PRESS RELEASE

BUDGET ADVOCACY NETWORK (BAN)/ CSO ANALYSIS OF THE POLICY AND BUDGET STATEMENTS OF THE GOVERNMENT OF SIERRA LEONE FOR THE PERIOD 2008 AND 2009

The Budget Advocacy Network (BAN) of Sierra Leone comprises of a group of Civil Society organizations in Sierra Leone who seek to ensure that the government budget of Sierra Leone is centred on the people of Sierra Leone and hence seeks to address their welfare. BAN was formally launched in 2009 as a network of civil society groups in Sierra Leone who will constantly engage the government budget for pro-poor outcomes. BAN's belief is that government's budget is a very important document because it serves as the primary fiscal policy instrument of the country. The annual budget statement sets out tax and expenditure plans during the year and reflects the government's policy priorities, translating these commitments into monetary terms.

In order to fulfil its mandate, BAN met at the Hill Valley Hotel from the 26th of January to the 5th of February 2010, to analyse the 2008 to 2009 financial statement and budgets of the government of Sierra Leone to assess the government's commitment to promoting the Human development of the people of Sierra Leone. The analysis is premised on the Sierra Leone's commitment to the realisation of the rights of its citizens through the Universal Declaration of Human Rights (UDHR), the International Covenant on Political and Civil Rights (ICPCR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR). These rights have special significance in view of the extent of poverty and the effect of social and cultural marginalisation on vulnerable groups such as women and children in poor countries. This analysis places emphasis on the economic, social and cultural rights of the citizens of Sierra Leone and the extent to which they are observed or otherwise through the national budget.

Key Findings

The analysis revealed that budgets were prepared and presented in accordance with the constitution even though we did not see lively debates on contentious issues in the legislature. The language of the budget still remains too technical. Even though we recognise the institution of the District Budget Oversight Committees as budget oversight structures at the community level, we find that these have weak capacity to influence resource generation and use and thus low participation in the preparation, legislation, implementation, monitoring and evaluation of the budget.

Another major finding is that government spending on social service provision that is critical for the development of Sierra Leone is very low. Expenditure allocations in the budget to human and social priority areas are far below that recommended by the United Nations. Even though the UN recommended that 40% of a country budget should go to Social Services, the Sierra Leone budget did not allocate even up to 20% for social services from 2006 to 2009

A review of the government macroeconomic policy reveals that government macroeconomic policy stance does not have a pro-poor agenda. There is weak financial intermediation; lack of clarity as to whether Sierra Leone is practicing floating or pegged exchange rate regime;

targeting inflation as a key macroeconomic stance, with the hope to achieve single digit without considering the negative effects of expenditure contraction associated with lower inflation.

There are variations/ fluctuations in the general performance of the domestic revenue with the general revenue profile of the state tax regime emphasizing taxing income and consumption. On expenditure, the Social Services sector (Health & Education) receives the highest share of the budget allocation but there is generally serious leakages and poor targeting in government finances in health and education

The overall government budget balance over time reflects deficits. In dealing with financing deficits government has over time relied crucially on external funding through a range of options to finance the budget which has been in some cases been erratic and unpredictable.

Key asks

1. We call for a deepening of participation in the budget process with serious efforts to address issues relating to space and capacity of District Budget Oversight Committees; manner and conduct of open budget discussions and the need for reporting on the budget implementation. There is also the call for an improvement in the technicality and format of the budget to provide data and information for disaggregated analysis relating to gender, sector and regional details.
2. We call on Government to increase budget allocation and spending across the social sectors in consonance with international treaties such as the Abuja declaration (10% of budget to health) and Algiers Declaration (20% to education); ensure that policy statements particularly on the social sectors (free healthcare for pregnant women and children; free compulsory basics education), align with the required budgetary allocation. There is need for Government to look at water services as a social service rather than economic service as indicated in all previous Sierra Leone budget statements.
3. We recommends that for pro-poor growth to take place and to reverse the declining GDP, government must invest heavily in the social and productive sectors rather than focusing on single digit inflation and increasing its gross international reserves; this also calls for the implementation of an economic stimulus package.
4. Government should intensify effort at domestic revenue mobilization through a progressive tax system; with a strengthened regulatory and legal framework for mining companies to increase royalties and increase the state equity participation in mining
5. There is the need to regulate and rationalize expenditure areas and make conscious efforts at plugging apparent leakages evident particularly in the health and education sectors
6. Debt and debt management: There is the urgent need to agree on an optimal size of public debt and tie the hands of the executive to stay within that level of borrowing. The size of debt allowed could be tied to the level of growth and ability to repay