



Budget Brief of Government Expenditure on Selected Sectors (2014-2017)

Introduction

This Analytical Budget Brief is an ex-post examination which looks at the pattern of government expenditures, both in terms of budget allocations and actual spending for selected sectors for the period 2014 to 2017, during which the Government of Sierra Leone (GoSL) implemented the Poverty Reduction Strategy Paper (PRSP) III – the Agenda for Prosperity. The resources allocated to the sectors chosen for this analysis remain critical to the welfare of citizens and the development of the country. This paper therefore highlights the issues around the national budget which should form the basis for informed decision making and policy debates ahead of the passing of future budget legislations.

Expenditures

Table i: Evolution of Government Projected and Actual Spending (Le Trillion)

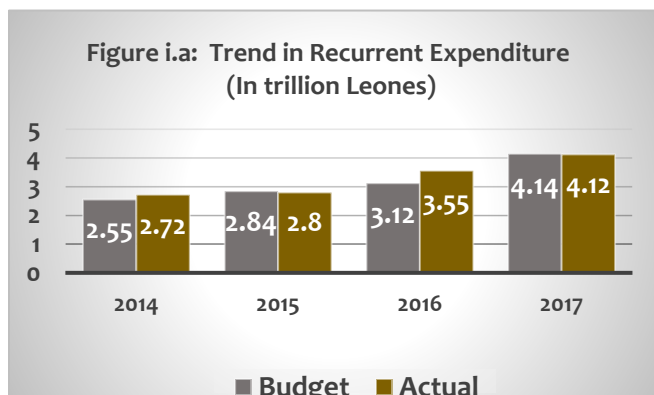
Year	Total Expenditure ¹		Recurrent Expenditure	
	Budget	Actual	Budget	Actual
2014	4.2*	3.9	2.6*	2.7
2015	4.5**	4.4	2.8**	2.8
2016	4.6	5.4	3.1	3.5
2017	6.2*	6.4	4.1*	4.1

Source: MoF 2018 and various Budget Statements (2014-2017)

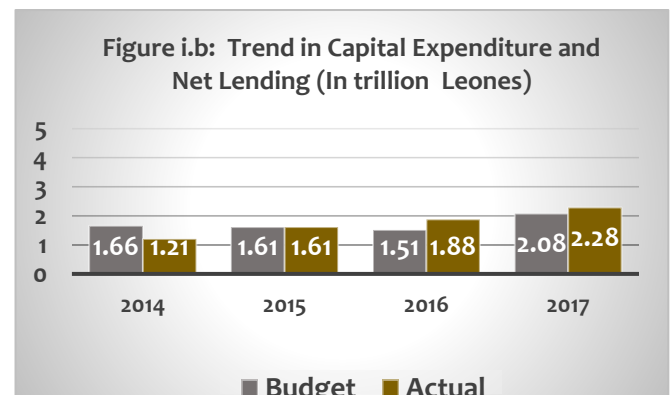
Highlight

Between 2014 and 2017, the total state budget increased by 47.7%, while actual total government spending rose by 64.2%.

Actual total government spending for the 2014 fiscal year was 6.7% less than projected, and in the following year, this was only 0.9% less than budgeted for, suggesting favourable overall expenditure budget performance. However, there was a significant budget overrun of Le801.8bn in 2016, but which reduced to Le180.6bn in 2017. This means that actual government spending for 2016 and 2017 was 17.3% and 2.9% higher than budget respectively. It is important to note that for the 2016 fiscal year, actual recurrent expenditure was Le431.8bn over budget (13.8% higher than projected), while capital expenditure was Le521.4bn (34.4% more than budget). The key takeaway from this narrative is that the planning and budgeting process needs to be strengthened to allow for credibility and predictability of the budget.



Source: MoF 2018 and various Budget Statements (2014-2017)



Source: MoF 2018 and various Budget Statements (2014-2017)

¹ Is the sum of recurrent expenditure, capital expenditure and net lending.

* Revised budget.

** Budget with gap.

In 2014, the budget for recurrent expenditure was Le2.6tn, and this increased by 11.4% reaching Le291.5bn in 2015. A further increase of 9.8% was recorded between 2015 and 2016, rising from Le2.8tn to Le3.1tn; and in 2017, there was a significant 32.8% rise in recurrent spending representing a Le1tn increase.

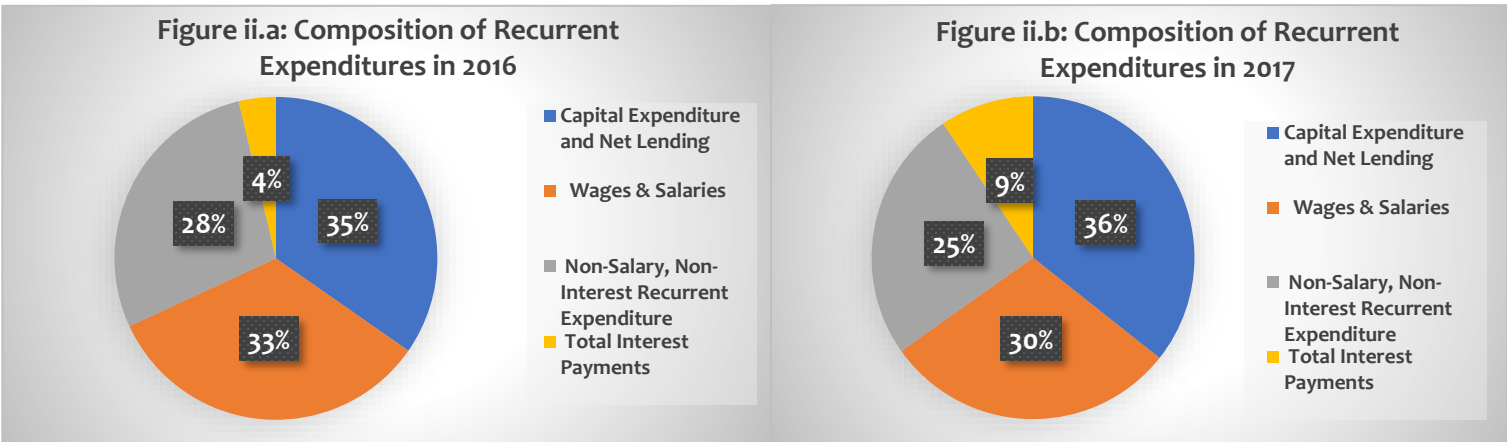
In terms of actual spending, recurrent expenditure increased marginally by 3.1% from Le2.7tn in 2014 to Le2.8tn in 2015. Unlike 2015 which witnessed a slight increase in actual recurrent expenditure, 2016 recorded an increase of Le749.9bn, representing a 26.8% upsurge from 2015. In 2017, total recurrent expenditure amounted to Le4.1tn, increasing by 16% from Le3.6tn in 2016. This increase in recurrent expenditure over the years mirrors the rising cost of GoSL’s wages and salaries, and non-salary, non-interest recurrent expenditure, and in financing interest payments obligations.

Capital expenditures and net lending had also been on a consistent rise with actual spending exceeding what was budgeted for except for the 2014 fiscal year. Actual spending in 2015 was Le398.8bn higher than in 2014, and 2016 witnessed a 16.8% increase, reflecting an increase of Le271.6bn more than in 2015. This further rose by 21.1% from Le1.9tn in 2016 to Le2.3tn in 2017.

Composition of Actual Expenditures

In line with the Medium-Term Wages and Salaries Policy of Government, the actual wage bill increased from Le1.4tn in 2014 to Le1.9tn in 2017. This growth in the wage bill emanated mainly from the 15% increase in public sector wages announced by Government in 2015, additional salaries for the judiciary, and Mayors, Chairpersons and Councilors in 2016, and the new authorized recruitments in 2017. However, wages and salaries as a percentage of GDP remained almost constant, following a miniscule decrease from 6.7% in 2014 to 6.6% in 2017.

It is important to note that actual expenditures on wages and salaries exceeded budgeted allocations for each fiscal year under review. In 2016 and 2017 alone, actual wages and salaries was Le166.9bn and Le65.2bn more than originally projected respectively. Thus, while it is gratifying for Government to institute wage reforms especially in terms of increasing public sector wages and salaries, more effort should be placed on regularizing the payroll to reflect reduction in wastages on possible ghost employees.



Source: PBO Calculations from Ministry of Finance 2018 data

Over the period, capital expenditure and net lending accounted for an average of 34.5% of the government budget, almost similar to the average of 34% which was spent on wages and salaries between 2014 and 2017. In 2014, capital expenditures and net lending stood at L1.2tn and this increased by 32.8% to Le1.6tn in 2015 representing 7.0% of GDP. Between 2015 and 2016, it further increased by 16.8% to Le1.8tn, and then by 21.1% to Le2.3tn in 2017 (8.0% of GDP). **This rise in capital expenditure and net lending was mainly attributable to the continuous rise in foreign loans and grants which mounted from Le634.6bn (2.9% of GDP) in 2014 to L1.2tn (4.4% of GDP) in 2017.**

For the period under review, an average of 26% of total government expenditures has been on non-salary, non-interest (NSNI) recurrent expenditures, averaging Le1.3tn yearly. While there was a reduction in NSNI recurrent expenditure between 2014 to 2015, from Le1.05tn to Le1.04tn, there was a significant rise of 47.2% from Le1.04tn

(4.5% of GDP) in 2015 to Le1.5tn (6.4% of GDP) in 2016, with a further rise to Le1.6tn in 2017, but which declined to 5.7% of GDP.

Consistent with the increase in capital expenditure and net lending over the period, government interest payments rose quite noticeably from Le221.4bn in 2014, to Le602.1bn in 2017. In fact, actual spending on interest payments witnessed a 198.3% one-time jump from Le201.8bn in 2016 to Le602.1bn in 2017. **This continued increase in interest payments reduces fiscal flexibility to respond to unexpected shocks and emergencies, and crowds out further spending on recurrent expenditures such as wages and salaries, which in real terms is usually affected by inflation.**

1. Expenditures on Education

When the Government of Sierra Leone (GoSL) launched the Agenda for Prosperity (A4P)– the country’s third Poverty Reduction Strategy Paper (PRSP) in 2013, it highlighted a number of objectives and strategies to improve access to and quality in the education sector. These included improving education access, completion rates and equity; raising the quality of learning; promoting student relevance; ensuring adequate school contact hours; strengthening education administration and service delivery; and improving labour market development skills and adult literacy. This is against the backdrop that education was mentioned as one of the key priority sectors under Pillar 3 of the A4P – Accelerating Human Development and it resonates with SDG4 – “ensure inclusive and equitable education and promote lifelong learning opportunities for all”.

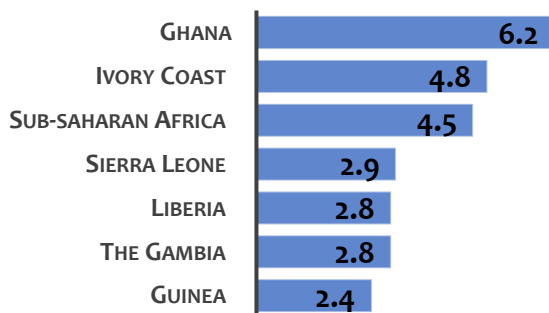
While efforts have been made in the past to improve education outcomes, the education sector continues to face severe challenges which include but are not limited to deteriorating academic standards and poor performance at public examinations, overcrowding in schools, low completion rates particularly for girls, shortage of labour market skills, and deficient administrative capacity in service delivery. These problems have become perennial even though the education sector receives the highest vote from the government budget annually.

Share of Education Sector Budget

The share of the education sector budget in terms of the total national budget continues to be higher than all other priority sectors of Government and between 2014 and 2017, the average share of education budget including transfers to local councils for education services was 14.9%, while average actual spending was slightly lower in the region of 13.1%. Besides the 2014 FY, actual education expenditure as a share of the national budget was lower than projected in 2015, 2016 and 2017. In 2017, actual total spending on education reduced to 8.3% from 14.6% in 2016.

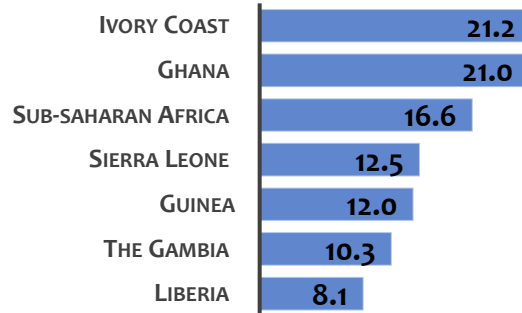
This trend indicates that more efforts need to be exercised in strengthening funding mobilization and increasing fiscal space for the sector, especially at a time when a new government “free education” policy has been announced and will demand huge financial resources. Furthermore, the declining spending trends on education should be a call to attention that Sierra Leone is far away from meeting the commitments made by African governments to spend 20% of their total government expenditure on all levels of education.

Figure 1.a: Government Expenditure on Education as a % of GDP in Selected African Countries



Source: World Development Indicators

Figure 1.b: Government Expenditure on Education as a % of Total Government Expenditure in Selected African Countries



Source: World Development Indicators

Sierra Leone’s expenditure performance on education falls way below the Sub-Saharan Africa average, and that of its other counterparts². While countries like Ghana spent 6.2% of GDP on education in 2014, Sierra Leone spent only 2.9% of GDP in the sector in 2016, which is below the 2013 Sub-Saharan average of 4.5%. Data for education spending as a

² Data refer to the latest year available. Sierra Leone (2016), Ivory Coast (2015), Ghana and Guinea (2014), The Gambia and Sub-Saharan Africa (2013), and Liberia (2012).

share of total government expenditure shows that Sierra Leone still lags with lower spending shares when compared to the other countries in the sub-region.

Table 1.1: Expenditures on Education by Programme (2014-2017)

(In Million Leones)

Programme	2014		2015		2016		2017	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Administrative and Operating Costs	2,912.0	3,930.0	4,015.1	3,326.5	4,470.8	21,824.2	4,470.8	1,109.4
Payroll	367,825.5	404,317.7	502,766.0	427,641.2	422,408.4	465,380.7	462,824.0	318,880.1
Improving Access to and Quality Education	36,456.0	19,325.3	50,266.3	23,861.0	55,971.3	59,063.6	111,391.3	33,356.1
Tertiary Education and Technical and Vocational Training	135,468.0	148,357.2	160,891.2	141,683.9	164,262.7	183,213.9	181,362.7	153,949.9
Higher Education, Science and Technology	2,760.0	410.0	17,712.9	537.2	17,996.1	2,962.0	26,790.1	7,608.6
Science and Technology Committee	200.0	248.5	275.8	33.8	307.1	92.1	307.1	-
Teaching Service Commission	720.0	-	992.8	-	1,105.5	-	-	-
Transfers to Local Councils for Education Services	29,117.7	45,396.8	37,874.5	6,403.4	39,266.0	62,236.4	41,471.5	18,618.5
Total	575,459.2	621,985.5	774,794.5	603,637.0	705,788	794,773.0	828,617.5	533,522.5

Source: PBO calculations based on data from Ministry of Finance 2018 and various Budget Speeches (2014 – 2017)

Spending Trends by Programme

2014 Fiscal Year

For the period under review, there were noticeable differences between projected and actual spending on education. Total education budget which consists of non-salary, non-interest recurrent expenditures, payroll costs, domestic capital expenditures and transfers to local councils for education services was Le575.5bn in 2014, while actual spending reached Le621.9bn. This budget overrun of Le46.5bn was mainly due to the fact that actual spending on payroll, transfers to local councils, and tertiary education and technical and vocational training were particularly higher than projected; actual payroll costs for example was Le36.5bn more than budget, while actual transfers to local councils exceeded budget by Le16.3bn. In 2014, 13.6% of the total government expenditure was allocated to the education sector, but in terms of actual spending, this was 15.8% of Government's total expenditures.

2015 Fiscal Year

The 2015 fiscal year produced a different budget outcome when compared to the year 2014 as total budget expenditures on education was Le171.2bn higher than actual spending. While the budget increased by 34.6% from Le575.5bn in 2014 to Le774.8bn in 2015, actual expenditures decreased by 2.9% from Le621.9 in 2014 to Le603.6bn in 2015. Consequently, most of the programmes were under-funded and the budget was not executed as intended.

Even though actual spending on improving access to and quality education increased by 23.5% from Le19.3bn in 2014 to Le23.9bn, it also produced different budget outcomes in 2015. For instance, actual expenditures on pre-primary and primary education rose by 102.3% from Le1.5bn in 2014 to Le3.1bn in 2015. Despite the fact that its budget allocation was way higher than pre-primary and primary education, spending on secondary education reduced by 31.4% from Le15.5bn in 2014 to Le10.5bn in 2015. In line with government policy to support students, grants-in-aid which received no spending in 2014 recorded actual expenditures of Le6.7bn. However, actual expenditures with respect to inspectorate division and barefoot solar technicians training dropped during the period by 85.4% and 8.2% respectively.

2016 Fiscal Year

Total spending for the 2016 FY was Le88.9bn higher than projected with actual expenditures rising by 31.7% from Le606.6bn in 2015 to Le794.8bn in 2016. Actual spending on account of administrative costs, payroll, improving access to and quality education, tertiary education and technical and vocational education, and transfers to local councils were all significantly higher than budgeted for.

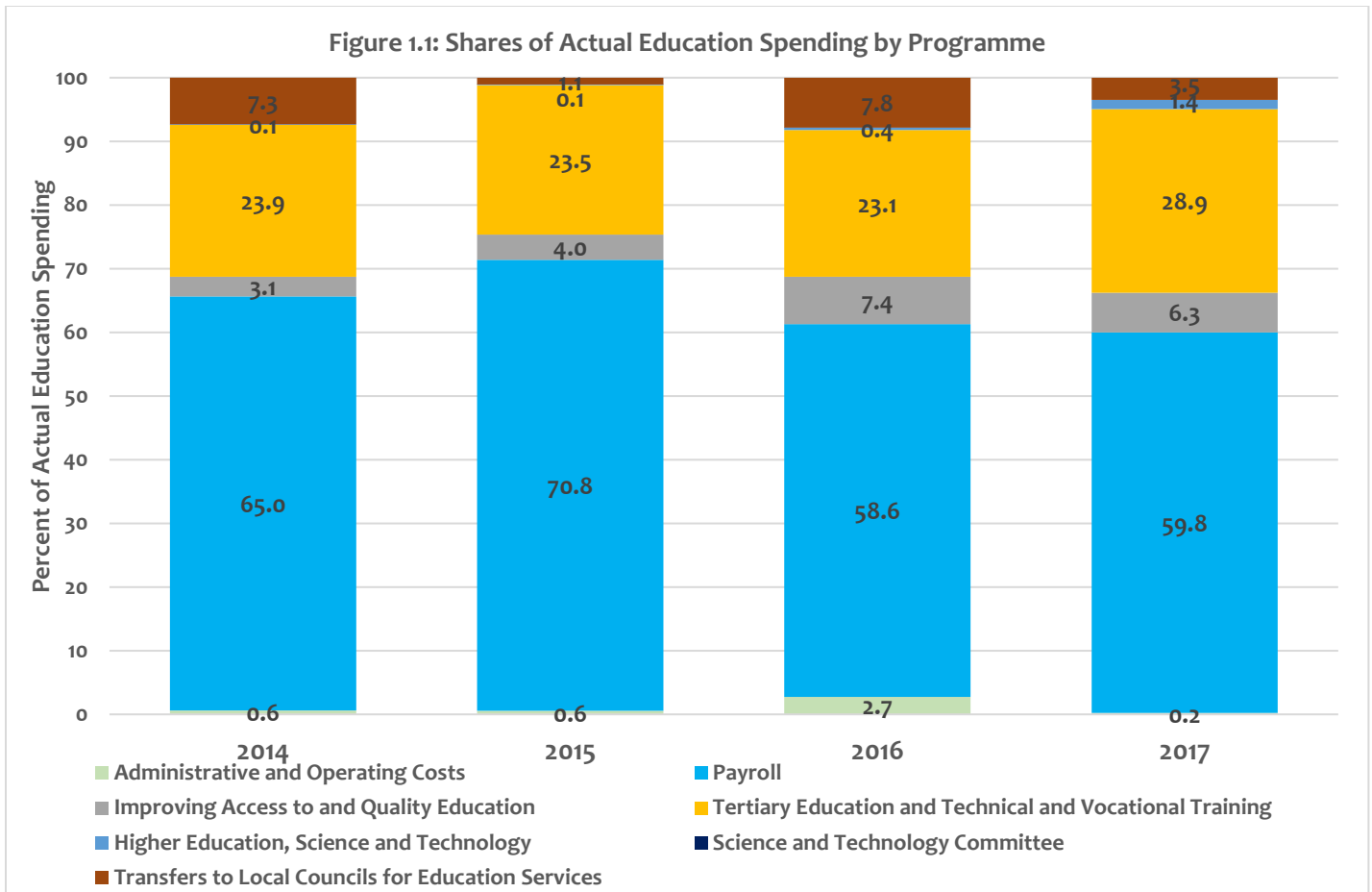
Administrative costs stood in the region of L21.8bn in contrast to a meagre Le4.5bn which was forecast. This may be due to activities during the Ebola period. On a similar note, actual spending on grants to tertiary education - a sub-component of tertiary education and technical and vocational education was Le168.9bn, despite the minimal Le28.3bn that was budgeted. Actual payroll costs and transfers to local councils were in excess of Le42.9bn and Le22.9bn respectively than planned for. **From all indication, these over-budget expenditures cannot be unconnected to poor budget planning and the strong absorption capacity to expend funds way beyond limits. This also clearly undermines budget credibility and is inconsistent with the policy intentions of government pronounced in the Statement of Economic and Financial Policies.**

For instance, it is worrying that while Government significantly reduced tuition fee subsidies and only provided Le10bn out of the Le108.8bn it budgeted, it also reneged on its promise to provide the Le5.0bn for the Student Loan Scheme. The situation was even worse for the following sub-programmes which received no allocations at all: physical and health education, science and technology committee, examination fees to WAEC for WASSCE and the Teaching Service Commission. The proportion of actual expenditures on the education sector was 14.6% of the total state budget.

2017 Fiscal Year

Actual spending on education was particularly low in 2017 with a shortfall of Le295.1bn, although the budget increased by 17.4% from Le705.8bn to Le828.6bn. The findings show that actual expenditures on all education programmes were under-budget. For the entire period under review, 2017 recorded the lowest education spending as a share of total government expenditure which was only 8.3%, in contrast to the 13.3% which was projected.

Funding for both pre-primary and primary, and secondary education was seriously hampered with the two components recording actual spending of Le17.8bn and L14.2bn out of Le58.6bn and Le32.6bn in the budget respectively. Disappointingly, the Girl Child Programme received no funding even though it was anticipated that LE11.5bn will be made available. There was also no spending incurred on physical health education, inspectorate division, science and technology committee and teaching service commission. **Given the many ambitions and positive actions which need to be taken to raise the quality of education, this monumental spending reduction and lack of funding for the fundamental pillars in the education sector should not go unaddressed if the Government remains committed to meeting the SDGs targets of Pillar 4 by 2030.**



Source: PBO Calculations based on Ministry of Finance 2018 data

The actual expenditure analysis shows further that payroll costs take the greater share of the education sector budget. Between 2014 and 2017, an average of 63.5% of all education spending was on salaries. With this trend, salaries will continue to crowd out the financial costs of non-salary items such as learning materials. Furthermore, data shows that despite Government’s commitment over the years to improve access to and quality education, domestic capital spending which will allow for the construction of more schools has not been forthcoming. This low commitment to raise investment in education therefore means that the problem of overcrowding in schools will remain if concrete steps are not taken to change the situation.

Tertiary education and technical and vocational education follows as the programme which receives the second highest share in the sector. Improving access to and quality education which includes grants-in-aid, pre-primary, primary and secondary education, follows in third. Science and technology committee which is represented by dark blue in the legend in Figure 2 receives less than 0.05% of the education sector budget yearly. For the period under review, the Teaching Service Commission had no share at all for actual government expenditures.

Spending and Outcomes on Improving Access to and Quality Education

Over the period, a lot of concerns have been raised as to whether education spending has been responsive to outcomes in the sector. From 2014 to 2017, actual spending on pre-primary and primary education has increased significantly from 7.9% in 2014 to 53.5% in 2017 (more than six-fold). Unlike pre-primary and primary education spending which has increased annually over the period, there have been mixed trends for secondary education. While this was high in 2016 at Le36.5bn, the following year recorded only Le17.8bn.

Table 1.2: Actual Expenditures on Improving Access to and Quality Education by sub-Programme
(In Million Leones)

Sub-Programme	2014	2015	2016	2017
Grants-in-Aid	-	6,661.1	9,613.2	303.2
Planning and Development Services	431.8	1,027.8	60.0	60.0
Pre-primary and Primary Education	1,519.0	3,072.8	12,183.7	17,829.0
Secondary Education	15,353.7	10,536.7	36,458.6	14,198.6
Physical and Health Education	252.0	771.0	-	-
Inspectorate Division	559.2	81.6	51.6	-
Non-Formal Education	885.0	1,411.8	696.6	528.4
Barefoot Solar Technicians Training Centre	324.6	298.1	-	437.0
Total	19,325.3	23,861.0	59,063.6	33,356.1

Source: PBO calculations based on Ministry of Finance 2018 data

Data from the 2018 -2020 Education Sector Plan suggests that more children were being enrolled as the number of schools increased nationwide from 7,972 in the 2011/2012 academic year, to 8,784 in 2015/16. However, the existence of makeshift classrooms continues to be a concern for Government. For example, the Eastern region has the highest percentage of makeshift classrooms at 24.3%, while the Northern region has the lowest percentage (15.7%), a suggestion that most of the enrolled pupils attend sessions in permanent buildings. Also, while the enrollment of children has increased over the years, from 1,765,188 in 2011/12 to 1,981,273 in 2016, there is still the challenge of getting students to stay in school and complete basic education, and to get those who are out of school to resume their schooling or complete it.

Furthermore, the sector continues to witness mixed outcomes when it comes to pass rates at West African Examination Council (WAEC) end of school level examinations. Based on data mentioned in the Education Sector Plan (2018 -2020), at the Basic Education Certificate Examination (BECE), an examination conducted at the end of Junior Secondary School, the average pass rate between 2014 to 2016 was 58.3%. Those who had passes which qualified them for entry into the universities, polytechnics and teacher training colleges improved marginally from 26% in 2015 to 28% in 2016. **However, while there have been these slight improvements in pass rates, results between 2014 and 2017 have generally fluctuated and a lot more needs to be done to improve learning and raise the performance of students.** This is especially against the backdrop that the new government policy on free education is likely to increase education access at both primary and secondary level and matching that with quality will be critical in measuring the overall impact of the policy after a few years of implementation.

Table 1.3: NPSE, BECE AND WASSCE Candidates and Pass Rates

Year	NPSE		BECE		WASSCE	
	Sat	Pass Rate	Sat	Pass Rate	Sat	Pass Rate
2014	100,504	76.3	90,616	48.5	26,782	7.1
2015	104,656	75.9	92,418	61.1	23,587	14.6
2016	115,556	75.3	101,425	65.3	35,938	17.0
2017	121,027	79.0	N/A	N/A	29,222	19.6

Source: Education Sector Plan (2018 – 2020)

2. Expenditures on Social Welfare, Gender and Children’s Affairs

The Sustainable Development Goal (SDG) 1.3 calls for the implementation of nationally appropriate social protection systems and measures for all including floors, and by 2030 achieve sustainable coverage of the poor and the vulnerable. This among other things include ensuring that a major proportion of the world’s population are covered by social protection floors and systems. The universal ambition to strengthen social protection systems was recognized in Sierra Leone’s PRSP III which highlights the fact that a major development problem is that the economic growth witnessed by the country over the years has not reflected in poverty, inequality and vulnerability reduction. Based on the 2015 Population and Housing Census Thematic Report on Poverty and Durables, 68.3% of Sierra Leone’s population are multidimensionally poor, and data also shows that the majority of the poor live in rural areas. The Southern region has the highest poverty rate (73.0%) followed by the North with 75.7%, and the East with 67.5

The key social protection issues and challenges in Sierra Leone include malnutrition, teenage pregnancy and early marriage, abuse of children, high levels of school dropout rate, limited participation in social insurance programmes, entrenched vulnerability, age inequity, marginalization of the physically challenged, weak family protection services, low budgetary allocations, and lack of wide-ranging empirical data on social protection in the country to allow or international comparison (Agenda for Prosperity 2013). To combat these challenges, the Government stated in the PRSP III that it will reinforce institutional efficiency for social protection; increase access to essential services for the most vulnerable; provide social protection packages for deprived children, women, girls, the aged, homeless and the disabled; provide insurance coverage for the informal sector and physically challenged; and expand community resilience.

Table 2.1: Expenditures on Social Welfare, Gender and Children’s Affairs by Programme (2014-2017)

(In Million Leones)

Programme	2014		2015		2016		2017	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Administrative and Operating Costs	1,306.00	3,079.50	848.4	1955.671	944.7	3,870.40	944.7	1,502.6
Payroll	1,630.0	3,656.0	4,734.0	5,946.0	5,784.0	6,974.0	6,489.0	5,290.0
Social Protection Programmes	6,851.0	6,018.6	5,179.7	444.4	8,132.4	2,560.1	5,332.4	(1,086.2)
Gender and Children's Affairs	1,344.0	1,281.7	1,456.7	1,134.0	1,622.0	1,112.2	1,622.0	230.3
Children's Commission	1,736.0	-	1,881.6	543.8	1,761.1	323.6	1,761.1	-
Transfers to Local Councils for Social Welfare	1,805.0	933.0	2,413.0	583.0	2,501.0	1,438.0	2,916.0	77.0
Total	14,672	14,968.8	16,513.4	10,606.9	20,745.2	16,278.3	19,065.2	6,013.7

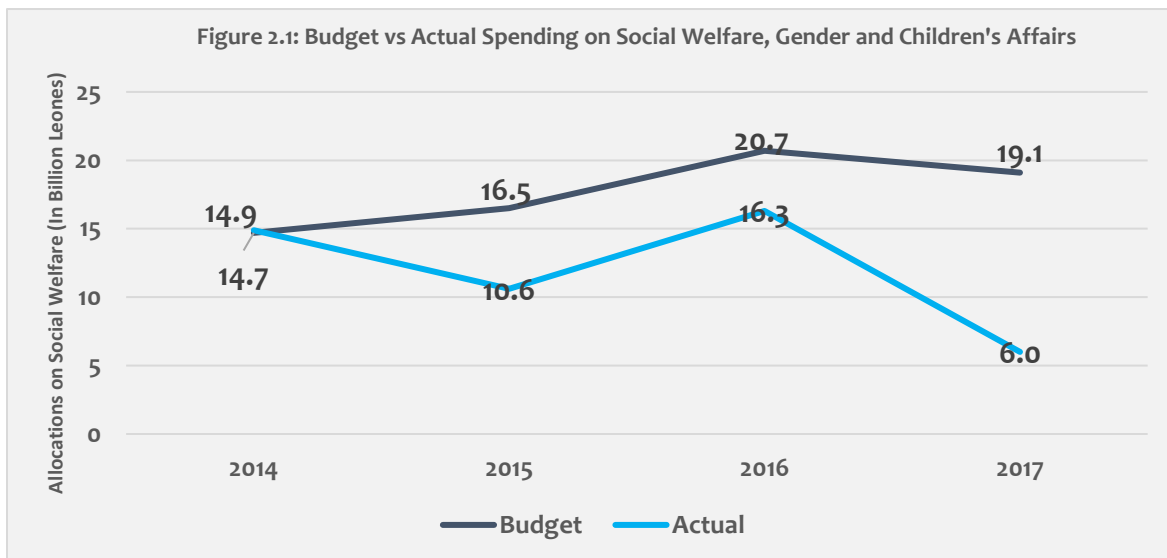
Source: PBO calculations based on Ministry of Finance 2018 data and various Budget Speeches (2014 – 2017)

Child marriage and teenage pregnancy continue to pose serious concerns for the country’s development. **According to the country’s 2013 Demographic and Health Survey, 13% marry by their 15th birthday and 39% of girls before their 18th birthday.** Teenage pregnancy lessens a girl’s chances in life, often interfering with schooling, limiting opportunities, and placing girls at increased risk of child marriage, HIV infections and domestic violence. According to

the World Health Organization, teenage pregnancy is also a leading cause of death for mothers in Sierra Leone. Data from 2015 indicates that the country's maternal mortality rate is at 1,360 deaths per 100,000 live births.

The 2015 Population and Housing Census Thematic Report on Disability states that out of the persons with disabilities aged 3 years and above in Sierra Leone, only 34,282 (37%) of the total 92,076 persons have ever attended school, while the other 57,794 (63%) never have. There are more males with disabilities who ever attended school (24.1%) than their female counterparts (13.2%). For those who have never attended school, the majority are female (32.8%), while males constitute 29.9%.

Over the years, the relative share of the state budget which goes to social welfare, gender and children's affairs including transfers to local councils for the development of social welfare activities has not only fluctuated, but also remained very low when compared to other sector allocations. **Between 2014 and 2017 the average budgeted expenditures stood at a minimal 0.37%, more than the average of 0.25% which was spent on the sector.** Clearly, these figures do show that the fiscal commitment towards improving social welfare, gender and children is particularly negligible despite the Government's pronouncement in 2013 that it will pursue sustainable interventions to improve the lives of women, children, the aged, the poorest in society and people with disability.



Source: PBO calculations based on Ministry of Finance 2018 data

2014 Fiscal Year

In 2014, the projected expenditure was Le14.7bn and this was only Le296m less than actual spending. These actual expenditures (Le14.9bn) represented only 0.4% of Government's total expenditure. Actual administrative cost for the year was twice more than budgeted for and this was the same trend for payroll expenses.

Social protection programmes spending was L6.0bn as compared to the L6.9bn which was planned in the budget. All the categories under this programme item were below budget except for diets for Approved School and Remand Home which incurred Le3.1bn in actual spending in contrast to its intended spending of L1.1bn. Spending on gender and children's affairs was only Le62.3bn less than projected. **Unfortunately, the Government did not show any fiscal commitment towards advancing the Children's Commission, including child orphans. Of the Le1.7bn which was projected, no monies were allocated.**

2015 Fiscal Year

While the budget for social welfare increased by 12.6% from Le14.7 in 2014 to Le16.5 in 2015, actual expenditures dropped by 29.1% from Le14.9bn in 2014 to L10.6bn in 2015 representing a meagre 0.24% of total government spending. Even though actual administrative costs reduced from Le3.1bn in 2014 to Le1.9bn, it was Le1.1bn higher than

planned for, a similar situation which was witnessed in 2014. In view on the Ebola outbreak experienced throughout 2015, it is easy to notice how the big the variance was between planned and actual expenditures on social protection programmes (Le5.bn as against actual spending of Le444.0m). Unlike 2014 when no expenses were incurred on the Children’s Commission, it recorded Le543.8bn in 2015.

2016 Fiscal Year

The share of actual spending on social welfare, gender and children’s in terms of total government outflows was 0.3%, in contrast to its projected share of 0.45%. The sum of Le16.3bn was expended on the sector which was Le4.5bn short of budget. Actual expenses on administrative and operation cost quadrupled its original budget, and this raises serious questions regarding governments position on fiscal discipline. In terms of actual spending on social protection programmes an increment was observed from Le444.0m in 2015 to Le2.6bn in 2016 but this was Le5.6bn less than planned. Noticeably, even though Le3.3bn was projected for social development activities, no expenditures were incurred. While Le323.6m was spent on the Children’s Commission, its sub-programme – child orphans received no allocations at all.

2017 Fiscal Year

The 2017 FY witnessed a drastic 63.1% decrease in true spending from Le16.3bn in 2016 to Le6.0bn in 2017, and this amount was only 0.09% of Government’s total expenditure. Except for payroll costs, transfers for local councils and gender and children’s affairs, no other programmes received allocation. In fact, the sum of Le1.1bn was spent by the Ministry on programme for Disable Persons from own sources.

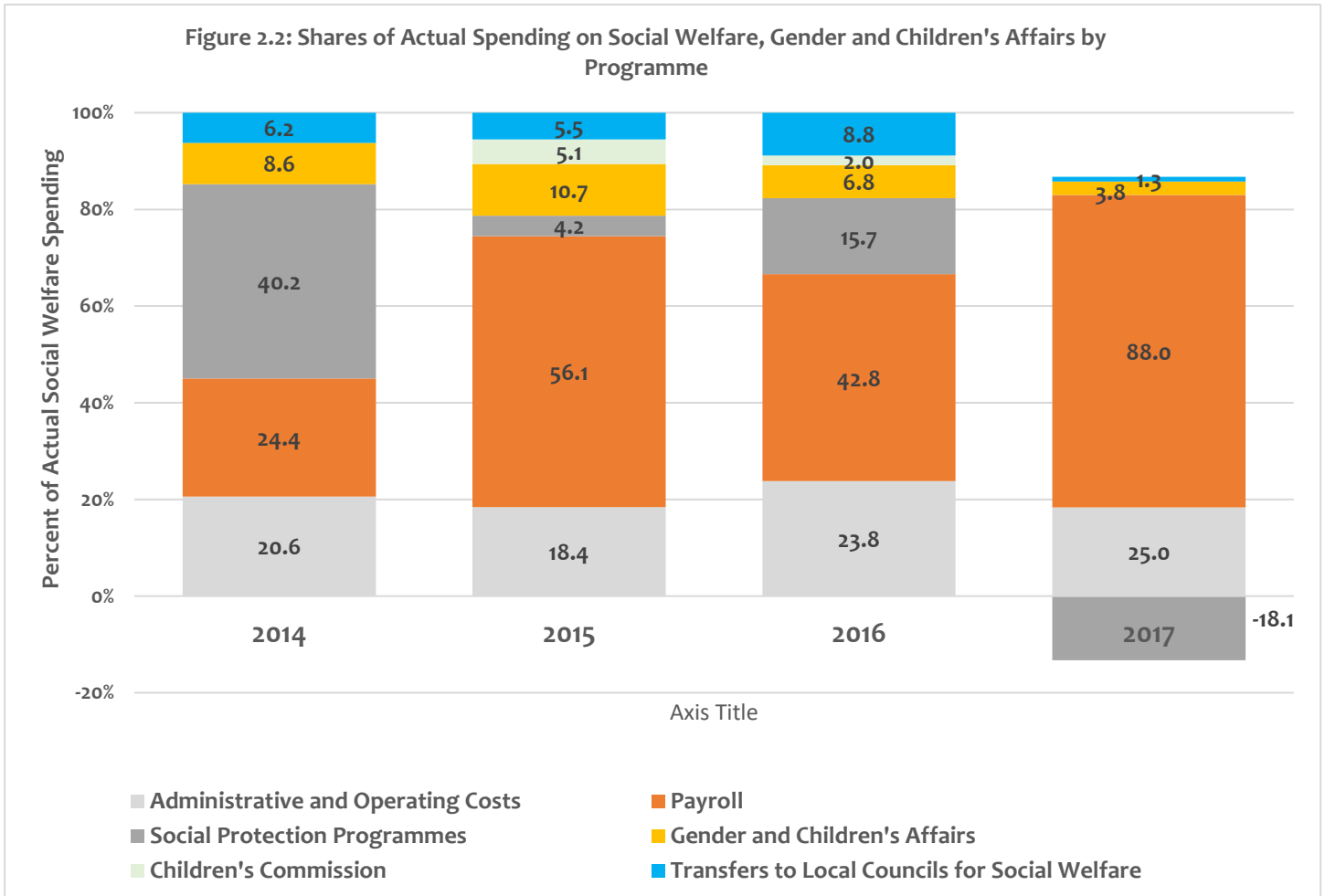
Table 2.2: Actual Expenditures on Social Protection Programmes by Sub-category
(In Million Leones)

Programmes	2014	2015	2016	2017
Grants to Welfare Institutions	533.90	50.0	1,245.1	-
Diets for Approved School & Remand Home	3,103.3	106.0	311.3	-
Social Development Activities	1,384.2	183.0	-	-
Programme for Disabled Persons	810.0	76.0	659.3	(1,086.2)
Policy Development and Strategic Planning	187.2	30.0	344.3	-
Total	6,018.6	445.0	2,560.0	(1,086.2)

Source: PBO calculations based on Ministry of Finance 2018 data

For all the years examined, social protection programmes have been under-funded thus creating serious implementation challenges for the Ministry of Social Welfare, Gender and Children’s Affairs.

As seen in Figure 2.2, payroll costs take the major share of expenditures on social welfare, gender and children's affairs, and over the four-year period, spending on social protection programmes has varied significantly.



Source: PBO Calculations based on Ministry of Finance 2018 data

3. Expenditures on Water Resources

Over the years, access to improved water supply in Sierra Leone has been characterized by many challenges despite efforts by the Government and several Non-Governmental Organizations (NGOs) to provide increased access to water supply. In the capital Freetown, taps often run dry. With the implementation of the Three Towns Water Supply and Sanitation Project for Bo, Kenema and Makeni by the Sierra Leone Water Company (SALWACO), it was anticipated that access to improved drinking water will increase by 75% nationally by the year 2015 (AfDB, 2010).

The current decentralization policy embodied in the Local Government Act of 2004 passed responsibility for water supply in areas outside the capital from the central government to local councils. In Freetown the Guma Valley Water Company (GVWC) remains in charge of water supply. According to the 2010 Multiple Indicator Cluster Survey (MICS), 76.2% and 48.2% of urban and rural households had access to improved water sources, but this has now improved to 86.7% and 52.5% respectively in 2017, as stated in the 2018 MICS Report.

Furthermore, based on the 2017 MICS, 67.8% of Sierra Leone’s households have access to improved drinking water sources, rising from 57.0% in 2010. However, there are still significant differences in access to improved water by region, and according to the 2017 MICS, while 75.7% of population in the East enjoy that access, only 52.8% and 58.8% use improved water sources in the North and South respectively. The West remain the region with the highest number of households with access to improved drinking water sources at 89.0%, though it fell marginally from 90.7% in 2010.

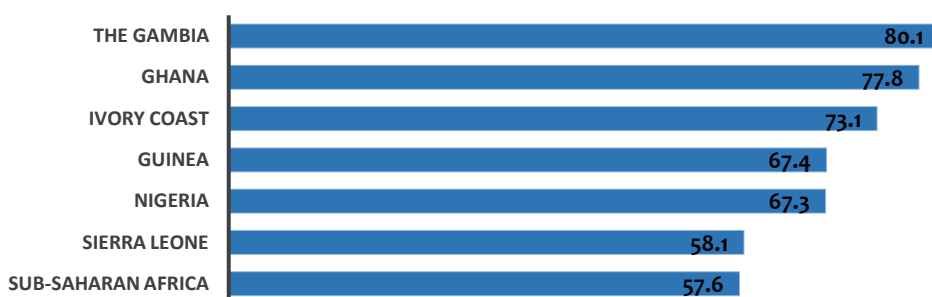
Access to improved water does not suggest outright whether water supply is continuous. For example, in Freetown water shortage usually hits Freetown during the dry season. At the global level, 2017 statistics from WHO and UNICEF reveals that 2.1 billion people, or 3 in 10 people worldwide, lack access to safe, water at home, and 6 in 10, or 4.4 billion, lack safely managed sanitation. For children, access to safe water, sanitation and hygiene not only keeps them alive and healthy, it also gives them a chance to go to school and gain an education; it reduces inequalities and creates a brighter future.

The WHO/UNICEF Joint Monitoring Programme report presents the first global assessment of “safely managed” drinking water and sanitation services. It reveals inequalities in those who have access to safe water, sanitation and hygiene within and between countries and regions.

Share of Water Sector Budget

Goal 6 of the Sustainable Development Goals (SDG) which aims to “ensure availability and sustainable management of water and sanitation for all” requires significant investment in the water sector. The findings from this study reveal that the budget allocated to the water resources sector as a percentage of total government expenditures continues to be quite low when compared to other sectors. Between 2014-2017 the average share of water resources budget including non-salary, non-interest recurrent expenditure transfers to local councils for water supply services, payroll, domestic capital was 1.5% of the national budget but this was way higher than the share of average actual spending which was 0.7%.

Figure 3.1: People Using at Least basic Drinking Water Services (% of Population)



Source: World Development Indicators (2015)

Sierra Leone has not performed well when compared to other countries in the sub-region with regard to people with access to basic drinking water services as a percentage of the population even though its average is slightly above the sub-Saharan Africa average of 57.6%. Going forward, increased allocation of resources to the sector will be critical towards achieving the 2030 SDG targets especially when considering that the country's population is expected to reach more than 8.4 million by 2023. It is important to note that countries like Ghana and Ivory Coast, each with population sizes of more than 24 million, have a higher number of people with access to basic drinking water services with 77.8% and 73.1% respectively.

Table 3.0: Actual Expenditures on Water Resources by Sub-category
(In Million Leones)

Programme	2014		2015		2016		2017	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Administrative and Operating Costs	1,225.0	10,782.5	905.0	975.7	1,007.7	4,640.8	1,007.7	791.0
Payroll	10,188.9	3,396.3	6,108.0	6,367.7	8,524.0	8,454.5	9,060.0	6,361.1
Water Directorate	6,816.0	4,153.0	7,246.0	2,126.0	8,068.4	6,664.8	10,018.4	7,363.4
Water Resources Management Unit	14,170.0	5,006.7	76,085.6	32,690.0	73,565.6	13,057.7	374.6	325.4
Water Sector Reform Project	-	-	-	-	21,400.0	-	20,650.0	8,164.0
National Water Resources Management Agency	-	-	372.0	-	414.2	-	414.2	-
Transfers to Local Councils for Water Services	1,570.0	3659.6	1,794.1	448.5	1,860.0	338.7	2,194.3	1,026.9
Total	33,969.9	26,998.1	92,510.7	42,607.9	114,840.26	33,156.6	43,719.2	24,032.0

Source: PBO Calculations based on Ministry of Finance 2018 data and various Budget Speeches (2014 – 2017)

Spending Trends by Programme

2014 Fiscal Year

In the 2014 FY, the total budget for the water sector was Le 34.0bn, while actual spending was Le 27.0bn. This 7.0bn budget shortfall was largely because programs like the Water Directorate and the Water Resource Management Unit actual spending were grossly under-funded. During this period, 0.8% of total government expenditure was allocated to the water sector in the national budget, but in terms of actual spending, this was 0.69% which was inconsistent with the 2008 eThekweni Declaration which calls for African governments to spend 1.5% of GDP on water and sanitation.

2015 Fiscal Year

The budget increased by 172.3% from Le34.0bn in 2014 to Le92.5bn in 2015, while actual spending increased by 57.8% from Le27.0bn in 2014 to Le42.6bn in 2015. This actual spending of Le42.6bn represented only 1.0% of the national budget. Actual spending on the Water Resources Management Unit was more than two times less what was planned. The National Resources Management Agency was allocated Le372.0m but received no funding at all. Even though Local Councils had been given the responsibility to work on water projects, only Le448.5m was provided in contrast

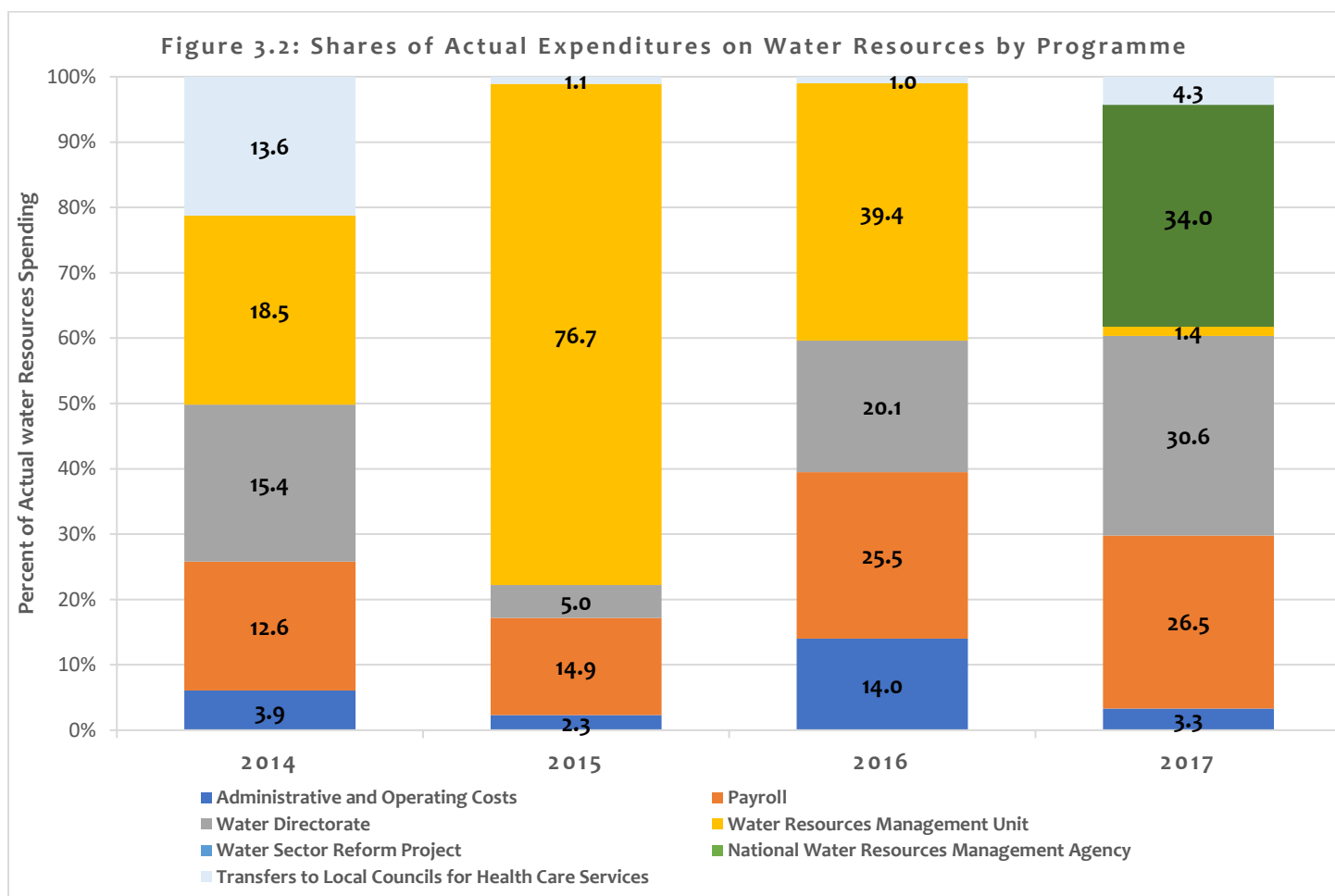
to the Le1.8bn which was projected. This unpredictability of funding to the sector does not help in addressing the regional disparities in access to water.

2016 Fiscal Year

While the budget increased by 24.1% in 2016 from Le 92.5bn to Le 114.8bn in 2016 due to provisions made for emergency water, sanitation and (WASH) project for schools and public places during the Ebola period, actual spending was particularly low, and it decreased by 22.2% from Le 42.6bn in 2015 to Le 33.1bn in 2016 which was 0.6% of the national budget. The Water Sector Reform Project which was allocated Le21.4bn in the budget did not record any actual expenditures since most of the activities included services such as support to legislative reform processes, contract signing and procurement for water services, to start the implementation. It is important to note that actual spending on administrative cost was four times fold what was planned for.

2017 Fiscal Year

In the 2017 FY, there was a significant drop in both the budget and actual spending. This examination shows that in the budget, there was a decrease of 61.9% from L114.8bn in 2016 to Le43.7bn in 2017, and actual spending similarly plummeted by 27.5% from Le33.1bn in 2016 to Le24.0bn in 2017 representing 0.4% of actual total public expenditures.



Source: PBO Calculations based on Ministry of Finance 2018 data

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Disclaimer

This Brief has been prepared and published by the Parliamentary Budget Office (PBO) for use by Members of Parliament to enable them to contribute purposefully on matters around the national budget. While this work is not comprehensive, it provides a four-year narrative of spending patterns for the sectors selected. The PBO takes full responsibility for its content and may make alterations to the information contained therein any time.

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