



**INFF**

Integrated National  
Financing Frameworks

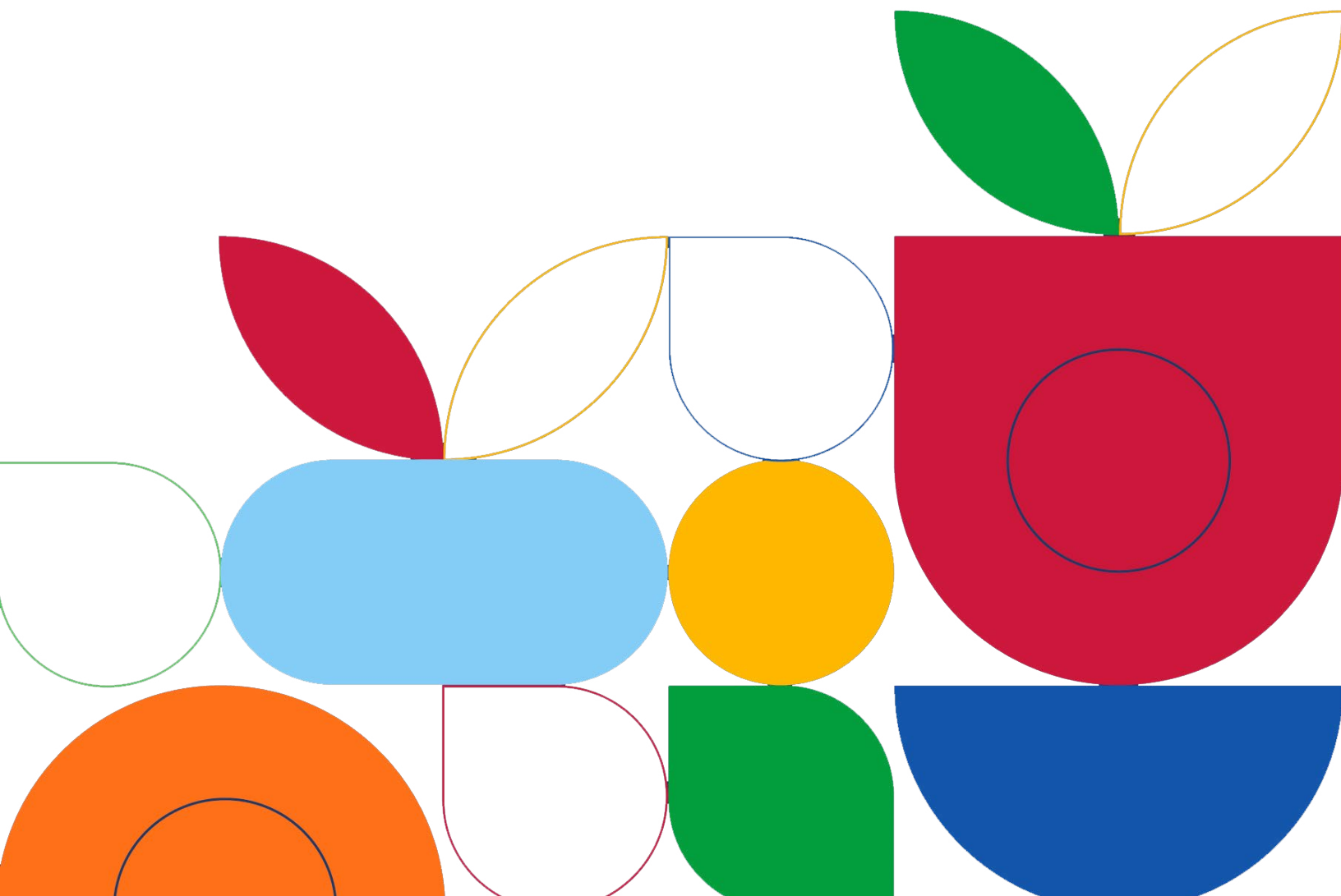


CASE STUDY

# Sierra Leone: experiences to date in operationalising an INFF

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Sierra Leone was one of the first countries to embark on the process of adopting the [integrated national financing framework](#) (INFF) concept and adapting it to the national context and institutions.

This case study explores Sierra Leone's experience to date in the ongoing process of operationalising an INFF, to **share lessons and considerations** that will be valuable for other countries as they plan and move ahead with their own INFF processes. The case study sits alongside methodological guidance from the Inter-Agency Task Force on Financing for Development (IATF) on the process of designing and implementing an INFF, highlighting a **practical example of how Sierra Leone has taken forward many steps in the process**.

Sierra Leone's experience in exploring, adapting and operationalising an INFF highlights the kind of pathway that other countries may consider in order to build the necessary political buy-in, collaboration and technical analysis. It highlights some specific lessons learned that may be transferrable to other country contexts; the importance of developing a clear purpose for the INFF, building political and technical buy-in to the INFF process and investing in clear, continued communications efforts. The experience also highlights how an INFF can support governments to respond to changing circumstances, and in particular the value that it can add as governments start to look ahead to recovery from the covid-19 pandemic.

## RATIONALE AND MOTIVATION FOR STARTING AN INFF PROCESS

Sierra Leone started exploring the potential for an INFF in late 2018 as part of the process of developing its 2019-2023 Medium Term National Development Plan (MTNDP) as well as the subsequent development of the national Roadmap for Walking out of Fragility. The context in Sierra Leone is characterised by the legacy of earlier conflict and fragility, and the country had recently been through the Ebola epidemic over 2014-2016. With some parallels to the circumstances that many countries are facing as significantly altered the sustainable development outlook and triggered significant shifts across the landscape of

public and private finance that could contribute towards medium term development.

As the government came to develop its next medium-term plan, there was a desire to ensure that it was built on a strategy that could accelerate progress out of fragility, beyond the impact of the epidemic, and move towards the national vision of becoming an inclusive, green, middle-income country by 2035. Strategies for implementing previous development plans<sup>1</sup> had focused primarily on investments from public finance and development cooperation. For the 2019-2023 MTNDP there was recognition by key actors within the government of the need and the opportunity to build a broader approach that leveraged the contributions of a wider array of public and private financing.

The Government, particularly the Ministry of Planning and Economic Development, had engaged with the development of the global Addis Ababa Action Agenda (AAAA) that was agreed in 2015, mid-way through the previous national planning cycle. The AAAA sets a framework about how different types of public and private resources can support sustainable development. The INFF was seen as a framework that could help the Government to put the AAAA into practice at the national level, supporting strategic prioritisation of relevant policy areas. The Ministry of Planning and Economic Development (MoPED) was keen to develop an approach for the MTNDP that went beyond resource mobilization and closing of financing gaps to consider a coherent financing policy framework to manage and align resources. It was this context and desire that led the government to the concept of an INFF.

<sup>1</sup> Including the Agenda for Prosperity (2013-2018) and Agenda for Change (2008-2012).

## FIRST STEP: A DEVELOPMENT FINANCE ASSESSMENT

Through discussion with UNDP the Government commissioned a development finance assessment (DFA) process in late 2018. Its purpose was to inform the implementation plan for the MTNDP and to start exploring the value of and mechanisms for adopting the INFF concept among government and other key stakeholders.

### MAPPING THE FINANCING LANDSCAPE

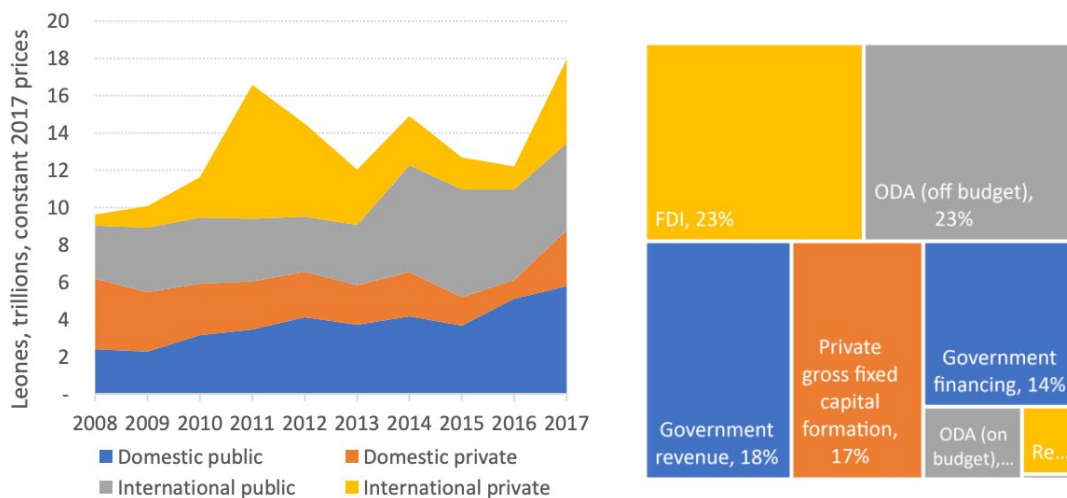
The DFA supported the Government, under the leadership of MoPED and with the close involvement of the Ministry of Finance and other key ministries, to take a series of steps to build a comprehensive analysis and inclusive dialogue about priorities for financing the MTNDP and the potential value of an INFF.

The DFA started by building a high-level analysis of trends across the financing landscape (Figure 1). The aim was to bring together as comprehensive a picture of public and private financing as possible. This would act as a foundation for thinking about the key challenges and

priorities for financing medium-term development and identifying where there may be opportunities to unlock new resources and potential to enhance the contribution of different forms of financing towards national development priorities.

The context in Sierra Leone was one in which public finance – both government finance and development cooperation – dominate the financing landscape. Public revenues had grown rapidly before the Ebola crisis though had declined sharply during the epidemic. At the time of the DFA, two years on, they were starting to rebound though fiscal space remained low, with total public spending equivalent to less than US\$ 120 per person and revenues accounting for just over half that figure. ODA remained a significant part of the financing landscape and, following a large increase in assistance during the Ebola epidemic, was returning to normalised levels at the time of the DFA. Private financing remained small overall, with low levels of domestic commercial investment and low underlying levels of foreign investment, punctuated by occasional larger investments. Remittances<sup>2</sup> were an important part of the financing landscape, providing a vital source of financing for many communities as well as a key source of foreign exchange for the country as a whole.

**FIGURE 1. SIERRA LEONE AGGREGATE FINANCING LANDSCAPE ANALYSIS**



Source: Sierra Leone Development Finance Assessment. Note the right-hand chart shows data for 2017.

2 Note that remittances are included in the international private component of the left-hand chart.

## MAPPING EXISTING POLICIES AND INSTITUTIONAL STRUCTURES

This aggregate analysis of the financing landscape formed the basis of a deeper-dive assessment of the trends, underlying issues and, critically, the policies and institutional structures governing each area of financing. It considered ongoing and planned reforms, brought together the findings and recommendations of a range of existing assessments in each area, and sought to identify financing priorities and opportunities to address those priorities. It also looked at the experiences of other countries in similar contexts or facing similar challenges, to gather examples that could be adapted to the Sierra Leonean context.

## FACILITATING DIALOGUE ON WAY FORWARD

A series of consultations were used to engage with policymakers from across government and public entities as well as civil society, private sector representatives and development partners. These focused on the bottlenecks, challenges and opportunities for ways forward within key areas of financing. Toward the end of the DFA process, many of these stakeholders were brought together in a multi-stakeholder dialogue to inform thinking about the most significant priorities across public and private financing as a whole, and to start shaping key ways forward.

## IDENTIFYING POTENTIAL FINANCING SOLUTIONS

The process identified a number of financing solutions that could help to meet the country's resource mobilisation objectives. These represented a combination of existing reform ideas, adaptations to ongoing initiatives as well as new options. The systematic approach of looking across the financing landscape as a whole gave new prominence to certain financing solutions that had been discussed in the past but not taken forward, or that were known to the relevant policymakers but had not gained wider traction. For example, the potential to leverage capital through a diaspora bond had been discussed

previously but not taken forward. Re-examining it with the context at the time, alongside other financing options and considering the recent experience from other countries, helped to build some new momentum behind the concept.

Ongoing reforms in areas such as domestic revenue mobilisation, a major government priority at the time, were assessed and options to strengthen these initiatives, for example tax expenditure reporting or a tax lottery, put forward. Looking across the financing landscape as a whole also provided a basis for considering trade-offs and synergies between policy areas. For example, government borrowing, particularly from domestic markets, had increased sharply after the Ebola epidemic, dominating lending from the domestic financial sector and crowding out firms' access to finance. Potential reforms across all of these areas were prioritised and refined through discussion with government and other stakeholders, using criteria that considered their potential impact in terms of financing for development priorities articulated in the MTNDP, as well as the feasibility or complexity of each potential reform.

## FROM THE DFA TO THE INFF

A key aim of the DFA process was to socialise the concept of an INFF as a way of building a more coherent, integrated approach to financing national development priorities – one that brings together the numerous initiatives that exist on different aspects of financing. Bringing key issues from different areas of financing policy within the same big picture of financing as a whole helped to build awareness and understanding among policymakers across government about the value of a more holistic, coherent framework for financing the MTNDP. The process looked at how the strategy for the MTNDP could move beyond previous government finance and development cooperation-centric approaches to one that considers the potential of public and private finance to contribute toward national development. It considered both a more holistic implementation plan for the MTNDP and the way in which such a strategy could be managed and delivered in a coherent, integrated manner.

The process looked at examples of this kind of integrated financing strategy from other countries, drawing lessons in particular from the experience of another g7+ country, the Solomon Islands. It looked at the building blocks of the integrated financing framework and considered how existing structures could be brought together and strengthened, developing a number of recommendations about effective oversight structures to coordinate financing policies and steps to strengthen the monitoring of public and private finance in relation to national sustainable development priorities.

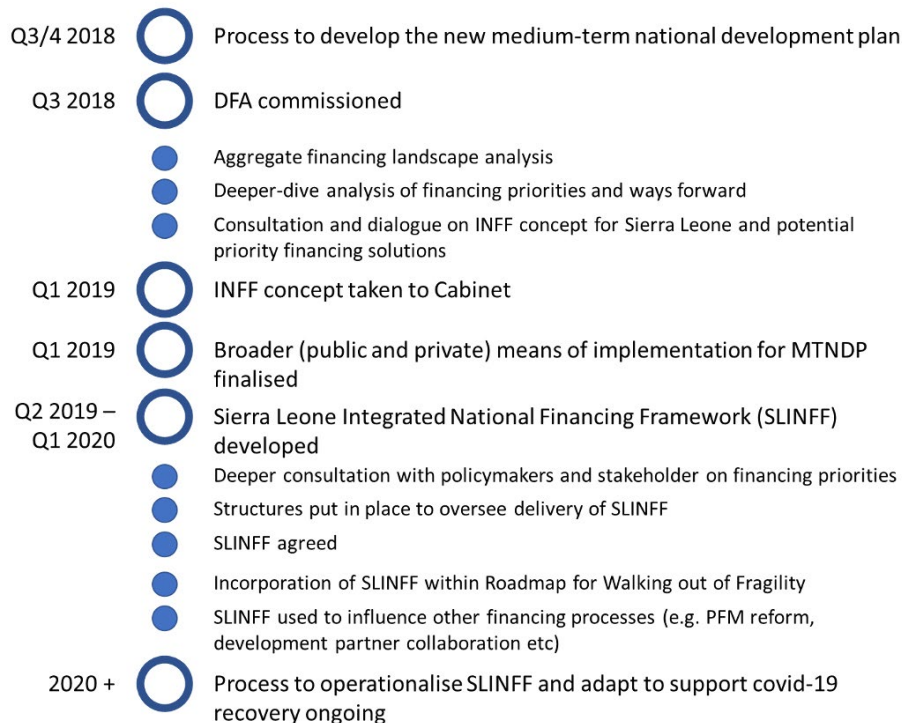
On this basis the Government took the recommendations that had been shaped through the DFA process and used them to articulate a broader, more comprehensive approach to the implementation plan for the 2019-2023 MTNDP.

## CREATING BUY-IN AT THE POLITICAL LEVEL

As the strategic framework for financing the MTNDP was developed, the INFF concept and recommendations from the DFA were taken to the Cabinet. Discussions during the DFA had been led at a ministerial level by the Minister of Planning and Economic Development, but focused in the first instance on bringing together officials at the technical level, from MoPED, the Ministry of Finance and other key ministries, departments and agencies. As decisions around the MTNDP were being finalised, the broader public and private financing approach for financing the MTNDP and the INFF concept were taken to and discussed among the Cabinet. The approach and priorities were further refined and, critically, this process helped to build buy-in from the most senior parts of government at an early stage in the process. This rooted the INFF initiative at the most senior level of government.

**FIGURE 2.**

### TIMELINE OF STEPS TOWARD THE SIERRA LEONE INTEGRATED NATIONAL FINANCING FRAMEWORK



The implementation plan for the MTNDP represented an important milestone in the process of adopting and operationalising an INFF in the Sierra Leonean context. It articulated the strategic priorities for a more integrated approach to financing medium term development. In order to deliver the reforms it articulated and fully operationalise the INFF concept, the government moved forward with a series of further steps that built on the DFA recommendation on how to operationalise an INFF.

## DEVELOPING THE INFF

The process continued with the development of the Sierra Leone Integrated National Financing Framework, or SLINFF (Figure 2). This strategic document<sup>3</sup> took the reforms outlined in the MTNDP implementation plan and refined them in order to make them more actionable and to embed them within a structure to manage their delivery. Further consultations led by MoPED as well as the Ministry of Finance were held with national and local government, the private sector, civil society organisations and development partners. This dialogue informed how each financing option could be embedded within existing coordination structures and informed a process of mapping and engaging the stakeholders that would need to be involved in order to take each reform priority forward. The risks associated with each financing option were identified, ranked and high-level mitigation strategies outlined.

The risk and stakeholder mapping, alongside the earlier mapping of the feasibility and potential impact of each financing option from the DFA, were used to re-evaluate and reconfirm the prioritisation of the financing options on the basis of a transparent scoring system. Individual financing options were scored within a 1 to 3 range for each of these three factors (achievability, risk and impact) in order to prioritise initiatives. The three factors were equally weighted and 6 of the 18 financing options included in the original SLINFF were given scores of 8 out of 9, indicating the highest priority status of these options. Many of these focused on private

financing – including issues such as increased access to credit, promoting the investment of pension funds in infrastructure, addressing illicit finance and lowering the cost of remittances – as well as steps to access untapped support from sources of international public finance.

The result overall was an agreed strategic framework in the Sierra Leone Integrated National Financing Framework (SLINFF). The SLINFF built on the initiatives included in the MTNDP implementation plan, prioritising and sequencing them, and developing timelines, responsibilities and a framework for monitoring delivery of reforms.

Importantly, the process through which the SLINFF was taken forward after finalisation of the MTNDP was connected with another development planning process, relating to the Roadmap for walking out of fragility. This roadmap focuses specifically on strategic steps to address the root causes of fragility within Sierra Leone and to work towards a peaceful, just, secure and socio-economically inclusive society. It is grounded within the larger development vision of the MTNDP and provides an action plan aligned to the peacebuilding and statebuilding goals (PSGs).<sup>4</sup> The Roadmap built on the findings of an earlier fragility assessment and its action plan incorporated the priorities being developed through the SLINFF process. This was an important step as it helped ensure continuity in the implementation of different parts of the development planning agenda and avoid fragmented approaches.

## LESSONS LEARNED

One of the key lessons from Sierra Leone's experience in developing an INFF is the **need for continued communication and engagement about the purpose and added-value of the INFF throughout the process**. It takes time to go through the process of carrying out assessments, developing a plan for operationalising an INFF and then implementing that plan. While these processes are ongoing, other policy cycles will continue and people in positions that are key for the INFF – both at a ministerial

<sup>3</sup> Publication of the SLINFF document was forthcoming at the time of writing.

<sup>4</sup> The five PSGs are inclusive politics, security, justice, economic foundations, revenue and services.

and a technical level – may rotate and move on to different roles. The experience in Sierra Leone is one where the lead ministry, the Ministry of Economic Development and Planning, has played an ongoing role communicating and raising awareness of the INFF throughout the process.

Two important lessons from their experience may be valuable as other countries develop strategies for their own contexts. Firstly, the importance of **building political buy-in from senior parts of government early in the process** was a critical step in Sierra Leone. Taking the INFF concept to Cabinet and building their shared ownership over the process provided a basis for continued momentum and participation of key actors from across government throughout the development of the SLINFF. Secondly, the Sierra Leonean experience highlights the importance of **developing very clear messaging on the purpose and added-value of the INFF within the national context**. The Sierra Leonean context is one where there have been many separate initiatives focusing on different aspects of financing. Within this backdrop the added-value of the INFF, and the messaging that resonated with policymakers and helped maintain their engagement, emphasised the role it could play in bringing together these previously disparate financing initiatives in order to create a more coherent and comprehensive approach to financing overall, including clearer definitions of roles and responsibilities. Continued communication of this message has been an important part of maintaining momentum around the process.

## IMPLEMENTING THE INFF

Operationalisation of the INFF concept through the Sierra Leone Integrated National Financing Framework remains an ongoing process.<sup>5</sup> Many elements are in place – key assessments have been undertaken and brought together through the DFA and a financing strategy that articulates a prioritised, sequenced set of reforms across public and private financing has been agreed. There is high-level ownership over the framework – evidenced by the President’s public statements on the SLINFF in forums such as the UN General Assembly<sup>6</sup> – and the involvement of Cabinet is key for continued collaboration

in the process across government. The framework is being used to prioritise changes in financing policy (see below). Other elements of the INFF remain to be finalised. Working level coordination across ministries regarding the delivery of financing policies, for example, remains more ad hoc, driven by engagement at specific moments in the cycle of individual financing policies rather than through a regular systematic coordination mechanism. Capacity development continues in aspects of the SLINFF. And the strategic framework that the SLINFF provides will remain a live and evolving framework – for example it has already been supplemented with a new priority reform regarding legislation designed to promote foreign investment, especially by members of the diaspora.

## THE IMPACT OF THE COVID-19 PANDEMIC

The covid-19 pandemic has triggered a significant shock to Sierra Leone and its sustainable development outlook. While the pandemic is ongoing it has, as in many other countries, diverted much of the government’s attention to crisis management and mitigation of the social and economic impacts of the pandemic. This has inevitably shifted, for the short term, some of the attention and momentum that was pushing forward key steps in the operationalisation of the SLINFF and certain reforms have been paused. Yet beyond the immediate crisis phase the Government sees the SLINFF as being even more critical in light of the social and economic effects of the pandemic. The outlook is one where significant challenges are expected over the next two to three years and resource constraints – both within the public sector and among other important sustainable development actors such as NGOs - are likely to be heightened. Within this context the need to prioritise and focus efforts fully on the steps and changes that are going to be most impactful, and to ensure transparency and accountability that will reinforce effectiveness, is greater than ever. The government sees that the SLINFF will play an important role in shaping these efforts to mobilise the financing that will be needed for recovery from covid-19.

<sup>5</sup> At the time of writing, in July 2020.

<sup>6</sup> See for example [coverage by the Sierra Leone Telegraph](#).

## CONCLUSIONS

While the process of operationalising and delivering the SLINFF continues, the steps that have been taken to date are already helping the government deliver a broader approach toward financing national development, and the government is already seeing tangible benefits from these efforts. For example, MoPED references the SLINFF as having played a critical role supporting the introduction of monitoring and evaluation initiatives within PFM reform programmes. Efforts to strengthen PFM have been ongoing for a number of years through successive PFM reforms programmes, but had previously focused primarily on upstream measures. From 2019 monitoring and evaluation linked to the MTNDP has been incorporated within the PFM reform programme and capacity built within the National Monitoring and Evaluation Department (NaMED) to monitor public spending on development projects, with future disbursements being contingent on satisfactory NaMED monitoring reports.<sup>7</sup>

The SLINFF has helped to build momentum across the government on priorities such as the issuance of a diaspora bond, which have been floated in the past but not taken forward. The launch of a diaspora bond was to be announced in the budget, although was paused due to the covid-19 pandemic.

The SLINFF has also provided a strategic framework that the government is using when opportunities arise to access external support on financing issues. For example, it was used to shape the structure of a successful application to the Joint SDG Fund's call for proposals on SDG Financing, which will be implemented over 2020-2022. The Government used the SLINFF to provide a "strategic shopping list" of priorities, honing in on aspects of domestic revenue mobilisation through financial inclusion, digitisation, trust building activities, as well as innovative financing in agriculture.

These experiences from the first year and a half in Sierra Leone's ongoing process for exploring, adapting and operationalising an INFF can provide insights for other countries that are embarking on, or considering, moving ahead with an INFF within their national contexts. It highlights the kind of pathway that some countries may follow in order to build and bring together the necessary political buy-in, collaboration from government and non-state stakeholders and technical analysis that are needed to inform the process of operationalising an INFF. It also highlights a few specific lessons that may be transferrable to other contexts. It highlights the importance of developing a clear purpose and added-value for the INFF from the outset, in Sierra Leone's case around both resource mobilisation and coherency across financing policies in line with national development objectives. It shows the importance of building buy-in and consensus among policymakers, at both the political and technical levels, to the process, and the need for clear continued communications efforts to support it. It also highlights how an INFF can support government to respond to changing circumstances, and in particular the value that it can add as governments start to look ahead to recovery from the covid-19 pandemic.

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<sup>7</sup> Ministry of Finance, *Annual PFM Report 2019*





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