minister:**

**Name:** \_\_\_\_\_ **Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

## **APPENDIX C**

### **Recommendations of Stakeholders on Public Procurement Reform**

#### **Recommendation 1**

It is recommended that the Vice President's Directive of 22nd April 2003 be implemented fully in order to avoid any possible confusion. The National Steering Committee shall have the authority to amend procurement procedures including setting thresholds for ministries and other procuring entities. The National Steering Committee shall also have the authority to waive competitive bidding upon request from procuring entities.

#### **Recommendation 2**

It is recommended that the Executive Secretariat of the Steering Committee is appointed the focal point for all public procurement cases in the interim period. The staff of the Central Tender Board is transferred to the Executive Secretariat to support this function. All ministries and other procuring entities shall submit all procurement cases above Le 12 millions to the Executive Secretariat.

#### **Recommendation 3**

It is recommended that a Chief Procurement Officer be appointed in each Ministry and supported by a procurement staff whose size is determined by each agency's procurement volume.

#### **Recommendation 4**

It is recommended that for all procurement cases the Executive Secretariat appoint an evaluation committee consisting of a user agency representative, a technical expert(s), a representative of the ministry and other stakeholders as necessary, including a representative of the Executive Secretariat.

#### **Recommendation 5**

Although each country should have its own distinctive procurement process, there are still common procurement practices among countries: specifications, solicitation, evaluation, negotiations, contract award, etc. Thus:

It is recommended that the National Steering Committee releases a procurement manual instead of the suggested non-binding procurement guidelines as a contingent model that is used for the Government's procurements from now to the time a new system is established and implemented as the result of the reform process.

This manual should be used by all ministries/agencies within the Government. Ministries/agencies should not be prohibited from modifying it in order to meet their special procurement needs, however only if approved by the National Steering

Committee. A sound procurement systems share common features, and this interim procurement experience will not be wasted as it will be transferred to the procurement reform system introduced later.

### **Recommendation 6**

Dishonesty and mismanagement are commonly found in the contract administration phase. It is recommended that the Executive Secretariat in cooperation with the Auditor-General's office and the Stock Controller department is appointed to monitor contract implementation, particularly for major projects.

## APPENDIX D

### Interview, Mr Farrel Elliott, Executive Assistant NPPA 10 January 2007

1.

*When was decentralised public procurement (PP) system conceptualised in the Public Financial Management (PFM) reform of Sierra Leone?*

Answer: Public Procurement as a PFM tool was mainstreamed by the Public Procurement Act of 2004 and largely by the integration of procurement planning as part of the PFM reform supported by the IRCBP. The preparation of procurement plans became conditionality for the release of tranches of budgetary support by the World Bank

2. *Was the idea internally conceived; I mean, who thought of the idea within Government? Or was it externally prescribed such as by donors?*

Answer: The idea was almost accidental. The president was on a visit to the Sea Ports and he was informed of the procurement of a faulty forklift. He then disbanded the Central Tender Board and the Cabinet released a document transferring procurement to the Office of the Vice-President. The UNDP and the World Bank were soon after approached for technical and financial assistance for the design and implementation of a procurement reform programme.

3. *Tell me more about the evolution of Public Procurement in Sierra Leone*

Answer: The First phase was from September 2003 to December 2004, during which Public Procurement was regulated by the Interim Rules and Regulations which was drawn up by the Procurement Reform Secretariat and IAPSO with feedback from the World Bank and the UNDP. The second stage was after the passing of the law in 2004 which brought the National Public Procurement Authority into force. Currently, major entities are required to plan according to the Public Procurement Act and a lot of capacity building exercises are being conducted by the NPPA in connection with other service providers such as the Institute of Public Administration and management and the University of Sierra Leone.

4. *What are the strong points of the NPPA Law, and what about the weak areas?*

Answer: One of the strong areas is that it ensures the independence of the NPPA in principle as an agency of assurance. Another positive aspect is the requirement for procurement planning and the emphasis on capacity building. Two noted weaknesses are the low fines/sentencing guidelines for people who contradict the law and lack of protection for whistle blowers.

5. *What is the NPPA structure, how decentralised is the agency?*

Answer: the NPPA has an 8-member Board of which the CEO is a member; the agency has independent review panel of 3 members appointed by the Minister of Finance. Currently the NPPA has no decentralised structures

6. *What is the working relationship between entity procurement officials and the NPPA? How cohesive is it?*

Answer: The NPPA provides oversight, monitoring and capacity building functions in relation to the agencies. Agencies/entities are required by law to submit and publish procurement plans. To the best of my knowledge the emphasis has been on the 7/8 big spending ministries and agencies, the most important of which are health, education, finance and agriculture.

7. *How effective is the NPPA in carrying out its mandate?*

Answer: Relatively well. The prime constraint has been funding to be able to fully operationalise a lot of its planned activities. The donors are dragging their feet in providing pledged funds to enable the agency to perform. If you want to ask for reasons, let me say that donors are good at making promises and pledges, but it is something else to make good on promises.

8. *Has the feet dragging got anything to do with poor performance on the part of the agency?*

Answer: not exactly. We may have been initially branded to be slow at implementing, but those were only teething problems. Now we are into full operations but the donors like the UNDP have not been honouring their promises to provide funds for our operations.

9. *How transparent is the procurement process across MDAs?*

Answer: Hard to tell. The possibilities for information leakage and insider trading are enormous. Infact, there is suspicion in some quarters that some public officials are linked to some companies. I cannot provide you with cases as these are only rumours. But my guess is that they can be true.

10. *Are ministries adhering to the prescribed process?*

Answer: Yes, largely, in terms of getting plans done. In terms of implementation, it has been a mixed story as is it not only the responsibility of the NPPA but the ministry of finance to ensure that there is a no cash flow problem with procurements. However, some inputs are seasonal and Sierra Leone budget is still heavily donor-reliant so at time there is very little correlation between the plans and the implementation. Like I mentioned just now, the donors are partly to be blamed for the delays in funding.

11. *Please comment on Procurement reporting*

Answer: MDAs are expected to submit returns on a quarterly basis. However, this has not been adhered to very strictly.

*Any sanctions being imposed for failing to adhere to regulations?*

Answer: I do not know of any sanctions that have been applied to any offending party.

*12. In other words there is a weak Follow-up system*

Answer: Currently not very effective as there are serious constraints on staff strength.

*13. How effective is the Independent Review Panel?*

Answer: In my opinion not very effective as they have yet to fully assess complaints brought by suppliers. Infact, there has been a noted reluctance on the part of suppliers especially to bring cases to the IPRP. Maybe, this is because they are afraid of losing business.

*14. Please cite a case heard by the panel and its outcome*

Answer: There was a complaint once heard by the IPRP on the supply of rice threshers and haulers for the Ministry of Agriculture, but I am not sure of the outcome. The problem was that the contract was cancelled by the Office of the President and there are concerns of political interference in the process.

*15. Is political interference or the inability of the independent review panel partly the reason why donors are slowing down support?*

Answer: you keep coming to this same issue. I will say no! Let us look it this way: the donors are more or less in control of reform in Sierra Leone, therefore, if they observe that political interference or poor performance are becoming the big issue, they could have easily drawn the attention of the Government and create further conditionalities. Let me say, therefore that delays in the disbursement of funds have become the norm.

*16. What are the initiatives, any thing new in terms of practice or management within the NPPA?*

Answer: Yes, new thinking has been introduced. The website will be an excellent platform for the dissemination of information both on procurement opportunities and awarded contracts. The information on contract awards will clear or confirm suspicions of collusion on the part of suppliers and MDAs.

*17. Any comment on Procurement monitoring and evaluation?*

Answer: Currently very weak and needs to be scaled up very much.

*18. Can you share with me an NPPA success story?*

Answer: Yes, of course; the passing of the law was a milestone. However, much needs to be done to operationalise public procurement by getting the regulations done and improving the capacity of staff.

*19. Can you offer any recommendations?*

Answer: I think that more should be done in terms of capacity building especially mid-level officers in the MDAs.

*20. Any other issue not captured in this interview?*

Answer: No



## APPENDIX E

### Interview, Mohamed Jusu, Snr Clerk of Committees 26 June 2006

#### *1. Let us begin by hearing your experiences as a staff of Parliament*

Answer: The Sierra Leone Parliament which has more than 31 committees with only 4 persons serving as committee clerks. For example, I serve 7 committees including the Public Accounts Committee (PAC), the Finance Committee, the legislative Committee and four other committees. I will discuss the PAC which is a statutory committee established by the constitution of Sierra Leone to examine the reports of the Auditor-General on the accounts of the country. Regardless of the capacity constraints facing Parliament, some energy has been pumped into the undertakings of the committee. For example, the PAC is at the moment concurrently examining three reports: the 2000, 2001 and 2002 reports. It is important that the committee has almost concluded its report and will submit it soon to Parliament.

The PAC has registered some success in its post war activities, for example, the 1996 and 1999 reports were well received by the donor community, and as a result, the reports have now been used as benchmark for budgetary support. That is to say, all reports must meet the standard in terms of substance and quality. Similar sentiments were emphasised at our last review meeting with the donor partners.

Membership of the committee cuts across party lines on proportional basis. However, a very thorny issue on the chairmanship has brewed for too long. The opposition All Peoples' Party (APC) has been insistent that Sierra Leone must catch up with sister countries in the Commonwealth on the good practice of a member of the opposition party chairing the PAC. Regardless of this concerns, I can say with a clear mind that the committee is up to the job regardless of the chair being the Deputy Speaker of Parliament as well as a member of the ruling Sierra Leone Peoples' party (SLPP). A member of the opposition party sometimes chairs the committee meetings in the absence of the chair. Members sometimes approach issues on non-partisan basis because they think serving the interests of the country take precedent over party interests. Committee members work towards establishing value for money on the premise that more than sixty percent of the country's budget is drawn from donor funds. Upon reflection, the committee's approach to work convinces me that institutions can be different regardless of similarities in structures. For example, although the chair of the committee is Deputy Speaker and member of the ruling party, the activities of the committee is very impressive. The fact that donors found the 1999 report very useful and went as far as using it as a benchmark for additional funding, demonstrates the value of the work of the committee. This is not to say that all is perfect about the committee.

#### *2. So what imperfections have you identified and what are the constraints?*

Answer: Firstly, capacity is low in terms of members' ability to scrutinise the report of the Auditor-Generals in a clear sense of the word. Also, there are only 4 committee clerks in the whole House and there isn't sufficient manpower and time to study the report and to advise the committee on the direction it should take. For example, advice

on why some issues are important more than others, and how the report content should be prioritised rests on me alone, and come to look at it, I am serving six other committees. The report content is usually full of discrepancies within ministries and agencies MDAs and our diplomatic missions abroad, which require the summoning of a very high number of officials to appear before the committee. There are several follow ups to be through reading and digesting the report to be able to guide the committee. Secondly, the PAC meetings do not normally form a quorum, although this is infrequent. MPs also complain about their personal welfare relating to the lack of transport facility for the committee to carryout its job. Other constrains are the lack of adequate computers, research materials and support staff to facilitate the work of committee clerks.

On the part of the committee members they say that this like a fulltime job. Sometimes we spend almost a whole night here looking at reports. So members think they require motivation to carryon with the job...to perform their duties. Not even the chair of the committee has got an official vehicle to facilitate on the spot checks both in the capital and in remote towns and villages of the country.

### *3. Who appears before the PAC a witness?*

Vote controllers, that is to say permanent secretaries and chief accountants of ministries are summoned to appear before the committee. In certain circumstance, heads of contracting firms who default in meeting their contractual obligations are summoned before the committee. Moreover, because of the high incidence of impropriety in public enterprises, the committee resolved at its last meeting that in future hearings, chairmen and board members of public enterprises should be summoned to listen to proceedings relating to the performance of their institutions. This is considered by the committee an effective method of bringing the conduct of senior officials to the attention of their chairmen and board members; and it is also an incentive for board members to take corrective measure at the implementation stage of budgets.

### *4. What about sanctions and how effective are they?*

Sanctions are normally imposed by the Auditor-General through surcharge measures. Some progress has been made in recovering lost moneys from senior officials in government as in the 1996 and 1997 reports. I cannot say that the compliance level is high. I can say however, that the ultimate responsibility of ensuring that sanctions are imposed and are effective is the Attorney-General and Minister of Justice. I don't think that has been the case.

### *5. Has there been an increase in meeting hours?*

Yes, there has been a tremendous increase in the meeting hours of not only this committee but other committees as well. Like I mentioned earlier, we meet for the better part of the night looking at the reports of three years: 2000, 2001 and 2002.

### *6. Given your vast knowledge in budget oversight, how would you measure the capacity of MDAs in implementing budget allocations?*

I will not say that MDAs lack the capacity to deliver services or to generate revenue as the case may be. My candid view is that MDAs are faced with serious constraints that need an immediate attention of Government. Untimely access to allocations is a big issue affecting agencies at all levels of Government. For this reason, I personally will not totally blame an agency for failing to perform if the financial resource is not accessed to do a job on time. Also, the fluctuation of our national currency, the Leone against the United States Dollar, affects market prices and contracts.

There is also a human resource problem: there are few trained and qualified accounting officials in the civil service to support vote controllers in the implementation of their allocations. A situation exists in which we have a very large number of low calibre officials such as non financial officials handling money matters. This problem is highly related to the low level of wages paid in the public service. I will say that some of the problems considered by the Finance Committee and the PAC are capacity related rather than fraud related. For example, the recording of financial transactions is a common problem in some of these agencies. We have discovered that it is largely capacity related. Some institutions also underspend their allocation because management capacity and leadership are absent at the highest level in the civil service. We are in serious situation.

*7. Can you comment on the working relationship between the PAC and the Audit Service?*

A very good working relationship exists between the PAC and the Audit Service. These institutions are interrelated and as you know, the latter is an arm of the former in some countries. In Sierra Leone, the PAC highly relies on the technical expertise of the Audit Service to carryout its work.

*8. What about the PAC's relationship with the public?*

PAC hearings are not open to the public, although most Parliamentary businesses are now open to the general public and the media.

*9. Can you comment on the wider Parliament – public relations?*

Yes, as I mentioned, the business of Parliament is open to the public except for a few restricted deliberations. For the budgetary process, Parliament usually assists constituents to articulate their concerns regarding allocations for projects. For example, if constituents are aggrieved about the non implementation of a facility, or a certain project is not implemented as spelled out in the budget document, they have the opportunity during budget hearings organised by the ministry of finance, to seek redress by taking advantage of the presence of members of the finance committee. Let me provide you with an example, the civil society representatives have influenced the budget document on more than two situations. A memorable case is the increase in education budget after the 1999 rebel invasion of Freetown, which affected the daily livelihood of citizens.

*10. As a Clerk also serving the Finance Committee, can you throw some light on the activities of the committees?*

The Finance Committee has been doing extremely well in terms of monitoring the implementation of the budget. The committee looks at budget estimates of line ministries and asks for quarterly returns. Some comply with this demand and some don't. However, there are sanctions put in place for non compliance, for example, the allocation of defaulting institutions are withheld until the report is submitted to the committee. I cannot say, however, that absolute compliance prevails. There are some lapses.

When the budget is presented before Parliament by the minister of finance, the committee prepares questionnaires and dispatch them to line ministries in accordance with their unique situations and would integrate feedbacks into its final recommendation to the Committee of Supply. This committee comprises the whole House reconfigured into 9 appropriation sub-committees to study the budget document prior to the budget debate. Some of the general questions raised by the Finance Committee are: what was your original proposed budget submitted to the ministry of finance; What was the final allocation made by the finance ministry; How did you implement the previous allocation; What were your constraints; do you envisage similar constraints, and what could Parliament do to address those constraints; and what have you done about your constraints? In the case of a revenue generating institution, the following typical questions are asked: what is your target for the next year? Did you meet your target in the previous year, if not, what were your constraints?

*11. Is Parliament normally given sufficient time to debate and pass the budget?*

Not really, Parliament always struggles with passing the budget on time. But this year was different as the budget was presented in October ahead of the new financial year which begins in January. In cases of delay to authorise the budget, the President of Sierra Leone has the constitutional mandate to expend moneys from the consolidated fund through the signing of a warrant that lasts for a period of three months: January to March. If Parliament fails to authorise the budget during this period, then and another warrant is issued by the President for the continuity of Government business. MPs consider presidential warrant an erosion of the authority of the Parliament.

## APPENDIX F

### Anti-Corruption Cases in High and Magistrate Courts

NO.	FILE REFERENCE	NAME OF ACCUSED	OFFENCE	DATE IN COURT	COURT	CURRENT POSITION
1.	2000-1	Justice Tajudeen (Judiciary)	Accepting an Ad-vantage	-	High Court, Appeal Court	Convicted, 12 months imprisonment. Appealed against decision, awaiting result of appeal
2.	2001-35	Cummings (Commissioner of Income Tax Department)	Accepting an Ad-vantage	-	High Court	Acquitted January 2003
3.	2001-001	Prince Harry David Morlu (Principal School of Hygiene Bo) and Alusine Christian Kamara (Finance Officer, School of Hygiene Bo)	Misappropriation of Public Funds	16/9/03 26/9/03	High Court	On 22/4/04 both accused persons were found guilty on 8 counts out of 9 counts. On 6/5/04 they were sentenced as follows: 1) Prince David Harry Morlu 6 months on each count to run concurrently and to pay fine of Le20,000.00 on each count. 2) Alusine Christian Kamara to pay a fine of 45,000.00 on each count. Both to jointly refund Le17,511,000.00; the money misappropriated to the state of Sierra Leone
4.	2001-030	Alhaji M.S. Kargbo (Public Heath Aid, Freetown City Council)	Misappropriation of Public Funds	26/9/03	High Court	Convicted on 12/1/04 on count 3, misappropriation of public fund of Freetown City Council & sentenced to 6 months imprisonment & to pay Le19,000 compensation to FCC. Acquitted & discharged on counts 1 & 2 misappropriation of public fund of FCC.
5.	2001-017	Abdul Mark Saccoh (Director Christian Child Charity and Community Development Project)	Misappropriation of Donor Funds	8/10/03	High Court	On 2/04/04 the trial judge Justice Schuster found him guilty on both counts: count 1-Le44522,560/- count 2 – Le20,188,800.00. On 20/4/04 he was sentenced as follows: Count 1, 2 yrs. Imprisonment, Count 2, 4 years imprisonment. Sentence to run concurrently. He was ordered to pay the entire amount involved to the state.
6.	2001-3	Lovetta Adams and Abie Bockarie (National Registration)	Soliciting Accepting an Advantage	20/3/02	Magistrate Court No. 3	Lovetta Adams convicted on both counts on 30/12/03, each counts Le1,000,000 or 12 months to run concurrently, fine paid. Abie Bockarie acquitted and discharged.

NO.	FILE REFERENCE	NAME OF ACCUSED	OFFENCE	DATE IN COURT	COURT	CURRENT POSITION
7.	2001-50	Mohamed Lamrana Sowe (Businessman)	Offering an Advantage	5/10/02	Magistrate Court No. 3	Prosecution in progress, no witness taken since October 2003.
8.	2001-113	Momoh Pujeh and Mary Pujeh (Member of Parliament and House Wife (Transfer to Sierra Leone Police)	Possession of Diamond	8/8/02	Magistrate Court No. 1	Momoh Pujeh convicted in October 2003, 12 months imprisonment, appealed against conviction in the High Court. Won appeal, acquitted & discharged. Prosecution in progress in respect of the wife CID dealings
9.	2000-9	Sulaiman Massaquoi and Saidu Kamara (Police)	Soliciting and Accepting an Advantage	9/10/01	Magistrate Court No. 3	Police Inspector Massaquoi convicted on both counts and sentenced to 1 year imprisonment on each count to run concurrently or pay a fine of Le1,000,000.00 on each counts. DSP Saidu Kamara acquitted and discharged 30/12/03
10.	2001-4	Joseph Bangura (Director General, Ministry of Defence)	Accepting an Advantage	15/3/02	Magistrate Court No. 3	Prosecution in Progress
11.	2001-20	Samuel Kamara	Fraudulent conversion	15/0/02	Court No. 3	Prosecution in progress (police dealing)
12.	2000-4	Alfred Jonathan Blango	Perjury	15/4/03	Magistrate Court No. 3	Prosecution in progress
13.	2001-56	Jonathan Nicol (Court Clerk)	Soliciting and Accepting an Advantage	19/8/02	Magistrate Court No. 3	Prosecution in progress
14.	2001-71	Kemmoh Mustapha Sankoh (Police)	Accepting an Advantage	14/11/02	Magistrate Court No. 3	Prosecution in progress
15.	-	Moses Banya Kapuwa	Unlawful Possession of Cannabis Sativa	3/6/03	Magistrate Court No. 3	CPS dealing, arrested by A.C.C. officers, acquitted and discharged
16.	2001-128	Michael Carew (Judiciary) Bailiff of the High Court	Soliciting an Advantage	11/9/03	Magistrate Court No. 3	Prosecution in progress
17.	2003-202	Joseph Johnson Gberie	Misappropriation of Public funds	13/8/03	Magistrate No. 3	Convicted on 7/11/03, sentenced 3 years or Le2,000,000.00, paid the Le2,000,000.00
18.	2002-95	Osman Bangura (Cadet Administrative Officer – Lands)	Soliciting and Accepting an Advantage	13/8/03	Magistrate Court No. 3	Prosecution in progress

NO.	FILE REFERENCE	NAME OF ACCUSED	OFFENCE	DATE IN COURT	COURT	CURRENT POSITION
19.	2001-49	Major Abdul Sorie Conteh (Military)	Accepting an Ad-vantage	29/7/03	Magistrate Court No. 3	Prosecution in progress
20	DOC/IF/01/097	Arthur Matthew Belden Principal Tomlison High School Songo	Misappropriation of public funds	3/2/04	High Court Freetown	On 12/2/04 he pleaded guilty to all 10 counts of misappropriation of public funds. On 16/2/04 sentenced to one day imprisonment and to refund Le1,783,593.00 to the Government of Sierra Leone within 8 weeks period.
21	DOC/IF/02/015	Albert Joseph Gombo Coordinator ADDO, Bo	Misappropriation of public funds	9/2/04	High Court Freetown	On 24/2/04, the surety Paul Makavora gave evidence of the death of the accused and tendered relevant documents to the effect. The matter was then withdrawn from the court in view of the death of late Albert Joseph Ghombo.
22	DOC/IF/00/012	Joseph Aruna Regional Electoral Commission (East)	Misappropriation of Public Funds	5/4/02	High Court	Prosecution in progress
23.	DOC/IF/00/012	Francis Lissa Hindowa Regional Electoral Commission (South)	Misappropriation of Public Funds	5/4/02	High Court	Prosecution in progress
24	DOC/IF/01/057	Mohamed Alie Kargbo Surveyor, Geological Dept.	Misappropriation of Public Funds	16/04/04	Magistrate Court No.3	Prosecution in progress

## APPENDIX G

### Field Questionnaire Civil Society June 2006

#### A) Socio-economic characteristics of respondents:

1) In which age group do you belong?

18-25  
26-35  
36-45  
46-55  
55 +

2) What is your sex?

Male  
Female

3) Your highest level of education attained

Secondary

Tertiary:

a) Technical and vocational institute  
b) Teacher Training College  
c) Professional Diploma  
c) University:  
First Degree  
Masters  
PhD  
Other.....

4) What is the level of your current position in your organisation?

Leader  
Member of the Executive Committee  
Board member  
Field Activist  
Professional  
Support Staff  
Other (please specify):

5) How long have you worked as a civil society activist?

3 years or less  
3 – 5 years  
5 – 9 years



9 years or above

## **B) Budget Participation**

6) Have you or your organisation participated through consultations in the budget preparation exercise?

Yes

No

7) In general do civil society groups influence the budget draft developed by the Budget Bureau in the Ministry of Finance?

Yes

No

Don't know

If yes, please provide an example

8) What is the level of civil society participation in the budgetary process?

Very high

Appreciably improving

Not improving

Don't know

9) What is the level of collaboration between civil society groups on the budget?

Very high

Appreciably improving

Not improving

Don't know

10) Is the level of budget awareness and participation of civil society in the capital, Freetown the same as in the rural areas of Sierra Leone?

Yes

No

If no, please explain

## **C) Monitoring Expenditure**

11) How would you consider the role of civil society in monitoring Government expenditure?

Very active

Appreciably improving

Not active

Don't know

12) Has the exercise Public Expenditure Tracking Survey (PETS) been a useful monitoring and evaluation tool?

Yes

No

Don't know

13) Do you consider the District Oversight Committees (DOCs) a useful grass roots institution that could positively impact the budget process?

Yes

No

Don't know

14) How effective are the DOCs in carrying out their functions?

Highly effective

Appreciably improving

Not effective

Don't know

#### **D) Interaction with Government and other Stakeholders**

15) What is the level of civil society interaction with International Financial Institutions such as the World Bank on civil society participation?

Very high

Interaction appreciably improving

Less interaction

Don't know

16) How would you consider the Government's strategy on improving civil society participation in the budgetary process?

Highly effective

Appreciably improving

Less effective

Don't know

17) What is the level of resource provided by Government to enhance civil society participation in the budgetary process?

Adequate

Appreciably increasing support

Not adequate

Don't know

18) How would you consider civil society interaction with MPs?

Very high  
Appreciably improving  
Less interaction  
Don't know

19) Does the civil society influence Parliament's deliberations and decisions on budget matters?

Yes  
No  
Don't know

20) How often do civil society groups attend hearings/meetings such as the Public Accounts Committee hearings?

Very often  
Less often  
Don't know

#### **E) General Oversight**

21) How would you consider the oversight role of the Audit Service in the budgetary process?

Highly effective  
Appreciably improving  
Less effective  
Don't know

22) Do you consider account reports published by the Accountant-General timely, complete and informative?

Yes  
No  
Don't know

23) Do you find the Auditor-General's report a deterrent as well as a learning tool for budget officials and budget implementers in Sierra Leone?

Yes  
No  
Don't know

24) Were you satisfied with the outcome of the last report (you saw) of the Auditor-General (for example, were defaulters brought to book)?

Highly satisfied  
Satisfied  
Not satisfied  
Don't know

25) Do you have confidence in the overall budgetary process of Sierra Leone?

Yes

No

Don't know

## APPENDIX H

### Field Questionnaire MDA Officials June 2006

#### B) Socio-economic characteristics of respondents:

6) In which age group do you belong?

18-25  
26-35  
36-45  
46-55  
55 +

7) What is your sex?

Male  
Female

8) Your highest level of education attained

Secondary

Tertiary:

a) Technical and vocational institute  
b) Teacher Training College  
c) Professional Diploma  
c) University:  
First Degree  
Masters  
PhD  
Other.....

9) What is the level of your current position?

Executive  
Senior Management  
Middle Management  
Junior Management  
Professional  
Support Staff  
Other (please specify):

10) In which department have you/ do you work within government?

Please state: .....

11) How long have you worked in the public sector?

- 3 years or less
- 3 – 5 years
- 5 – 9 years
- 9 years or above

## **B) Budget Transparency**

7) Have you participated in drawing up estimates for your MDA?

Yes

No

a) If no, do you think you should have been involved, and why?

8) Does the Budget Bureau provide you adequate window to defend your estimates?

Yes

No

Don't know

9) How often does your MDA prepare a supplementary budget?

Every year

Once in the past three years

Once in the last five years

Not at all

10) Does your MDA experience delay in the release of funds to implement programmes set out in the estimates?

Delay is common

Some delay

Less delay

No delays

(For any of the above, please explain)

11) Does your MDA prepare timely expenditure report?

Yes

No

Don't know

12) Do internal auditors monitor and report on your MDA activities?

Yes

No

Don't know

If yes, when did Internal Auditors start operating in your MDA?

- a) If no, what plans are under way to address the problem
- b) Are recommendations of internal auditors taken into account by your MDA?

13) Have new monitoring mechanisms been introduced in your MDA since the introduction of the new Public Budgeting and Accountability Act?

Yes

No

Don't know

14) Does your MDA over spend?

Yes

No

Don't know

If yes, please explain

15) Does your MDA under spend?

Yes

No

Don't know

If yes, please explain

- a. Do you perceive the Audit Service an adversary institution?

Yes

No

Don't know

17) How would you rate the Audit Service in exercising its oversight functions?

Effective

Making appreciable improvement

Not effective

Don't know

18) Do you consider providing adequate resources for the Audit Service a necessary ingredient for achieving transparent budgeting?

Yes

No

Don't know

19) Would you consider the Public Accounts Committee an effective oversight institution?

Yes

No  
Don't know

20) Do you consider providing adequate resource for Parliament and its Oversight Committees a plausible strategy to achieving transparency?

Yes  
No  
Don't know

21) Would you consider civil society participation robust and has had some influence on behaviour around the budgetary process?

Yes  
No  
Don't know

22) How would you rate the Sierra Leone budgetary process?

Highly transparent  
Achieving appreciable level of transparency  
Not transparent  
Don't know



## APPENDIX I

### Socio-economic data of respondents

#### Socio-economic characteristics of respondents

The section presents the profile of respondents drawn from both the Civil Society and Government. Personal characteristics include age, sex, academic status, present occupation in organisation and length of service in present occupation.

#### Age distribution

The age distribution of respondents was investigated and results revealed the following data on Table 14 below.

**Table 15**  
**Age distribution of respondents**

		18-25	26-35	36-45	46-55	56+	Total%
<b>Civil Society</b>	Total	0	6	21	16	3	
	%	0	14.28	50.0	38.1	7.14	42
<b>MDAs</b>	Total		7	12	11	2	
	%			32.5			32
<i>Source: Field Survey 2006</i>							

The age distribution of respondents revealed that the youngest fell within the age group of 26-35, whilst the oldest are in the age group of 56 and above. These give a wide range of considerable variable in the sample respondents' age in the country. The insert age value was between 36-45 years and the mean age of sample respondent was 40 years. This indicates that there were more young activists and agency workers (36-45) than older workers (56 and above). This is in correlation with the life expectancy in Sierra Leone within which range the working population falls.<sup>633</sup>

#### Gender distribution

<sup>633</sup> The World Health Organization country data on Sierra Leone puts life expectancy as 37 for males and 40 for females, see <http://www.who.int/countries/sle/en/>

The gender composition of respondents was investigated and the results are presented in the Table below.

**Table 16**  
**Gender distribution of respondents**

Sex	Civil Society		MDA.s	
	No	Percentage	No	Percentage
Male	30	66.7	25	78.125
Female	15	33.3	7	21.875
Total	45	100	32	100

*Source: Field Survey*

The Table reveals that over two-thirds of the sample respondents were male 66.7 percent. This means that there are more men in the civil society movements and in the MDAs than there are females. The females represent 33.3 percent of the working population, which is less than half of their male folks. This underscores the ongoing campaign for more female representation in the public domain. These include the formation of several women's groups including the popular **50/50** gender groups which advocate high quotas for women in the Parliament and the civil service. It also has led to the enactment of three key gender bills by the Parliament on Thursday 14<sup>th</sup> June, 2007: The Domestic Violence Act; The Devolution of Estates Act; and The Registration of Customary Marriage and Divorce Act. The three aim to domesticate the convention for the elimination of all forms of discrimination against women.

### **Education distribution**

The education status of respondents was investigated and the results are presented in Table 17 below. More than 65 percent of respondents have attained professional certificates, a diploma, a bachelors or a masters degree. It reveals that more than half of the respondents surveyed were well informed of the relevance of the research. However, the absence of doctorates among the sample reflects that country

experience in social policy research – a vital component of civil society intervention or participation in national development process - is low.

**Table 17**  
**Distribution of respondents by educational status**

Educational Level	Civil Society		MDAs	
	No.	Percentage	No.	Percentage
Technical / Vocational	2	43.5	1	3.1
Teacher Training	9	19.5	0	0
Professional / Diploma	12	26.1	7	21.9
First Degree	21	45.7	13	40.6
Masters	1	2.1	7	21.9
PhD	0	0	0	0
Others	1	2.1	4	12.5
Total	46	100	34	100
<i>Source: Field Survey 2006</i>				

### Occupation of respondents

The current positions filled by respondents in their various institutions of work were investigated and the results are provided in the Table below.

**Table 18**  
**Distribution of official positions held by respondents**

MDAs			Civil Society		
Occupation / Current Position	No.	Percentage	Occupation / Current Position	No.	Percentage
Executive	1	3.1	Leadership	9	19.5
Senior Management	15	46.9	Member of Executive Committee	12	26
Middle Management	9	28.1	Board Member	0	0
Junior Management	3	9.4	Field Activists	13	28.3
Professional	3	9.4	Professional	5	10.9
Support Staff	1	3.1	Support Staff	5	10.9
Others	0	0	Others	2	4.3
Total	32	100		46	100
<i>Source: Field Survey 2006</i>					

The data indicate that a good number of the sample respondents are occupying senior management or leadership positions in the MDAs and in the civil society groups. About 50 percent of respondents in the MDAs hold executive or senior management

positions, while about 46 percent are leaders or executive committee members in the civil society groups. The proportion of respondents in middle management in the MDAs is 28 percent and a similar percentage correlates with field activists in the civil society. This demonstrates that civil society activities are focused mostly in the field.