



Economic and Budget Brief

Introduction

The Parliamentary Budget Office (PBO) was established in 2017, pursuant to Section 13(1) of the Parliamentary Service Act of 2007, with the aim of maintaining a high quality research, and studies to provide information on economic and financial interests, advise the Legislature on budget matters, and support the legislative process through the costing of proposals initiated by the Executive arm of Government. The above is achieved through the deployment of many processes and procedures such as preparing analysis and briefs relating to the economy and public finances, analysing government budget policies and intentions, and assist in strengthening the work of Parliamentary committees responsible for budget oversight.

This Quarterly Economic and Budget Brief published by the PBO is intended to update Members of Parliament (MPs) on recent macroeconomic, fiscal and budgetary developments. It utilises published and official data and reports provided by the Ministry of Finance, the Bank of Sierra Leone, Statistics Sierra Leone and where applicable, other institutions. The focus of the analysis is for the period July to September 2025.

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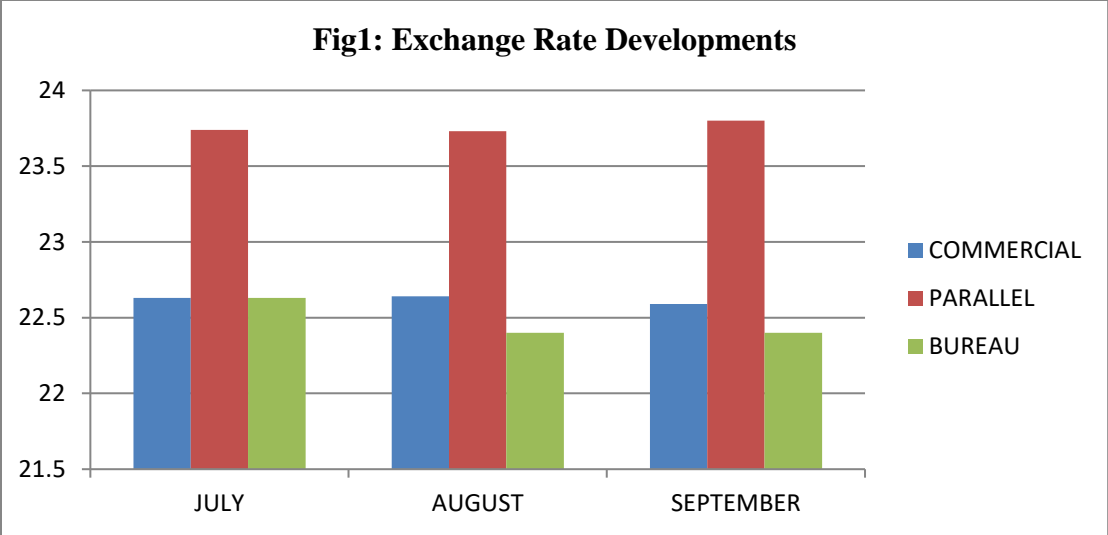
MACROECONOMIC DEVELOPMENTS

Exchange Rate

In July 2025, the exchange rate on the buying side of the Leone remained unchanged in the commercial market at NLe22.63/US\$. However, the Leone depreciated in the bureau market by 0.77%, averaging NLe22.63/US\$, and in the parallel market by 0.25%, averaging NLe23.74/US\$. On a month-on-month basis, the commercial rate appreciated slightly by 0.13% in July 2025. The premium between the reference market rate and the parallel market widened to 5.49 %, averaging NLe1.24/US\$ in July 2025, from 5.22 % averaging NLe1.18/US\$ in June 2025.

In August 2025, the Leone depreciated in the commercial bank market by 0.04%, averaging NLe22.64/US\$, while it appreciated in the bureau market by 0.20%, averaging NLe22.40/US\$, and in the parallel market by 0.06%, averaging NLe23.73/US\$. On the selling side, the Leone appreciated across all market segments. On a month-on-month basis, the exchange rate appreciated slightly by 0.09 % in August 2025. The premium between the reference market rate and the parallel market narrowed slightly to 5.38 percent, averaging NLe1.22/US\$ in August 2025, from 5.49% averaging NLe1.24/US\$ in July 2025.

In September 2025, exchange rate developments showed a mixed trend. The Leone appreciated in the commercial bank market by 0.21%, averaging NLe22.59/US\$, but depreciated in the parallel market by 0.30%, averaging NLe23.80/US\$, and remained unchanged in the bureau market at NLe22.40/US\$. On the selling side, the Leone appreciated in the bureau market by 0.06%. On a month-on-month basis, the exchange rate depreciated by 0.18% in September 2025. The premium between the reference market rate and the parallel market widened to 5.50 percent, averaging NLe1.25/US\$ in September 2025, from 5.38% averaging NLe1.22/US\$ in August 2025.



Source: BSL MER

Inflation

Food Inflation

In July 2025 annual national food and non-alcoholic beverages inflation rate was 3.56%, down by 1.07 percentage points, from 4.63% recorded in June 2025

In August 2025 the annual national food and non-alcoholic beverages inflation further declined to 2.63%, representing a 0.93 percentage point decreased from 3.56% in July 2025.

By September 2025, the rate continued its downward trend, recording 2.56%, a decline of 0.07 percentage points from 2.63% in August 2025.

Non Food Inflation

In the month of July 2025, the national inflation for Non-food stood at 8.84% from 9.12% in June 2025 down by 0.28 percentage point.

In August 2025 the national inflation for Non-food further declined to 8.58%, a 0.26 percentage point reduction from 8.84 % in July 2025.

By September 2025, non-food inflation dropped significantly to 7.73%, marking a 0.85 percentage point decrease from 8.58% in August 2025.

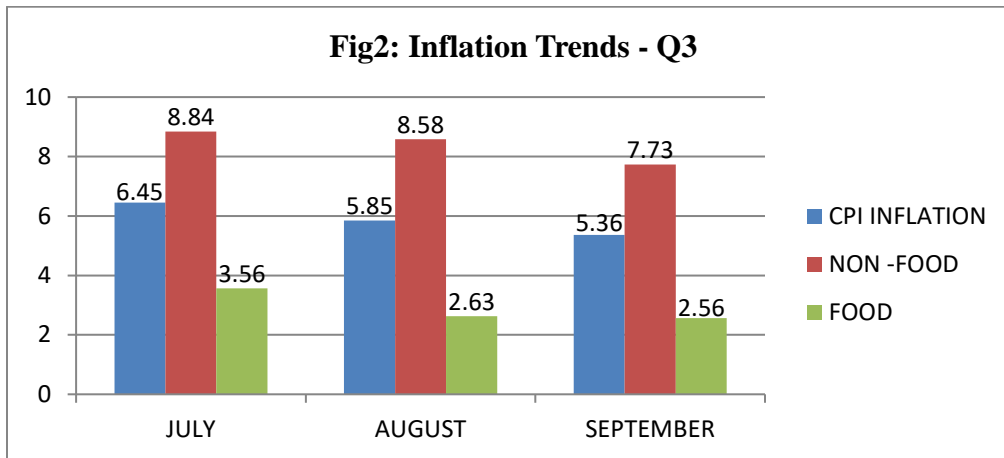
Annual CPI Inflation

The annual national consumer price inflation for July 2025 stood at 6.45% from 7.10% In June

2025, decreased by 0.65%.

In August 2025 CPI inflation rate further declined to 5.85%, a 0.60 percentage point drop from 6.45% in July 2025.

September 2025, inflation stood at 5.36%, a 0.49 percentage point decline from 5.85% in August 2025.



Source: Statistic Sierra Leone

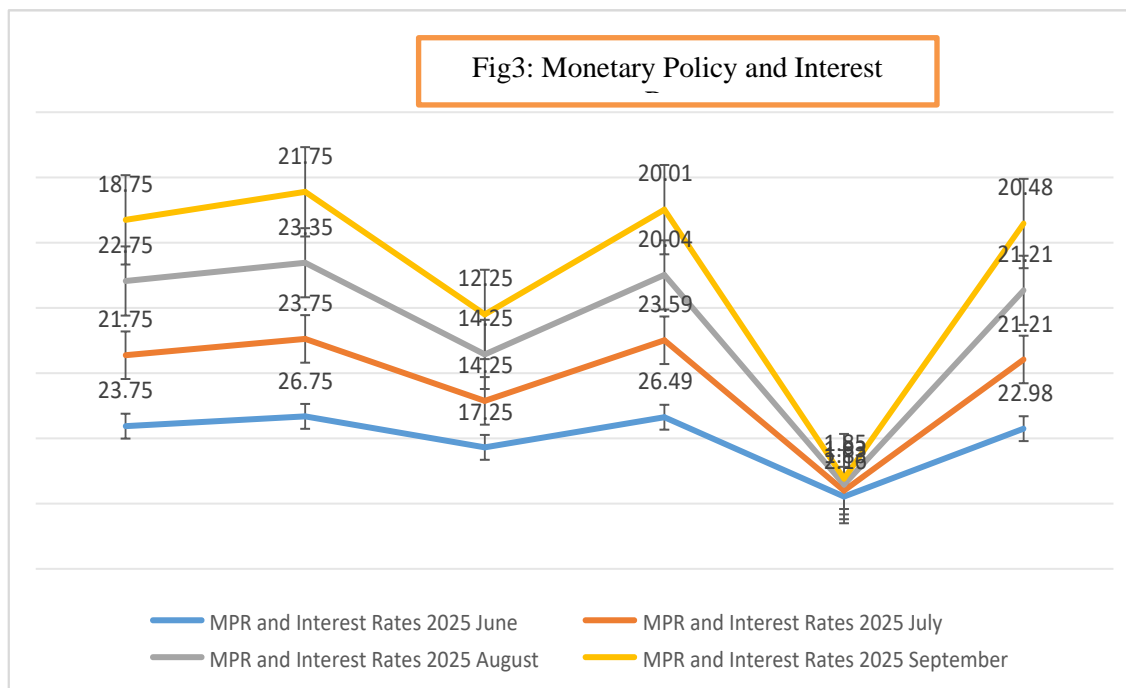
Monetary Policy Rate and Interest Rates

Table1: Monetary Policy Rates and Interest Rates

Rate Category	June	July	August	September
MPR	23.75	21.75	22.75	18.75
91 Days Bills	NA	NA	NA	NA
182 Days Bills	NA	NA	14.19	15
364 Days Bills	19.71	15.25	16.44	17.01
Standing Lending Facility	26.75	23.75	23.35	21.75
Standing Deposits Facility	17.25	14.25	14.25	12.25
Interbank Rate	26.49	23.59	20.04	20.01
Average Deposits Rate	2.16	1.83	1.83	1.85
Commercial Banks	22.98	21.21	21.21	20.48

Source: BSL

The table represents key monetary policy and market interest rates: The Monetary Policy Rate (MPR), Standing Facilities, Inter-bank Rate, Commercial Banks average lending rate, and Savings Rate for July through September 2025.



Source: BSL

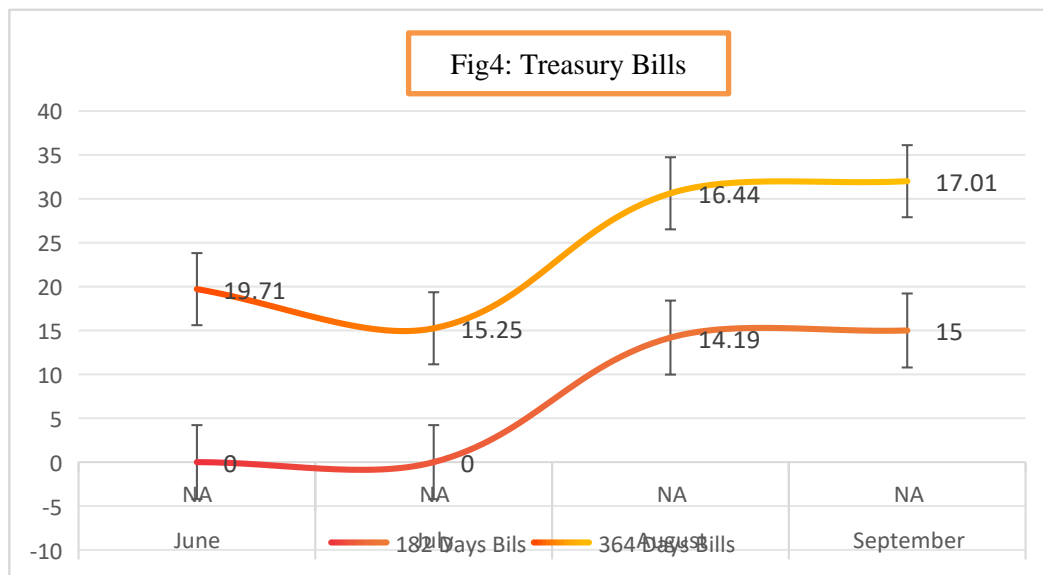
Monetary Policy Rates (MPR): Decreased from 23.75 percent in June to 18.75 percent in September 2025.

Standing Lending Facility (SLF): Fell sharply by 500 basis points, from 26.75 percent in June to 21.75 percent in September.

Standing Deposit Facility (SDF): Dropped from 17.25 percent in June to 12.25 percent by September after a period of stability in mid-quarter.

Interbank Rate: Declined steadily from 26.49 percent to 20.01 percent, mirroring the policy easing.

Commercial Lending: The average rate fell from 22.98 percent in June to 20.48 percent in September. Deposit Rates: Remained stagnant and low, fluctuating between 2.1 percent and 1.85 percent.



Source: BSL

The graph illustrates the yields on Government Treasury Bills across various maturities. Data for the 91 day bill was unavailable for the entire four month period, making a trend analysis impossible for this short term instrument. The 182 day bill rate, which was also unavailable in June and July, reentered the market at 14.19 percent in August before rising marginally to 15 percent in September. At the same time, the interest rate on the 364 day bill dropped sharply from 19.71 percent in June to 15.25 percent in July. After hitting this low point, the rate increased to 17.01 percent by September.

Fiscal Performance

Domestic Revenue

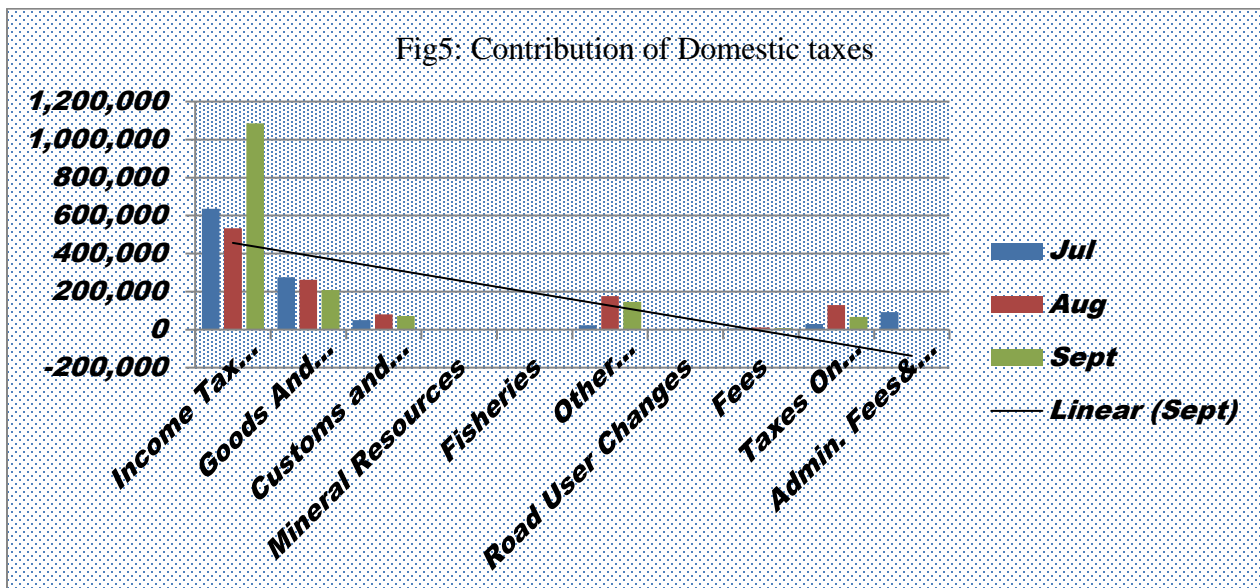
The total domestic revenue amounted to NLE4,258,728 in the third quarter of the year 2025 of which Income Tax Receipt made a collection of NLE2,254,843, an amount of NLE746,048 was generated from the Goods and Services Tax, which indicate an increase compared to the second quarter of 2025. Customs and Excise Income contributed 5 per cent of total domestic revenue with a poor performance of NLE202, 992. Taxes on International Trade & Transport showed a collection of NLE226, 188 which contributed only 5 per cent which shows a substantial increase as compared to the second quarter of 2025. There was no collection made for Mineral Resources and Fisheries Department. Road User Charges accounts for 0.0 percent of domestic revenue at NLE7, 686. Admin. Fees and Charges, Incidental Sale (Other Revenue) was NLE98,040 and TSA

stands at NLE351,206 which is 8 percent of domestic revenue for the third quarter of 2025.

Table2: Domestic revenue performance (NLE000)

Domestic Revenue Collection	JULY	AUGUST	DECEMBER	TOTAL MONTHLY	CONTRIBUTION %
Income Tax Receipts	636,815	532,788	1,085,240	2,254,843	53
Goods and Services Tax (GST) Receipts	275,926	261,750	208,372	746,048	18
Customs and Excise (C & E) Receipts	50,152	80,271	72,569	202,992	5
Mineral Resources	-	-	-	0	0.0
Fisheries	-	-	-	0	0.0
Other Departmental Receipts	23,835	176,824	145,409	346,068	8
Road User Charges (Compulsory Licences)	1,116	3,367	3,203	7,686	0.0
Fees	6,031	12,165	7,461	25,657	1
Taxes On International Trade & Transport (Import duty)	29,533	129,151	67,504	226,188	5
Admin. Fees & Charges, Incidental Sale (Other revenue)	92,510	2,691	2,839	98,040	2
TSA Revenue	107,079	112,576	131,551	351,206	8
Total Domestic Revenue	1,222,997	1,311,583	1,724,148	4,258,728	

Source: Ministry of Finance



Source: PBO calculations based on various Fiscal Reports published by the Ministry of Finance

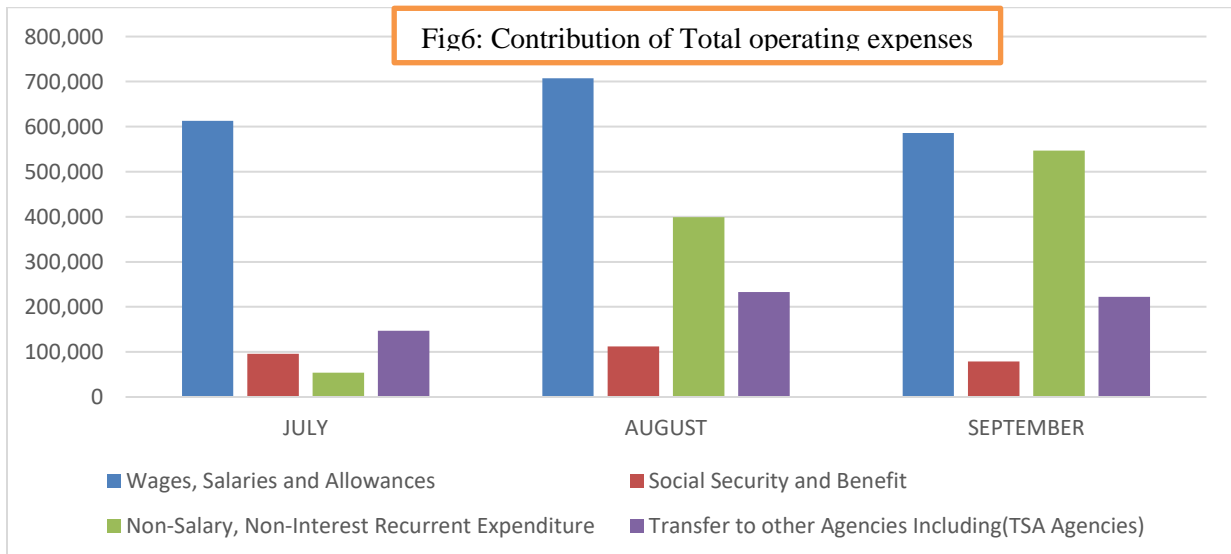
Expenditure

Wages, Salary and Employment Benefit represent 40.5 percent of government operating expenses, amounting to NLE1, 906,665. Social Security and Benefit increased to NLE287, 214, Non-Salary, Non-Interest, Recurrent Expenditures showed an expenditure of NLE999, 833 and Transfers to other Agencies Including (TSA Agencies) was NLE602, 820.

Table3: Operating Expenditure Performance (NLE000)

OPERATING EXPENSES	JULY	AUGUST	NOVEMBER	MONTHLY TOTAL	CONTRIBUTION %
Wages, Salaries and Employment Benefit	612,974	707,524	586,167	1,906,665	40.5
Social Security and Benefit	95,904	112,462	78,848	287,214	6.1
Non-Salary, Non-Interest Recurrent Expenditure	53,834	399,220	546,779	999,833	21.3
Transfers to the other Agencies Including(TSA Agencies)	147,091	233,239	222,490	602,820	12.8

Source: Ministry of Finance



Source: PBO calculations based on various Fiscal Reports published by the Ministry of Finance

Be-Ready (formerly Doing Business) Report

Sierra Leone remains classified as a low-income economy in the B-Ready 2025 assessment, with overall business readiness constrained by structural and institutional weaknesses.

Although moderate regulatory stability has been observed, particularly in labor regulations and selected business laws, regulatory complexity, overlapping institutional mandates, and inconsistent enforcement continue to undermine predictability for businesses.

Public Services remain the weakest pillar, characterized by limited digital integration, fragmented service delivery, manual administrative processes, and slow progress in e-government implementation, all of which increase transaction costs.

Operational efficiency shows mixed results, as firms are familiar with existing procedures, but persistent inefficiencies in taxation, licensing, customs, and dispute resolution create delays and uncertainty.

Overall, weak implementation of reforms and coordination gaps across institutions continue to limit meaningful improvements in the business environment.

Table4: Indicative Pillar Performance (Trend-Based)

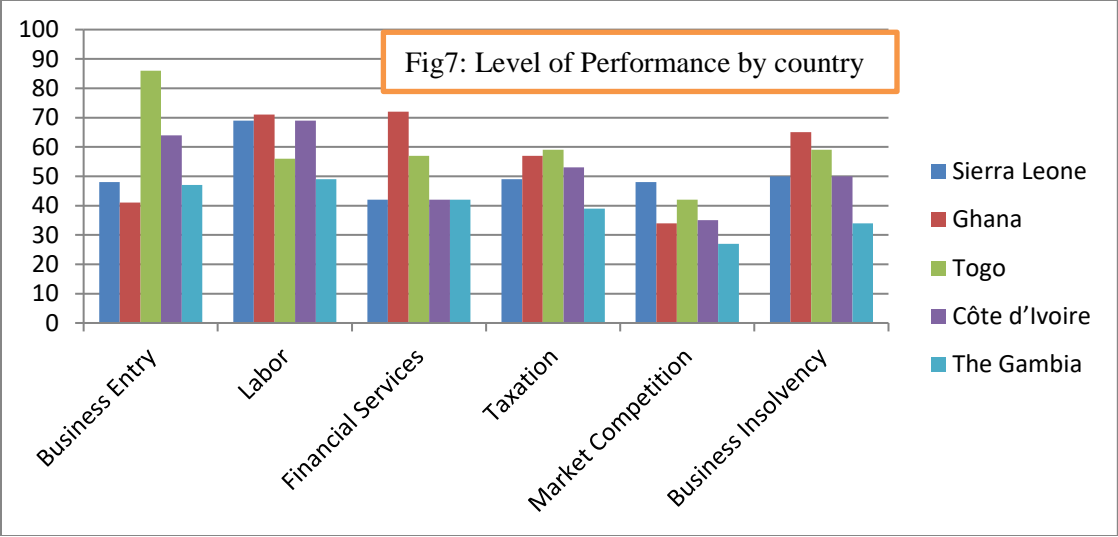
Pillar	2025 Status
Pillar I: Regulatory Framework	Moderate
Pillar II: Public Services	Weak
Pillar III: Operational Efficiency	Moderate

Source: World Bank Open Knowledge repository

Table5: Level of performance across the 6 business topics

	Business Entry	Labor	Financial Services	Taxation	Market Competition	Business Insolvency
Sierra Leone	48	69	42	49	48	50
Ghana	~41	~71	~72	~57	~34	~65
Togo	~86	~56	~57	~59	~42	~59
Côte d'Ivoire	64	69	42	53	35	50
Gambia	47	49	42	39	27	34

Source: World Bank Open Knowledge repository



Source: PBO workings from the World Bank Open Knowledge Repository

Registering a Business in Sierra Leone remains lengthy and administratively demanding, with limited digitalization and persistent informal costs. While labor regulations are relatively clear, weak enforcement capacity and skills mismatches continue to affect productivity. Access to finance is constrained by high interest rates, limited credit information systems, and weak collateral frameworks, particularly impacting SMEs. Tax compliance remains burdensome due to manual processes, multiple payment points, and limited taxpayer support. Market competition is one of the weakest areas, marked by poor enforcement of competition rules and barriers to entry, while insolvency frameworks are underdeveloped and slow.

The B-Ready 2025 assessment shows varied business environments across West Africa. Sierra Leone ranks as a moderate performer, facing challenges in labor regulation and insolvency but performing relatively better in financial services and taxation. Ghana records higher regulatory complexity across labor, financial services, taxation, and insolvency, increasing compliance costs for businesses. Togo presents the most challenging environment, with high barriers in business entry, taxation, and insolvency. Côte d'Ivoire demonstrates mixed performance similar to Sierra Leone, with moderate regulatory challenges but relatively accessible financial services. Gambia emerges as the most business-friendly environment, with comparatively low barriers across key areas.

Overall, Sierra Leone remains moderately positioned, performing better than Ghana and Togo in some areas but trailing behind Gambia. Strengthening reforms in labor, market competition, and insolvency would enhance its business competitiveness.

Gender Mainstreaming

Gender mainstreaming remains a core global development objective embedded in international frameworks like **Sustainable Development Goal 5** (achieve gender equality and empower all women and girls) and reinforced at major UN processes in 2025.

The EU-UN partnership to eliminate all forms of violence against women and girls (VAWG) was officially launched in Freetown on 8 July 2025. (The United Nations in Sierra Leone). Participants include:

- Government of Sierra Leone (including the Minister of Gender and Children’s Affairs)
- European Union representatives
- UN agencies and the global Spotlight Initiative Secretariat
- Civil society organisations such as the Rainbo Initiative
- Traditional leaders, parliamentarians, and justice sector representatives

The objectives & strategy were to:

- Strengthen legislation, institutional capacity, and data systems to prevent and respond to gender-based violence
- Launch behaviour-change and community education campaigns to tackle harmful norms
- Expand services for survivors and strengthen access to justice nationwide
- Engage men, boys, and community networks to transform social norms that perpetuate violence against women and girls

At the event it was resolved that a structured, multi-year programme with €15 million financing aimed at deepening national responses to VAWG be created. Also, a four-pillar approach was mapped-out that integrates prevention, justice, institutional support, and social transformation — a significant example of gender mainstreaming at policy and programme levels.

In September, the Ministry of Gender and Children’s Affairs and UN Women hosted a workshop to strengthen implementation of the Gender Equality and Women’s Empowerment (GEWE) Act, 2022.

Purpose & Focus:

- Update and refine action plans for MDAs (Ministries, Departments, and Agencies) to apply the Act across government planning.
- Encourage MDAs to develop practical gender mainstreaming initiatives aligned with the GEWE Act.
- Foster inter-agency collaboration to drive gender equity objectives.

Key Outcomes:

- Strengthened institutional understanding of gender mainstreaming requirements under national law.
- Commitment from participating agencies to embed gender perspectives into public policy and programming.

Table 6: Key Outcomes – Sierra Leone’s Gender Mainstreaming (Q3 2025)

DATE	EVENT/ACTION	OUTCOME
8–9 Jul 2025	Launch of Spotlight Initiative	€15 M programme to eliminate VAWG; comprehensive gender strategy implemented. (The United Nations in Sierra Leone)
Jul–Sept 2025	Gender law & policy awareness	Institutions are guided to embed GEWE Act provisions. (Sierraloaded)
26–27 Sep 2025	GEWE Act Implementation Workshop	Renewed MDA commitments to mainstream gender across governance. (Sierraloaded)
Throughout Q3	Ongoing capacity building & partnerships	Strengthened local governance gender mainstreaming; security sector gender policy alignment. (<u>The United Nations in Sierra Leone</u>)

Source: PBO tabulation of various events

Selected Glossary

Consumer Price Index (CPI) - is a measure of the aggregate price level of a basket of consumer goods and services in an economy.

Exchange Rate - is the value of one nation's currency versus the currency of another nation or economic zone. If it is said that the Leone fell against the US dollar, it means that the Leone is now worth fewer dollars.

Gross Domestic Product (GDP) - is a monetary/standard measure of the market value of all the final goods and services produced by a country during a period. GDP is the single most important indicator to capture economic activity, but it is not necessarily a good measure of societies' wellbeing.

Inflation - is a sustained increase in the general price level of goods and services in an economy over a period of time during which money loses some of its value because its purchasing power falls.

Monetary Policy - refers to how central banks manage liquidity by changing interest rates to control the demand for money and hence the rate of increase of bank lending. This in turn affects the level of demand in the economy and other parameters such as borrowing for consumption and investment.

Monetary Policy Rate - is the rate that is used by the central bank to implement or signal its monetary policy stance, and it is commonly set by the Monetary Policy Committee (MPC).

The **Monetary Policy Committee** consists of seven (7) members as provided for in the **BSL Act, 2011** Section 21(2). They include the Governor, the Deputy Governor, three (3) persons appointed by the Governor and two (2) persons appointed by the Minister of Finance and Economic Development.

Real GDP - is a measure of economic output that accounts for the effects of price changes (i.e. inflation or deflation).

Disclaimer

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