



TOWARDS WALKING OUT OF FRAGILITY IN SIERRA LEONE

SIERRA LEONE INTEGRATED NATIONAL FINANCING FRAMEWORK (SLINFF)

**Ministry of Planning and Economic
Development**

2020

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FOREWORD, MINISTER OF PLANNING AND ECONOMIC DEVELOPMENT

It is pleasing to note that Sierra Leone is among the very few countries that have designed and implemented an Integrated National Financing Framework (INFF) within the context of implementing the Addis Ababa Action Agenda on Financing for Development and the United Nations 2030 Agenda for Sustainable Development. The INFFs are mechanisms used to support and drive forward National Development Plans and the SDGs.

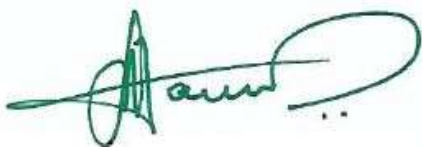
The Sierra Leone Integrated National Financing Framework (SLINFF) was informed by a set of recommendations derived from the conduct of a comprehensive Development Finance Assessment (DFA) undertaken in the country in 2018 to inform the financing of the Medium-Term National Development Plan (MTNDP 2019-2023). These recommendations comprise various financing initiatives for the country covering prudent public financial management, private sector participation and financial services including domestic and international financing flows, and development cooperation.

The SLINFF has been designed to put into action the recommendations contained in the DFA Report. It is a set of instruments, policies, and strategies with clear lines of action to help government promote growth through resource mobilisation and job creation in the economy in line with the overall objectives of the National Development Plan. It is people-centred and includes ongoing actions and innovative strategies in pursuit of financing initiatives. The framework identifies key stakeholders needed in the process and determines appropriate coordination mechanism to follow-up on implementation of financing strategies and timelines for effective delivery of planned resource mobilisation action.

A clear monitoring mechanism for the implementation of the Sierra Leone Integrated National Financing Framework is articulated in the SLINFF's design, calling for a periodic review of progress in the mobilisation of resources and collaboration among development actors within the framework of implementing the country's Medium-Term National Development Plan.

The SLINFF strategy is anchored on the means of implementation cluster (Cluster 8) of the National Development Plan. Sierra Leone is among the first set of developing countries to prepare an INFF strategy for which we are grateful to the United Nations Development Programme and other development partners that provided inputs to the framework formulation. The contributions made by Government ministries, departments, and agencies, as well as the private sector and civil society representatives are also highly recognised.

Let me thank all other stakeholders that participated in the process that I could not mention in this statement, while looking forward to the continued participation of all in the implementation of the framework that has begun.



Amb. Francis M. Kai-Kai, Ph.D
Minister of Planning and Economic Development

STATEMENT FROM THE RESIDENT REPRESENTATIVE, UNDP SIERRA LEONE

The Addis Ababa Action Agenda (AAAA) challenges all countries to lead in mobilizing domestic resources to finance the implementation of the 2030 Agenda for Sustainable Development. To guide the resource mobilisation and development financing agenda, the AAAA recommends the development and adoption of an Integrated National Financing Framework (INFF). An INFF helps governments develop a holistic vision of fiscal planning and management that transcends traditional public financial management. It guides in identifying incentives to align resources of a private nature. As such, an INFF provides the government with a comprehensive overview of the various entry points and options available for enhanced financing, as well as an understanding of how to use them strategically.

As the first step in the design of its INFF, the Government of Sierra Leone, with support from UNDP, conducted a Development Finance Assessment (DFA) to provide an update of the financing landscape from the public and private sectors, domestic and international financing flows. Findings from the DFA show that Sierra Leone's financing landscape is dominated by public finance. This is despite the encouraging prospects for mobilizing an array of public and private finance for the implementation of the Sustainable Development Goals (SDGs).

The government has set domestic revenue mobilization as its priority and the results have been encouraging in the last two years. In addition, the government has shown strong commitment to reforms, including steps to strengthen tax administration and policy, and removal of tax exemptions. Notwithstanding the progress, challenges remain, especially in terms of quality and efficiency of spending. The recommendations of the INFF seek to address these and other challenges.

I would like to express my gratitude to the Government of Sierra Leone through the Ministry of Planning and Economic Development (MOPED) for its invaluable partnership throughout the process of developing the INFF for Sierra Leone. I would like to also thank all government Ministries, Departments, Agencies; Civil Society Organizations, Financial Institutions, Private Sector representatives, and Development Partners for embracing and participating in the INFF development process. UNDP stands ready to partner with all national counterparts, development partners and other stakeholders to operationalise this Integrated National Financing Framework.



Pa Lamin Beyai, Ph.D
Resident Representative, UNDP Sierra Leone

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Acronyms

AAAA	Addis Ababa Action Agenda
CIF	Climate Investment Fund
CSO	Civil society organization
DFA	Development finance assessment
DFID	Department for International Development, UK
FCC	Freetown City Council
FIU	Financial Intelligent Unit
GCF	Green Climate Fund
GDP	Gross domestic product
GNI	Gross national investment
GST	Goods and services tax
IFC	International Finance Corporation
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
INFF	Integrated National Financing Framework
MCC	Millennium Challenge Corporation
MCCU	Millennium Challenge Coordinating Unit
MDA	Ministries, departments, and agencies
MoPED	Ministry of Planning and Development
MOU	Memorandum of understanding
MTNDP	Medium-Term National Development Plan
NACSA	National Commission for Social Action
NASSIT	National Social Security and Insurance Trust
NDP	National development plan
NGO	Non-governmental organization
NRA	National Revenue Authority
ODA	Official development assistance
SALWACO	Sierra Leone Water Company
SLINFF	Sierra Leone Integrated National Financing Framework
SSC	South-South Cooperation
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

Summary

Sierra Leone launched its fourth Medium-Term National Development Plan (MTNDP) in February 2019. This strategic document expresses the country's commitments to the implementation of Agenda 2030 and the Sustainable Development Goals (SDGs), and by extension the African Union Agenda 2063. During the plan preparation process the MoPED together with UNDP commissioned a development finance assessment (DFA) to scan the financing landscape of Sierra Leone to build a comprehensive picture of the existing public and private financing flows, mapping trends and assessing opportunities towards mobilizing revenues for the national development plan and the SDGs. The DFA mission recommended various financing options for the country; and the need to design an integrated national financing framework (INFF) of actions to pursue and mobilize resources from these options. The INFF has been accordingly formulated through a nationwide consultative process, bringing together experts in development financing, government ministries, departments and agencies (MDAs), local councils and the private sector to provide input to the framework formulation. The formulation of the INFF is part of a broader process of developing a roadmap that would allow Sierra Leone to walk out of fragility, for which the government, through the MoPED, has set certain targets to be achieved by 2023.

The Sierra Leone INFF (SLINFF) prescribes a number of instruments and policies that the government can use to promote growth through resource mobilization and job creation in the economy in line with the overall objectives of national development. A clear monitoring of SLINFF implementation and a follow-up mechanism are articulated in the framework, calling for a periodic review of progress in the mobilization of resources and collaboration among development actors within the framework of implementing the country's MTNDP.

1. Background

In 2018, the Government of Sierra Leone, through the Ministry of Planning and Economic Development (MoPED), commissioned the Sierra Leone Development Finance Assessment (DFA). The purpose of this assessment was to scan the entire financing landscape, map out trends and assess opportunities for financing the national development plan and the Sustainable Development Goals (SDGs). In 2019, the mission conclusively came up with 18 recommendations on the different sources of financing in the country. During the DFA, extensive discussions were held with key stakeholders in the public, private and development cooperation sectors and relevant information was shared through national consultations that fed into the preparation of the DFA report and the Sierra Leone Integrated National Financing Framework (SLINFF) that followed it.

The SLINFF will support the country's aspirations to walk out of fragility for which clear targets have been set for 2023. The framework will provide a platform that will bring together the private sector and development partners to support the Medium-Term National Development Plan 2019-2023 (MTNDP) and integrated SDG implementation at national level.

The SLINFF will guide the government towards obtaining the financing and investment that will be needed to support the national development plan, and catalyse the strategic approach needed to mobilize private and public resources and the effective investment of these flows. It will provide direction to the government in its stride to mobilize and secure assistance from development partners, the private sector and any other potential development stakeholders.

This document is reviewable periodically to reflect current financing trends and assess progress in the implementation of the MTNDP. It will be updated to reflect necessary steps needed to support the financing of the national plan and the SDGs.

2. Implementation of National Development Plans across UN Member States

Designing INFFs was agreed upon in the Addis Ababa Action Agenda (AAAA) for development financing to support nationally owned sustainable development. Investments from a range of different resources are required to achieve the objectives of national development plans and the SDGs. The INFFs are a mechanism to drive forward implementation and financing of national development plans, as resource mobilization, delivering the necessary investments and services, and implementing policies will require action and coordination of a wide range of development actors. These include ministries, departments and agencies (MDAs), cooperation with development partners, the private sector and the diaspora.

As such, the SLINFF will coordinate action across government MDAs, in collaboration with other partners, to ensure that the measures articulated in the means of implementation cluster of the country's MTNDP are pursued accordingly. This will entail assisting MDAs with implementation and coordinating reforms that require changes across multiple sectors and actors.

3. Methodology and Consultation Process for preparing the SLINFF

The formulation of the SLINFF started with a detailed review of the DFA recommendations, coupled with a general desk review on INFF methodologies across the wider literature, including current government policies and ongoing actions pursuing revenue sources related to those identified in the DFA. Initial discussions were held with technicians in government MDAs, the private sector and UNDP. Shortly thereafter, a zero draft of the SLINFF was prepared and presented to key stakeholders at a workshop in November 2019 for them to review and make additional inputs to the document. This drew participants from the Ministry of Finance, MoPED, Ministry of Foreign Affairs and International Cooperation, Ministry of Trade and Industry, the Bank of Sierra Leone, the Chamber of Commerce, Statistics Sierra Leone, the Rokel Commercial Bank, the Sierra Leone Commercial Bank, the National Public Procurement Authority, UNDP, IMF, the World Bank, the African Development Bank, DFID, USAID, EU, and civil society organizations/non-governmental organizations (CSOs/NGOs), among others. Input from this workshop informed the updated version of the SLINFF that was later validated by the same set of participants, including local councils.

4. Structure of the SLINFF

The SLINFF lists 19 financing initiatives and various policy actions required to pursue them. Of these initiatives 18 were identified in the DFA broadly categorized into public financing initiatives; private finance; and development cooperation. The 19th initiative relates to the need to improve integrated planning and financial systems, improved public-private collaboration and coordination and ensure strong monitoring and follow-up on the implementation of national policies, including revenue generation strategies. Actions identified cover ongoing and additional policies.

The framework has clearly defined stakeholders that are relevant in following up on action implementation and reporting on progress at national, sectoral and local level, and from various non-state actor spheres, including CSOs/NGOs and development partners. The structure for the coordination of actors in the process is defined and anchored within the overall coordination of implementation of the MTNDP and the SDGs. In addition, there are well-defined timelines for periodic assessment and reporting on progress made in the implementation of actions for resource mobilization.

5. Guiding Principles for Successful Implementation of the SLINFF

The SLINFF has prioritized strategic actions for mobilizing both private and public resources, as well as for leveraging development cooperation for additional financing. Ensuring optimal stimulation of resource flows from these areas requires fulfilling certain principles of sustainable financing that themselves require actions and monitoring, as highlighted below.

Ensuring integrated planning at all levels in the delivery of public services, including in the financial sector system. Sierra Leone, like many other countries, is challenged with implementation of various development frameworks, such as the national development plan, the 2030 Agenda and the SDGs, the AU Agenda 2063, the Paris Agreement on Climate Change, and the Sendai Framework on Disaster Risk Reduction. Coordinating development actors in different spheres can be challenging. There must be an integrated approach to implementing and reporting on these international commitments, decentralized to local levels for efficient financial management. In the financial sector, this requires coherence through the oversight and regulatory responsibility of the Central Bank to address issues of money laundering, illicit financial flows, and loan performance, among others. The SLINFF will ensure that integrated planning is strengthened across countries, including alignment of state and non-state plans.

Automating revenue collection and expenditure management systems: The use of innovation and technology in revenue generation and expenditure management is critical to optimal financing for development. Deploying digital solutions for energy utility operations, water sector service delivery, health, education, financial services, customs revenue management, integrated financial management and inter-sectoral coordination will yield maximum outcomes to the state. The SLINFF will follow up on efforts in this area.

Establishing public-private collaboration platforms: This is a topical requirement for sustainable development financing, given the reductions in official development assistance (ODA) and highly constrained public sector revenue generation. Supporting public-private dialogue in the process is key to the delivery of required investment in critical sectors to catalyze production processes and induce needed revenue flows. This will also be central in the implementation of the SLINFF.

Promoting economic diversification and value-added production: Efforts to de-concentrate economic production (horizontally and vertically) driven by knowledge-based activities is a fundamental dimension to sustainable financing that the Government should pursue strongly. For instance, spreading investment attention across sectors such as agriculture, fisheries and tourism, alongside mining and other sectors is critical to maximizing revenue flow opportunities for the state, with the private sector participation and value-chain development at the centre of growth. The current human capital development project is critical for increased economic productivity and prosperity. SLINFF implementation will capture progress in these strategic, cross-cutting areas, including environmental management aspects.

Monitoring and review: Assess the efficacy of existing mechanisms to monitor, track and report on each financing initiative. Build capacity for monitoring public and private finance, and their contributions to sustainable development outcomes. Work with the SLINFF Oversight Committee to develop solutions and recommendations for building capacity to develop and strengthen monitoring frameworks for the SLINFF.

Governance and Coordination: Use existing governance structures at the local and national levels to strengthen dialogue with actors such as Local Councils, Chiefdom authorities, private sector and civil society organisations in relation to increasing revenue generation. Work with the SLINFF Oversight Committee to provide broad coordination and develop recommendations for strengthening institutional structures and capacity for more integrated management of financing policies and stronger public-private dialogue on financing.

With these guiding principles, this report presents policy actions for the various revenue initiatives identified and hence the roadmap that will enable the country to walk out of fragility.

6. Domestic Public Finance

In 2018, domestic public finance was characterized by high public debt both internal and external to the tune of US\$1.5 billion (over 30% of GDP) and its related debt financing, underpinned by excess expenditure amidst poor revenue generation. The budget deficit was increased significantly as a result of withheld budgetary support by development partners thereby impacting the delivery of basic services like health and education with adverse implications for the people of Sierra Leone.

Strategic actions were therefore identified in the delivery of desired public revenues and ensuring prudent public sector spending. Both ongoing and additional actions were identified to pursue the broad objectives under each sub-finance areas: a) maximizing public sector revenues; and b) prudently managing public sector expenditure. The following tables present identified public financing options to be pursued towards these objectives.

Maximizing public sector revenue

FINANCING OPTIONS	ACTIONS
<p>1. <i>Introducing a goods and services tax (GST) lottery with customer receipts as entries</i></p> <p>2. <i>Boosting large taxpayer auditing capacity</i></p> <p>3. <i>Revising levies and departmental charges</i></p>	<p>Ongoing Actions in Pursuit of these Options</p> <ul style="list-style-type: none"> • Implementing a quarterly nationwide GST lottery • Streamlining duty and tax waivers • Installing Asycuda World software in customs, and at airport and borders • Amending the Finance Act 2019 • Amending the Extractive Industries Revenue Act 2018 • Converting NRA transit account to sub-treasure account • Enforcing tax compliance by NRA • Introducing e-payment systems that simplify the tax returns systems • Implementing electronic cash register • Working with Tax Inspectors Without Borders to increase tax receipts • Implementing a single treasury account • Reviewing of natural resource contracting • Facilitating capacity building for civil servants • Introducing penalties for business failure to issue GST customer receipts <p>Additional Actions Needed to Mobilize Resources under these Options</p> <ul style="list-style-type: none"> • Update levies charged by MDA to align with regional and international standards • Require MDAs to establish targets in their strategic plans aligned to targets specified within the results framework for the MTNDP • Introduce a dividend policy for state-owned institutions • Review policy on repatriation of export proceeds • Strengthen borders to enhance revenue collection and security • Amendment to Tourism Act • Tax motorists for parking and congestion by the Freetown City Council
<p>Key Stakeholders Identified for Pursuing these Options: Ministry of Finance; NRA; Ministry of Mines and Mineral Resources; local councils; private sector; Ministry of Justice; National Tourist Board; Ministry of Trade; Bank of Sierra Leone; Freetown City Council; Ministry of Foreign Affairs; Ministry of Internal Affairs/Immigration; CSOs; IMF</p> <p>Existing Coordination Structures to Follow up on these Options: Ministry of Finance, Cash Management; Presidential Economic Briefings</p> <p>Timeline Needed for the Delivery of these Options: These actions could take up to 12 months to actualize from the time of initiation</p>	

Prudently managing public expenditure

FINANCING OPTION	ACTIONS
<p>4. <i>Building outcome information into the budget process</i></p> <p>5. <i>Creating systems to track public spending on gender and climate change</i></p> <p>6. <i>Publishing tax expenditure report (including information on tax exemptions)</i></p>	<p>Ongoing Actions in Pursuit of these Options</p> <ul style="list-style-type: none"> • Introducing a biometric spending verification process • Minimizing the cost of official overseas travels • Implementing arrear clearance strategy • Embarking on payroll cleaning • Ensuring contract prices reflect true values • Implementing open competitive bidding for procurement transactions above Le 100 million • Implementing auditor general’s recommendations and strengthening audit committees across MDAs • Increasing the verification of MDA contracts by Ministry of Finance • Embarking on technical audit of roads and energy projects, telecommunication companies and NASSIT • Developing enterprise risk management policy and framework • Introducing fiscal risk and oversight of state-owned enterprises • Improving public debt management • Embarking on regular public expenditure reviews • Embarking on public expenditure tracking surveys <p>Additional Actions Needed to Mobilize Resources under these Options</p> <ul style="list-style-type: none"> • Require MDAs to establish targets in their strategic plans aligned to the targets specified within the results framework for the MTNDP • Create systems to track public spending on gender and climate • Publish estimates of revenue foregone through each individual tax exemption scheme • Introduce capacity building in strategic planning to align ministries, plans and programmes to the national development plan • Negotiation of contracts in local currency • Encourage MDAs to factor element of duty concession in their budgets • Implementation of vehicle policy • Monitor MDAs to pay NASSIT contributions for staff • Subscriptions to international organizations to be captured in MDA budgets • Centralize ticketing across MDAs for international travel
<p>Key Stakeholders Identified for Pursuing these Options: Ministry of Finance, Budget Bureau; MDAs; MoPED; NASSIT; Ministry of Transport and Aviation; UNDP; DFID; CSOs</p> <p>Existing Coordination Structures to Follow up on these Options: Ministry of Finance, Cash Management; Presidential Economic Briefings</p> <p>Timeline Needed for the Delivery of these Options: These actions could take up to 12 months to actualize from the time of initiation</p>	

7. Promoting Domestic and Foreign Private Investment in Sierra Leone

The scale and nature of commercial investment make important contributions to national development, are key determinants of economic growth, and support job creation and skills building among the population. Domestic and private investment impact many other areas of the sustainable development vision articulated in the country's national plan, from various aspects of social progress to the environmental effect of businesses and the revenues paid to the government. The importance of stimulating this type of investment is recognized throughout the MTNDP. It is articulated in relation to developing key sectors of the economy such as manufacturing, agriculture, tourism and fisheries, for economic development and job creation as well as food security and poverty reduction. The national plan aims to increase private sector investment sufficiently to ensure increased tax and non-tax revenue flows for development financing. Both ongoing and additional actions were identified to pursue financing options under each of the following sub-finance areas: a) private participation in public investment; and b) private sector investment and financial services. The following tables present identified options to be pursued towards these objectives.

Private participation in public investment

FINANCING OPTION	ACTIONS
<p>7. <i>Establishing a diaspora bond</i></p>	<p>Ongoing Actions in Pursuit of these Options</p> <ul style="list-style-type: none"> • World Bank has conducted diaspora mapping in Europe and the USA to gauge investment interest • Embarking on equity investment in the private sector • Investing in debt securities <p>Additional Actions Needed to Mobilize Resources under these Options</p> <ul style="list-style-type: none"> • Create regulatory landscape by Central Bank • Introduce Foreign Service Act (to guarantee diaspora investments) • Conduct scoping research to gauge the scale of an offering including interest rate, term length and frequency of issuance • Determine the target diaspora • Decide on the structure of the bond (project or earmarked funding) • Work with international institutions in designing and managing bonds • Re-establish the stock exchange • Embark on joint venture or strategic partnership with the government to undertake infrastructural development financing • Move towards the issuance of infrastructure/ project/Islamic bonds
<p>8. <i>Promoting pension asset investment in infrastructure</i></p>	<p>Key Stakeholders Identified for Pursuing these Options: Ministry of Finance, Debt Directorate; Central Bank; Office of Diaspora Affairs; Ministry of Planning and Economic Development; Association of Commercial Banks; CSOs; UNDP; World Bank; NASSIT</p> <p>Existing Coordination Structures to Follow up on these Options: Ministry of Finance, Cash Management; Presidential Economic Briefings</p> <p>Timeline Needed for the Delivery of these Options: These actions could take up to 24 months to actualize from the time of initiation</p>

Private sector investment and financial services

FINANCING OPTION	ACTIONS
<p>9. <i>Promoting long- term lending to businesses with financial sector reforms</i></p>	<p>Ongoing Actions in Pursuit of these Options</p> <ul style="list-style-type: none"> • Introducing <i>Know your Customer</i> (KYC) strategy by Central Bank • Operationalizing the single lending limit of 25% of capital by banks • Operationalizing collateral register by Central Bank • Increasing regulatory capital from Le 30-80 billion by Central Bank • Establishing agriculture financing desk at Sierra Leone Commercial Bank • Operationalizing collateral register • Reducing high loan interest • Embarking on huge investments in gilts (fixed-interest securities) <p>Additional Actions Needed to Mobilize Resources under these Options</p> <ul style="list-style-type: none"> • Update the current prudential guidelines to reflect international reporting standards in addressing the classification of delinquent loans • Establish a quota system for banks in relation to the amount of government debts (bonds) that they can buy annually • Strengthen the current regulatory framework to enable banks to undertake long-term financing/investment in relation to the amount of regulatory capital required to support such a plan • Central Bank should reduce the cash requirement for supporting trade financing by banks from 100% to 50% of the requested amount by customers. • Raise the single limit from a ceiling of 25% to 35% for bank loans to individuals, businesses and institutions • Encourage banks and other institutions to be listed on the Sierra Leone Stock exchange with state banks taking the lead • Revisit the KYC criteria and make it support financial inclusion by enabling all income groups to access financial products and services • Establish quarterly lending targets by regions, districts and chiefdoms followed up by a committee to monitor and evaluate results • Work in partnership with the police to reduce the incidence of delinquent loans to mitigate lending risk • Establish a desk for agriculture, tourism, fisheries and entrepreneurship financing in state banks • Establish Islamic banking desk in state banks • Encourage state banks to skew their investment portfolios towards private sector lending • Facilitate responsible lending to the private sector • Reduce cost of lending to the private sector
<p>10. <i>Encouraging public sector banks to increase private sector lending</i></p>	
<p>Key Stakeholders Identified for Pursuing these Options: Ministry of Finance; Central Bank; Association of Commercial Banks; IFC; CSOs; Ministry of Trade and Industry; SMEDA; EU; African Development Bank; DFID, Chamber of Commerce; Apex Bank</p>	
<p>Existing Coordination Structures to Follow up on these Options: Ministry of Finance, Cash Management; Presidential Economic Briefings</p>	
<p>Timeline Needed for the Delivery of these Options: These actions could take up to 18 months to actualize from the time of initiation</p>	

FINANCING OPTIONS	ACTIONS
<p>11. <i>Promoting investment by the diaspora</i></p> <p>12. <i>Establishing a platform for public-private dialogue</i></p> <p>13. <i>Reducing the cost of sending remittances</i></p>	<p>Ongoing Actions in Pursuit of these Options</p> <ul style="list-style-type: none"> • Introducing global diaspora chapters by Office of Diaspora Affairs • Introducing visa on arrival for tourists and investors • Organizing annual diaspora meeting at state house • Organizing Invest in Sierra Leone forum in the UK • Establishment of the public-private partnership unit • Discussions were held during the DFA on the potential of not charging GST on remittances <ul style="list-style-type: none"> • Reduce or abolish GST charges on remittances • Ensure timely disbursement of transfers to recipients by banks and other financial institutions • Employ technology to inform and transfer remittances to recipients efficiently <p>Additional Actions Needed to Mobilize Resources under these Options</p> <ul style="list-style-type: none"> • Create the regulatory environment to encourage diaspora investment • Issue diaspora bonds • Establish diaspora bank accounts with commercial banks • Remove GST from remittance transfers • Create one-stop shop for diaspora investors • Establish trust fund to promote diaspora participation in national development • Undertake legal reforms to protect diaspora investments • Enact the Diaspora Act • Establish public-private dialogue secretariat in the office of the President/ Vice President/MoPED • Organize quarterly workshops to discuss policies relating to expanding space in the private sector and the economy as a whole • Facilitate the mobilization of inclusive sustainable private investments • Enable consultation on the design of business reforms to support the national development plan
<p>Key Stakeholders Identified for Pursuing these Options: Ministry of Finance; Ministry of Trade and Industries; Central Bank; Office of Diaspora Affairs; Ministry of Justice; Ministry of Foreign Affairs; DFID; World Bank; Association of Commercial Banks; Chamber of Commerce, Industry and Agriculture; Public-Private Partnership Unit; World Bank; DFID; SLIEPA; NRA; IMF; IFC; FIU; CSOs</p> <p>Existing Coordination Structures to Follow up on these Options: Ministry of Finance, Cash Management; Presidential Economic Briefings; public-private partnership platform</p> <p>Timeline Needed for the Delivery of these Options: These actions could take up to 24 months to actualize from the time of initiation</p>	

FINANCING OPTIONS	ACTIONS
<p>14. Reducing illicit flows</p>	<p>Ongoing Actions in Pursuit of these Options</p> <ul style="list-style-type: none"> • Amending the Anti-Corruption Act that enables the Anti-Corruption Commission to reduce corruption in all its forms • Establishing a new anti-corruption strategy 2019-2023 that allows naming and shaming of corrupt person(s) • Establishing anti-corruption regional offices in the country • Establishing anti-corruption court to expedite cases of corruption • Signing of memorandum of understanding (MOU) between Anti-Corruption Commission and CSOs • Signing of MOU between Anti-Corruption Commission and financial services institutions • Enabling civil servant annual asset declaration • Enabling civil servants asset registration with the Anti-Corruption Commission • Introducing dedicated telephone lines to report corruption • Embarking on <i>Pay No Bribe</i> campaign nationwide <p>Additional Actions Needed to Mobilize Resources under this Option</p> <ul style="list-style-type: none"> • Construct new anti-corruption headquarters • Establish anti-corruption offices in all districts of the country • Provide specialist training for judges at the anti-corruption court • Align civil servant annual pay review with inflation • Organize anti-corruption outreach programmes for schools & households
<p>Key Stakeholders Identified for Pursuing this Option: Ministry of Finance; Ministry of Justice; Anti-Corruption Commission; National Public Procurement Authority; Association of Commercial Banks; Central Bank; IMF; World Bank; FIU; CSOs</p> <p>Existing Coordination Structures to Follow up on this Option: Ministry of Finance, Cash Management; Presidential Economic Briefings</p> <p>Timeline Needed for the Delivery of this Option: These actions could take up to 36 months to reduce illicit flows to acceptable levels</p>	

8. Maximizing Strategic Development Cooperation

ODA plays a significant role in Sierra Leone’s financing landscape, accounting for over a quarter of total financing. ODA totalled over Le 4.2 trillion in 2017, or \$579 million. This is equivalent to 14.7% of Gross National Investment (GNI), putting Sierra Leone among the top twenty countries in the world by this measure and the fourth highest in West Africa. Total volumes of ODA have declined from their peak during and after the Ebola period, and in \$ terms have returned to levels broadly in line with those seen before the Ebola period. The majority of ODA is provided in the form of grants, although loans have increased within total ODA as compared to the pre-Ebola period, rising from 13% in 2013 to more than 25% in 2017. At the same time on-budget support has decreased and development cooperation has refocused towards boosting capacity to mobilize domestic revenues. The following table presents financing initiatives and actions to maximize development cooperation.

Strategic Development Cooperation

FINANCING OPTION	ACTIONS
15. <i>Engaging SSC providers</i>	<p>Ongoing Actions in Pursuit of these Options</p> <ul style="list-style-type: none"> • Establishing new diplomatic relations with some SSC providers • Supporting the intensification of the fight against corruption • Working towards compact eligibility by MCCU • Working towards achieving median scores on 15 indicators by MCCU • Supporting SALWACO to provide access to clean water • Supporting national power authority to provide access to power
16. <i>Accessing MCC funding</i>	<p>Additional Actions Needed to Mobilize Resources under these Options</p> <ul style="list-style-type: none"> • Direct engagement with SSC Secretariat • Strengthen relationships with SSC providers • Continue supporting the fight against corruption nationwide • Provide support to reform the judiciary • Provide support to improve the economy • Provide support to enhance peace and cohesion • Support inclusive government
<p>Key Stakeholders Identified for Pursuing these Options: Ministry of Foreign Affairs and Development Cooperation; Ministry of Finance; MoPED; Embassy of China to Sierra Leone; NaCSA; USAID; Anti-Corruption Commission; Ministry of Water Resources; Ministry of Energy; CSOs</p> <p>Existing Coordination Structures to Follow up on these Options: Ministry of Finance, Cash Management; Presidential Economic Briefings</p> <p>Timeline Needed for the Delivery of these Options: These actions could take up to 18 months to actualize from the time of initiation</p>	

FINANCING OPTION	ACTIONS
<p>17. <i>Introducing development impact bonds</i></p> <p>18. <i>Accessing support from untapped global thematic funds</i></p>	<p>Ongoing Actions in Pursuit of these Options</p> <ul style="list-style-type: none"> • Discussions were held during the DFA for potential rollout of bonds and potential access of untapped funds <p>Additional Actions Needed to Mobilize Resources under these Options</p> <ul style="list-style-type: none"> • Engage DFID and USAID on the potential issuance of bonds • Seek the service of an expert on development impact bonds • Register with these funds • Engage Liberia on how to tap these funds • Establish thematic fund secretariat at the office of the Vice President or MoPED to work on the accessibility of these funds
<p>Key Stakeholders Identified for Pursuing these Options: Ministry of Finance; Central Bank; DFID; USAID; UNDP, MoPED; CSOs</p> <p>Existing Coordination Structures to Follow up on these Options: Ministry of Finance, Cash Management; Presidential Economic Briefings</p> <p>Timeline Needed for the Delivery of these Options: These actions could take up to 24 months to actualize from the time of initiation</p>	

9. Strengthening Systems and Implementation of Cross-Cutting Issues for Successful Implementation of the SLINFF

The following activities are recommended for overall system strengthening and to better incorporate cross-cutting issues successfully into SLIFF implementation.

Enhancing integrated development planning and reporting

- i. Build capacity in integrating international framework with national, sectoral and local development plans
- ii. Increase alignment of non-state actors' frameworks with national plan and support integrated M&E system and reporting

Enhancing Financial Systems

- i. Support implementation of Automated Payment Gateway and Reconciliation System
- ii. Link banking systems with public sector systems to enhance reconciliation of tax assessment, collections and transfers
- iii. Strengthen the financial sector through enhanced supervision by the Central Bank
- iv. Support liberalization of the bonds market, inter-bank market and re-establishing the stock exchange
- v. Provide support for electronic funds transfer to enable the department of the accountant general to make cashless and paperless disbursements

Enhancing Public-Private Dialogue

- i. Support public-private dialogue to build mutual understanding between the government and private actors to catalyze collaboration and sharpen policy reforms for increased private investment
- ii. Support government agencies such as the NRA to establish mechanism to enhance cooperation with businesses in the private sector

Enhancing Information and Communication Technology

- i. Strengthen digital solutions in the administration of revenue
- ii. Support the directorate of science, technology and innovation in the office of the President to enhance delivery of digital solutions in the public sector to strengthen coordinate and service delivery
- iii. Formulate national digital strategies and legislations

Promoting economic diversification and value-added production

- i. Strengthen government economic diversification programme
- ii. Support government human capital development project

10. Prioritizing and piloting financing solutions

Given that current fiscal space is constrained, it may be difficult for the country to pursue all financing initiatives at the same time. Therefore, an assessment of achievability, risk, and potential impact of each financing option is necessary to help prioritize them for the purpose of piloting and/or initiation. Such an assessment was conducted by stakeholders during an SLINFF preparation workshop. This assessment appears in the following table and was completed considering three factors:

Achievability - on a scale of 1 to 3 (1 low potential to 3 high potential)

Comparative Risk Profile – on a scale of 1 to 3 (1 high risk to 3 being low risk)

Impact – on a scale of 1 to 3 (1 low impact to 3 high impact)

Achievability speaks to the complexity of the option and the system changes required; *Comparative Risk Profile* indicates the perceived risks associated with implementation, (see Section 12.0 for a more detailed explanation of risks for each financing option); and *Impact* depicts the effect a given financing option will have on delivering the national development plan and the SDGs.

A higher score on any of the categories is considered more positive for pursuing the financing option. The overall score from totalling the three sub-score indicates which of the options have greatest potential and should be considered for early-stage implementation. The highest scoring options may offer quick-win potential to deliver on the national development plan and SDGs.

Results of Scoring used to Prioritize Financing Options

FINANCING OPTION	ACHIEVABILITY	COMPARATIVE RISK PROFILE	IMPACT	TOTAL SCORE
1. <i>Introducing a GST lottery</i>	3	2	3	8.0
2. <i>Boosting large taxpayer auditing capacity</i>	3	3	3	9.0
3. <i>Revising levies and departmental charges</i>	3	3	3	9.0
4. <i>Building outcome information into the budget process</i>	3	2	3	8.0
5. <i>Creating systems to track public spending on gender and climate</i>	3	2.5	2	7.5
6. <i>Publishing tax expenditure reporting</i>	3	3	3	9.0
7. <i>Establishing a diaspora bond</i>	2	1.5	2	5.5
8. <i>Promoting the investment of pension assets in infrastructure</i>	2	1.5	3	6.5
9. <i>Promoting longer-term lending to businesses with financial sector reforms</i>	3	1.5	3	7.5
10. <i>Encouraging public sector banks to increase private sector lending</i>	3	2.5	3	8.5
11. <i>Promoting investment by the diaspora</i>	2	2	3	7.0
12. <i>Establishing a platform for public-private dialogue</i>	3	3	2	8.0
13. <i>Reducing the cost of sending remittances</i>	3	3	3	9.0
14. <i>Reducing illicit financial flows</i>	3	1	3	7.0
15. <i>Engaging SSC providers</i>	2	2.5	3	7.5
16. <i>Accessing MCC funding</i>	3	3	3	9.0
17. <i>Introducing development impact bonds</i>	2	2	2	6.0
18. <i>Accessing support from untapped global thematic funds</i>	3	2.5	3	8.5

11. Monitoring of Financing Systems and Institutional Arrangements for SLINFF Implementation

Effective monitoring and evaluation are key to ensuring the desired outcomes and impact of financing initiatives. Monitoring of the implementation of the SLINFF will therefore be undertaken within the framework of implementing the national development plan and the SDGs coordinated by the MoPED (see pages 163-167 in the MTNDP 2019-2023 for the plan's implementation arrangement). At present the MoPED coordinates monitoring and evaluation processes in MDAs nationwide to ensure the efficient and effective utilization of the limited available resources. It also serves as an interface between government and non-state stakeholders in delivering the national development plan; as such monitoring and evaluation of the SLINFF will sit within the MoPED.

In short, to ensure the effective implementation of financing initiatives as recommended by the DFA (see Annex 1), a robust monitoring and evaluation framework will be established to do the following:

- i. Coordinate between the SLINFF oversight committee and relevant stakeholders to deliver on all financing initiatives
- ii. Lead the monitoring and evaluation of all financing initiatives implemented
- iii. Establish and maintain a database for all financing initiatives implemented
- iv. Maintain an effective feedback mechanism and make data available to the SLINFF oversight committee, government and relevant stakeholders.

To enable the effective implementation of all financing initiatives as recommended by the DFA an implementation framework with timelines has been developed as an annex to this document (see Annex 2).

The general institutional arrangements for following up on the implementation of financing options is set out in the following table, which also lists the key stakeholders under each financing option. For a complete list of stakeholders who participate in the SLINFF consultation and validation workshop, see Annex 3.

Institutional Arrangements for Follow-up on Financing Options Implementation

FINANCING OPTION	KEY STAKEHOLDERS	FOLLOW-UP STRUCTURE
1. <i>Introducing a GST lottery</i>	<ol style="list-style-type: none"> 1. Ministry of Finance 2. National Revenue Authority 3. Ministry of Mines and Mineral Resources 4. Local councils 5. Private sector 6. Ministry of Justice 7. National Tourist Board 8. Ministry of Trade 9. Bank of Sierra Leone 10. Freetown City Council 11. Ministry of Foreign Affairs 12. Ministry of Internal Affairs/Immigration 13. CSOs 	<ol style="list-style-type: none"> 1. Ministry of Finance, Cash Management 2. Presidential Economic Briefings
2. <i>Boosting large taxpayer auditing capacity</i>		
3. <i>Revising levies and departmental charges</i>	<ol style="list-style-type: none"> 1. Ministry of Finance, Budget Bureau 2. MDAs 	<ol style="list-style-type: none"> 1. Ministry of Finance, Cash Management 2. Presidential Economic Briefings
4. <i>Building outcome information into the budget process</i>	<ol style="list-style-type: none"> 3. MoPED 4. NASSIT 5. Ministry of Transport and Aviation 	
5. <i>Creating systems to track public spending on gender and climate</i>	<ol style="list-style-type: none"> 6. UNDP 7. DFID 8. CSOs 	
6. <i>Publishing tax expenditure reporting</i>		
7. <i>Establishing a diaspora bond</i>	<ol style="list-style-type: none"> 1. Ministry of Finance, Debt Directorate 2. Central Bank 3. Office of Diaspora Affairs 4. MoPED 5. Association of Commercial Banks 6. CSOs 7. UNDP 8. DFID 	<ol style="list-style-type: none"> 1. Financial Market, Bank of Sierra Leone 2. Ministry of Finance, Cash Management 3. Presidential Economic Briefings 4. Chamber of Commerce

FINANCING OPTION	KEY STAKEHOLDERS	FOLLOW-UP STRUCTURE
8. <i>Promoting the investment of pension assets in infrastructure</i>	<ol style="list-style-type: none"> 1. Ministry of Finance 2. Central Bank 3. NASSIT 4. MoPED 5. DFID 6. USAID 7. Association of Commercial Banks 8. CSOs 	<ol style="list-style-type: none"> 1. Ministry of Finance, Cash Management 2. Presidential Economic Briefings 3. Presidential Infrastructure Initiative
9. <i>Promoting longer-term lending to businesses with financial sector reforms</i>	<ol style="list-style-type: none"> 1. Ministry of Finance 2. Central Bank 3. Association of Commercial Banks 4. UNDP 5. CSOs 6. Ministry of Trade and Industry 7. SMEDA 8. EU 9. African Development Bank 10. Chamber of Commerce 11. Apex Bank 	<ol style="list-style-type: none"> 1. Banking Supervision, BOSL 2. The <i>Doing Business</i> coordinating team
10. <i>Encouraging public sector banks to increase private sector lending</i>	<ol style="list-style-type: none"> 1. Ministry of Finance 2. Central Bank 3. Association of Commercial Banks 4. Ministry of Trade and Industry 5. SMEDA 6. IMF 7. CSOs 8. Apex Bank 	<ol style="list-style-type: none"> 1. Ministry of Finance, Cash Management 2. Banking Supervision, BOSL 3. Presidential Economic Briefings 4. Ministry of Finance, Cash Management 5. Chamber of Commerce
11. <i>Promoting investment by the diaspora</i>	<ol style="list-style-type: none"> 1. Ministry of Finance 2. Ministry of Trade and Industries 3. Central Bank 4. Office of the Diaspora 5. Ministry of Justice 6. Ministry of Foreign Affairs 7. DFID 8. World Bank 9. Association of Commercial Banks 10. CSOs 	<ol style="list-style-type: none"> 1. Ministry of Finance, Cash Management 2. Public-private partnership Platform
12. <i>Establishing a platform for public-private dialogue</i>	<ol style="list-style-type: none"> 1. Office of the President/Vice president or MoPED 2. Chamber of Commerce, Industry and Agriculture 3. Ministry of Trade and Industries 4. Public-Private Partnership Unit 5. World Bank 6. SLIEPA 7. CSOs 	<ol style="list-style-type: none"> 1. Ministry of Finance, Cash Management 2. Public-Private Partnership Platform 3. Presidential Economic Briefings

FINANCING OPTION	KEY STAKEHOLDERS	FOLLOW-UP STRUCTURE
<i>13. Reducing the cost of sending remittances</i>	<ol style="list-style-type: none"> 1. Ministry of Finance 2. Central Bank 3. Office of the Diaspora 4. NRA 5. IMF 6. FIU 7. CSOs 	<ol style="list-style-type: none"> 1. Ministry of Finance, Cash Management
<i>14. Reducing illicit financial flows</i>	<ol style="list-style-type: none"> 1. Ministry of Finance 2. Ministry of Justice 3. Anti-Corruption Commission 4. National Public Procurement Authority 5. Association of Commercial Banks 6. Central Bank 7. IMF 8. World Bank 9. FIU 10. CSOs 	<ol style="list-style-type: none"> 1. Ministry of Finance, Cash Management 2. Presidential Economic Briefings
<i>15. Engaging SSC providers</i>	<ol style="list-style-type: none"> 1. Ministry of Foreign Affairs and Development Cooperation 2. Ministry of Finance 3. MoPED 4. UNDP 5. CSOs 	<ol style="list-style-type: none"> 1. Ministry of Finance, Cash Management 2. Presidential Economic Briefings
<i>16. Accessing MCC funding</i>	<ol style="list-style-type: none"> 1. Office of the Vice President 2. Ministry of Finance 3. MCCU 4. MoPED 5. NaCSA 6. USAID 7. CSOs 8. Anti-Corruption Commission 9. Ministry of Water Resources 	<ol style="list-style-type: none"> 1. Ministry of Finance, Cash Management 2. Presidential Economic Briefings
<i>17. Introducing development impact bonds</i>	<ol style="list-style-type: none"> 1. Ministry of Finance 2. Central Bank 3. DFID/ USAID 4. MoPED 5. Association of Commercial Banks 6. CSOs 	<ol style="list-style-type: none"> 1. Ministry of Finance, Cash Management 2. Presidential Economic Briefings 3. Financial Market, BOSL
<i>18. Accessing support from untapped global thematic funds</i>	<ol style="list-style-type: none"> 1. Office of the Vice President 2. Ministry of Finance 3. MoPED 4. UNDP 5. CSOs 	<ol style="list-style-type: none"> 1. Ministry of Finance, Cash Management 2. Presidential Economic Briefings

12. Review and Risk Management

The following have been identified as potential risks to the successful implementation of these financing initiatives. Risks are classified as low, medium, and high, with mitigation designed to address each risk also presented.

Potential Risks and Mitigation Measures

FINANCING OPTION	POTENTIAL RISK	MITIGATION MEASURE
1. <i>Introduce a GST lottery</i>	Medium: Introducing a lottery is technically complex and requires specialized skills that might not be available at the NRA	Engage an ITC expert to code GST receipts and link them to the cash register
2. <i>Boost large taxpayer auditing capacity</i>	Low: Tax Inspectors Without Borders offers capacity building in large taxpayer audits that have been successful elsewhere	Sign MOU with Tax Inspectors Without Borders for forensic auditing services and capacity building for national auditors
3. <i>Revise levies and departmental charges</i>	Low: The revision of levies and charges takes time	Hire a consultant to review and align these levies and charges with regional and international standards
4. <i>Build outcome information into the budget process</i>	Medium: Building results-oriented systems takes time	Engage UNDP/DFID to support the process
5. <i>Create systems to track public spending on gender and climate</i>	Low/medium: Building results-oriented systems takes time	Regularly update IFMIS to capture spending on gender and climate change
6. <i>Publish tax expenditure reporting</i>	Low: Ensure regular publication of tax exemptions granted	Quarterly update and publish tax exemptions
7. <i>Establish a diaspora bond</i>	Medium/high: Diaspora bonds require careful design and management to succeed	Engage DFID and a diaspora bond expert to work on the design and management of a bond
8. <i>Promote the investment of pension assets in infrastructure</i>	Medium/high: Infrastructure financing has long term maturity and is illiquid	Re-establish the stock exchange, hire an investment expert to lead the process

9. <i>Promote longer-term lending to businesses with financial sector reforms</i>	Medium/high: Regulatory reforms can open up the sector to fraudsters and money laundering and terrorist financing	Hire a consultant to work with the Central Bank and financial services sector to review these regulations
10. <i>Encourage public sector banks to increase private sector lending</i>	Low/medium: it can lead to irresponsible lending that will increase non-performing loans in both sectors	Monitoring and evaluation team should oversee the process
11. <i>Promote investment by the diaspora</i>	Medium: Protecting such investment is challenging as the legal system is marred by delays and injustices	Empower the Office of the Diaspora to take legal action on behalf of diaspora investors with little or no cost to the investor
12. <i>Establish a platform for public-private dialogue</i>	Low: Potential delays on the part of government to implement reforms	Set up a directorate at the Ministry of Trade and Commerce to engage the private sector
13. <i>Reduce the cost of sending remittances</i>	Low: Potential delay to reviewing GST on remittances	Suspend GST charges on remittances
14. <i>Reduce illicit financial flows</i>	High: Corruption is embedded in both the public and private sectors and generally accepted as a way of life	Huge investment in the Anti-Corruption Commission and financial intelligence unit (FIU); establishment of special court for anti-corruption cases nationwide; intensify nationwide campaigns; annual review of salaries for civil servants
15. <i>Engage SSC providers</i>	Low/medium: Meeting qualifying criteria could be a challenge because of poor data	Establish a secretariat in the office of the Vice President to start engagement
16. <i>Access MCC funding</i>	Low: Might not surpass the median for all 20 indicators despite resources committed	Work closely with the ministries of water resources, energy and power, Anti-Corruption Commission and MCCU to deliver on the threshold programme
17. <i>Development impact bonds</i>	Medium: It can take a couple of years to set up	Engage DFID and USAID to provide expert support in the design and management
18. <i>Access support from untapped global thematic funds</i>	Low/medium: Meeting qualifying criteria could be a challenge because of poor data	Establish a secretariat in the office of the Vice President to start the application process

Annexes

Annex 1: DFA Financing Recommendations

Initiative	Description	MTNDP Area	Potential impact	Complexity
PUBLIC FINANCE				
<i>Introduce a Goods and Services Tax lottery</i>	Incorporate the design of a lottery into the planned rollout of electronic cash registers. This would strengthen incentives for taxpayers to demand that their purchases are formally logged with the NRA, as the receipt serves as a lottery ticket.	Increased GST receipts would boost fiscal space overall	High: GST accounts for over one-fifth of total revenue, although compliance rates are thought to be low	Medium: introducing a lottery is technically complex
<i>Boost large taxpayer auditing capacity</i>	Work with Tax Inspectors Without Borders to strengthen the National Revenue Authority's capacity to audit large companies.	Increased company tax receipts would boost fiscal space overall	High: corporate income tax has stagnated, and corporate tax compliance is thought to be low	Low: <i>Tax Inspectors Without Borders</i> offers capacity building for this
<i>Revise levies and departmental charges</i>	Update the levies charged by MDAs to ensure costs are covered and to align with regional and international standards.	Increased levies and departmental receipts would boost fiscal space overall	Medium to high: levies account for 8% of total revenue and many are out of date	Low: potential quick win
<i>Build outcome information into the budget process</i>	Require MDAs to establish targets in their strategic plans; incorporate outcome information and a narrative for each MTNDP cluster within annual budget publications. These would be aligned to the targets specified within the MTNDP results framework.	A stronger results' focus and alignment between the budget and MTNDP would help government invest more effectively	Significant over the medium to long term: building more results-oriented systems takes time, though they can yield significant efficiencies	Medium
<i>Create systems to track public spending on gender and climate</i>	Establish systems within Integrated Financial Management Information System to track budgetary allocations and expenditure on cross-cutting pillars of the MTNDP, notably gender equality and climate resilience, which are partially monitorable under current systems.	Gender equality and women's empowerment; climate vulnerability and resilience	Significant within these sectors	Low/medium
<i>Publish tax expenditure reporting</i>	Publish estimates of revenue foregone through each individual tax exemption scheme; periodically review the costs and benefits of each scheme with respect to the objectives of the MTNDP.	Increased fiscal space and more strategic promotion of private investment	Medium: the impact would be over the medium-to long-term as exemptions are used more strategically and efficiently	Low

Initiative	Description	MTNDP Area	Potential impact	Complexity
PRIVATE PARTICIPATION IN PUBLIC INVESTMENTS				
<i>Establish a diaspora bond</i>	Put in place the systems to issue and manage a diaspora bond that draws on the financial resources of Sierra Leoneans overseas to fund strategic developmental investments.	Likely specific investments in areas of interest to the diaspora	High: there is high engagement from the diaspora in national development	Medium/high: diaspora bonds require careful design and management to succeed
<i>Promote the investment of pension assets in infrastructure</i>	Establish mechanisms that promote the allocation of a proportion of pension assets in strategic long-term investments in infrastructure.	Investments in infrastructure	High: there are significant gaps in long-term finance for infrastructure that could be matched with pension assets	Medium/high
DEVELOPMENT COOPERATION				
<i>Engage SSC providers</i>	Develop a strategy that leverages the strengths and focus of cooperation from different providers of assistance.	Potential for increased assistance in economic sectors from SSC providers	Medium	Low
<i>Access Millennium Challenge Corporation funding</i>	The corporation offers significant five-year grants through its compact programmes, which are established on a competitive basis among countries. Sierra Leone is very close to meeting the criteria and a concerted push on key indicators could make the country eligible.	Compact programmes offer significant five-year grants focused on economic growth and poverty reduction	High; neighbouring countries have established five-year programmes with a value between US\$250 and 550 million	Low
<i>Development impact bonds</i>	Work with development partners to trial the use of development impact bonds to advance the outcomes of the MTNDP in key sectors.	These bonds have been used elsewhere in areas such as education, health, and employment creation	Significant within the area of focus	Medium: it can take a couple of years to set up
<i>Access support from untapped thematic funds</i>	There are a few thematic funds that Sierra Leone is yet to tap into, particularly in climate finance. Green Climate Funds and Climate Investment Funds offer the potential to support projects related to the climate objectives of the new MTNDP.	Funding for climate vulnerability and resilience	High within these thematic priorities	Low

Initiative	Description	MTNDP Area	Potential impact	Complexity
PRIVATE SECTOR INVESTMENT AND FINANCIAL SERVICES				
<i>Promote longer-term lending to businesses with financial sector reforms</i>	Consider changes to regulation of lending to businesses as well as the scale and maturities of public debt, which promote short-termism and crowd out private sector actors. Consider restructuring the stock exchange.	Economic growth and diversification; job creation and other areas	High	Medium
<i>Encourage public sector banks to increase private sector lending</i>	Establish mechanisms that encourage publicly owned banks to limit purchases of public debt and allocate a higher proportion of lending to small and medium-sized enterprises or businesses in sectors that are strategically important for the MTNDP.	Economic growth and diversification; job creation and other areas	Medium	Low
<i>Promote investment by the diaspora</i>	Consider measures such as the creation of a one-stop shop for diaspora investment, the creation of diaspora bank accounts, and the relaxation of capital controls for diaspora businesses, to promote commercial investment by the diaspora in Sierra Leone.	Economic growth and diversification; job creation and other areas	Medium	Medium
<i>Establish a platform for public-private dialogue</i>	Establish a mechanism for systematic public-private dialogue on how to mobilize inclusive, sustainable private investment and as a forum for consultation on the design of business-related reforms.	Economic growth and diversification; job creation and other areas	High, if well-established over the long term	Low
<i>Reduce the cost of sending remittances</i>	Review the tax on remittances within the larger package of engagement with the diaspora. The promotion of digital and mobile financial services and greater interoperability can also contribute to lower transaction and remittance sending costs.	Lowering the cost of remittances may boost spending in areas such as education and health	These steps could significantly reduce the high cost of sending remittances to Sierra Leone	Reviewing tax: low Promoting fintech and interoperability: medium
<i>Reduce illicit financial flows</i>	Take steps to boost the capacity of anti-corruption and auditing bodies, enhance detection functions in customs and strengthen international cooperation on illicit finance detection and asset recovery.	Reducing illicit finance would contribute towards increased government revenues	Medium	High

Annex 2: SLINFF Implementation Timeline ¹

FINANCING INITIATIVE	SPECIFIC ACTION	2020				2021				2022	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<i>Implementing SLINFF – coordination and reporting</i>	<ul style="list-style-type: none"> Establish / support the coordination structure for MTNDP implementation and the SDGs through which SLINFF implementation will be coordinated, monitored, tracked and reported – both national- and local-level structures. Support the running of periodic sector and inter-agency technical meetings on the implementation of the SLINFF (including follow-up on actions identified above). Support production of annual progress reports on the implementation of the SLINFF. 										
<i>a. Introduce a GST lottery</i>	Work with the ITC department of NRA to incorporate the design of a lottery into the planned rollout of electronic cash registers. Conduct quarterly raffle draw through which GST receipt holders will have the opportunity to win items such as TVs, fridges etc.										
<i>b. Boost large taxpayer auditing capacity</i>	Work with Tax Inspectors Without Borders to strengthen the NRA's capacity to audit large companies.										
<i>c. Revise levies and departmental charges</i>	Hire a consultant to review levies charged by MDAs to align fees with regional and international standards.										
<i>d. Build outcome information into the budget process</i>	Work with MDAs to establish targets in their strategic plans; incorporate outcome information and a narrative for each MTNDP cluster within annual budget publications. These would be aligned to the targets specified within the results framework for the MTNDP.										
<i>e. Create systems to track public spending on gender and climate</i>	Work with the Ministry of Finance to establish systems within IFMIS to track budgetary allocations and expenditure on cross-cutting pillars of the MTNDP, notably gender equality and climate resilience, which are partially monitorable under current systems.										
<i>f. Publish tax expenditure reporting</i>	Work with the Ministry of Finance to publish estimates of revenue foregone through each individual tax exemption scheme, backed by cost-benefit analysis of each scheme quarterly										
<i>g. Establish a diaspora bond</i>	Work with the relevant stakeholders including a diaspora bond expert.										
<i>h. Promote the investment of pension</i>	The management of NASSIT should work with the government/private sector in identifying										

¹ The full implementation period mirrors that of the MTNDP through 2023, however this table shows only the first two and a half years.

FINANCING INITIATIVE	SPECIFIC ACTION	2020				2021				2022	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<i>assets in infrastructure</i>	infrastructural projects that can unlock some of the huge resources in the custody of the trust.										
<i>i. Promote longer-term lending to businesses with financial sector reforms</i>	Work with the Central Bank to update regulation that will encourage long-term lending to businesses as well as the scale and maturities of public debt, which promote short-termism and crowd out private sector actors. Consider restructuring the stock exchange.										
<i>j. Encourage public sector banks to increase private sector lending</i>	Develop a policy for state banks that will skew their investment portfolio towards private sector lending.										
<i>k. Promote investment by the diaspora</i>	Create a one-stop shop for diaspora investors, diaspora bank accounts, and the relaxation of capital controls for diaspora businesses, to promote commercial investment by the diaspora in Sierra Leone.										
<i>l. Establish a platform for public-private dialogue</i>	Work with Chamber of Commerce for systematic public-private dialogue on how to mobilize inclusive, sustainable private investment and as a forum for consultation on the design of business-related reforms.										
<i>m. Reduce the cost of sending remittances</i>	Work with the Ministry of Finance to reduce the tax on remittances within a larger package of diaspora engagement.										
<i>n. Reduce illicit financial flows</i>	Take steps to boost the capacity of anti-corruption, FIU, auditor general's office and other auditing bodies. Enhance detection functions in customs and strengthen international cooperation on illicit finance detection and asset recovery.										
<i>o. Engage SSC providers</i>	Establish a secretariat at the office of the Vice President/MoPED to leverage the strengths and focus of cooperation from different providers of assistance.										
<i>p. Access MCC funding</i>	Work closely with the MCCU for a concerted push on indicators that will increase chances of qualification for a compact.										
<i>q. Development impact bonds</i>	Work with DFID and USAID to trial the use of development impact bonds to advance the outcomes of the new MTNDP in key sectors.										
<i>r. Access support from untapped global thematic funds</i>	Establish a secretariat at the office of the Vice President/MoPED to tap into climate finance. Green Climate Funds and Climate Investment Funds offer the potential to support projects related to the climate objectives of the MTNDP.										

Annex 3: List of Organizations Represented at the Integrated National Financing Framework Consultations and Validation Workshops

1. MINISTRY OF PLANNING AND ECONOMIC DEVELOPMENT
 - i. THE HONOURABLE MINISTER
 - ii. DEVELOPMENT SECRETARY
 - iii. DIRECTORY OF PLANNING AND RESEARCH
 - iv. DIRECTOR, DACO
 - v. DIRECTOR, PIM
2. OFFICE OF THE CHIEF MINISTER
3. MINISTRY OF FOREIGN AFFAIRS
4. MINISTRY OF FINANCE:
 - vi. DEPUTY FINANCIAL SECRETARY
 - vii. DIRECTOR OF DEBT MANAGEMENT
 - viii. DIRECTOR OF REVENUE
 - ix. DIRECTOR OF BUDGET
 - x. THE HEAD, PUBLIC-PRIVATE PARTNERSHIP UNIT
5. MINISTRY OF TRADE AND INDUSTRY
6. DIRECTOR GENERAL – NATIONAL REVENUE AUTHORITY
7. DIRECTOR GENERAL – NATIONAL PUBLIC PROCUREMENT AUTHORITY
8. STATISTICS SIERRA LEONE
9. NATIONAL ECONOMIST, UNDP
10. CHAMBER OF COMMERCE
11. AFRICAN DEVELOPMENT BANK
12. COUNTRY MANAGER, IMF
13. WORLD BANK
14. EMBASSY OF CHINA IN SIERRA LEONE
15. EU
16. DFID
17. USAID
18. OFFICE OF THE DIASPORA
19. SIERRA LEONE ASSOCIATION OF NON-GOVERNMENTAL ORGANIZATIONS
20. BANK OF SIERRA LEONE:
 - a) BANKING SUPERVISION
 - b) FINANCIAL MARKETS
21. MANAGING DIRECTOR, SIERRA LEONE COMMERCIAL BANK
22. MANAGING DIRECTOR, ROKEL COMMERCIAL BANK