



Joint Programme 2021 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Sierra Leone

Reporting Period: 1 January - 31 December 2021

JP title: Strengthening Domestic Resources Mobilisation for SDGs Financing in Sierra Leone

PUNOs: UNDP, UNCDF

Government partner: Ministry of Planning and Economic Development

Target SDGs: SDGs 1, 5, 10, 16, 17

Gender Marker: 2

Approved budget: USD 930,000

Co-funding: USD 424,000

Total Disbursement by 2021: USD 465,000

Total estimated expenditures: USD NA (est. Delivery rate: NA%)

Total estimated commitments (including expenditures): USD 441,290 (est. Committed rate: 94.9%)

RCO focal point name: Laurie Manderino

RCO focal point email: laurie.manderino@un.org

Executive Summary

• Public Financial Management was strengthened through a series of hands-on training events, ongoing mentoring, and M&E visits to Local Councils and Councilors throughout the country. This capacitated hundreds of fiduciary staff for revenue and expenditure forecasting, collection strategies and reporting, in line with internationally accepted standards. This training covered roles and responsibilities with respect to revenue mobilisation to support local development projects and linked the efforts to SDG 17, Target 17.1. • The Joint Project supported business dialogues between National Revenue Authority (NRA) and businesses in the informal sector on tax reforms and compliance and the importance of business formalization across the country. This was done in collaboration with the Sierra Leone Chamber of Commerce, Industries and Agriculture (SLCCIA) and recommendations from these dialogues will be implemented jointly across the country by NRA and SLCCIA. This has gone a long way towards improving trust between the tax authority and small business that is expected to result in greater tax compliance and NRA designing tailored programs geared to this group of taxpayers, such as neighborhood tax collection and support for preparing tax returns. The JP supported NRA to develop a Medium-Term Revenue Strategy and a national tax policy to bring predictability to the tax system. • More than 6,000 entrepreneurs have been trained,

mostly women in the Western Urban and Western Rural districts, on business development skill training, business coaching and mentoring, and access to finance all aimed at improving business and economic opportunities for the women entrepreneurs and their households. It has also focused on recruitment and training of new banking agents to serve remote areas, mostly women.

Annual Progress

Overall JP self-assessment of 2021 progress:

Satisfactory (majority of expected results achieved; 1 to 3 months delay in implementation)

Comments on self-assessment: The JP is on course to delivering most of the activities planned for year 1. We have achieved targets on capacity building and mentorship for Local Councils on their oversight roles and responsibilities. We supported public-private dialogues between the National Revenue Authority (NRA) and informal businesses, in collaboration with the Chamber of Commerce. This helped build a healthy relationship between the NRA and taxpayers with respect to tax payment for national development. The JP set-up of a Monitoring and Evaluation unit at the Ministry of Planning and Economic Development that has contributed immensely to delivery of the Medium-Term National Development Plan. It has provided trainings on progress tracking and reporting for technical staff of Ministries, Departments and Agencies.

Training of entrepreneurs, including financial literacy skills, has advanced with predominantly women trainees. A study on Women's Participation in Revenue Mobilization was undertaken to challenges, enablers, and drivers of women's participation. Plans are underway to mainstream all recommendations from the study.

The delivery rate (commitments + expenditures) is good, however some activities are in the early to mid-stages or not yet been initiated due to COVID-19 restriction and institutional delays involving partners. These include NRA audit capacity, study on tax complexity and avoidance, NASSIT investment program, and digitizing government payments. These are expected to be achieved in 2022, especially with 6-month extension.

Overall progress and key developments to date (3 key JP milestones)

- 1) The JP trained fiduciary staff (Chief Administrator, Deputy chief Administrators, Accountants, Finance Officers, Auditors, Valuators and Revenue Officers) of local councils across the country on revenue and expenditure forecasting, collection strategies and reporting including local councilors on their roles and responsibilities with respect to revenue mobilization to support local projects. The Project Coordinator visited 20 of the 22 Local Councils in Sierra Leone to present the country's Development Finance Assessment (DFA) report along with the Integrated National Financing Framework (INFF).

Discussions focused on the need to strengthen domestic revenue collection for financing SDG-related projects at district and local levels and participant questions/comments were noted to inform future activities. Joining the dialogues were fiduciary staff of Local Councils, including Chief Administrators, Deputy Chief Administrators, Finance Officers, Accountants, Finance Clerks, Valuators and Auditors. Training reports are attached.

- 2) The JP supported Public-Private dialogue between National Revenue Authority (NRA) and businesses in the informal sector on tax reforms and the importance of business formalisation across the country. This was done in collaboration with the Sierra Leone Chamber of Commerce, Industries and Agriculture (SLCCIA) and recommendations from these dialogues will be implemented jointly across the country by NRA and SLCCIA. This helped build a healthy relationship between the NRA and taxpayers with respect to tax payment for national development. Taxpayers now better understand the need for their tax contributions and their willingness to pay increases. Meeting reports are attached.

The JP supported the National Revenue Authority to develop a Medium-Term Revenue Strategy and a national tax policy to bring predictability to the tax system hence strengthening domestic resource mobilisation to support the

National Development Plan and the SDGs. Preparation of this strategy involved stakeholders from both the formal and informal sector where over 70% of economic activities take place.

- 3) The JP has advanced the role of women in domestic resource mobilization in multiple ways. More than 6,000 entrepreneurs, mostly women, have been trained on financial literacy and have benefited from business development skills training, business coaching/mentorship, and access to finance, all aimed improving business and economic opportunities for the women entrepreneurs and their households.

The JP collaborated with the Ministry of Planning and Economic Development to undertake a study on challenges, enablers, and drivers of women’s participation in revenue mobilization in Sierra Leone. Plans are underway to mainstream all recommendations from the study.

Women businesses are prioritized for attendance for the Public-Private dialogue between NRA and businesses in the informal sector. 60% of business attendees were women and they were given the opportunity to discuss burning issues affecting their businesses. Their recommendations on strengthening domestic resource mobilization for SDGs financing accounts for 80% of total recommendations made across the country that will be implemented this year.

Under the financial literacy and capacity building activity for entrepreneurs, 92% of trained entrepreneurs are women. Three-hundred-sixty women were trained as agent bankers.

Changes made to JP: The JP updated the workplan to reflect a request for a six months no-cost extension from June to December 2022. This was due to late start in January 2021.

Main Challenges: Initial delay in transfer of funds from UNDP to the Ministry of Planning and Economic Development for ikey activities; now working closely with UNDP Finance Specialist for the timely disbursement of year 2 funds.

Delay in the contractor for ‘capacity building for entrepreneurs’ signing MOUs with two financial institutions for the ‘access to finance’ component; both MOUs were in December 2021.

COVID-19 movement and gathering restrictions delayed activities that required interpersonal contact and dialogue with counterparts outside the capital city during all of 2020.

Program coordinator was not recruited until January 2021 and there was a transition in the UNDP technical lead during mid-2021. Government institutional arrangements for setting up of the JP Secretariat and Steering Committee took longer than anticipated.

Some activities have not been initiated due institutional delays of partners. NASSIT is not ready to reorienting its investment portfolio and the ongoing COVID-19 fiscal strain makes it challenging to begin some tax-related activities.

Updates on SDG financing framework

Inception phase	Assessment Diagnostics	Financing Strategy	Monitoring Review	Governance Coordination
Previously Completed	Previously Completed	Previously Completed	Emerging (1-49%)	Emerging (1-49%)

Descriptions on progress by INFF building blocks

Inception Phase: There is an INFF roadmap with eighteen financing strategies developed by the Ministry of Planning and Economic Development. This was included in the full INFF report, officially launched by the Chief Minister in June 2021. There are three areas of recommendations that should be delivered in three years (2020-2023):

- Maximising public sector revenue
- Promote private sector investment and financial services
- Promote strategic development cooperation

The roadmap details timeline for each financing strategy, how it links to the Medium-Term National Development Plan, the complexity level, and the potential impact. It also outlines stakeholders and structures for each strategy, as well as risk and mitigation measures.

Assessment & Diagnostics: A Development Finance Assessment document was completed in early 2020 and helped shape the INFF. This report presents the findings and recommendations developed through the DFA process. It starts by analysing the financing landscape, considering the trends and trajectories in public and private resources. It looks at the integration of financing policies with the MTNDP, considering the alignment of the budget with the national plan and opportunities to mobilise greater volumes of public financing. It analyses opportunities to mobilise greater volumes and greater impact on the national plan from private financing, considering how public policy and partnerships can mobilise and unlock new streams of private investment. And it considers the systems in place for monitoring and review, as well as transparency and accountability, and the role that they play in boosting the effectiveness of public and private financing on sustainable development outcomes. A SDG sector costing exercise was initiated and might need to be updated as the COVID-19 pandemic sets back efforts to achieve the goals.

Financing Strategy: Of the 18 recommendations in the INFF (Financing Strategy), some are being advanced through the Joint SDG Fund program on Domestic Resource Mobilization, as explained below. Other recommendations have not yet been implemented in a significant way. These include the GST Lottery, tracking of spending on gender and climate, establishing a diaspora bond, promoting investment of pension assets in infrastructure, reducing illicit financial flows, and accessing more global thematic funds.

The JP supported the National Revenue Authority to develop a Medium-Term Revenue Strategy and a national tax policy to bring predictability to the tax system hence strengthening domestic resource mobilisation to support the National Development Plan and the SDGs. Preparation of this strategy involved stakeholders from both the formal and informal sector where over 70% of economic activities take place. This strategy will increase confidence and compliance in the tax system as tax-payers will be able to determine potentially what their tax liability will look like in the medium term (3-5 years)

Public-Private dialogues were held across the country between the National Revenue Authority and businesses in the private sector with particular focus on the informal sector on tax reforms, compliance, and the importance of business formalization. This is to mobilize domestic resources to support the country's Medium-Term National Development Plan and the SDGs. These dialogues concluded with recommendations that will increase tax compliance hence increased revenue collection for national development.

Under the JP capacity building for entrepreneur's project, 2,975 out of the 6,264 trained entrepreneurs have been linked to financial service providers out of which 828 have benefited from loans to grow their businesses. The improved distribution of digital financial services (DFS) project has also commenced with Orange Mobile Finance SL Limited to expand agent networks, train 10,000 clients on financial and digital literacy and provide digital credit to 50,000 unique customers.

Monitoring & Review: While no specific monitoring and review mechanisms has been established to cover the entire INFF and its 18 recommendations, this JP established a monitoring and evaluation unit at the Ministry of Planning and Economic Development to monitor progress on the implementation of select activities related to the INFF across the country. The unit conducted M&E exercise with local councils on the impact of trainings on revenue and expenditure management, forecasting, revenue collection strategies and reporting provide by the Fiscal Decentralization Division of the Ministry of Finance in collaboration with the Joint SDG Fund Secretariat in the country.

Governance & Coordination: While an INFF Oversight body has not been established, the Steering Committee established for this JP is responsible for providing strategic direction in the implementation of activities under the JP on Strengthening Domestic Resource Mobilization for SDGs Financing in Sierra Leone. There are plans to expand the JP Steering Committee so it may also serve as an INFF Steering Committee.

The JP Steering Committee is situated at the Ministry of Planning and Economic Development and undertakes the following:

- Provide strategic and policy guidance to the project implementation process.
- Adopt annual workplans

and budgets from implementing partners and monitors progress in implementation • Review and approve project deliverables for the constituent activities • Ensure that constituent activities are aligned with overall objectives of the project

The composition of the national Steering Committee is as follows: • The Development Secretary/Director of Planning, Ministry of Planning and Economic Development - Chair • The Director of Policy, Ministry of Trade and Industry • The Deputy Director of Revenue and Tax Policy, Ministry of Finance • Deputy Commissioner General, National Revenue Authority • The Director of Risk, RCB • Deputy Director General, National Social Security and Insurance Trust • The Chief Innovation officer, Directorate of Science, technology and Innovation, State House • The president, Sierra Leone Association of Commercial Banks • The Managing Director, Sierra Leone Chamber of Commerce, Industry and Agriculture • 10. The Deputy National Coordinator – Sierra Leone Association of Non-Governmental Organisation, Civil Society Platform on the SDGs • 11. The Chairman, Local Council Association of Sierra Leone • 12. The Director of Research, Central Bank of Sierra Leone

Priority Cross-cutting Issues

How did the JP adapt to the COVID-19 context

COVID-19 caused significant stress on the government fiscal space as huge amount of resources were used to mitigate the impact of the pandemic on the economy. This takes the form of financial support to small businesses across the country and emergency cash transfers to vulnerable families.

The JP is working with the National Revenue Authority and businesses in the private sector to increase tax compliance for increased revenues that will expand the fiscal space and provide needed funds for COVID-19 response and economic recovery, to ensure an inclusive economic recovery. We shall continue this path to help government increase revenue mobilization across the country. Additionally, the JP supports improved public financial management and transparency at the local government level which will also support key priorities under the Sierra Leone SERP.

How did the JP apply the Gender Marker

The UNDP Gender officer at the UNDP did a presentation to the JP Steering Committee in early 2021 on how gender can be mainstreamed in to the program. Later, in collaboration with the Ministry of Planning and Economic Development, she coordinated a study on challenges, enablers, and drivers of women's participation in revenue mobilization in Sierra Leone, as anticipated in the JP work plan. Plans are underway to mainstream study recommendations and to hold a launch event with partners.

Women-owned businesses are prioritized for attendance at Public-Private dialogues between NRA and businesses in the informal sector. Sixty percent of business attendees were women and they were given the opportunity to discuss burning issues affecting their businesses. Their recommendations on strengthening domestic resource mobilization for SDGs financing accounts for 80% of recommendations registered to be implemented in year 2.

Under the 'capacity building for entrepreneurs' activity, 92% of trained entrepreneurs are women.

Estimated % of overall disbursed funds spend on gender: 15%

Alignment with cross-cutting UN issues (e.g. human rights, decent work, inclusion, LNOB)

The JP worked closely with the Ministry of Planning and Economic Development to undertake a study on challenges, enablers and drivers of women's participation in revenue mobilization in Sierra Leone. Plans are underway for an event to officially launch this report, during which development partners, CSOs, government, and others will be invited to discuss the report. This will help to build jobs and provide decent work for women.

The NRA has undertaken targeted efforts to reach women entrepreneurs as part of its efforts to improve tax collection among businesses in the informal economy. The Chamber of Commerce was an important partner. This empowers women as economic agents.

Under the capacity building for entrepreneur's project, 2,975 out of the 6,264 trained entrepreneurs have been linked to financial service providers, out of which 828 have benefited from loans to grow their businesses. Expanding financial services into rural areas is a objective of the national development plan.

The improved distribution of digital financial services (DFS) project has also commenced with Orange Mobile Finance SL Limited to expand agent networks, train 10,000 clients on financial and digital literacy and provide digital credit to 50,000 unique customers. The expansion of such services benefits persons living in rural areas.

How did the JP work to build ownership and buy-in of key stakeholders

The SDG Secretariat and M&E Unit at the Ministry will help to ensure that these activities are sustained within the institutions. Similarly, certain programs of NRA related to taxpayer outreach will be maintained.

The JP engaged chairpersons of Parliamentary committees on the INFF and the need to domesticate the INFF for enhanced domestic revenue mobilization. Further engagement with the whole of parliament will occur in 2022.

The JP engaged the civil society consortium Volunteering Involving Organization Network on the training of SDGs ambassadors to popularize INFF recommendations related to generating domestic funds for the SDGs.

Plans are underway to expand the JP oversight steering committee to also guide INFF activities that go beyond those covered by this JP. A wide range of stakeholders serve on the Committee.

Skills developed within Local Councils, including training materials provided, will have lasting impact as it changes the way that revenue collection and management are done throughout the country.

The expansion of digital financial services and capacity building for entrepreneurs' are projects which are being expanded so they will be sustained after the life of the project.

Annual Reporting on Results

Results achieved in promoting the priority thematic SDG agendas

Goal 1. No Poverty. Target 1.4 Financial Inclusion Rate All Population The Capacity building for entrepreneurs' project has led to the training of over 6000 entrepreneurs mostly women. The entrepreneurs have also been linked to financial service providers to enable them access loans and grow their businesses. This will economically empower them, thereby enabling them come out of poverty.

Goal 5. Gender equality. Target 5.b. Indicators: Financial inclusion rate, women. Women trained as agent bankers and Women who received Financial Literacy training.

Under the capacity building for entrepreneurs' project, over 6000 entrepreneurs have been trained of which 92% are women. The entrepreneurs were taken through business development skill training, coaching and mentorship, financial and digital literacy and have been linked to formal financial institutions where they can access loans to grow their businesses and improve their livelihood. The project on improved distribution of digital financial services with Orange Mobile Finance will expand agent networks to include more women, increase financial and digital literacy and increase access to loans via a digital platform.

Goal 10. Reduced Inequality Target 10. B Indicators: Banking access points (either mobile network agents or agent bankers) Financial Inclusion rate, all population There are 11,307 active agents (UNCDF Annual provider survey report) exceeding the target of 10,000

The indicators reported in Annex 1.3 relate to Goals 1 and 5.

JP contributions to the Joint SDG Fund's global results (especially around Outcome 2 & Output 4)

Global Outcome 2: While exact \$ figures are not available, we can provide the following:

- The Joint Project has capacitated fiduciary staff (Chief Administrator, Deputy chief Administrators, Accountants, Finance Officers, Auditors, Valuators and Revenue Officers) of Local Councils across the country on revenue and expenditure forecasting, revenue collection strategies and reporting including local councilors on their roles and responsibilities with respect to revenue mobilisation to support local development.
- The JP supported the National Revenue Authority develop a Medium-Term Revenue Strategy and a national tax policy to bring predictability to the tax system hence strengthening domestic resource mobilisation to support the National Development Plan and the SDGs.

Global Output 4:

4.1: #of integrated financing strategies/instruments that were tested 1 - Sierra Leone already had an INFF

4.2: #of integrated financing strategies that have been implemented with partners in lead 1 - Sierra Leone Integrated National Financing Framework –select financing strategies of the Sierra Leone INFF are being implemented, including public-private dialogues, US Millennium Challenge Corporation funding (in progress), and support from global thematic funds. Also under development is a Medium-Term Revenue Strategy.

4.3: # of functioning partnership frameworks for integrated financing strategies to accelerate SDG progress 2 - Consortium led by a Mobile money company (Orange Mobile Finance), a fintech/edtech (Mosabi), and a microfinance institution (Empire Solutions) focused on 1) recruitment and training of new agents focusing on women ;2) provision of innovative digital and financial literacy to be used by the agents and customers alike. 3) enhancement of products to better serve underserved groups in Sierra Leone.

NRA with Chamber of Commerce for taxpayer dialogues

Progress against JP-specific outcomes

The JP did not set specific targets to be achieved in 2021, but rather set targets for the end of the two year implementation period. However, Local Councils have had capacity building ahead of schedule, as 22 have been trained. The JP supported the Fiscal Decentralization Division of the Ministry of Finance to provide specialist training for fiduciary staff of Local Councils across the country, including Revenue and Assessment Committees to plan for monitoring revenue and expenditure in line with PFM standards. Also, a fully functional M&E outfit at the Ministry of Planning and Economic Development is in place, supporting Ministries Departments and Agencies (MDAs) of government and JP activities across the country. It has strengthened MDAs capacity on the formulation of national development frameworks and reporting on the SDGs, the AU agenda 2063 and other regional and international frameworks.

Progress against JP-specific outputs

see above

JP contributions to strengthening UN coherence, partnerships and reducing duplications of efforts

The JP has given the opportunity to UNDP and UNCDF to work in a coordinated way to assist government increase financial inclusion and strengthening domestic resource mobilization to finance the SDGs. UNCDF's work with the Ministry of Finance (including the National Revenue Authority) have helped to inform policy work supported by UNDP at the Ministry of Planning and Economic Development. UNDP's ongoing work with entrepreneurs also helped in the implementation of the financial literacy and entrepreneurship activity of UNCDF. The work of both agencies have been informed by outcomes of the public-private dialogues. Agencies have developed a shared understanding of challenges and solutions in the domestic revenue mobilization space in the country. This has

paved the way for other collaborations among UN agencies, working together in a coherent manner that reduces coordination costs.

Strategic Partnerships, Documents and Communications

How did the JP facilitate collaboration with diverse stakeholders in the SDG financing space

The JP works in collaboration with the Fiscal Decentralization Division (FDD) of the Ministry of Finance. The FDD is charged with the responsibility of managing local council’s finances across the country. As such the JP closely collaborated to provide specialist training on revenue and expenditure management, forecasting, collection strategies and reporting according to public financial management standards.

The JP collaborated with the National Revenue Authority (NRA) to organize Public-private dialogue between the NRA and businesses in the private sector across the country to enhance revenue collection for national development. The Sierra Leone Chamber of Commerce co-organized the events, as well as some local trade unions.

The JP is working with the Orange Mobile Finance (SL) Limited which currently controls over 80% share of the mobile money business in Sierra Leone. The JP is also working closely with the Institute for Development and Humanitarian Assistance (IDHA) for financial literacy and entrepreneurship training.

The JP is working closely with the Ministry of Planning and Economic Development where the JP is situated to delivery on the project activities and the Sierra Leone Association of Non-Governmental Organization is helping to deliver select project activities.

Did the JP secured additional financing (co-funding/co-financing) from the following stakeholders:

Government	Donors & IFIs	Private Sector	PUNOs	Other Partners
No	No	No	No	No

Comments on additional financing secured: The JP works in collaboration with the Fiscal Decentralization Division (FDD) of the Ministry of Finance. The FDD is charged with the responsibility of managing local council’s finances across the country. As such the JP closely collaborated to provide specialist training on revenue and expenditure management, forecasting, collection strategies and reporting according to public financial management standards.

The JP collaborated with the National Revenue Authority (NRA) to organize Public-private dialogue between the NRA and businesses in the private sector across the country to enhance revenue collection for national development. The Sierra Leone Chamber of Commerce co-organized the events, as well as some local trade unions.

The JP is working with the Orange Mobile Finance (SL) Limited which currently controls over 80% share of the mobile money business in Sierra Leone. The JP is also working closely with the Institute for Development and Humanitarian Assistance (IDHA) for financial literacy and entrepreneurship training.

The JP is working closely with the Ministry of Planning and Economic Development where the JP is situated to delivery on the project activities and the Sierra Leone Association of Non-Governmental Organization is helping to deliver select project activities.

JP organized events in 2021

JP Launch Event	Annual Donor Event	Partners Event
Organized in 2020	No	No

Number of strategic documents produced by the JP: 10

Number of strategic documents contributed by the JP: 10

Number of communication materials produced: 4

2022 Plans & Way Forward

JP priority activities & expected results for 2022

- Strengthen NRA capacity on income tax collection & auditing of businesses
- Support NRA to raise awareness to taxpayers, especially SMEs, on tax filing and to improve public attitudes on the use of the tax system
- Support the National Social Security Trust Fund (NASSIT) to re-orient its investment programme to support large scale SDGs investment and to digitize payments
- Create partnerships with innovation hubs/private sector to train and mentor the innovators in entrepreneurship and business formalization – UNDP SDGs Acceleration Lab
- Monitoring, reporting & communication on program activities
- Expand banking agent networks to include more women agents, conduct financial and digital literacy via a digital platform and expand access to credit through digital loans with increased focus on women.
- Strengthen public-private dialogue between the National Revenue Authority (NRA) and business in the informal sector the advantages of formalising their businesses

3 major transformative results that will be achieved by the end of the JP

- Increased tax revenues stemming from more confidence in and compliance with the tax system fostered by public-private dialogues, outreach to taxpayers to ease tax reporting and collection, enhanced auditing capacity, and more women-owned businesses that are able to contribute taxes.
- Improved collection, management, and expenditure of fiscal revenues at the district level due to training and mentoring of fiduciary staff on revenue and expenditure management, forecasting, collection strategies and reporting. A range of staff at Local Councils have increased their capacity to plan for monitoring revenue and expenditure in line with PFM standards. This is strengthened by oversight work of the M&E unit at the Ministry of Planning and Economic Development, supported through this JP and also working to monitor progress on the Medium-Term National Development Plan and the SDGs in the country.
- Greatly expanded financial inclusion extending especially to populations in rural areas, through increased financial access points, increased financial and digital literacy and increased access to credit, with focus on women across all indicators

Estimated rate of completion for each result as of 31 Dec 2021

Result.1	Result.2	Result.3
Advancing (50-99%)	Advancing (50-99%)	Advancing (50-99%)