



REF NO: MoF-BB/06/24
FROM: The Financial Secretary
TO: All Permanent Secretaries/Heads of Departments
DATE: 20th June, 2024

Cc: The Chief Minister
Hon. Minister of Finance
Hon. Minister of Planning and Economic Development
Hon. Deputy Minister of Finance I
Hon. Deputy Minister of Finance II
The Secretary to the President
The Secretary to the Cabinet and Head of the Civil Service
The Secretary to the Vice President
The Director General, Human Resource Management Office (HRMO)
The Commissioner General, National Revenue Authority (NRA)
The Accountant General, Accountant General's Department (AGD)
The Auditor General, Audit Service Sierra Leone
The Chairman, Parliamentary Finance Committee

BUDGET CALL CIRCULAR FOR THE MTEF PERIOD FY2025 – 2027

I INTRODUCTION

1. In accordance with Section 31(1) of the Public Financial Management Act of 2016, I have the pleasure to transmit to you the Budget Call Circular that will guide the preparation of the FY2025 Budget and the two outer years FY (2026 and 2027). It is particularly important that Ministries, Departments and Agencies (MDAs) continue to focus on operational activities, programmes and projects for FY2025 that are geared towards achieving the Government's priorities -the Big Five Game Changers, that is, Feed Salone (Agriculture), Human Capital Development, Youth Employment Scheme (YES), Revamping the Public Service Architecture and Technology and Infrastructure. These priorities are aligned with the national goals outlined in the Medium-Term National Development Plan (2024-2030). It is important to submit plans that are of good quality as this will have a positive impact on resource allocation and budget execution.

2. The purpose of this Circular therefore is to communicate:
 - i) Guidelines to Budgetary Agencies in preparing their budget proposals;
 - ii) Government's priorities for FY2025 in line with the Medium-Term National Development Plan and the Big Five Game Changers;
 - iii) Key policies and administrative issues for the preparation of Strategic Plans and Expenditure Estimates; and
 - iv) The Budget Calendar for the FY2025 budget preparation attached in Annex 7 of this Circular.

3. Consistent also with Section 33 (1) of the Public Financial Management Act 2016, the Minister of Finance is required to submit the Budget to Parliament for FY2025 and its medium-term perspective on **Friday, 25th October, 2024** to allow enough time for its scrutiny and ratification.

4. In line with the above, therefore, MDAs are required to prepare their budget proposals and contribution to the Budget Speech, **by 31st July 2024**. Consultative discussions on the FY2025 Budget with key stakeholders in your sector will be held at Family Kingdom, Lumley from **14th to 30th August, 2024**. The discussions will also be streamed live through virtual Zoom platform.

II. MEDIUM TERM MACRO-FISCAL FRAMEWORK: 2025 - 2027

5. The main objectives of macroeconomic policy over the medium term (2025-2027) are to unlock the growth potential of the economy through the implementation of sound macroeconomic, public financial management, and financial sector reforms and thereby promoting sustainable, resilient, green and inclusive growth to reduce poverty.

6. Statistics Sierra Leone has rebased Sierra Leone's GDP; this reflects the change in the structure of the economy and evolution of prices over time, for example, agriculture now accounts for 34%, Industry including Manufacturing, 22% and Services, 44% of the economy. **MDAs must therefore note the changes in key macro-fiscal indicators that are stated as a percentage of GDP.**

7. The medium-term prospects remain promising in spite of the global challenges and the accompanying impact on our economy. Accordingly, growth is projected to recover to 4.5 percent in 2025, from 3.4 percent estimated for 2024. Economic growth will further increase slightly to 4.6 percent in 2026 and remain strong at 4.6 percent in 2027. Growth will be driven mainly by the increased productivity in agriculture, fisheries, manufacturing, combined with increased activities in the tourism, services sectors, as well as continued scaling up of public investment in infrastructure, The expected expansion in iron ore and other mining activities will also contribute to the growth prospects of the economy.

8. Inflationary pressures will moderate over the medium-term underpinned by increased food supply, stable exchange rate and tight monetary policies by the Bank of Sierra Leone. The end of

period inflation will decline to 15.9 percent in 2025 and further to 11.4 percent in 2026 and 9.0 percent in 2027.

9. The current account deficit (including grants) is projected to improve minimally to 4.7 percent of GDP in 2025, from 4.8 percent of GDP in 2024. The current account deficit is projected to improve further to 3.8 percent of GDP in 2026 and 3.0 percent of GDP in 2027. The movement in the current account balance will be driven largely by the trade balance, which is projected to deteriorate to -5.4 percent of GDP in 2025 and improve to 1.2 percent of GDP in 2027. Export growth will average 3.2 percent over the medium term driven largely by increase in mineral exports while import growth will average 0.8 percent during the same period.

10. Over the medium term, the Bank of Sierra Leone will seek to build foreign reserves, while allowing further exchange rate flexibility by limiting its intervention to smoothening exchange rate volatility. Gross international reserves are projected to average around 3.1 months of imports cover during 2025 to 2027. The exchange rate is projected to stabilize over the medium term driven by increased exports, proactive monetary policy by the Bank of Sierra Leone, combined with the expected increased foreign direct investment inflows.

11. Over the medium term, Government will implement the recently developed Medium-Term Revenue Mobilization Strategy to support growth in revenues. Domestic revenue is therefore projected to increase to 8.7 percent of GDP by 2025 and further to 9.4 percent of GDP in 2027. The implementation of improved public financial management reform measures is expected to continue to enhance the efficiency of spending, support medium-term budget planning and execution, and continue to consolidate the cash resources of various Ministries, Departments and Agencies under the Treasury Single Account system.

The Table below summarizes the key macroeconomic projections for the medium-term, 2024-2027:

Indicator	2024	2025	2026	2027
	(Annual percentage change, unless otherwise stated)			
Real GDP growth	4.0	4.5	4.6	4.6
Real non-iron GDP growth	3.9	4.6	4.6	4.7
Consumer Prices (end of period)	24.6	15.9	11.4	9.0
Consumer prices (average)	38.4	20.2	13.7	10.2
Exports of goods	11.7	(1.5)	5.5	5.7
Imports of goods	5.3	(0.2)	0.8	1.8
Broad Money	19.5	14.5	13.6	13.4
Reserve Money	19.5	14.5	13.6	13.4
	(Percentage of GDP)			
Current account balance (incl.grants)	(4.8)	(4.7)	(3.8)	(3.0)
Current account balance (excl.grants)	(6.1)	(6.1)	(5.2)	(4.3)

External public debt (incl to IMF)	29.6	29.2	28.7	27.7
Domestic Revenue	7.8	8.7	8.9	9.4
Expenditures & Net Lending	14.8	16.5	15.3	14.8
Grants	4.2	4.8	4.6	4.4
Overall balance	(2.7)	(3.1)	(1.8)	(1.0)
Overall balance (excl grants)	(7.0)	(7.8)	(6.3)	(5.4)
Domestic primary balance	(0.7)	0.2	0.6	1.2
Gross International Reserves	2.7	3.0	3.1	3.2

MDA Revenue Projections

12. MDAs are requested to provide a comprehensive list of all current and prospective revenue streams and must also provide data on actual revenue collected in the last two years, as well as the medium-term revenue projections, including deposits on the sale of contract bid documents. In addition, all balances in Bank Accounts must be reported when submitting revenue proposals.

13. Pursuant to the Finance Act (2020), MDAs are also requested to budget for the payment of all taxes, duties and fees as they shall be liable to pay all taxes, fees and import duties on their imports.

Report on tax expenditure:

14. MDAs are expected to provide in their Budget proposal for 2025 a report on tax expenditure covering duty waivers by category and corporate income tax waived for investment projects including mining companies and manufacturing firms operating under their supervision.

III PROJECTED RESOURCE ENVELOPE FOR FY2025

15. Total Revenue and Grants are projected to amount to NLe 29.5 billion (13.4 percent of GDP) in FY2025. Domestic Revenue is projected at NLe 19.0 billion (8.7 percent of GDP) in FY2025 from an estimated NLe 14.6 billion (7.8 percent of GDP) in 2024. Grants are projected at NLe 10.5 billion (4.8 percent of GDP) in FY2025 from an estimate of NLe 8.05 billion (4.3 percent of GDP) in FY2024.

16. Total Expenditure and Net Lending are projected at NLe 35.8 billion (16.2 percent of GDP) in FY2025 from an estimated NLe 27.3 billion (14.6 percent of GDP) in 2024. Of the Total Expenditure and Net Lending for FY2025, Goods and Services are projected at NLe 4.8 billion, whilst Subsidies and Transfers are projected at NLe 3.3 billion. The attached Recurrent Expenditure Ceilings in Annex I for Goods and Services, Subsidies and Transfers and Domestic Capital Expenditure are based on the projected resource envelope, which includes domestic revenue, budget support grants, domestic borrowing and SDR resources. The Domestic Capital budget is projected at NLe 945 million (0.4 percent of GDP) for 2025 from an estimated NLe 2.6 billion (1.4 percent of GDP) in FY2024.

IV. BUDGET PRIORITIES FOR FY2025

17. The Fiscal Year 2025 MTEF budget will focus on the recently developed **Medium-Term National Development Plan (2024-2030) and aligned with the Big 5 Game Changers.**

In the FY2025 – 2027 Budget priority will be given to the following five national goals for 2030:

- i) **Goal 1:** Sierra Leone will be food secure by 2030 (directly related to Big 5.1)
- ii) **Goal 2:** A highly skilled, healthy, inclusive and gender-sensitive labour force, with a substantial share of middle level manpower, and highly developed talents for professional jobs in the private sector and the civil service by 2030 (directly related to Big 5.2)
- iii) **Goal 3:** Creating 500,000 jobs for the youth (with at least a 30% representation of women), including skilled and unskilled, long-term, as well as seasonal jobs across all sectors by 2030 (directly related to Big 5.3)
- iv) **Goal 4:** A cashless economy, increased financial inclusion, vibrant e-government and public administration, expanded energy production, and advanced road and general transport system, well-linked with production centres to markets by 2030 (directly related to Big 5.4)
- v) **Goal 5:** A public service that is streamlined, attracts and keeps the brightest national talents and is generally robust in tackling challenges to sustainable development by 2030 (directly related to Big 5.5)

Vote Controllers are advised to access the full details of Sierra Leone’s Medium-Term National Development Plan (2024-2030) on the Ministry of Planning and Economic Development’s website using the following link: <http://moped.gov.sl/j/mtndp/>

V. GUIDELINES FOR SUBMISSION OF FY2025 BUDGET PROPOSALS AND DRAFT ESTIMATES

18. Using the above fiscal projections for FY2025 – 2027 and related Recurrent Expenditure Ceilings, MDAs are strongly advised to prepare their respective budget estimates using the budget costing template as shown in Annex 2 to this Circular. Resource allocation in the FY2025 budget will focus on programmes to be completed under the Government’s Big Five priorities and core functions of MDAs. As in previous years, the preparation of MDA budget proposals **should start** with the development of the Strategic Plan for the MDA. In this vein, Government is encouraging all Ministries, Departments and Agencies to align their Strategic Plans along the priorities of the National Development Plan. **MDAs should also prepare their budgets within the ceilings provided in Annex I.**

19. MDAs should identify explicitly the main policy measures to be taken in order to comply with the ceilings for each expenditure category during FY2025. These policy measures should be submitted as part of the MDA budget proposals.

20. MDAs are strongly advised NOT to budget for new capital projects without the approval of the Ministry of Planning and Economic Development. All new capital projects will have to be formulated within the framework of the Public Investment Management Policy. Hence, there must be clear consistency among the National Development Plan (2024-2030), the Big Five Priorities, the MDA Strategic Plan, and the MDA Budget Proposal or Estimate. The **final budget ceilings** and decisions on reallocation of resources would be agreed upon following conclusions from the consultative budget discussions to be held in August.

21. As already commenced in 2018, resource allocation and subsequent release of funds to MDAs in 2025 would be **performance based**. This implies that access to funds from the Consolidated Revenue Fund (CRF) would be based on the progress made by MDAs in implementing triggers/benchmarks agreed between Government and its development partners under various frameworks, including the Country Policy and Institutional Assessment (CPIA), the Budget Support Operations, and the IMF Structural Benchmarks. MDAs are therefore strongly encouraged to refer to the CPIA technical notes already circulated, and other performance related programmes.

22. It is worth noting that improvements in CPIA ratings will increase the resources allocated to Sierra Leone by the multilateral financial institutions. This in turn will translate into higher budgetary allocations to MDAs.

Technical support for Budget Preparation within MDAs

23. As usual, all Vote Controllers **are expected to convene meetings** of their Budget Committees to undertake the initial preparation of their budget estimates. The full participation of the budget committees in compiling the draft budget estimates for FY2025 and MTEF Strategic Plans for 2025-2027 is mandatory. Copies of the **Minutes** of all such meetings should be sent as an Annex to your budget submissions for FY2025. To strengthen the process, the assigned Budget Officers to MDAs will assist in preparing their budget estimates.

24. Upon completion of the Committees' work, the draft Budget Estimates must be submitted to the **supervising minister or head of agency for endorsement and approval** and the same submitted to the Ministry of Finance against the stipulated deadline, which is **31st July 2024**. This should be submitted alongside draft procurement plans and disbursement forecasts developed in accordance with guidelines issued by the National Public Procurement Authority. It should be noted that the costing of the procurement plan must be consistent with the overall final budget estimates of the MDA to continue to improve on budget credibility in 2025.

Recurrent Expenditure Projections

25. In preparing estimates for recurrent expenditures, all MDAs must:

- i) ensure their budget proposals/estimates do not exceed the ceiling provided in the Call Circular

ii) include outstanding commitments on all existing contracts and supplies. These must be **adequately provided for prior to projecting new obligations**; and

iii) contracts denominated in foreign currencies must be consistent with the Bank of Sierra Leone Amendment Act 2023 and Guidelines (please reference from the Bank of Sierra Leone website). A standardized template for costing is attached as Annex 2 to this Circular. However, MDAs are advised to obtain the electronic copy of the standardized costing templates from the Budget Bureau. The relevant Annexes would later be re-uploaded in the MoF website (www.mof.gov.sl) for ease of access.

26. To address the huge arrears accumulated for Subscriptions to International Organizations, MDAs are encouraged to outline all outstanding arrears and list all subscriptions due in 2025 with their respective Organizations and submit same to the Ministry of Finance for consideration. These do not form part of your budget ceilings.

27. The attached Check List (Annex 4) must also be completed when submitting proposals.

VI. HUMAN RESOURCE MANAGEMENT AND PAYROLL REFORMS

28. Over the years, in-year salary reviews and recruitment requests constitute a major source of the unpredictability of the payroll and complicates budget management. Therefore, a key priority for Government in FY2025, is to develop and implement a Medium-Term Wage Bill Strategy (MTWBS, 2024-2028). The objective of the MTWBS is to propose reforms aimed at obtaining a wage bill that is sustainable in the medium term. The overall objective of the pay reform is to have an established pay policy as well as to facilitate the creation of a satisfying and rewarding work environment, which in turn would make it possible for public service employees to work in a productive and efficient manner. In light of this, the Government has established the Wages and Compensation Commission to address the major challenges in the wage bill.

29. From FY2024 onwards Government will institute work planning, that is, during the budget preparation process, MoF will engage with employing authorities especially the major categories such as teachers, health workers and the security sector to setup staff quotas after considering current workforce, creation of new vacancies, promotions, retirements and planned new recruitments. Proper workforce planning will help MDAs deploy human resources more optimally, in context of agreed wage bill limits. **In light of this, during the FY2025 budget discussions, MoF will hold discussions with the major categories in the payroll to agree on staff quotas and any other payroll changes.**

30. MDAs are also required to properly budget for all new recruitment in a phased approach from 2025 to 2027 and to submit all information on retirements, promotions, transfers, death etc.

31. All MDAs including sub-vented agencies are expected to follow the standard procedures for requesting payroll changes. In particular, the standard procedure for requesting approval for new recruitment must be adhered to. **As a reminder, before recruiting new staff, MDAs should write to the Ministry of Finance in order to seek financial approval for these positions, and recruitment should only begin after the approval is received.** If MDAs do not follow this procedure, no retroactive payments will be made to staff that are recruited. Sub-vented Agencies

are also advised to ensure that all recruitment and promotion requests submitted are to be guided by a Management and Functional Review that would have been conducted by the Public Sector Reform Unit (PSRU).

32. A number of steps are being taken to improve on the quality and integrity of the existing payroll data. Hence, the Ministry of Finance has taken a policy decision that all staff paid from the central payroll must have a valid NASSIT and NCRA numbers, valid BBANS as well as a Date of Birth that is consistent with that which is embedded in an employee's NASSIT Number and NCRA records.

Personnel Costs

33. The Payroll Estimates for FY2025 and beyond will be computed on the basis of the submissions made in the Wage Bill Budget Templates. These estimates will be submitted to each MDA for review. Each MDA will then resubmit following any amendments and/or corrections.

34. In collaboration with the HRMO, MDAs must also include in the wage bill budget templates information on retirements – i.e. those who proceeded on retirement during the year or are expected to retire by 31st December 2025, including abandonment of posts. Unfortunate occurrences of deaths must also be reported in a timely manner. This is part of the cleaning up exercise of the payroll. MDAs must collect soft copies of the Wage Bill Budget Templates from the Budget Bureau, Ministry of Finance.

Teacher Payroll

35. The teacher payroll will continue to receive Government's attention. To this end, the Teaching Service Commission has been working to manage the recruitment, postings and training of teachers countrywide.

36. The Ministry will continue to implement its policy of ensuring all recruited teachers are paid directly into their bank accounts as full automation for all categories of teachers in the payroll has been done. It is very important to ensure continuity of educational activities in schools. Therefore, retirement, replacement and recruitment of teachers will be aligned with the academic year in line with the Policy that has been approved by Cabinet. All the teachers who attain the age of retirement before end of July will be retained until 31st of July. The teachers attaining retirement age during August will be retired on 31st August. New teachers will be recruited by end August and will assume their duties on 1st September. The retirement list will be prepared by Teaching Service Commission (TSC) and Accountant General's Department (AGD) by end of January every year to provide ample time for smooth retirement processing. Emergency replacement (e.g. in case of death, resignation, abandonments) will be allowed to ensure availability of teachers in the classrooms subject to the submission of the complete documentary evidence.

VII. PUBLIC INVESTMENT PROGRAMME (PIP)

37. Government's objective is to ensure that the preparation and execution of the public investment programme is enhanced in order to ensure that selected projects are not only consistent with the Medium-Term National Development Plan and the Fiscal Strategy Statement (2025 – 2027) but also technically feasible, as well as financially and economically viable. Ministries Department and Agencies (MDAs) and Local Councils (LCs) should therefore work with the Ministry of Planning and Economic Development to ensure prior prefeasibility studies are undertaken and reasonable costing of the project are obtained and submitted.

38. To strengthen implementation of capital expenditure, the Ministry of Planning and Economic Development (MoPED) will issue guidelines on the management of the Public Investment Programme (PIP) spelling out clear roles and responsibilities of key institutions in relation to project identification, design, appraisal, implementation, monitoring and evaluation. The Cabinet approved National Public Investment Management Policy is the guiding instrument for the management of the Public Investment Programme. This policy can be obtained from the Ministry of Planning and Economic Development/Directorate of Public Investment Management.

39. For 2025, development expenditure projection for projects and programmes will be based on the following:

- projects and programmes alignment to the aspirations of the Medium-Term National Development Plan and Government's Big Five Game Changers with emphasis on agriculture, human capital development, youth employment, revamping the public service, technology and infrastructure;
- rationalize ongoing projects and programmes in tandem with Government broad policy objectives and the availability of funds; priority will be given to the completion of ongoing projects;
- project and programmes that are critical to the statutory functioning of the MDAs and LCs as contained in the Statutory Mandate.

40. For Projects and Programmes to be included in the Public Investment Programme and hence National Budget and Medium-Term Expenditure Framework, they MUST meet the following conditions: (i) clear objective (s); (ii) expected start and end date (iii) contains reasonable estimates of cost for each activity; (iii) clear inputs, outputs and indicators as defined in the attached Project Profile. This project profile MUST be completed for every project regardless of the source of FUNDING and whether NEW or ONGOING. This should be submitted to the Ministry of Planning and Economic Development.

41. Where feasibility studies, needs assessments, option analysis etc. have not yet been conducted, the relevant MDA and LC should contact the Ministry of Planning and Economic Development for possible funding from the Project Preparatory Facility (PPF). The request should be made with a clear Concept Note (CN) on the proposed project.

42. As the Government increasingly engages the private sector to help deliver aspects of Public Investment Programmes, Public Private Partnerships (PPPs) will emerge as well as the related fiscal implications. These fiscal implications should be incorporated in the budget estimates. PPPs will continue to be driven and owned by the relevant MDAs and LCs but must be developed and

transacted with guidance from the PPP Unit in line with the PPP Act 2014 and the Fiscal Risk Department in the Ministry of Finance.

43. In outlining the total cost of a PPP project, MDAs and LCs should estimate the total potential private sector contribution and indicate in totality the potential government obligation, including feasibility studies, needs assessments, resettlements cost, compensation payments, transaction/advisory cost, equity investments and the associated recurrent costs (e.g. PIU costs).

44. To enhance the delivery of existing projects and consider new project proposals, the Project Profile has been revised to capture vital project information with the aim of simplifying the PIP process. This form must be completed in FULL and SIGNED by the relevant authorities and submitted to the Ministry of Planning and Economic Development. Failure to comply with this will LEAD to your project not being considered in the PIP for the FY 2025 and National Budget. This MUST be completed for ALL projects: - NEW as well as ONGOING and submitted to the Ministry of Planning and Economic Development.

45. All MDAs and LCs with ongoing project(s) should submit a copy of the original project(s) document together with a comprehensive status report on the implementation as at mid-July 2024 to the Ministry of Planning and Economic Development for consolidation into the Public Investment Programme for the National Budget and the Medium-Term Expenditure Framework.

46. To further improve on the transparency of capital projects, in the FY2025 Budget, the PIP will include a detailed annex of all road projects currently being implemented. It is expected that this will improve on the monitoring and timely completion of road projects.

National Monitoring and Evaluation Department (NaMED) and Public Investment Projects

47. NaMED in collaboration with the Ministry of Finance (MoF) and Ministry of Planning and Economic Development (MoPED) will implement the following operational modalities, as policy, in implementing capital projects. All Ministries, Departments, and Agencies (MDAs) and Local Councils (LCs) are required to adhere to the following:

1. Any ongoing or new capital project submitted during the budget call cycle and approved by Parliament should have a Project Profile submitted to MoPED and copied to NaMED.
2. Request to MoF for the disbursement of the first tranche of funds should be copied to MoPED and NaMED so that the MDA or LC will engage with NaMED to get the Project Profile uploaded in the **National Monitoring and Evaluation Management Information System** (NaMEMIS). This facilitates monitoring of projects.
3. Subsequent requests to MoF for disbursement of funds should be accompanied by a workplan and a monitoring report from NaMED in order to facilitate MoF's assessment of project progress and approval of the request.
4. All project profiles, workplans and disbursement requests will be maintained in the NaMEMIS (www.namemis.gov.sl) for monitoring and archiving.

Automation of the monitoring of projects and budget execution process

48. To support the effective implementation of projects in line with budget execution of capital projects, the National Monitoring and Evaluation Directorate (NaMED) in collaboration with the Ministry of Finance, the Ministry of Planning and Economic Development and the Directorate of Science, Technology and Innovation (DSTI) in July 2021 developed the ***National Monitoring and Evaluation Management Information System (NaMEMIS_ www.namemis.gov.sl)*** to automate monitoring of projects in line with the budget execution process. NaMEMIS is being rolled-out to MDAs for implementation of the FY2025 budget.

Climate Public Investment Assessment (C-PIMA)

49. The C-PIMA is the adoption of climate sensitivity in public investment. Green and resilient public investment is an important enabler for sustainable recovery. The C-PIMA incorporates climate change in the PIMA framework and assesses the country's capacity to manage climate related infrastructure.

50. The selected ministries are also expected to incorporate climate considerations in their public investment strategies. Sectoral strategic plans are to be aligned with the country's climate objectives. This will enable MoF to identify and highlight climate related projects in MDAs' budget documents.

51. Climate change analysis is not required or included in the government's project appraisal and selection processes. This delinks the design and selection of projects from Sierra Leone's climate objectives. Ministry of Planning and Economic Development (MoPED) is required to develop and implement multicriteria analysis which incorporates climate change to guide prioritization and selection of projects in the PIP.

52. Climate related public investments (and climate-related expenditure more generally) is not identifiable in budget documents, making it difficult to assess whether resourcing is sufficient to meet climate objectives. MoF will identify and highlight climate-related projects in budget documents. This should build on current plans to implement a climate-sensitive tagging framework and be summarized in a short budget chapter.

Institutional Capacity Building

53. To improve on budget planning, execution and monitoring, MDAs should submit, in addition to their project costs, a budget line for building capabilities in their MDAs in the FY2025 Budget. To improve on coordination in building human capacity efforts, the Human Resource Management Office should approve all in-service training courses before payments are made out of the Consolidated Revenue Fund (CRF).

VIII. INCLUSION OF DONOR FUNDED PROGRAMMES AND ACTIVITIES

54.. All MDAs with on-going project(s) should submit a **copy of the original project(s) document** together with a **comprehensive progress status report** on project implementation as at mid-August 2024. The policy objective(s), activities, estimated costs, duration and expected outcomes of such projects should be made clear and incorporated in the Strategic Plan. **MDAs should ensure that donors comply with and complete the Development Assistant Database (DAD)** managed by the Ministry of Planning and Economic Development (MoPED). Further to this, MoPED has developed a Mutual Accountability Framework (and a dashboard system) between Government and Development Partners to monitor progress on the implementation of programmes and projects. MDAs implementing donor funded projects should therefore liaise with MoPED on the use of this framework.

55. Furthermore, MDAs should also request comprehensive details from NGOs operating in their sector(s) and integrate these activities within their respective plans and budget submissions. Copies of NGO submissions should be submitted with budget proposals.

IX. PROCUREMENT PROCESSES AND PROCEDURES EXECUTION

Procurement Planning and Approval

56. As required in the Public Procurement Act 2016, Section 29 Subsection 5 states: - “In accordance with the budget preparation procedures issued by the Ministry, all procuring entities shall submit their annual procurement plans for the coming financial year to the Ministry of Finance and the Ministry responsible for local government (for local councils) for review and approval.” In the submission of Budgets, following this Budget Call Circular, all procuring entities should submit their procurement plans in line with the above provision for review and approval by 31st July 2024.

57. In addition, the current status of all contracts should also be submitted; including payments that have been made and outstanding obligations relating to each contract.

Development of e-Procurement System

58. In line with Government’s Public Financial Management efforts, Government has introduced an e-procurement system that will improve on transparency in procurement processes across Government. The National Public Procurement Authority (NPPA) should include as part of their budget submission the cost of scale-up of the e-procurement platform.

X. PUBLIC FINANCIAL MANAGEMENT REFORMS

59. Over the past years, efforts have been made to improve on our public financial management systems. These reforms are expected to play an important role in ensuring budget credibility, value for money and probity in the use of public funds to ensure improved public service delivery.

60. The quality of public financial management would be strengthened to improve aggregate fiscal discipline, strategic allocation of resources and efficient public service delivery. The budget

formulation process is being strengthened to ensure the timely preparation of the Government Budget and its transmittal to Parliament.

Implementation of 2014 GFS Chart of Account:

61. To support the smooth implementation of the FY2024 Budget, the Ministry of Finance has in FY2022 moved from the 1986 Government Finance Statistics (GFS) to the 2014 GFS in order to ensure effective public sector financial reporting in line with International Standards. This resulted in the Ministry upgrading the Chart of Account from 27 digits to 33 digits which is in line with the current National Development Plan. The additional 6 digits is reflective of the 2014 GFS and we continue to encourage MDAs' Budget Committees to liaise with the Ministry of Finance to learn more about the new Chart of Accounts for the preparation of their FY2025 budgets.

Integrated Financial Management Information System (IFMIS):

62. Government has upgraded the IFMIS software to a higher version (Version 7), which is web-based and it has been rolled out to most MDAs in 2022. Therefore, MDAs are encouraged to continue with the improvement of their Information, Communication and Technology (ICT) infrastructure to improve on internet connectivity to enable effective utilization of the new IFMIS Version 7 software. The Ministry of Finance will utilise the upgraded IFMIS to prepare the FY2025 Budget. All recurrent and domestic capital expenditures should be processed through the IFMIS.

Piloting of Baseline Costing as a Budget Preparation Technique

63. As envisaged in the GoSL Public Financial Management Reform Strategy for 2023-2027 and the 'Government Budget and Statement of Economic and Financial Policies for the Financial Year 2024' delivered to the Parliament, in order to establish a closer link between strategic planning, budget allocation on public services and projects, the Ministry of Finance is aiming to introduce baseline costing for the FY 2025 budget preparation process. A budget baseline shows the budgetary consequences of existing policies for each fiscal year (FY) comprised by the MTEF. Baseline costing will help the MOF to calculate the cost of the "no policy change" in an annual and medium-term perspective and therefore determine the available fiscal space for new policy commitments. Furthermore, costed baseline results support expenditure prioritization within set expenditure ceilings. The Ministry of Finance has identified the five pilot MDAs that will be required to apply baseline costing in their FY2025 budget proposals. The MDAs are Ministry of Agriculture and Food Security (MAFS), Ministry of Basic and Secondary School Education (MBSSE), Ministry of Planning and Economic Development (MoPED) Sierra Leone Police (SLP), Audit Service Sierra Leone (ASSL), Ministry of Agriculture, Ministry of Basic and Senior Secondary Schools, Ministry of Planning and Economic Development, Sierra Leone Police, SLRA, Ministry of Energy, Ministry of Health and Ministry of Defence. To guide this reform, the required technical assistance and specific training will be coordinated by the MoF. In light of this, a training mission by the International Monetary Fund is slated to be completed with the Ministry of Finance from 25th June 2024 to 5th July 2024.

Piloting of Gender Responsive Budgeting (GRB)

64. Consistent with the Gender Equality and Women’s Empowerment Act 2023 and ongoing efforts to strengthen gender equality as noted in Cluster 5 of the Medium-Term National Development Plan, the Ministry of Finance in collaboration with the Ministry for Gender and Children’s Affairs will build on the current budget preparation process to further institutionalise Gender Responsive Budgeting (GRB) in the FY2025 Budget. *GRB is an approach to budgeting that uses fiscal policy and public financial management instruments to promote gender equality.* It is about bringing awareness of gender inequalities, including underlying causes into policy formulation and budgetary decision-making to promote the attainment of gender equality objectives.

65. During the FY2025, the Ministries of Basic and Senior Secondary Education, Health and Sanitation, Gender and Children’s Affairs, Defence and the Sierra Leone Police will continue to pilot the rollout of GRB. These MDAs were selected based on the existence of gender related programmes in their current budgets and key prerequisites to GRB such as the availability of some gender disaggregated data in their regular reports. These MDAs will be required to include in the FY2025 budget proposals and information relating to their gender priorities; performance targets and indicators; and their projected spending, using a template that is shared with them for the FY2025 budget preparation. Separate guidelines on the preparation of GRB will also be shared indicating the available technical support to successfully undertake the reform. In addition, the Ministry of Finance will continue to provide specific training to the pilot Ministries on GRB during 2024/2025.

Capacity building for Child Budgeting

66. Over the years, Government has made tremendous effort to increase budgetary allocation to adequately address children’s issues such as poverty, malnutrition, illiteracy or child protection. The Government also continues to give due consideration to children mainstreaming of MDAs activities.

67. In enhancing Government’s effort in this direction, United Nations Children's Fund (UNICEF) has worked closely with the Ministry of Finance in providing training in the area of child budgeting for the staff of Ministry of Finance, Ministry of Gender and Children’s Affairs, Ministry of Planning and Economic Development, Ministry of Health and Sanitation, Ministry of Basic and Secondary School Education and National Commission for Children. In the same vein, UNICEF in March 2024 provided training in monitoring child issues for District Budget Oversight Committees (DBOCs) and Non-State Actors (NSAs) across the country. The Ministry of Finance will continue to lay the foundations for mainstreaming of child budgeting by building the capacity of staff across the relevant MDAs in Government.

Green Budget Tagging (GBT)

68. Consistent with the Environment Protection Act 2000 and the Sierra Leone Meteorological Act 2017, and ongoing efforts to adhere to our domestic and international commitments on reducing Green House Gas emissions as noted in our Nationally Determined Contributions, the Ministry of Finance, in collaboration with the Ministry of Environment and Climate Change will build on the current budget preparation process to institutionalize Green Budget Tagging (GBT)

or Climate Budget Tagging and climate sensitive public investment management (C-PIMA) in the FY2025 Budget. The Paris Agreement has acknowledged that public spending and decision making need to address climate change impacts (United Nations, 2015) and as a result national budgets play a key role in this transition. A greater use of green budgeting tools will help to redirect public investment, consumption and taxation to green priorities.

69. Green budgeting can be defined as a budgetary process whereby revenue and expenditure relevant for environmental policies are clearly identified in budgetary plans and execution reports and are subject to specific performance indicators, with the objective of taking into consideration environmental impact (including environmental risks) in budgetary decision-making.

70. During the FY2025, the Ministry of Environment and Climate Change, Ministry of Works and Public Assets, Ministry of Energy, Ministry of Agriculture and Food Security, Ministry of Tourism and Culture Affairs, the Environmental Protection Agency, Sierra Leone Meteorological Agency and the National Protected Area Authority will be selected to pilot the roll out of the Green Budget Tagging. These MDAs have been selected based on the existence of climate related programmes in their current budgets and key prerequisites to GBT such as the availability of some climate disaggregated data in their regular reports. The selected MDAs will therefore be required to include in the FY2025 budget proposals and information relating to their climate change adaptation, mitigation and resilience; performance targets and indicators; and their projected spending, using a template to be shared with them later this month.

71. The Ministry of Finance is also seeking technical assistance from development partners to integrate climate budgeting into the budget and implement recommendations from the latest Climate Public Investment Assessment that was concluded by the IMF in February 2024.

XI. NEXT STEPS IN BUDGET PREPARATION PROCESS

72. In preparing Budget Estimates, all MDAs should:

- (i) Adhere to the requirements of the Public Financial Management Act 2016;
- (ii) Adhere to the requirements of the Public Procurement Act 2016 (including amendments in all the Finance Acts from 2018 to date), especially for the preparation of procurement plans (including disbursement plans) and the Public Private Partnership (PPP) Act of 2014 for the preparation of projects under PPP arrangements;
- (iii) **Prepare comprehensive revenue and expenditure estimates** including all donor and NGO-supported programmes and projects;
- (iv) **Prepare detailed Strategic Plans** (Annex 2) with clear policy objectives, activities, output/outcomes, key performance indicators and timelines aligned to the respective Clusters in the 'National Development Plan'. Strategic Plans should be costed and provided for within the indicative resource ceilings (Electronic copies of templates are available at the Budget Bureau);

- (v) Ensure the widest participation of all stakeholders, including NGOs, CSOs, and internal budget committees;
- (vi) Ensure that budget proposals and formats are consistent with the IFMIS 33-digit Chart of Accounts;
- (vii) MDAs are encouraged to submit their contribution to the Budget and Statement of Economic and Financial Policies for FY 2025 on or before 31st July 2024.**

XII. OTHER ADMINISTRATIVE DETAILS - ORGANISATION AND TIMELINES FOR THE FY2025 BUDGET PREPARATION PROCESS

Deadline for Submission of Draft Estimates and Proposals

73. In order to comply with the requirements of the Public Financial Management Act 2016, the **deadline for the submission of Budget Proposals**, including **Strategic Plans**, updated **Procurement Plans** (including quarterly Disbursement Plans) by all MDAs to the Financial Secretary is **31st July 2024**.

74. All submissions in relation to **Annexes 2, 3 and 4** should be addressed to the Financial Secretary for the **Attention of the Director of Budget**, whilst submissions in relation to **Annex 6 and a copy of Annex 3** should be addressed to the Development Secretary, Ministry of Planning and Economic Development and **Director of Budget**.

Policy Hearings and Participatory Budget Discussions

73. The Policy Hearings will be held at the New Brookfields Hotel on the 8th August 2024. The Bilateral Budget Discussions for key stakeholders will be held at Family Kingdom, Lumley from **14th to 30th August 2024**.

75. Please also note that Annexes 2, 3 and 6 referred to in this Circular are to be obtained in **electronic version** from the **Budget Bureau on the Ground Floor of the Treasury Building, Ministry of Finance** for ease of completion by your MDA's assigned Budget Officers.

76. Finally, we anticipate the cooperation of all MDAs for completion of the budget process in line with the requirements of the Law.

Matthew Dingie

FINANCIAL SECRETARY

Ministry of Finance, Treasury Building
George Street
FREETOWN

Annexes

1. Recurrent Expenditure Ceilings (Copy attached therein);
 2. Strategic Plans Template (Electronic copy to be obtained from the Budget Bureau);
 3. Customized Budget Costing Template (Electronic copy to be obtained from the Budget Bureau);
 4. Budget Submission Checklist
 5. National Public Investment Policy and Templates (Copy attached therein);
 6. Chart of Accounts and National Development Plan Activity Codes for MDAs (Electronic copy to be obtained from the Budget Bureau);
- FY2025 Budget Calendar