

INTRODUCTION

SIERRA LEONE IS A WEST AFRICAN COUNTRY with a population of 6 million. In 2006, the country had a gross national income (GNI) of USD 850 per capita (in purchasing power parity terms). The GNI grew by 7.1% in 2006, a growth rate roughly similar to that of the previous two years. Sierra Leone is a low income country which, since the peace agreement was signed in 1999, has begun to emerge from eleven years of civil war. As a result of the conflict, there is extensive poverty; the most recent poverty survey, carried out in 1989 before the civil war began, estimated that 57% of the population lived below the one-dollar-per-day international poverty line. Diamonds account for 95% of the country's exports.

DIMENSIONS	2007	CHALLENGES	PRIORITY ACTIONS
Ownership	Moderate	Weak capacity of government, especially in negotiating with donors, can lead to donors strongly influencing programme development and design	Government to develop a comprehensive capacity building strategy to address capacity inadequacies across the board
Alignment	Moderate	Alignment to first Poverty Reduction Strategy Paper (PRSP I) was easy due to its broad scope; aligning to government priorities for PRSP II now needed	Ensure donor buy-in to PRSP II, both during development and as it is finalised
Harmonisation	Moderate	Harmonising the procedures of donors, particularly regarding procurement and disbursements	More donors to join multi-donor budget support framework; donors to agree on steps to implement national procurement law; donors to undertake more joint monitoring and evaluation
Managing for results	Weak	Buy-in by government and donors to results-based management framework developed by the Office of the President	Hold quarterly monitoring meetings on the Roll Back Malaria (RBM) initiative; apply sanctions as necessary
Mutual accountability	Weak	Few donors have signed up to the Improved Governance and Accountability Pact (IGAP)	Review and strengthen the IGAP; encourage more donors to sign up

OVERVIEW

Box 47.1:
Challenges and
priority actions

According to the OECD's Aid at a Glance data, total net official development assistance (ODA) was USD 364 million in 2006. Sierra Leone was not included in the 2006 Baseline Survey for the Paris Declaration. Therefore, the Paris Declaration 2010 targets will be based on the results of the 2008 Survey.

Eight donors responded to the 2008 Survey, with their aid constituting 80% of total ODA. Though the ODA/GNI ratio fell steadily between 2004 – 2006, from 34.1% to 25.7%, Sierra Leone is still a highly aid-dependent country. As a country still recovering from over a decade of civil war in which government capacity is low, progress on aid effectiveness is critical.

OWNERSHIP

OWNERSHIP IS CRITICAL TO ACHIEVING DEVELOPMENT RESULTS and is central to the Paris Declaration on Aid Effectiveness. Aid is most effective when it supports a country-owned approach to development; aid is less effective when countries feel that aid policies and approaches are driven by donors that provide assistance. In the context of the Paris Declaration, ownership specifically concerns a country's ability to carry out two, inter-linked activities: exercise effective leadership over its development policies and strategies; and co-ordinate the efforts of various development actors working in the country.

Ownership has many dimensions. Indicator 1 – assessed as part of the World Bank's review on *Results-Based National Development Strategies: Assessments and Challenges Ahead* – provides an entry point to the issue. The World Bank assesses the operational value of a country's development strategy and policy against three criteria, all of which are essential features of any serious effort to harness domestic and external resources for development purposes: the existence of an authoritative, country-wide development policy which clearly identifies priorities and is well costed.

The World Bank rates the operational value of a country's development strategy against a five-point scale running from A (highest score) to E (lowest score). The Paris Declaration 2010 target is to raise, to at least 75%, the proportion of partner countries having operational development strategies – *i.e.* meriting a rating of A or B.

Although Sierra Leone did not participate in the 2006 Baseline Survey, it received a World Bank rating of D for that year, a rating received by 21% of participating countries. This indicates that some elements of an operational development strategy exist and provide a basis for making progress. For the 2008 Survey, Sierra Leone increased its rating to C indicating that some progress is being made, but more is needed.

Sierra Leone's national development strategy is its Poverty Reduction Strategy Paper: A National Programme for Food Security, Job Creation and Good Governance (PRSP). The PRSP is the medium-term strategy for the implementation of the government's longer term vision, which is laid out in Sierra Leone Vision 2025. The PRSP runs from 2005-07 and builds on the earlier National Recovery Strategy (prepared in 2002); it reflects a needs assessment of previously inaccessible areas. The Aid Effectiveness Review assesses the PRSP as being holistic and addressing key areas important for addressing the causes of conflict. Although some improvement is evident, the PRSP identifies prioritisation and

INDICATOR 1

Do countries have operational development strategies?

sequencing as areas that require strengthening. The government has used a medium-term expenditure framework (MTEF) to prepare the budget since 2004. This should also be further improved: as yet, budget allocations are not based on estimated costs of policies, which in turn need to be better articulated. Decentralisation of education, health and agriculture has begun, however capacity constraints make it difficult to implement and monitor policies at central and local levels.

Progress has been made on engaging national stakeholders in the development and implementation of the PRSP. At the central government level, the vice-president chairs an inter-ministerial committee to oversee the implementation of the PRSP. A donor-funded review of planning and finance has proposed actions to streamline these functions, however the impact of these changes has yet to be seen. Some action is being taken to strengthen dialogue between government and stakeholders. Elected District Councils have established planning or development committees, which involve a range of elected and other stakeholders to co-ordinate PRSP implementation and monitoring at the district level. Civil society organisations participate in national and district committees, which formulate and implement strategy while also playing a role in budget oversight. Private sector involvement in strategy formulation is still limited, primarily due to fragmented and informal representative structures for their engagement. Parliament has a mandate to pass the budget, however it has no authority to approve national development plans. Budget submissions for 2005 and 2006 were timely. ■

ALIGNMENT

FOR AID TO BE EFFECTIVE, it must be aligned with national development strategies, institutions and procedures. The Paris Declaration envisions donors basing their support fully on country partner aims and objectives. Indicators 2 through 8 examine several dimensions of aid to assess the degree to which partner countries and donors achieve alignment.

The data suggest that Sierra Leone has made very good progress, particularly given the relatively low capacity of the government sector in increasing the reliability of country systems, though donors have not made such good progress in using these systems. In addition, the country is making some progress in other dimensions including better integrating project implementation units (PIUs) into government systems, but that there is substantial room for progress as regards co-ordinated capacity development, the use by donors of country systems, and in year predictability. Progressing further will be a challenge and will require the government to exercise stronger leadership.

BUILDING RELIABLE COUNTRY SYSTEMS

Indicator 2 covers two aspects of country systems: public financial management (PFM) and procurement. In each case, the focus is on the degree to which these systems adhere to broadly accepted good practices – or to which there is in place a reform programme to promote improved practices. If countries have reliable systems, donors will be encouraged to use such systems for the delivery and management of aid. This helps to align aid more closely with national development strategies and enhances aid effectiveness.

INDICATOR 2a

How reliable are country public financial management systems?

Indicator 2a of the Paris Declaration assesses the degree to which partner countries either have public financial management (PFM) systems that are in line with broadly accepted good practices or have credible reform programmes in place to establish reliable PFM systems. The assessment is based on the World Bank's Country Policy and Institutional Analysis (CPIA) score for the quality of PFM systems, which uses a scale running from 1 (very weak) to 6 (very strong) with half-point increments. To score highly, a country needs to meet all three of the following criteria: a comprehensive and credible budget linked to policy priorities; effective financial management systems to ensure that the budget is implemented as intended in a controlled and predictable way; and, timely and accurate accounting and fiscal reporting, including timely and audited public accounts. The 2010 target is that each country will move up at least one measure (*i.e.* 0.5 points) on the CPIA scale for measuring the quality of PFM systems.

In 2005, Sierra Leone received a rating of 3.5 for its PFM systems. Had the country been a participant in the 2006 Baseline Survey, this rating would have placed it in the middle range for participating countries. In 2008, Sierra Leone received a score of 3.5, as did more than one-third of countries participating in the survey.

The global Paris Declaration 2010 target is for half of partner countries to register a half-point increase in the rating they receive for the reliability of PFM systems. For Sierra Leone, a first-time participant in the survey, an appropriate 2010 target would be a "moderately strong" rating of 4.0.

The government is taking action to tackle the challenges posed by corruption and lack of accountability mechanisms. The Government Budgeting and Accountability Act, which aims to provide clear guidance on the management of financial resources, was passed in 2005. In addition, the government is increasing resources and expertise in order to improve the capacity of key government institutions, particularly through basic computerisation of financial and accounting processes. For example, an integrated financial management system has been established in the Ministry of Finance and the Accountant General Department, though with limited functionality. The government now aims to expand this system to other central ministries, departments and agencies as well as at the district level (at this level, additional support is being provided through training and mentoring). The capacity of the Auditor General is also being enhanced through donor assistance.

With diamonds being a critical component of the economy, the government is attempting to increase transparency in the diamond sector. Sierra Leone participates in the Kimberley Process, which aims to reduce the flow of conflict diamonds. Trade in certified diamonds increased from USD 10 million in 2000 to USD 149 million in 2005.

INDICATOR 2b
How reliable are country
procurement systems?

At the time of the 2006 Baseline Survey, no mechanism was in place to systematically assess and quantify the quality of procurement systems in partner countries. Thus, it was impossible to set country-level targets on progress towards Indicator 2b.

In the context of the 2008 Survey, the quality of a country's procurement system is assessed through the Methodology for the Assessment of National Procurement Systems, which was developed by the Joint Venture on Procurement. The methodology includes

two components: the baseline indicators compare the country's systems to internationally-accepted good practice; and a new set of indicators assess overall performance of the system and compliance with national legislation and standards. The results of the procurement system self-assessment are expressed as grades on a four-point scale running from A (the highest) to D (the lowest).

The reliability of Sierra Leone's procurement systems was assessed for the first time in 2008, using the methodology for self-assessment developed by the Joint Venture on Procurement. Sierra Leone received a rating of B – a rating achieved by 3 of the 12 assessed countries. Thus, the 2010 target for Sierra Leone is to advance to a rating of A.

Public procurement reform in Sierra Leone began in 2002. In 2005, the government passed the National Procurement Act as part of a comprehensive reform programme for public procurement. This act is implemented and monitored by the National Public Procurement Authority, which has helped to decentralise procurement to ministries, departments and agencies, as well as to local councils. To build public understanding of the regulatory instruments and legal framework, the government holds workshops for key stakeholders including central government, parliament, the private sector and civil society. Despite its 2008 rating of B, Sierra Leone ranked 142 out of 163 in the 2006 Transparency International Corruption Perceptions Index. Further work to improve financial and technical capacity is required to accelerate implementation of the new law and ensure that Sierra Leone meets its 2010 target of an A rating.

ALIGNING AID FLOWS ON NATIONAL PRIORITIES

Comprehensive and transparent reporting on aid, and how it is used, is an important means of ensuring that donors align aid flows with national development priorities. The degree to which development assistance to the government sector is fully and accurately reflected in the budget provides a useful indication of the degree to which serious effort is made to connect aid programmes with country policies and processes. It also allows partner country authorities to present accurate and comprehensive budget reports to their parliaments and citizens.

Indicator 3 is a proxy for alignment. It measures the percentage of aid disbursed by donors to the government sector that is included in the annual budgets for the same fiscal year. The indicator is a joint measure of two components: the degree to which donors report aid flows comprehensively to partner countries; and the degree to which partner countries accurately record aid.

The final figure highlights any discrepancy between the government's budget estimates and actual disbursements by donors. The discrepancy (or gap) can be in either direction: budget estimates can be higher or lower than disbursements by donors. In order to have a single measure of discrepancy under 100%, the ratio is inverted when budget estimates are higher than donor disbursements. The 2010 target is to halve the proportion of aid flows to the government sector that is not currently reported on government budget(s), ultimately arriving at a point where at least 85% of aid is reported on the budget.

INDICATOR 3

TABLE 47.1:
Are government budget
estimates comprehensive
and realistic?

	Government budget estimates of aid flows for 2007 (USD m)	Aid disbursed by donors for government sector in 2007 (USD m)	2007*	
	a	b	c = a / b	c = b / a
African Development Bank	24	4		17%
BADEA	2	1		44%
European Commission	37	60	61%	
Global Fund	0	2	0%	
IDB	8	4		49%
Ireland	0	0	--	
United Kingdom	27	65	42%	
United Nations	0	64	0%	
United States	0	0	--	
World Bank	28	35	79%	
Average donor ratio	--	--		36%
Total	126	235		54%

* Ratio is c=a/b except where government budget estimates are greater than disbursements (c=b/a).

On aggregate, only 54% of aid disbursed by donors to the government sector in Sierra Leone was accurately estimated in the government budget. The government identifies several issues that contribute to the discrepancy between disbursements and annual budget estimates. For example, funds channelled through line ministries are not adequately reflected in the national budget despite improvements in the MTEF budget process. The government finds it challenging to meet the benchmarks associated with direct budget support for the variable portion of the funding. Another factor is that funding channelled through UN agencies is estimated in the budget based on the UN Development Assistance Framework, but priority changes affect actual disbursements. Finally, despite aligning to the PRSP, the time frames for donor programmes are not necessarily aligned to the MTEF period.

The government is making efforts to address these reporting gaps, including the development of an online database for donors to record funding data, which can then be used in the budgeting process. Dialogue between the government and donors is improving, through PRSP technical working groups and through the annual consultative group meetings (which are now aligned to the government's budget cycle). At the 2005 consultative group meeting, donors agreed to use the PRSP as the framework to align assistance with country development goals. This is facilitating harmonisation of some donor planning cycles and prompting a progressive shift towards longer term goals. It is also supporting consolidation of peace, as opposed to post-conflict reconstruction.

The Paris Declaration 2010 target is for countries to have 85% of aid accurately estimated on budget, or to halve the existing discrepancy, whichever is the more ambitious. As a first-time country with three rather than five years to make progress, the 2010 target for Sierra Leone is to see 77% of aid included in the budget. Achieving this target will require a considerable effort by both government (to make realistic budget estimates) and donors (to share information about disbursements).

CO-ORDINATING SUPPORT TO STRENGTHEN CAPACITY

Capacity constraints significantly undermine the ability of partner countries to capture, co-ordinate and utilise aid flows more effectively. Under the Paris Declaration, donors committed to providing technical co-operation in a manner that is co-ordinated with partner country strategies and programmes. This approach aims to strengthen capacities while also responding to the needs of partner countries. Likewise, there is greater recognition that successful capacity building is endogenous – *i.e.* is led by the partner country. To this end, the partner country defines clear objectives to ensure that existing capacities are used effectively and that external support is harmonised within this framework.

INDICATOR 4

	Co-ordinated technical co-operation (USD m) a	Total technical co-operation (USD m) b	2007 c = a / b
African Development Bank	0	1	0%
BADEA	--	--	--
European Commission	4	8	50%
Global Fund	0	0	--
IDB	--	--	--
Ireland	--	--	--
United Kingdom	6	29	21%
United Nations	5	37	14%
United States	0	12	0%
World Bank	6	10	66%
Total	22	96	22%

Table 47.2:
How much technical
co-operation is co-ordinated
with country programmes?

Indicator 4 focuses on the extent to which donor technical co-operation – an important input into capacity development – is moving towards this country-led model. It measures the degree of alignment between donor technical co-operation and the partner country's capacity development needs and strategies. The Paris Declaration 2010 target is that 50% of technical co-operation flows are implemented through co-ordinated programmes that are consistent with national development strategies.

Data for 2007 show that only five donors in Sierra Leone were involved in technical co-operation: still, a low 22% of technical co-operation was co-ordinated with country programmes. This average was increased significantly by the high level of co-ordinated support provided by a single multi-lateral donor. The lack of co-ordination is due partly to the legacy of the long civil war. However, five years after the peace agreement, most of this support remains fragmented and provided on a project-by-project basis.

Sierra Leone has experienced some reforms, although to a limited degree. For example, the government passed a Civil Service Law and the government office responsible for recruiting civil servants is being transformed into a human resource management office, responsible for recruitment and continuous training. Another government unit, the Public Sector Reform Unit, was recently established to oversee and fast-track reform initiatives within the public sector.

Progress overall is slow, however. Challenges remain despite the consensus between government and donors that the capacity development strategy begins with civil service reform. One key challenge is to provide a capacity development strategy that reaches across all sectors. The government and donors have established a Co-ordinating Committee to discuss capacity building and civil service reform, but a co-ordinated plan has not yet been agreed. For example, the government developed a Senior Executive Service programme, but implementation has stalled due to lack of agreement with donors about which activities should be implemented. The development of an aid policy will help to address the issue of aligning technical co-operation into national development plans – as long as donors review the government’s national capacity plan and co-ordinate their support for the initiative.

USING COUNTRY SYSTEMS

INDICATOR 5

Donor use of a partner country’s established institutions and systems increases aid effectiveness by strengthening the partner’s long-term capacity to develop, implement and account for its policies – to both its citizens and its parliament. The Paris Declaration encourages donors to increase their use of country systems that are of sufficient quality, and to work with partner countries to strengthen systems that are currently weak. In this respect, Indicator 5 is directly linked to Indicator 2 on the quality of PFM and procurement systems, and measures the use of both.

Indicator 5a measures the extent to which donors use partner country PFM systems when providing funding to the government sector. It measures the volume of aid that uses partner country PFM systems (budget execution, financial reporting, and auditing) as a percent of total aid disbursed to the government sector. The 2010 target is relative to Indicator 2a on the quality of PFM systems.

Indicator 5b measures the volume of aid, as a percent of total aid disbursed to the government sector, that uses partner country procurement systems. The 2010 target is relative to Indicator 2b; thus, targets are indicated only for those countries that established scores for Indicator 2b in the context of the 2006 Baseline Survey.

TABLE 47.3:
How much aid for
the government sector
uses country systems?

	Aid disbursed by donors for government sector (USD m) a	Public financial management (PFM)				Procurement	
		Budget execution (USD m) b	Financial reporting (USD m) c	Auditing (USD m) d	2007 avg (b,c,d) / a	Procurement systems (USD m) e	2007 e / a
African Development Bank	4	0	0	0	0%	0	0%
BADEA	1	--	--	--	--	--	--
European Commission	60	60	--	--	--	60	100%
Global Fund	2	0	0	0	0%	1	30%
IDB	4	--	--	--	--	--	--
Ireland	0	--	--	--	--	--	--
United Kingdom	65	28	26	26	42%	28	43%
United Nations	64	0	0	1	1%	1	2%
United States	0	0	0	0	--	0	--
World Bank	35	0	0	0	0%	0	0%
Total	235	88	26	27	20%	90	38%

Despite the Sierra Leone's mid-range rating of 3.5 for Indicator 2a assessing the strength of its PFM systems), the latest data show a low 20% ODA making use of the PFM systems. This is spread equally across the three systems assessed: budget; financial reporting; and auditing. Despite improvements to Sierra Leone's PFM systems, a number of challenges remain. In particular, the government points out that auditing and reporting requirements are still based on the financial management systems of funding agencies. More effort is needed in the area of PFM reform to gain donor confidence.

Given its 3.5 for Indicator 2a, the Paris Declaration 2010 target for Sierra Leone is a one-third reduction in the percentage of aid to the government sector not using the country's PFM systems. As the country is participating in the Paris Declaration monitoring process for the first time, a 2010 target of 36% represents a suitable level of ambition.

Donor data for Sierra Leone show that 38% of aid to the government sector uses the country's procurement systems. The new procurement system is being progressively rolled out across government, focusing initially on ministries, departments and agencies with high levels of spending. Donors continue to lack confidence in Sierra Leone's systems, particularly because of perceived leakages and fiduciary risks, both of which are magnified by the fact that, until recently, the National Accounts have not been published in a timely manner. This problem has now been resolved. Other related challenges are that donors appear unready to give up their own systems, a general lack of national procurement capacity, and the presence of parallel procurement units (which further erode national capacity).

The Paris Declaration 2010 target for countries with a B rating for the reliability of their procurement systems (Indicator 2b) is a one-third reduction in the percentage of aid to the government sector not using the country's procurement systems. As a country participating in the Paris Declaration monitoring process for the first time, a 2010 target of 51% would be a sensible objective.

AVOIDING PARALLEL IMPLEMENTATION STRUCTURES

When providing development assistance, some donors establish specific project implementation units (PIUs), *i.e.* dedicated management units designed to support development projects or programmes. A PIU is said to be "parallel" when it is created at the behest of the donor and operates outside existing country institutional and administrative structures.

In the short term, parallel PIUs can play a useful role in establishing good practice and promoting effective project management. However, in the long run, parallel PIUs often tend to undermine national capacity building efforts, distort salaries and weaken accountability for development.

To make aid more effective, the Paris Declaration encourages donors to "avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes." Indicator 6 is a count of the number of parallel PIUs being used in partner countries. The 2010 target is to reduce by two-thirds the stock of parallel PIUs in each partner country.

INDICATOR 6

TABLE 47.4:
How many PIUs are parallel
to country structures?

	2007 (units)
African Development Bank	0
BADEA	0
European Commission	0
Global Fund	0
IDB	0
Ireland	0
United Kingdom	1
United Nations	0
United States	0
World Bank	1
Total	2

Sierra Leone reports only two parallel PIUs. Measuring Indicator 6 is complicated by the fact that many PIUs tend to work closely with the government, or do not work exclusively outside government structures. However, this is not to suggest that units created to fill capacity gaps in the government sector at the end of the conflict were not important to implementing sectoral programmes and co-ordinating activities across government. Rather, under the criteria for assessing Indicator 6, these PIUs are considered relatively

well integrated into government systems. The primary distinction is that staff in these units have better working conditions than most civil servants. The government is now proposing to fully integrate the exiting units into the civil service and is discussing this with donors. It envisages that these units will be phased out once agreement is reached.

The global Paris Declaration 2010 target is to reduce the stock of parallel PIUs by two-thirds. Despite being a first-time participant in the survey (and having only three years to meet the target), the small number (two) of parallel PIUs in Sierra Leone makes it reasonable to aim to reduce the stock of parallel PIUs to zero. In fact, only two donors are involved so meeting this target should not require too much effort.

PROVIDING MORE PREDICTABLE AID

INDICATOR 7

For many countries, development assistance constitutes a vital source of revenue and resources. Being able to predict aid disbursements – in terms of both how much aid will be delivered and when – is as an important factor in the ability of countries to manage public finances and undertake realistic planning for development. It is particularly crucial to enabling partner countries to implement medium- to long-term development plans and to optimise the allocation of resources within and across sectors. In this regard, the Paris Declaration calls on donors to provide reliable, indicative commitments of aid over a multi-year framework, and to disburse aid in a timely and predictable fashion according to agreed schedules.

Indicator 7 examines in-year predictability of aid to the government sector, measuring the proportion of planned disbursements (as reported by donors) that are recorded by governments in the national accounting system as actually disbursed. Indicator 7 assesses predictability from two angles. The first angle is the combined ability of donors and government to disburse aid on schedule. The second is the ability of donors and government to record comprehensively disbursements made by donors to the government sector.

Indicator 7 is designed to encourage progress in relation to both angles, with the aim of gradually closing the predictability gap – by one-half – by 2010. The ultimate goal is to improve not only the predictability of actual disbursements, but also the accuracy of how disbursements are recorded in government systems – an important feature of ownership, accountability and transparency.

On aggregate, 30% of scheduled disbursements in 2007 were accurately recorded by the government. Table 5 shows a total of USD 86 million recorded as disbursed by donors; however, no donor is identified as contributing to this total. This suggests that government systems are poor. This lack of recording brings the average donor ratio to 0%. It should be noted that this overall figure obscures a more complex reality: in 2007, scheduled disbursements exceeded actual disbursements, leaving the government with a shortfall of around USD 55 million.

The government has often found it difficult to monitor all disbursements by donors. This is being improved by the introduction of an online database that all donors are requested to update regularly. The database is monitored at the quarterly Development Partnership Committee (DEPAC) meetings to ensure that all donors have updated their projects to reflect recent disbursements and any other changes.

TABLE 47.5:
Are disbursements
on schedule and recorded
by government?

	Disbursements recorded by government in 2007 (USD m) a	Aid scheduled by donors for disbursement in 2007 (USD m) b	Aid disbursed by donors for government sector in 2007 (USD m) for reference only	2007*	
				c = a / b	c = b / a
African Development Bank	4	8	4	49%	
BADEA	0	--	1	--	
European Commission	3	74	60	4%	
Global Fund	0	4	2	0%	
IDB	6	--	4	--	
Ireland	0	--	0	--	
United Kingdom	46	81	65	57%	
United Nations	0	68	64	0%	
United States	0	12	0	0%	
World Bank	27	43	35	63%	
Average donor ratio	--	--	--		25%
Total	86	290	235		30%

* Ratio is c=a/b except where disbursements recorded by government are greater than aid scheduled for disbursement (c=b/a).

Progress on predictability has been facilitated by a move toward joint budget support, which is helping to align ODA with the annual budget. For project support, stronger systems are required to capture aid flows. Aligning the annual consultative group meetings with the budget process should help the government to acquire a better sense of expected disbursements.

The Paris Declaration 2010 target is to close the predictability gap by one-half. For Sierra Leone, a first-time survey participant with three years to meet the target, an appropriate level of ambition would be to increase predictability to 51% by 2010. Meeting this target will require action from both the government and donors. The government will need to meet donor benchmarks and produce required returns in a timely fashion. Donors need to ensure greater transparency in order to help the government determine disbursement of variable portion of aid and make appropriate allocations before the start of the financial year. This would allow the government to plan more effectively. There is consensus that building trust between the government and donors is an important factor in promoting the early release of funds. Trust may be more of an important factor compared to reports and benchmarks on funds. The development of an aid policy should also assist predictability.

INDICATOR 8

How much aid is untied?

UNTYING AID

Aid is said to be “tied” when it is provided on the condition that the recipient country will use it to purchase goods and services from suppliers based in the donor country. Experience shows that aid with such conditions attached increases the costs of goods and services provided to partner countries; it also increases the administrative burdens on both donors and partners. By contrast, untied aid helps build a country’s capacity to provide goods and services.

Country figures for untying aid are based on voluntary self-reporting by donors that are members of the OECD Development Assistance Committee (OECD-DAC). The 2010 target is to continue progress towards untying aid over time.

Of the aid provided to Sierra Leone by members of the OECD-DAC in 2006, 92% was untied – a significant increase from 2005 when 68% of aid from OECD-DAC members was untied. The average level of untying for the countries that participated in the 2006 Baseline Survey was 75%. The Paris Declaration 2010 target for untying is for continued progress over time. Emerging bi-lateral donors, which often provide significant amounts of tied aid, are likely to become increasingly active in Sierra Leone. This may cause the proportion of tied aid to rise over time. ■

HARMONISATION

DECADES OF DEVELOPMENT EXPERIENCE show that poor co-ordination of aid increases the cost for both donors and partner countries, and significantly reduces the value-added of aid. Harmonisation of aid delivery procedures and adoption of common arrangements help reduce duplication of effort and lower the steep transaction costs of managing aid. The Paris Declaration focuses on two dimensions of aid as a proxy for assessing overall harmonisation: the use of common arrangements within programme-based approaches (PBAs) and the extent to which donors and partner countries conduct joint missions and share analysis.

Sierra Leone has made reasonable progress on joint missions and joint country analytical work. According to the 2008 Survey, it has already exceeded the 2010 target and is showing signs that further improvement is possible in these two areas. More generally, progress is being made toward strengthening donor partnerships. Increasing government leadership will help donors move toward developing more programme-based approaches (PBAs).

USING COMMON ARRANGEMENTS**INDICATOR 9**

Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A sound mechanism for aid co-ordination can be described as one that builds on shared objectives and that reconciles, in a constructive manner, the various interests of stakeholders.

Indicator 9 assesses the degree to which donors work together by measuring the proportion of total ODA disbursed within PBAs. In practice, there are many different modalities for implementing PBAs, which operate at various levels. At one level, the partner country is responsible for defining clear, country-owned programmes (*e.g.* sector policy) and establishing a single budget framework that captures all resources (both

	Programme-based approaches (PBAs)			Total aid disbursed (USD m) d	2007 e = c / d
	Budget support (USD m) a	Other PBAs (USD m) b	Total (USD m) c = a + b		
African Development Bank	0	4	4	4	100%
BADEA	--	--	--	1	--
European Commission	11	--	11	67	17%
Global Fund	0	2	2	4	51%
IDB	--	--	--	4	--
Ireland	--	--	--	15	--
United Kingdom	26	28	54	81	67%
United Nations	0	0	0	65	1%
United States	0	0	0	12	0%
World Bank	0	5	5	35	15%
Total	38	40	78	289	27%

TABLE 47.6:
How much aid is
programme based?

domestic and external). At the second level, donors are responsible for taking steps to use local systems for programme design and implementation, financial management, monitoring and evaluation. Finally, partner countries and donors are jointly responsible for donor co-ordination and harmonisation of donor procedures. The 2010 target is that 66% of aid flows are provided in the context of PBAs.

Data for 2007 show that 27% of aid to Sierra Leone makes use of PBAs. A healthy proportion – nearly two-thirds – of aid that uses PBAs does so through mechanisms other than budget support.

The Paris Declaration 2010 target is for 66% of aid to make use of PBAs. For Sierra Leone, a first-time participant in the survey, meeting this target will be a challenge. Signs of optimism are evident at the sector level: as government leadership increases, donors expect to move toward sector-wide approaches (SWAs), thereby creating the basis for further use of common arrangements. Donors are also strengthening their own partnerships in various ways.

CONDUCTING JOINT MISSIONS AND SHARING ANALYSIS

One of the most frequent complaints of partner countries is that donors make too many demands in relation to their limited resources: country authorities spend too much time meeting with donor officials and responding to their many requests. The Paris Declaration recognises that donors have a responsibility to ensure that, to the greatest extent possible, the missions and analytical work they commission are undertaken jointly – *i.e.* that the burden of such work is shared.

Indicator 10 measures the extent to which donors are merging their missions (Indicator 10a) and analytical work (Indicator 10b) at the country level – either with country partner authorities or amongst the donor community (or both). It calculates the proportion of missions to the country undertaken jointly (*i.e.* by more than one donor) and the share of country-analysis exercises undertaken on a joint or co-ordinated basis. The 2010 target is that 40% of donor missions to the field are conducted jointly and that 66% of country analytical work is carried out jointly.

INDICATOR 10a

TABLE 47.7:
How many donor missions
are co-ordinated?

	Co-ordinated donor missions* (missions)	Total donor missions (missions)	2007
	a	b	c = a / b
African Development Bank	4	4	100%
BADEA	--	--	--
European Commission	4	6	67%
Global Fund	0	2	0%
IDB	--	--	--
Ireland	--	--	--
United Kingdom	3	6	50%
United Nations	6	18	33%
United States	0	2	0%
World Bank	26	65	40%
Total	32	103	31%

* The total of co-ordinated missions has been adjusted to avoid double-counting. A discount factor of 35% is applied.

In 2007, 31% of a total of 103 donor missions to Sierra Leone were conducted jointly (this figure accounts for potential double-counting). The government notes that donors are making significant efforts, particularly where joint projects and the multi-donor budget support (MDBS) group are involved.

The Paris Declaration 2010 target is that 40% of donor missions are conducted jointly. Having met this target, the challenge for Sierra Leone is to further increase the number of joint missions. This would help to relieve the burden on the government, which is weak in capacity. However, it will be a challenge, particularly as there is no mechanism in place to track progress in this area. Increasing the number of joint donor mission will also require that government ministries to clearly articulate the need for joint missions and encourage donors to put forward information on planned missions in the coming year. In addition, the government could encourage more PBAs and joint programmes by donors.

INDICATOR 10b

For Sierra Leone, fully 56% of country analytical work in 2007 was undertaken jointly. All donors managed to ensure that more than two-thirds of their analytical work was carried out jointly. This figure meets the 2010 target of 66% and reflects the joint analysis undertaken in several key sectors, as well as that done by the MDBS donors. As with Indicator 10a, further progress to reduce the burden on the government will be important for the country's future. ■

TABLE 47.8:
How much country analysis
is co-ordinated?

	Co-ordinated donor analytical work* (analyses)	Total donor analytical work (analyses)	2007
	a	b	c = a / b
African Development Bank	2	2	100%
BADEA	--	--	--
European Commission	0	0	--
Global Fund	0	2	0%
IDB	--	--	--
Ireland	--	--	--
United Kingdom	2	3	67%
United Nations	6	6	100%
United States	0	0	--
World Bank	2	3	67%
Total	9	16	56%

* The total of co-ordinated analytical work has been adjusted to avoid double-counting. A discount factor of 25% is applied.

MANAGING FOR RESULTS

THE PARIS DECLARATION CALLS ON donors and partner countries to make a joint commitment to managing for development results – *i.e.* to manage resources according to desired results. This implies defining desired results and measuring progress toward them, as well as using information on results to improve decision making and performance. It also implies strengthening capacity to undertake such management and helping to increase the demand for a focus on results (*i.e.* adopt a results-based monitoring framework).

Indicator 11 utilises data collected as part of the World Bank’s review on *Results-Based National Development Strategies: Assessments and Challenges Ahead*. The review focuses on three particular aspects of a robust results-based monitoring framework: the quality of the information generated; stakeholder access to the information; and the extent to which such information is utilised within a country-level monitoring and evaluation system.

The assessments are expressed in scores running from A (high) to E (low), with B representing a “largely developed results-based monitoring framework.” The 2010 target is to reduce by one-third the proportion of countries lacking transparent, results-based monitoring frameworks (*i.e.* reduce by one-third the number of countries not attaining at least a B rating).

Sierra Leone received a rating of D on managing for result in 2007, indicating some basis for progress, either through existing mechanisms or through definite plans. However, the rating remains unchanged from 2005. The 2010 target is for countries to move up one grade in the rating; for Sierra Leone, the target is a C grade.

Sierra Leone has a number of monitorable frameworks including the PRSP results-based framework (which has baselines and targets for key sectors) and the Performance Tracking Table (which reviews the progress of ministries, departments and agencies on a quarterly basis). A national census was carried out in 2004, and other relevant surveys have since been conducted. These provide a stronger foundation for data collection and a basis for improvement, particularly when combined with donor support to strengthen statistical capacity. However, donor support to statistical capacity building remains fragmented. In addition, elements for a country-level monitoring and evaluation systems already exists. At the sector level, action is being taken to strengthen line ministry capacity for monitoring and evaluation. The Office of the President recently established a results-based management framework; however, ensure buy-in on the part of both the government and donors remains a challenge.

The Department of Budget and Management (DBM) carries out the Organizational Performance Indicator Framework (OPIF), a system that provides a logical framework (log-frame) linking the outputs and outcomes of departments/agencies, thereby aiming to provide performance measurement to improve agency performance and guide resource allocation decisions. The direct output of the OPIF process is a log-frame for each agency, specifying societal goals, sectoral goals, organisational outcomes, major final outputs, and programmes and projects. The OPIF is designed to operate with links to existing planning processes (*e.g.* the MTPDP and strategic planning matrices) that establish broad goals for all areas of the plan and to provide preliminary output targets for each area.

INDICATOR 11

Do countries have results-based monitoring frameworks?

Technical working group meetings, led by the government, use a shared results framework that focuses on specific outcomes. The working groups provide a useful platform for key activities such as deepening dialogue between government and donors, exchanging best practices, identifying and assessing beneficiary outcomes, determining appropriate indicators and targets, and identifying promising areas for co-ordination.

The Philippines is making progress on Indicator 11. However, the government notes that rolling out new systems for data collection and monitoring is challenging and that it is taking time to clarify how these new systems will be managed. Better incentives to use the systems would encourage implementing agencies to adopt them more quickly. Weak accountability for higher order results also remains a challenge. In the coming years, the government and donors will have to work together to more fully develop monitoring and evaluation systems, and continue building capacity to use these systems effectively. ■

MUTUAL ACCOUNTABILITY

INDICATOR 12

Do countries have reviews of mutual accountability?

THE PARIS DECLARATION RECOGNISES that for aid to be truly effective, stronger and more balanced accountability mechanisms are required at all levels. In particular, aid is more effective when both donors and partner country governments are accountable – to their respective publics and to each other – for the use of resources and management to achieve development results. The Paris Declaration calls for donors and partner countries to jointly assess (through existing country-level mechanisms) mutual progress in implementing agreed commitments on aid effectiveness, including commitments made under the Paris Declaration.

Indicator 12 is concerned with the specific question of whether there is a country-level mechanism for mutual assessment of progress on the partnership commitments arising from the Rome or Paris Declarations, or from local harmonisation and alignment plans. The 2010 target is for all partner countries to have in place such mechanisms.

Sierra Leone has not yet put in place a joint framework to assess government and donor performance in strengthening aid effectiveness. In 2005, the consultative group established a taskforce to identify actions to enhance aid effectiveness. However, the country does not have the necessary mechanisms and no assessment has taken place. The DEPAC meetings, which provide a quarterly forum for donors and government, could be strengthened and restructured to provide a mechanism for this type of procedure. The government notes several means of assessing progress toward implementation of the PRSP. Overall, these fall short of the mutual assessment of government and donor progress towards aid effectiveness envisaged by the Paris Declaration. Considerably more work will need to be carried out on both side in order to meet this target. ■

PROGRESS SINCE 2005 AND PRIORITIES FOR 2010

THE STATE OF AFFAIRS as regards aid effectiveness in Sierra Leone is mixed. The government and donors are committed to aid effectiveness, but meeting the Paris Declaration 2010 targets will be a challenge. If progress is to be made, the government will need to show greater leadership and donors will need to work with the government to build its capacity. Progress is being made toward strengthening donor partnerships, but donors must do more to respect the leadership exercised by the government. As a priority, the government and donors should strengthen and use newly developed systems for monitoring and evaluation. Finally, significant effort is needed to develop a mechanism for mutual assessment of progress towards aid effectiveness. ■

INDICATORS		2007	2010 TARGET
1	Operational development strategies	C	B or A
2a	Reliable public financial management (PFM) systems	3.5	4.0
2b	Reliable procurement systems	B	A
3	Aid flows are aligned on national priorities	54%	77%
4	Strengthen capacity by co-ordinated support	22%	50%
5a	Use of country PFM systems	20%	35%
5b	Use of country procurement systems	38%	51%
6	Strengthen capacity by avoiding parallel PIUs	2	0
7	Aid is more predictable	30%	51%
8	Aid is untied	92%	More than 68%
9	Use of common arrangements or procedures	27%	66%
10a	Joint missions	31%	40%
10b	Joint country analytical work	56%	66%
11	Results-based monitoring frameworks	D	B or A
12	Mutual accountability	No	Yes

SUMMARY
TABLE 47.9

CONTRIBUTORS

National Co-ordinator: Kawusu Kebbay

Donor Focal Point: Sheikh A. Y. Sesay (African Development Bank)

ACRONYMS

AER	Aid Effectiveness Review
CG	consultative group
CPIA	Country Policy and Institutional Analysis
DEPAC	Development Partnership Committee
GNI	gross national income
GoSL	Government of Sierra Leone
IGAP	Improved Governance and Accountability Pact
MDBS	multi-donor budget support
MTEF	mid-term expenditure framework
ODA	official development assistance
OECD-DAC	OECD Development Assistance Committee
PBA	programme-based approaches
PFM	public financial management
PIU	project implementation unit
PRSP	Poverty Reduction Strategy Paper
USD	US Dollar