Successful public financial management (PFM) is one of Sierra Leone’s main achievements since the end of the civil war which plagued the country during the 1990s. The ground was set before the end of the conflict when the country’s Ministry of Finance and Economic Development showed a commitment to develop the necessary administrative and technical capacity to develop and maintain a relatively strong PFM system. Improvements are still needed, but the country’s successful performance in the midst of extremely precarious conditions is a case study of how timing, commitment, and capacity are fundamental to PFM reform.

**Capacity, commitment, international aid**

The strength of Sierra Leone’s PFM system is based on a number of factors. First, the country already possessed strong administrative and technical capacity by the end of civil war. This was due to the centralized management system that was operated by a staff of foreign-funded experts, including the Accountant General, who designed and administered the financial management and accounting system. This led to the creation of a ‘parallel civil service’ staffed with highly-motivated, influential, educated, better-paid Local Technical Advisors (LTAs) with a significant interest in maintaining good relations with international partners.

This initial capacity was matched by enthusiasm by certain political actors, such as the current Minister for Foreign Affairs who has been able to use his background as an economist and his knowledge of the national political landscape to push the cause for PFM reform inside the cabinet.

Foreign donors—such as the UN, IMF, World Bank, UK Department for International Development, the EU—also contribute through technical and financial support. Technically, their role is present both through the LTAs and strategic support—such as the intermediation by the UK’s DFID following the forced exile of Sierra Leone’s People’s Party in 1997. Financing from foreign donors account for between 25-30 per cent of government total expenditure, and as such are the main source of funding for PFM reform. This financial influence was demonstrated by the withholding of donor funds in 2007. The effect this had on fiscal management is widely held to have contributed to the election of a new government. This influence tacitly gives foreign donors a seat at the decision-making table, allowing them to continue to push for PFM reform which is seen as a requirement for continued donor assistance.

Fragile and conflict-affected states, like Sierra Leone, can maintain a strong public financial management structure if they are able to find foreign support for administrative capacity and sufficient domestic political and executive support.

PFM legal framework, budget planning and scrutiny, still require reform attention in Sierra Leone.
Finally, timing and the longevity of reform commitment has allowed the budget execution function of the Accountant General to consistently improve over time. Budget execution and credibility have benefitted from the implementation of written budget procedures and the introduction of an Integrated Financial Management Information System—this allowed for an improvement in timeliness of budget execution, reliability of financial information, and data-sharing between government departments.

**Remaining hurdles**

Nevertheless, several major hurdles remain. Legally and institutionally, the country appears to have a relatively robust system, but contradicting reviews have caused some concern about common practice and whether further co-ordination between departments and streamlining of legislation is still needed. Despite the introduction of a medium-term expenditure framework in 2001, budget-planning and preparation still suffers from burdensome requirements, fragmentation, and staff’s limited knowledge of strategic documents, which have caused inconsistencies across the budget.

Ex ante scrutiny of the budget has also been undermined by the short time allowed for parliamentary review, and the ex post review of budget implementation has been marred by the rather late submissions of the audit report to the legislature by the Auditor General. This matters because there is conflicting appetite for PFM reform at the higher echelons of domestic politics due to the interference such a successful regime would impose on the patronage and discretion of state officials. Despite the leadership of the Ministry of Finance and Economic Development and promises from the late President Kabbah to fight corruption, and the work towards rationalization of the civil service, few results had been achieved by the time he left office.

Given the reliance of Sierra Leone’s PFM on LTAs, another concern is that the reform momentum as well as the very survival of the system is very fragile given its dependence on LTAs and foreign funding.

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**IMPLICATIONS**

- The international aid community needs to assist fragile states with administrative and operational expertise and funding to ensure the implementation of strong PFM practices.
- Synergies between the several modalities of international PFM aid can give foreign donors a seat at the decision-making table that may balance patronage instincts in fragile countries.