



GOVERNMENT OF SIERRA LEONE

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**FISCAL STRATEGY STATEMENT (FSS)
FOR FY 2021-2023**

Prepared by the Ministry of Finance

October 2020

FISCAL STRATEGY STATEMENT: FY2021-2023

Introduction

In compliance with section 21 (1) of the Public Financial Management Act, 2016, the Minister of Finance prepared the first Fiscal Strategy Statement (FSS) of the new Government, which took over the reigns of power in April 2018. According to this provision, the first FSS specifies the fiscal objectives of the Government for the five-year period of the duration of the Government.

Section 23 (1) of the PFM Act, 2016 also requires the Minister of Finance to prepare an Annual Fiscal Strategy Statement. Section 23 (1) states: **'Not later than the end of the seventh Month of every financial year, the Minister shall, with the approval of Cabinet, prepare and lay before Parliament for its information a Fiscal Strategy Statement'**. The Annual FSS specifies the fiscal objectives of Government for a three-year period. The Annual FSS should be prepared every year for the duration of the term of office of the Government.

The 2020 Finance Act amended section 23 (1) of the PFM Act, 2016 to allow the Minister of Finance to submit the FSS to Cabinet for approval and lay it before Parliament on the tenth month of every financial year. This was necessitated by the fact the discussions between the Government of Sierra Leone and the International Monetary Fund (IMF) on the medium-term macroeconomic framework, which underpins the FSS and the Budget for the subsequent year are usually concluded in September of the current year.

In compliance with this provision, the Minister of Finance prepared and submitted the second annual Fiscal Strategy Statement for the financial year 2020 covering the period 2020-2022 to Cabinet for approval in October 2019 and subsequently laid it before Parliament for information in November 2019.

This FSS, which is the third, specifies the fiscal objectives of Government for the next three years (2021-2023) in fulfilment of the requirements of section 23 (1) of the PFM Act, 2016 and is hereby submitted to Cabinet for approval, following which it will be laid in Parliament for information. Consistent with section 23 (1) (a) to (k), which specifies the contents of the FSS, the 2021 FSS is organised as follows:

Following the introduction, section 1 presents the broad fiscal strategy and objectives of Government for the for the period 2021-2023. Section 2 provides an overview of the recent (2018-fisrt half of 2020) global and domestic macroeconomic developments as well as the medium-term macroeconomic outlook (2021-2023) and underlying assumptions. Section 3 provides a review of recent fiscal developments (2018-to first half of 2020) and Government's medium-term fiscal forecasts and assumptions as well as the measures to achieve the revenue and expenditures projections for the medium-term (2021-2023). Section 4 presents the Medium-term Expenditure Framework and the Public Investment Programme (PIP), with details of the non-salary, non-interest recurrent and domestic capital expenditure ceilings for MDAs for the medium-term (2021-2023). Section 5 analyses the macroeconomic and other risks that are likely to derail the attainment of the fiscal objectives specified in the FSS and also proposes mitigating measures for the identified risks.

1.0 Fiscal Strategy and Objectives

Government's fiscal objectives for the medium-term (2021-2023) remained broadly the same as specified in its first Fiscal Strategy Statement (2019-2021). In this context, the key objective of Government's fiscal policy in the medium-term is to achieve fiscal and debt sustainability. This is consistent with the principles of Responsible Fiscal Management as specified in section 2 (2) of the PFM Act, 2016, which include the following:

- * Achieve and maintain prudent levels of public debt so as not to impose an inequitable burden on future generations;
- * Achieve and maintain an appropriate balance between revenue and expenditures of the general Government;
- * Formulate and implement fiscal policies to maintain macroeconomic stability;
- * Provide timely, reliable and adequate information to the public on fiscal objectives, data, and risks to ensure transparency in budgetary and financial; and
- * Manage prudently the fiscal risks faced by Government

Against this background, Government in recent years implemented prudent fiscal policies anchored on fiscal consolidation and supported by proactive monetary policy, which began to restore macroeconomic stability. Specifically, Government implement several revenue enhancing measures resulting in improved domestic revenue collection. Domestic revenue increased from 12.3 percent in 2017 to 13.7 percent in 2018 and further to 14.6 percent of GDP in 2019. At the same time, Government expenditures decreased to from 23.5 percent of GDP in 2017 to 21.1 percent of GDP in 2019. As a result, the overall budget deficit, including grants narrowed from 8.8 percent of GDP in 2017 to 3.1 percent of GDP in 2019. The basic primary deficit, the key indicator of fiscal sustainability, narrowed from 4.5 percent of GDP in 2017 to 0.8 percent of GDP in 2019. However, public debt increased slightly from 69.7 percent of GDP in 2017 to 71.8 percent of GDP in 2019. While domestic debt declined slightly to 27.6 percent of GDP in 2019 from 28.0 percent of GDP in 2017, external debt increased to 44.2 percent of GDP from 41.7 percent over the same period.

However, the outbreak of the Corona Virus Disease in 2020 and its devastating impact on the economy has reversed the gains made in stabilising the economy in the past two years (2018 and 2019). Forecasts produced by the International Monetary Fund (IMF) and the Government of Sierra Leone indicate that the Sierra Leone economy will contract by 2.8 percent in 2020 from a positive growth rate 5.5 percent in 2019. Domestic revenue will drop to 13.0 percent of GDP in 2020 from 14.6 percent in 2019 owing to the contraction of economic activities as well as the weak tax compliance. Reflecting the COVID-19 related expenditures, total Government expenditure increased to 25.5 percent of GDP in 2020. Consequently, the overall budget deficit, including grants, widened to 5.3 percent of GDP from 3.0 percent of GDP in 2019. Public debt is projected to increase to 78.9 percent of GDP, owing to the disbursement of balance of payment support under the Rapid Credit Facility (RCF) by the IMF.

Against this backdrop and consistent with the principles of responsible fiscal management, Government will seek to achieve the following fiscal targets in the medium-term (2021-23) in order to restore fiscal and debt sustainability, thereby safeguard macroeconomic stability: The key medium-term fiscal objectives of Government are as follows:

- (i) Government's original target is to increase domestic revenue collection to 20 percent of GDP by 2023. Government was on track in achieving this target as domestic revenue collection improved from 12.3 percent in 2017 to 13.7 percent in 2018 and further to 14.6 percent in 2019. The original target was to increase domestic revenue to 14.8 percent of GDP in 2020. However, the devastating impact of COVID-19 on the economy has to a large extent undermined the attainment of this objective. Domestic revenue is projected to drop to 13.0 percent of GDP in 2020 owing to the contraction in economic activities and weak tax compliance engendered by COVID-19. Recognizing the impact of COVID-19 on economic activities in 2020, the current macro-fiscal framework agreed with the IMF projects domestic revenue to increase to 13.5 percent in 2021 and further to 14.6 percent in 2023
- (ii) Government's medium-term objective is to contain expenditures at 21-22 percent of GDP. To this end, Government adopted several expenditure management measures during 2018 and 2019, which resulted in a significant reduction in the Government expenditures to 21.1 percent of GDP in 2019 from 23.5 percent of GDP in 2017. Owing to the need to mitigate the impact of COVID-19 on households, Government expenditures are projected to increase to 25.5 percent of GDP in 2020. The current macro-fiscal framework agreed with the IMF projects a drop in Government expenditure to 21.9 percent in 2021 and further down to 20.7 percent of GDP by 2023.

As part of the strategy to achieve Government's expenditure target of 21-22 percent of GDP in the medium-term, bringing down the wage bill at 6 percent of GDP in the medium-term remains the key objective of Government. In recent years, the wage bill declined to 6.3 percent of GDP in 2018 from 6.9 percent in 2017 but rose to 7 percent of GDP in 2019 and is projected to reach 8.1 percent of GDP in 2020. The increase in the wage bill reflects the integration of the payroll of the tertiary educational institutions and sub-vented agencies into the automated and centralized government payroll. It is important to note that keeping the wage bill at 6.0 percent of GDP does not imply a reduction in the nominal wage bill. The idea is to ensure that the wage bill does not increase faster than the growth in nominal GDP in order to ensure its sustainability. For example, while the wage bill as a percentage of GDP will decrease to 7.4 percent of GDP in 2021 from 8.1 percent of GDP in 2020, in nominal terms it will increase by Le171 billion over the same period. The Wage bill is now projected to decline to 6.8 percent of GDP in 2023 from 8.1 percent in 2020.

- (iii) Government's objective in the medium-term is to reduce the overall budget deficit, including grants, to less than or equal to 3.0 percent of GDP consistent with the convergence criteria under the ECOWAS Single Currency Programme. Government was also on track in achieving this

target. The overall budget deficit, including grants, narrowed down to 3.1 percent of GDP in 2019 from 8.8 percent of GDP in 2017. However, given the drop in domestic revenues in the midst of increasing expenditures due to COVID-19, the budget deficit is projected to widen to 6.2 percent of GDP in 2020. The current framework projects the overall budget deficit, including grants to increase to 7.5 percent of GDP in 2021 before falling down to 5.3 percent of GDP in 2023. More importantly, the domestic primary deficit, which had declined to 0.8 percent of GDP in 2019 from 4.5 percent of GDP in 2017 is projected to widen to 4.4 percent of GDP in 2020. According to the medium-term macro-fiscal framework agreed with the IMF, the domestic primary deficit will narrow down to 1.5 percent of GDP in 2021 and turn into surplus of 0.5 5 percent of GDP in 2023.

- (iv) Government's medium-term objective is to ensure that total public debt does not exceed 70 percent of GDP consistent with the convergence criteria under the ECOWAS single currency. However, total public debt increased slightly to 71.8 percent of GDP in 2019 from 69.7 percent in 2017. This was due mainly to increased disbursement of foreign loans as external debt increased to 44.2 percent of GDP in 2019 while domestic debt decreased to 27.6 percent of GDP. Total public debt is projected to increase to 78.9 percent of GDP in 2020 as external debt increased to 55 percent of GDP in 2020 from following the disbursement of the Rapid Credit Facility support by the IMF to mitigate the impact of COVID-19 on the fiscal and external accounts. The situation is made worse by the contraction of GDP, resulting in a sharp increase of the ratio of external debt to GDP in 2020. In the medium-term, Government will seek to reduce external debt to 53.7 percent of GDP in 2023 by relying mostly on grant financing. Combined with the expected decline in domestic debt to 21.8 percent of GDP in 2023, total public debt will decline to 75.5 percent of GDP in 2023.

Government will pursue the following broad strategies to achieve the above objectives:

- (i) Sustain its fiscal consolidation agenda by intensifying domestic revenue collection while rationalising public expenditures. The detailed revenue enhancing and expenditure management measures are described in section 4.3 and 5.4, respectively, of this FSS;
- (ii) Continue to implement reforms to improve the integrity and sustainability of the payroll. The wage reforms are articulated in 5.4.1 of this strategy
- (iii) Prioritize concessional loans and rely more on grant financing of projects grants. Government will also explore the possibility of using non-debt creating financing options such as Public-Private Partnerships (PPPs) while taking note of the associated contingent liabilities. Government is also implementing the Medium-term Debt Management Strategy developed jointly with the IMF and the World Bank with a focus on reducing roll-over risks and borrowing costs.

2.0 Recent Economic Developments and Outlook

2.1 Global Economic Developments and Outlook

The COVID-19 pandemic has led to an unprecedented contraction in global economic activity, with global growth projected at -4.4 percent this year, 0.8 percent above the June 2020 WEO forecasts, according to the October 2020 World Economic Outlook (WEO). This stronger projection for 2020 compared with the June 2020 WEO update reflects the better-than-anticipated second quarter GDP outturns in advanced economies coupled with the surprisingly quick normalization of economic activities in China on the back of strong policy support and resilient exports. However, both advanced and emerging market economies are projected to suffer deep and broad-based declines this year, with more than 85 percent of countries around the world expected to see sub-zero growth this year.

The sharp decline in global economic activities came on the back of strong economic and financial conditions early in the year, buoyed by widespread sense of optimism on the back of supportive monetary policies, reduced trade tensions, and tentative signs of stabilization in the global economy. However, as COVID-19 spread globally and countries around the world rush to impose containment and mitigating measures to stem the spread and speed of the virus, slowing economic activities, which lead to an unprecedented fall in commodities and the prices of risk assets as investor reassessed the economic impact of COVID-19.

But while the economic news has been unremittingly awful in recent months, financial conditions since the middle of March have eased -and considerably so in many markets, buoyed by widespread sense of optimism on the back of supportive monetary policies, reduced trade tensions, and tentative signs of stabilization in the global economy. However, as COVID-19 spread globally, the prices of risk assets and commodities started to fall at unprecedented speed while the prices of safe-haven assets, such as gold and US Treasuries, gained as investor reassessed the economic impact of COVID-19 and rushed for safety and liquidity.

Confronted with a global health and economic crisis, policymakers took extraordinary measures to protect people, the economy, and the financial system. Despite forceful policy action, however, the prospects for recovery remain highly uncertain and is increasingly susceptible to the likely trajectory of the pandemic and the availability of an effective, affordable, safe and trusted vaccine. Accordingly, the October 2020 WEO baseline global growth forecast of 5.2 percent for 2021 assumes the continued unprecedented monetary policy accommodation and large fiscal lifelines.

Nonetheless, several possible developments could delay the recovery and lead to worse-than-expected growth outcomes, putting the global economic recovery at risk. A resurgence of the virus in some countries may require partial lockdowns and more prolonged social distancing, leading to job losses and renewed pressures on corporate and financial sector balance sheets. Policy missteps, such as a premature withdrawal of policy support, could trigger investor reassessment of risks, market turbulence, and tightening of financial conditions. Also progress on Brexit negotiations given the looming deadline could lead to increased market volatility.

In the US, the current epicenter of the pandemic, economic activities are projected to contract by 4.8 percent in 2020 as most states in the densely populated southern and western states reimpose containment measure to stem a second wave. However, high frequency data and sentiment indicators point to a strong rebound in activities in retail sales, house prices and futures in the third quarter. As the pandemic is projected to recede in 2021 and as most containment measures and social distancing protocols are reversed, economic activities are projected to recover strongly to approximately 3.9 percent supported by a still largely accommodative financial conditions and renewed impetus and optimism about a new fiscal stimulus.

In the EU, real GDP is now projected to contract by 7 percent in 2020, its biggest decline since World War II, followed by a rebound of 4.7 percent in 2021. But the recovery's strength will depend crucially on the course of the pandemic, people's behavior, and the degree of continued economic policy support.

In China, Sierra Leone's biggest trading partner, economic activities are projected to grow at about 1.9 percent in 2020-its weakest clip in over four decades since opening up its economy in the 70s. Growth is however projected to rebound strongly in 2021 to 8.2 percent reflecting a strong policy support and the projected strong rebound in trade.

In Sub-Saharan Africa, the pandemic continue to pose unprecedented health and economic challenge- one that, in just a few months, has threaten to reverse years of hard-won development gains and progress in the fight against extreme poverty and hunger, thus upended the lives and livelihoods of millions. The current outlook for 2020-21 project economic activities to contract by 3.0 percent. For 2021, regional growth is projected recover modestly to 3.1 percent.

Table 1.1 Global GDP Growth Rates: 2019-2021

	2019 Act.	2020 Proj.	2021 Proj.
World Output	2.8	-4.4	5.2
Advanced Economies	1.7	-5.8	3.9
United States	2.2	-4.3	3.1
Euro Area	1.3	-8.3	5.2
Germany	0.6	-6.0	4.2
United Kingdom	1.5	-9.8	5.9
Emerging and Developing Asia	5.5	-1.7	8.0
China	6.1	1.9	8.2
India	4.2	-10.3	8.8
Sub-Sahara Africa	3.2	-3.0	3.1
Nigeria	2.2	-4.3	1.7
South Africa	0.2	-8.0	3.0

Inflation in developed and emerging economies remain well below most central bank target, on the back of weak energy prices, as economic activities collapsed under the weight of pandemic, despite strong gains in the prices of pandemic-related health equipments and non-energy commodities. In developing countries,

domestic prices remain elevated although moderating following early surges, instigated by the imposition of restrictive measures to stem the spread of the virus and fight the pandemic.

While metal and agricultural commodities have retraced most of their losses from the COVID-19 pandemic and are expected to make modest gains in 2021, energy prices, despite some recovery, are expected to stabilize below pre-pandemic levels next year. Average petroleum product prices are projected at \$41 per barrel in 2020 and \$43.8 in 2021. Oil futures indicate that prices are expected to rise thereafter toward \$48, some 25 percent below the 2019 average. Both supply constraint and strong demand continue to boost iron ore prices recently. Iron ore prices rose by almost 34 percent, from \$90.8 per m/t in January to \$123.8 per m/t in September 2020. Medium-term outlook is projected to remain benign.

2.2 Domestic Macroeconomic Developments: 2018-2019 and First Half of 2020

The economy slowed down to 3.5 percent in 2018, compared to 3.8 percent in 2017. The slowdown was mainly on account of weak performance in the mining and construction sectors. Throughout 2018, the Tonkolili Iron Ore Mine remained closed, while the production of rutile was low due to periodic disruptions in production as a result of employee strikes in 2018. The non-iron ore economy, however, grew at 5.4 percent in 2018, mainly as a result of increased activities in other mining areas including diamond, bauxite, and zircon, as well as strong growth in both the services and agriculture sectors.

The economy recovered to 5.5 percent in 2019, driven by improved activities in agriculture, mining, manufacturing and construction sectors. Iron ore production resumed during the first half of 2019 with production levels at 722,300 dry metric tonnes, before the suspension and subsequent cancellation of mining licenses of SL mining in the second half of 2019. The non-mining sector sectors including manufacturing, construction, trade and tourism and transport and communication also recovered in 2019. The outbreak of the Corona-Virus Disease (COVID-19) in early 2020 and measures adopted globally and locally to contain the spread of the disease weaken growth prospects of the economy in 2020. The economy was initially projected to contract by 3.1 percent compared to the original projection of a positive 4.2 percent growth. Based on preliminary data available for the first half of 2020, the economy is now projected to contract by 2.8 percent.

Even though inflationary pressures moderated during 2019, inflation remained in double digits. The year-on-year end period inflation moderated to 13.9 percent in December 2019 from 14.2 percent in December 2018 due mainly to the slow-down in food inflation, which dropped from 17.7 percent in 2018 to 8.8 percent in 2019. This was mainly as a result of the increased production of local food products. Non-food inflation was the main driver of headline inflation in 2019, mainly due to the depreciation of the Leone, which contributed to higher transportation and energy prices.

in 2020, inflation rose to 15.6 percent at the end of March 2020 due to COVID-induced panic buying. Inflation has since been gradually declining reaching 13.4 percent in August before ticking up to 13.7 percent in September 2020. With the

outbreak of Covid-19 and its expected impact on the economy, inflation forecasts for end 2020 is revised upwards to 17.5 percent from its initial forecast of 13.0 percent.

The BSL implemented tight monetary policy during 2018-2019, with monetary policy rate kept at 16.5 percent during the period to curb high inflation. Following the outbreak of COVI-19 and its expected impact on economic activities, the BSL reduced the monetary policy rate to 15.0 percent to balance the risks of higher inflation and weak economic activity.

The fiscal situation significantly improved during 2018-2019 with improved revenue collections and prudent expenditure management, resulting in significant reduction in the overall budget deficit, excluding grants to 6.5 percent of GDP from 11.6 percent of GDP in 2017. The deficit, including grants, narrowed to 3.1 percent of GDP 8.8 percent of GDP in 2017.

Broad money (M3) moderated to 6.5 percent during 2018 and grew to 12.4 percent during 2019 mainly due to growth in Net Foreign Assets (NFA) of the banking system and NDA. Reserve money growth expanded by 12.41 percent by end 2019 reflecting the growth in both NFA and NDA of the Bank of Sierra Leone.

Bank credit to the private sector increased by 22.9 percent in 2019, a slowdown from 30.6 percent in 2018. The key sectors that benefited from this credit growth included construction and commerce, and to a lesser extent, manufacturing, mining and transportation and communication.

Total exports recovered by 11.3 percent in 2019 to US\$711.3 million after contracting by 2.1 percent in 2018. This was largely due to increased exports of diamonds, as iron ore exports collapsed in the second half of 2019 due to the shutdown of the mines.

Imports of goods grew by 4.7 percent in 2019, up from 0.6 percent in 2018. The value of total imports increased slightly from \$1.21 billion in 2018 to \$1.27 billion in 2018. The current account deficit narrowed from 18.7 percent of GDP in 2018 to 14.0 percent of GDP in 2019 largely due to the increase in the inflows of official and private transfers. The current account deficit was primarily financed by increased foreign direct investment inflows as well as disbursement of loans for capital projects. The overall balance of payments position turned surplus of US\$21.2 million (0.5 percent of GDP) in 2019 from a deficit of US\$ 40.2 million (1.1 percent of GDP) in 2017.

Gross foreign exchange reserves of the Bank of Sierra Leone amounted to US\$533 million (3.5 months of import cover) at end 2019 from \$503 million (3.7 months of import cover) in 2018. Inflows during the period include export receipts including royalties on minerals and fisheries while outflows include disbursement to Embassies/Missions debt service payments and Other Government activities. The Leone depreciated against the US dollar by 15.2 percent in 2019 as a result of the weak performance of exports and increased demand for imports of essential commodities. As a result, the Bank of Sierra Leone intervened in the market to smooth out volatility and complement the supply of foreign exchange to support essential imports. However, even though the Leone has been depreciating in

nominal terms, it has, in real terms, been appreciating. Persistent high inflation relative to our trading partners contributed to the appreciation of the real effective exchange rate.

Between January to April 2020, the exchange rate remained relatively stable. The monthly average exchange rate marginally depreciated by 4.4 percent from October 2019 to October 2020. The Bank of Sierra Leone's Special Credit Facility to make foreign exchange available for import of essential commodities partly explains the relative stability of the exchange rate in the first quarter of 2020.

The stock of outstanding total public debt (external plus domestic) stood at Le23.19 trillion at end 2019 representing 61.69 percent of GDP. This excluded the stock of verified domestic supplier's arrears which pre-date April 2018, estimated at Le3.2 trillion. Including arrears, the total stock of public debt is estimated at 70.0 percent of GDP at end-December 2019. Government, in coordination with the International Monetary Fund, has developed a sound Arrears Clearance Strategy and Principles (ACS&P) 2020-2025, anchored on affordability and sustainability, to liquidate the stock of arrears.

External debt amounted to Le16.54 trillion (US\$1.69 billion) accounting for 71.3 percent of total public debt and 44 percent of GDP. External debt increased by 23.9 percent in 2019 largely due to the depreciation of the Leone to major loan currencies, and marginally due to positive net disbursements to finance ongoing development projects countrywide.

Domestic debt amounted to Le 6.65 trillion (US\$677.82 million), accounting for 28.8 percent of total public debt and 17.7 percent of GDP. Domestic debt increased in 17.4 percent in 2019 due to issuance of treasury bonds to partially refinance the stock of verified domestic arrears and borrowing from the domestic debt market to infrastructure projects.

Total public debt is estimated at US\$1.87 billion as at June 2020. This includes US\$1.45 billion owed to multilateral creditors; US\$224.4 million owed to bilateral creditors and US\$186.5 million owed to external commercial creditors. Total domestic debt stood at Le 00 trillion, including domestic arrears of Le2.98 trillion as at end June 2020.

2.3 Medium-Term Macroeconomic Forecasts:2021-2023

In line with the provisions of the Public Financial Management (PFM) Act, 2016, the Sierra Leone Macro-fiscal Working Group (MFWG) comprising the Ministry of Finance, Bank of Sierra Leone, Statistics Sierra Leone, National Revenue Authority and the National Minerals Agency convened in August 2020 to produce medium-term macro-fiscal forecasts (2020-2023) using the Sierra Leone Integrated Macroeconomic Model (SLIMM). These forecasts formed the basis of the discussions with the IMF during the virtual staff visit on the medium-term outlook of the economy, which took place from September 16-25, 2020. The medium-term forecasts produced by the MFWG and the final macroeconomic framework agreed with the IMF are shown in table 3.2 below: This framework underpins the 2021 Fiscal Strategy Statement and the 2021 Government Budget and Statement of Economic and financial policies.

Economic Growth (Real GDP)

The medium-term growth prospects of the Sierra Leone economy are largely predicated on the duration and severity of COVID-19 and the relaxation of the associated containment measures implemented both at the global and local levels. The fallout from the disease and stringent measures implemented to contain it were perceived to have a significant negative impact on the economy in 2020. According to the final macroeconomic framework agreed with the in September/October 2020, the Sierra Leone economy will contract by 2.8 percent in 2020 and recover by 3.3 percent in 2021. The economy will expand further by 3.9 percent in 2022 and 3.9 percent in 2023.

The Macro-fiscal Working Group projected economic growth to contract by 2.2 in 2020 compared to the original projected positive growth rate of 4.2 percent for the year. The revised growth rate reflects the i) the interventions by the Ministry of agriculture supported by development partners and the Government of Sierra Leone under the QAERP to boost the production of rice and other food crops through the provision of fertilisers and support for land preparation; minimal disruption of the agriculture planting season; ii) increased spending on infrastructure projects in roads and energy; (iii) less than anticipated negative impact of COVID-19 on mineral production; iii) and iv) relaxation of some of the containment measures including the re-opening of the international airport and removal of restrictions on inter-district travels.

Over the medium-term, economic growth is projected by the Working Group to average 5.2 percent, mainly driven by the expected recovery in agriculture, resumption of iron ore production on the back of higher prices and recovery in tourism, transport and other services. The projected strong recovery is also predicated on the continued relaxation of COVID-19 containment measures locally and globally as vaccines are discovered; expected strong recovery of the global economy in 2021; resumption of foreign direct investment inflows into key sectors; and most importantly continued donor financial support. On the basis of these assumptions, over the medium term, growth in agriculture will average 4.0 percent from 2.8 percent in 2020; industry will average 10.5 percent from a contraction of almost 15 percent in 2020 and services by 4.1 percent relative to a decline of 6.6 percent in 2020. The original growth forecasts produced by the Macrofiscal Working Group are presented in table 00. The growth projections agreed with the IMF are show on table 00.

Table 1.2 Sectoral growth Rates

	SLMFWG					IMF				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Agriculture, Forestry and Fishing	5.6	2.5	3.6	4.3	4.3	5.6	2.5	2.9	4.0	4.0
Crops (agriculture)	7.7	3.0	3.0	3.0	3.0	7.7	3.0	3.4	4.5	4.5
Livestock	3.0	1.0	2.0	3.0	3.0	-2.9	1.0	1.0	2.0	2.0
Forestry	3.5	1.0	1.5	2.0	2.0	0.0	1.0	1.0	2.0	2.0
Fishery	2.0	1.0	1.5	2.0	2.0	1.0	1.0	1.0	2.0	2.0
Industry	10.9	-18.4	32.6	2.1	3.0	10.9	-19.2	14.1	1.9	0.3
Mining and Quarrying	19.1	-31.2	72.4	2.1	6.3	19.1	-33.7	32.4	2.1	-1.1
Manufacturing and Handicrafts	13.2	-5.0	1.0	3.0	3.1	4.5	-3.0	1.0	3.0	3.0
Electricity and Water Supply	4.7	4.2	4.5	4.5	5.0	4.7	4.2	4.1	4.4	4.4
Construction	3.0	-5.0	-1.0	1.0	3.0	4.7	-5.0	-2.0	-0.8	-0.8
Services	4.0	-6.5	2.4	4.6	4.9	4.0	-6.2	1.6	4.4	4.7
Trade and Tourism	1.0	-38.0	1.0	1.1	3.0	1.0	-32.3	0.0	1.0	1.0
Transport, Storage and Communication	6.7	-1.5	1.5	5.0	5.0	6.7	-5.0	0.0	3.5	5.0
Finance, Insurance and Real Estate	4.2	1.0	1.0	4.5	4.5	3.7	2.0	0.0	3.7	3.7
Administration of Public Services	6.2	5.0	5.0	6.0	6.0	10.0	5.0	5.0	10.0	10.0
Other Services	3.0	2.1	2.0	4.0	5.0	1.4	2.1	2.0	3.3	3.0
FISIM	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Indirect Taxes (Net)	2.3	2.3	2.3	2.3	2.3	2.3	1.0	3.8	3.8	3.8
Real GDP at Market Prices	5.5	-2.7	4.9	4.1	4.5	5.5	-2.8	3.3	3.9	3.9

Source: Sierra Leone Macro-Fiscal Working Group (SLMFWG) and IMF

Inflation

According to the framework agreed with the IMF, inflation is projected to rise to 17.5 percent in 2020 compared to the original projection of 13.0 percent prior to the outbreak of COVID-19. Inflation is projected to decline to 13.5 percent in 2021 and return to single digit of 9 percent in 2023.

The MFWG projected inflation to rise to 17.3 percent in 2020 and decline to 9.8 percent by 2022. While the framework agreed with the IMF projected inflation return to single digit in 2023, the forecasts by the MFWG indicated that inflation will return to single digit a year earlier in 2022.

Exports

Exports are projected to drop by 14.8 percent in 2020 compared to the original positive growth of 28.1 percent owing to anticipated impact of COVID-19 on the mining sector. Exports are projected to recover by 35.9 percent in 2021 and further by 10.1 percent in 2022 mainly due to the resumption of iron ore mining at the Tonkolili Mine by Kingho Mining Company, expansion in other mining activities especially rutile and diamond as well as the expected commencement of bauxite mining in the Port Loko district by SierraMin Mining Company and Gold mining by Cheyu. Growth in exports will stabilize at 1.3 in 2023 as iron ore production reaches its peak.

The MFWG projected exports to recover by 26 percent in 2021 and average 15.4 percent over the medium-term for similar reasons explained above. These forecasts are broadly consistent with those agreed with the IMF in April 2020.

Imports

Imports are projected to contract by 6.9 percent in 2020 compared to the initial positive growth of 4.0 percent for the year due to lock downs in countries of origin and disruptions in supply chains. Imports are projected to recover by 6.9 percent in 2021 and further by 5.0 percent in 2022 and further by 4.7 percent in 2023 as a result of the expected recovery in economic activities in mining, manufacturing and construction.

The MFWG projected imports to grow by an average of 2.6 percent over the medium-term.

Current Account Balance

Despite the widening trade deficit, the current account deficit (including official transfers) will deteriorate slightly to 11.6 percent of GDP compared to the initial projection of 11.3 percent in 2020 largely due to the disbursement of grants. The current account deficit is projected to widen to 14.1 percent in 2021, moderate slightly to 13.9 percent in 2022 before widening to 14.8 percent of GDP in 2023 as official grants dropped over the medium-term (2021-23) relative to 2020. Excluding grants, the current account deficit will average 17.5 percent of GDP over the medium-term.

The MFWG projected a more pronounced deterioration in the current account deficit, including grants, to 16.7 percent of GDP in 2020. Thereafter, the current account deficit, will narrow down to 14.5 percent of GDP in 2022 and further to 12.8 percent in 2023 due to the projected improvement in trade balance.

Balance of Payments

The overall Balance of Payments deficit is projected to improve from 1.8 percent of GDP in 2020 to 1.1 percent of GDP in 2021 and turn into surplus of 0.6 percent of GDP in 2022 and 1.7 percent of GDP in 2023.

The MFWG projected the BoP deficit to improve 2.7 percent of GDP in 2021 to 1.3 percent of GDP in 2023 reflecting increased exports and foreign direct investment inflows in mining and agriculture over the medium term.

Gross Foreign Reserves

Reflecting the higher disbursement of grants and loans in 2020, gross foreign reserves increased to 4.9 months of imports in 2020 compared to the original projection of 4.2 months of imports. Gross foreign exchange reserves are programmed to average 4.2 months of imports over the medium-term (2021-2023). The MFWG projects reserves to amount to the equivalent of 3.9 months of imports over the medium-term. Reserves accumulation will be supported by increased foreign exchange inflows from export proceeds, official transfers as well as FDI inflows to the private sector.

Exchange Rate

The nominal exchange rate between the Leone and major international will continue to be determined by the market forces of demand and supply. The exchange between the Leone and the US dollar will depreciate by the differential between the domestic and US foreign price level especially in Sierra Leone's trading partners countries. Given the expected

Table 1.3 Selected Medium Term Macroeconomic Indicators

Sierra Leone: Selected Economic Indicators										
	2017	2018	2019	2020		2021	2022	2023	2024	2025
			Est.	RCF 1/	Proj.			Proj.		
(Annual percent change, unless otherwise indicated)										
National account and prices										
Growth										
GDP at constant prices	3.8	3.5	5.5	-3.1	-3.0	-3.1	4.2	4.5	4.7	4.9
GDP excluding Iron ore	3.6	5.5	5.3	-2.5	-2.8	2.5	4.1	4.4	4.4	4.4
Inflation										
Consumer prices (end-of-period)	15.3	14.2	13.9	17.5	17.5	13.5	11.1	9.8	8.8	8.0
Consumer prices (average)	18.2	16.0	14.8	15.7	14.7	15.5	12.3	10.5	9.3	8.4
External sector										
Terms of trade (deterioration -)	15.5	-9.9	-3.9	2.4	6.4	3.6	-0.3	-0.2	-0.7	-0.6
Exports of goods	-0.3	-2.0	11.5	-16.6	-14.8	35.9	10.1	1.3	13.6	14.7
Imports of goods	23.7	0.6	5.1	-4.3	-6.9	6.9	5.0	4.7	5.0	5.1
Gross international reserves (excluding swaps), months of imports 2/	3.8	3.6	3.5	4.2	4.9	4.4	4.2	4.1	3.9	3.6
Money, credit and reserves										
Domestic credit to the private sector	4.9	30.6	22.9	10.6	8.1	25.8	22.5	3.1	7.1	14.1
Domestic credit to the private sector in percent of non-iron GDP	5.2	5.6	6.1	6.1	6.0	6.5	6.9	6.2	5.8	5.9
Base money	9.0	6.5	12.4	19.6	32.6	11.6	15.1	13.9	13.2	12.5
M3	7.0	14.5	14.3	14.6	23.3	13.5	15.1	13.9	13.2	12.5
Gross international reserves (excluding swaps, in US\$ millions)	501	481	507	565	641	643	643	644	645	646
Net international reserves (excluding swaps, in US\$ millions)	128	105	126	3	97	84	123	188	256	330
(Percent of non-iron ore GDP, unless otherwise indicated)										
National accounts										
Gross capital formation	19.0	16.9	16.2	16.5	18.2	18.4	18.3	19.1	18.6	18.5
Government	8.5	6.4	5.7	6.7	8.4	8.0	7.3	7.1	6.6	6.5
Private	10.5	10.5	10.5	9.8	9.8	10.4	11.0	12.0	12.0	12.0
National savings	-2.2	-1.7	2.2	0.8	6.6	4.4	4.4	4.3	4.8	5.9
Financing and debt										
Public debt	69.7	69.1	71.8	77.2	78.9	80.1	78.3	75.5	72.5	69.8
Domestic	28.0	27.9	27.6	22.2	23.9	23.3	22.5	21.8	21.1	20.6
External public debt (including IMF)	41.7	41.2	44.2	55.0	55.0	56.8	55.7	53.7	51.3	49.2
External sector										
Current account balance										
(including official grants)	-21.2	-18.7	-14.0	-14.7	-11.6	-14.1	-13.9	-14.8	-13.8	-12.6
(excluding official grants)	-22.6	-19.7	-17.6	-20.0	-17.4	-17.4	-17.3	-17.9	-16.9	-15.5
Central government budget										
Domestic primary balance 3/	-4.5	-0.5	-0.8	-4.9	-5.2	-3.5	-2.2	-1.3	-0.2	0.5
Overall balance	-8.8	-5.6	-3.1	-6.8	-6.2	-7.5	-6.1	-5.5	-4.2	-3.5
Overall balance (excluding grants)	-11.3	-7.7	-6.5	-12.4	-12.5	-10.4	-8.9	-7.9	-6.5	-5.6
Revenue (excluding grants) 4/	12.3	13.7	14.6	13.0	12.5	13.2	13.8	14.3	14.8	15.3
Grants	2.5	2.1	3.4	5.6	6.3	2.9	2.8	2.4	2.3	2.2
Total expenditure and net lending	23.5	21.4	21.1	26.0	25.9	24.4	23.1	22.2	21.3	20.9
Memorandum item:										
GDP at market prices (billions of Leone)	27,465	32,402	37,138	41,400	41,028	48,051	55,742	63,879	72,812	82,590
Excluding Iron ore	27,257	32,402	37,041	41,400	41,028	47,394	54,828	62,843	71,367	80,473
Including Iron ore in millions of US\$	3,685	4,085	4,106	3,877	4,117	3,774	3,827	3,932	4,073	4,259
Per capita GDP (US\$)	496	534	527	486	516	469	467	470	478	492
National currency per US dollar (average)	7,397	7,932	9,016	...	...	...	...	...	...	...
National currency per US dollar (EOP)	7,537	8,396	9,716	...	...	...	...	...	...	...

Sources: Sierra Leonean authorities; and Fund staff estimates and projections.

1/ See Sierra Leone: Request for Disbursement under the Rapid Credit Facility (CR/20/195), June 2020.

2/ Refers to reserves and imports in current year.

3/ Revenue less expenditures and net lending adjusted for interest payments, foreign financial capital spending, and arrears paydown from grants.

4/ Excludes transfers related to CCRT debt relief from 2020 through 2022.

Box 3.1: Assumptions underlying the Medium-Term Macroeconomic Forecasts

Economic growth: The medium-term growth prospects are predicated on duration and spread of COVID-19: (i) increased productivity in agriculture supported by the policy shift of encouraging private sector led delivery of agricultural inputs; ii) recovery of fisheries, tourism, transport and manufacturing sectors (iii) increased investments in infrastructure projects (roads, energy, water supply and ICT; iii) FDI inflows into mining (iron ore, rutile, bauxite and other projects); iv) expansion in manufacturing and services; and (v) implementation of reforms to improve the business environment and governance.

Inflation: Inflationary pressures will subside mainly due to i) stability in the exchange rate emanating from increased inflows of foreign exchange from exports, FDI and donor support; ii) increased food supply on the domestic market iii) proactive monetary policy stance of the Bank of Sierra Leone re-inforced by fiscal consolidation efforts of the Government.

Exports are projected to increase on account of the expected resumption of iron ore mining at the Tonkolili mines and the commencement of bauxite mining in the PortLoko district, commencement of industrial gold mining; the expansion of ongoing mining activities as well as increase in cash crop production.

Imports will grow in line with real GDP growth

Current Account Balance: The current account deficit will improve largely reflecting increased export (agricultural and mining products) resulting in improvement in the trade deficit and higher official and private transfers.

Balance of Payments: The improvement in business climate will attract Foreign Direct Investments and contribute to improve the capital and financial accounts and hence improve the overall balance of payments.

Exchange rate: The Exchange rate movement will continue to reflect the demand and supply for foreign exchange in the market and the differential between domestic and the foreign inflation.

Gross foreign exchange reserves: Increased exports, Foreign Direct Investment as well as donor inflows will contribute to maintain a healthy gross foreign reserves position over the medium term.

Methodology Adopted for forecasting Macro-Fiscal Aggregates

It is important to note that Part III, section 7 of the Public Financial Management Regulations, 2017, makes provision for the establishment a Macro-Fiscal Strategy Working Group (MFWG) charged with the responsibility for macroeconomic modelling and forecasting. Accordingly, the Government, under the Ministry of Finance, established the MFWG comprising technical staff from the Ministry of Finance, Bank of Sierra Leone, National Revenue Authority (NRA), Statistics Sierra Le covens quarterly to produce and review medium-term forecasts. These forecast are discussed with the IMF to agree on the final Macroeconomic framework that inform the preparation of the FSS, and the Government Budget. The forecasts produced by the MFWG also formed the basis of discussions with IMF mission for periodic reviews under Extended Credit Facility (ECF).

The activities of the Macro-Fiscal Working Group start with the conduct of a Nation-wide Economic Prospects Survey covering both private and public sector activities in key sectors of the economy agriculture, mining, manufacturing, construction, and services (tourism, telecommunications, banking, and transport). The data/information collected is used to derive assumptions that are fed into the Sierra Leone Integrated Macroeconomic Model (SLIMM) for the production of the macroeconomic and fiscal forecasts.

In recent years, the Ministry of Finance has taken the lead in collecting data on the non-mining sectors whereas the National Minerals Agency spearheaded data collection from the mining sector. The design of the survey is such that data for the most recent year are validated and prospects for the medium are assessed.

3.0 Fiscal policy

3.1 Recent Fiscal Developments 2018-2019 and First Half of 2020

Total budgetary receipts comprising both domestic resources and grant, amounted to Le 6.666 trillion (17.7 percent of GDP) in 2019, which is 30.4 percent higher than the Le5, 108.8 trillion (15.8 percent of GDP) collected in 2018.

Domestic Revenue Performance

Domestic revenue collected in 2019 amounted to Le 5.42 trillion (14.6percent of GDP) from Le 4.43 trillion (13.7 percent of GDP) in 2018. Of this amount, Income Tax amounted to Le1.85 trillion; Goods and Services tax (GST) , Le 1.03 trillion; Customs and Excise, Le1.33 trillion. Non-tax revenue amounted to Le 1.2 trillion; of which collections from the Treasury Single Account (TSA) Agencies amounted to Le354.6 billion and royalty on timber exports amounted to Le222.6 billion. Increased revenues were driven mainly by administrative reforms, including extensive taxpayer education; the enhanced tracking system of payments including the Treasury Single Account (TSA); improved tax compliance; and the continued rationalization of tax and duty waivers, continued application of the liberalized fuel pricing mechanism that was introduced last year.

Grants

Total grants received in 2019 by the Government to support various projects and programmes amounted to Le 125 trillion (3.3 percent of GDP), which is 83.5 percent higher than the Le 680.3 billion (2.1 percent of GDP) received in 2018. Programme grants, mainly external budgetary support amounted to Le 744.9 billion (2.0 percent of GDP). Project grants amounted to Le 497.2 percent (1.2 percent of GDP). Grants accounted for 18.7 percent of total budgetary receipts in 2019 compared to 13.3 percent in 2018, reflecting improve donor confidence and strong support for Government reform agenda.

Total Expenditures and Net Lending

Total expenditures and net lending amounted to Le7.81 trillion (r 21.1 percent of GDP) 11.9 percent higher than the Le 6.92 trillion spent in 2018. Of this, recurrent expenditure amounted to Le 5.65 trillion (15.3 percent of GDP). Wages and Salaries amounted to Le 2.58 trillion (7.0 percent of GDP) in 2019 compared to Le2.06 trillion (6.3 percent of GDP) in 2018., Goods and services amounted to Le1.18 trillion while Subsidies and Transfers amounted to 912 billion. Total interest payments amounted to Le986 billion (2.7 percent of GDP) in 2019 compared to Le812 billion in 2019. Capital expenditures amounted to Le2.1 trillion (5.7 percent of GDP) in 2019, the same level as in 2018. Domestic capital spending increased to Le964 billion (2.6 percent of GDP) in 2019 from Le674 billion (2.1 percent of GDP) in 2018.

Significant improvement in domestic revenue collection combined with sustained expenditure rationalization improved the overall balance during the review period. The overall deficit (including grants), on a commitment basis, narrowed 3.1 percent of GDP in 2019 5.6 percent of GDP in 2018. The Overall balance (excluding grants)

narrowed significantly to 6.5 percent of GDP in 2019 from 7.7 percent of GDP in 2018. The basic primary deficit, which reflect the fiscal stance of Government widened to 0.8 percent of GDP in 2019 from 0.5 percent in 2018. The budget deficit was financed using both domestic and foreign resources.

Fiscal Developments for the First of 2020

Preliminary fiscal data indicates that domestic revenue collected from January to June 2020 amounted to Le3.1 trillion compared to the original target of Le3.04 trillion for the first half of 2020. Most of the shortfall was recorded in the second Quarter of 2020, when the pandemic shock forced Government to introduce containment measures, to curb the spread of the virus, and help save lives and livelihood. Revenue collected in Quarter 1 of Le 1.5 trillion was broadly on target, whilst collections in Quarter 2 amounting to Le 1.6 trillion was Le310 billion lower than the original target for the Quarter. However, total revenue collected during January to June 2020 is only Le28.8 billion lower than the revised COVID related target.

The shortfall in revenue collected during the first half of the year was due to severe shock to economic activity and the granting of income tax deferrals and relief to businesses, allowing importers to use the warehouse suspense regime, general weak tax compliance and delays in the implementation of administrative reforms including the automation of tax processes due to COVID-19. Deferred import GST payments amounted to Le11.3 billion; delayed import duties, Le28 billion; income tax deferrals for hotels, Le4.5 billion; and for mining companies, Le15 billion.

Total programme grants received during the first half of 2020 amounted to Le435.1 billion. These include Le107.8 billion of budget support disbursed by the European Union and HIPC debt Relief of Le32 billion. Project grants amounted to Le 211.8 billion.

Total Expenditures and net lending on a commitment basis amounted to Le 2.21 trillion during Q1, 2020 compared to Le1.63 billion for the same period in 2019. Total expenditure for the first half of the year amounted to Le 4.522 trillion or 10.9 percent of GDP, 27.5 percent higher than the Le3.547 trillion recorded in the corresponding period in 2018. Recurrent spending was Le 1.74 trillion in Quarter 1, 2020 and amounted to Le 3.603 trillion in June 2020. Wages and Salaries amounted to Le1.582 trillion; Goods and Services spending, Le 793.8 billion; and Subsidies and Transfers, Le 617.6 billion in June 2020. Of this, transfers to NACOVERC amounted to Le 99.62 billion, and subsidies to EDSA amounted to Le147.27 billion during the first half of 2020. Total Interest payments are estimated at Le609.9 billion, of which domestic interest payments amounted to Le 539.9 billion in June 2020. Total capital spending for the first half of 2020 is estimated at Le918.9 billion, of which domestic capital expenditure amounted to Le367.9 billion and foreign loans and grants amounted to Le551.0.

The overall deficit (excluding grants) for the first half of the year amounted to Le1.90 trillion or 4.6 percent of GDP. The deficit, including grants, amounted to Le1.42 trillion or 3.4 percent of GDP. The domestic primary deficit is estimated at Le 698.0 billion (1.7 percent of GDP). The deficit was financed from both domestic

and foreign sources. Net Foreign financing is estimated at Le260.7 billion. Domestic financing of the deficit, including the IMF RCF resources on lent to Government by the BSL, is estimated at Le1.55 trillion

3..2 Medium-Term Revenue Forecasts: 2021-2023

Prior to COVID-19, domestic revenue was projected at Le6.49 trillion (14.8 percent of GDP) for 2020; Le7.88 (15.6 percent of GDP) for 2021; Le9.43 trillion (16.4 percent of GDP) for 2022 and Le10.9 trillion (16.7 percent of GDP) for 2023.

Following the outbreak of COVID-19 and its adverse impact on economic activities, these original revenue projections which underpinned the original 2020 Budget were revised to reflect the potential impact of COVID-19 on domestic revenue collection. The general contraction in economic activities and the uncertainty due to the COVID-19 containment measures adopted internationally and locally was expected to erode the tax base and weaken tax administration.

Accordingly, in April 2020 domestic revenue projection for 2020 was revised to Le5.4 trillion (13 percent of GDP) from the original Le6.47 trillion (14.8 percent of GDP) owing to the anticipated fall in the profitability of businesses; fall in employment levels, drop in private consumption; weak export performance, drop in dutiable imports and general weak tax compliance. On the basis of the performance of domestic revenue during the third quarter of the year (July-September) and the expected increase in activities during the fourth quarter of the year, domestic revenue projections for 2020 were revised upwards in October 2020 to 5.37trillion (13.0 percent of GDP).

Medium-term Revenue Forecasts

The Macro-Fiscal working group also produced fiscal forecasts during the working sessions in August 2020. As in the case of the macroeconomic forecasts, the revenue projections were also discussed with the IMF to arrive at the final projections, which will form the basis of the 2021 Budget (see tables below).

According to the medium-term macro-fiscal framework agreed with the IMF in October 2020, which underpins the 2021 Budget, the key domestic revenue streams are projected as follows:

Domestic revenue is projected is projected to recover to Le6.42 trillion (13.5 percent of GDP) in 2021 and further to Le7.74 trillion (14.1 percent of GDP) in 2022 and Le9.17 trillion (14.6 percent of GDP) in 2023.

Of total domestic revenue, **tax revenue** is projected to increase to Le5.46 trillion (11.5 percent of GDP) in 2021; Le6.63 trillion (12.1 percent of GDP) in 2022 and Le7.93 trillion (12.6 percent of GDP) in 2023.

Personal Income Taxes are projected to increase toLe2.0 trillion (4.2 percent of GDP) in 2021; Le2.38 trillion (4.2 percent of GDP) in 2022 and further to Le2.75 trillion (4.3 percent of GDP) in 2023.

Corporate taxes are projected to increase to Le399 billion (0.8 percent of GDP) in 2021 to Le527 billion (0.1.0 percent of GDP) in 2022 and further to Le670 (1.1 percent) in 2023.

Goods and Services Tax (GST) is projected to increase to Le1.21 trillion (2.5 percent of GDP) in 2021; Le1.51 trillion (2.6 percent of GDP) in 2022 and further to Le1.86 trillion (3.0 percent of GDP) in 2023.

Excise duties including excise on petroleum products will increase to Le693 billion (1.4 percent of GDP) in 2021, and further to from Le807 billion (1.5 percent of GDP) in 2022 and to Le921 billion (1.5 percent of GDP) in 2023.

Import duties will increase to Le758 billion (1.6 percent of GDP) in 2021 to Le946billion (1.7 percent of GDP) in 2022 and Le1.17 trillion (1.9 percent of GDP) in 2023.

Mining royalties and licenses are projected to increase from Le275 billion (0.6 percent of GDP) in 2021 to Le314 billion (0.6 percent of GDP) in 2022 before falling to Le300 billion (0.5 percent of GDP) in 2023.

Other taxes, mainly royalty on fisheries and licenses are projected to increase to Le1113 billion (0.2 percent of GDP)in 2021 to Le142 billion (0.3 percent of GDP) in 2022 and further to Le260 billion (0.4 percent of GDP) in 2023.

Non-tax revenues including royalty on timber, non-tax revenues collected by MDAs and TSA agencies will average 0.2 percent of GDP over the medium-term. In nominal terms, Non-tax revenues will increase to Le953 trillion in 2021 to Le1.11 billion in 2022 and Le1.25 trillion in 2023.

Grants

After surging to Le2.58 trillion (6.3 percent of GDP) in 2020 in response to Government's request for financial assistance from development partners to mitigate the impact of COVID on the fiscal and external accounts, disbursement of grants is projected to decline to Le1.0 trillion (2.9 percent of GDP) in 2021 before rising to Le1.4 trillion in 2022 and 2023.

3.1 Sierra Leone: Fiscal Operations of the Central Government
(Billions of Leone)

	2017	2018	2019	2020	2021	2022	2023	2024	2025
		Act.	Est.	Proj.			Proj.		
Total revenue and grants	4,023	5,109	6,666	8,300	7,754	9,349	10,577	12,276	14,033
Revenue	3,340	4,428	5,418	5,366	6,416	7,739	9,174	10,741	12,451
Tax revenue	3,034	3,809	4,562	4,569	5,463	6,631	7,925	9,342	10,879
Personal Income Tax	972	1,158	1,516	1,717	2,007	2,384	2,748	3,168	3,618
Corporate Income Tax	214	438	339	328	399	527	670	837	993
Goods and Services Tax	714	886	1,025	1,011	1,218	1,511	1,857	2,245	2,690
Excises	424	358	603	575	693	807	921	1,082	1,280
Import duties	486	650	730	619	758	946	1,167	1,403	1,657
Mining royalties and licenses	149	223	232	221	275	314	300	303	315
Other taxes	76	95	117	98	113	142	260	305	326
Non-tax	306	620	855	797	953	1,108	1,249	1,399	1,572
Other, Capital Transfers from BSL (CCRT Debt Relief)	—	—	—	351	331	208	—	—	—
Grants	683	680	1,249	2,583	1,007	1,403	1,403	1,535	1,582
Budget support	137	225	745	1,762	439	826	818	941	979
Project grants	546	455	504	821	568	577	585	594	603
Expenditures and net lending	6,412	6,920	7,814	10,482	10,430	11,808	13,009	14,447	16,323
Current expenditures	4,121	4,748	5,653	6,886	7,264	8,108	8,885	9,843	11,007
Wages and salaries 1/	1,890	2,057	2,576	3,339	3,510	3,922	4,299	4,712	5,206
Goods and services	1,079	1,155	1,180	1,032	1,198	1,388	1,554	1,831	2,143
Subsidies and transfers	549	629	912	1,255	1,278	1,244	1,423	1,603	1,887
Interest	602	906	986	1,261	1,277	1,553	1,609	1,696	1,772
Domestic	535	812	886	1,105	1,139	1,369	1,388	1,441	1,493
Foreign	67	95	100	156	138	184	221	256	280
Capital expenditure	2,308	2,083	2,096	3,404	2,917	3,340	3,765	4,244	4,956
Foreign financed	1,246	1,409	1,132	1,900	1,851	2,060	2,292	2,552	2,840
Domestic financed	1,062	674	964	1,505	1,067	1,280	1,472	1,693	2,116
Net lending	(23)	—	—	—	—	—	—	—	—
Contingent expenditure	6	89	65	59	100	100	100	100	100
Arrears Paydown (cash)	—	—	—	133	149	260	260	260	260
Domestic primary balance 2/	(1,223)	(176)	(279)	(1,823)	(738)	(197)	326	802	1,000
Overall balance including grants	(2,389)	(1,811)	(1,148)	(2,182)	(2,677)	(2,458)	(2,432)	(2,171)	(2,290)
Overall balance excluding grants	(3,072)	(2,492)	(2,396)	(4,765)	(3,683)	(3,861)	(3,835)	(3,705)	(3,872)
Financing	2,389	1,811	1,148	2,182	2,677	2,458	2,432	2,171	2,290
External financing (net)	766	714	282	553	649	889	1,033	1,169	1,417
Borrowing	1,030	1,023	634	1,078	1,282	1,665	1,930	2,226	2,552
Projects	727	1,023	634	1,078	1,282	1,483	1,707	1,957	2,237
Budget	303	—	—	—	—	181	223	269	316
Amortization	(264)	(309)	(352)	(526)	(634)	(775)	(897)	(1,057)	(1,135)
Domestic financing (net)	1,623	1,097	865	1,629	995	1,003	952	850	904
Total Banking Sector (net)	—	999	942	2,490	1,378	1,170	1,133	995	904
Banks, net of lending	1,191	817	819	1,262	1,518	1,588	1,646	1,626	1,695
SDR lending, Net	228	183	123	1,229	(140)	(419)	(513)	(632)	(791)
of which, exceptional financing-RCF	—	—	—	1,392	—	—	—	—	—
Non-Bank Sector	—	(440)	(77)	12	(332)	(167)	(181)	(145)	—
Government Securities, General	—	5	174	91	—	—	—	—	—
Government Securities, Arrears-Related	—	(435)	(251)	(79)	(332)	(167)	(181)	(145)	—
o/w Pre-Arrears Strategy	—	(435)	(251)	(225)	(284)	(118)	(132)	(145)	—
o/w Post-Arrears Strategy	—	—	—	146	(49)	(49)	(49)	—	—
Other 3/	204	(342)	(0)	(938)	(51)	0	0	0	0
G20 debt initiative (deferral)	—	—	—	65	101	0	0	0	0
G20 debt initiative (payment)	—	—	—	0	0	(39)	(56)	(62)	(30)
Financing Gap	—	—	—	0	932	605	502	213	0
Memorandum items:									
Change in unpaid checks (+ = accumulation)	—	265	208	—	—	—	—	—	—
Total Stock of Arrears	3,077	3,377	3,586	—	—	—	—	—	—

Sources: Sierra Leonean authorities; and Fund staff estimates and projections.

1/ Starting in 2019, tertiary education wages are classified in the wage bill rather than under subsidies and transfers.

2/ Revenue less expenditures and net lending adjusted for interest payments, foreign financed capital spending, and arrears paydown from grants.

3/ In CR No 19/217 and prior, "other" includes the non-bank sector. 2018 onward, "other" includes the corresponding transaction for securities issued to reduce the stock of

4/ Subject to the availability of resources.

Table 3.2

Domestic Revenue (Le million)	Domestic Revenues Projection (Le million)			
	2020	2021	2022	2023
Domestic Revenue	5,393,079	6,604,571	8,026,315	9,534,846
Income Tax	2,021,317	2,390,159	2,829,931	3,278,052
Corporate Tax	338,716	379,084	518,421	581,545
Personal Income Tax	1,682,601	2,011,075	2,311,511	2,696,507
Goods and Services Tax (GST)	935,636	1,201,362	1,739,303	1,652,743
Domestic GST	423,082	434,206	446,133	452,743
Import GST	512,554	767,156	1,293,171	1,200,000
Customs and Excise Department	1,228,143	1,505,148	1,782,745	2,669,678
Import Duties	621,000	957,892	1,293,171	2,233,452
Excise Duty on Fuel	554,000	477,210	489,575	436,227
Mines Department	204,894	346,440	422,698	546,891
Minerals Royalties	114,743	172,236	221,826	242,825
Mineral Licenses	90,151	174,204	200,872	304,066
Other Departments	898,929	1,036,562	1,123,646	1,256,010
Marine resources	114,000	132,993	154,387	178,591
Parastatal Dividends	87,750	108,500	80,737	82,840
Timber	224,164	245,863	266,584	292,949
TSA	381,052	442,937	500,465	566,983
Road User Charges & Vehicle Licence	104,160	124,900	127,991	131,472
Nominal GDP	41,410,172	47,458,959	55,030,773	62,050,643

Source: SLMFWG

Table 3.3

Domestic Revenue	Domestic Revenues (% of GDP)			
	2020	2021	2022	2023
Domestic Revenue	13.0	13.9	14.6	15.4
Income Tax	4.88	5.04	5.1	5.3
Corporate Tax	0.82	0.80	0.9	0.9
Personal Income Tax	4.06	4.24	4.2	4.3
Goods and Services Tax (GST)	2.26	2.53	3.2	2.7
Domestic GST	1.02	0.91	0.8	0.7
Import GST	1.24	1.62	2.3	1.9
Customs and Excise Department	2.97	3.17	3.2	4.3
Import Duties	1.50	2.02	2.3	3.6
Excise Duty on Fuel	1.34	1.01	0.9	0.7
Mines Department	0.49	0.73	0.8	0.9
Minerals Royalties	0.28	0.36	0.4	0.4
Mineral Licenses	0.22	0.37	0.4	0.5
Other Departments	2.17	2.18	2.0	2.0
Marine resources	0.28	0.28	0.3	0.3
Parastatal Dividends	0.21	0.23	0.1	0.1
Timber	0.54	0.52	0.5	0.5
TSA	0.92	0.93	0.9	0.9
Road User Charges & Vehicle Licence	0.25	0.26	0.2	0.2

Source: SLMFWG

Assumptions Underlying the Revenue Projections by the Macro-Fiscal Working Group

Corporate Tax: projected to grow in line with the nominal growth of non-iron ore, non-agricultural nominal GDP with an estimated buoyancy.

The reduction in the corporate income rate from 30% to 25% and COVID-19 pandemic are expected to reduce corporate income tax in 2020. During 2021-2023, efficiency gains derived from the implementation of ITAS, enhanced audit capacity, transfer pricing enactment, business register cleaning and block registration are expected to improve revenue collection in the medium-term.

Personal Income Tax: PAYE from the private sector including parastatals is projected to grow at the rate of nominal non-agriculture GDP. Forecast of PAYE from central Government employees is based on the projected Government wage bill for the subsequent year and the related effective tax rate of the preceding year.

Efficiency gains were assumed in 2021-22 to derive from implementation of ITAS, enhanced audit capacity, business register cleaning, block registration, DTPS, and special regime for compliance of professionals.

Domestic GST: projected to grow in line with the growth in private consumption.

For 2021-22, efficiency gains assumed to be derived from full year effect of ECR implementation, ITAS implementation, enforcement of stronger sanctions for non-issuance of GST receipts or ECR invoices.

Import GST: projected to grow in line with the increase in dutiable imports of goods and services. The effective tax rate for import GST for the preceding year is applied on dutiable imports estimated at 60% of total imports.

Import Duties: projected to grow in line with the increase in dutiable imports estimated at 62% for 2021; 70 % for 2022 and 80% for 2022 as duty waiver concessions are reviewed and the Duty and Tax Waiver Policy enacted and implemented to reduce the level and share of non-dutiable imports. The effective tax rate for import in the preceding year is applied on projected imports for the subsequent year.

Petroleum Excise: Forecasted based on the projected volumes of uplifted petroleum products by Oil Marketing Companies and the excise duty rate specified in the Petroleum Pricing formula. This also assumes the continued liberalisation of petroleum pump prices. Fuel Uplift will increase in the medium-term in line with growth in the mining, construction and manufacturing sectors that largely utilize fuel for their operations.

Excise Duty on other Imports: Obtained by multiplying the projected dutiable imports by the effective tax rate for import excise in the preceding year. Efficiency gains will come from the implementation of the excise duty stamp duty scheduled for implementation during 2021-22 as this will reduce smuggling of tobacco and alcoholic products thus bringing in more revenue.

Mines royalties: Royalty on minerals are projected on the basis of the projected export values and the royalty rates specified in the respective Mining Lease Agreements. Kingho Mining company, which took over the Tonkolili Iron Ore mines is expected to resume operations in 2021 especially as price of iron ore firms up in the international market. Industrial Gold production is also scheduled to commence fully in 2021.

Mineral Licenses: are projected to grow in line with the real growth rate of the mining sector

Royalty and Licenses on fisheries: assumed to grow in line with the nominal growth rate of the fisheries sector. Efficiency gains are expected from the legislated changes in fee structure and improved monitoring mechanisms for poachers in the high seas. Normal operations in the sector are assumed to resume in 2021.

Parastatal Dividends: Parastatal dividends are projected to grow in line with the profitability of the two state-owned banks, annual concession fee from Bollore, and the Cargo tracking fees.

Royalty on Timber: based on the projected export volumes of timber and the associated royalty rate. Timber exports are assumed to grow in line with nominal GDP and on the assumption that there will no ban on timber export during the medium term.

TSA Revenues: assumed to grow by the growth rate economic activities (real GDP growth

Revenue collected by Other MDAs: Assumed to be growing in line with real GDP growth

Road User Charge is projected on the basis of projected sales volumes of petroleum provided by the PRA using the RUC rate in the Petroleum Pricing Formula.

3.3 Revenue and Tax Policy Measures for the Medium-Term: 2021-2023

Over the medium term, Government will continue pursuing measures and reforms to further strengthen tax policy and tax administration to yield the much-needed revenues to support and expand priority spending.

Strengthening Tax Policy

principles: (a) those measures that yield maximum revenues; and (b) measures that will help in simplifying tax administration or compliance, with a view to improving the business environment. Some of the measures envisaged for the medium-term include:

Closing leakages and reducing tax evasion and tax avoidance measures through:

- (i) Introducing transfer pricing legislation to ensure consistency with international best practice, and to minimize transfer mispricing and revenue loss from related party transactions, with support from the World Bank, ATAF and UNDP;
- (ii) Enact into law the Duty and Tax Waiver Policy and implement its provisions to avoid abuse and misuse of duty and tax waivers and create a consistent policy framework for a level playing field going forward and ensure minimum revenue losses;
- (iii) Reviewing the fiscal regimes in all existing agreements in a view to reducing revenue losses and creating a competitive platform for all investments.
- (iv) Complete the strategy to settle the arrears of several SOEs and MDAs on their tax payments.
- (v) Continue to broaden the coverage of the TSA to include revenue collecting Subvented Agencies
- (vi) Continue to apply the automatic fuel pricing mechanism in order to protect the budget from fluctuation in international fuel prices and the exchange rate

Improving Tax Administration

Government will also continue to pursue gains from more effective tax administration, with a focus on the following areas:

Expanding the tax base through:

- (i) Undertaking 'block' registration of taxpayers at the beginning of Q4 2020 to further enhance the accuracy and reliability of the tax register. The nationwide block registration will capture taxpayers not registered with the NRA thereby expanding the tax base and mobilising more revenues;
- (ii) Analysing data obtained from the Freetown Property Census to expand the rental income taxpayer base thereby establishing a reliable and complete rental income tax database;
- (iii) Identifying high net worth individuals and taxing them accordingly; and
- (iv) Implement a Registration Strategy for unregistered operators/ businesses in the sector.

Improving systems and leveraging digitalization:

- (i) Implementing the Integrated Tax Administration System (ITAS)- The NRA will ensure that ITAS becomes fully operational in the first half of 2021 thereby enhancing efficiency and effectiveness in tax administration.
- (ii) Implementing fully the Electronic Cash Register (ECR) in 2021 with the aim of enhancing efficiency in administering the GST
- (iii) Implement fully the Electronic Single Window, which has been introduced in the second half 2020 to reduce the time spent on the clearance of imported goods.

Enhancing compliance of the Small and Medium taxpayers through:

- (i) Implementing a Domestic Tax Preparers Scheme that allows trained tax agents help in record keeping and compliance of Small and Medium taxpayers.
- (ii) Continuing to implement a robust tax education program, including targeted taxpayer workshops, publishing relevant taxpayer education materials, implementing a National Taxpayer Awards Day by the end of the year, production and airing of Jingles mounted on speakers, and use of celebrities and activists for tax education.

Develop and implement measures targeting the under-declaration and smuggling at customs associated with potential revenue losses:

- (i) NRA with support from development partners, will enter into MoUs for the exchange of data with other customs administrations and agencies working at the points of entry/ exit and as well review the current anti-smuggling operations (both technical and physical smuggling) in an attempt to make them more effective.
- (ii) the NRA will implement the excise stamp duty regime, targeting smuggling of tobacco and alcoholic related imports, consequently bringing in additional revenues in import excise via the formal conduits.

Building capacity in tax administration to tackle harmful tax practices and this will involve:

- (i) Enhancing NRA's capacity to undertake specialized tax and transfer pricing audits;
- (ii) Setting up a data warehouse and training NRA staff to be able to extract, transform and store data in a centralized repository; and
- (iii) Increasing access to data through MoUs with third party sources and OECD's automatic exchange of Information (AEOI).
- (iv) strictly enforcing tax legislation through ongoing efforts to enhance intelligence and investigations.

4.0 Medium-Term Expenditure Framework: 2021-2023

The expenditure forecasts agreed with the IMF are broadly consistent with the forecasts produced by the Macro-fiscal working Group. The lower forecasts for domestic capital expenditures by the IMF are based on concerns for the availability of grant financing given the drop in domestic revenues and the perceived difficulty in obtaining higher external grants post COVID-19. In the absence of grant financing, any increase in domestic capital spending will require additional domestic and external borrowing. This in turn will threaten debt sustainability, which is currently assessed as high risk of debt distress.

4.1 Medium-Term Expenditure Forecasts

Following the sharp increase in expenditure to 25.9 percent of GDP in 2020 owing to the implementation of the COVID-19 Response Plans, which were supported by increased donor support, total Expenditure and Net Lending is projected to gradually return to the normal trend of 22 percent of GDP in 2023.

Total expenditure and Net lending is projected to increase nominally to Le10.43 trillion in 2021; Le11.81 trillion in 2022 and further to Le13.0 trillion in 2023. As a percentage of GDP, total expenditures will decline slightly to 21.9 percent of GDP in 2021; 21.5 percent of GDP in 2022 and further down to 20.7 percent of GDP in 2023.

In nominal terms, **Recurrent expenditure** are projected to increase Le7.26 trillion in 2021 to Le8.11 trillion in 2022 and Le8.89 trillion. As a percentage of GDP, recurrent expenditure will decline to 15.2 percent of GDP in 2021 to 14.7 percent of GDP in 2022 and further down to 14.1 percent of GDP in 2023.

Wages and Salaries are projected to increase nominally to Le3.51 trillion in 2021 to Le3.92 trillion in 2022 and Le4.30 in 2023. As a percentage of GDP, wages and salaries will decline gradually 7.4 percent of GDP in 2021; 7.1 percent of GDP in 2022 and further down to 6.8 percent of GDP. The higher ratio of Wages to GDP is mainly due to the contraction of GDP while the Wage Bill increase in nominal terms.

Goods and Services expenditure will average 2.5 percent of GDP over the medium-term; increasing from Le1.20 trillion in 2021 to Le1.39 trillion in 2022 and Le1.55 trillion in 2023.

Subsidies and Transfers will increase to 2.7 percent of GDP in 2021 and average 2.5 percent of GDP during 2022 to 2023 increasing from Le1.28 trillion in 2021 to Le1.40 trillion in 2022 and Le1.60 trillion in 2023.

Interest payments are projected to increase slightly to Le1.39 trillion in 2021 to Le1.37 trillion in 2022 and to Le1.1.39 trillion in 2023. As a percentage of GDP, interest payments will average 2.7 percent of GDP over the medium-term. Domestic interest payments will amount to Le1.14 trillion (2.4 percent of GDP) in 2021; to Le1.37 billion and to Le1.39 billion.

Capital expenditures are projected to increase to Le2.92 trillion in 2021 to Le3.34.0 trillion in 2022 and to Le 3.77 trillion in 2023. As a percentage of GDP, capital expenditures will decrease to 6.1 percent of GDP in the medium-term.

Foreign funded capital expenditures will increase to Le1.85 trillion in 2021 to Le2.1 trillion in 2021 and to Le2.29 trillion in 2023. As a percentage of GDP, foreign financed capital expenditures will average 6.1 percent of GDP over the medium-term.

Domestic capital expenditures will decrease to Le1.1 trillion (4.1 percent of GDP) in 2021 from Le1.5 trillion in 2020 before increasing to Le1.28 trillion (3.9 percent of GDP) in 2022 and Le1.47 trillion (3.9 percent of GDP) in 2023.

Public debt is projected to amount to 80.1 percent of GDP in 2021 before falling to 78.3 percent of GDP in 2022 and to 75.5 percent in 2023 mainly due to the contraction in GDP and increase in IMF disbursements under the RCF.

4.2 Medium-Term Expenditure Ceilings Non-salary, non-interest recurrent expenditures (See Annex 1)

4.3: Public Investment Programme (PIP): 2021 - 2023

The Public Investment Programme (PIP) for the period under consideration is the aggregate portfolio of projects and programmes drawn from Ministries, Departments and Agencies (MDAs) in line with the provisions and aspirations of the Medium-Term National Development Plan (2019 - 2023). The PIP is clustered around the eight pillars in the Medium-Term National Development plan. Each of these clusters contained Ministries Departments and Agencies with their attendant portfolio of projects/programmes.

The basis under which programs and projects are selected and absorbed in the Public Investment Programme and hence national budget and the Medium-Term Expenditure Framework (MTEF) remains the same as follows:

- (i) projects and programmes must be aligned to the aspirations of the Medium-Term National Development Plan with emphasis on human capital development, which is the Government flagship programme, and jobs creation;
- (ii) project and programmes that are critical to the statutory functioning of the Ministry Department or Agency with official approval; and
- (iii) reference made to the previous year allocation of the domestic capital.

Table 4.1: Public Investment Programme (Annex 2)

4.3 Medium-term Expenditure Priorities

Government priorities for the medium-term are articulated in the Medium-term National Development Plan. Human Capital Development remains the top priority followed by Economic Diversification with a focus on agriculture, fisheries and tourism. Other top priorities include infrastructure development including roads, energy and water and sanitation to improve the competitiveness of the economy. The allocation of Government expenditures, both recurrent and capital reflects these priorities.

4.4 Expenditure Management Measures

Government remains committed to improving public expenditure management and control to create the fiscal space to support enhanced as well as effective and efficient spending on priority sector including human capital development, agriculture and infrastructure. To this end, Government will continue to implement reforms to improve the integrity and sustainability of the government payroll; improve the quality and efficiency of non-salary non-interest recurrent and capital expenditures; and strengthen expenditure controls on other recurrent expenditures.

4.4.1 Improving the Integrity and Sustainability of the Government Wage Bill

Government will sustain and broaden the ongoing wage reforms to improve the integrity of the payroll with the aim of attaining a sustainable Wage bill. Government's objective in the medium-term is to stabilize the wage bill at 6.0 percent of GDP. The Payroll Reform Strategy (2017-2019) and the PFM Reform Strategy (2018-2021) continue to provide the framework for payroll reforms. Some of the ongoing reforms which have contributed to improving the integrity of the payroll include: (i) ensuring that new employees brought into the payroll have valid NASSIT, BBAN and National Identification (NI) numbers; (ii) timely removal from the payroll public sector employee above the retirement age of 60 years; (iii) automation of the payroll of Sub-vented Agencies, tertiary educational institutions. The Accountant-General's Department has also established a Payroll Quality Assurance Team that conducts pre-run payroll checks. The Ministry of Finance in collaboration with NASSIT and NCRA have commenced the matching of biometric data recently collected with NASSIT with that of the NCRA biometric records.

The integration of the payroll of tertiary educational institutions into the centralized computerized payroll led to an increase in the payroll to 6.9 percent of GDP in 2019 from 6.4 percent in 2018. The payroll increased further to 8.0 percent of GDP in 2020 due to the hiring of additional teachers to support the Free Quality Education Programme and health care workers as part of efforts to strengthen the health systems. In the medium-term, the Wage bill is projected to decline 7.4 percent of GDP in 2021 and further down to 6.8 percent of GDP in 2023. To this end, Government will continue to implement the on-going reforms.

(i) Automating the Payroll of MDAs outside the Centralised Government Payroll

There are thirteen public service categories currently in the central computerized payroll system. About 24 percent of payroll payments are processed manually instead of going through the central CSM Payroll system. The Accountant-General's Department has completed the automation of the payroll of sub-vented Agencies and public Universities and Teacher Training Colleges. The payroll of Local councils was automated in July 2020. The automation of the payroll of 10 technical and vocational training institutes is in progress. The payroll of Foreign Missions is on a standalone access database designed by the Accountant General to improve its integrity. This will be automated during the IFMIS update in the medium-term (2021-2022).

About 24 percent of payroll payments are still processed manually instead of going through the central CSM Payroll system. The payrolls of four sub-vented agencies are yet to be integrated into the computerized central payroll system. Also, paramount chiefs and chieftom functionaries together with board members of some sub-vented agencies are all paid through manual vouchers.

(ii) Requirements for Adding New Employees to the Payroll

Going forward, all new public sector employees are required to provide a valid NASSIT, BBAN and NI numbers before inclusion into the Government payroll. In the medium-term, the objective is to use the National Civil Registration Number (including biometric data) as the unique identifier for all public sector employees. The details of all public sector employees captured in the databases of NASSIT, NCRA and employing authorities are being thoroughly reconciled by the Accountant-General's Department to avoid mismatch of names and dates of birth prior to inputting into the central payroll system. Government will support the NCRA to improve their capacity to issue National Identity cards to public sector employees.

(iii) Reconciling Names and Date of Birth Mismatches in The Payroll, NASSIT And NCRA Databases

The biometric verification exercise carried out by the NCRA revealed mismatches between dates of birth of in the central Government payroll and dates of births embedded in the NASSIT numbers of public sector employees, mostly teachers. So far, 16,000 out of about 33,000 employee records of mostly teachers that were found to have DOB mismatches have been cleaned-up. About 600 out of the 2,500 DOB mismatches in the Police have ben cleaned up. Also 2,500 DOB mismatches in the Army payroll have also been clean-up. Currently, the computerized payroll system automatically stops NASSIT contributions on the sixtieth birthday of all public servants that are in the central payroll system. The Ministry of Finance will continue to engage employing authorities with a view to seeking their cooperation in this exercise.

(iv) Payment of Pensions for Public Sector Pre-NASSIT Pensioners

The payment of pensions for public sector employees who retired before the establishment of Social Security Fund was administered by NASSIT. In line with recent reforms and the need is to improve transparency of pension payments and to control the wage bill, the Accountant-General henceforth makes these pension payments directly into the bank accounts of all pensioners.

(v) Terminating the Services of No-Show Employees

As part of the ongoing payroll reform, Government will continue to end assignments of employees that did not show up for verification with the NCRA. This will ensure a clean and transparent payroll. Government will issue termination letters to No-show employees in order to avoid court action that might be taken by the No-Show employees.

Government is urging all employees who want have a complete change of their names to regularize their biometric data to ensure consistency among the NCRA, NASSIT and the Government payroll data bases.

(vi) Proper Deactivation of Payroll Records of former Public Sector Workers

The process of ending assignments of public sector workers who leave the public service, either due to retirement or suspension from work or moving from one category of the payroll to another, was fraught with several inadequacies, which has contributed to the incidence of dual employment. To address this situation, clear work flows are being developed to facilitate the updating of employee assignment and personal files.

Employees who have left the service should be removed from the payroll and those suspended verified. In this context, all retirees and those whose contracts have expired will be issued termination letters by the various Ministries and Agencies to ensure proper and regular clean-up of the payroll. To facilitate this, the Human Resource Management Office (HRMO) is undertaking staff verification exercise (this includes; DOB, Date of First and Current Appointment, NASSIT, and NCRA NIN Numbers) in all Ministries, Departments and Agencies.

(vii) Institutionalizing Payroll Quality Assurance

The Accountant-General has established a Payroll Quality Assurance Team that conducts regular payroll pre-runs before finalizing the payroll every month. The team uses the Tableau tool to generate relevant pre-finalization payroll reports to ascertain the accuracy of the payroll. The final report of the pre-run checks is presented to the Ministry of Finance to inform senior Management on cash management discussions on the wage bill.

(viii) Establishment of a Payroll Audit Team

The Ministry of Finance has also established a dedicated Payroll Audit Team within the Internal Audit Department to ensure compliance with payroll policy measures. The team has prepared payroll audit report for the first Quarter of FY 2020. The preparation of the Quarter 2 payroll audit report is in progress. The Ministry is also developing a Payroll Policy, bringing together all the legal provisions and established rules and procedure for managing the payroll. This will form the basis of the subsequent Payroll Reform Strategy as the current strategy had expired at the end of 2019. With support from development partners, Government will also undertake an external audit of the payroll.

(ix) Random Employee Verification

The National Civil Registration Authority (NCRA) carried out biometric verification for all public employee's and will continue to process as and when new recruitment are made into the service. The verification has helped the Ministry of Finance to undertake regular checks on the payroll to identify retirees and double payment cases.

(x) Aligning Manpower and Budget Planning Processes

For 2021 Budget planning process, and its proper alignment with the man-power needs of all Ministries, Department and Agencies (MDAs), the Human Resource Management Office (HRMO) has done a Man-power hearing sessions with MDAs. During these sessions, MDAs presented their respective Man-power Plan, which

include new recruitment needs and promotions. This process serve as a guiding tool for efficient and sustainable management of the wage bill for 2021 fiscal year and the medium-term.

(xi) Development of a Follow-up Payroll Strategy

Following the expiry of the Payroll Strategy (2017-2019), which provided the framework for the payroll reforms implemented in recent years, there is an urgent need to develop a follow-up strategy to guide payroll reforms in the medium-term.

(xii) Establishing the Wages and Compensation Commission

Significant progress has been made in establishing the Wages and Compensation Commission. Following nationwide consultations, the draft Bill establishing the Commission has been submitted to the Attorney-General's Office for concurrence and Cabinet for approval. Following Cabinet approval, the Bill will be laid in Parliament in Parliament for enacted. In addition to the draft bill, a National Pay and Compensation policy has been developed and validated.

4.4.2 Managing Non-Salary, Non-interest Recurrent Expenditures

Broadening the Coverage of the Treasury Single Account (TSA)

The TSA was introduced in 2018 with six extra-budgetary agencies that hitherto collect and retain Government revenues. The 2019 Finance Act broaden the coverage of the TSA include an additional five semi-autonomous agencies. While the TSA has enabled the Government to mobilize additional revenue into the Consolidated Fund, idle cash balances continue to exist in the accounts of MDAs, especially sub-vented agencies that receive bulk disbursements. To ensure efficient cash management, the Government will commence implementing Phase II of the TSA in 2021. This will further broaden the scope of the TSA to include all sub vented and semi-autonomous agencies.

Strengthening Commitment Controls

Government will continue with ongoing efforts to strengthen commitment controls to avoid the accumulation of arrears and improve the credibility of the budget. The Ministry of Finance rolled-out Electronic PETS system in 2020, which involves the processing of MDA expenditure requests using the automated PET Forms 1 and 2. Prior to this, PET forms are processed and uploaded into IFMIS manually, leading to delays in which MDAs can generate purchase orders and commitment control forms within IFMIS. This has inevitably led to commitments made outside of IFMIS. To avoid these delays and ensure that expenditure commitments are made within the IFMIS, the Ministry of Finance with support from DSTI automated PETS Form I. Going forward, the Ministry will automate PET Form 2 to ensure fully automation of the budget execution process. The Ministry of Finance strongly discourages suppliers from accepting Local Purchase Orders that are not generated within IFMIS. The Ministry of Finance also requires MDAs to seek approval of contract certificates before contracts are awarded to suppliers/contractors. In addition, the Ministry of Finance ensures that payment cheques are printed and sent to the Bank of Sierra Leone only if there are funds in the Consolidated Fund to meet such payments.

Government is also committed to the non-accumulation of arrears consistent with the Arrears Clearance Strategy. To support these efforts, we will follow-up on the arrears prevention recommendations based on the recent Public Investment Management Assessment (PIMA) mission from the IMF Fiscal Affairs Department.

Developing the Electronic Funds Transfer System

The manual processing of payment instructions to the BSL by the Accountant General's Department (AGD) has resulted in delays and omissions and involves significant transaction costs. This is because interbank funds transfer between the BSL and AGD cannot be done electronically as the IFMIS systems at the AGD and the T-24 software at the BSL are not yet integrated. To address this constraint, an Electronic Funds Transfer (EFT) System is being developed to provide the AGD with the capability to make cashless and paperless disbursements to recipients and beneficiaries of Government payment obligations through the BSL; enable the real time processing of all payment transactions from the AGD; and provide for a seamless reconciliation process between the BSL and AGD.

Upgrading and Expanding the Coverage of IFMIS

Currently, the IFMIS has been rolled out to 54 MDAs. The IFMIS will be upgraded to web-based version and extended to Local Councils, Embassies/High Commissions and donor-funded projects to ensure comprehensive recording, accounting and reporting of Government financial transactions.

Strengthening Budget Preparation

For effective commitment controls, the Government will also continue strengthening budget preparation to better reflect the spending needs of MDAs. Quarterly budget allocations often do not reflect MDAs' spending projections. While this could reflect the current situation of cash constraints, it could also be related to insufficient appreciation of the needs of MDAs and/or unrealistic projections by the latter. The Ministry of Finance will continue to deploy trained budget officers to MDAs and strengthen the capacity of Budget Committees. Earlier this year, the MoF started deploying budget officers to MDAs to strengthen their projections, with a view to ensuring better budgetary allocations.

Conduct Annual Public Expenditure Tracking Surveys (PETS) and Implement the 2019 Public Expenditure Survey Recommendations

The regular conduct of PETS will help to ensure that disbursed resources reach the intended beneficiaries, and also better inform future budget preparation and allocation. The PET Survey undertaken in 2019 on selected 2018 expenditures in the education, agriculture and health sectors proffered useful recommendations for reducing wasteful expenditure.

Strengthening Contract Management

Weak contract management often leads to incurring extra-budgetary expenditures and the accumulation of arrears. There is need to establish information systems to record, track, monitor, and report on the execution Government contracts.

Implement the Vehicle Fleet Policy

Following the approval of the Fleet Management Policy by Cabinet, the Ministry of Finance in collaboration with the Ministry of Transport and Aviation will commence the implementation of the policy in 2021 to minimize the cost of procurement and maintenance of Government vehicles. The Vehicle Fleet Policy seeks to reduce the capital, maintenance, and running costs, minimize wastages, and the misuse of Government vehicles. It will also ensure that Government officials use the most appropriate and cost effective modes of transportation for effective service delivery.

Improving Public Procurement

Building on the reforms implemented in recent years Government will introduce electronic procurement system to further improve the transparency and accountability of public procurement.

4.4.3 Managing Domestic Capital Expenditures

Following the conduct of the Public Investment Management Assessment (PIMA) by the joint staff of the International Monetary Fund (IMF) and World Bank in December 2019, a lot of reforms have been proffered for an efficient and effective the Public Investment Programme. The assessment provided an insight into Sierra Leone's public investment management framework and assist Government to prepare a prioritized action plan for strengthening the management of the public investment. The assessment further examined how efficient Sierra Leone public investment is to other countries in the region that have made similar assessment and highlighted challenges in the public investment process that will inhibit the government drive to close the infrastructural gap notwithstanding the significant strides made over the years.

The assessment indicated that Sierra Leone's public investments has been volatile, mirroring the huge swings in the economy and the fragile fiscal conditions. Under pressure from infrastructure demands and economic volatility, public investments were driven by top-down decisions.

In an effort to take forward the reforms in public investment, Government has concluded the development of a national public investment policy. This policy is expected to provide the enabling environment for improved public sector management and private sector participation in public investments, with the ultimate aim of providing increased opportunities for economic growth and development. The policy provides the framework for setting priorities that would strengthen the link between public investment and the medium term national development plan; provide for the coordination of all stakeholders in public investment effort and streamline roles and responsibilities; and establishes a clear process in the planning, appraisal, budgeting, implementation and post evaluation of public investment projects.

Going forward the public Investment programme will be guided by the national policy which describes the institutional and legal framework, guiding principles and priorities of public investment activities.

5.0 FISCAL RISK STATEMENT

A. Macroeconomic risks

Macroeconomic Risks relate to factors that may cause the outturns of key macroeconomic variables to significantly differ from those anticipated under the Fiscal Strategy Statement. While such risks could be positive or negative, the emphasis is mainly on negative macroeconomic shocks, which impact could challenge Government's policy implementation. Potential adverse shocks to GDP, fall in the prices of mineral exports especially iron ore; rise in international prices of petroleum products; sharp depreciation in exchange rate of the Leone to the US Dollar; rise in inflation and domestic interest rates and the lingering effect of the recent global Corona Virus 19 pandemic may have large implications for Government revenue and expenditure and therefore, derail the attainment of fiscal objectives.

(i) Adverse shocks to GDP Growth

GDP growth in Sierra Leone remains volatile. Following the subdued growth in 2017 and 2018, the economy recovery recovered strongly in 2019, growing by 5.4 percent in real terms. The outlook of the economy before COVID-19 was also bright, with growth projected to average 4.5 percent during 2020-2022. In particular, the economy was projected to grow by 4.2 percent in 2020. The outbreak of COVID-19 and its associated containment measures have disrupted activities in key sectors of the economy including agriculture, mining, manufacturing, trade and tourism. Consequently, the economy is now projected to contract by 3.1 percent with adverse implications for domestic revenue collection. Projections for domestic revenue have been revised downwards to 13.0 percent of GDP from the initial projection of 14.8 percent of GDP. Coupled with the increase in expenditure to respond to the health crisis to protect lives and implement several programmes to mitigate the impact of COVID-19 on livelihoods, the budget deficit widens to 12.8 percent of GDP in 2020. The outlook of the economy in the medium-term depends on the spread, duration and severity of COVID-19. Given the uncertainty about the end of the disease, economic activities may remain subdued in the medium-term. A continued slowdown in economic activity could drastically reduce domestic revenue mobilization and impacted expenditure in major service delivery areas in the country. The expectation is that the fiscal gap could widen with adverse implication for fiscal and debt sustainability in particular and macroeconomic stability in general.

(ii) Inflation

Low and stable inflation is crucial for macroeconomic and financial stability. Low and stable inflation makes the economic and financial environment less risky and so encourages the efficient allocation of resources that will support investment, and therefore promote higher and durable economic growth. Domestic consumer prices have been trending downwards in the last few months, but still remain in double digits driven by the pass-through effects of currency depreciation and supply side constraints and its impact on food prices, transport and cost of utilities. Year on year inflation rose to 15.6 percent in March before gradually falling to 13.6 in July 2020. Inflation is projected to remain high for the rest of the year due to the disruptions to global and local supply chains by COVID-19

High and variable inflation could increase the cost of goods and services purchased by Government for its day to day operations and hence increase Government expenditures and the overall budget deficit. Government also holds substantial amount of domestic debt. An increase in inflation would ideally increase nominal interest rates on domestic debt and hence increase Government domestic interest payments.

By distorting the signalling power of relative prices and returns on investment in the medium term, inflation can slow foreign direct investment and economic growth with profoundly deleterious effect on the tax base and revenue collection. In addition, most taxes such Goods and Services taxes and Corporation taxes are normally collected with substantial lags. Therefore, high and rising inflation could erode domestic revenue collected from these sources and hence complicate the execution of the budget. Tax arrears also come with substantially collection lags.

(iii) Exchange Rate Movements

A nominal exchange rate depreciation can exert a direct effect on the fiscal deficit through its impact on revenues and expenditures. Following the 00 percent depreciation in 2019, the Leone has remained relatively stable, depreciating by 00 percent during January to August 2020.

Exchange rate depreciation affects domestic revenues through two channels; firstly, by affecting the revenues generated from ad valorem taxes on imports and secondly by affecting the domestic currency value of foreign exchange receipts by government. Exchange rate depreciation also affects Government expenditures especially the foreign exchange outlays associated with external debt service payments and the foreign component of domestic funded capital expenditures. Sierra Leone also has substantial level of external debt that is denominated foreign currency-especially the US dollar, about US\$1.6 billion. This means any nominal depreciation of the local currency can profoundly increase the debt service payments (interest payments and amortization) in domestic currency, thereby widening the budget fiscal deficit. Also, the country heavily depends on the finished, intermediate and raw material imports for consumption and industrial production. Given that most Government purchases fall on imports, these may challenge the implementation of the budget and hence the overall deficit.

(iv) Fall in the prices of Mineral Exports

The Sierra Leone economy is heavily dependent on mining exports, particularly iron ore, diamonds and rutile. Mining exports contribute, on average, 5 percent to the country's GDP (2016 - 2019). In recent years however, mining activities have been subdued as a result of low international prices for iron ore and the protracted economic downturn in major trading partners.. The situation is exacerbated by the impact of COVID-19 on the economies of Sierra Leone's trading partners especially China and some European countries. The corresponding drop in commodity prices especially mineral exports will adversely affect economic growth and domestic revenue collection as royalty payments and other mining related taxes plummet. Similarly, low level of exports will reduce supply of foreign exchange, causing the Leone to depreciate further, heighten inflation and increase Government expenditure.

(v) High stock of Public Debt

Sierra Leone total public debt stock is substantial, estimated at US\$2.36 billion (Le23.19 trillion) , which is over 60 percent of GDP as at end 2019. This excludes the stock of verified domestic suppliers and contractors arrears estimated at USD 360 million. Used productively, borrowing can fund investment in essential infrastructure, helping to boost future growth potential, or to manage temporary downturns in revenues over the macroeconomic cycles.

The current stock of debt poses a significant fiscal risk given its associated high debt service payments (interest and amortization) particularly on domestic debt which is predominantly in short-term debt instruments. Further increase in the debt stock on non-concessional terms would increase debt service payments, which would further reduce funds available for other Government priority spending or lead to increasing deficits and further borrowing. If the strategy developed for the liquidation of the huge stock of verified domestic suppliers and contractors' arrears is not properly implemented, this would translate into increased explicit domestic debt with the resultant debt service challenges.

(vi) Rise in Domestic Interest Rates

Sierra Leone also has a substantial stock of domestic debt in the form of marketable and non-marketable securities. As at end-June 2020, this amounted to 7.14 trillion with projected interest payment for 2020 amounting to Le1.11 trillion or 16.97 percent of recurrent expenditure.

Interest rates for the most dominant domestic debt instrument (364-days Treasury Bills) have remained high averaging at around 24 percent as of June 2020, reflecting the Government stance of rolling over the high domestic debt stock amidst high inflation. Further increases in domestic interest rates would increase overall government spending and crowd out financing of critical developmental initiatives of Government.

Mitigating Macroeconomic Risks

In order to mitigate the potential risks emanating from negative shocks to key macroeconomic variables including GDP, inflation, exchange rate, domestic interest rates, Government will sustain its efforts at fiscal consolidation to ensure fiscal and debt sustainability and safeguard macroeconomic stability. To this end Government will continue to implement revenue enhancing including reforms broadening the coverage of the Treasury Single Account (TSA), automating tax processes and procedures, strictly enforcing tax legislations, minimising duty and tax waivers and continued implementation of the liberalised petroleum pricing formula. On expenditure management, Government will continue the implementation of on-going reforms to ensure the sustainability and improve the integrity of the Government Wage bill, strengthen commitment controls, and improve the efficiency of public investment.

Government will also continue with efforts to remain on track on the economic and financial programme with the IMF-the Extended Credit Facility (ECF). The ECF supports the implementation of prudent macroeconomic policies to foster macroeconomic stability. The programme also provides balance of payment support, which augments our foreign exchange reserves, thereby contributing to

the stability of the exchange rate. Remaining on track on the ECF combined with the implementation of structural and sectoral reforms agreed under budget support operations will also trigger the disbursement of budget support from the World Bank, African Development Bank and the European Union, which provides additional fiscal space and reduce Government's borrowing requirements from the domestic banking system, thereby reducing inflation and treasury bill interest rates.

Government also remains committed to diversifying the economy in order to reduce its vulnerability to internal and external shocks. To this end, Government will scale up spending on key productive sector including agriculture, fisheries and tourism. Government will also implement reforms to attract private investment in to these sectors as well as in the manufacturing and services sectors.

B. Central Government Contingent Liability

(i) Contingent Liabilities of State-Owned Enterprises

Based on the Contingent Liability Survey conducted in 2019, the total liabilities for the fourteen (14) active State-owned Enterprises (SoEs), excluding the two state-owned banks (Sierra Leone Commercial Bank and Rokel Commercial Bank Ltd) amounted to about Le2.6 trillion. Close to 70 percent of these liabilities (67.4%) are suppliers' arrears, followed by employees' compensation and standard loans, accounting for 9.2 and 8.3 percent respectively as shown in the table below:. A significant proportion of the suppliers' arrears relates to the Electricity Distribution and Supply Authority (EDSA) obligations to Electricity Generation and Transmission Company (EGTC) and Karpower. As shown in Table---, EDSA has the largest share of the total liabilities (43.5%), followed by the Sierra Leone National Telecommunication Company (Sierratel), and Sierra Leone Airport Authority (SLAA), accounting for about 38.1 and 7.6 percent, respectively. There are a good number of SoEs whose liabilities are below 1 percent of the total liabilities including, Sierra Leone Postal Services (SALPOST), Sierra Leone State Lottery (SLSL), Sierra Leone National Shipping Company (SLNSC), and Sierra Leone Housing Corporation.

Table 5.1

Type of Liability	End 2019 (Le'000)	% of Total
Bank Overdraft	158,671.70	0.0%
Contractors Arrears	14,925,378.90	0.6%
Corporation Tax	2,423,050.00	0.1%
Corporation Tax Arrears	46,334,481.00	1.8%
Loan from Government	13,683,585.70	0.5%
NASSIT Obligations	153,161,688.90	5.9%
Other Liabilities	138,639,552.80	5.3%
PAYE Arrears	14,503,018.00	0.6%
Salaries/Wages/Employee Benefit	239,875,629.26	9.2%
Standard Loans	214,424,772.00	8.3%
Supplier Arrears	1,747,565,333.24	67.4%
Utility Arrears	8,435,969.70	0.3%
Grand Total	2,594,131,131.20	100%

Source: Fiscal Risk and SOE oversight Dept., Ministry of Finance

With the historically weak financial performance of most of the SOEs, particularly EDSA and SIERRATEL, a situation that has been exacerbated by the Covid-19 pandemic, the risk of these institutions failing in their obligations is very high. While Government could avoid the fiscal burden from some of the SOEs by adopting strict fiduciary measures, for others, such as EDSA, it difficult to avert certain fiscal responsibilities in the immediate future. This means that Government may have to step in defray some of the suppliers arrears owed by EDSA and SIERRATEL.

No.	Name of State-owned Enterprise	End 2019 (Le'000)	% of Total
1	Electricity Distribution and Supply Authority	1,127,343,362.0	43.5%
2	Electricity Generation and Transmission Company	146,239,918.00	5.6%
3	Guma Valley Water Company	55,059,343.00	2.1%
4	National Development Bank Limited	116,945.60	0.0%
5	National Insurance Company	5,000.00	0.0%
6	Sierra Leone Airports Authority	196,669,564.00	7.6%
7	Sierra Leone Housing Corporation	483,740.06	0.0%
8	Sierra Leone National Shipping Company	6,584,953.00	0.3%
9	Sierra Leone Port Authority	28,440,747.90	1.1%
10	Sierra Leone Postal Services	11,006,406.40	0.4%
11	Sierra Leone Road Transport Corporation	3,725,887.00	0.1%
12	Sierra Leone Roads Authority	22,632,860.10	0.9%
13	Sierra Leone State Lottery Company	7,850,126.00	0.3%
14	Sierra Leone Telecommunication Company	987,972,278.14	38.1%
Grand Total		2,594,131,131.2	100%

Source: Fiscal Risk and SOE oversight Dept., Ministry of Finance

(ii) Contingent Liabilities from Public Private Partnership

Given the fiscal challenges and the existing public debt level, which is considered to be at high risk of distress, as well as the need for efficiency in public service delivery, Government has embraced Public Private Partnership (PPP) arrangements as alternative means to deliver on public infrastructure and related services. Significant progress has been made in attracting private investors into PPP in several sectors of the economy, particularly the energy sector, which has seen PPP commitments of over US\$2.0 billion. There are currently eighteen (18) active PPP projects distributed across various sectors in the country with the energy sector accounting for over 40 percent of the estimated total projects cost. One example of PPP projects implemented in recent years is the Wellington-Masiaka Toll Road project undertaken by the Chinese. There are also pipeline PPP projects including; the Cote d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG) transmission project; the 150-bed super specialty healthcare facility project to improve health care delivery; the affordable housing for the poor project; the Karpower project to supply electricity to Freetown, and the Lungi Bridge project.

While PPPs have proven to be useful tool to providing public infrastructure and related services, it is normally shrouded with both implicit and explicit contingent liabilities with the potential to destabilize Government's fiscal profile. Examples abound wherein EDSA cannot generate enough revenue to pay independent power producers (IPPs), and Government has to take over the bill, causing significant stress on the national budget. In FY2019, Government provided about Le132 billion of subsidy to assist in the settlement of EDSA's tax and IPPs' obligations.

This trend appears to continue in FY2020, particularly as the Covid-19 pandemic is having its toll on Authority's cash flow. Similar references can be made for other PPP projects, including the IPAM Bureh Town Residential Campus project that requires a Government guarantee of over US\$37.0 million apart from the existing Government exposure of about Le20.0 billion.

Measures to Mitigate PPP Risks

1. Due to the complex nature of PPPs and the resulting contingent liabilities that may arise from them, Government need to strengthen the 'gateway' processes of managing PPPs. There is need to continue building institutional capacity for evaluation of PPP projects so that inherent project risks could be identified, assessed, allocated or avoided. In this regard, Government has sought technical support from IMF and World Bank to build capacity of Fiscal Risk Management Division staff in the use of the PPP- Fiscal Risk Assessment model.
2. The IMF Fiscal Affairs Department have conducted a Public Investment Management Assessment in a bid to improve PPP governance.
3. Direct commitments and obligations related to contingent liabilities arising from the risks assumed by the government should be adequately provisioned for in the budget.
4. Establishment of PPP units in the Office of the Vice President, the Public Investment Management unit at the Ministry of economic Development and a dedicated PPP unit at the Fiscal Risk Management Division of the Ministry of Finance serves the 'gate keeping' role that provides enabling legal and institutional framework to guide investments in PPP. This has facilitated and maintain fair, equitable, transparent, competitive and effective procurement processes for PPPs. Government must therefore ensure and enforce that all PPP projects go through the necessary 'gate keeping' phases before execution.
5. The Government has also developed regulatory framework such as the PPP Act 2014, Procurement Acts 2016 and the PFM Acts 2016 to guide the implementation of PPP projects.
6. Government has also set limit on exposure relating to guarantees and insurance securitization.

Most PPP projects in the country are at the project initiation stage implying huge investment outlays or contingent liabilities for government in the future. The presidential Infrastructure Initiative projects are predominantly in the roads and constructions sector. The Medium Term National Development Plan prescribe an off-balance sheet with no sovereign guarantee-financing model for implementing projects under the presidential infrastructure initiative.

Contingent Liabilities from Litigation

Over the years Government has been battling with series of litigations that have sometimes challenged the national budget, particular for those that require representation outside the jurisdiction of Sierra Leone. There are several outstanding litigations against Government at ECOWAS Court, including the one

involving the Centre for Accountability and Rule of Law with a claim of about US\$14 million. There are also others that are under international arbitration, including the case with SL Mining Ltd.

The proliferation of lawsuits against Government and quasi Government institutions with the possibility of culminating in unfavorable outcome signifies significant fiscal risks to the national budget.

Policy Risks

The partial or non-implementation of policy reforms agreed under budget support operations agreed with donors represent one of the greatest risks to budget implementation in Sierra Leone. It is important to note that Government expenditures are programmed on the basis of expected disbursements from development partners as domestic Government revenues are in most cases far below the projected expenditures. The delay or non-implementation of these policy reforms will either delay or postpone the disbursement of budget support by development partners, thereby derailing budget implementation.

Natural Disasters

In recent years, Sierra Leone has been experiencing incidence of natural disasters and Epidemics, resulting in loss of lives, livelihoods and properties, with severe consequences on the economy. Recurring disasters in recent times include floods, Ebola Viral Disease (EVD), Mudslide and currently the Corona Virus. Wild fire threats in some part of the country especially in the north which appeared to be a remote possibility in the past has, recently, becoming a potential reality. Flooding is mostly linked to the heavy terrestrial rains. The mudslide and floods in 2017 claimed over 150 lives and the recent army worm invasion that destroyed crops are often irregular.

The frequent occurrence of natural disasters is putting significant stress to the national budget. There is no comprehensive strategy geared towards the financing of natural disasters and related interventions have been on an ad-hoc. In an effort to mitigate the impact of COVID on the people and businesses, Government prepared the Quick Action Economic Response Programme and the Health Sector Preparedness and Response programme. The implementation of these programmes require additional spending far above what the original budget provided. This necessitated the preparation of a Supplementary Budget with new priorities aimed at fighting the disease and mitigating the impact. Therefore, disasters usually lead to extra-budgetary expenditures. In the midst of limited resources, other priority spending could be postponed to address the emergency needs of the affected population.

Mitigating Measures/Contingency Plans for Natural Disasters

To address emergency needs arising from natural and man-made disasters, Government is in the process of establishing a Disaster Control and Management Agency. Meanwhile, Government is strengthening the capacity of the Office of National Security to coordinate disaster response activities.

In addition, Government is also incorporating contingency planning in the budget planning process. The PFM Act, 2016 makes provision for the allocation of budgetary resources under in the National Budget to meet unexpected expenditures.

ANNEX 1-NATIONAL DEVELOPMENT PLAN CLUSTER ALLOCATION OF NON SALARY, NON INTEREST RECURRENT EXPENDITURES FOR FY 2019-2023
In Millions of Leones

Details	FY 2019 Actual Le'm	% of Total Non int/sal Recurr Exp	FY 2020 Estimate Le'm	% of Total Non int/sal Recurr Exp	FY 2021 Budget Le'm	% of Total Non int/sal Recurr Exp	FY 2022 Indicative Le'm	% of Total Non int/sal Recurr Exp	FY 2023 Indicative Le'm	% of Total Non int/sal Recurr Exp
CLUSTER 1 EDUCATION FOR DEVELOPMENT	351,934.7	16.3%	149,389.7	6.9%	185,608.3	8.6%	260,791.2	12.1%	342,946.6	15.9%
1.1 DELIVERING FREE QUALITY EDUCATION	211,069.5	9.8%	42,215.9	2.0%	44,550.0	2.1%	48,540.7	2.3%	54,072.6	2.5%
301 Ministry of Basic and Secondary Education	101,190.0	4.7%	26,077.7	1.2%	30,284.9	1.4%	32,099.0	1.5%	34,021.7	1.6%
312 Teaching Service Commission	4,891.2	0.2%	2,287.4	0.1%	2,656.4	0.1%	2,815.6	0.1%	2,984.2	0.1%
701 Devolved Function - Education Services	104,988.3	4.9%	13,850.8	0.6%	11,608.6	0.5%	13,626.2	0.6%	17,066.7	0.8%
1.2 STRENGTHENING TECHNICAL AND HIGHER EDUCATION	140,865.2	6.5%	107,173.8	5.0%	141,058.4	6.5%	212,250.5	9.8%	288,874.0	13.4%
300 Ministry of Technical and Higher Education	140,216.1	6.5%	106,585.5	4.9%	140,375.1	6.5%	211,526.3	9.8%	288,106.4	13.4%
316 Civil Service Training College	649.1	0.0%	588.3	0.0%	683.3	0.0%	724.2	0.0%	767.6	0.0%
CLUSTER 2 OTHER HUMAN DEVELOPMENT	141,514.1	6.6%	231,834.5	10.7%	282,178.5	13.1%	325,770.1	15.1%	367,307.7	17.0%
2.1 HEALTHCARE IMPROVEMENT	92,078.3	4.3%	146,590.0	6.8%	169,966.0	7.9%	204,782.4	9.5%	232,541.3	10.8%
304 Ministry of Health and Sanitation	60,101.3	2.8%	49,237.3	2.3%	55,782.2	2.6%	59,123.6	2.7%	62,665.1	2.9%
307 National Medical Supplies Agency	26,615.8	1.2%	51,304.5	2.4%	64,781.0	3.0%	108,133.4	5.0%	127,345.6	5.9%
309 Dental and Medical Board	151.5	0.0%	541.1	0.0%	628.4	0.0%	666.0	0.0%	705.9	0.0%
311 Health Service Commission	347.0	0.0%	1,034.0	0.0%	1,200.8	0.1%	1,272.8	0.1%	1,349.0	0.1%
314 National HIV and AIDS Commission	783.2	0.0%	2,074.3	0.1%	2,408.9	0.1%	2,553.2	0.1%	2,706.2	0.1%
315 Teaching Hospitals Complex Administration	1,178.4	0.1%	1,648.7	0.1%	1,914.7	0.1%	2,029.4	0.1%	2,150.9	0.1%
317 Post Graduate College of Health Specialists	0.0	0.0%	1,510.0	0.1%	1,753.6	0.1%	1,858.7	0.1%	1,970.0	0.1%
345 Pharmacy Board Services	2,901.1	0.1%	4,011.0	0.2%	4,658.1	0.2%	4,937.1	0.2%	5,232.9	0.2%
701 Devolved Function - Health Care Services	0.0	0.0%	35,229.2	1.6%	36,838.2	1.7%	24,208.3	1.1%	28,415.7	1.3%
2.2 IMPROVING WATER SANITATION	6,344.5	0.3%	42,140.9	2.0%	62,608.8	2.9%	68,151.3	3.2%	78,458.4	3.6%
414 Ministry of Water Resources	6,344.5	0.3%	11,312.2	0.5%	12,737.2	0.6%	13,500.1	0.6%	14,308.8	0.7%
701 Devolved Function - Solid Waste Management Services	0.0	0.0%	28,512.0	1.3%	47,449.0	2.2%	51,807.6	2.4%	60,811.7	2.8%
701 Devolved Function - Rural Water Services	0.0	0.0%	2,316.8	0.1%	2,422.6	0.1%	2,843.6	0.1%	3,337.9	0.2%

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In Millions of Leones

Details	FY 2019 Actual Le'm	% of Total Non int/sal Recurr Exp	FY 2020 Estimate Le'm	% of Total Non int/sal Recurr Exp	FY 2021 Budget Le'm	% of Total Non int/sal Recurr Exp	FY 2022 Indicative Le'm	% of Total Non int/sal Recurr Exp	FY 2023 Indicative Le'm	% of Total Non int/sal Recurr Exp
2.3 EMPLOYMENT, YOUTH EMPOWERMENT AND MIGRATION	31,490.5	1.5%	31,134.3	1.4%	35,703.5	1.7%	38,103.5	1.8%	40,692.7	1.9%
302 Ministry of Sports	3,276.5	0.2%	3,517.9	0.2%	4,085.5	0.2%	4,330.2	0.2%	4,589.5	0.2%
320 National Sports Authority	18,574.1	0.9%	13,093.4	0.6%	15,205.8	0.7%	16,116.6	0.7%	17,082.0	0.8%
310 Ministry of Youth Affairs	2,747.3	0.1%	2,413.0	0.1%	2,802.3	0.1%	2,970.2	0.1%	3,148.1	0.1%
310 National Youth Commission	1,372.8	0.1%	3,076.3	0.1%	3,572.6	0.2%	3,786.6	0.2%	4,013.4	0.2%
313 National Youth Service	1,534.5	0.1%	2,406.7	0.1%	2,795.0	0.1%	2,962.4	0.1%	3,139.8	0.1%
407 Ministry of Labour and Social Security	3,985.3	0.2%	4,432.4	0.2%	4,947.4	0.2%	5,243.8	0.2%	5,557.9	0.3%
701 Devolved Function - Youth and Sports Services	0.0	0.0%	2,194.7	0.1%	2,294.9	0.1%	2,693.8	0.1%	3,161.9	0.1%
2.4 SOCIAL PROTECTION	10,325.6	0.5%	9,377.1	0.4%	10,890.0	0.5%	11,542.3	0.5%	12,233.7	0.6%
305 Social Protection Programmes	9,802.3	0.5%	7,241.5	0.3%	8,409.8	0.4%	8,913.6	0.4%	9,447.5	0.4%
308 National Commission for Social Action	523.3	0.0%	2,135.6	0.1%	2,480.1	0.1%	2,628.7	0.1%	2,786.2	0.1%
2.5 POPULATION, LANDS AND HOUSING	1,275.2	0.1%	2,592.1	0.1%	3,010.3	0.1%	3,190.6	0.1%	3,381.7	0.2%
306 Ministry of Lands, Country Planning & the Environment	1,275.2	0.1%	2,592.1	0.1%	3,010.3	0.1%	3,190.6	0.1%	3,381.7	0.2%
CLUSTER 3 DIVERSIFYING THE ECONOMY	242,094.1	11.2%	141,454.6	6.6%	162,170.7	7.5%	197,825.6	9.2%	244,137.3	11.3%
3.1 AGRICULTURE	147,606.2	6.8%	52,431.2	2.4%	64,433.4	3.0%	94,476.5	4.4%	126,524.8	5.9%
401 Ministry of Agriculture, Forestry and Food Security	144,796.7	6.7%	37,425.7	1.7%	46,463.7	2.2%	74,246.9	3.4%	103,694.3	4.8%
410 National Protected Area Authority	1,309.5	0.1%	1,516.8	0.1%	3,261.5	0.2%	3,456.8	0.2%	3,663.9	0.2%
418 Sierra Leone Agricultural Research Institute	1,500.0	0.1%	3,717.4	0.2%	4,317.2	0.2%	4,575.8	0.2%	4,849.8	0.2%
426 Sierra Leone Seed Certification Agency	0.0	0.0%	800.0	0.0%	929.1	0.0%	1,090.5	0.1%	1,280.1	0.1%
427 National Fertilizer Regulatory Agency	0.0	0.0%	700.0	0.0%	812.9	0.0%	954.2	0.0%	1,120.1	0.1%
701 Devolved Function - Agriculture and Food Security Services	0.0	0.0%	8,271.3	0.4%	8,649.0	0.4%	10,152.2	0.5%	11,916.7	0.6%
3.2 FISHERIES	41,862.8	1.9%	47,063.3	2.2%	50,186.8	2.3%	52,245.4	2.4%	62,562.2	2.9%
402 Ministry of Fisheries and Marine Resources	8,249.6	0.4%	12,578.2	0.6%	14,607.5	0.7%	15,482.5	0.7%	16,409.9	0.8%

ANNEX 1–NATIONAL DEVELOPMENT PLAN CLUSTER ALLOCATION OF NON SALARY, NON INTEREST RECURRENT EXPENDITURES FOR FY 2019-2023
In Millions of Leones

Details	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
	Actual	% of Total Non int/sal Recurr Exp	Estimate	% of Total Non int/sal Recurr Exp	Budget	% of Total Non int/sal Recurr Exp	Indicative	% of Total Non int/sal Recurr Exp	Indicative	% of Total Non int/sal Recurr Exp
	Le'm		Le'm		Le'm		Le'm		Le'm	
415 Sierra Leone Maritime Administration	33,613.2	1.6%	33,872.0	1.6%	34,938.2	1.6%	36,010.4	1.7%	45,269.1	2.1%
701 Devolved Function - Fisheries and Marine Resources	0.0	0.0%	613.1	0.0%	641.1	0.0%	752.5	0.0%	883.3	0.0%
3.3 TOURISM	17,036.6	0.8%	11,572.7	0.5%	13,439.8	0.6%	14,244.8	0.7%	15,098.1	0.7%
303 Ministry of Tourism and Cultural Affairs	2,547.9	0.1%	3,854.3	0.2%	4,476.1	0.2%	4,744.2	0.2%	5,028.4	0.2%
Administrative and Operating Costs	805.6	0.0%	857.1	0.0%	995.4	0.0%	1,055.0	0.0%	1,118.2	0.1%
Promoting Local and International Tourism	1,742.3	0.1%	2,997.2	0.1%	3,480.7	0.2%	3,689.2	0.2%	3,910.2	0.2%
Culture Division	903.7	0.0%	793.3	0.0%	921.3	0.0%	976.5	0.0%	1,035.0	0.0%
Tourism Division	838.6	0.0%	2,203.9	0.1%	2,559.5	0.1%	2,712.8	0.1%	2,875.3	0.1%
Formulate Ecotourism Development Plan	778.0	0.0%	1,182.1	0.1%	1,372.8	0.1%	1,455.0	0.1%	1,542.2	0.1%
405 Ministry of Tourism and Cultural Affairs	14,488.7	0.7%	7,718.4	0.4%	8,963.7	0.4%	9,500.6	0.4%	10,069.7	0.5%
National Tourist Board	10,579.9	0.5%	4,226.4	0.2%	4,908.2	0.2%	5,202.2	0.2%	5,513.9	0.3%
o/w Development and Implementation of Tourism Marketing Strategy	2,730.9	0.1%	1,405.9	0.1%	1,632.7	0.1%	1,730.5	0.1%	1,834.2	0.1%
Monuments and Relics Commission	3,908.8	0.2%	2,245.3	0.2%	2,607.5	0.1%	2,763.7	0.1%	2,929.2	0.1%
National and Railway Museums	0.0	0.0%	1,246.8	0.1%	1,447.9	0.1%	1,534.7	0.1%	1,626.6	0.1%
3.4 TRADE AND INDUSTRY	8,398.4	0.4%	16,234.3	0.8%	18,453.4	0.9%	19,558.8	0.9%	20,730.3	1.0%
409 Ministry of Trade and Industry	7,491.0	0.3%	14,795.1	0.7%	16,782.0	0.8%	17,787.2	0.8%	18,852.7	0.9%
Administrative and Operating Costs	1,100.1	0.1%	2,272.1	0.1%	2,438.7	0.1%	2,584.7	0.1%	2,739.6	0.1%
Export Development	6,390.9	0.3%	12,523.0	0.6%	14,343.3	0.7%	15,202.5	0.7%	16,113.1	0.7%
Sierra Leone Standards Bureau	2,592.5	0.1%	3,724.2	0.2%	3,925.1	0.2%	4,160.2	0.2%	4,409.4	0.2%
Sierra Leone Investment and Export Promotion Agency	2,232.8	0.1%	5,033.2	0.2%	5,445.2	0.3%	5,771.4	0.3%	6,117.1	0.3%
Department of Co-operatives	940.7	0.0%	963.6	0.0%	1,019.1	0.0%	1,080.1	0.1%	1,144.8	0.1%
Support to Sierra Leone Produce Marketing Company	0.0	0.0%	1,350.1	0.1%	1,467.9	0.1%	1,555.8	0.1%	1,649.0	0.1%
Commodities Monitoring and Marketing Unit	0.0	0.0%	353.1	0.0%	1,210.1	0.1%	1,282.6	0.1%	1,359.4	0.1%
Sierra Leone Business Forum	34.2	0.0%	403.7	0.0%	468.8	0.0%	496.9	0.0%	526.6	0.0%
Coordination of Doing Business Reforms Unit	0.0	0.0%	311.6	0.0%	361.9	0.0%	383.6	0.0%	406.5	0.0%
Industrial Planning and Development	590.7	0.0%	383.4	0.0%	445.3	0.0%	472.0	0.0%	500.2	0.0%
421 Small and Medium Enterprises Development Agency (SMEDA)	907.4	0.0%	1,439.2	0.1%	1,671.4	0.1%	1,771.5	0.1%	1,877.6	0.1%
3.5 MADE IN SIERRA LEONE	412.9	0.0%	3,217.8	0.1%	3,736.9	0.2%	3,960.7	0.2%	4,198.0	0.2%
419 Local Content Agency	412.9	0.0%	3,217.8	0.1%	3,736.9	0.2%	3,960.7	0.2%	4,198.0	0.2%
3.6 ONE DISTRICT, ONE FACTORY	440.0	0.0%	1,563.1	0.1%	1,815.3	0.1%	1,924.0	0.1%	2,039.3	0.1%
112 Public Private Partnership Unit	440.0	0.0%	1,563.1	0.1%	1,815.3	0.1%	1,924.0	0.1%	2,039.3	0.1%

ANNEX 1–NATIONAL DEVELOPMENT PLAN CLUSTER ALLOCATION OF NON SALARY, NON INTEREST RECURRENT EXPENDITURES FOR FY 2019-2023
In Millions of Leones

Details	FY 2019 Actual		FY 2020 Estimate		FY 2021 Budget		FY 2022 Indicative		FY 2023 Indicative		% of Total Non int/sal Recurr Exp
	Le'm	% of Total Non int/sal Recurr Exp	Le'm	% of Total Non int/sal Recurr Exp	Le'm	% of Total Non int/sal Recurr Exp	Le'm	% of Total Non int/sal Recurr Exp	Le'm	% of Total Non int/sal Recurr Exp	
3.7 MANAGING NATURAL RESOURCES	26,337.2	1.2%	9,372.3	0.4%	10,105.2	0.5%	11,415.4	0.5%	12,984.6	0.6%	
403 Ministry of Mines and Mineral Resources	1,720.3	0.1%	3,372.3	0.2%	3,916.3	0.2%	4,150.9	0.2%	4,399.5	0.2%	
Administrative and Operating Costs	1,144.9	0.1%	729.0	0.0%	846.6	0.0%	897.4	0.0%	951.1	0.0%	
Mines Division	575.4	0.0%	3,069.7	0.1%	3,253.5	0.2%	3,448.4	0.2%	3,448.4	0.2%	
Review the legal framework for mines and minerals	0.0	0.0%	192.9	0.0%	224.0	0.0%	237.4	0.0%	251.7	0.0%	
Support to the National Minerals Agency	0.0	0.0%	1,773.4	0.1%	2,059.5	0.1%	2,182.8	0.1%	2,313.6	0.1%	
Support to Artisanal Miners and Small Scale Mining Entrepreneurs	575.4	0.0%	677.0	0.0%	786.2	0.0%	833.3	0.0%	883.2	0.0%	
424 Sierra Leone Petroleum Directorate	24,616.9	1.1%	6,000.0	0.3%	6,188.9	0.3%	7,264.5	0.3%	8,585.1	0.4%	
CLUSTER 4 GOVERNANCE AND ACCOUNTABILITY FOR RESULTS	1,130,861.7	52.4%	1,142,565.9	53.0%	1,392,001.8	64.5%	1,541,894.6	71.5%	1,676,383.3	77.7%	
105 Ministry of Political and Public Affairs	5,422.5	0.3%	1,225.8	0.1%	2,423.6	0.1%	2,568.7	0.1%	2,722.6	0.1%	
Office of the Chief Minister	5,808.4	0.3%	6,658.4	0.3%	9,232.7	0.4%	9,785.7	0.5%	10,371.9	0.5%	
Office of Presidential Infrastructure Initiative	1,431.8	0.1%	1,054.7	0.0%	1,224.9	0.1%	1,298.2	0.1%	1,376.0	0.1%	
Directorate of Science, Technology and Innovation	3,704.6	0.2%	3,727.1	0.2%	4,328.4	0.2%	4,587.7	0.2%	4,862.5	0.2%	
Ministry of Local Government and Rural Development	7,403.6	0.2%	2,895.9	0.1%	4,863.1	0.2%	5,154.4	0.2%	5,463.1	0.3%	
Southern Province	2,771.0	0.1%	2,513.7	0.1%	2,919.2	0.1%	3,094.1	0.1%	3,279.4	0.2%	
Eastern Province	2,350.8	0.1%	2,222.3	0.1%	2,580.8	0.1%	2,735.4	0.1%	2,899.2	0.1%	
Northern Province	1,602.5	0.1%	2,481.2	0.1%	2,881.5	0.1%	3,054.1	0.1%	3,237.0	0.2%	
North West Province	2,350.8	0.1%	2,186.1	0.1%	2,538.8	0.1%	2,690.9	0.1%	2,852.1	0.1%	
Sierra Leone Small Arms Commission	1,119.7	0.1%	1,240.7	0.1%	1,440.8	0.1%	1,527.2	0.1%	1,618.6	0.1%	
Office of the Secretary to the President	66,266.4	3.1%	28,141.5	1.3%	38,681.6	1.8%	40,998.7	1.9%	43,454.5	2.0%	
National Assets and Government Property Commission	523.9	0.0%	1,291.0	0.1%	1,499.3	0.1%	1,589.1	0.1%	1,684.3	0.1%	
Public Sector Reform Unit (PSRU)	0.0	0.0%	1,221.8	0.1%	1,418.9	0.1%	1,503.9	0.1%	1,594.0	0.1%	
Anti-Corruption Commission	6,831.5	0.3%	8,037.2	0.4%	9,333.9	0.4%	9,893.0	0.5%	10,485.6	0.5%	
Office of the Ombudsman	1,203.2	0.1%	2,004.1	0.1%	2,327.5	0.1%	2,466.9	0.1%	2,614.7	0.1%	
Independent Media Commission	423.7	0.0%	1,406.3	0.1%	1,633.2	0.1%	1,731.0	0.1%	1,834.7	0.1%	
Political Parties Registration Commission	0.0	0.0%	1,612.2	0.1%	1,872.3	0.1%	1,984.5	0.1%	2,103.3	0.1%	
Law Reform Commission	800.0	0.0%	869.6	0.0%	1,009.9	0.0%	1,070.4	0.0%	1,134.5	0.1%	
Sierra Leone Insurance Commission	896.7	0.0%	885.2	0.0%	1,028.0	0.0%	1,089.6	0.1%	1,154.9	0.1%	
Local Government Service Commission	1,204.1	0.1%	856.8	0.0%	995.0	0.0%	1,054.6	0.0%	1,117.8	0.1%	
Public Sector Reform Unit	363.4	0.0%	952.2	0.0%	1,105.8	0.1%	1,172.1	0.1%	1,242.3	0.1%	
Corporate Affairs Commission	0.0	0.0%	3,000.0	0.1%	3,484.0	0.2%	3,692.7	0.2%	3,913.9	0.2%	
Office of the Vice President	16,502.5	0.8%	13,775.4	0.6%	15,997.9	0.7%	16,956.1	0.8%	17,971.8	0.8%	
Parliament	17,255.5	0.8%	37,236.9	1.7%	18,904.8	0.9%	20,037.2	0.9%	21,237.4	1.0%	
Cabinet Secretariat	3,841.7	0.2%	7,461.5	0.3%	11,665.3	0.5%	12,364.0	0.6%	13,104.6	0.6%	
The Judiciary	8,053.4	0.4%	14,967.1	0.7%	19,381.8	0.9%	20,542.8	1.0%	21,773.3	1.0%	
Audit Service Sierra Leone	6,877.7	0.3%	7,242.2	0.3%	8,410.6	0.4%	8,914.4	0.4%	9,448.4	0.4%	
Human Resource Management Office	3,165.6	0.1%	3,043.6	0.1%	4,034.6	0.2%	4,276.3	0.2%	4,532.4	0.2%	
Public Service Commission	3,551.2	0.2%	2,408.8	0.1%	2,797.4	0.1%	2,965.0	0.1%	3,142.6	0.1%	
Law Officers' Department	21,807.5	1.0%	18,776.3	0.9%	21,805.5	1.0%	23,111.7	1.1%	24,496.0	1.1%	
Local Courts	0.0	0.0%	425.3	0.0%	494.0	0.0%	523.5	0.0%	554.9	0.0%	
Independent Police Complaints Board	490.4	0.0%	990.8	0.0%	1,250.6	0.1%	1,325.5	0.1%	1,404.9	0.1%	

ANNEX 1-NATIONAL DEVELOPMENT PLAN CLUSTER ALLOCATION OF NON SALARY, NON INTEREST RECURRENT EXPENDITURES FOR FY 2019-2023
In Millions of Leones

Details	FY 2019		% of Total		FY 2020		% of Total		FY 2021		% of Total		FY 2022		% of Total		FY 2023		% of Total	
	Actual	Le'm	Non int/sal	Recurr Exp	Estimate	Le'm	Non int/sal	Recurr Exp	Budget	Le'm	Non int/sal	Recurr Exp	Indicative	Le'm	Non int/sal	Recurr Exp	Indicative	Le'm	Non int/sal	Recurr Exp
127 Ministry of Planning and Economic Development	9,038.8		0.4%		39,481.7		1.8%		11,889.5		0.6%		12,601.7		0.6%		13,356.5		0.6%	
128 Ministry of Foreign Affairs & International Co-operation	61,572.4		2.9%		87,990.7		4.1%		107,186.5		5.0%		91,223.9		4.2%		74,305.2		3.4%	
129 Ministry of Finance	64,190.3		3.0%		96,335.2		4.5%		95,689.9		4.4%		101,421.7		4.7%		107,496.9		5.0%	
130 National Revenue Authority	157,156.0		7.3%		148,006.3		6.9%		162,039.4		7.5%		228,117.9		10.6%		270,318.9		12.5%	
131 Revenue Appellate Board	798.1		0.0%		802.5		0.0%		932.0		0.0%		987.8		0.0%		1,047.0		0.0%	
132 Accountant-General's Department	23,035.8		1.1%		27,600.6		1.3%		39,053.4		1.8%		41,392.7		1.9%		43,872.1		2.0%	
133 Ministry of Information and Communication	5,502.8		0.3%		3,626.7		0.2%		5,211.8		0.2%		5,524.0		0.3%		5,854.9		0.3%	
134 National Electoral Commission	8,219.6		0.4%		16,251.6		0.8%		150,000.0		7.0%		147,909.6		6.9%		127,189.8		5.9%	
137 National Commission For Democracy	804.6		0.0%		1,098.3		0.1%		1,275.5		0.1%		1,351.9		0.1%		1,432.9		0.1%	
138 Statistics - Sierra Leone	3,852.7		0.2%		5,345.3		0.2%		6,390.3		0.3%		7,419.2		0.3%		8,331.3		0.4%	
139 National Commission for Privatisation	15,831.1		0.7%		2,056.6		0.1%		2,388.4		0.1%		2,531.5		0.1%		2,683.1		0.1%	
140 Mass Media Services	765.3		0.0%		2,730.3		0.1%		3,170.8		0.1%		3,360.7		0.2%		3,562.0		0.2%	
141 Government Printing Department	1,928.1		0.1%		2,080.3		0.1%		2,416.0		0.1%		2,560.7		0.1%		2,714.1		0.1%	
142 National Public Procurement Authority	1,640.9		0.1%		2,247.7		0.1%		2,610.3		0.1%		2,766.7		0.1%		2,932.4		0.1%	
143 Justice and Legal Service Commission	0.0		0.0%		401.4		0.0%		466.2		0.0%		494.1		0.0%		523.7		0.0%	
144 National Commission for Human Rights	987.5		0.0%		1,278.7		0.1%		1,784.9		0.1%		1,891.9		0.1%		2,005.2		0.1%	
145 Rights to Access Information Commission	908.3		0.0%		977.2		0.0%		1,134.8		0.1%		1,202.8		0.1%		1,274.9		0.1%	
146 Wages and Compensation Commission	0.0		0.0%		300.0		0.0%		448.4		0.0%		475.3		0.0%		503.7		0.0%	
201 Ministry of Defence	69,047.2		3.2%		60,756.1		2.8%		77,811.2		3.6%		90,568.1		4.2%		95,862.1		4.4%	
203 National Civil Registration Authority	2,192.8		0.1%		1,505.6		0.1%		3,497.1		0.2%		3,706.5		0.2%		3,928.6		0.2%	
205 Ministry of Internal Affairs	1,376.0		0.1%		880.5		0.0%		1,022.5		0.0%		1,083.8		0.1%		1,148.7		0.1%	
206 Sierra Leone Police	71,227.9		3.3%		74,329.4		3.4%		68,051.2		3.2%		79,000.5		3.7%		88,716.6		4.1%	
207 Sierra Leone Correctional Services	55,950.7		2.6%		52,497.6		2.4%		49,635.2		2.3%		59,122.3		2.7%		66,297.7		3.1%	
208 National Fire Authority	4,065.1		0.2%		3,428.9		0.2%		3,982.1		0.2%		4,220.7		0.2%		4,473.5		0.2%	
209 Central Intelligence & Security Unit	23,792.8		1.1%		4,479.2		0.2%		5,201.8		0.2%		5,513.4		0.3%		5,843.7		0.3%	
210 Office of National Security	9,920.5		0.5%		6,598.2		0.3%		7,662.7		0.4%		8,121.6		0.4%		8,608.1		0.4%	
211 Immigration Department	4,048.9		0.2%		3,732.6		0.2%		4,334.8		0.2%		4,594.5		0.2%		4,869.7		0.2%	
212 National Drugs Law Enforcement Agency	207.0		0.0%		685.4		0.0%		796.0		0.0%		843.7		0.0%		894.2		0.0%	
408 Ministry of Works and Public Assets	10,527.4		0.5%		10,904.9		0.5%		12,664.3		0.6%		13,422.9		0.6%		14,226.9		0.7%	
411 Road Maintenance Fund	166,670.3		7.7%		104,829.0		4.9%		124,947.4		5.8%		134,434.2		6.2%		162,911.5		7.6%	
412 National Telecommunications Commission	81,626.1		3.8%		145,219.1		6.7%		172,917.5		8.0%		201,628.2		9.3%		241,470.4		11.2%	
416 Civil Aviation Authority	34,472.5		1.6%		32,115.3		1.5%		44,599.3		2.1%		46,350.6		2.1%		54,406.3		2.5%	
423 Sierra Leone Petroleum Regulation Agency	9,533.4		0.4%		10,216.7		0.5%		10,538.3		0.5%		12,369.8		0.6%		15,519.7		0.7%	
501 Miscellaneous Services	6,584.3		0.3%		0.0		0.0%		0.0		0.0%		0.0		0.0%		0.0		0.0%	
701 Devolved Function - Sensitisation on Fire Prevention Services	0.0		0.0%		742.1		0.0%		776.0		0.0%		910.8		0.0%		1,069.1		0.0%	
701 Local Government Administration Grants	29,362.4		1.4%		8,186.3		0.4%		5,910.5		0.3%		7,009.5		0.3%		8,048.3		0.4%	
CLUSTER 5 INFRASTRUCTURE AND ECONOMIC COMPETITIVENESS	183,155.8		8.5%		272,966.7		12.7%		281,869.0		13.1%		228,781.9		10.6%		258,002.7		12.0%	
5.1 IMPROVING SUPPLY OF ENERGY	126,273.8		5.9%		188,284.2		8.7%		184,737.7		8.6%		129,223.9		6.0%		150,410.6		7.0%	
406 Ministry of Energy	126,134.4		5.8%		187,462.4		8.7%		183,783.3		8.5%		128,212.4		5.9%		149,338.5		6.9%	
413 Sierra Leone Electricity and Water Regulatory Commission	139.4		0.0%		821.8		0.0%		954.4		0.0%		1,011.5		0.0%		1,072.1		0.0%	

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In Millions of Leones

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	Actual Le'm	Estimate Le'm	Budget Le'm	Indicative Le'm	Indicative Le'm			
5.2 IMPROVING WATER SUPPLY INFRASTRUCTURE	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%
000 Not Applicable	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%
5.3 ADVANCING NATIONAL TRANSPORT SYSTEM	56,882.0	84,682.5	97,131.3	99,558.0	107,592.1	2.6%	4.5%	4.6%
404 Ministry of Transport and Aviation	56,882.0	47,005.6	54,589.2	54,838.1	55,101.9	2.6%	2.5%	2.5%
425 Sierra Leone Road Safety Authority	0.0	37,676.9	42,542.1	44,719.9	52,490.2	0.0%	2.0%	2.1%
5.4 IMPROVING ROADS NETWORK SYSTEM	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%
000 Not Applicable	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%
5.5 IMPROVING INFORMATION, COMMUNICATION AND TECHNOLOGY	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%
000 Not Applicable	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%
CLUSTER 6 ADDRESSING WOMEN AND CHILDREN	11,361.7	12,682.4	14,350.7	15,599.4	16,990.4	0.5%	0.7%	0.7%
6.1 WOMEN ISSUES	10,877.7	9,576.7	10,952.8	11,782.9	12,692.9	0.5%	0.5%	0.5%
305 Ministry of Social Welfare	10,503.9	5,812.3	6,750.0	7,154.3	7,582.9	0.5%	0.3%	0.3%
319 Ministry of Gender and Children's Affairs	373.8	2,303.3	2,674.9	2,835.1	3,004.9	0.0%	0.1%	0.1%
701 Devolved Function - Social Welfare	0.0	1,461.2	1,527.9	1,793.4	2,105.1	0.0%	0.1%	0.1%
6.2 CHILDREN ISSUES	484.0	3,105.7	3,398.0	3,816.5	4,297.5	0.0%	0.2%	0.2%
319 National Children's Commission	484.0	1,300.4	1,510.2	1,600.7	1,696.6	0.0%	0.1%	0.1%
701 Devolved Function - Children's Affairs Services	0.0	1,805.3	1,887.7	2,215.8	2,600.9	0.0%	0.1%	0.1%
CLUSTER 7 ENVIRONMENT, CLIMATE CHANGE AND DISASTER MANAGEMENT	30,766.7	33,005.1	34,079.5	37,262.2	44,011.0	1.4%	1.6%	1.7%
318 Ministry of Environment	0.0	1,100.0	1,277.5	1,354.0	1,435.1	0.0%	0.1%	0.1%
417 Nuclear Safety and Radiation Protection Authority	2,192.6	1,954.7	2,270.1	2,406.1	2,550.2	0.1%	0.1%	0.1%
420 Sierra Leone Environment Protection Agency	27,885.9	28,541.6	29,440.0	32,556.7	39,215.0	1.3%	1.4%	1.5%
422 Sierra Leone Meteorological Agency	688.2	1,408.8	1,636.1	1,734.1	1,838.0	0.0%	0.1%	0.1%
CLUSTER 8 OTHERS	65,053.2	361,610.4	200,000.0	100,000.0	100,000.0	3.0%	9.3%	4.6%
610 Contingency Fund	65,053.2	361,610.4	200,000.0	100,000.0	100,000.0	3.0%	9.3%	4.6%
GRAND TOTAL	2,156,742.0	2,345,509.4	2,552,258.6	2,707,925.1	3,049,779.0	100.0%	118.3%	125.6%

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						Foreign	Domestic	Foreign	Domestic	Foreign	Domestic
GRAND TOTAL						1,850,121	1,181,369	2,060,017	1,265,983	2,292,658	1,475,792
Cluster One: Human Capital Development						841,205	345,237	1,139,383	447,591	1,165,649	500,134
301	Ministry of Basic and Secondary Education (MoBSE)					233,550	284,837	343,550	383,104	330,948	421,822
1	Focused Resources on Equity and Excellence (FREE)	Ongoing	Nationwide	IDA/GoSL	Grant/Budget	130,000	3,000	200,000	2,908	190,614	3,517
2	Education Sector Project (Four Government Schools)	Ongoing	Nationwide	BADEA/OHID/SGOSL	Loan/Budget	103,550	3,000	143,550	2,908	140,334	3,517
3	Free Quality School Education Programme o/w Teaching and Learning Materials School Fee Subsidies	Ongoing	Nationwide	GoSL	Budget	-	257,737	-	356,832	-	390,055
	School Feeding Programme	Ongoing	Nationwide	GoSL	Budget	-	15,300	-	14,832	-	17,935
	Examination Fees for WASSCE	Ongoing	Nationwide	GoSL	Budget	-	137,437	-	240,210	-	249,037
	Diet for Boarding Home Schools	Ongoing	Nationwide	GoSL	Budget	-	71,000	-	68,829	-	83,228
4	Rehabilitation/Refurbishment of Schools	Ongoing	Nationwide	GoSL	Budget	-	20,000	-	19,389	-	23,444
5	Establishment/Strengthening of Laboratories in Senior Secondary Schools	Ongoing	Nationwide	GoSL	Budget	-	14,000	-	13,572	-	16,411
6	Rehabilitation/Expansion of Boarding Home Facilities	Ongoing	Nationwide	GoSL	Budget	-	3,000	-	2,908	-	3,517
7	Support to Library Services	New	Nationwide	GoSL	Budget	-	2,000	-	1,939	-	2,344
8	Support to Home Economic Centres	New	Nationwide	GoSL	Budget	-	2,000	-	2,036	-	2,462
9	Welfare and Hygiene Packages for School Going Girls	New	Nationwide	GoSL	Budget	-	2,000	-	1,939	-	2,344
300	Ministry of Tertiary and Higher Education (MoTHE)					248,538	18,200	405,830	17,644	413,323	21,334
1	Education Sector Project (Bunumbu and Milton Margai)	Ongoing	Bunumbu/ Freetown	BADEA/GoSL	Loan/Budget	93,550	4,000	105,700	3,878	105,700	4,689
2	Construction of University of Science and Technology (UST) in Kono	Ongoing	Kono	EBID/GOSL	Loan/Budget	83,550	2,200	100,000	2,133	100,000	2,579
3	Completion of the Rehabilitation of Fourah Bay College	Ongoing	Western Area	BADEA/Saudi Fund/GOSL/GoSLLoan/Budget			1,000		969		1,172
4	Construction of Administrative, Teaching and Residential Buildings for IPAM	Ongoing	Western Area	FEMAB/IPAM/GOSL			5,000		4,847		5,861
5	Construction of School of Excellence in ICT in Bonthe	Ongoing	Bonthe	Planet Core/GoSL	PPP/Budget	68,118	1,000	74,930	969	82,423	1,172
6	Skills Development Project	Ongoing	Nationwide	IDA/GOSL	Grant/Budget	3,320	500	65,000	485	65,000	586
7	Provision of Modern Teaching Equipment for Universities and Colleges	Ongoing	Nationwide	GoSL	Budget	500	500		485		586
8	Rehabilitation and Refurbishment of Teacher Training Colleges	Ongoing	Nationwide	GoSL	Budget	1,000	1,000		969		1,172
9	Rehabilitation and Refurbishment of Government Technical Institutes (GTIs)	Ongoing	Nationwide	GoSL	Budget	1,000	1,000		969		1,172
10	Reforming African Institute for Computer Science, Engineering and Digitalization (RAISED)	New	Nationwide	GoSL	Budget	1,000	1,000		969		1,172
11	Feasibility Study for the Construction of 6 Teacher Training Colleges	Ongoing	Nationwide	GoSL	Budget	500	500		485		586
12	Feasibility Study for the Construction of the University of the East	Ongoing	East	GoSL	Budget	500	500		485		586

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MDA Code	National Development Plan Cluster/Ministry, Department and Agency (MDAs)	Status	Location	Funding Source	Funding Type	FY 2021 Budget		FY 2022 Indicative		FY 2023 Indicative	
						Foreign	Domestic	Foreign	Domestic	Foreign	Domestic
304	Ministry of Health and Sanitation (MoHS)					274,017	30,600	315,183	35,598	321,658	43,580
1	Global Fund ATM (HIV/Aids/Tuberculosis/Malaria)	Ongoing	Nationwide	Global Fund/GoSL	Loan/GoSL	91,080	5,000	50,022	4,847	100,188	5,861
2	Strengthening COVID-19 Response and Essential Health Services Programme	New	Nationwide	IsDB/GoSL	Loan	74,966	1,000	74,966	4,000	89,960	4,000
3	Sierra Leone COVID-19 Emergency Preparedness and Response Project	New	Nationwide	IDA/GoSL	Loan	27,427	100	27,427	3,000	32,912	5,000
4	Primary Health Care Support Project	Ongoing	Nationwide	BADEA/GoSL	Loan	5,770	1,000	17,347	969	6,347	1,172
5	Reducing Maternal, Neonatal and Child Mortality and Mobility in Sierra Leone	New	Nationwide	IsDB/GoSL	Loan/Budget	11,250	1,000	16,500	969	12,375	1,172
6	Strengthening Three (3) Tertiary Hospitals in Freetown	Ongoing	Nationwide	Kuwait Fund/GoSL	Loan/Budget	9,375	1,000	13,750	969	20,313	1,172
7	GAVI Health System Strengthening Support Project	Ongoing	Nationwide	Gavi/GoSL	Grant/Budget	18,750	500	27,500	485	20,625	586
8	Regional Disease Surveillance System Enhancement Project	Ongoing	Nationwide	IDA/GoSL	Grant/Budget	15,750	100	52,569	97	17,325	117
9	Sector Wide Health Systems Strengthening Project	Ongoing	Nationwide	IDA/GoSL	Grant/Budget	2,721	500	5,481	485	2,993	586
10	Health Systems Strengthening Project (Save the Mother to Child Project)	Ongoing	Nationwide	IDB/GoSL	Grant/Budget	14,428	1,000	26,871	969	15,871	1,172
11	Construction of National Warehouse at Kerry Town	New	Western Area	Global Fund/GOSL	Grant/Budget	2,500	3,000	2,750	2,908	2,750	3,517
12	Construction of Cancer and Diagnostic Medical Centre	Ongoing	Western Urban	GoSL	Budget		5,000		4,847		5,861
13	Rehabilitation, Expansion and Equipment of District Hospitals	Ongoing	Nationwide	GoSL	Budget		1,000		969		1,172
14	Establishment of National Public Health Agency	Ongoing	Nationwide	GoSL	Budget		200		194		234
15	Adolescent Sexual Reproductive Health Programme (School Health)	Ongoing	Nationwide	GoSL	Budget		200		194		234
16	Support to National Emergency Medical Services (NEMS) - Ambulance Services	New	Nationwide	GoSL	Budget		5,000		4,847		5,861
17	Rehabilitation and Expansion of PHUs	New	Nationwide	GoSL	Budget		5,000		4,847		5,861
407	Ministry of Labour and Social Security (MoLSS)						900		872		960
	Institutional Capacity Building Project	Ongoing	Nationwide	GoSL	Budget		500		485		533
	Strengthening Labour Market Information Systems and Manpower Planning	New	Nationwide	GoSL	Budget		400		388		427
308	National Commission for Social Action (NaCSA)					83,100	9,700	74,820	9,403	99,720	11,371
3	Pro Poor Growth for Peace Consolidation (GPC)	Ongoing	Nationwide	KfW/GoSL	Loan/Budget	29,050	200	19,920	194	34,860	234
1	Sierra Leone Community Driven Development Project (SLCDD) 2	Ongoing	Nationwide	IDB/GoSL	Loan/Budget	25,000	1,500	30,000	1,454	30,000	1,758
2	Sierra Leone Social Safety Net Project	Ongoing	Nationwide	IDA/GoSL	IDA/Budget	29,050	3,000	24,900	2,908	34,860	3,517
6	Rehabilitation/Construction of Community Facilities		Nationwide	GoSL			5,000		4,847		5,861
306	Ministry of Lands, Country Planning and the Environment (MoLCP&E)					2,000	1,000		969		1,066
1	National Land Policy and Legal Reform Project	Ongoing	Nationwide	GoSL	Grant/Budget	2,000	1,000		969		1,066

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						Foreign	Domestic	Foreign	Domestic	Domestic	Foreign
Cluster Two: Diversifying the Economy and Promoting Growth											
401 Ministry of Agriculture and Food Security											
1	Smallholder Commercialisation and Agribusiness Development Project (SCADeP)	Ongoing	Nationwide	IDA/DFID/GoSL	Loan/Budget	45,000	1,000	49,800	969	54,000	1,172
2	Palm Oil Production Project in Sierra Leone in the Framework of Capacity Building (POPSLCB)	Ongoing	Bonthe	IDB/GoSL	Loan/Budget	5,000	2,000	14,940	1,939	6,000	2,344
3	Rural Finance and Community Improvement Project Phase II	Ongoing	Nationwide	IFAD/GoSL	Loan/Grant/Budget	15,000	1,000	14,400	969	18,000	1,172
4	Agriculture Value Chain Development	Ongoing	Nationwide	IFAD/GoSL	Loan/Grant/Budget	2,500	1,000	30,984	969	3,000	1,172
5	Regional Rice Value Chain Development	Ongoing	Nationwide	IDB/GoSL	Loan/Budget	5,000	1,000	60,624	969	6,000	1,172
6	Sierra Leone Agribusiness and Rice Value Chain Support	Ongoing	Nationwide	AfDB/GoSL	Grant/Budget	500	1,000	1,826	969	600	1,172
7	West African Food System Resilience Project	Ongoing	Nationwide	IDA/GoSL	Grant/Budget	-	1,000	-	-	-	-
7	Support to Chiefdom Youth Farms	Ongoing	Nationwide	GoSL	Budget	-	28,800	-	33,989	-	37,733
8	Livestock Development Project	Ongoing	Koinadugu	GoSL	Budget	-	4,000	-	3,878	-	4,689
9	Tree Crops Development Project	Ongoing	Nationwide	GoSL	Budget	-	3,000	-	2,908	-	3,517
10	Onion Production Project	New	Nationwide	GoSL	Budget	-	10,000	-	9,694	-	11,722
11	Strengthening Extension Services to Farmers and Agricultural Management Information System	New	Nationwide	GoSL	Budget	-	3,000	-	2,908	-	3,517
12	Input System: E-Vouchers for Rice Production (Seeds, Fertilizers and Tractor Services)	New	Nationwide	GoSL	Budget	-	55,000	-	53,318	-	64,472
402 Ministry of Fisheries and Marine Resources (MoFMR)											
1	Construction of Fish Harbour	New	Nationwide	PRC/GoSL	Grant/Budget	88,897	500	91,564	485	91,747	586
2	Rehabilitation and Development of Fishing Infrastructure	Ongoing	Nationwide	GoSL	Budget	-	500	-	485	-	586
3	Support to Artisanal Fisheries	Ongoing	Nationwide	GoSL	Budget	-	7,000	-	6,786	-	8,206
4	Support to Women in Fishery	Ongoing	Nationwide	GoSL	Budget	-	200	-	194	-	234
5	Strengthening Inland Fisheries and Aquaculture Production	Ongoing	Nationwide	GoSL	Budget	-	100	-	97	-	117
6	Fish Stock Assessment, Policy and Management Planning	Ongoing	Nationwide	GoSL	Budget	-	150	-	145	-	176
7	Enhancing Monitoring Control and Surveillance Systems	Ongoing	Nationwide	GoSL	Budget	-	7,000	-	6,786	-	8,206
8	Improving Quality and Safety Standards for Fishery Products	Ongoing	Nationwide	GoSL	Budget	-	300	-	291	-	352
9	Institutional Capacity Building	Ongoing	Nationwide	GoSL	Budget	-	150	-	145	-	176
303	Ministry of Tourism and Cultural Affairs (MoTCA)										
1	Promotion and Reactivation of Domestic Tourism in Coastal Areas	ongoing	Nationwide	GoSL	Budget	-	500	-	485	-	586
2	Development of Tourism Facilities in Prime Ecotourism Sites	ongoing	Nationwide	GoSL	Budget	-	200	-	194	-	234
3	Feasibility Studies for the Establishment/Construction of National Gallery and Performing Art Centres	New	Nationwide	GoSL	Budget	-	300	-	291	-	352
4	Support for Capacity Building	ongoing	Nationwide	GoSL	Budget	-	400	-	388	-	469

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						Foreign	Domestic	Foreign	Domestic	Domestic	Foreign
405	National Tourist Board (NTB)					10,200	2,500	34,200	2,424	12,240	2,931
1	Sustainable Tourism Development and Promotion Project (STDPP)	Ongoing	Nationwide	EIF/GoSL	Grant/Budget	5,000	1,100	15,000	1,066	6,000	1,289
2	Adapting Climate Change Induced Coastal Risk Management	ongoing	Nationwide	UNDP/GoSL	Grant/Budget	5,200	400	19,200	388	6,240	469
3	Sustainable Ecotourism Development Project	Ongoing	Nationwide	GoSL	Budget	-	500	-	485	-	586
4	Construction of Five Tourist Information Offices (TIOs)	ongoing	Nationwide	GoSL	Budget	-	500	-	485	-	586
405	Monument and Relics Commission (MRC)					3,500	5,200	5,400	5,041	4,200	6,096
1	Comprehensive Preservation and Development of Bunce Island	Ongoing	Port Loko	USAFCP/GoSL	Grant	3,500	2,200	5,400	2,133	4,200	2,579
2	Development of the Physical Infrastructure of the Cultural Heritage Sector	Ongoing	Nationwide	GoSL	Budget	-	1,000	-	969	-	1,172
3	Construction of an Ethnographic Museum and Heritage Resource Centre in Bonthe	Ongoing	Bonthe	GoSL	Budget	-	1,000	-	969	-	1,172
4	Restoration of Old FBC Phase II	Ongoing	Nationwide	GoSL	Budget	-	1,000	-	969	-	1,172
	Cluster Three: Infrastructure and Economic Competitiveness					784,958	517,602	604,078	501,777	909,320	594,117
406	Ministry of Energy (MoE)					324,744	45,500	307,890	44,109	583,110	53,336
1	Energy Sector Utility Reform Project (ESURP)	ongoing	Nationwide	IDA/GoSL	Grant	40,000	500	27,500	485	52,250	586
2	West African Power Pool Project (WAPP)	Ongoing	Nationwide	IDA/AfDB/GoSL	Loan /Budget	60,000	500	38,500	485	73,150	586
3	Rural Electrification Project - CLSG (Serving Communities along the Transmission Line)	Ongoing	Nationwide	AfDB/GoSL	Grant/Budget	65,707	1,000	38,500	969	73,150	1,172
4	Rehabilitation and Extension of Bo-Kenema Distribution System	Ongoing	Bo, Kenema	AfDB/DFID/GoSL	Grant/Loan/Budget	39,037	2,000	59,400	1,939	112,860	2,344
5	Supply and Installation of 225KV Double Circuit Transmission Line from Bumbuna II to Waterloo	Ongoing	Nationwide	India Exim/GoSL	Loan/Budget	85,000	500	82,500	485	156,750	586
6	Electrification of 7 (Seven) District Towns	Ongoing	Nationwide	GoSL	Budget	-	25,000	990	24,236	-	29,305
7	Rehabilitation of Goma - Dodo Hydro Dam	New	South	GoSL	Budget	-	8,000	-	7,755	-	9,378
8	Rehabilitation of EGTC Plants	New	Nationwide	GoSL	Budget	-	5,000	-	4,847	-	5,861
9	Installation of Solar Street Lights	New	Nationwide	GoSL	Budget	35,000	3,000	60,500	2,908	114,950	3,517
319	Ministry of Environment					-	6,000	-	5,817	-	7,033
1	Institutional Capacity Building	New	Nationwide	GoSL	Budget	-	3,000	-	2,908	-	3,517
2	Rehabilitation and Alternative Livelihood for Degraded Communities	New	Nationwide	GoSL	Budget	-	3,000	-	2,908	-	3,517
319	Ministry of Environment (Forestry Division)					-	10,000	-	9,694	-	11,722
1	National Tree Planting	Ongoing	Western Area	GoSL	Budget	-	10,000	-	9,694	-	11,722
410	National Protected Area Authority					-	1,500	-	1,454	-	1,758
1	REDD Plus and Capacity Building Project	Ongoing	Nationwide	GoSL	Budget	-	500	-	485	-	586
2	Sierra Leone Sustainable Protected Areas Management and Livelihoods Project	Ongoing	Nationwide	GoSL	Budget	-	1,000	-	969	-	1,172

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						Foreign	Domestic	Foreign	Domestic	Foreign	Domestic
404	Ministry of Transport and Aviation (MoTA)					5,000	5,000	-	4,847	-	4,689
1	Integrated and Resilient Urban Mobility Project (IRUMP)	Ongoing	Western Area	IDA/GoSL	Budget	5,000	1,000	-	969	-	1,172
2	Institutional Support for Capacity Building	New	Nationwide	GoSL	Budget	2,000	2,000	1,939	1,939	2,344	2,344
3	Improving Kissy-Targrin Ferry Transportation	Ongoing	Western Area	GoSL	Budget	2,000	2,000	1,939	1,939	2,344	2,344
408	Ministry of Works and Public Assets (MoWPA)					-	12,940	-	12,544	-	15,169
	Rehabilitation of Existing Residential Lodge	New	Nationwide	GoSL	Budget	-	5,000	-	4,847	-	5,861
	Rehabilitation of Government Administrative Buildings	Ongoing	Western Area	GoSL	Budget	-	5,500	-	5,332	-	6,447
	Rehabilitation of Government Residential Quarters	Ongoing	Western Area	GoSL	Budget	-	1,000	-	969	-	1,172
	Demolition of Multi-Storey Building (former UN Building) at Siaka Steven Street	Ongoing	Western Area	GoSL	Budget	-	1,000	-	969	-	1,172
	Feasibility Studies New	Nationwide	GoSL	Budget	Budget	220	220	213	213	258	258
	Feasibility Study for the Construction of Additional Presidential Lodge in District Capitals	New	Nationwide	GoSL	Budget	220	220	213	213	258	258
408	Sierra Leone Roads Authority (SLRA)					269,214	270,000	135,500	261,745	139,505	305,045
1	Reconstruction of Bo-Bandajuma Road	Ongoing	Bo, Bandajuma	ABD/OFD/GoSL	Loan/Budget	73,270	1,000	23,000	969	43,700	1,172
2	Reconstruction of Pendembu - Kailahun Road	Ongoing	Kenema, Kailahun	IDB/KFAED/Saudi Fund/GoSL	Loan/Budget	-	3,000	-	2,908	-	3,517
3	Reconstruction of Bandajuma - MRU Bridge	Ongoing	Pujehun	EU/GoSL	Loan/Budget	63,444	3,000	15,000	2,908	28,500	3,517
4	Reconstruction of Moyamba - Moyamba Junction and the 3 Bridges in Magbele, Mabang and Kpangbama	Ongoing	Pujehun, Moyamba and Port Loko	EU/GoSL	Loan/Budget	72,500	1,000	2,500	969	4,750	1,172
5	Construction of Hill Side By Pass Road Phase II	Ongoing	Western Area	KF/GoSL	Loan/Budget	-	8,500	-	8,240	-	9,964
6	Reconstruction of Tokeh-Lumely (Peninsular) Road	Ongoing	Western Area	KF/GoSL	Loan/Budget	60,000	8,500	95,000	8,240	62,555	9,964
7	Rehabilitation of Limkokwing University - Regent Road Project	Ongoing	Western Area	PRC/GoSL	Grant/Budget	-	1,000	-	969	-	1,172
8	Reconstruction of Tikonko - Kpetema Road	New	South	IsBD/Gosl	Loan/Budget	1,000	1,000	969	969	1,172	1,172
9	Reconstruction of Kpetema - Mattru Jong	New	South	BADEA/GoSL	Loan/Budget	1,000	1,000	969	969	1,172	1,172
10	Completion of Bo - Tikonko Road	Ongoing	South	GoSL	Budget	10,000	10,000	9,694	9,694	11,722	11,722
11	Completion of Targrin - Lungi - ConaKry Dee Road	Ongoing	Bombali/Karene	GoSL	Budget	10,000	10,000	9,694	9,694	11,722	11,722
12	Completion of Bandajuma-Pujehun-Gbondappi	Ongoing	South	GoSL	Budget	10,000	10,000	9,694	9,694	11,722	11,722
13	Spots Improvement and Regravelling of Trunk Roads	Ongoing	Nationwide	GoSL	Budget	14,000	14,000	13,572	13,572	16,411	16,411
14	Completion of Township Roads	Ongoing	Nationwide	GoSL	Budget	150,000	150,000	145,414	145,414	164,379	164,379
15	Reconstruction of Major Culverts (Mile 1 in Kabala, Kabala Krubula Road and Batima Songa Culvert)	New	Nationwide	GoSL	Budget	10,000	10,000	9,694	9,694	11,722	11,722

ANNEX 2–SIERRA LEONE PUBLIC INVESTMENT PROGRAMME FY 2021-2023

In Millions of Leones

MDA Code	National Development Plan Cluster/Ministry, Department and Agency (MDAs)	Status	Location	Funding Source	Funding Type	FY 2021 Budget		FY 2022 Indicative		FY 2023 Indicative	
						Foreign	Domestic	Foreign	Domestic	Domestic	Foreign
3	Safe City Project	New	Nationwide	GoSL	Budget		1,000	969		1,172	
4	Institutional Support for Capacity Building	New	Nationwide	GoSL	Budget		500	485		586	
203	National Civil Registration Authority (NCRA)						2,500	11,633	9,000	17,100	14,067
1	Rehabilitation of National Civil Registration Authority New Complex	Ongoing	Western Area	EU/GoSL	Grant/Budget		2,500	1,939	9,000	17,100	2,344
2	Integrated Civil Registration and Vital Statistics and ID Management System	Ongoing	Nationwide	GoSL	Budget		-	9,694	-	-	11,722
	o/w Exhibition and Update of the Civil Register	Ongoing	Nationwide	GoSL	Budget		-	4,847	-	-	5,861
	Printing and Distribution of ECOWAS/ICAO Compliant Multi-purpose ID Cards and other Certificates	Ongoing	Nationwide	GoSL	Budget		-	4,847	-	-	5,861
107	Ministry of Local Government (MoLG)										
1	Rehabilitation/Reconstruction of Court Barrays	Ongoing	Nationwide	GoSL	Budget		-	4,500	-	4,362	-
2	Develop and Strengthening Chiefdom Level Planning and Administration	New	Nationwide	GoSL	Budget		2,000	1,939		2,344	
3	Institutional Support for Capacity Building	Ongoing	Nationwide	GoSL	Budget		1,500	1,454		1,758	
117	Cabinet Secretariat and Head of the Civil Services (CS&HOCS)										
							-	550	-	533	-
1	Establishment of Wages and Compensation Commission	Ongoing	Nationwide	GoSL	Budget		550	533		645	
206	Sierra Leone Police (SLP)										
1	Rehabilitation and Construction of Police Stations and Facilities	Ongoing	Nationwide	GoSL	Budget		-	4,847	-	5,861	
201	Ministry of Defence (MoD)										
1	Rehabilitation and Construction of Military Barracks and Facilities	Ongoing	Nationwide	GoSL	Budget		-	6,300	-	7,385	
209	Central Intelligence and Security Unit (CISU)										
1	Procurement of Specialized Surveillance Equipment	Ongoing	Nationwide	GoSL	Budget		6,300	6,107		7,385	
110	Anti Corruption Commission (ACC)										
1	Construction of Anti-Corruption Building	Ongoing	Nationwide	GoSL	Budget		-	2,000	-	1,939	-
110	Sierra Leone Insurance ommission										
1	Construction of SLICOM Building	Ongoing	Western Area	GoSL	Budget		-	4,500	-	4,362	-
121	Audit Service Sierra Leone (ASSL)										
1	Construction of ASSL Headquarters	Ongoing	Western Area	GoSL	Budget		-	2,500	-	2,424	-
134	National Elections Commission (NEC)										
1	Rehabilitation and Construction of Administrative Buildings	Ongoing	Western Area	GoSL	Budget		-	4,500	-	4,362	-
							-	3,000	-	2,908	-
							3,000	2,908		3,517	

ANNEX 2-SIERRA LEONE PUBLIC INVESTMENT PROGRAMME FY 2021-2023

In Millions of Leones

MDA Code	National Development Plan Cluster/Ministry, Department and Agency (MDAs)	Status	Location	Funding Source	Funding Type	FY 2021 Budget		FY 2022 Indicative		FY 2023 Indicative		
						Foreign	Domestic	Foreign	Domestic	Domestic	Foreign	
Cluster Five: Empowering Women, Children, and Persons with Disability												
305	Ministry of Social Welfare						5,882	10,500	-	10,179	-	12,308
1	Post Ebola Recovery Social Investment Fund (PERSIF)	Ongoing	Nationwide	AFDB/GoSL	Loan/Budget		1,000	4,000	-	3,878	-	4,689
2	Livelihood Support for Persons Living with Disability	New	Nationwide	GoSL	Budget		-	1,500		1,454		1,758
3	Rehabilitation of Approved Schools and Remand Homes	Ongoing	Nationwide	GoSL	Budget		-	1,500		1,454		1,758
4	Institutional Support for Capacity Building	New	Nationwide	GoSL	Budget		-	500		485		586
319	Ministry of Gender and Children Affairs						4,882	6,500	-	6,301	-	7,619
1	Women's Economic Empowerment Fund	Ongoing	Nationwide	AFDB/GoSL	Grant/Budget		4,882	5,000		4,847		5,861
2	National Intervention to Prevent and Respond to Sexual Gender Based Violence	Ongoing	Nationwide	GoSL	Budget			1,000		969		1,172
3	Rehabilitation and Reintegration of Street Children	New	Nationwide	GoSL	Budget			500		485		586
Cluster Six: Youth Employment, Sports, and Migration												
310	Ministry of Youth Affairs (MoYA)						35,000	29,000	-	28,113	-	33,994
1	Youth Economic Empowerment Fund	Ongoing	Nationwide	GoSL	Budget			5,000		4,847		5,861
2	Social Mobilisation for the Establishment of Chiefdom Youth Farms	Ongoing	Nationwide	GoSL	Budget			1,000		969		1,172
3	Support to Youth in Agro-processing	New	Nationwide	GoSL	Budget			5,000		4,847		5,861
4	Support to Youth in Fisheries	Ongoing	Nationwide	GoSL	Budget			2,000		1,939		2,344
5	Support to Youth in Car Wash	Ongoing	Nationwide	GoSL	Budget			8,000		7,755		9,378
6	Adolescence Sexual Reproductive Health Programme for Youth	New	Nationwide	GoSL	Budget			1,000		969		1,172
7	Development of National Apprenticeship Policy and Strategy	New	Nationwide	GoSL	Budget			1,000		969		1,172
8	Institutional Support for Capacity Building	New	Nationwide	GoSL	Budget			1,000		969		1,172
310	National Youth Commission						35,000	3,000	-	2,908	-	3,517
1	Youth Entrepreneurship and Employment Project	Ongoing	Nationwide	AFDB/GoSL	Loan/Budget		15,000	2,000		1,939		2,344
2	Promote Youth and Ecotourism	New	Nationwide	UNDP/GoSL	Grant/Budget		10,000	1,000		969		1,172
313	National Youth Services						-	2,000	-	1,939	-	2,344
1	Graduate Service Programme	Ongoing	Nationwide	GoSL	Budget			2,000		1,939		2,344

Cluster Seven: Addressing Vulnerabilities and Building Resilience

Not Applicable

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In Millions of Leones

MDA Code	National Development Plan Cluster/Ministry, Department and Agency (MDAs)	Status	Location	Funding Source	Funding Type	FY 2021 Budget		FY 2022 Indicative		FY 2023 Indicative	
						Foreign	Domestic	Foreign	Domestic	Foreign	Domestic
Cluster Eight: Means of Implementation						4,979	67,780	3,818	68,431	4,802	81,743
127	Ministry of Planning and Economic Development (MoPED)										
1	Strengthening District and National Level Planning	Ongoing	Nationwide	GoSL	Budget	-	8,500	-	8,240	-	9,964
2	Project Preparatory Facility (PPF)	Ongoing	Nationwide	GoSL	Budget		2,500		2,424		2,931
3	Strengthening District Development Coordination	New	Nationwide	GoSL	Budget		1,200		1,163		1,407
4	Mid-Term Review of the Medium Term National Development Plan (2019 - 2023)	New	Nationwide	GoSL	Budget		1,200		1,163		1,407
5	Development of Web-based Project Mapping and Information System for the Public Investment Programme (PIP) and NGO Activities	New	Nationwide	GoSL	Budget		1,200		1,163		1,407
6	Institutional Support for Capacity Building	New	Nationwide	GoSL	Budget		1,200		1,163		1,407
110	Office of the Secretary to the President										
	National Monitoring and Evaluation Department										
1	Monitoring and Evaluation on MTNDP, Project, Programme and Policies	New	Nationwide	GoSL	Budget		2,000		1,939		2,344
2	Special Studies, Baselines and Evaluation	New	Nationwide	GoSL	Budget		2,000		1,939		2,344
3	Organizational Systems Development and Capacity Building	New	Nationwide	GoSL	Budget		4,280		4,149		5,017
127	National Council for Civil Education and Development										
1	Strengthening Community Civil Engagement	Ongoing	Nationwide	GoSL	Budget		3,000		2,908		3,517
138	Statistics Sierra Leone (Stat SL)										
1	Surveys Ongoing Nationwide	FAO/GoSL	Grant/GoSL	2,250	2,000	4,365	3,000	3,818	2,908	4,802	3,517
2	Mid Term Population and Housing Census	New	Nationwide	GoSL	Grant/Budget	1,740	1,000	1,276	969	1,914	1,172
129	Ministry of Finance (MoF)										
1	Sierra Leone Economic Diversification Project	Ongoing	Nationwide	IDA/GoSL	Grant/Budget	614	5,500	-	5,332	-	6,447
2	Financial Inclusion Project	Ongoing	Nationwide	IDA/GoSL	Grant/Budget	614	500	-	485	-	586
3	Support to Public Financial Management Improvement and Consolidated Project (PFMICP)	Ongoing	Nationwide	IDA/GoSL	Grant/Budget		500		485		586
4	Sierra Leone Urban Resilient Project	Ongoing	Nationwide	IDA/GoSL	Grant/Budget		500		485		586
5	Accountable Governance for Basic Service Delivery	Ongoing	Nationwide	IDA/GoSL	Grant/Budget		500		485		586
6	Support to Medium Term Expenditure Framework (MTEF)	Ongoing	Nationwide	GoSL	Budget		3,000		2,908		3,517
701	Transfers to Local Councils										
1	Local Government Development Grants	Ongoing	Nationwide	GoSL	Budget		39,500		41,016		48,593
2	Examination Fees for NPSE	Ongoing	Nationwide	GoSL	Budget		8,400		8,143		9,847
3	Examination Fees for BECE	Ongoing	Nationwide	GoSL	Budget		16,100		18,331		21,163
GRAND TOTAL						1,850,121	1,181,369	2,060,017	1,265,983	2,292,658	1,475,792