COLLABORATIVE AFRICA BUDGET REFORM INITIATIVE (CABRI)

BUILDING PFM CAPABILITIES IN AFRICA 2017

CHANGE MANAGEMENT TEAM
SIERRA LEONE
Team Members

Matthew Dingie (Director of Budget) - Authorizer
Lauratu Johnson (Assistant Director) - Leader
Dr. Joseph Thullah (Principal Economist)
Sheila Max-Macarthy (Head FMA)
Jacob Tenga Sessie (Senior Budget Officer)
Gbessay E. Swaray (Senior Budget Officer)
Ibrahim M. Bangura (Ag. Head CMU)
Danielle Serebro (CABRI) - Coach
Johan Krynauw (CABRI) - Coach
Presentation Outline

1. Problem Statement/Entry Point
2. Original Fish Bone
3. Key activities and stakeholders involved from June to December
4. Progress made so far
5. Lessons Learnt and Challenges
6. Expectations going forward
7. Conclusion - Input from Authorizer
EXPENDITURE COMMITMENTS EXCEED TOTAL INCOME ENVELOP RESULTING IN UNPAID BILLS AND ARREARS
Entry Point

The Three Main Causes Identified:

1. Extra Budgetary Activities and Budget Overruns
   - Poor Budget Planning
     - Low Capacity in Budget Planning and Formulation (Entry Point)

2. Delay in Disbursement of Donor Funds

3. Poor Forecasting of Macro-economic Indicators and Revenue Targets
Extra Budgetary/Budget overruns

- Under estimation of cost during planning
- Low capacity in budget planning & formulation
- Under estimation of total rev. envelop

**Poor budget Planning**

- Vested political interest
- Lack of coordination among MDAs
- MoFED do not screw down MDAs to approved bud
- MoFED do not screw down MDAs to approved bud
- MDAs undertake commit. without recourse to the budget

**Poor Execution of budget**

- Under estimation of interest among MDAs
- Poor execution to meet the benchmarks
- Poor budget MoFED do not
- Poor budget MoFED do not
- Other DPs depends on IMF reports for their disbursement

**Delay in disbursement of donor funds**

- Difficulty in getting other MDAs to meeting the benchmarks
- MDAs don't Adhere to approved budget ceiling
- Extra budgetary activities

**Carryover of Unpaid bills and Arrears**

- Disruptions to the IFMIS
- Poor computerized and automated system
- Poor computerized and automated system
- Low knowledge of computer system
- Delay in donor disbursement

**Disruption of data**

- Low knowledge of computer skills
- Lack of real time data
- Incomplete information
- Human interference into the forecasting tools

**Poor forecasting of Macroeconomic Indicators and revenue targets**

- Commitment of team members
- Poor standard of forecasting
- High interest rates

- No adherence to borrowing calendar
- High debt service
- Unplanned borrowing
<table>
<thead>
<tr>
<th>No.</th>
<th>Task</th>
<th>Objective</th>
<th>Timeframe</th>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Presentation of Concept Note including the Fish Bone to the Minister and Senior Management of the Ministry of Finance and Economic Development</td>
<td>To obtain authorization to look into the problem and find ways in solving it</td>
<td>21 - 30 June 2017</td>
<td>Authorizer, Minister, Financial Secretary and Senior Management Team of Ministry of Finance and Economic Development (MoFED)</td>
</tr>
<tr>
<td>2</td>
<td>Informed MDAs through Budget Call Circular that Change Management Team will be part of their budget planning process.</td>
<td>Enable MDAs to allow the Change Management Team to help them with the technical budget planning exercises</td>
<td>28 June 2017</td>
<td>Financial Secretary and Authorizer</td>
</tr>
<tr>
<td>3</td>
<td>Meeting with Selected 10 MDAs with persistent budget overruns (Defence, Health, Education, Foreign Affairs, Finance, Police, Correctional Services, Environmental Protection Agency, Agriculture and Transport)</td>
<td>Further insight, perspective and causes of MDA's extra-budgetary activities and budget overruns.</td>
<td>11 July 2017</td>
<td>Budget Committee Members of the 10 MDAs (Vote Controllers - Chairman, Programme Managers, Budget Officers – secretary and other relevant officials)</td>
</tr>
<tr>
<td>4</td>
<td>Monitoring of the 2nd Half of FY2017 budget performance by the use of specialised template</td>
<td>To minimize budget overruns and extra-budgetary activities</td>
<td>July 2017 to Date</td>
<td>Authorizer, Budget Officers, Change Management Team</td>
</tr>
</tbody>
</table>
## Key Activities and Stakeholders Involved Jun-Dec

### Budget Performance of the Pilot MDAs (FY2012 -FY2016)

<table>
<thead>
<tr>
<th>No.</th>
<th>MDA</th>
<th>FY2012 Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>FY2013 Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>FY2014 Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>FY2015 Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>FY2016 Budget</th>
<th>Actual</th>
<th>Variance</th>
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</thead>
<tbody>
<tr>
<td>128</td>
<td>MFAIC</td>
<td>16,644</td>
<td>19,153</td>
<td>(2,510)</td>
<td>15,670</td>
<td>25,954</td>
<td>(10,285)</td>
<td>27,828</td>
<td>34,678</td>
<td>(6,850)</td>
<td>25,084</td>
<td>29,842</td>
<td>(4,759)</td>
<td>24,225</td>
<td>41,238</td>
<td>(17,012)</td>
</tr>
<tr>
<td>129</td>
<td>MoFED</td>
<td>10,124</td>
<td>19,428</td>
<td>(9,304)</td>
<td>11,580</td>
<td>27,352</td>
<td>(15,772)</td>
<td>22,750</td>
<td>24,524</td>
<td>(1,774)</td>
<td>29,577</td>
<td>54,601</td>
<td>(25,024)</td>
<td>26,594</td>
<td>54,092</td>
<td>(27,498)</td>
</tr>
<tr>
<td>201</td>
<td>MoD</td>
<td>57,020</td>
<td>57,889</td>
<td>(869)</td>
<td>65,298</td>
<td>63,298</td>
<td>2,000</td>
<td>70,615</td>
<td>106,979</td>
<td>(36,364)</td>
<td>81,113</td>
<td>78,843</td>
<td>2,269</td>
<td>85,757</td>
<td>162,737</td>
<td>(76,980)</td>
</tr>
<tr>
<td>206</td>
<td>SLP</td>
<td>34,160</td>
<td>38,723</td>
<td>(4,563)</td>
<td>58,400</td>
<td>60,045</td>
<td>(1,645)</td>
<td>67,627</td>
<td>73,295</td>
<td>(5,668)</td>
<td>72,844</td>
<td>67,844</td>
<td>5,000</td>
<td>72,544</td>
<td>83,544</td>
<td>(11,000)</td>
</tr>
<tr>
<td>207</td>
<td>SLCS</td>
<td>9,800</td>
<td>15,954</td>
<td>(6,154)</td>
<td>15,290</td>
<td>21,798</td>
<td>(6,508)</td>
<td>25,706</td>
<td>29,279</td>
<td>(3,573)</td>
<td>37,027</td>
<td>44,886</td>
<td>(7,859)</td>
<td>32,322</td>
<td>55,323</td>
<td>(23,002)</td>
</tr>
<tr>
<td>301</td>
<td>MEST</td>
<td>84,361</td>
<td>135,275</td>
<td>(50,914)</td>
<td>136,980</td>
<td>146,768</td>
<td>(9,788)</td>
<td>168,916</td>
<td>171,753</td>
<td>(2,837)</td>
<td>257,614</td>
<td>168,674</td>
<td>88,940</td>
<td>209,991</td>
<td>262,851</td>
<td>(52,860)</td>
</tr>
<tr>
<td>304</td>
<td>MoHS</td>
<td>30,199</td>
<td>49,524</td>
<td>(19,324)</td>
<td>38,968</td>
<td>36,670</td>
<td>2,298</td>
<td>71,314</td>
<td>73,802</td>
<td>(2,488)</td>
<td>74,007</td>
<td>51,665</td>
<td>22,342</td>
<td>91,856</td>
<td>114,837</td>
<td>(22,981)</td>
</tr>
<tr>
<td>401</td>
<td>MAFFS</td>
<td>20,974</td>
<td>26,256</td>
<td>(5,282)</td>
<td>24,500</td>
<td>19,298</td>
<td>5,202</td>
<td>32,075</td>
<td>33,821</td>
<td>(1,746)</td>
<td>45,876</td>
<td>16,679</td>
<td>29,198</td>
<td>51,083</td>
<td>54,530</td>
<td>(3,447)</td>
</tr>
<tr>
<td>404</td>
<td>MTA</td>
<td>4,149</td>
<td>3,551</td>
<td>598</td>
<td>3,280</td>
<td>6,695</td>
<td>(3,415)</td>
<td>12,630</td>
<td>19,666</td>
<td>(7,036)</td>
<td>13,648</td>
<td>48,529</td>
<td>(34,881)</td>
<td>18,197</td>
<td>90,618</td>
<td>(72,421)</td>
</tr>
<tr>
<td>420</td>
<td>SLEPA</td>
<td>602</td>
<td>517</td>
<td>85</td>
<td>700</td>
<td>700</td>
<td>0</td>
<td>145</td>
<td>145</td>
<td>0</td>
<td>28</td>
<td>28</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total** 268,033 366,269 (98,236) 370,666 407,878 (37,213) 499,606 567,798 (68,192) 636,817 561,564 75,254 612,568 919,770 (307,203)
Engagement with the Pilot 10 MDAs
<table>
<thead>
<tr>
<th>No.</th>
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<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Introduction of Electronic PETS Form 1 (Designed by MoFED), Budget Performance Template (Designed by MoFED) and Real-time Budget Performance Software (Tableau)</td>
<td>Minimize budget overruns and extra-budgetary activities</td>
<td>July 2017 to Date</td>
<td>Authorizer, Budget Officers, Change Management, DFID Consultant</td>
</tr>
<tr>
<td>6</td>
<td>Met with MDAs Budget Committees and Other Stakeholders during budget planning process</td>
<td>1. Ensure all programme managers, vote controllers and relevant officials participate in the budget planning process. Ensuring programme managers activities were included in the budget submission to MoFED. 2. Assist in preparing the costed strategic plans by the use of the costing templates</td>
<td>3 July – 11 August 2017</td>
<td>Budget Committee Members of the 10 MDAs (Vote Controllers - Chairman, Programme Managers, Budget Officers – secretary and other relevant officials)</td>
</tr>
<tr>
<td>7</td>
<td>Policy Hearing and Budget Discussions (Change Management Team participated fully)</td>
<td>1. Ensuring minutes of Budget Committees Meetings, Costed Strategic Plans, Deliverables etc are part of the MDAs submission, 2. Ensure all programme managers participated in the budget planning.</td>
<td>14 August – 1 September 2017</td>
<td>Budget Committees, MoFED Staff including Change Management Team, NSA, DBOCs, DPs, Civil Society Members</td>
</tr>
</tbody>
</table>
Engagement with the Ministry of Defence
Engagement with Foreign Ministry
Engagement with Ministry of Health
<table>
<thead>
<tr>
<th>No.</th>
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<th>Objective</th>
<th>Timeframe</th>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>7 (Seven) Check - in by Phone by our Coach(es)</td>
<td>To keep Team focused and motivated in solving our problem</td>
<td>May – November 2017</td>
<td>Change Management Team, CABRI Team and Harvard University Team</td>
</tr>
<tr>
<td>9</td>
<td>Country Check -in Freetown by Neil Gary Cole and Danielle Sherebro</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Country Check -in Freetown by Danielle Sherebro and Adil</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Check -in by Matt Andrews (Discussed what we have done so far and advised to present to him data of the 10 MDAs per programme, activities etc. to actually see the problematic areas)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Submitted 66 Personal Assignments and 18 Group Assignments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Feedback from the MDAs we worked with.</td>
<td>To get Impact of the work done using PDIA Techniques</td>
<td>1 December 2017</td>
<td>Ministry of Foreign Affairs, Defence and Sierra Leone Police</td>
</tr>
</tbody>
</table>
In Country visit by CABRI

04/01/2018

CHANGE MANAGEMENT TEAM – SIERRA LEONE
In Country CABRI visit - Parliament
Achievements

1. The Ministers and Senior Management of MoFED buy-in the idea of PDIA
2. Succeeded in bringing together all members of the Budget Committees including Programmes Managers in a MDA in the budget formulation process
3. Training of Budget Committee Members in the use of Budget Formulation Template
4. Deployed Budget Officers in various MDAs to help with the budget process
5. Including the work of Change Management Team in the Budget Call Circular to help the MDAs in the budget formulation process
6. Developed real time Budget Performance Monitoring Software for monitoring of budget execution
7. Developed Electronic MTEF PETS Form 1 to be used for requesting and processing of MDAs allocation
### Analysis of Stock of Unpaid Bills as at End October 2017 at Accountant General

#### In Millions of Leones

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total Stock of Unpaid Bills</td>
<td>450,979</td>
<td>765,451</td>
<td>241,782</td>
<td>(209,197)</td>
<td>-46%</td>
</tr>
<tr>
<td>Cheques Payable</td>
<td>243,043</td>
<td>247,260</td>
<td>107,443</td>
<td>(135,600)</td>
<td>-56%</td>
</tr>
<tr>
<td>Printed Cheques</td>
<td>207,936</td>
<td>518,192</td>
<td>134,339</td>
<td>(73,597)</td>
<td>-35%</td>
</tr>
</tbody>
</table>
Cont. Achievements

Graphical Presentation of the Unpaid Bills

- Total Stock of Unpaid Bills
- Cheques Payable
- Printed Cheques
9. Change Management Team created the awareness to all MDAs the negative effect of carryover of huge unpaid bills as a result of budget overruns and extra-budgetary activities.

10. Keeping and working together as team.

11. The enthusiasm of Government of Sierra Leone to become an official member of CABRI
Extra Budgetary/Fragmented programme activities

- Under estimation of cost during planning
- Vested political interest
- Lack of coordination among MDAs
- Poor Execution of budget
- MoFED do not screw down MDAs to approved budget
- Bringing over of unpaid bills
- Other DPs depends on IMF reports for their disbursement
- MDAs undertake commt. without recourse to the budget
- MDAs don’t Adhere to approved budget ceiling

Delay in disbursement of donor funds

- Difficulty in getting other MDAs to meeting the benchmarks
- Carrying over of Unpaid bills and Arrears

Extra budgetary activities

- Disruptions to the IFMIS
- Low knowledge of computer system
- Delay in reconciliation of data
- Low knowledge of computer skills
- Lack of real time data
- Incomplete information
- Human interference into the forecasting tools
- Commitment of team members
- Poor forecasting of Macroeconomic Indicators and revenue targets
- Poor standard of forecasting
- High interest rates
- High debt service
- Unplanned borrowing
- No adherence to borrowing calendar
Lessons Learnt

1. We learnt to respect the views of team members as we work together in achieving our objectives.
2. We learnt to identify and solve our problem using the PDIA approach (All problem has solution)
3. We were able to tap into the ability of other team members.
4. Using data in telling stories to solve problems is really key in the work we did.
5. The PDIA exercise increases the ability to manage Time in the midst of other task or duties
6. Working within authorized environment increases your ability to do more
7. The check-ins by our Authorizer, CABRI and Havard teams motivated the team and kept us focused
Challenges

1. Political support and commitment – how do we get Cabinet Ministers on board
2. Improve the IFMIS infrastructure – how this will support the rollout of the Electronic PET Form 1
3. Some programme managers stay across the country, bringing them together is a challenge
4. Financial and other logistics – continuous training programme
1. The full impact of the work of Change Management Team Sierra Leone would be felt in FY 2018

2. The work the Change Management Team has been incorporated into the New PFM Strategy (2018-2022) – implementing the PFM strategy will help achieve the objective of the PDIA and other related PFM indicators

3. The activities of Change Management Team would continue in the rest of the MDAs

4. Quarterly review and report on FY2018 budget execution to minimise budget overruns

5. The Medium Term Revenue Management Strategy recently adopted by Cabinet will help address the issue of tax waivers and other challenges impeding revenue predictability
Conclusion

• In conclusion, Change Management Team will continue to work in solving our problem.
Conclusion – Authorizer’s Comments

• Strong Team Work and Collaboration – Team members are quite au fait with the issues and ready to make an impact
• Periodic Review of the Teams work and giving them guidance
• Group brain storming sessions to chart out new strategies in tackling the problem
• On-going engagements with all relevant stakeholders and how to widen the scope of participation
• Policy Makers Vs Their Subjects in the change management process
THANKS FOR YOUR ATTENTION