

THE GOVERNMENT BUDGET AND STATEMENT OF ECONOMIC AND FINANCIAL POLICIES FOR THE FINANCIAL YEAR 2015

A CIVIL SOCIETY (NON STATE ACTORS) REFLECTION AND POSITION PAPER

Preamble

The trust of this Civil Society reflection and position paper is to highlight citizens' reflections and positions on a number of critical policy objectives and strategies articulated by Government in the FY 2015 Government Budget. The objective is to reflect on the financial and economic policy responses to contain the daunting challenges of Ebola outbreak as articulated in the FY budget speech to Parliament on the 14th November 2014. Our ultimate goal is to identify and articulate key findings with recommendations that will enhance the achievement of the overall objectives and visions of the FY 2015 budget.

The national membership of the civil society commends the government and the Ministry of Finance and Economic Development (MOFED), for putting together the FY 2015 budget speech and estimates and for identifying policy responses to stem the Ebola crisis.

The civil society budget community associates with government the concerns about the negative impact of the deadly Ebola outbreak on agriculture, mining, construction and transportation services etc., and further appreciates the Government relentless effort to quickly put an end to the deadly disease that has cost the nation heavily with loss of valuable lives, disruption of the health and education programs and halted implementation of WATSAN and other equally important projects in rural areas.

NSAs is mindful of the Government position on some of the specific daunting challenges the country is facing as a result of the deadly Ebola outbreak as follows:

- ✚ Ebola Infection rate is high among the most economic active (15-55 years) population;
- ✚ The main victims of the Ebola outbreak are doctors and nurses including women that are more vulnerable to the disease;
- ✚ Fatality rates is high among farmers and traders mostly women;
- ✚ A good number of children more than 170 have died from the disease hence have become orphaned;
- ✚ The education sector is largely affected as schools and universities have shut down since the outbreak;
- ✚ The elderly (without pension and mostly rely on family member for support) faced increased poverty and social exclusion

And the strategies to mitigate the above stated social and economic effects of the Ebola outbreak, which translate to the theme of the FY 2015 budget stated thus **“Restoring livelihood for post Ebola economic and social recovery”**

There were also fundamental challenges the government identified in the FY 2015 Budget Speech, if concrete medium to long term measures are not taken to address them will undermine not only the gains already made under the free health care system but the country's existing human capacity constraints. The challenges include:

- ✚ Sierra Leone can only boast of a total of **621** graduates in Medicine, Engineering and Mass Communication over the period 2010-2014 against **201,000** registered bike riders and **1,500**

Ataya bases each with a membership of at least **50**

- A total of **3,300** medical doctors are needed in Sierra Leone against the **386** doctors already in post leaving a gap of **2,914**

The Government hope to achieve the theme of the FY 2015 through two scenarios:

- The optimistic low Ebola scenario meant to contain the virus by end 2014; and
- The pessimistic high Ebola scenario meant to contain the Ebola virus by July-September, 2015.

There is however comprehensible policy objectives for the optimistic low Ebola scenario as follows:

- Revive the economy and support recovery of the agriculture sector;
- strengthen the health, water and hygiene system;
- Revitalize the education sector;
- Improve access to finance;
- Scale-up social protection support; and
- Re-start infrastructure projects.

The Government however will be confronted with series of economic setbacks if the Ebola virus could not be contained by the end of 2014. The setbacks as outlined in the FY 2015 budget speech include:

- Fall in agricultural output;
- Contraction of the services sector;
- Economic buoyancy will depend on Government expenditures;
- Non-iron ore GDP will shrink by 3.2%; and
- Inflation will remain high to reach 14%.

In order to empower women and ensure that women play central role in

development, the Government in the FY 2015 Budget stated that 30% of all Government funded procurement transactions should go to women and it is the responsibility of MDAs to report on this through their annual performance contracts signed with H.E the President of Sierra Leone Ernest Bai Koroma.

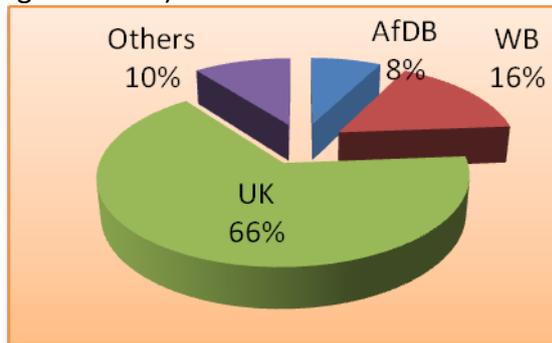
To ensure this happen, in addition to strengthening budget execution and monitoring, MOFED will appoint Budget Monitors in all the districts.

The Government, in the FY 2015 budget speech also stated that the firm commitments made by donors/countries to help fight the Ebola virus are estimated at **US\$812.4 million** categorized as shown in the table below.

Donor/country	Amount in million US\$
AfDB	61.2
World Bank	132
UK	535
EC Humanitarian Aid	16.9
USA	10.2
Australia	9.6
Italy	6.5
Japan	5.5
China	4.8
Republic of Ireland	2.5
Germany	2.2
Finland	2.2
Sweden	1.9
Children's Investment Fund Foundation (CIFF)	14.9
Central Emergency Response fund (CERF)	7.0
Total	812.4

The **United Kingdom (UK)** and the **World Bank** confirmed commitments accounted for **65.9%** and **16.2%**, respectively of the total confirmed commitments by donors

and other humanitarian organizations (see figure below)



Other commitments by countries and agencies to support regional efforts to fight Ebola in Sierra Leone, Guinea and Liberia is estimated at **US\$185 million**, which the FY 2015 Budget Speech stated is yet to be allocated among the three countries (see breakdown below)

Country/Agency	Amount in million US\$
Bill & Melinda Gates Foundation	51
Canada	30
Clinton Global Health Investment	5.9
Comic Relief	1.6
Federal Republic of Germany	87.8
Glaxo Smith Kline	1.5
Switzerland	5.2
Timor Leste	2.0

Notwithstanding the aforementioned commitments and policy objectives of Government to put an end to the Ebola disease hence achieve its budget theme which is **“Restoring livelihood for post Ebola economic and social recovery”**, NSA wish to draw the Government’s attention to further explain and clarify some specific policy issues and strategies already mentioned above with possible suggestions, where applicable, that could be adopted to achieve the medium term objectives of Government and more specifically the objectives for FY 2015.

Issues for clarification/Considerations

Projected uncovered Financing Gap within the context of budget credibility and reliability

We recognize the bold steps taken to close the financing gap by dividing the Appropriation Bill into assumptions that seeks to address the financing gap. Our view is that the current allocation without funding gap should be operationalized henceforth so that any positive out-turn on aggregate revenue and expenditure compared to the budget will increase budget credibility.

Inadequate allocations for a sustained health infrastructure

At no other point in our nation's existence that the need to prioritize funds to build, improve and strengthen our health, water, hygiene and sanitation sector becomes rather more urgent. Mindful of the acute challenges facing the health and water sector and the regional and international commitment to commit at least 15% of the national budget to the sector, we note with concern that the allocation though substantial dropped from 11.2% in 2014 to 9.7% of the total budget in 2015. The Ebola scenario calls for more allocation to meet the investment needs of the health sector and also the water and sanitation to enable it cope and address likely outbreaks in the near to long term.

Critical Human Skill Development

The significant human capacity development challenges as already identified between available and required manpower skills demand concrete and more specific policies and measures such as the award of Sierra Leone Grant in Aid (SLG) to all students enrolled to do medicine and engineering in the

respective universities. In addition, develop medium term strategies that will encourage more students to be enrolled for such disciplines with clearly defined policies on how the students will contribute to nation building after graduation.

Procurement and Women Empowerment

How and to what extent the 30% of all procurement to women will be effected and monitored by MDAs and local councils? Rolling out of such a policy starts right from the monitoring of the award of the contracts. Notwithstanding, there is need for Government to institute sound policy measures to ensure this happen by first determining the percentage of women consultants, entrepreneurs and SMEs owned and or managed by women. We hope to see a clearly laid out a Local women Economic Empowerment Development policy to ensure realistic implementation of the initiative and any such relative venture in the future.

Salaries for Public Service Workers

We laud the efforts of the government to increase the salaries of public service workers by 15%. We recognise the intention and commitment of government to improve the economic lots of workers despite the fall of domestic revenue by 72 billion Leones and rising inflationary trends. Against the projected inflation rates of 12-14% with soaring food prices, we note with caution the proposed date of commencement as at July 2015. We call on the government to institute all necessary measures to effect this salary increase.

Undermining Existing Budget Oversight Structures

The Government, rather than embarking on the recruitment of new Budget

Monitors should instead review the capacity (human and logistics) of the District Budget Oversight Committees (DBOCs) in order to strengthen their operations. At the same time, NSAs can fill critical gap in monitoring budget execution at all levels of government as an important third party oversight body.

Small and Medium Scale Enterprise (SME) Fund

The idea to establish the SME to boost financing of local economic activities is a laudable venture. For the success of this intervention to achieve its desired purpose, We recommend for the establishment of a SME guarantee scheme whereby potential indigenous entrepreneurs would enjoy special support by government to access financing from local financial institutions.

Service Delivery

The efficient delivery of public service to citizens rests on the MDAs capacity to timely access allocated resources, implement activities based on policy framework of the Agenda for Prosperity and effective reporting and accountability. A structural reform of MDAs in terms of accessing funds vis a vis the availability of committed funds as well as the submission of midyear and end year narrative and financial reports to the nation will enable citizens and especially civil society groups to be able to assess the impact of programmes and help build an environment for fiscal discipline, transparency and accountability. Thus, the ministry of Finance should create the needed space for NSAs for effectively carry out oversight functions

Accountability for Donor Funds on Ebola

On the firm donor commitments to combat the spread of Ebola virus, Government should ensure that the

amounts pledged are timely accessed and at least 75% of the funds be directly spent on activities geared towards stopping the spread of the virus instead of being diverted to payments of high risk allowances to foreign staff etc. The Government should be able to assert its authority to ensure this happens. At the same time government should provide a regular update to the public the status of the use of both foreign and domestic donations to the Ebola outbreak

We join the government in expressing our deepest appreciations to all the nation's bilateral and multilateral development partners for their timely human, material and financial support to the nation especially in containing the Ebola scourge.

Acknowledgement

The origin of this reflection and position paper emanated from a group of NSAs that actively participated in the last budget discussions and attended the budget speech at Parliament.

The following NSA institutions volunteered to take the lead role:

- Society for Democratic Initiative
- Campaign for Good Governance
- Anti Violence Movement
- Citizens Budget Watch
- Concern for Public Accountability and Transparency
- Animated Area Development Committee
- Budget Advocacy Network
- Democracy and Development Associates.

Other contributing organizations include the following:

- TUC
- NMYCW
- EJM
- CSM

- WASH-NET SIERRA LEONE
- World Vision
- NMJD
- AASL
- WABEAN

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For further information please contact the NSA Secretariat, 8th floor, Ministerial Building, George Street, Tel 078 655 910, email: nsa.secretariat@gmail.com; nsa.secretariat@nsasl.org. Web www.nsasl.org