DECENTRALIZATION, ACCOUNTABILITY AND LOCAL SERVICES IN SIERRA LEONE:

SITUATION ANALYSIS, KEY CHALLENGES AND OPPORTUNITIES FOR REFORM

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World Bank
Poverty Reduction and Economic Management
Africa Region (AFTP3)
### KEY ABBREVIATIONS AND ACRONYMS

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<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AFP</td>
<td>Agenda for Prosperity</td>
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<tr>
<td>DSDP</td>
<td>Decentralized Service Delivery Project</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<td>HRMO</td>
<td>Human Resource Management Office</td>
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<td>IRCBP</td>
<td>Institutional Reform and Capacity Building Project</td>
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<td>LC</td>
<td>Local Council</td>
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<td>LGFD</td>
<td>Local Government Finance Department</td>
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<td>LGDG</td>
<td>Local Government Development Grant</td>
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<td>LGSC</td>
<td>Local Government Service Commission</td>
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<td>MLGRD</td>
<td>Ministry of Local Government and Rural Development</td>
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<td>MOFED</td>
<td>Ministry of Finance and Economic Development</td>
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<tr>
<td>NDP</td>
<td>National Decentralization Policy</td>
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<td>PH</td>
<td>Primary Health</td>
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<td>PSC</td>
<td>Public Service Commission</td>
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<td>UNDP</td>
<td>United Nations Development Program</td>
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Executive Summary

Following years of civil war that ended in 2002, Sierra Leone has pursued a policy of decentralization, devolving responsibility for many government functions to the Local Council level. The aims of this policy include achieving a more equitable and inclusive access to public services across the national territory, in part to alleviate regional inequities that contributed to the civil war. The implementation of the decentralization policy has faced many obstacles, however, including the need to rebuild local government institutions and capacity after 30 years of centrally dominated governance; the limited devolution of financial resources; and multifaceted political economy hurdles.

This report, first, analyzes the current state of decentralization in Sierra Leone; second, identifies the most prominent challenges to continued decentralization; and, third, discusses options for the way forward. The report draws on qualitative and quantitative data collected from both central and local government stakeholders, and takes the perspective that decentralization and strengthened local governance institutions are an effective means to localize development and improve the effective and equitable delivery of key public services. The study focuses on progress to date and standing challenges in four key areas of analysis: fiscal decentralization, human resource decentralization, ensuring inclusivity and accountability in local governance, and ensuring efficiency and responsiveness in service delivery.

Although the current National Decentralization Policy (2010, p. 1-2) recognizes the importance of bringing service delivery closer to the people in order to improve the effective delivery of basic social services, the remainder of the policy barely makes any further reference to the (sectoral) service delivery role of local governments. With this in mind, the situation analysis in the report not only identifies the key implementation challenges ahead for fiscal decentralization, human resource decentralization and local governance strengthening, but focuses consistently on how improving these aspects of decentralization would improve basic public services, especially for the poor.

Fiscal decentralization. With respect to fiscal decentralization, the report identifies two key challenges: designing and implementing a second generation grants system that allocates resources based on client-based expenditure norms and promotes efficient service delivery; and strengthening own source revenue systems at the local level, including clarifying the revenue relationship between Local Councils and traditional Chiefdom Authorities. If done properly, improving the local revenue framework will unlock resources for service delivery at the local level while at the same time enhancing the accountability of local officials to their taxpaying constituents.

Human resource decentralization. Decentralization of human resources and human resource management is an area of decentralization where forward movement will require a nuanced roadmap. There are several technical hurdles in order to achieve more decentralized human resource management at the LC level (both with respect to core council administrative staff as well as for local sectoral staff, including teachers, health workers, and other local front-line
service providers). Some benefits of more decentralized human resource management can be achieved without a wholesale devolution of all local government staff. For instance, wage allocations for local staff could be transferred from line ministries to a separate budget vote, while the central government will also have to play a critical role in pursuing a more equitable allocation of service staff across the country. Additional steps towards devolution of human resource management include strengthening the LGSC as an oversight and policy body for human resource management and capacitating LC elected officials and staff to play a more central role in local human resource management.

**Improve local governance and administration.** Improving the effectiveness of Local Councils is an important facet of Sierra Leone’s decentralization reforms, but LCs must also be accountable and responsive to their citizens. Key challenges in this domain include strengthening the capacity of local officials to manage their government systems in a way that ensures that LCs are transparent and accountable in their decision-making, and developing stronger ties between the legislative and executive branches of LCs. In addition, efforts will be required to strengthen the demand for responsive governance among citizen groups and civil society organizations. An important component in addressing these challenges will be untangling the political economy of Local Councils, Ward Development Committees, and traditional authorities, with the goal of clarifying roles and responsibilities across the local public sector and reinforcing lines of communication from citizens to decision-makers.

By strengthening capacities, building stronger links between the various components of local governance, and stimulating citizens to be involved and engaged in local governance, Local Councils can move towards becoming high-performing local governments, capable of anticipating and meeting the needs of their constituents in an inclusive, cost-effective manner. However, responsive local political leadership does not always emerge on its own, and it likely that local officials need to be held to certain minimum expectations with respect to the openness of local government operations.

**Effective local services.** Effective subnational finance systems, greater local involvement in human resource management, and higher performing local governments are each components necessary for the effective and responsive delivery of crucial public services. Making improved human development and service delivery outcome central to the devolution process highlights a number of key challenges for improving service delivery in Sierra Leone. Sector professionals should gradually be put under Local Council authority and evaluated using performance-based management principles. Local Councils should implement stronger systems for collecting front-line service delivery data across services and facilities within their jurisdiction, to increase the performance and accountability of local staff. Sector department heads should work more closely with core council staff, and should be held accountable for outcomes within their departments. Finally, LC assemblies and other local stakeholders should be capacitated to use service delivery information to hold local government executives and local government staff to account.
Conclusions and next steps. The report concludes by summarizing important next steps in the decentralization process. While it is clear that Sierra Leone has made great progress in implementing its decentralization law and policy, there remains considerable room for continued improvement. In particular, it will be important to identify and develop a strong central government champion for decentralization capable of building consensus on timelines (and deadlines) for implementation of policy. Further integrating the decentralization policy into Sierra Leone’s broader development agenda will help cement decentralization as a key element of sustainable development. Finally, encouraging donors and other international development stakeholders to prioritize support for decentralization (or even tie funding to decentralization progress) will create a strong incentive for Sierra Leonean leadership to make good on commitments to decentralization.
DECENTRALIZATION, ACCOUNTABILITY AND LOCAL SERVICES IN SIERRA LEONE:

SITUATION ANALYSIS, KEY CHALLENGES AND OPPORTUNITIES FOR REFORM

1. Introduction

**Background.** Sierra Leone is making a rapid recovery following a brutal, decade-long civil war that killed thousands of people and displaced half the population. The country has been on a path of reconciliation, reconstruction, and stabilization of its economy and governance systems. Since the end of the civil war, the country has held three parliamentary, presidential, and local elections, all of which have been deemed relatively free and fair. After the last round of peaceful elections (presidential, parliamentary and local government) in 2012, the government launched its *Agenda for Prosperity 2013-2018* (PRSP3).

Sierra Leone’s economic recovery continues to be robust with over a dozen years of growth in real Gross Domestic Product (GDP), and tremendous opportunities for future growth and increased revenue collections due to large mining projects and potential oil discovery. Nevertheless, the challenge to sustain political stability, build up the country’s economic infrastructure and address the striking human development deficits continues. There is a particular need to strengthen the national and sub-national democratic institutions and translate the likely gains of economic growth into improvements in poor people’s lives – improved service delivery is particularly key in the achievement of this objective. Despite considerable investments in institutional capacity and public services, development outcomes have not improved significantly: Sierra Leone is currently ranked ninth from the bottom in the United Nations Development Program (UNDP) Human Development Index (2012).

The Government of Sierra Leone (GoSL) embarked on a decentralization program in 2004 with a view to overcome political tensions, improve the governance environment, to reduce resource inequalities among regions, and improve public services, all by moving the public sector closer to the people. The program has attracted substantial support from development partners, including the World Bank’s Institutional Reform and Capacity Building (IRCBP) Project, which

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1 Elections were held in 2002, 2007, and 2012. For example, the final report of the European Union Election Observation Mission for the 2012 elections, issued in February 2013, maintained its preliminary findings that the election was “well-conducted, conducive to democratic consolidation but where the playing field was un-level”.

- 1 -
worked alongside Government to establish a functioning local government system, particularly by supporting public financial management reform and Local Council (LC) capacity development.

Although the Local Government Act (2004) set an ambitious policy objective, the transition to a fully devolved system was not expected to take place overnight. Reforms during the initial stage of the devolution process were expected to be gradual given the long legacy of centralized power in Sierra Leone, the absence of effective and accountable local institutions, and the onset of the global economic recession in 2008. These constraints meant that the initial push for decentralization primarily focused on the establishment of Local Councils, the introduction of the necessary intergovernmental arrangements and on the devolution of financial resources for operation and maintenance functions. Conscious of the promise that decentralization offered in terms of improved service delivery but worried about potential lack of funding for LCs, an adaptable Decentralized Service Delivery Project (DSDP) was introduced to assure predictable resource flows to LCs. Reflecting a strong commitment of the Government and its partners, to date, 56 out of the 80 functional responsibilities which were scheduled to be devolved by the year 2008 have now been made the responsibility of the Local Councils. In addition, the operation and maintenance resources for these functions were devolved to the LCs through transparent, formula-based sectoral grants.

**Moving decentralization forward.** Completing the full devolution of functions and responsibilities—and providing adequate financing for the functions devolved to LCs—remains a key government priority. A National Decentralization Policy (September 2010) was formulated to guide the continued transition towards full devolution. For instance, the policy set target dates for the full devolution of functional responsibilities and for the transfer of full responsibility for the management of local human resources (December 2016). Pursuant the National Decentralization Policy, the Ministry of Local Government and Rural Development, the Ministry of Finance and Economic Development along with key line ministries and other stakeholders resolved in the Hill Valley Declaration (July 2013) to “officially and fully devolve” all relevant sectoral functions by December 2013. Furthermore, the stakeholders agreed “to act in good faith to implement a road map for the devolution of the said functions within the time stated, including the devolution of assets, of personnel, and the Payroll of such personnel...”

Meeting the deadlines set by the Decentralization Policy and the Hill Valley Declaration—in a way that not only achieves the intended devolution, but does so in a manner that empowers citizens and achieves more effective and responsive service delivery—will be no easy feat. Failing to introduce a clear timeline for the further decentralization reforms—or consistently missing existing targets and deadlines—is likely to result in a loss of critical momentum for the devolution process. Although December 2016 may still seem far away as the target date to achieve a more fully devolved public sector (where local governments take on the full responsibility for local functions, including the management of local human resources), considerable technical obstacles as well as political economy obstacles should be expected along the way. Indeed, given the scale of (human and financial) resources that are involved in the devolution process, as well as the political and institution sensitivity of the reforms,
producing a road map and time table for the devolution of addition functions, in addition to a sequence and time line for the devolution of sectoral assets, local personnel, as well as the payroll of such personnel will be a critical first step that cannot be delayed.

**Positioning decentralization in support of human development.** To the extent that decentralization and local governance strengthening is seen predominantly as a governance reform or public sector reform, the level of political and technical support for the reform effort will most likely be muted and progress will be slow. In contrast, to the extent that different parts of the devolution process (for instance, fiscal decentralization or human resource devolution) are positioned as reform efforts that are expected to result in a significant improvement in service delivery outcomes with an important impact on human development, the devolution and local governance reform process is likely to attract greater political and institutional support from all angles.

There is emerging evidence in the literature that greater decentralization tends to result in better governance and service delivery outcomes. For instance, the Local Public Sector Initiative recently documented a clear positive relationship between the share of public sector resources that are spent at the local level and government effectiveness (Figure 1). However, this does not necessarily mean that merely spending more at the local level will automatically result in better service delivery outcomes: of course, good local governance and a sound system of intergovernmental relations matter as well.\(^2\)

Although the current National Decentralization Policy (2010, p. 1-2) recognizes the importance of bringing service delivery closer to the people in order to improve the effective delivery of basic social services, the remainder of the policy barely makes any further reference to the (sectoral) service delivery role of local governments. With this in mind, the objective of the current situation analysis is not only to identify the key implementation challenges ahead for fiscal decentralization, human resource decentralization and local governance strengthening,

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\(^2\) In fact, Figure 1 suggests that such institutional issues are a specific concern for Sierra Leone ("SLE"), where government effectiveness is considerably lower than would be expected based on the share of local public sector expenditures (using the broadest definition of "local public sector expenditures").
but to focus consistently on how improving these aspects of decentralization would improve basic public services, especially for the poor.

In decentralization reforms, the Ministry of Local Government and Rural Development traditionally confines itself to the local administration and governance aspects of the reform, while allowing central line ministries to focus on reforming the service delivery aspects at the local level. In order for the devolution process to maintain its momentum in Sierra Leone, however, it is critical for MLGRD to play a more proactive role in promoting stronger local service delivery, even on issues that have traditionally fallen within the purview of central line ministries. In fact, experiences in other countries have shown that allowing central line ministries to be in charge of their own sector’s decentralization efforts is like allowing the fox to be in charge of the chicken. In other words, the absence of assertive leadership by MLGRD and LGFD in order to keep Sierra Leone’s decentralization agenda on track poses the risk that different line ministries will lose focus and fail to shift greater responsibility, discretion, and resources to officials at the local level. It seems that the continued centralized line ministry control over local services has contributed to the relative ineffectiveness of the public sector in Sierra Leone (as reflected both in Figure 1 above, as well as by its global ranking on the Human Development Index).

**Structure of this report.** This report is informed by the notion that fiscal decentralization, human resource decentralization and the strengthening of local administration and local governance should not (primarily) be an end in themselves, but rather, that they are a means to an end: improved local services and human development. Accordingly, this report is broken into four segments, notably (i) the discussion of fiscal decentralization agenda; (ii) the challenges of decentralizing human resource management to the local level; (iii) ensuring inclusive and accountable local governance and local administration; and (iv) strengthening the effectiveness and responsiveness of local service delivery. Each of these four sections is further broken down into a situation analysis; identification of key challenges; and opportunities for reform. However, each of these discussions seeks to maintain a firm link between the reforms at hand and their impact on improved local services and human development.

Our assessment is informed by two rounds of in-country consultations by the study team. The first round of consultations (conducted in March 2013) focused largely on the role of central line ministries and other central stakeholders. This round involved a series of meetings with officials from MLGRD, LGFD and selected line ministries. These meetings revealed a clear disconnect between central line ministries and the front-line services delivered at the local level, with many central line ministry officials being unable to identify or provide meaningful support to the most pressing challenges faced by local staff in delivering front-line services.

The second round of consultation (May-June 2013) included site visits to each of the nineteen Local Councils in Sierra Leone as part of a situation analysis of Local Councils. These field visits revealed that considerable challenges continue to exist at the local level, including limitations in the ability of Local Councils to act as a single, cohesive unit. One of the factors contributing to the weak effectiveness of local governments, however, are the constraints imposed by the
central government on the degree of authority and discretion with which Local Councils are able to manage their own affairs. At the same time, there is a continued need to stimulate the accountability of local officials, both upward toward the center (from which local jurisdictions receive the majority of their financial resources), as well as toward their own constituents who they represent and serve.

In addition to the information gathered from the field work, whenever relevant, this report will draw on international practices and experiences to highlight possible options or ways forward for Sierra Leone’s decentralization process.
2. Fiscal decentralization in Sierra Leone: Situation, Challenges and Opportunities

Fiscal decentralization: Situation analysis

Measuring the degree of fiscal decentralization in Sierra Leone—and comparing the country’s current pattern of decentralization to other countries—is complicated by the fact traditional measures of fiscal decentralization only measure devolved expenditures and revenues that run through the accounts of the Local Councils. If we only consider the finances that are currently channeled through the accounts of Local Councils, Local Councils in Sierra Leone are responsible for merely 6.9 percent of public expenditures in the country, consisting chiefly of expenditures for core local administration, as well as operation and maintenance expenditures for local health, education, agricultural and a few other local activities, in addition to selected development funding.

Fiscal decentralization efforts since 2004 have largely focused on introducing sound public financial management systems for the financial resources that are currently managed by LCs. A formula-based intergovernmental fiscal transfer system provides objective, equitable and transparent funding for devolved expenditure responsibilities. In addition, the ability of LCs to manage their finances was strengthened by the introduction of PETRA accounting software. A Subnational Public Expenditure and Financial Accountability Review (2010) concluded that the management of subnational public finances has important weaknesses (the credibility of the budgets; comprehensiveness and transparency) as well as some emerging strengths (including payroll administration; account management and procurement).

However, looking at devolved expenditures alone gives an incomplete picture of Sierra Leone’s ongoing decentralization process. Although the responsibility for a wide array of functions is devolved to the local level in Sierra Leone, for now, central line ministries continue to play an important role in the financing and delivery of local services. Most importantly, all sectoral staff posted at the local level continue to be employed and financed by their respective central line ministries. Likewise, central line ministries continue to be responsible for the lion’s share of sectoral development expenditures for local public services. A comprehensive situation analysis of (fiscal) decentralization in Sierra Leone ought to look at all funding that flows to the local level, including the resources yet to be devolved.

Based on a careful review of local budgets as well as national budget documents, we developed a detailed profile of “local public sector expenditures” in Sierra Leone, covering both devolved expenditures as well as expenditures that are not (yet) devolved, but that are spent in a localized manner (most of which ought to be channeled through Local Councils in the near future under the Hill Valley Declaration). As such, the Local Public Sector Expenditure Profile in

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Figure 2 takes into account wage expenditures, other recurrent expenditures (O&M), as well as development expenditures for all public services that take place at the local level.

Figure 2 first breaks down all public sector spending by sector or function, so that the width of each column indicates each sector’s share of total public sector expenditures.

Next, for each function or sector, the Local Public Sector Expenditure Profile shows both the share of devolved Local Council spending within each sector (in dark blue), as well as all spending that is currently contained in the national budget but that is “local” in nature (in lighter blue). For instance, this includes the salary expenditures of teachers and health workers, which are local in nature, but are contained within their respective line ministry budgets. Grey indicates the share of public spending within each sector that takes place at the central government level (e.g., funding for central line ministry operations, as well as funding for non-local functions, such as national defense, and so on).

The local public sector expenditure profile for Sierra Leone reveals important details about local public spending, and the link of public spending to local front-line service delivery. For instance, the profile suggests that 14.6 % of total public sector expenditures (across all government levels) is used to fund the education sector (including both basic education as well as higher education). As such, this is the width of the first column in Figure 2. Of this entire amount, only about 9.3 % of spending is done by Local Councils (the dark blue segment at the bottom of the first column), mostly for spending on the recurrent operation and maintenance of primary schools and junior secondary schools. However, in addition, an estimated 79.7% of education spending (reflected by the lighter blue segment of the first column) is directed towards the local level through the Ministry of Education, Science and Technology, mostly in spending on salaries for teachers, school staff, and education administrators who work at the local level; in the central procurement of text books and other learning materials; and in central funding for “local” school infrastructure. This means that in total, 89% of education spending is used to fund local service delivery in education.

The same pattern repeats itself for the health sector, agriculture extension services, and water supply, with the majority of “local” financial resources still being managed by central line ministries. In contrast, the share of resources actually managed by Local Councils for each
devolved function in Sierra Leone (the dark blue portion) is only a small share of the resources used to deliver “local” services.

Across all public functions and sectors, a total of 46.3% of all public expenditures in Sierra Leone is used to support the delivery of “local” services. Figure 3 (Panel A) shows that the total amount of spending that takes place within the local public sector in Sierra Leone (as a share of total public expenditures) compares quite favorably to other developing economies as long as we consider the amount of “local” spending that is done by central line ministries as part of

![Figure 3: The size and composition of local public sector expenditures in selected countries](image)

Panel A

Panel B

“local public sector expenditures”.

In contrast to some other countries in the region (some of which spend only around 30% of public expenditures in support of local functions), the total amount of local public sector spending in Sierra Leone (in its broadest definition) is relatively adequate to provide citizens with a reasonable level of local public services. Instead, as pointed out above, the main problem with decentralization in Sierra Leone today is that only a small share of “local” resources is managed by Local Councils, while the continued centralized management of local human resources and development expenditures by line ministries is preventing the public sector from being responsive to the needs of people at the local level, and is limiting the accountability of local officials. This is highlighted by Figure 3, Panel B: if we exclude the amount of “local” spending that is done by central line ministries from our definition of “local public sector expenditures”, Sierra Leone measures among the least decentralized countries in the world. As such, the key to improved local service delivery in Sierra Leone is not necessarily to spend more on local public services, but rather, consistent with the Hill Valley Declaration, to focus on spending the available sectoral resources in a more decentralized manner, so that these resources can be used in a more effective, accountable and transparent manner to fund the front-line delivery of public services.

**Fiscal decentralization: Key challenges**

Continued progress in the realm of fiscal decentralization reforms—captured in the Agenda for Prosperity and the country’s draft Fiscal Decentralization Strategy—requires Sierra Leone to deal with two specific (technical as well as political economy) challenges in the area of fiscal decentralization:

- Strengthening fiscal decentralization through the implementing the system of client-based expenditure norms and affordable service delivery standards under the second generation grants system.
- Strengthening the role that own source revenues play in local government finance. This requires clarifying the assignment of revenue sources between chiefdoms and local councils, and improving local revenue administration.

Within each of these two areas of fiscal decentralization, two separate challenges need to be addressed. First, there is a need to get the intergovernmental fiscal systems ‘right’. This will require reviewing and (as needed) revising the relevant national legislation and regulations that guide local government finances (e.g., the laws that guide the assignment of local revenues), as well as the ongoing strengthening of intergovernmental fiscal systems and central-local public financial management processes (such as the management of intergovernmental fiscal transfers).\(^4\)

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\(^4\) An additional fiscal decentralization challenge—shifting the wage resources for local sectoral staff out of the line ministry budget votes, and use an alternate, more decentralized budget mechanism to pay local sector staff are paid each month in a timely manner—is discussed in greater detail in Section 3, as part of the discussion on decentralization of human resource management.
The second challenge will be to ensure that Local Councils have increasing control over the financial resources that are made available to them, and are better able to plan and execute their budgetary resources. This second challenge—strengthening financial management functions at the local level—is dealt with in greater detail in Section 4 as part of the discussion on local governance and administrative challenges.

**Fiscal decentralization: Opportunities for reform**

*Implementation of a ‘second generation’ intergovernmental grants system.* A fiscal decentralization strategy is in the process of being finalized by MOFED that maps out the way forward for the implementation of fiscal decentralisation for the medium to long term. The cornerstone of the fiscal decentralization strategy is the so-called “second generation grant system”, which aims to link finance to function through a system of client-based expenditure norms and affordable service delivery standards. The envisioned improvements of the grant system aim to improve the efficiency and equity with which resources are allocated, and should further increase the fiscal autonomy of Local Councils.\(^5\)

*Modify the structure of the intergovernmental fiscal transfer system*

As devolution has taken hold and local councils are maturing in their governance and service delivery roles, the grant system is evolving towards one that imposes fewer conditions and permits greater local discretion in identifying local priorities.

Compared to the existing grant system, the proposed structure of the second-generation intergovernmental fiscal transfer system is divided into three components: wage grants, non-wage recurrent grants, and development grants. Each of these components retains a sectoral funding structure for key pro-poor public services that are critical to improving human development in Sierra Leone, while collapsing most other funding flows into a single unconditional grant within each grant component (Table 1).

This structure seeks to address the several challenges, including (a) creating the space in the budget structure for (existing and future) LC wage grants;\(^6\) (b) ensuring a clear central government role in ensuring adequate funding for locally-delivered sectoral services; while (c) achieving some budgetary space for meaningful local discretion to fund local priorities.

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\(^5\) These recommendations draw in large part on Towards a Fiscal Decentralization Strategy for Sierra Leone: Recommendations for a Second-Generation Intergovernmental Fiscal Transfer System, Jamie Boex. April 2011.

\(^6\) The devolution of human resources (along with the necessary wage resources) is discussed further in Section 3.
Table 1
The proposed structure of the second-generation intergovernmental fiscal transfer system

<table>
<thead>
<tr>
<th>Function / expenditure type</th>
<th>Proposed grant funding schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recurrent Non-wage Grants</strong></td>
<td></td>
</tr>
<tr>
<td>1. Sectoral Recurrent Non-Wage Expenditures for Devolved and Delegated Functions</td>
<td>1a. Health Grants (Primary and Secondary; Tertiary)</td>
</tr>
<tr>
<td></td>
<td>1b. Education Grants (Primary and Junior Secondary)</td>
</tr>
<tr>
<td></td>
<td>1c. Water Services Grant</td>
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<tr>
<td></td>
<td>1d. Agriculture Grants</td>
</tr>
<tr>
<td>2. Grants for Administration and Other (Exclusively) Local Functions</td>
<td>2. Unconditional Block Grant</td>
</tr>
<tr>
<td><strong>Recurrent Wage Grants</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Local Development Grants</strong></td>
<td></td>
</tr>
<tr>
<td>5. Local Development Priorities</td>
<td>5. Discretionary LGDG</td>
</tr>
<tr>
<td>6. Capital Funding for Devolved Sectoral Functions</td>
<td>Sectoral Development Windows under LGDG (including DSDP and RCHP) for:</td>
</tr>
<tr>
<td></td>
<td>6a. Education Development Grant window</td>
</tr>
<tr>
<td></td>
<td>6b. Health Development Grant window</td>
</tr>
<tr>
<td></td>
<td>6c. Rural Water Development Grant window</td>
</tr>
<tr>
<td></td>
<td>6d. Urban Development Grant window</td>
</tr>
<tr>
<td></td>
<td>6e. Other sectoral development grant windows as appropriate</td>
</tr>
</tbody>
</table>

Source: Based on Boex (2011).

Address the apparent vertical fiscal imbalances
During the initial push for devolution in Sierra Leone, the distribution of financial resources between central line ministries and the new Local Councils was based on a negotiated solution between different stakeholders, where central line ministries were heavily motivated by the desire not to lose financial resources. This approach can be termed “finance follows politics”. This resulted in a so-called vertical fiscal imbalance in Sierra Leone’s grant system (the imbalance in the way resources are distributed between the central and local levels) that has not been adequately addressed since the devolution process was initiated in 2004.

Yet, as acknowledged in the current draft Fiscal Decentralization Strategy, the successful devolution of functions and responsibilities to the local council level can be seriously undermined when the central governments devolves functions and responsibilities, but does not provide the means or mechanisms by which local governments can finance the delivery of the services that are assigned to them. In fact, under-funding local councils does not only reduce the ability of local councils to deliver adequate public services, but such vertical fiscal imbalances also effectively eliminate any discretion on the part of the local councils. Therefore, in addition to avoiding tied or conditional grants whenever possible, there is a need to make sure that “finance follows functions” in terms of vertical fiscal balance and providing adequate funding to the local council level.
In order to be efficient and equitable, and in order to ensure that local governments receive adequate funding in proportion to their responsibilities, Sierra Leone’s nascent second-generation grant system is built on the notion that finance should follow functions through a system of client-based expenditure norms which are linked to affordable service delivery standards. A system of client-based expenditure norms linked to a series of affordable service delivery standards would ensure that the size of the grant pool is adequate to achieve an affordable level of service delivery based on an explicit sect of sectoral policy standards and norms. Since providing grant to achieve a “desirable” level of local service delivery is unlikely to be affordable within the central government’s budget constraint, LGFD and the line ministries will have to work together to reduce the service delivery standards that are expected from councils on one hand while increasing the grant resources made available to councils on the other hand, so that the grant system is sufficient to fund an agreed-upon affordable level of local services. This approach is fully consistent with the broader recommendation made here that the decentralization process in Sierra Leone should be increasingly driven by the objective to improve key pro-poor services and human development.

**Improve the equitable distribution of resources among councils**

Proposed simplification of sectoral allocation formulas under the second-generation grant system will result in greater transparency as well as in improvements in the equitable horizontal distribution of resources among councils. Proposed revised funding formulas (Boex, 2011) should focus on the clients for public services rather than on existing infrastructure levels (such as existing school buildings or health facilities), which may not be distributed equitably across the nation due to historical imbalances. The resulting formula-based allocations should be included in the Budget Circulars which form part of the regular budget formulation process.

<table>
<thead>
<tr>
<th>Sector grant</th>
<th>Current allocation formula</th>
<th>Proposed allocation formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Health</td>
<td>Lump sum; population; number of PH Facilities; PH utilization</td>
<td>Lump sum; population (adjusted for demand for primary health services)</td>
</tr>
<tr>
<td>Primary Education</td>
<td>Total enrollment (primary/JSS); number of schools (primary/JSS); lump sum; literate population (for library services)</td>
<td>Lump sum; total enrolment (primary/JSS); population</td>
</tr>
<tr>
<td>(incl. JSS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture Sector</td>
<td>Lump sum; share of arable land; population engage in crop farming; livestock population; historical forestry allocation</td>
<td>Lump sum; share of arable land; population engage in crop farming; livestock population; [forestry?]</td>
</tr>
<tr>
<td>Water Services</td>
<td>Rural population; proportion of population without access</td>
<td>Lump sum; rural population</td>
</tr>
</tbody>
</table>

Source: Based on Boex (2011).

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7 Initially, this approach would be applied to non-wage recurrent expenditures. As discussed further in the next section, a similar approach could (eventually) be applied to the distribution of wage resources as well.
Consolidate the development side of the transfer system

A final concern with the current design of the transfer system that ought to be addressed as part of the second-generation revisions is the development side of the grant system. The resources that were channeled through the Local Government Development Grant (LGDG) in the first years following devolution were not intended (nor were they adequate) to fund councils’ development needs within full range of sectoral and administrative functions which were devolved to them. The current DSDP is infusing resources into the rehabilitation (as well as operation and maintenance) of service delivery infrastructure at the local level; however, this program is not a substitute for a well-integrated intergovernmental grant system on the development side of the budget.

In addition to the resources that are being funneled through LCs, a variety of sectoral development resources are managed through sectoral line ministries. While some of these resources are coordinated through the councils, other development schemes represent discretionary, projectized interventions that flow around the local level.

An effective local government development grant system requires, first, a discretionary development grant window that allows Local Councils to invest in (sectoral or economic) capital projects that are identified as local priorities. In addition, an effective development grant system that promotes human development would benefit from sectoral windows through which targeted sector infrastructure for devolved functions could be funded, rather than having parallel, ministry-led sectoral development programs.

Acknowledge the different nature of intergovernmental transfers vis-a-vis budget outlays

The fiscal aspects of the decentralization reforms that have taken place in Sierra Leone since 2004 have formed a major contribution to a more effective public sector, with financial resources now reaching the front-line delivery of services, rather than remaining stuck with the central line ministries. Instead of discretionary or political decisions at the top, objective and transparent allocation formulas are used to distribute the resources among the local councils.

However, the transformation of “block grants” from local budget outlays into true intergovernmental fiscal transfers is not yet complete. The International Monetary Fund (2001) makes a very clear distinction between regular budget outlays (or budgetary exchanges, such as salary payments to public servants and government procurement of goods and services) and intergovernmental fiscal transfers (see Box 1).

In practice, however, MOFED makes little or no distinction between central budget outlays (which are accounted through the treasury system) and the detailed account reporting required

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8 This point and the following—while not explicitly addressed in earlier recommendations with respect to the second-generation grant system (Boex, 2011)—are nonetheless critical for the successful introduction an effective second-generation grant system.
for local government grants.\(^9\) Although these treasury controls on local government spending are well-intentioned and aim to reduce downstream fiduciary risk, such controls are not appropriate for local government grants; instead, they become obstacles that prevent resources from flowing down to the LCs and prevent LCs from standing on their own feet. Furthermore, the monitoring and reporting requirements imposed by MOFED are a major factor in impeding the timely and complete release of block grants during the budget year.

**Box 1. The budgetary nature of intergovernmental fiscal transfers**

Fundamentally, every budgetary transaction takes on either the nature of an exchange or a transfer. Of these two types, exchanges are the most common. A transaction is an exchange if one unit provides a good, service, asset, or labor to a second unit and receives a good, service, asset, or labor of the same value in return. Compensation of employees, purchases of goods and services (whether recurrent other charges or capital goods), and similar transactions are all exchanges. The IMF’s classification of budget items by economic type of spending further categorizes exchanges by their economic nature, including compensation for employees (wages), purchases of goods and services (O&M) and interest payments (compensation for borrowed resources).

In contrast, a budgetary transaction is a transfer if one government unit (e.g., the central government) provides a financial transfer to a second unit (e.g., a local government authority) without receiving simultaneously a good, service, asset, or labor of any (or similar) value in return. Intergovernmental fiscal transfers (or “grants”) are budgetary transfers to local government authorities.

Unlike budgetary exchanges (which accrue or become due when a good is delivered or a service is provided), according to the IMF (2001) a transfer obligation becomes due and should be recorded when all requirements and conditions for receiving them are satisfied and the central government has an unconditional obligation to make the transfer.

It is recommended that MOFED stop treating local government grants as being equivalent to central government outlays, where LCs are required to provide detailed reports to MOFED within the budget year how the previous quarter’s release was spent before triggering the next grant release. This level of top-down scrutiny is not consistent with devolution. Instead, local government grants should be released to LCs throughout the budget year on standing order in predictable, equal monthly or quarterly releases.

This recommendation is permitted under current law, but will require a change in terms of the priorities and mindset in the Ministry of Finance and Economic Development. Of course, this recommendation does not negate the need to conduct appropriate arms-length monitoring of local government finances by MOFED and MLGRD. In addition, ex-post safeguards ought to be

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\(^9\) Section 51 (1) of the Local Government Act (2004) empowers the Ministry responsible for finance to release or withhold monthly grant payments to LCs “subject to their compliance with conditions attached to previous payments”. 

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introduced to ensure that Local Councils are truly accountable custodians of the public resources that are committed to their trust.  

Improve the monitoring of the release of transfers and the transfer system as a whole
A detailed annual document is prepared by LGFD at the beginning of each financial year that comprehensively and transparently presents the formula-based allocation of grant resources to the local government level.

As noted above, however, it does not appear that disbursements of grants are made in a complete and timely manner during budget implementation, thus reducing the efficiency and transparency of the grant system. As such, it would be prudent for LGFD to take additional steps to monitor the transfer system to make sure that the transfer system itself is functioning as intended. A useful step in this regard would be for LGFD to annually produce an end-of-year analysis of the completeness and timeliness of the disbursement of grant funds.

Strengthening the role of local own source revenues
The Local Government Act (2004) gives councils power to raise revenue from local taxes; property rates; licenses; and fees and charges. Councils are required to fix their own rates and fees for this revenue sources. In addition, revenue sharing from mining revenues is also considered as own source revenue under the Local Government Act. As of 2011, budgeted own source revenue (OSR) is equal to approximately 13% of budgeted expenditures at the LC level (excluding Freetown). The percentage of resources that is contributed by own revenue sources is considerably higher in urban local governments, where own revenues generally contribute 30-40% of total financial resources (Jibao and Prichard, 2013).

It is widely felt in Sierra Leone that Local Councils should increase the efforts with which they collect own revenue sources, which would allow them to contribute more substantially to the development of their local jurisdiction. The draft Fiscal Decentralization Strategy proposes a series of specific interventions to strengthen the role of local own source revenues in the local government finance system, including (1) clarify revenue assignments; propose and support improved local revenue administration practices; and (3) provide direct financial incentives for local councils to enhance local revenue efforts. In addition, revenues from mining are often also pointed to as an important potential local revenue source.

While local revenue collections should indeed be considered as an important local funding source—that has the ability not only to increase local financial resources, but also, has the potential to make the Local Council more responsive and accountable to its constituents—one has to be careful not to over-emphasize the role that local revenues will be able to play in transforming local government finances in Sierra Leone. Principles of sound decentralization suggest that most taxation should take place at the central government level, where taxes can

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10 Safeguards in this context are not necessarily traditional PFM safeguards. Instead, a full range of political, administrative and fiscal processes should be considered as influencing the ability and the incentive of LCs to follow sound and accountable public financial management practices.
be collected more efficiently due to considerable scale economies in tax administration. Furthermore, the political economy of decentralization is most likely going to limit the ability of locally elected councils to considerably increase their own-source revenue collections in the short run. That said, the role of own revenue sources can be improved over time by pursuing reforms in a number of directions:

*Clarify revenue assignments*

The Local Government Act indicates that Chiefdom Councils are to be involved in the collection of local taxes and that Local Council revenues (including mining revenues) are to be shared between the Local Council and the Chiefdom Councils. However, how the distribution of responsibilities and rewards from local taxation align between the Local Council and the Chiefdom Councils is not clear. The draft Fiscal Decentralization Strategy proposes the introduction of legislation that clearly establishes procedures for revenue collection and sharing between local and chiefdom councils. The draft Strategy further proposes chiefdom governance reform with specific reference to how central government should directly finance chiefdom councils. Clarification of the role that Chiefdoms play in local revenue collections and sharing (especially to the degree that their involvement limits local revenue effort) will indeed be an important element in improving the environment for local revenue collections. However, the clarification of local revenue assignments is an issue that has inherent political implications.

*Improve local revenue administration practices and systems*

The draft Fiscal Decentralization Strategy proposes the introduction of legislation on local government finance and property taxation establishes clear procedures for revenue collection. In addition, the draft strategy suggests that local councils should be supported in establishing data bases on major own revenue sources, including property tax and businesses licenses. The results from these interventions ought to be not only greater local revenue mobilization, but also greater transparency and reduction in the compliance burden for local taxpayers.

Establishing local taxpayer data bases on major own revenue sources and pursuing computerized revenue collection systems for property rates, businesses licenses and other local revenues is a necessary but insufficient step for the proper collection of local revenues. Success in improving local revenue collections is both a technical issue as well as a political issue, as increasing local revenues is critically dependent on the ability of the local political leadership to overcome resistance from large property owners / taxpayers (see Box 2). For instance, a taxpayer’s willingness to pay local property taxes should be expected to decline if property tax collections are politically motivated and/or if his or her neighbors are able to get away with not paying their tax. As such, requiring LCs to make their Local Council’s Rate Book public (including online) along with the information whether property rates have been paid on each property would greatly enhance the equity and transparency of local property tax system. Local taxpayers and voters have a right to know about the performance of their Local Council on local revenue administration, and the central government should be their ally in empowering them over their Local Councils.
Box 2: The Political Economy of Property Tax Reform in Sierra Leone

A recent study by Samuel Jibao and Wilson Prichard (February 2013) explores relatively successful reforms of the local property tax system in the four largest City Councils in Sierra Leone. Deriving lessons from differing outcomes across the four Councils, it highlights three key messages about the determinants of successful reform:

- First, relatively modest and targeted support from the international community and the central government has been critical in improving local revenue collections. However, the success of such initiatives is not sustained by external considerations: instead, local revenue strengthening efforts must be grounded in a focus on longer term, hands-on, local level partnerships.
- Second, success is critically dependent on high-level reform leadership to overcome resistance, particularly from large property owners. In turn, the emergence of such political leadership appears to have been shaped by the relationship between local political and economic elites, the relationship between local and central political parties, and the extent of local level political competition.
- Finally, alongside the general importance of political leadership, reform strategies that are comparatively contractual can contribute to a virtuous cycle of improved governance and help to build sustainable political support for continued reform.

Indeed, for local revenue enhancement efforts to be successful, it is important for local revenue collections to be understood by local officials not as an unconditional right, but rather, as a privilege for Local Councils that comes along with the expectation that local revenues are collected from local taxpayers in an efficient, equitable and transparent manner and that the resources so collected are spent in accordance with the priorities of local constituents. The preparation and publication of an annual Revenue Enhancement Plan (based on a standard template) should be required. One might even consider creating certain performance incentives and/or attaching certain conditions to the right to collect property rates.11

Placing local revenue strengthening within a political economy and governance framework does not mean that basic improvements in local revenue administration systems should be overlooked. Basic reforms such as including or expanding the number of establishments for local revenue officers included as LC core admin staff (and covered by the administrative grant) can pay dividends in terms of improved revenue mobilization, as can the preparation of standard job descriptions and qualifications for local revenue officers and the sharing of best practices with regard to local revenue administration.

Opportunities and limits on natural resource taxation at the local level

A final area where further consideration is merited with regard to local revenue mobilization is the taxation of mining and natural resource extraction. The taxation of natural resource

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11 It would be ill-advised to provide fiscal performance incentives in proportion to (improvements in) local revenue collections. This is likely to reward differences in revenue potential (and historical differences in revenue effort) rather than incentivizing good local revenue practices. Instead, one could imagine providing an incentive grant to Local Councils to reward them for making their local tax records public online in a prescribed format; to provide a grant to incentivize councils to achieve the issuance of Rate Demand Notices to all taxpayers; or to achieve collection rates above a certain threshold. Similarly, one could consider the taxation privileges of local councils that fail to meet a minimum level of effectiveness or accountability in local revenue administration practices.
extraction has been pointed to some as a potential revenue boon for Local Councils in Sierra Leone.

Although it is important to explore how Local Councils can benefit from natural resource revenues (other than through the potential indirect trickle-down effects of increased local economic activity)\textsuperscript{12}, it is equally important to consider the (political and technical) limitations of natural resource taxation as a source of local finances. Although the Local Government Act recognizes mining revenues as an “own source revenue”, Local Councils are passive recipients of these revenues without control over the tax base, tax rate or collections. An additional concern about the central-local sharing of mineral resource revenues is that there is a potential for undesirable horizontal fiscal imbalances (i.e., a considerable unequal distribution of resources between resource-rich and resource-poor local governments). Finally, although mining companies have shown some willingness to provide contributions to the wellbeing of the communities that surround their extractive sites, mining companies are for-profit businesses that are typically adverse to being taxed by any government level. Since mining companies can be expected to wield some degree of economic and political influence at both central as well as local government level, they might have a low level of political tolerance for local taxes on extractive activities beyond the central government revenues and fees that are already collected and supposed to be shared with the Local Councils. In that case, the main question is not whether Local Councils may benefit from imposing additional taxes or charges on companies that are engaged in extractive activities, but rather whether the central government would be willing to give up some of its own revenues on extraction to benefit the Local Councils where extractive activities are taking place.

\textsuperscript{12} Note that Local Councils are not assigned any business turnover taxes, personal income taxes or even retail sales taxes, which would be the most direct ways for a local government to benefit from a localized economic boom. The expected increase in property taxes, personal taxes, business licenses and other local revenues that result from spatially highly concentrated business activities such as mining is likely to be much more subdued.
3. Local Human Resources in Sierra Leone: Situation, Challenges and Opportunities

Local human resources: Situation analysis

Human resource management remains highly centralized in Sierra Leone, despite the intentions of the Local Government Act (2004). Although the financial resources for core local administration functions (including local administrative staff) have been devolved to LCs, the amount of actual control that local officials have over their core staff is limited. As already noted, for the time being, sectoral staff at the local level still fall under the responsibility of their respective line ministries. For the purpose of discussion, therefore, it is useful to separately consider the situation of Local Councils’ core staff (which fall under the auspices of the Local Government Service Commission or LGSC) and sectoral staff that operate at the local level (which are still administratively part of their respective line ministries).

Consistent with the concept of devolution, the National Decentralization Policy recognized that LCs should be assigned full responsibility for the recruitment, capacity development, discipline and career advancement of their staff and personnel, in accordance with HR policy and procedures, and with oversight from the Local Government Service Commission (LGSC). The role of the LGSC is to prepare and to periodically review human resources policy, provide guidance on local organizational and management structures, provide prototype job descriptions and basic salary structures, and provide relevant HR administrations guidelines, manuals, and capacity building.

However, given the capacity weaknesses with regard to local human resource management, the LGSC is currently mandated to carry out all recruiting, assignment, and performance management functions for LC core administrative staff. Although this is supposed to be a temporary arrangement (until December 2016, when all human resource management functions should be fully devolved), the current arrangement limits the ability of Local Councils to strengthen their own human resource capacity since their core administrative staff is upwardly accountable to the LGSC, instead of being responsive to the priorities of the elected local executive and council.

Indeed, interviews with LGSC staff indicate that although some LC Chairpersons have expressed disappointment with the performance of their chief administrators, for example, no chief administrator has ever been fired; instead, poor performers are transferred to another LC. Under circumstances where performance is not a primary consideration, LC core administrative staff reported being transferred unpredictably, weakening their incentive to perform well, and creating issues with administrative continuity (including continuity of record keeping). While all LCs have full or nearly-full core administrative staffing, completion of annual performance

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13 In speaking with two LC finance officers we learned that they had been rotated the prior year. Neither officer had financial records available for his present LC posting, but both had records for their previous postings, as they had kept the records on their personal computers. This style of data management was not uncommon across LCs.
assessments varies across local jurisdictions, with some LCs having completing annual evaluations of all core admin staff, and others evaluating as few as 50% of their administrative staff on an annual basis.

This central management of local human resources has major consequences for local accountability and service delivery as well, as the lack of control by elected Mayors or District Chairpersons over their local administrative teams limits the ability of the local leadership to effectively implement local services. For example, the absence of a local Revenue Officer position in the core administrative staff structure contributes to limited own-source revenue generation at the LC level, constraining the local ability to raise discretionary income. In essence, the present system results in a “luck-driven” allocation of administrative capacity: from the perspective of the elected local council executive, the ability of her administration to deliver public services is driven entirely by how “lucky” she has been with respect to LGSC staff assignment. This, in turn, makes it much more difficult to hold the local political leadership accountable for poor local public services within their jurisdiction.

In terms of sectoral service staffing, until now, each sectoral ministry has retained control of all local staffing matters. This means that all “local” staff are in fact still line ministry staff, and that all decisions with regard to “local” establishments and “local” staff positions are exclusively determined in Freetown. Since sectoral wage expenditures make up the bulk of the local public sector expenditures in Sierra Leone (as indicated in Figure 2), this means that the large majority of resources spent on local public services in Sierra Leone fall beyond the control of LCs.

The continued centralized approach to human resource management is perpetuating considerable inefficiencies and inequity, as central ministries are not informed about local needs and conditions.14 At a national level, this has meant that local sectoral staff are often not posted where they are needed the most: whereas the need for teaching and health workers is greatest in the remote rural areas, central line ministries tend to take into account the preferences of public servants, who often prefer to work in urban or more accessible areas. This has resulted in an inequitable situation where in some districts, for instance, the student-teacher ratio is twice greater than in other districts.15

From the data available during our field visits, student-teacher ratios continue to be inequitable, ranging from 20 students per teacher in Bo Township to over 50 students per teacher in Kambia District. The situation is similar in the health sector: the number of health professionals per 100,000 population varies from 10.1 in Kailahun to 148.3 in Freetown.16 The

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14 For instance, central line ministries are not in a position to customize the compensation offered to locally posted staff in line with local conditions (such as remoteness or other hardships).
16 The number of health professionals per clinic also varies extensively, from fewer than 1 professional for every two clinics in Kailahun to more than 26 per clinic in Freetown. Excluding Freetown from these comparisons still demonstrates high variability: Moyamba has 110 professionals per 100,000 population (nearly 3 per clinic), 10 times the number available in Kailahun.
mismatch across local jurisdictions between the demand and supply of basic pro-poor local public services is a major obstacle in preventing Sierra Leone from achieving its human development objectives.

Another area where decentralization of human resource management would have a significant impact of the quality and access to local public services is in the performance and accountability of local staff. Although no hard figures are available, it is clear that the centralized, top-down oversight of local sector staff is ineffective in making sure that locally-posted staff are present at their posts and performing adequately. In fact, the centralized processes and systems guiding human resource management are so non-transparent that—during our consultations—neither central line ministry officials nor local sectoral department heads were consistently able to produce a clear picture of the number of sectoral staff posted at the local level within each municipality or district.

Even though sectoral line ministries have an important role to play as a steward and champion for improved local public services within their sector, decentralization and local governance has a critical role to play as a catalyst for more effective and more inclusive local public services. The introduction of a well-designed and transparent vertical human resource management system (consistent with the functional responsibilities devolved to the local level) would create an opportunity for significant improvements in local service delivery and local administration by strengthening the role of LCs in management, improving the oversight of LCs over local human resources, reducing the absenteeism of local staff, and improving their performance.

Local human resources: Key challenges

The 2010 Decentralization policy recognizes the limitations of the present situation, and requires that Local Councils take full responsibility for all human resource management functions by December 2016 at the latest. However, neither the LGSC nor central line ministries have an institutional incentive to voluntarily support such a transition. In fact, some sector line ministries are currently establishing their own sectoral “local” service commissions, which—although it would formally separate central ministry staff from the sectors local staff—is likely to perpetuate the line ministry’s control over local sector staff into the future.

Specific (technical as well as political economy) challenges in the decentralization of human resource management include:

- Transferring all locally posted staff involved in the delivery of devolved functions from their respective line ministries to the jurisdiction of Local Councils, which is likely to include major political economy hurdles. A first step ought to be to moving the wage allocations for local sectoral staff out of the line ministry budgets to a separate, transparently allocated budget vote.
- Improving the equitable and efficient allocation of human resources across the national territory among local jurisdictions, so that local human resources are available where
human development needs are the greatest. This will require appropriate compensation of local staff to reflect differences in local working conditions.

- Transforming the LGSC as an oversight and policy body into an organization that manages the staff of LCs on their behalf and ensuring appropriate central oversight and guidance in the management of devolved sector staff.
- Empowering and strengthening the capacity of Local Councils (elected councils, elected executives, and department heads) to play an appropriate role in local staffing decisions, including hiring, promotion and (as appropriate) firing, hardship allowances, and performance management of core local administrative staff and local sector staff (in accordance with guidance established by the LGSC and/or other relevant public service institutions). This includes setting up processes and systems that enable and incentivize Local Councils to supervise staff and hold local staff accountable for their performance.

Local human resources: Opportunities for reform

Start the process of gradually devolving local wage resources. Different countries have pursued human resource devolution following different reform paths, from a “big bang approach” (where all “local” government workers are transferred from being central government employees to local government employees at the same time) to more gradual approaches. Indeed, the most common approach—especially in Africa—is for a very gradual approach to human resource devolution. Furthermore, with the exception of South Africa and a handful of others, most countries in Africa do not pursue full devolution of human resources to the local level. Instead, in many “devolved” African countries (such as Ghana, Tanzania or Uganda) the central government continues to play an important role in the management of local government staff. In setting the ambitions and time table for human resource devolution in Sierra Leone, it would be prudent to consider the experiences and practices with regard to local human resources management in other—similarly situated—countries.

Indeed, if Sierra Leone would pursue a “big bang” approach to decentralization and if the wages for local sector staff would be transferred to Local Councils overnight, LCs would suddenly find themselves managing around 40% of the country’s public finances. Sudden or poorly implemented devolution of wage resources to LCs in the absence of robust and effective financial management and accountability systems at the local level could prove disastrous to the political support for ongoing devolution. In fact, nothing poses a greater risk to devolution reforms than when teachers and health workers don’t get paid on time. If we were to use the subsidiarity principle as a guide to determine the appropriate level of devolution of human resource management functions, it is likely that full devolution of human resource management (where all aspects of local human resources are managed locally) is still decades away in Sierra Leone.

17 In fact, even in Indonesia’s “big bang” approach to decentralization, central government retained a high degree of decision-making authority over local human resources for several years after the devolution of functional responsibility and financial resources.
18 The subsidiarity principle states that functions should be assigned to the lowest tier or level of government that can perform the functions efficiently.
Instead, in the short-to-intermediate term, it would be more appropriate for Sierra Leone to pursue a hybrid model of human resource decentralization, whereby the (gradual or incremental) devolution of human resource functions focuses on strengthening the accountability and performance of local (administrative and sectoral) staff. Even achieving an effective and well-functioning HR management system that provides a meaningful degree of local discretion over local staff would be an ambitious venture to accomplish by the target date December 2016. This would be a more appropriate policy target for Sierra Leone to pursue.

What would a hybrid system of decentralized local human resource management look like? In the short run, in the absence of robust local PFM and accountability mechanisms, it would probably not be appropriate to funnel the financial resources for paying local salaries through local accounts. Yet, in order to increase the responsiveness of local officials to the Local Council (in terms of accountability for their performance), it is critical that LCs are given the authority to conduct performance evaluations for all local staff (including local sectoral staff) and to reward high performers and sanction (and even terminate) under-performing staff. However, this does not necessarily require that the entire administration of local human resources—and the payment of local staff salaries—ought to be conducted by the LC itself. It does, however, require that local sectoral staff are extracted from the control of their respective line ministries, and placed in a separate budget vote where it is the Local Council—not the central ministry—that has the ultimate say over human resource decisions.

Under a hybrid local human resource management system, local staff salaries would continue to be planned, budgeted through the central government budget and paid through the central government treasury, but local salaries would be removed from the central line ministry budgets and Local Councils would have a degree of influence over the staffing within their local jurisdiction. Assuming that a mechanism exists to determine the number of local (administrative and sectoral) staff that each LC would in principle be able to hire (as discussed further below), one key issue to be decided in Sierra Leone would be where in the budget structure (i.e., under what budget vote) local salaries would be planned and budgeted.

The first basic option is to shift all the sectoral wage resources to Vote 701, which is the budget vote currently used to allocate recurrent grants to LCs. Following the existing structure of Vote 701, local sectoral wages would be further divided by sector, although it would most likely be preferable to separate wage grants for non-wage recurrent grants for the foreseeable future.

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19 Whereas local PFM systems may be adequately robust to funnel O&M and development resources, it should be noted that the scale of “local” salaries is many times larger than that of non-wage local expenditures.
20 In order to ensure that such oversight is done professionally and free from local political influence, such performance processes are typically guided by national guidelines and overseen by a national commission or board. At the current time, however, Sierra Leone is operating near the other end of the spectrum, where inadequate oversight means that little or no action is taken even when teachers or other local workers fail to show up at their assigned post.
21 As discussed further below, the key policy question here is whether each LC should receive a formula-based sectoral grant (and determine its own mix between wage expenditures and on-wage recurrent expenditures), or
Indeed, a simple one-page annex to the national budget could reveal how all Local Council grants are distributed by individual Council, across sectors, and by type (wage grant, O&M grant, or development grant), considerably increasing the transparency of the system of intergovernmental finances in Sierra Leone. Then, rather than disbursing these wage resources to each LC, the wages for locally posted staff would be paid directly to the local government employees by the national treasury from Vote 701 on behalf of the LCs (and to some extent, at the direction of the LCs through a central coordination mechanism).

Shifting the wage resources out of the central line ministry budgets into Vote 701 would remove direct line ministry control over local staff and would start to shift the balance of decision-making space over local human resources to the local level. The main benefit of this specific budget structure is that the national budget documents are extremely clear on the level of budgetary resources used for each sector, so that each central line ministry is able to retain a strong advocacy role over the size of the sectoral grant pools. It appears that Ghana is taking a similar approach as it is decentralization the budgetary resources for local staff wages.

A second approach is similar in nature, but would structure the national budget somewhat differently: rather than segmenting Vote 701 by sector (as is currently the case), it is possible to create a budget vote (or budget subvote) in the national budget for each individual Local Council. The budget vote for each LC would then be further broken down by sector into wage grants and non-wage recurrent grants. Uganda and Tanzania use slightly different versions of this budgetary structure for their (wage) grant allocations.

In Uganda, wage grants (and non-wage recurrent grants) for each district are contained in a district vote in the national budget. Whereas non-wage grants are disbursed to the district accounts on a regular basis, the national treasury directly disburses the wages of local government staff into their accounts through electronic bank transfers. This means that local governments in Uganda budget for wage expenditures but in fact never “touch” wage expenditures during budget execution process. In Tanzania, the central Public Service Management Office (PO-PSM) is responsible for the administration of all (central and) local government staff, but transfers the financial resources necessary to meet the monthly payroll needs of each district on a monthly basis as a wage grant (along with the necessary HR records). This allows each district in Tanzania to pay the local (administrative and sectoral) staff from their own accounts, at least involving Local Government Authorities in Tanzania in the HR process. However, since virtually all aspects of human resource management continue to be managed centrally (in Tanzania as well as in Uganda), the local authority’s ability to control or manage their local staff is limited more by their inability (or lack of incentive) to hire, discipline or fire local staff based on their performance, rather than by whether or not the local council is the entity that actually pays the teacher or health worker. These are useful lessons that should be considered as Sierra Leone determines its path for HR devolution.

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whether central line ministries will continue to guide the allocation of wage resources and personnel separate from non-recurrent grant resources for each sector.
Improving the equitable and efficient allocation of human resources across the national territory among local jurisdictions. As noted by the examples from Uganda and Tanzania, even when the management of local human resources is removed from the central ministry budgets and (partially) devolved, central government will continue to play an important role in local HR management. For instance, while local sectoral staff will no longer be included in their respective line ministry budgets, the relevant central line ministries—as stewards of their sectors—will still have an important policy role in determining the distribution of staff resources across different local jurisdictions. Local demand for services (both met and unmet) vary both from district to district (as demonstrated above) and within districts themselves, with relatively urbanized areas likely to be more attractive to service personnel. The ineffective way in which central human resource management systems have assigned and managed are a major contributing factor to the country’s failure to make meaningful progress on its human development goals. 22

As such, the way in which local human resources are distributed and managed (and the closely connected devolution of budget resources for wage expenditures) should take into account the different local staffing needs at the local level, the degree to which the current distribution of local public servants is meeting the needs for local public services, as well as the higher costs involved in attracting qualified staff to remote or otherwise difficult-to-serve locations. Even after all human resource management functions are devolved, central line ministries will be responsible for setting human resource standards and for providing policy guidance to ensure the efficient and equitable provision of services across the entire nation. Again, here Sierra Leone faces a choice in the devolution of human resource management: how to improve the equitable and efficient allocation of human resources across the national territory among local jurisdictions? Again, two sets of international experiences in this regard may be helpful in guiding Sierra Leone’s choice.

The first option is to use an allocation formula for each sector to allocate wage resources among LCs, and require each LC to determine its (administrative and sectoral) staffing levels within the available resources. 23 Again, this is essentially the approach used in Sierra Leone for non-wage recurrent expenditures. An advantage of this approach is that it is transparent and equitable, and that it is relatively easy to divide up a grant pool using an allocation formula, and then to allow local authorities to hire as many staff as their budget allocation (or grant) allows. For instance, this general approach is used in South Africa or Ethiopia.

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22 At the central level, public service reforms aim to link pay and performance for central government staff. Whereas such reforms are common at the central government level, such a top-down, centralized approach is inappropriate for improving the efficiency and equity of local government staff. Improving the efficiency of local government staff starts with the recognition that the performance of local staff should be managed by local officials at the local level (i.e., under the auspices of the LC). As a second step, the intergovernmental allocation of wage resources should then be designed accordingly.

23 This approach does not necessarily require that the entire HR administration takes place at the local level. As the examples of Uganda and Tanzania suggest, LCs could be allowed to make decisions over their staffing structure as well as hiring and firing decisions, while still being required to administer their staff through the national public service mechanisms.
This approach does, however, assume a degree of local capacity and discretion, as well as a degree of flexibility in the HR management system. For instance, if remote districts have difficulty attracting staff and are not allowed to provide local staff with top-up allowances, a situation is likely to arise where rural or remote local governments are unable to spend their wage grant allocations. This issue is likely to be a problem in Sierra Leone, where local staff are currently posted in a highly unequal manner: under a formula-based wage grant system, remote and under-resourced LCs would receive a major increase in wage resources, which they would be unable to absorb. Likewise, the opposite problem will arise in jurisdictions that are currently well-resourced: due to the unequal allocation of sectoral staff across local governments, their formula-based wage grant will be insufficient to cover existing wage commitments. Careful thought should be given to transition arrangements if Sierra Leone decides to follow a formula-based approach to the devolution of human resources and wages.24

As such, a second approach to the “horizontal” distribution of local human resources is a bit more supply—driven: rather than focusing on distributing wage resources first, the focus of this second option is on managing the assignment and posting of local staff across different local jurisdictions. In this approach, the central government (typically the civil service department or its equivalent) approves the establishment of (sectoral and administrative) staff positions across different local jurisdictions in accordance with certain sectoral norms (e.g., a student/teacher ratio, or a fixed ratio of clinical workers to a standard catchment area). Then, wage resources are provided by the central government in proportion to the approved (and filled) staff posts within each local jurisdiction.25 This approach is used, for instance, in Uganda and Tanzania.

The disadvantage of this second approach is that it often results in highly unequal allocations: despite the best intentions of the civil service department (and the central line ministries which often help it determine staff allocations) to base the allocation on objective norms, the resulting distribution of sectoral staff across the national territory ends highly unequal. This behavior is rational and inherent to the system: it makes more sense for a central planner to post a new teacher in an urban jurisdiction where he or she is likely to report for duty, rather than posting a new teacher to a remote rural area, where the person does not want to go. Of course, this central “solution” to the assignment of local human resources does not take into account that the variation of service delivery needs across the national territory. In other words, the centralized assignment of human resources for local services fails to take into account the human development needs of the people.

Thus, international experiences suggest that the two options available to the Government of Sierra Leone are not equal in their outcomes: as long as central government officials are given

24 This choice has important political implications as well: it is likely that any formula is likely to benefit the areas which are currently underserved (i.e., rural and remote areas).
25 Wage resources could be provided either in the form of wage grants or through the direct payment of local wages by the central government.
discretion in determining how many (sectoral and administrative) staff are posted in each LC, it is likely that inequalities and inefficiency will continue to persist in the distribution of local staff in hard-to-serve areas. At the same time, switching away from a centralized and discretionary approach to the allocation of local government staff based on a formula-based allocation of wage resources will not be easy: a formula-based approach is likely to improve public services and human development outcomes across many parts of the country, but will require the Government to explicitly address some of the underlying issues that have resulted in the current level of inequality in the way wage resources are distributed across the national territory, including differences across space in the demand for public services, variations in the cost of delivering public services, and the political aspects of horizontal resource allocations. Part of the solution—distributing wage resources (at hence, public sector staff) in proportion to where people live and where the needs are the greatest—will most likely result in, first, greater resources flowing to more remote and rural areas, and second, allowing these jurisdictions to pay teachers and other local staff (considerably) higher allowances in order to attract qualified public servants. Of course, these technical solutions to promoting human development are likely to have political ramifications.

**Transforming the institutional framework for public service administration for local (administrative and sectoral) staff in line with the Local Government Act (2004).** The Local Government Service Commission (LGSC) currently provides human resource management services to all 19 Local Councils, overseeing and managing approximately 285 core staff of the LCs. As noted above, the current institutional framework for public service administration—whereby the LGSC manages the LCs human resources on behalf of the councils—has considerable shortcoming, as the elected local leaders have limited or no control over their core staff. Furthermore, the existing institutional set-up is inadequate for a situation in which all local staff—including both local administrative staff as well as local sectoral staff—are “fully devolved” to the LCs. In this case, the institutional mechanism for overseeing local public servants would be responsible for not a few hundred—but rather tens of thousands—of local public servants.

If the employment and management of local (administrative and sectoral) staff is indeed fully devolved to the Local Councils, then there is little or no role for central government institutions in local human resource management with the exception of some degree of regulation and oversight which can be carried out by a relatively small Local Government Service Commission. However, this is an unlikely outcome given the political economy dynamic associated with human resource decentralization (in countries around the world, as well as specifically in Sierra Leone). A completely different central institution framework will be required based on the assumption that a hybrid model of local public service management is the most appropriate solution for Sierra Leone for the foreseeable future. In this case, local administrative and sectoral staff are local government employees, but the national government continues to

perform some key human resource functions, such as human resource administration/ records management and salary payment.

Beyond the Ministry for Local Government and Rural Development (and their partners in the Ministry of Finance and Economic Planning), three institutional entities will be the key stakeholders in the formulation of the institutional framework for public service administration for local (administrative and sectoral) staff. These three entities include not only the Local Government Service Commission, but also the Public Service Commission (PSC)—which is responsible for HR policy in the public service and senior appointments in the civil service—as well as the Human Resource Management Office (HRMO)—with responsibility delegated from the PSC for human resource management in the civil service.

Transitioning from the current situation, where the LGSC takes essentially full responsibility for the management of core local administrative staff and line ministries take responsibility for sector HR management, must be done in a structured and transparent fashion based on an agreed-upon and realistic institutional set-up, which is the (intermediate) objective of the upcoming phase of human resource decentralization. For the foreseeable future, this institutional set-up ought to combine increased discretion by LCs over their own staff structure; appointments; promotions; allowance structures and dismissals (when necessary), with continued central administration and salary payment of local public servants.

Based on international practices, there are essentially three arrangements that can be struck to organize and manage the human resource of local governments. First, all public servants—at the central level as well as at the local level—can be managed as part of single integrated public service, where a single national administrative entity administers all human resources. This is the most common approach in developing countries around the world. Second, the legal framework for public service administration can establish an institutional framework for local public servants that is separate from the central public service. This approach is not uncommon in federal countries (e.g., Pakistan or the United States), where the federal and state governments have their own civil service arrangements. Third, local governments may be left to regulate their own human resource arrangements within the context of applicable labor laws, without being guided by a separate act. For instance, urban local governments in Swaziland hire, manage and fire staff not in line with a Public Service Act, but rather, in line with the same legal framework used by businesses and other legal entities outside of central government.

It is beyond the scope of the current document to outline a single “best” solution for the structure of the institutional framework. It may, however, be useful to consider a few key elements that need to be decided as part of the institutional design process. Of course, these decisions have to be made before Sierra Leone can meaningfully move forward with human resource decentralization:

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27 This practice is not exclusive to federal countries. Some countries—such as Sri Lanka—also have subnational public service arrangements.
• **What exact human resource management responsibilities can (and should) be assigned to Local Councils by December 2016?** Should LCs be allowed some degree of discretion in determining their own organizational structures? Should the interviewing, selection and hiring of local (core and/or sectoral) staff be done at the local level under the auspices of local the LC itself? To what degree will LCs have discretion over wages and allowances? What performance review processes should be put in place at the local level for core LC staff as well as for local sectoral staff?

• **How will LCs communicate their human resource decisions with the Human Resource Management Office?** To the extent that LCs will start making their own HR decisions while basic human resource administration functions—including record keeping and salary administration—will most likely continue to be done centrally, how will LCs communicate their decisions regarding hiring, firing and so on, to the HMRO (or to any other central entity responsible for administering local government staff)? To what degree—if any—should is there a need for an intermediary institution to funnel or process HRs decisions to the central HR office for administering LC staff?

• **Should there be separate human resource management regimes for core LC staff and for sectoral local staff, or should all local government staff be managed within the context of a single institutional framework?** During the first decade of decentralization in Sierra Leone, it made practical sense to have a LGSC to manage the core LC staff outside the realm of the central civil service, with a vision to transition this entity to a regulator and overseer by December 2016. As all sectoral staff is ‘decentralized’, does it make sense to treat core LC staff differently from local sectoral staff, or can all local staff be managed within a single institutional framework?

**Strengthen the HR management capacity of LCs.** The devolution of HR functions across both the local administrative sphere and the various domains of local service delivery will be a challenging process. It will be critical to extend training to relevant LC administrative staff, sectoral department heads at the local level, as well as the elected leadership of the Local Councils to oversee and execute regulations issued by LGSC, including performance management, budgeting, backstopping of both administrative and sector personnel, and so on. As discussed in Section 5, this also connects to issues of service delivery monitoring and social accountability. As LCs adopt more responsibility, they will need to become higher performing organizations capable of assessing their staffing needs, performance, and costs in order to effectively deliver the services they have committed to providing.

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29 If—as discussed above—Sierra Leone opts to allocate wage resources based on an objective allocation formula (rather than a discretionary, centralized human resource management mechanism), some degree of local discretion is needed in determining the local establishments / organizational structure.
4. Local governance and local administration in Sierra Leone: Situation, Challenges and Opportunities

Local governance and administration: Situation analysis

Over the past decade, decentralization has been a critical step in Sierra Leone’s democratic development and its exit out of fragility by moving “government closer to the people”. The Government has invested considerably in building the physical and human capacity of Local Councils, through providing office buildings, basic logistical support, extensive training; the introduction of stable and transparent inter-governmental fiscal transfer system; and the introduction of a local financial management system. Indeed, for those LCs who provided information as part of our fieldwork, all held at least 8 public assembly meetings in the last year, and several held 10 or more. Similarly, LCs initiated an average of 23 procurements in 2012, and completed an average of SLL 1.14 billion of procurements during the year. Though half of LCs report one or more vacancies, and 4 LCs report filling positions with unqualified staff, the majority of core administrative staffing positions are filled with qualified personnel.

Despite considerable successes, however, the decentralization process is confronted with constraints that require further attention, on one hand, to ensure that Local Councils become more responsive and accountable to the needs of their constituents, while on the other hand, enabling Local Councils greater discretion to become effective advocates for their constituents.

In terms of the physical resources needed to carry out their responsibilities, Local Council administrations vary considerably. Table 3 presents the variations in administrative resources across LCs that were discovered during our field visits. The table reflects not only the limited availability of administrative infrastructure at the local level, but also highlights the limited capacity of local councils to monitor and provide information about their resource situation. The number of administrative buildings available for council staff ranges from 1 in several LCs to 8 in Kambia District, though even in districts with sufficient space, the buildings themselves are often in need of repair. The number of vehicles available to Council staff (to visit constituents, monitor projects, post notices, etc.) also ranges widely, from 13 in Kenema to 3 in Western Area Rural District. All LCs report shortages of spare parts, insufficient funds to procure additional spares, and frequent use of their personal vehicles to conduct LC business (when personal vehicles are available.

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29 Fifteen out of 15 out of 19 LCs provided relevant information as part of our fieldwork.
30 LCs report that 73% of their administrative buildings are in need of repair or upgrading. In many of the LCs visited, council administrative buildings did not have functioning latrines or running water. Many had only intermittent access to electricity.
Table 3: Horizontal Allocation of Administrative Resources

<table>
<thead>
<tr>
<th>Districts</th>
<th>Estimated Population</th>
<th>Core Admin Staffing</th>
<th>Unqualified Staff</th>
<th>Performance Assessments Conducted</th>
<th>Administrative Buildings</th>
<th>Proportion needing repairs</th>
<th>Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kailahun District</td>
<td>358,190</td>
<td>14</td>
<td>0</td>
<td>14</td>
<td>1</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Kenema Township</td>
<td>154,082</td>
<td>14</td>
<td>1</td>
<td>13</td>
<td>2</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>Kenema District</td>
<td>432,581</td>
<td>13</td>
<td>0</td>
<td>13</td>
<td>2</td>
<td>100%</td>
<td>13</td>
</tr>
<tr>
<td>Kono District</td>
<td>523,854</td>
<td>9</td>
<td>0</td>
<td>9</td>
<td>3</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Koidu Township</td>
<td>96,030</td>
<td>13</td>
<td>2</td>
<td>14</td>
<td>3</td>
<td>33%</td>
<td>5</td>
</tr>
<tr>
<td>Bombali District</td>
<td>325,550</td>
<td>11</td>
<td>0</td>
<td>3</td>
<td></td>
<td>100%</td>
<td>6</td>
</tr>
<tr>
<td>Makeni Township</td>
<td>99,408</td>
<td>14</td>
<td>0</td>
<td>14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kambia District</td>
<td>333,081</td>
<td>13</td>
<td>0</td>
<td>7</td>
<td>8</td>
<td></td>
<td></td>
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<tr>
<td>Koinadugu District</td>
<td>318,910</td>
<td>13</td>
<td>0</td>
<td>1</td>
<td></td>
<td>5</td>
<td></td>
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<tr>
<td>Port Loko District</td>
<td>516,468</td>
<td>14</td>
<td>1</td>
<td>11</td>
<td>1</td>
<td>100%</td>
<td>6</td>
</tr>
<tr>
<td>Tonkolili District</td>
<td>412,340</td>
<td>14</td>
<td>0</td>
<td>14</td>
<td>1</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Bo District</td>
<td>472,919</td>
<td>14</td>
<td>1</td>
<td>12</td>
<td>6</td>
<td>33%</td>
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<tr>
<td>Bo Township</td>
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<td></td>
<td>14</td>
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<td>Bonthe District</td>
<td>165,804</td>
<td>13</td>
<td>0</td>
<td>13</td>
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<td>67%</td>
<td>13</td>
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<tr>
<td>Bonthe Township</td>
<td>10,321</td>
<td>12</td>
<td>0</td>
<td>12</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moyamba District</td>
<td>255,513</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pujehun District</td>
<td>228,392</td>
<td>14</td>
<td>0</td>
<td>14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freetown City</td>
<td>927,448</td>
<td>0</td>
<td></td>
<td>1</td>
<td></td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Western Area Rural</td>
<td>209,099</td>
<td>14</td>
<td>0</td>
<td>7</td>
<td>7</td>
<td>71%</td>
<td>3</td>
</tr>
</tbody>
</table>

Population data are estimates based on the 2004 Census, scaled to account for migration and population growth. Human resource and administrative resource data based on self-report during field visits.

Pillar 7 (Governance and Public Sector Reform) of the *Agenda for Prosperity* (2013; p. 128) explicitly recognizes that while local government institutions will be capacitated and empowered to take on more responsibilities, local officials themselves are not the ultimate beneficiaries of these reforms: instead, decentralization intends to empower *the people* through the empowerment of the local government level. In this light, the government is committed to deepen, broaden, and strengthen the decentralization process that was started in 2004 in order to achieve result-oriented decentralization, where the devolution of authority and financial resources should be linked to the achievement of measurable results.

Although the initial years of institutional capacity building have established local administrative units that are capable of performing the core administrative functions of a local government, not all Local Councils function effectively as consolidated and integrated local organizational entities. Due in large part to the centralized human resource situation described above, local sectoral departments often continue to function more as deconcentrated units of their respective line ministries rather than as an integrated part of their Local Councils.
An important systemic challenge that is being faced by Local Councils in Sierra Leone is that while the decentralization process has focused on shifting powers and responsibilities from the central government to Local Councils, too little attention has been paid to the vertical organization of the LCs below the district/council level. This is true for local governance systems (i.e., participation and accountability mechanisms at the local level) as well as for local service delivery systems (as discussed more fully in the next section). Whereas Ward Development Committees (WDCs) were supposed to play the essential role as a space for community participation and as a conduit of information between the LC and the community level, in practice these mechanisms are largely non-functional.

This lack of internal cohesiveness undermines the responsiveness and accountability processes at the local level. In many districts, the core administrative staff (or by extension, the elected local leadership) have no systematic information available on public service delivery in the health and education sectors, including details on capital procurements, or even the number of schools or clinics within their jurisdiction. There is no incentive to collect this information, despite being legally responsible for providing these services. This hampers the ability of the LCs to develop critical governance documents such as capital investment plans and revenue enhancement plans, both of which serve important functions in guiding annual expenditures and revenue targets, and can have a direct impact on the ability to deliver services equitably and transparently.

Similarly, the relationship between local department heads and their staff continues to be a hierarchical one, rather than one where local staff are dedicated to delivering services and addressing the development priorities of their local communities, as formulated by the elected local leadership. Indeed, with respect to many of their functions, LCs in Sierra Leone act as local administrative bodies that react to—and comply with—instructions from the top, rather than acting like higher-performing local government organizations that proactively identify the needs and priorities of their constituents and work to address them.31

Transparency and reporting on different aspect of local government operations—both to central authorities, as well as to local constituents—tends to be weak.32 While all LCs currently have public notice boards, our field work found that the information posted to these boards varies widely in quality, content, and age. In many LCs, the most recent procurement data posted at the district administrative headquarters was two years out of date. Furthermore, as recently noted as part of the Sub-National Public Expenditure and Accountability Review (2010; p. 30), “[l]arge documents such as the [local] budget cannot be posted [on traditional notice boards], so if [budget transparency] is to be improved it would be important to develop

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32 This view is confirmed by the 2011 Auditor General’s findings regarding local councils.
It is rare for local government accountability to organically emerge on its own, or exclusively due to pressures from below: central government often has an important role in setting up and requiring transparency and reliance on inclusive and responsive local planning, governance and administrative practices. While requirements for reporting information to MLGRD and MOFED may be (more or less) enforced, there do not appear to be clear standards and enforcement for meaningful reporting to the local community on local plans, finance, revenues, procurement and service delivery. The difficulties which our research team experienced in gathering information about the operation of Local Councils may be illustrative for the lack of access to local officials that citizens may experience: if an international research team bearing letters of introduction from the Ministry of Local Government are unable to meet with local officials and obtain information, it is dubious that local citizens would fare much better.

There is a need for a much clearer message that local officials must be responsive to their constituents. The 2011 Integrated National Public Services Survey (INPSS) found that only 39 percent of respondents thought that the LC were responsive to their community’s needs. Given its focus on individual perceptions, the INPSS is subjective by nature and that this subjectivity can produce apparent disconnects in its findings, particularly this low reported level of responsive despite consistent reporting of improvements in the perceived quality of education and health services, increased access to potable water, and higher frequency of LC-funded projects. Mechanisms such as the Comprehensive Local Government Performance Assessment System (CLoGPAS) have had a certain degree of success in measuring the performance of Local Councils on a range of local governance and administrative issues. Such monitoring tools, however, require more effective dissemination of performance information.

Local Council performance reports can inspire more responsive and accountable local governance in a number of different ways. First, higher-performing LCs may use the assessment process as an opportunity for self-reflection and use the assessment results to engage in internal reforms. Second, when tied to a performance grant or incentive grant, local officials might be motivated to improve local governance practices. Third, the publication of assessment results may motivate some LCs to compete for better performance scores,

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35 The 2011 INPSS finding is comparable to the 2007 finding of 37 percent but a decrease from 66 percent in 2008 and from 53 percent in 2005.

36 Previous support, particularly for capacity building at the local level, adopted an opposite approach. Under the DSDP, capacity building grants were allocated as follows: the five lowest scoring LCs received US$45,000, the eight middle performers received US$39,000, and the six highest performers received US$30,000, as based on the findings of the CLoGPAS.
especially when local civil society organizations use the performance assessment results to advocate for better local governance.

International experience suggests that alongside the need to encourage more participatory, responsive and accountable behavior on the part of local officials, it is equally critical to simultaneously build awareness among NGOs and community actors to participate in the local decision-making process, to demand information, and to become informed advocates for better local public services.

The 2011 INPSS found that, although overall levels of complaints have risen, respondents remain unclear of how to voice complaints and that most such outreach was at the community level. In 2011, 42 percent of respondents who had issues with health services but did not complain specified that they did not know to whom they could complain, 23 percent of respondents answered similarly in regards to education. Moreover, 29 percent of respondents who complained of issues with health services directed these complaints to village headman and elders, 18 percent reached out to chiefdom officials, while only six percent reported to the District Medical Officer and 7 percent to the Local Councilor (the latter two are responsible for the quality of care). Similar percentages reported to the Local Councilor or District Education Inspector for complaints regarding education.

**Local governance and administration: Key challenges**

- Strengthen the capacity of local officials and improve the local governance and administrative systems to effectively manage the different aspects of local government operations.
- Strengthen the transparency, responsiveness and accountability of LC operations.
- Strengthen linkages between the Council, local executive (Mayor or District Chairperson) and local department heads to ensure that each LC functions as cohesive governance unit and a higher-performing local government organization.
- Strengthen the demand from local constituents, civil society organizations, local businesses, researchers, academics, and other stakeholders for more transparent and responsive local governance.

**Local governance and administration: Opportunities for reform**

*Strengthen local government systems and capacity.* Despite the considerable progress that has been made so far, Local Councils in Sierra Leone are still young organizations and continued strengthening will be needed to improve local systems and local capacities to ensure their effective and responsive operations.

Before embarking on the next phase of decentralization reform and local government strengthening, it would be appropriate to engage in a stocktaking exercise that reveals the gaps
in the processes and capacities with regard to the basic operation of the local authorities, including:  

- Planning and budgeting processes and capacities, including both the inclusive and participatory aspects of the planning and budget formulation processes (reaching down to the community through WDCs as appropriate), as well as the technical skills needed to develop various local plans. Local spatial planning as well as the development of local Capital Improvement Plans and local Operations and Maintenance plans ought to cut across all local functions.
- Revenue administration processes and capacities; including the preparation of a meaningful Revenue Enhancement Plan.
- Financial management processes and capacities, including the transparent accounting of local funds using Petra; the production of in-year financial statements; internal financial controls; and ex-post audit of local Financial Statements.
- Local systems for Human Resource Management
- Procurement processes and capacities.
- Local enforcement of social and environmental regulations.

A structured annual self-assessment combined with external feedback (not unlike the existing CLOGPAS process) would be a helpful stocktaking tool, both for the LCs themselves as well as for the national-level champions and supporters of decentralization and strengthened local governance. Where gaps are identified in the basic ability of LCs to perform key operational tasks (either in an individual LC or across all LCs), targeted support should be provided to either modify the relevant processes and procedures, or to strengthen the necessary local government capacity.

It is not clear whether it would be useful at this stage to attach performance-based grants to such a performance assessment framework (through minimum conditions or performance grants), or whether it would be useful to simply have regular (annual) feedback on the operational capacity and performance of LCs with regard to their administrative and governance functions.  

**Enhance Local Council transparency, responsiveness and accountability.** The Local Government Act (2004) provides a legal framework for transparent, responsive and accountable local governments. It is not clear, however, that this ambition has been successfully in achieving open local governments. A recent “Open Letter to the Chairman of the Association of Local Councils in Sierra Leone” written by the Centre for Accountability and Rule

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37 Part of the review process ought to be the review of local processes as well as local capacities. It is not unusual for problems at the local level to be driven by inadequate (or conversely, overly complex) local administrative processes and procedures, rather than being a problem of inadequate human capacity.

38 Attaching performance rewards to the assessment process would provide an incentive to LCs to over-report their own performance, rather than using the process as a tool for introspection and improving their own performance. As such, an external “peer-review” or mentoring-style review may motivate improved governance outcomes, whereas a grant-driven external performance assessment risks becoming a check-the-box exercise.
of Law laments the apparent weak commitment by Local Councils to transparency and accountability and asks for a stronger commitment by Local Councils to operate in a transparent manner.\textsuperscript{39}

The MLGRD and other champions of decentralization at the central level should become partners with civil society organizations and other local stakeholders to ensure that local residents and community-based organizations are able to monitor the activities of their local governments. The cause of transparency, responsiveness and accountability can be supported considerably by the central government setting clear expectations with regard to the transparency, responsiveness and accountability. These expectations should articulate not only the explicit duties and responsibilities of local governments, but also the rights and responsibilities of citizens with regard to their local governments.

Experiences elsewhere suggest that unless there is a clear national framework for local budget transparency (and local operational transparency), the ability of citizens to effectively obtain information from their local government is limited.\textsuperscript{40} In addition to ensuring that Council business is conducted in an open and participatory manner (e.g., by ensuring that LC meetings are open to the public and publicly announced in advance), a Local Government Transparency Policy could require LCs to make a specific list of local government documents publicly available, including the Citizen Service Charters for all local departments; minutes of council meetings; local government plans (including the Capital Improvement Plan; the Revenue Enhancement Plan; and so on); key procurement documents; as well as key budget documents throughout the budget cycle (for instance, the Executive Budget Proposal; the approved Council Budget; quarterly financial statements; the end-of-year Financial Statements and the external audit report). It was already noted in Section 2 that an increase in transparency with regard to local revenue collections could have a positive impact on the integrity of the local revenue collection process. As further suggested in Section 5 below, important gains in transparency could also be made by increasing the transparency related to the delivery of local services by making available facility-level service delivery information. In other words, making information publicly available should become a habit (rather than an exception) for local government officials.

Whereas such local government information ought to be made available on notice boards at the Local Council’s main offices, Ward-level offices and other local facilities, high transportation cost and limited access make it difficult to verify that such dissemination efforts are indeed being followed. Furthermore, whereas the right to inspect local government budgets, valuation rolls and other local government documents may be enshrined in law, our field work revealed the limitations of office visits to collect relevant local government information. Although internet access and even access to reliable electricity is limited in parts of the country, MLGRD

\textsuperscript{39} “Open Letter to the Chairman of the Association of Local Councils”, Ibrahim Tommy, 4 November 2013. <<www.carl-sl.org/home/articles/639-carl>>.

\textsuperscript{40} For instance, see: International Budget Partnership. Assessing Budget Transparency in Subnational Governments-- Findings from Brazil, Indonesia, and Tanzania. <<http://www.ustream.tv/recorded/32611201>>
(or a third party, working in collaboration with MLGRD and LCs) could facilitate improved local government transparency by facilitating the setting up of LC webpages and online noticeboards for local governments, where Local Councils would simply be responsible for periodically uploading PDF versions of the documents noted above, which are already produced as part of their regular operations. Although many citizens currently may not have direct access to the internet, placing these documents in the public domain would allow “information intermediaries” such as national NGOs, local CBOs, Chiefdom authorities and other organizations to access this information and share relevant information, thereby enhancing the ability of civil society and the private sector to hold local government officials accountable.

**Box 3. The challenge of participation and governance below the LC level**

An important issue to be addressed during the next phase of decentralization reforms in Sierra Leone is the structure of governance below the LC level. In order for decentralization to be successful, it cannot stop at the district / LC level; in order to be effective and inclusive, local services and local governance should reach down to the community level. Two main types of entities operate in the space below the LC: Ward Development Committees and Chiefdoms.

As noted above, although Ward Development Committees (WDCs) were supposed to play the essential role as a space for community participation and as a conduit of information between the LC and the community level, in practice these mechanisms are largely non-functional. Although Chiefdoms have no formal public service delivery functions in their own right, there are likewise an important stakeholder and actor at the community level, and are needed in order for LCs to achieve local-level legitimacy.41 Nonetheless, ensuring that local governance reaches down to the doorstep of the people requires WDCs to be integrated more effectively into the LC apparatus. Similarly, there is a need to formulate a set of governance relations below the LC level that achieves buy-in from Chiefdoms into a stronger and more effective local government system.

**Start working towards higher-performing local government organizations.** Enhancing the transparency of Local Councils should be seen as only a first step in enhancing the accountability and responsiveness of Local Councils in Sierra Leone. The previous and current local government capacity interventions in Sierra Leone (e.g., the Institutional Reform and Capacity Building Project) have focused largely on the capacity of local governments to perform core local government functions—largely in a reactive and inward-looking manner, in accordance with top-down guidelines, processes and procedures. However, in order for local governments become efficient and responsive providers of local infrastructure and public

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41 Similarly, placing greater responsibility and decision-making power at the WDC level has important political and accountability implications, as this (for better and for worse) disproportionately empowers individual councilors over the local executive and over local-level bureaucrats.
services, local government organizations have to be transformed from entities that are local administrators of centrally-mandated public functions—which in large part requires compliance with central government rules and responsiveness to instructions from the top—into high-performing local government organizations which are capable of proactively identifying and responding to needs in the local community outside of the local government organization itself.

The transformation of a reactive local government into a higher-performing local government organization requires changing the way things are done by local governments by maximizing what the organization can accomplish using the resources available to it. However, the skill sets needed for managing and operating within this organizational models is completely different: whereas the traditional bureaucratic model actively discourages local bureaucrats and officials from taking initiative outside the bounds of narrowly-defined central regulations and procedures, achieving high-performing local government organizations requires leadership initiative, inclusive governance and modern human resource management approaches.

Although there is no single model, theories of organizational change point to a number of critical capacity areas that ought to be taken on board in moving towards higher-performing local government organizations. These include targeted efforts to strengthen linkages between the LC Assembly, the local executive (Mayor or Chairperson) and local department heads to form a single cohesive governance unit. Higher performing local governments also focus on improving the effectiveness of communication and coordination between different local departments, and often seek to introduce modern public management techniques to make effective use of all local government staff and to encourage a customer-orientation across the entire organization. Higher-performing local governments also pay attention to the organization’s relationship with the outside: rather than seeing itself more or less as a standalone organization, higher-performing local governments seek greater interaction with the private sector and the community and pursue collaborative approaches in solving local problems.42

Although moving towards higher-performing local government organizations requires a basic level of functional and operational capacity is already in place, it is important to assess the readiness of LCs to shift towards such a higher-performing status as they are envisioned to play an increasingly crucial role in steering the human development of the country.

**Strengthening the demand from local stakeholders for more transparent and responsive local governance.** Enhancing the “supply” of transparency by local government official by itself will not create more accountable or more responsive local governance. For this to be achieved,

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42 See, for instance, Kimble, Boex, and Kapitanova (Making Decentralization Work in Developing Countries: Transforming Local Government Entities into High Performing Organizations, 2012). Similarly, VNG-International’s global Local Government Capacity Project (LGCP) is built around five capabilities or capacities that are reflective of higher-performing organizations. These include (1) the capability to act and to commit; (2) the capability to deliver on development objectives; (3) the capability to adapt and self-renew; (4) the capability to relate to external stakeholders; and (5) the capability to achieve coherence.
there is a need for more open local governance to be met simultaneously by greater participation and engagement from the side of civil society.

An example of an effort where the strengthening of local governance was accompanied by efforts to achieve greater engagement from civil society is the Local Government Support Project in Bangladesh (which built on the UNCDF/UNDP Sirajganj Local Development Project) which was successful not only in making local government processes more transparent and participatory, but simultaneously strengthening the demand from local constituents, civil society organizations, local businesses, and other stakeholders to engage with local government officials.⁴³

At a national level, Sierra Leone already has begun engaging non-state actors, including civil society organizations, in PFM. The Sierra Leone Integrated Public Financial Management Project (IPFMRP) financed civil society activities to facilitate access to information on PFM issues, create of outreach materials on PFM for public consumption, and provide capacity building for CSOs to engage on these issues more effectively. Through these efforts, CSOs have gained access to participate directly in the Government’s budget discussions.⁴⁴

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⁴³ Such efforts should not necessarily be limited to civil society in general participation in local governance; residents, civil society, local businesses and other local stakeholders can engage with local officials through a range of different mechanisms. The strengthening of School Committees of parent-teacher organizations, health facility oversight committees, and water user groups are all opportunities for greater civil society involvement in the operations of the local government. Another aspect of local governance that must be addressed more fully in Sierra Leone is the relationship between LCs and traditional authorities (Chiefdoms).

5. The governance of local service delivery in Sierra Leone: Situation, Challenges and Opportunities

Local service delivery: Situation analysis

Sierra Leone’s Agenda for Prosperity underscores the government’s commitment to providing equitable, quality services to its citizens, including healthcare, education, water, and agricultural extension services. A considerable share of the country’s budgetary resources is already being allocated to these sectors in the quest to achieve a better quality of life for all citizens. However, as already noted in Section 2, despite the fact that all of these services are delivered at the local level, much of the spending continues to be controlled by line ministry officials in Freetown. The limited progress that the country has made on its Human Development Indicators suggests that central line ministries have been unable to achieve effective improvements in service delivery outcomes. Both the Local Government Act 2004 (as reaffirmed in the Hill Valley Declaration) and the Agenda for Prosperity envision a future where Local Councils are increasingly responsible and accountable for the provision of these services.

<table>
<thead>
<tr>
<th>District</th>
<th>Estimated Population</th>
<th>Student-Teacher Ratio</th>
<th>Student-School Ratio</th>
<th>Portion of Schools in Need of Upgrading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kailahun District</td>
<td>358,190</td>
<td>34.6</td>
<td>244.5</td>
<td>45.1%</td>
</tr>
<tr>
<td>Kenema Township</td>
<td>154,082</td>
<td></td>
<td>366.5</td>
<td>31.6%</td>
</tr>
<tr>
<td>Kenema District</td>
<td>432,581</td>
<td></td>
<td>296.0</td>
<td>61.2%</td>
</tr>
<tr>
<td>Kono District</td>
<td>523,854</td>
<td></td>
<td>278.0</td>
<td>58.0%</td>
</tr>
<tr>
<td>Koidu Township</td>
<td>96,030</td>
<td></td>
<td>390.4</td>
<td></td>
</tr>
<tr>
<td>Kambia District</td>
<td>333,081</td>
<td>51.1</td>
<td>251.3</td>
<td>51.8%</td>
</tr>
<tr>
<td>Koinadugu District</td>
<td>318,910</td>
<td></td>
<td>210.4</td>
<td>65.9%</td>
</tr>
<tr>
<td>Port Loko District</td>
<td>516,468</td>
<td></td>
<td>211.2</td>
<td>69.3%</td>
</tr>
<tr>
<td>Tonkolili District</td>
<td>412,340</td>
<td></td>
<td>37.2</td>
<td></td>
</tr>
<tr>
<td>Bo District</td>
<td>472,919</td>
<td>27.5</td>
<td>193.9</td>
<td>30.8%</td>
</tr>
<tr>
<td>Bo Township</td>
<td>179,948</td>
<td>20.1</td>
<td>199.8</td>
<td>18.0%</td>
</tr>
<tr>
<td>Moyamba District</td>
<td>255,513</td>
<td>34.8</td>
<td>192.8</td>
<td>37.7%</td>
</tr>
<tr>
<td>Freetown City</td>
<td>927,448</td>
<td></td>
<td>652.0</td>
<td></td>
</tr>
</tbody>
</table>

Population data are estimates based on the 2004 Census, scaled to account for migration and population growth. Human resource and school number and condition data based on self-report during field visits.

Despite the efforts made to date, little data is available on the quality of services available at the local level. Tables 4 (Education) and 5 (Health) provide some information about the differences in resources available in the health and education sectors across selected Local Councils, but systematic data on outcomes (literacy rate, infant mortality rate, etc.) are not
available for individual LCs (much less for individual schools or clinics). Consistent data on sectoral inputs and results are available neither from central line ministries, nor from local sectoral officials. The limited quantitative data that is available does not provide a conclusive answer to the question whether decentralization has had a material impact on the delivery of basic services in Sierra Leone.\(^{45}\)

<table>
<thead>
<tr>
<th>Districts</th>
<th>Estimated Population</th>
<th>PHUs per 100,000 population</th>
<th>Portion of PHUs in need of upgrades</th>
<th>Health professionals per 100,000 population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kailahun District</td>
<td>358,190</td>
<td>22.3</td>
<td>19%</td>
<td>10.1</td>
</tr>
<tr>
<td>Kenema Township</td>
<td>154,082</td>
<td>11.7</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Kenema District</td>
<td>432,581</td>
<td>23.8</td>
<td>90%</td>
<td></td>
</tr>
<tr>
<td>Kono District</td>
<td>523,854</td>
<td>14.5</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Koidu Township</td>
<td>96,030</td>
<td>8.3</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>Bombali District</td>
<td>325,550</td>
<td>29.8</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>Makeni Township</td>
<td>99,408</td>
<td>6.0</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>Kambia District</td>
<td>333,081</td>
<td>19.8</td>
<td>27%</td>
<td>63.0</td>
</tr>
<tr>
<td>Koinadugu District</td>
<td>318,910</td>
<td>52.1</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Port Loko District</td>
<td>516,468</td>
<td>20.1</td>
<td>32%</td>
<td>64.7</td>
</tr>
<tr>
<td>Tonkolili District</td>
<td>412,340</td>
<td>23.0</td>
<td>9%</td>
<td>31.5</td>
</tr>
<tr>
<td>Bo District</td>
<td>472,919</td>
<td>23.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bo Township</td>
<td>179,948</td>
<td>61.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonthe District</td>
<td>165,804</td>
<td>33.2</td>
<td>91%</td>
<td>73.0</td>
</tr>
<tr>
<td>Bonthe Township</td>
<td>10,321</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moyamba District</td>
<td>255,513</td>
<td>38.7</td>
<td>30%</td>
<td>110.4</td>
</tr>
<tr>
<td>Pujehun District</td>
<td>228,392</td>
<td>31.1</td>
<td>63%</td>
<td></td>
</tr>
<tr>
<td>Freetown City</td>
<td>927,448</td>
<td>5.6</td>
<td>100%</td>
<td>148.3</td>
</tr>
<tr>
<td>Western Area Rural</td>
<td>209,099</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Population data are estimates based on the 2004 Census, scaled to account for migration and population growth. Human resource and PHU number and condition data based on self-report during field visits.*

The 2011 INPSS, while based on citizen perceptions, however, does provide some insight into the quality of service delivery within the individual LC catchment areas, as well as the trending of these services over time. Tables 6 and 7 show the availability of education and health infrastructure, respectively, as reported by the end-users and include comparison to the 2008 responses. Overall, the 2011 INPSS found that 81 percent and 77 percent of respondents

reported that the quality of education and health care, respectively, was much better or a little better than in the previous year.  

Table 6: Summary of Education Indicators by Local Council Area

<table>
<thead>
<tr>
<th>Local Council</th>
<th>Percent of households using public schools</th>
<th>Percent of rural households with a school within 30 minutes</th>
<th>Percent of households satisfied with education at primary schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kailahun District</td>
<td>89</td>
<td>85</td>
<td>90</td>
</tr>
<tr>
<td>Kenema District</td>
<td>92</td>
<td>90</td>
<td>+</td>
</tr>
<tr>
<td>Konso District</td>
<td>84</td>
<td>68</td>
<td>90</td>
</tr>
<tr>
<td>Bombali District</td>
<td>82</td>
<td>74</td>
<td>94</td>
</tr>
<tr>
<td>Kaabia District</td>
<td>89</td>
<td>73</td>
<td>98</td>
</tr>
<tr>
<td>Konadugu District</td>
<td>83</td>
<td>73</td>
<td>95</td>
</tr>
<tr>
<td>Port Loko District</td>
<td>93</td>
<td>73</td>
<td>96</td>
</tr>
<tr>
<td>Tonkolili District</td>
<td>96</td>
<td>86</td>
<td>96</td>
</tr>
<tr>
<td>Bo District</td>
<td>91</td>
<td>73</td>
<td>98</td>
</tr>
<tr>
<td>Bentie District</td>
<td>82</td>
<td>73</td>
<td>98</td>
</tr>
<tr>
<td>Moyamba District</td>
<td>99</td>
<td>58</td>
<td>94</td>
</tr>
<tr>
<td>Pujehun District</td>
<td>89</td>
<td>64</td>
<td>96</td>
</tr>
<tr>
<td>Western Area Rural</td>
<td>81</td>
<td>96</td>
<td>88</td>
</tr>
<tr>
<td>Freetown City</td>
<td>69</td>
<td>69</td>
<td>96</td>
</tr>
<tr>
<td>Kenema Town</td>
<td>88</td>
<td>94</td>
<td></td>
</tr>
<tr>
<td>Koidu Town</td>
<td>70</td>
<td>89</td>
<td></td>
</tr>
<tr>
<td>Makeni Town</td>
<td>84</td>
<td>95</td>
<td></td>
</tr>
<tr>
<td>Bo Town</td>
<td>92</td>
<td>91</td>
<td></td>
</tr>
<tr>
<td>Bentie Town</td>
<td>100</td>
<td>74</td>
<td>87</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td>76</td>
<td>94</td>
</tr>
</tbody>
</table>

Note: Figures marked with +/- represent a statistically significant increase or decrease over 2008. Significance at the 95% level.

Source: INPSS 2011

Table 7: Villages with Clinics in Local Community by Local Council Area

<table>
<thead>
<tr>
<th>Local Council</th>
<th>Percent of households 2007</th>
<th>Percent of households 2008</th>
<th>Percent of households 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kailahun District</td>
<td>23</td>
<td>29</td>
<td>26</td>
</tr>
<tr>
<td>Kenema District</td>
<td>26</td>
<td>30</td>
<td>26</td>
</tr>
<tr>
<td>Konso District</td>
<td>20</td>
<td>22</td>
<td>5</td>
</tr>
<tr>
<td>Bombali District</td>
<td>9</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Kanabia District</td>
<td>15</td>
<td>27</td>
<td>26</td>
</tr>
<tr>
<td>Konadugu District</td>
<td>18</td>
<td>26</td>
<td>25</td>
</tr>
<tr>
<td>Port Loko District</td>
<td>23</td>
<td>22</td>
<td>18</td>
</tr>
<tr>
<td>Tonkolili District</td>
<td>27</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Bo District</td>
<td>17</td>
<td>28</td>
<td>22</td>
</tr>
<tr>
<td>Bentie District</td>
<td>21</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Moyamba District</td>
<td>11</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Pujehun District</td>
<td>7</td>
<td>7</td>
<td>15</td>
</tr>
<tr>
<td>Western Area Rural</td>
<td>80</td>
<td>53</td>
<td>41</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>22</td>
<td>20</td>
</tr>
</tbody>
</table>

Note: Figures marked with +/- represent a statistically significant increase or decrease over 2008. Significance at the 95% level.

Source: INPSS 2011

46 As compared to the questions regarding usage and availability of public schools and clinics as outlined in Tables 7 and 8, these two questions on the quality of education and health services were introduced in the 2011 INPSS and therefore comparison data is not available.
Effective and equitable local service provision is achieved when citizens know what services they can expect from the Local Councils, when front-line service delivery units (such as schools and clinics) have the resources, discretion, accountability and incentives to serve their communities, and when citizens know how to voice complaints or access grievance redress mechanisms to report shortcomings in the services to which they are entitled. As such, increased discretion over local resources (in particular, human resources) and greater control over local financial resources—as discussed in Sections 2 and 3 above—are important ingredients into improving local service delivery in Sierra Leone. However, greater discretion over local resources by itself won’t achieve better service delivery outcomes. Greater transparency, stronger accountability mechanisms and appropriate performance incentives will need to be informed by better public information, and grievance redress, about the quality and quantity of public services provided by Local Councils.

Some of these steps need to be taken at the central government level. For instance, in order for locally elected officials to be able to be held accountable for their performance, it is important that LGFD publish not only the formula-based grant allocations at the beginning of the year, but also the actual disbursement of resources at the end of the year. In the absence of such transparency, there is a clear perception that “[t]he disbursement of decentralisation budgets by the government is politically driven, with some local councils – especially those outside the direct control of the ruling APC party suffering the most from deprivation of funds.” Whether fair or not, the lack of transparency on the timing and completeness of actual grant allocations allows local officials a continued excuse to under-perform.

Similarly, there is a need to take major steps at the local level to improve the transparency and accountability with which local services are delivered.

*Local service delivery: Key challenges*

- Bring sector staff under Local Council authority and support local councils in performance-based management of these staff.
- Recognize the importance of collecting and publicizing data on local public service delivery inputs and outcomes at the service-delivery unit level to improve service delivery results through increased accountability and by guiding better decision-making about the allocation of Local Council funds.
- Assist sector department heads and core council staff to serve as a conduit for information on service delivery performance to the Council assembly and the community.
- Strengthen the capacity of LC Assemblies and local community stakeholders to use local service delivery information (including identifying potential entry points for developing grievance redress mechanisms that can resolve individual complaints and, eventually, aggregate this citizen feedback into systemic local-level policy reforms).

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47 Sierra Leone Telegraph (Sierra Leone). *Sierra Leone’s decentralization looks promising*. November 13, 2013.
Local service delivery: Opportunities for reform

Recognizing the role of publicly available information on local service delivery in monitoring and incentivizing local service delivery performance

In order to ensure appropriate oversight by Local Councils over locally delivered services, the locally elected leadership and their administrative teams should have the necessary information (and resources) to manage, monitor and backstop the front-line service staff. In line with the admonition that you should “measure what you treasure”, effective service delivery depends in large part on accurate data—not just in aggregate situation for the local government as a whole—but about the performance of individual front-line service delivery facilities within each local jurisdiction. In a decentralized governance system, it is important that performance information about service delivery is not only reported upward through a hierarchical chain, but rather, that such information is publicly available and even contestable. The public and widespread availability of detailed service delivery information is necessary for both public as well as social accountability mechanisms to function properly.

In the absence of basic information about the number and performance of schools, clinics and other local service delivery facilities; in the absence of basic information about their (official and factual) staffing levels at each facility; in the absence of information about the availability of necessary equipment or supplies at front-line service delivery units; and in the absence of basic information on the number of clients satisfactorily served, it will be impossible for Local Council officials to prioritize the human and financial resources at their disposal and direct them to where they are needed the most. In the absence of basic information about service delivery commitments and performance, local residents are unable to complain to their locally elected leaders in case Local Council commitments are not kept. Similarly, in an environment where detailed, credible and public performance information about local services is lacking, LC officials do not have an incentive to hold front-line service staff accountable for their (lack of) performance. As such, generating public information on front-line service delivery performance an ongoing basis—and making it available from the bottom-up—will be a critical starting point for achieving results-oriented decentralization.49

While human resource capacity can be developed and decentralized over time, and while local government funds can be allocated and managed more transparently, aligning the incentives, accountability, and demand for local service delivery data arguably presents one of the best opportunities for improving public services and sustainable human development in Sierra Leone. Given that this information should be produced and captured not just as part of a top-down hierarchical reporting system or as part of a one-off M&E exercise, but rather, on an

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49 To the extent that service delivery information is available at the local level, the data is often kept within the remit of the relevant sectoral departments, There is little pressure to share this information with either the public, the LC Assemblies, or with core LC staff, thus preventing an open environment within which the LC can act as an integrated unit and prioritize its interventions and monitor progress.
ongoing basis as part of the regular, transparent operation of the Local Councils, the Ministry of Local Government and Rural Development has an important role to play in setting up and promoting the use of the necessary systems to produce this information.

**Assist sector department heads and core council staff to serve as a conduit for information on service delivery performance**

Although Ministries responsible for Local Government have traditionally shied away from monitoring locally-delivered sectoral services (deferring to the sectoral ministries instead), it is exactly in this area where the Ministry of Local Government has a relative advantage as an impartial arbiter: since these sectoral services are outside of the Ministry’s own ministerial remit, MLGRD is a neutral observer without an institutional incentive to bias its reporting of locally delivered services. As such, its most direct contribution would not as an entity responsible for the improved performance of local sectoral services, but as the entity responsible for improving the transparency of local sector services. The improved transparency with respect to local services will allow central as well as local actors to better monitor the quality of (and access to) local services being delivered at the local level.

For instance, it would be appropriate for MLGRD to require LCs to publish service delivery data for all service delivery units or service delivery points (e.g., schools, health clinics, water points) in key sectors. It would be reasonable to expect that—in addition to the governance information discussion in the previous section—each Local Council would document and publicly disclose:

- The location of each local facility (e.g., school, clinic, administrative facility, and so on)
- The number of staff assigned to each facility
- The type of services provided at the facility; opening hours; and any fees associated with the services being provided
- Basic information about the quantity and quality of services being delivered (e.g., the number of enrolled students and the performance on last years’ leaving exam; the facility’s catchment population and number of patients attended to; and so on).
- Any capital improvement or rehabilitation being undertaken at the facility.
- The name and contact information of the facility head (e.g., headmaster or clinical officer)

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50 One might even tie local access to certain intergovernmental grants to the transparency of local services. Contrary to practices in some other countries, it generally advisable not to tie the level of the grant to performance of Local Councils on service delivery indicators (as this would most likely result in local officials providing biased reports about the quantity of local services being provided by local facilities).

51 These indicators are illustrative and could be modified to be appropriate for other local services, such as solid waste management or local road maintenance. Note that these indicators go (well) beyond the requirements contained in Section 107 of the Local Government Act requiring transparency and public participation in the administration of councils. In contrast to the discussions in Section 4 of this report, the point is to improve the transparency of all operations of the LC, not just to ensure the transparent governance and administration of core LC operations (which have traditionally fallen under the purview of the MLGRD).
• The name and contact information of the supervisor (at LC level) who is responsible for overseeing the operation of the facility and/or the contact information for a Local Council complaints hotline.

These data should be made available (in a standard format) both on local notice boards (e.g., at facility level) as well as on the Local Councils own website (which can be facilitated by the Ministry of Local Government) to encourage public accountability of service provision.

Once these local government data are in the public domain and freely accessible, they can be used by an array of actors through a multitude of mechanisms to improve services and accountability. Access to local-level (in fact, facility level) information and data will allow central line ministries to play a stronger role in the monitoring of vertical service delivery systems. Public reporting requirements such as the one proposed above ensures that local elected officials as well as local-level NGOs and CBOs have access to these data. Similarly, dissemination through newspapers and other media outlets (including local radio, in particular) could offer a low cost option to reach a wider audience that would not otherwise visit the LC offices or have internet access.\(^\text{52}\)

Once citizens know what service delivery levels to expect, the MLGRD could also leverage citizen feedback mechanisms to improve the responsive and accountable delivery of local services.\(^\text{53}\) As end users of these services, citizens are situated to have specific and detailed knowledge regarding service provision. Public accountability can empower citizens to report on the quality of services. A well-designed grievance redress mechanism would allow for better, real-time data on the quality of services, and empower citizens with a known means through which to identify problems that they are facing.

To the degree (and only to the degree) that the information reported by the facilities is robust and verifiable, it is even possible to attach performance incentives to the service delivery data being reported by the front-line facilities. For instance, to the degree that LC-level supervisors are able to independently verify the number of births that take place in local health facilities, this might result in the Council awarding recognition (or performance bonuses) to local officials who display outstanding performance.

**Strengthen the capacity of LC Assemblies and local community stakeholders to use local service delivery information**

Merely requiring Local Council officials to make this information available of course is not enough: it is critical to build the capacity of local officials to analyze these data, and to be

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\(^{52}\) The 2011 INPSS reports 95 percent coverage of radio, even in smaller towns, and notes the “role of radio in forming political knowledge and attitudes.”

\(^{53}\) Even in highly industrialized economies, citizens are often not aware which government level of entity is responsible for the delivery of specific services. The survey evidence cited in the previous section suggested that 42 percent of respondents who had issues with health services did not complain because they did not know to whom they could complain.
informed and guided by these data in making local service delivery decisions (e.g., where to post new staff, and so on).

Similarly it is important to build the capacity of Local Council Assemblies, core LC staff and local stakeholders (NGOs and CBOs), as well as national-level stakeholders to appreciate and analyze these data. The increased supply of transparency with respect to local service delivery should be coupled to efforts to strengthen the demand for such information from local constituents, civil society organizations, local business organizations, school committees, and other stakeholders within and outside the local community.

Although much is yet to be learnt by the global development community about how to effectively and sustainably achieve greater participation and social accountability in places where it does not organically generate on its own, domestic and international experiences suggest that transparency and accountability mechanisms can improve government responsiveness to its citizens, particularly in the area of service delivery. For instance, community-based monitoring can inform citizens of their rights for basic service delivery and empower them, as the end-users of services, to report on the quality of services and advocate for their improvement. Among different options, community score cards are one approach to introduce this local-level engagement that is particularly well suited both to fragile, low-capacity contexts as well as to basic service delivery.

Box 4. An experience with community monitoring of local services in Sierra Leone

In Sierra Leone, a pilot community monitoring intervention targets the two lowest tiers of health clinics (Maternal and Child Health Posts and Community Health Posts) in four Sierra Leonean districts: Bo, Kenema, Tonkolili, and Bombali. Through funding support from the DSDP, the Government has partnered with three international NGOs (Plan International, Concern Worldwide and International Rescue Committee) to empower health users and clinic staff to help improve service delivery and health status more broadly.

In participating areas, clinic staff and community representatives designed Community Compacts containing mutual commitments to improve health service delivery and then tracked their progress through scorecards. In follow-up meetings, community representatives scored the nurse on his or her performance under the compact, and vice versa, and revised the Compacts as necessary. The compacts enable communities and nurses to identify problems around health service delivery and work together to resolve certain behavioral or relational problems. It also allows them to coordinate with formal local government actors to seek resolution of grievances that they cannot resolve on their own – for instance, a nurse who has been deleted from payroll, a clinic that lacks necessary drugs or supplies to operate efficiently. Clinic performance is envisioned to include non-financial awards for top clinics and most improved clinics. The pilot also seeks to establish a periodic feedback loop to require LCs to

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54 Similar approaches using community scorecards, particularly in the health and education sectors, have been adopted in other countries, including the Gambia, Madagascar, Malawi, and Uganda. See the 2004 World Development Report: Making Services Work for Poor People for theoretical background of this approach and the World Bank Participation & Civic Engagement website for additional examples and resources (http://go.worldbank.org/FMRAMWVYV0).

respond publicly to concerns raised by local level actors and quickly address grievances.

The outcomes of this intervention are under evaluation through a randomized controlled trial, the preliminary results of which are expected in early 2014. However, anecdotal evidence is encouraging. One of the partner NGOs (IRC) submitted a report to DecSec that highlighted improvements in the Bo district after the less than six months of intervention. Within three months, the clinics reported better average monthly utilization rates and, after six months, community perceptions in services.  

Although it is hard to object to greater transparency as a good local governance strategy (in order to improve local service), it should be recognized that setting an “open local government” standard and promoting social accountability interventions have inherent political economy implications, as they seek to change the status quo with respect to how public resources are used. Therefore, getting buy-in and support from a wide range of stakeholders early in the process is critical. Media and access to information appear to be a cost effective means through which to reach these constituents. Community radio also can be an effective means to educate citizens on their rights and role in monitoring service delivery. However, it is important to manage expectations surrounding social accountability efforts, as “social accountability approaches require time, money, and expertise to implement and be accepted ... (particularly) integrated approaches that mainstream social accountability at all levels”.

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56 For example, IRC reported that, in participating clinics, immunizations increased from 37.2 percent in May 2012 to 49.6 in August 2012 and fourth antenatal care visits increased from 20.5 percent to 26.5 percent over the same period. Between May 2012 and October 2012, user reporting on the incidence of fees charged dropped from 35.9 percent to 1.3 percent and clinic staff presence increased from 82.2 percent to 99.6 percent.

6. Conclusions and next steps

The assessment of decentralization, accountability and local service in Sierra Leone reflects the considerable progress that has been made on the devolution agenda over the past ten years, but also that considerable challenges remain in implementing the government’s vision of a well-functioning, devolved local government system.

While there is a clear political commitment in Sierra Leone in support of further devolution reform, this will not prevent institutional opposition from arising from certain quarters who might fear the loss of power and resources (Eaten, Kaiser and Smoke, 2011). Indeed, the difficulty that the government has encountered in adhering to key devolution milestones and deadlines is indicative that not all institutional stakeholders are fully aligned around a single agreed-upon course for the devolution process.

International experience suggests that decentralization efforts are most successful when the decentralization agenda is not just treated as an insular reform pillar, but rather, when the decentralization is closely tied to the country’s wider development ambitions. Although Local Councils have an important contribution to make across most of the eight pillars of the Agenda for Prosperity, there is a particularly important role for Local Councils in the improvement of human development results, where the country already spends a considerable share of its public sector resources, but where excessive centralization and weak top-down accountability mechanisms have resulted in inefficiency and poor results, placing Sierra Leone near the bottom of the Human Development Index. In this light, the current situation analysis makes a strong case for “devolution to strengthen public services” or “devolution for human development”.

The Agenda for Prosperity offers a unique opportunity for the local government level—and for the MLGRD as the steward of the devolution process—to engage with other stakeholders to ensure that local governments are not overlooked as implementers and catalysts of better services and sustainable development across all pillars of the agenda. At the same time, linking devolution to service delivery efficiency and human development runs the risk that some central institutions will use the pretext of weak local capacity and the lack of transparency and accountability at the local level as an argument to retain institutional powers and control at the central level rather than devolving them.

This potential risk can be minimized by decisive action on the part of MLGRD, LGFD, and its partners in concert action by the Local Councils themselves. First, MLGRD ought to move quickly and unequivocally to enhance the transparency of all aspect of local governance and local service delivery. Since creating local transparency is clearly within MLGRD’s remit, it should be able to move forward on this front and enhance the transparency of front-line service delivery as well as Local Council operations without being delayed by the need to achieve buy-in and consensus from multiple stakeholders.
Second, in the context of the Hill Valley Declaration, there is a need to formulate a realistic roadmap for the devolution of human resources where the concerns of all stakeholders about the devolution of staff (in particular, sectoral staff) are adequately addressed. Rather than focusing on the eventual endpoint of full HR devolution, it is recommended to first work towards an effective multi-level governance solution where human resources are no longer within the hierarchical and budgetary purview of the line ministries; where accountability of local staff to Local Council structures is significantly improved; but where, most likely, the management of human resource records and payment of local staff salaries is conducted by a central mechanism at the behest of the Local Councils. In this process, the focus should decidedly be on improving the performance of local service delivery staff.

Finally, to the degree that access to greater sectoral resources from the international donor community (e.g., financing for infrastructure rehabilitation at the local level, or support for sectoral operation and maintenance expenditures for service delivery facilities) can be tied to progress a series of specific devolution milestones (e.g., removing local wage expenditures out of central line ministry budgets), a bigger incentive will be created for the national political leadership to make good on the commitments for further decentralization despite the unavoidable institutional pressures in the opposite direction.