

BOTTLENECKS IN THE DISBURSEMENT OF GOVERNMENT OF SIERRA LEONE FUNDS TO HEALTH AND WATER RESOURCES SECTORS REPORT

“Welbodi en wata moni bizness”



Provide Adequate Drug Supply



Adequate Water Supply and Sanitation



Provide more Money for Health, Water and Sanitation



Build more Health Centres



Protection for Health Workers



Train more Health Workers



Policy Brief

Submitted by Budget Advocacy Working Group (BAG)



World Vision



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INTRODUCTION

Improving the health of the nation is one of the key priorities of the Sierra Leone Government. Planning and budgeting in the health sector has undergone improvement, leading to the development of the National Health Sector Strategic Plan (2010-2015) and Joint Programme of Work and Funding (2012-2014), with a mid-term plan and annual work plan for the past four years. Unfortunately, these improvements in planning and budgeting have not reflected on service delivery at all levels due to the ensuing challenges with disbursement of funds to the health and water sectors.

Hence, the Budget Advocacy Working Group's (BAG)¹, in consultation with the Ministry of Health and Sanitation, Local Government Finance Department and Decentralization Secretariat, conducted an assessment of the **bottlenecks relating to the disbursement of funds** from the Ministry of Finance to the Ministry of Health and Sanitation, Ministry of Energy and Water Resources² and local councils; covering the extent, causes and effects of these bottlenecks. The assessment also recommends actions to improve on the disbursement of funds to support health, water and sanitation service delivery.

FINDINGS

The key findings of the study are outlined in Figure 1 below.

Figure 1: Key findings of the bottleneck study

- Parliament passed the appropriation bill into law and conducted budget oversight functions
- Funds were disbursed, in the form of grants, from:
 - Ministry of Finance and Economic Development (MoFED) to the Ministry of Health and Sanitation (MoHS) and Ministry of Energy and Water Resources (MoEPWR)
 - MoFED to local councils (LCs)
 - LCs to District Health Management Teams (DHMTs) and hospitals
- The study revealed bottlenecks at all three levels of disbursement
- Allocations were made on a quarterly basis from 2010 to 2012 and a half yearly basis in 2013
- Public Expenditure Tracking Survey (PETS) FORM I and II were the key disbursement tools
- There were timelines for planning and budgeting, but no clear timelines for the disbursement of funds to ministries, departments and agencies
- There were late disbursements of funds to the health and water sectors throughout the period under review (2010 to 2013)
- In most of the quarters, disbursements from MoFED to MoHS and LCs were also way below budget allocations, implying that some of these activities were underfunded
- Factors affecting the timely and complete disbursement of funds included:
 - The complicated disbursement process itself, particularly factors relating to the PETS FORM I and II
 - Unavailability of funds
 - The financial management capacity of Finance Officers
 - The absence of cash flow projections by MoFED to provide adequate and timely commitments of grants to ministries, departments and agencies
 - Weak information flows between MoFED and LCs
- Budgetary allocations to health, compared to other principal sectors, were limited for the period under review

¹ A Consortium of Health NGOs (World Vision International, Save the Children International, MamaYe/Evidence for Action, Freetown Wash Consortium, Budget Advocacy Network, WASHNET, Health for all Coalition and Health Alert).

² This study covered the period when Energy and Water Resources were together.

Extent of late disbursement

During the study, the timelines of transfers of funds from MoFED to LCs were observed by quarters for the period 2010 to 2012, and half yearly for the year 2013.

Table 1: Timeliness of funds transferred from MoFED to LCs 2010–2013 FYs, based on 8 councils

YEARS	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Jan – Mar		Apr – Jun		Jul – Sep		Oct – Dec	
	Months	% of councils receiving funds in given month	Months	% of councils receiving funds in given month	Months	% of councils receiving funds in given month	Months	% of councils receiving funds in given month
2010	March	100%	May	12.5%	Sep	12.5%	Dec	75%
			June	87.5%	October	87.5%	Jan-11	25%
2011	March	100%	June	50%	October	75%	December	25%
			July	50%	November	25%	Jan-12	75%
2012	May	75%	August	87.5%	December	87.5%	December	12.5%
	June	25%	October	12.5%	Feb-13	12.5%	Feb-13	50%
							Mar-13	37.5%
2013	June		87.5%	August		12.5%		
	July		12.5%	December*		75%		

Red indicates transfers outside the respective quarters

** Bo City Council reported no transfer for the second half of 2013*

The table above shows that 100% of all transfers made to LCs in the first quarters of 2010 and 2011 were made in the last month of the first quarter. More than 60% of the transfers made for the period under review (2010FY-2013FY) to LCs were accessed after their respective quarters. Fewer than 40% of the LCs accessed their funds in the last months of the quarters.

Table 1 also reveals annual progressive delays from 2010 to 2013. In 2010, most of the transfers were accessed in the last months of the quarters, whilst in 2011 the delay progressed to the first and second months of the subsequent quarters. In 2012, it did not only progress to the first and second months of the subsequent quarters but to the subsequent year for most of the LCs.

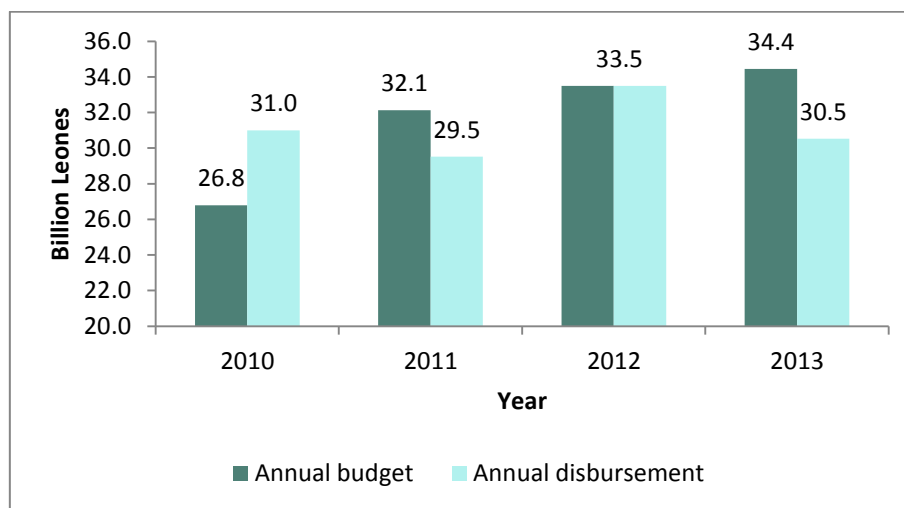
The year 2013 was a different scenario. The transfer pattern changed from quarterly to half yearly. Despite this, delays still occurred as about 87% of the LCs visited accessed their funds in the last month of the 'half yearly period'.

Extent of completeness in the disbursement of funds

Despite delays in Government of Sierra Leone (GoSL) transfers of funds from MoFED to LCs (MoHS devolved functions), Figure 2 below shows that more funds (Le4.2 billion) were released by GOSL than budgeted for in 2010. This indicates that MoHS had the absorptive capacity to spend more funds than were allocated. This might have been due to the introduction of the Free Health Care Initiative for pregnant women, lactating mothers and children under five.

Figure 2 also shows that in 2011FY and 2013FY, the actual allocations to MoHS were less by Le2.6billion and Le3.9 billion respectively, primarily due to the unavailability of funds. In 2012FY, 100% of the approved budget was actually allocated to health unlike 2011FY and 2013FY.

Figure 2: Analysis of approved budget and actual releases to LCs (MoHS devolved functions)



Source: Local Government Finance Department / MoFED, transfer report 2014

Causes of bottlenecks in the disbursement of funds

Cross-cutting causes:

- Unavailability of funds
- Late disbursement of allocations from central government
- Weak documentation, leading to late preparation of returns
- Slow inter banking transfers
- Lack of proper cash flow projection for the period under review: the absence of cash flow projections meant MoFED could not provide adequate and reliable multi-year commitments of grants to meet the required needs of ministries, departments and agencies. This meant that funds were disbursed as and when they were available

From MoFED to MoHS:

- Delays in processing PETS FORM I and II. Most often, the timely availability of approving signatories was a challenge, especially for the Minister and Chief Medical Officer of MoHS
- Delays in submission of previous liquidations

At LCs level:

- Late submission of PETS FORM I and II by DHMTs/hospitals
- Weak and irregular financial supervision at all levels (LCs, DHMTs/hospitals)
- Weak enforcement of the disbursement guidelines of government funds

At DHMT/hospitals:

- Informal practices at LCs hindered timely disbursement of funds to DHMTs/hospitals
- Undue interference of District Management Officers with the work of Finance Officers e.g. stock and cash management impeded implementation of activities and prompt reporting
- Inadequately trained and qualified Finance Officers handling financial management at the DHMTs/hospitals. Most DHMTs/hospitals had only one Finance Officer who was often not adequately trained. Even when trained, they were most often overwhelmed with workload thereby reducing their efficiency in financial management and reporting

Effects of bottlenecks in the disbursement of funds

- Poor healthcare service delivery at all levels such as weak referrals, trainings, distribution of health products, supervision, monitoring, data collection, procurement and construction
- Adversely affected health planning and budgeting
- Made timely reporting and documentation very difficult, leading to overlap in quarterly reporting
- Aided and abated corruption at all levels

RECOMMENDATIONS

Strengthen financial governance

- MoFED should ensure a proper and realistic cash flow projection for ministries, departments and agencies on a quarterly basis
- Enforce uniform accounting standards at DHMT and hospital level
- Establish legislative timelines for budget execution
- Greatly enhance coordination and communication on financial matters between MoFED and ministries, departments and agencies

Improve on the predictability of release of allocations and efficient disbursement of funds

- MoFED should expand the scope of generating more revenue to meet the annual budget to ensure a timely and complete disbursement of funds to ministries, departments and agencies
- Government allocations should be released in the first month of every quarter
- The PETS FORM I and PETS FORM II should be merged into a single PETS FORM

Improve capacities of finance staff

- Strengthen financial supervision
- Improve on-going public financial reform management

CONCLUSION

Concerns about delays, predictability and completeness in the disbursement of funds, as well as the enforcement of existing disbursement policies and regulations, have been expressed by the Sierra Leonean public and confirmed by this study.

It is therefore essential for the Ministry of Finance to ensure timely, complete and efficient management of the transfer of funds to the health and water sectors to improve health care service delivery in Sierra Leone. It is expected that decision makers will take the findings and recommendations of the study as a contribution from the Budget Advocacy Working Group (BAG) to inform the post Ebola recovery strategy and to help improve health care service delivery in Sierra Leone.

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