Economic and Financial Review: July - December 2015

Highlights

The second half of 2015 was extremely challenging, as the economy continued to contend with the twin shocks of the Ebola Virus Disease (EVD) and declining iron ore prices that contributed to the cessation of operations of the two major iron ore mining companies in the country. These shocks impacted adversely on the economy, reflected in depressed growth, rising inflation and significant depreciation of the Leone.

Real GDP growth was estimated to have contracted significantly to 20.6 percent in 2015 from 4.6 percent recorded in the previous year. The slowdown in economic activities during the reporting period was largely due to supply side constraints which included low agricultural output, sharp depreciation of the domestic currency and lower commodity prices. Non-iron ore GDP was however estimated at 1 percent in the context of relaxation of restrictions on movement and the resumption of international flights and other economic activities, which buoyed activities in the agriculture, manufacturing and trade sectors.

Inflationary pressures continued to build up in the review period as year-on-year inflation increased to 8.85 percent in December 2015 from 7.92 percent in June 2015 but were still within the Bank of Sierra Leone's end year inflation target of 12 percent. The steady increase in prices was on account of domestic food supply shocks coupled with the pass-through effects of the rapidly depreciating Leone. On the monetary policy front, the Bank of Sierra Leone continued to maintain its accommodative monetary stance in support of the domestic economy. The Bank's Monetary Policy Committee (MPC) kept the Monetary Policy Rate (MPR) unchanged at 9.50 percent throughout 2015 to support the financing of the Government's economic recovery efforts in light of the fragile global environment and moderate domestic inflation levels that remained in single digits.

Monetary aggregates expanded during the second half of 2015. Broad Money (M2) expanded at a faster pace (8.92%) while Reserve Money (RM) slowed by 3.42 percent and was within the end of year program target of 7.1 percent.

Government budgetary operations for the second half of the year 2015 resulted in an overall deficit of Le779.23bn (3.5% of GDP) which was 66.1 percent higher than Le469.28bn (2.2% of GDP) recorded in the preceding half year and was 45.0 percent above the programmed level of Le537.36bn (2.4% of GDP). The increase in the deficit recorded was on account of the combined effects of a significant decrease in revenues (31.4%), which outstripped the decline in expenditures over the review period .The deficit was financed from both domestic and foreign sources.

On the external front, Sierra Leone's trade balance recorded a lower deficit of US$400.09mn in the second half of the year 2015 compared with a deficit of US$523.64mn in the previous half year of 2015 representing a 23.6 per cent drop in trade deficit .This was the net result of a significant slowdown in export receipts (47.3%) which outpaced import payments (33.8%) in the review period.

The Leone depreciated against all the major global currencies during the review period. Nevertheless, the depreciation rate was lower than in the preceding half year of 2015. The weakening of the Leone against the US dollar was partly driven by strengthening of the dollar on the international scene, increased demand for foreign exchange and increased speculation by economic agents. To dampen inflationary pressures and to smooth out the volatility in the exchange rate, the Bank of Sierra Leone provided foreign exchange through the interbank foreign exchange auction amounting to US$55.10mn.

Gross external reserves stood at US$580.26mn as at end December 2015, this was relatively lower than US$580.86mn recorded in the previous half year, but was sufficient to cover at least 3 months of imports of goods and services.

The overall financial system was rated satisfactory as evidenced by various financial soundness indicators on banking sector such as capital adequacy, liquidity and profitability, though the quality of its assets remain a challenge. The quality of banking assets remained generally high, with the proportion of Non- Performing Loans (NPLs) to Total Loans remaining far above the tolerable limit of 10 percent.

Sierra Leone's performance under the WAMZ Convergence Criteria for the reporting half year of 2015 indicates that the country met three out of the four primary criteria: single digit inflation; Ratio of Fiscal Deficit including grants to GDP of not more than 4 percent and Gross External Reserves (in months of imports) of at least 3 months. The country also satisfied one of the secondary criteria – Ratio of public debt to GDP: not more than 70 percent.

Other socio-economic developments during the review period worthy of note include the following:

On 17th September 2015, the Millennium Challenge Corporation (MCC) Board of Directors held its quarterly meeting in Washington D. C. and approved a new program for Sierra Leone. Sierra Leone's threshold program will provide up to US$44.4 mn to support policy reforms and improve governance in the water and electricity sectors.

On 16th November 2015, the Executive Board of the International Monetary Fund (IMF) completed the third and fourth reviews of Sierra Leone's performance under a three-year arrangement under the Extended Credit Facility (ECF) and approved an augmentation of access of 45 percent of quota, equivalent to SDR 46.665 million (about US$64.59 mn), to be distributed in three tranches. The completion of the third and fourth reviews enabled the immediate disbursement of SDR 33.335 mn (about US$46.14 mn). This amount included the first tranche of the augmentation in an amount of SDR 15.555 mn (about US$21.53 mn).
The Executive Board also approved the authorities' request for rephasing of the fifth and sixth disbursements under the arrangement.

The country was eventually declared Ebola free by the World Health Organization (WHO) on Saturday 7th November 2015, and focus was concentrated on the National Ebola Recovery Strategy (NERS) which was launched earlier in the year. The NERS was developed with support from development partners, aimed at putting the economy back on a path of economic growth and stability. The strategy focused on three elements: (i) getting to and staying at zero new Ebola cases; (ii) implementing immediate recovery priorities; and (iii) transitioning back to our national development plan - the Agenda for Prosperity (A4P), 2013 – 2018. The implementation of the strategy was, therefore, divided into two phases: (i) the immediate recovery phase (6 – 8 months) and (ii) the medium term recovery (10 – 24 months).

Developments in the Real Economy

Real economic growth for 2015 was projected to have contracted by 20.6 percent from a growth rate of 4.6 percent in 2014. The slowdown in economic activities in the review period was a reflection of the lingering effects of the Ebola epidemic on our traditional growth drivers such as agriculture, manufacturing, tourism, transport and trade coupled with the collapse in iron ore prices resulting in the closure of the two iron ore mining projects.

Real Sector Developments

Agriculture

The agricultural sector registered a positive growth rate of 2.96 per cent despite the contraction of the economy by 20.6 per cent.

In an effort to ensure recovery in agricultural productivity after disruptions especially in food production, an amount of Le45.9 billion was allocated to the sector. This was expected to enhance the provision of inputs including seeds, planting materials, tools as well as improving activities in the value chain for food crops. An amount of Le9.6 billion from the capital budget was also allocated to agriculture and Le38.6 billion disbursements was expected from development partners to support foreign funded agricultural projects.

Cocoa production registered an increase of 18.6 per cent to 3.7 thousand metric tons. However, this amount was 52.94 per cent less than production in the second half of 2014.

Manufacturing

The manufacturing sector recorded mixed performance in the second half of 2015 compared to the previous half. Beer & stout, acetylene, oxygen and paint recorded increases in production during the

Table 1: Production						
	UNITS	Jul - Dec 2014	Jan -Jun 2015	*Jul - Sep 2015*	*Oct - Dec 2015*	Jul - Dec 2015
1	2	3	4	5	6	7
MINERAL						
Diamonds	'000 carats	282.08	290.38	*130.00*	*79.65*	209.66
Industrial	'000 carats	240.43	50.22	*111.85*	*68.15*	180.00
Gem	'000 carats	41.64	240.15	*18.15*	*11.50*	29.65
Bauxite	'000 M Tons	470.64	743.07	*442.07*	*290.65*	732.72
Rutile	'000 M Tons	59.02	53.28	*33.96*	*38.79*	72.75
Ilmenite	'000 M Tons	20.56	16.92	*10.23*	*10.49*	20.72
Gold	000 Ounces	0.50	2.46	*0.23*	*0.77*	1.00
Zircon	'000 M Tons	0.99	0.65	*0.45*	*0.29*	0.74
Iron ore	'000 M Tons	7,469.07	1,691.27	*0.00*	*0.00*	0.00
AGRICULTURE						
Coffee	'000 M Tons	1.55	0.72	*0.00*	*0.00*	0.00
Cocoa	'000 M Tons	7.86	3.12	*1.43*	*2.26*	3.70
MANUFACTURED GOODS						
Beer and Stout	000 Ctns	456.06	297.66	*225.04*	*237.46*	462.50
Maltina	000 Ctns	209.72	185.28	*92.13*	*77.69*	169.81
Acetylene	'000 Cu.Ft	210.71	124.27	*61.15*	*78.71*	139.86
Oxygen	'000 Cu.Ft	215.86	125.67	*64.76*	*107.22*	171.98
Confectionery	'000 Lbs	2,558.57	1,620.07	*682.75*	*900.00*	1,582.75
Common Soap	'000 M Tons	518.80	382.73	*47.84*	*147.74*	195.59
Soft drinks	000 Crates	844.86	646.06	*201.53*	*264.15*	465.68
Paint	'000 Gals	151.10	160.61	*92.57*	*90.26*	182.83
Cement	'000 M Tons	218.30	167.14	*7.54*	*81.54*	157.00
Flour	'000 M Tons	0.00	0.00	*0.00*	*0.00*	0.00
SERVICES						
Electricity	GW/hr					
Unit Generated	GW/hr	117.95	99.66	0.00	0.00	0.00
Industrial Consumption	*GW/hr*	*20.86*	*11.13*	0.00	0.00	*0.00*
Domestic Consumption	*GW/hr*	*18.10*	*6.25*	0.00	0.00	*0.00*
Commercial Consumption	*GW/hr*	*12.07*	*4.17*	0.00	0.00	*0.00*
Government Consumption	*GW/hr*	*18.24*	*8.57*	0.00	0.00	*0.00*

Sources: ***Various manufacturing establishments***

review period on account of favourable demand and supply fundamentals. Beer & stout grew by 55.38 percent to 462.5 thousand cartons, acetylene increased by 12.55 percent to 139.86 thousand cubic feet, oxygen rose by 36.86 percent to 171.98 thousand cubic feet while paint went up by 13.84 percent to 182.83 thousand gallons. The increase in acetylene and oxygen production was a reflection of increased welding activities during the review period.

Production declines were however recorded for maltina, confectionery, common soap, soft drinks and cement, explained by limited availability of raw material inputs coupled with increased competition from foreign brands. Maltina and soft drinks production declined by 8.35 percent to 169.81 thousand cartons and by 27.92 percent to 465.68 thousand crates respectively. Confectionery and common soap declined respectively by 2.3 percent to 1582.75 thousand pounds and by 48.9 percent to 195.59 thousand metric tons.

Compared to the same period in 2014, overall manufacturing performance in the second half of 2015 declined, mainly due to the surge in imports of competing brands and the impact of the depreciation of the Leone on the cost of intermediate inputs. Apart from beer and stout and paint, decreases in production were also recorded for maltina, acetylene, oxygen, confectionery, common soap, soft drinks and cement.

Mining

The mining sector recorded mixed performance in the second half of 2015, in the midst of tumbling global iron ore prices coupled with the closure of the two iron ore mining companies. Rutile, ilmenite and zircon recorded increases in production during the review period. Rutile production posted an increase of 36.55 percent to 72.75 thousand metric tons, ilmenite rose by 22.44 percent to 20.72 thousand metric tons, while zircon increased by 13.36 percent to 0.74 thousand metric tons. By contrast, diamond production declined by 27.8 percent to 209.66 thousand carats which comprised 29.65 thousand carats of gem and 180.01 thousand carats of industrial diamonds. Bauxite production fell slightly by 1.39 percent to 732.72 thousand metric tons, while gold production dropped by 59.6 percent to 1.0 thousand ounces.

Construction

Cement production, which is a proxy for construction, fell by 6.07 percent to 157.0 thousand metric tons, reflecting a decline in activities in the construction sub-sector. The drop in production was on account of increased competition from imported brands and the limited availability of raw material inputs. When compared to the same period in 2014, cement production declined by 28.08 percent in the second half of 2015.

Tourism

Gauged by the number of tourist arrivals, the sector recorded a significant recovery in the second half of 2015 with tourist arrivals totalling 16,300 compared to 7,498 tourist arrivals in the first half of 2015.

In terms of country of origin, total tourist arrivals included 19.9 percent from ECOWAS countries, 14.4 percent from Non-ECOWAS countries, 7.8 percent from Asia, 21.7 percent from the Americas, 4.2 percent from the Middle East, 29.0 percent from Europe and 3.0 percent from Australia & Oceania countries.

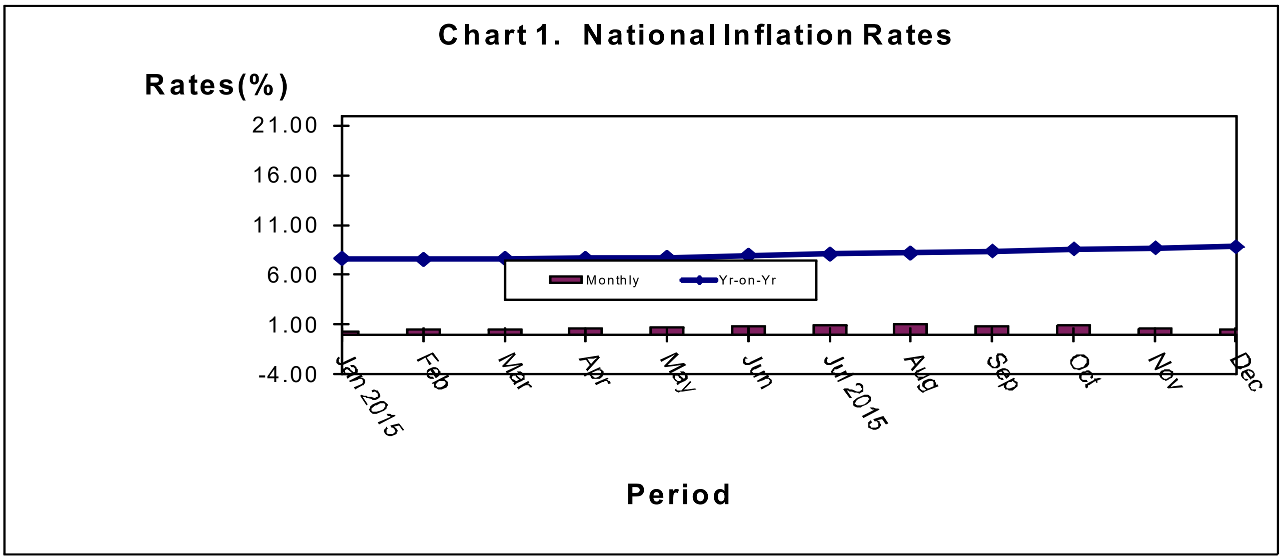
When analysed by purpose of visit, tourist arrivals on holiday recorded 27.1 percent of the total, arrivals for visiting friends & relatives were 24.4 percent, arrivals on Business were 34.6 percent, arrivals on conference were 7.0 percent and others were 7.0 percent.

Domestic Price Developments

The inflationary momentum which started in the first half of the year 2015 continued into the second half with headline national average inflation rate of 4.99 percent compared to 3.31 percent in the previous half year. This represented an increase by 1.68 percentage points. When compared with the corresponding half year in 2014, headline inflation was higher by 0.76 percentage point. The main components from the CPI basket that accounted for the increase in domestic prices over the review period were mainly food & non-alcoholic beverages, housing, water, electricity & gas and health. The contributions of these components to inflation in the second half were higher than their contributions in the first half of the year.

The year-on-year inflation rates in the second half of 2015 exhibited a continuation of the persistently elevated trend that started in the first half of 2015. From 8.11 percent in July 2015, inflation rose steadily reaching 8.58 percent in October and gradually hitting 8.85 percent in December 2015.

The pressures on domestic prices during the review period emanated from non-food inflation while food inflation continued to slow down. Non-food inflation accelerated to 11.08 percent in the review period from 8.65 percent in the preceding half year, reflecting the pass-through effects of the depreciation of the Leone. Food inflation however declined to 5.76 percent from 6.89 percent recorded in the previous half year. The stability in food inflation was explained largely by a favourable agricultural outturn in domestic food production.



Fiscal Operations

Government budgetary operations in the second half of 2015 culminated in a deficit (including grants) of Le779.23bn (3.5% of GDP). This level of deficit was 66.1 percent higher than Le469.28bn (2.2% of GDP) recorded in the previous period and was 45.0 percent above the programmed target of Le537.36bn (2.4% of GDP). The deficit excluding grants amounted to Le1,239.67bn (5.57% of GDP) compared with Le1,109.55bn (5.2% of GDP) incurred in the previous half and was higher than the targeted deficit excluding grants of Le1,087.91bn.

Government Revenue

Central government revenue (including grants) declined by 31.4 percent to Le1,244.91bn (5.59% of GDP) compared to Le1,814.97bn recorded in the previous half year and was 20.1 percent below its target of Le1,557.11bn (7.0% of GDP). The outturn in revenue performance was attributed to declines in both domestic revenue mobilization and external grants. The under-performance in revenue mobilisation during the review period was a reflection of weak economic conditions that has prevailed in the economy since the start of the year 2015.

Domestic revenue, comprising tax and non-tax revenues, fell by 33.2 percent to Le784.47bn (3.52% of GDP) and was 22.1 percent below its target of Le1,006.56bn (4.52% of GDP) . The decline in domestic revenues was mainly driven by the underperformance of tax receipts which amounted to

Le711.51bn (3.2% of GDP) .The underperformance in tax revenue during the review period was reflected in all the major tax categories.

Collections from Customs & Excise amounted to Le156.58bn (0.7% of GDP), representing a decrease of 44.6 percent and was below its target of Le233.94bn. The decline in customs and Excise revenue was reflected in underperformances in revenue generation from both import taxes and excise on petroleum. Collection from import taxes fell by 52.3 percent to Le73.28bn while receipts from excise on petroleum dropped by 35.3 percent to Le76.84bn.

Income tax collection dropped by 44.7 percent to Le246.19bn (1.11% of GDP) and was 36.3 percent below its target of Le386.35bn. Both company tax and personal income tax components accounted for the fall in income tax collection. Company tax revenue fell by 13.2 percent to Le105.83bn while personal income tax collection declined by 57.2 percent to Le137.20bn.

Receipts from goods and services tax (GST) declined by 13.1 percent to Le258.52bn (1.16% of GDP). The poor performance in GST collection was driven mainly by declines in revenue generation from import

Table 2 Government Fiscal Operations (In Millions of Leones)						
	Jul - Dec 2014	Jan - Jun 2015	*Jul - Sep 2015*	*Oct - Dec 2015*	Jul -Dec 2015	Prog. Target Jul - Dec 2015
1	2	3	4	*5*	*6*	7
TOTALREVENUE (PLUS GRANT)	**1,722,242**	**1,814,966**	**409,946**	***834,967***	***1,244,913***	**1,557,109**
DOMESTIC REVENUE	**1,072,109**	**1,174,699**	**353,343**	***431,130***	***784,473***	**1,006,557**
Of which:						
Customs & Excise	266,930	282,490	60,451	*96,127*	*156,578*	233,944
Import Taxes	158,132	153,480	22,716	*50,561*	*73,277*	147,338
Excise on Petroleum	103,058	118,814	33,454	*43,389*	*76,843*	81,385
Other Excise Duties	5,740	10,196	4,281	*1,681*	*5,962*	4,564
Freight Levy from Marine Administration	0	0	0	*496*	*496*	657
Income Tax Department	**430,897**	**445,172**	**95,683**	***150,507***	***246,190***	**386,361**
Company Tax	127,185	127,950	49,364	*56,466*	*105,830*	115,294
Personal Income Tax	299,514	320,822	45,277	*91,926*	*137,203*	266,565
Other Taxes	4,198	2,400	1,042	*2,115*	*3,157*	4,492
Goods and Services Tax (GST)	**222,682**	**297,440**	**142,161**	***116,360***	***258,521***	**261,761**
Import GST (Import Sales Tax)	123,775	177,744	86,519	*60,264*	***146,783***	151,108
Domestic GST	98,907	119,696	55,642	*56,096*	*111,738*	110,653
Miscellaneous	**108,702**	**103,166**	**37,903**	***35,056***	***72,959***	**69,255**
Mines Department	68,832	42,277	23,746	*19,478*	*43,224*	36,579
Royalty on Rutile	1,371	4,243	2,948	*4,057*	*7,005*	6,789
Royalty on Bauxite	2,787	3,048	0	*3,334*	*3,334*	4,266
Royalty on Diamond and Gold	22,268	13,011	6,125	*10,541*	*16,666*	17,249
Royalty on Iron Ore	23,104	6,106	0	*0*	*0*	0
Licenses	19,302	15,869	14,673	*1,546*	*16,219*	8,275
Other Departments	39,870	60,889	14,157	*15,578*	*29,735*	32,676
Royalty onFisheries	12,724	21,813	10,087	*3,785*	*13,872*	13,666
Parastatals	0	17,809	0	*0*	*0*	0
Other Revenues	27,146	21,267	4,070	*11,793*	*15,863*	19,010
Road User Charges	**42,898**	**46,431**	**17,145**	***33,080***	***50,225***	**55,246**
GRANTS	**650,133**	**640,267**	**56,603**	***403,837***	***460,440***	**550,552**
Programme	527,947	280,414	26,026	*373,714*	*399,740*	422,395
HIPC Debt Relief Assistance	4,367	5,059	1,520	*0*	*1,520*	0
Japanese Food & Oil Aid	0	0	0	*0*	*0*	0
Global Fund Salary Support	20,747	0	0	*35,278*	*35,278*	40,722
Kuwait Fund Refund	0	0	0	*0*	*0*	0
UK (DFID)	76,629	26,722	24,506	*25,034*	*49,540*	53,098
EU	96,560	0	0	*164,812*	*164,812*	171,516
AfDB	231,609	110,420	0	*0*	*0*	0
WB	98,034	0	0	*148,590*	*148,590*	157,059
Peace Building Fund	0	138,213	0	*0*	*0*	0
Other (IMF CCR DebtbRelief)	0	0	0	*0*	*0*	0
Development Project	122,186	359,853	30,557	*30,123*	*60,700*	128,157

GST by 17.4 percent to Le146.78bn and the drop in domestic GST by 6.7 percent to Le111.74bn. Revenue from road user charges increased by 8.2 percent to Le50.23bn, and was however below its target of Le55.25bn.

Non-tax revenue, which accounted for 9.3 percent of domestic revenue, declined by 29.3 percent to Le72.96bn (0.33% of GDP) but was above its target of Le69.26bn. The fall in non-tax revenue was mainly on account of low collections from other government departments.

External grants amounted to Le460.44bn (2.07% of GDP), reflecting a decline of 28.1 percent and was 16.4 percent less than its target of Le550.55bn. The fall in external grants was due exclusively to the lower than anticipated development project grants,

Table 2 Continued
Government Fiscal Operations
(In Millions of Leones)

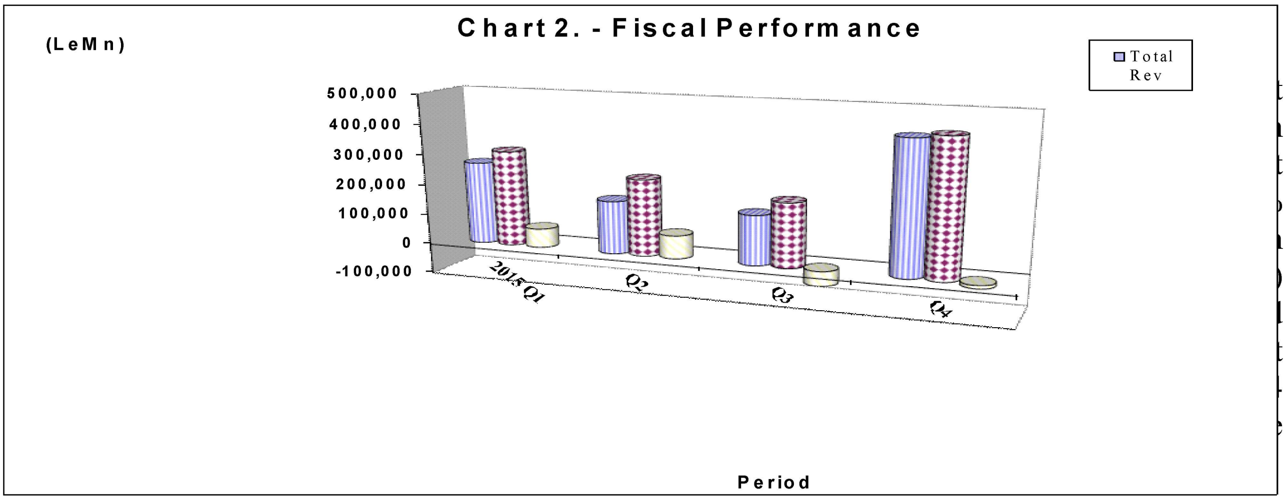
	Jul - Dec 2014	Jan - Jun 2015	*Jul - Sep 2015*	*Oct - Dec 2015*	Jul -Dec 2015	Prog. Target Jul - Dec 2015
1	2	3	4	5	6	7
TOTAL EXPENDIUTRE & NET LENDING	**1,812,607**	**2,284,250**	**1,067,534**	***956,608***	***2,024,142***	**2,094,471**
Of which:						
Current Expenditure	1,366,616	1,329,947	765,176	*712,469*	*1,477,645*	1,497,952
Of which:						
Wages & Salaries	738,237	744,511	416,016	*428,094*	*844,110*	856,186
Domestic Interest	74,782	67,020	23,287	*47,064*	*70,351*	80,995
Foreign Interest	21,586	19,588	11,320	*13,571*	*24,891*	22,328
Goods & Services	234,301	225,341	156,893	*70,897*	*227,790*	219,956
Transfers to Local Councils	26,521	49,138	36,255	*17,739*	*53,994*	40,714
Fuel Subsidies	0	0	0	*0*	*0*	0
Social Outlays	141,397	105,390	60,854	*62,553*	*123,407*	142,035
Grants to Education Institution	77,918	68,222	35,715	*34,392*	*70,107*	68,868
Transfer to Road fund	42,898	48,929	17,145	*33,080*	*50,225*	58,246
Elections & Democratisation	8,976	1,808	7,691	*5,079*	***12,770***	8,624
Development Exp. & Net Lending	445,991	954,303	302,358	*244,139*	*546,497*	596,519
Foreign Loans & Grants	262,040	654,075	72,660	*178,595*	*251,255*	329,735
Loans	139,854	294,222	42,083	*148,472*	*190,555*	201,578
Grants	122,186	359,853	30,577	*30,123*	*60,700*	128,157
Domestic	**240,856**	**300,228**	229,698	*65,544*	*295,242*	266,784
Lending Minus Repayment	**(56,905)**	**0**	**0**	***0***	***0***	**0**
CURRENT BALANCE+/- (Including grants)	**355,626**	**485,019**	**(355,230)**	***122,498***	***(232,732)***	**59,157**
ADD DEVELOPMENT EXPENDITURE	**(445,991)**	**(954,303)**	**(302,358)**	***(244,139)***	***(546,497)***	**(596,519)**
Basic Primary Balance	**(373,114)**	**(367,060)**	**(599,233)**	***(281,169)***	***(880,402)***	**(646,232)**
OVERALL DEFICIT/SURPLUS +/-(Incl. grants	**(90,365)**	**(469,284)**	**(657,588)**	***121,641***	***(779,229)***	**(537,362)**
FINANCING	**90,365**	**469,284**	**657,588**	***121,641***	***779,229***	**537,362**
Domestic	**365,876**	**307,269**	**347,712**	***158,421***	***506,133***	**433,690**
Of which:						
Bank Financing	**368,094**	**325,110**	**343,560**	***160,581***	***504,141***	**415,850**
Bank of Sierra Leone	167,466	157,618	149,076	*69,100*	*218,176*	179,661
Commercial Banks	200,628	167,492	194,484	*91,481*	*285,965*	236,189
Non-Bank Financing	**(2,246)**	**(17,841)**	**4,152**	***(2,160)***	***1,992***	**17,840**
Privatisation Receipts	28	0	0	*0*	*0*	0
Extenal	**87,871**	**177,148**	**72,760**	***212,640***	***285,400***	**278,207**
Of which:						
Loans	139,854	294,222	42,083	*148,472*	*190,555*	201,578
Project	139,854	294,222	42,083	*148,472*	*190,555*	201,578
Programme	0	0	0	*0*	*0*	0
Amortisation	(51,983)	(58,537)	30,677	*64,168*	*94,845*	76,629
Debt Relief	0	(58,537)	0	*0*	*0*	0
Others*	**(363,382)**	**(15,133)**	**237,116**	***0***	***237,116***	***(174,535)***

** Others include resheduling/write off,*
financing gap, privatisation net & unaccounted amounts
Source: Budget Bureau, MOF

which dropped by 83.1 percent to Le60.7bn. Programmed grants however increased by 42.6 percent to Le399.74bn.

Government Expenditures

Government expenditure and net lending during the review period decreased by 11.4 percent to Le2,024.14bn (9.09% of GDP) compared to Le2,284.25bn in the preceding half year and was 3.4 percent less than the ceiling of Le2,094.47bn.



The decrease in government spending was mainly driven by a reduction in development expenditure. Recurrent expenditure however increased but was not sufficient to counter the fall in development spending.

Recurrent Expenditure comprising personnel emoluments, interest payments and non-salary-non-interest payments grew by 11.1 percent to Le1,477.65bn (6.49% of GDP) compared to Le1,329.25bn recorded in the previous half year, but was 1.4 percent less than the target of Le1,497.95bn.

Expenditure on personnel emoluments increased by 13.4 percent to Le844.11bn (3.79% of GDP), thereby breaching the ceiling of Le856.19bn by 1.4 percent. Total personnel emolument accounted for 57 percent of recurrent expenditure compared to 56 percent in the previous period, and exceeded domestic revenue by 7.6 percent.

Total interest payment increased by 10 percent to Le95.24bn (0.43% of GDP), of which domestic interest payments accounted for Le70.35bn (increased by 5 percent) and foreign interest payments contributed Le24.89bn (rose by 27 percent). Domestic interest payments was 13.1 percent below its target while foreign interest payments was 11.5 percent above its target. Overall domestic and foreign interest payments accounted for 6.4 percent of recurrent expenditure and took 12.1 percent of domestic revenue.

Non-salary, non-interest recurrent expenditure increased by 7.9 percent to Le538.29bn (2.42% of GDP) and was well within the ceiling of Le538.44bn. The growth in non-salary, non-interest payments was attributed mostly to overruns in social outlays and elections & democratisation.

1.7 percent but exceeded its ceiling of Le266.78bn by 10.7 percent.

Financing

The budget deficit including grants of Le779.23bn was financed by borrowing from domestic and external sources. External financing in the form of project and programme loans amounted to Le285.4bn, being an increase by 61 percent and was 2.6 percent above the budgeted ceiling of Le278.21bn. Domestic financing of the deficit grew by 64.7 percent to Le506.13bn and exceeded the ceiling of Le433.69bn by 16.7 percent. Of the domestic financing, borrowing from the banking system amounted to Le504.14bn, and the non-bank borrowing amounted to Le1.99bn. Borrowing from the banking institutions included Le218.18bn from the Bank of Sierra Leone and Le285.97bn from commercial banks.

Monetary Developments

Broad Money (M2) expanded at a faster pace in the second half of 2015 than in the first half but slowed when compared on a year on year basis for 2014. Growth in M2 in the review period was 8.92 percent compared to 2.22 percent in the preceding period and 9.85 percent in the corresponding period in 2014. The expansion in M2 was driven by both Net Foreign Assets (NFA) and Net Domestic Assets (NDA) of the banking system. NFA grew by 7.43 percent from a decline of 8.13 percent in the preceding half year in 2015. Key inflows during the second half of 2015 were disbursement of US$45.99mn from the IMF for budgetary and Balance of Payments support; US$29.78mn from World Bank for budgetary support and US$29.98mn from European Union for

Table 3
Monetary Survey
(Million Leones)

	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
1	2	3	4	5	6
Reserve Money	**1,560,388**	**1,502,179**	**1,666,649**	**1,618,911**	**1,723,637**
Broad Money	**4,929,099**	**4,945,395**	**5,038,376**	**5,296,792**	**5,487,870**
Broad Money*	**3,864,484**	**3,942,393**	**4,069,343**	**4,212,943**	**4,386,519**
Narrow Money	**2,051,630**	**2,150,603**	**2,213,084**	**2,293,050**	**2,496,971**
Currency in Circulation	997,545	1,041,432	989,167	1,018,116	1,176,286
Demand Deposits	1,054,085	1,109,170	1,223,917	1,274,934	1,320,685
Quasi Money	**2,877,470**	**2,794,792**	**2,825,292**	**3,003,742**	**2,990,899**
Foreign Currency Deposits	1,064,615	1,003,002	969,033	1,083,849	1,101,351
Time Deposits	339,705	249,386	285,098	262,031	285,089
Savings Deposits	893,787	933,838	950,455	971,417	982,349
Other Deposits	577,410	606,614	620,693	686,432	622,063
Time Savings and Foreign Currency deposits (BSL)	1,952	1,952	13	13	46
Net Foreign Assets	**3,253,757**	**3,167,570**	**2,989,359**	**2,964,271**	**1,211,356**
Bank of Sierra Leone	1,958,411	1,855,871	1,823,821	1,708,358	1,862,836
Assets	2,773,135	2,863,687	2,844,668	2,818,337	1,290,170
Liabilities	- 814,725	- 1,007,816	- 1,020,847	- 1,109,979	- 1,427,334
Commercial Banks	1,295,346	1,311,699	1,165,537	1,255,913	1,348,520
Assets	1,308,041	1,317,037	1,175,140	1,265,851	1,359,379
Liabilities	-12,695	-5,338	-9,603	-9,938	-10,859
Domestic Credit	**3,747,415**	**3,881,637**	**4,058,302**	**4,458,570**	**4,405,274**
Budget Financing	**1,542,289**	**2,081,501**	**2,256,345**	**2,599,905**	**2,589,701**
Central Bank (NCG)	**273,876**	**341,227**	**431,495**	**580,570**	**562,500**
Gross Claims	273,876	*387,004*	*431,495*	*580,570*	*562,500*
Ways and Means Advances	*39,058*	-	*66,157*	*66,243*	*63,406*
GOSL/IMF Budget	*181,712*	*358,871*	*358,871*	*358,871*	*476,774*
BSL - EU Bridging Loan Account	-	-	-	*141,725*	-
Treasury Bills	*44,863*	*23,055*	*1,474*	*7,951*	*16,136*
Treasury Bonds	*8,241*	*5,078*	*4,993*	*5,781*	*6,185*
Deposit	-	45,777	-	-	-
Commercial Banks (NCG)	**1,665,065**	**1,740,274**	**1,824,850**	**2,019,335**	**2,027,200**
Gross Claims	1,665,523	**1,740,824**	**1,825,445**	**2,020,009**	**2,028,173**
Treasury Bills	*1,575,962*	*1,658,639*	*1,743,461*	*1,941,784*	*1,943,445*
Treasury Bearer Bonds	*6*	-	-	-	*3,000*
Loans and Advances	*89,555*	*82,184*	*81,984*	*78,225*	*81,728*
Deposits	*457*	*550*	*596*	*674*	*972*
Other Claims	**510,568**	**510,563**	**506,818**	**506,876**	**503,068**
Claims on Central Government (BSL)	*510,568*	*510,568*	*506,818*	*506,876*	*503,068*
Claims on Central Government (DMB)	-	-	-	-	-
Claims on Non Financial Public Sector	199,242	190,280	183,150	177,149	181,812
Claims on Private Sector	1,056,845	1,056,790	1,064,369	1,120,230	1,090,849
of which					
Commercial Banks	1,038,540	1,036,527	1,027,378	1,088,184	1,060,823
Claims on Non-Banking Institutions	**41,818**	**42,498**	**47,620**	**54,410**	**39,845**
Other Items (Net)	**- 2,072,073**	**- 2,103,812**	**- 2,009,285**	**- 2,126,049**	**- 2,128,760**

domestically financed development spending fell by
prece poverty reduction budgetary support.

Table 4 Average Interest Rates (%)					
	2	3	4	5	6
1	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
Treasury Bills (3-months)	2.36	2.70	2.74	1.55	1.08
Treasury Bills (6- months)	2.83	3.59	5.84	3.00	3.11
Treasury bills(1 -Year)	5.12	6.77	7.83	5.77	9.91
Treasury Bearer Bonds (1-year)	5.00	5.00	5.00	5.00	5.00
Savings	3.23	2.85	2.85	2.54	2.54
1 Month	4.08	3.38	3.38	2.73	2.73
3 Months	4.21	3.48	3.48	2.98	2.98
6 Months	5.57	4.70	4.70	4.12	4.20
9 Months	5.88	3.38	3.38	3.38	3.38
12 Months	6.59	5.76	5.76	5.22	5.30
Lending Overdraft Rate	**19.23-25.14**	**19.23-25.14**	**18.77-25.14**	**18.23-24.95**	**18.12-24.80**

poverty reduction budgetary support.

NDA grew by 11.10 percent compared to 22.30 percent in the first half of 2015 and 6.20 percent in the corresponding half year in 2014. The growth was mainly driven by government borrowing to finance operations. Government borrowing increased by 14.77 percent in the second half of 2015 from 16.37 percent in the previous half and 25.72 percent corresponding period in 2014.

Reserve Money (RM) growth slowed to 3.42 percent in the second half of 2015 from 6.81 percent in the first half. The source of the growth in RM was financing of fiscal operations by the Central Bank. On year on year basis, the growth in Reserve Money was 3.42 percent and was within the end of year program target of 7.1 percent.

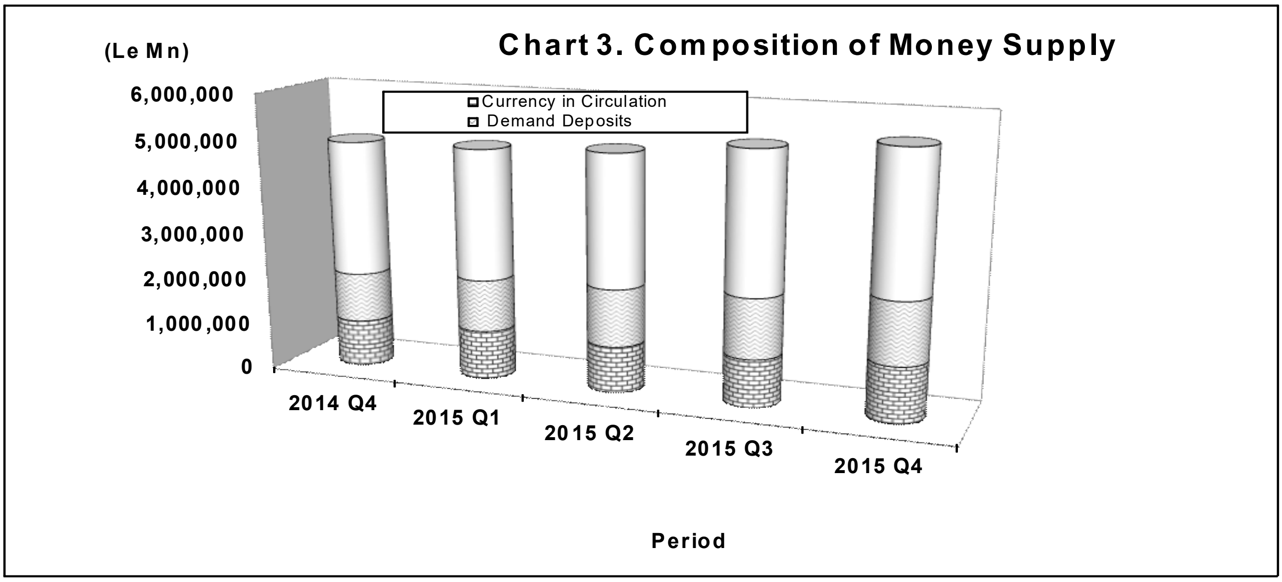
Credit to the private sector by the commercial banks during the review period grew by 3.26 percent compared to a 1.07 percent contraction in the first half of 2015. Commercial banks' credit to the private sector generally remained subdued; partly reflecting macroeconomic challenges to recovery from the economic recession coupled with intermediation challenges in the banking industry including credit risks.

Yields on government securities declined on the shorter term segment of the yield curve but increased on the longer term segment, reflecting lengthening of the maturities of government securities. The yield on the 91-day T-bill decreased by 166 basis points from 2.74 percent in June 2015 to 1.08 percent in December 2015. Similarly, the yield on the 182-day T-bill rate decreased by 271 basis points from 5.84 percent in June 2015 to 3.11 percent in December 2015.

On the contrary, the yield on 1-year T-bills increased by 208 basis points from 7.83 percent in June 2015 to 9.91 percent in December 2015.

Meanwhile, the rate on 1-year treasury bonds remained unchanged at 5 percent. Furthermore, the government issued a two year bond to lengthen the term structure of government securities and this instrument attracted an interest rate of 13.5 percent.

There was a general decline in the average interest rates across all term deposits of commercial banks. The deposit rates on savings, 1-month, 3-months, 6-months, and 12 –months deposits declined by 31,65,50,50 and 46 basis points from 2.85 percent, 3.38 percent,3.48 percent, 4.70 percent and 5.76 percent as at end June 2015 to 2.54 percent, 2.73 percent, 2.98 percent, 4.20 percent and 5.30 percent respectively, as at end December 2015. However, the rate on 9-months deposit remained unchanged at 3.38 percent. The average lending rate of banks remained sticky downwards with a marginal decrease to the range of 18.12 percent to 24.80 percent down



from 18.77 percent to 25.14 percent in June 2015. The downward stickiness of the lending rate was partly as a result of intermediation challenges in the banking industry including non-performing loans.

External Sector Developments

International Trade

Sierra Leone's foreign trade (Exports+Imports) declined significantly by 37.9 percent to US$818.68mn in July - December 2015 from US$1,318.24mn reported in the first half of 2015 and by 68.5 percent when compared to US$1,160.93mn recorded in the same period in 2014. The trade deficit improved by US$123.56mn (23.6%) to US$400.09mn in the review period, from US$523.64mn in the preceding half-year. The improvement was largely on account of the combined effects of a significant decline in both export receipts (47.3%) and import payments (33.8%) reflecting the impact of declining commodity prices and weak domestic economic conditions.

Exports

The value of merchandise exports was estimated at US$209.30mn, indicating a decline of 47.3 percent compared with US$397.30mn recorded in January-June 2015 and declined significantly (140.4%) when compared with US$473.18mn recorded in the same period in 2014.

The decrease in export receipts during the review period was mainly on account of significant drop in earnings from both mineral and agricultural exports, which accounted for over 74 percent of total export value. Despite the marginal increase in the re-export figure in the review period, there was a huge drop when compared to the corresponding period in 2014. Mineral exports saw decline by 38.8 percent from US$233.33mn in the previous half year to US$142.90mn in the review period. The main driver for the drop in proceeds was iron ore exports in the context of declining commodity prices. Earnings from iron ore exports dropped by 90.9 percent, from US$70.92mn in the first half of 2015.

In volume terms, iron ore exports dropped from 1,907.77 metric tons in January – June 2015 to 309.16 metric tons in July – December 2015. The value of diamonds exported during the review period was US$60.19mn, representing 36.0 percent and 123.0 percent drop below the values registered in both the first half of 2015 and corresponding half year in 2014, respectively. The reduction in diamond exports was reflected in both the gem and industrial categories , with a decline of 35.8 and 43.0 percent, respectively. Similarly, export receipts from bauxite and gold plummeted by 20.9 percent and 62.6 percent respectively, to US$19.06mn and US$1.0mn in the review period while rutile export receipts saw an increase of 51.8 percent to US$55.66mn. Bauxite and gold volumes declined by 14.5 percent and 59.6 percent to 600.5 thousand metric tons and 1.00 thousand ounces respectively, in the reporting period,

Table 5a International Trade and Reserves (Million Leones)					
	Jul-Dec'14	Jan-Jun'15	*Jul-Sep'15*	*Oct-Dec'15*	Jul-Dec'15
1	2	3	4	5	6
Merchandise Imports	**3,208,940.4**	**4,504,348.5**	***1,768,760.0***	***1,416,850.9***	**3,185,610.9**
of which					
Food of which	654,183.2	1,860,191.1	*396,481.3*	*379,236.3*	775,717.6
Rice	196,952.3	458,813.0	*128,453.4*	*119,701.2*	248,154.6
Beverages and Tobacco	76,193.3	105,155.5	*48,501.1*	*68,164.8*	116,665.9
Crude Materials	62,050.2	134,893.5	*27,252.4*	*45,896.5*	73,148.9
Mineral Fuels and Lubricants of which	968,064.0	833,910.8	*289,395.9*	*269,433.3*	558,829.2
Fuel	861,944.6	728.4	*259.1*	*243.2*	502,336.2
Animal and Vegetable Oils	26,021.2	24,398.9	*12,760.2*	*5,398.4*	18,158.6
Chemicals	138,544.2	146,892.5	*60,166.4*	*53,778.6*	113,945.0
Manufactured Goods	225,510.1	315,717.8	*165,796.1*	*131,203.5*	296,999.6
Machinery and Transport Equipment	771,896.4	767,299.1	*602,431.2*	*325,853.6*	928,284.8
Other Imports	286,477.9	315,889.3	*165,975.5*	*137,885.9*	303,861.4
Merchandise Exports	**3,987,246.4**	**1,597,187.3**	***580,704.8***	***517,012.0***	**1,097,716.8**
of which					
Mineral Exports	**2,441,505.7**	**1,141,072.6**	***377,697.6***	***376,512.3***	**754,209.8**
Diamonds	472,501.1	458,986.2	*198,560.8*	*116,940.3*	315,501.1
Bauxite	84,868.2	117,642.3	*45,178.4*	*53,464.5*	98,642.8
Rutile	217,936.8	178,838.4	*131,773.6*	*163,948.6*	295,722.2
Gold	2,631.9	13,027.5	*1,148.1*	*4,172.3*	5,320.3
Ilmenite	-	19,779.6	-	-	-
Iron Ore	1,176,953.9	348,875.6	-	*36,233.9*	36,233.9
Zircom	491.7	3,710.2	*1,036.8*	*1,752.7*	*2,789.5*
Other Minerals /1	486,122.1	212.8	-	-	-
Agricultural Exports	**1,326,106.0**	**63,132.8**	***22,140.5***	***40,729.5***	**62,870.0**
Coffee	1,722.4	6,529.7	-	-	-
Cocoa	85,496.6	49,873.3	*17,346.6*	*30,641.8*	47,988.4
Piassava	-	-	-	-	-
Fish and Shrimps	1,238,887.0	6,729.9	*4,794.0*	*10,087.7*	**14,881.6**
Others	79,453.0	365,311.5	*106,959.2*	*79,559.9*	186,519.2
Re-exports	140,181.8	27,670.4	*73,907.5*	*20,210.3*	94,117.8
Trade Balance	**778,306.0**	**(2,907,161.2)**	**277,350.10**	**910,754.70**	**-2,087,894.1**
Foreign Reserves (Million Leones)	**2,741,743.9**	**2,823,638.9**	***1,861,363.0***	***2,067,625.9***	**3,264,993.6**

/1 Comprises ores and concentrates of Tin, Zinc, Molybdenum, Titanium and Silver as generated by ASYCUDA++ at Customs

Sources: Customs and Excise Department, Oil Importing Companies and Government Gold & Diamond Office

while the volume of rutile increased by 78.3 percent to 82.92 thousand metric tons in the review period. There was no export of ilmenite while zircon mineral exports recorded 32.6 percent drop in both value and volume in the reporting period.

Export receipts from agriculture sub-sector decreased by 87.5 percent to US$11.78mn in July – December 2015 which was below the US$94.57mn recorded in the first half of 2015. The drop in agricultural export receipts was on account of a 100 percent fall in coffee exports as there was no reported figure for that period. However, cocoa exports also experienced 11.3 percent drop in receipts despite a corresponding volume increase to 3.72 metric tons, representing a 19.2 percent increase in volume in the reporting period compared to the previous period's figure of 3.12 metric tons. However, export receipts for 'fish & shrimps' recorded a 101.9 percent increase over the previous period from US$1.38mn in January – June 2015 to US$2.78mn in July – December 2015. The value of other exports decreased by 52.3 percent to US$35.77mn, while earnings from re-exports stood at US$18.85mn in the review period, decreasing by 232.1 percent from the US$5.68mn reported in the preceding half year of 2015.

Imports

Total payments for imports in the second half of 2015 dropped by 33.8 percent to US$609.38mn relative to the import bills of US$920.94mn recorded in the first half of 2015. The decline in import bill is reflected in all the major import categories like food, crude materials and mineral fuel & lubricants. Total import

Table 5b
International Trade and Reserves
(Thousand US Dollars)

	Jul-Dec'14	Jan-Jun'15	*Jul-Sep'15*	*Oct-Dec'15*	Jul-Dec'15
1	2	3	*4*	*5*	6
Merchandise Imports	**687,752.5**	**920,939.3**	***351,132.4***	***258,248.9***	**609,381.2**
of which					
Food of which	139,850.1	379,823.4	*78,878.4*	*69,162.4*	148,040.8
Rice	42,140.9	94,073.6	*25,565.7*	*21,850.8*	47,416.5
Beverages and Tobacco	16,449.3	21,546.2	*9,668.4*	*12,395.2*	22,063.6
Crude Materials	13,124.2	27,603.2	*5,448.4*	*8,320.7*	13,769.1
Mineral Fuels and Lubricants of which	208,629.7	170,828.2	*57,799.8*	*49,329.7*	107,129.6
Fuel	186,688.8	149,222.1	*51,747.2*	*44,512.1*	96,259.3
Animal and Vegetable Oils	5,561.0	4,997.3	*2,553.7*	*988.8*	3,542.5
Chemicals	29,617.2	30,037.3	*12,001.6*	*9,809.2*	21,810.8
Manufactured Goods	48,279.3	64,641.5	*33,032.2*	*23,921.6*	56,953.8
Machinery and Transport Equipment	164,542.8	156,818.5	*118,778.1*	*59,208.9*	177,986.9
Other Imports	61,698.8	64,643.8	*32,971.7*	*25,112.4*	58,084.1
Merchandise Exports	**473,175.5**	**397,296.3**	***115,523.7***	***93,771.8***	**209,295.5**
of which					
Mineral Exports	**406,282.2**	**233,334.1**	***74,737.4***	***68,162.9***	**142,900.2**
Diamonds	101,921.0	94,125.4	*39,009.2*	*21,185.4*	60,194.6
Bauxite	18,063.5	24,098.8	*9,336.8*	*9,724.5*	19,061.2
Rutile	46,587.3	36,672.8	*25,961.3*	*29,702.5*	55,663.8
Gold	564.4	2,668.8	*230.2*	*789.9*	999.0
Ilmenite	2,402.7	4,041.7	-	-	-
Iron Ore	236,630.5	70,923.4	-	*6,469.2*	6,469.2
Zircom	109.5	760.0	*200.0*	*312.5*	*512.5*
Other Minerals /1	3.1	43.4	-	-	-
Agricultural Exports	**19,142.6**	**12,874.8**	***4,329.4***	***7,453.6***	**11,782.9**
Coffee	380.4	1,346.0	-	-	-
Cocoa	17,779.4	10,149.9	*3,379.0*	*5,619.8*	8,998.8
Piassava	-	-	-	-	-
Fish and Shrimps	982.8	1,378.9	*950.4*	*1,833.7*	2,784.1
Others	**16,651.4**	**75,034.5**	***21,346.6***	***14,421.0***	**35,767.8**
Re-exports	**31,099.2**	**5,674.8**	***15,110.3***	***3,734.2***	**18,844.6**
Trade Balance	**(214,577)**	**(523,643)**	***(235,609)***	***(164,477.0)***	**(400,085.7)**
Foreign Reserves ($mn)	**501.9**	**580.9**	***528.3***	***579.0***	**579.0**

/1 Comprises ores and concentrates of Tin, Zinc, Molybdenum, Titanium and Silver as generated by ASYCUDA++ at Customs

Sources: Customs and Excise Department,Oil Importing Companies and Government Gold & Diamond Department.

bill for consumer category goods (*which included the sub-categories of food, Beverages & Tobacco and Animal & Vegetable Oil)* stood at US$173.65mn for the reporting period and was 57.3 percent below US$406.37mn recorded in the first half of 2015 and 5.1 percent higher than the US$161.86mn recorded in the corresponding period in 2014. This reflected a drop in the bill for the food sub-category, a sector traditionally dominated by rice import bill. Consequently, the share of consumer goods in total imports grew to 21.18 percent compared to 20.50 percent in the preceding half year. Total import payments for rice dropped by 49.6 percent over the six months to US$47.42mn in the review period. It also registered a decrease of 11.3 percent compared to payments of US$42.14mn made in the corresponding period in 2014.

The import bill for “Beverages & Tobacco” rose marginally by 2.4 percent to US$22.06mn, while payments for “Animals & Vegetable Oils” decreased by 29.1 percent to US$3.54mn. The import bill for

"Manufactured Goods" stood at US$56.95mn in the review period, 11.9 percent lower than the US$64.64mn reported for the preceding half year in 2015. When compared to the corresponding period in 2014, the expense on manufactured goods indicated a decrease of 112.8 percent. The value of imports for "Machinery & Transport Equipment" was recorded at US$177.99mn and was 13.5 percent above the value registered for the preceding January – June 2015 period as well as 63.5 percent greater than the corresponding payments in 2014, attributable to reduction in importation of machines and equipment as most investors in the mining and agricultural sectors have done most of their importation for commencement of operations. Payments for import of "Mineral Fuel & Lubricants" decreased by 37.3 percent to US$107.13mn in the second half of 2015. However, the amount was also 159.3 percent lower when compared to payments in the corresponding half year in 2014. At US$96.26mn, the import bill for fuel in the review period indicated a decrease of 35.5 percent in relation to the January – June 2015 position and also declined by 170.7 percent when compared to the total fuel import bill for the corresponding period in 2014, mainly explained by the increased demand for fuel to operate the machines and transport equipment used in the mining and agricultural sectors. The import bill for "Intermediary Goods" stood at US$35.58mn for the reporting period, 38.3 percent below the US$57.64mn reported in the preceding half year of 2015. This reflected a 50.1 percent drop in import payments for "crude materials" and 27.4 percent decline in import bill for "chemicals" in the review half year period.

Foreign Exchange Rate Movements

During the review period, the Leone continued to be under relative pressure resulting from the mismatch between supply and demand for foreign exchange in the domestic economy, strengthening of the US dollar on the global scene and speculative activities by market agents. As a result, the monthly average exchange rate of the Leone to the US Dollar depreciated in all the exchange markets during the review period. Trends in the half-yearly exchange rate depicted the commercial banks' rate depreciating the most (7.54%), followed by the auction rate (5.41%), parallel market (4.11%), official market rate (3.70%) and the bureaux rate (2.77%). Compared with the six-month average exchange rates in the corresponding half-year period of 2014, the rates depreciated by 12.41 percent, 12.12 percent, 12.10 percent, 11.75 percent and 10.88 percent for the auction, official, commercial bank, bureau and parallel market rates, respectively.

The third and fourth quarterly averages exhibited a similar pattern with consistent depreciation of the Leone in all the exchange rate markets. During July-September 2015, the average rates for the auction, parallel, official, commercial banks' and bereaux market rates depreciated by 7.15 percent, 4.13 percent, 3.43 percent, 3.31 percent and 1.37 percent to Le5,158.91/US$1, Le5,289.66/US$1, Le5,028.71/US$1, Le5,011.38/US$1 and Le4,906.80/US$1, respectively.

The October – December 2015 quarterly averages showed respective depreciations in the commercial banks' rate to Le5,474.21/US$1 (9.24%), official rate to Le5,490.30/US$1 (9.18%), auction rate to Le5,621.37/US$1 (8.96%), bureaux market rate to Le5,332.47/US$1 (8.68%) and the parallel market rate to Le5,726.38/US$1 (8.26%).

Reflecting the excess demand pressures in the foreign exchange markets, the premium between the official and parallel market exchange rates widened on average by 4.73 percent from Le218.97/US$1 in the previous half-year period to Le248.52/US$1 in the review half-year period.

Sectoral Distribution of Foreign Exchange

To support private sector imports financing, the Bank of Sierra Leone regularly provides foreign exchange through the foreign exchange auction. The foreign exchange utilization by authorized sectors consisting of the Manufacturing, Oil Companies, Rice and General Imports sectors stood at US$55.10mn, reflecting a marginal decline of 2.43 percent from the preceding half year of 2015 and a decline of 23.86 percent compared to the same period in 2014. The decrease could be attributed mainly to a decline in allocations of foreign exchange to manufacturing industries (US$7.08mn) which was 50.22 percent lower than the allocations in the first half of 2015. Oil companies on the other hand, stood at US$14.30mn, 119.33 percent higher than the allocations in the first half of 2015. However, the same amount was 43.93 percent lower than allocation made during the

Table 6					
Sectoral allocation of Foreign Exchange under the Auction Sytem (US$ '000)					
Sectors	Jul-Dec'14	Jan-Jun'15	Jul-Sep'15	Oct-Dec'15	Jul-Dec'15
1	2	3	4	5	6
Manufacturing Industries	11,708.43	14,215.00	2,976.40	4,100.00	7,076.40
General Imports	17,507.07	20,415.00	6,013.60	10,000.00	16,013.60
Oil Companies	25,505.80	6,520.00	9,450.00	4,850.00	14,300.00
Rice	17,648.70	15,325.00	6,560.00	11,150.00	17,710.00
Total Allocation	***72,370.00***	***56,475.00***	***25,000.00***	***30,100.00***	***55,100.00***

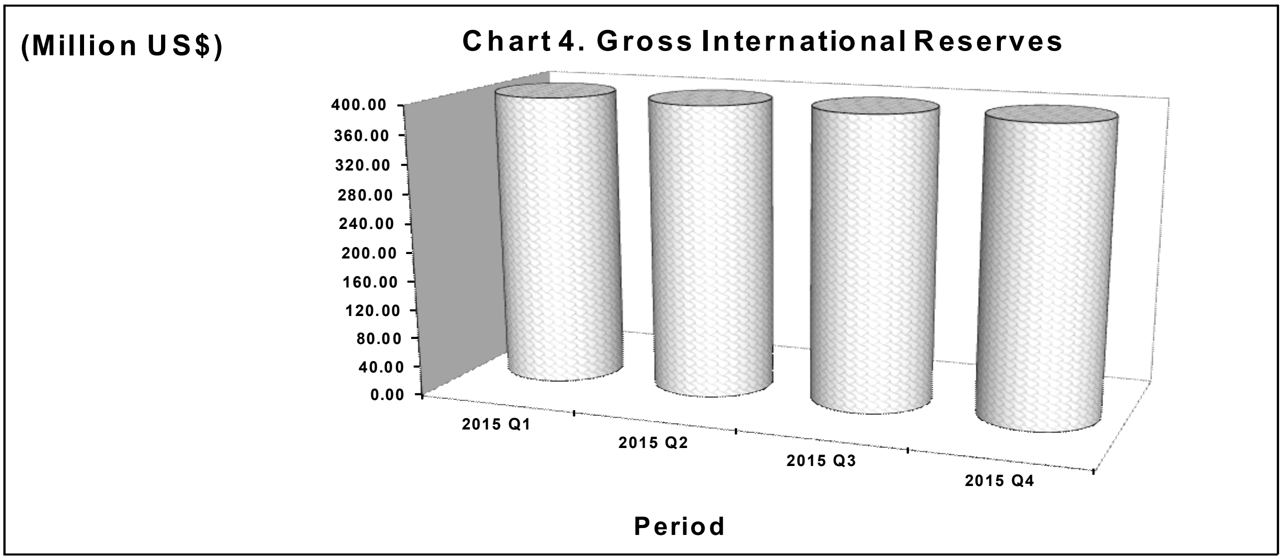
corresponding period in 2014. Rice importers experienced a rise in their allocations by 15.56 percent to US$17.71mn. Of the total amount of foreign exchange utilized, the bulk went to Rice imports (32.14%), followed by General imports (29.06%), oil companies (25.95%) and manufacturing industries accounted for 12.84 percent.

Gross External Reserves

The stock of gross external reserves as at end-December 2015 stood at US$580.26mn which was 0.10 percent less than the US$580.86mn recorded in the preceding half-year of 2015, and was equivalent to 3.2 months import of goods and services. Notable inflows during the review period comprised US$2.64mn, being receipts from Sierra Rutile, and US$2.87mn, being receipts of income tax payments from African Minerals and London Mining companies. Receipts from Koidu Holdings amounted to US$2.16mn while earnings from Cluff Gold Mining Company, other mining receipts and diamond exporter's tax income amounted to US$0.53mn, US$0.90mn and US$0.47mn, respectively. Other government's receipts summed up to US$2.68mn while earnings from Maritime Administration amounted to US$0.22mn, other revenue US$0.56mn and Privatization US$1.57mn.

Aid Disbursements/BOP support totaled US$108.09mn, of which: US$23.43mn from IMF under ECF, US$22.57mn being IMF Budget Financing, US$4.89mn being UK/DFID disbursement for Budgetary Support, World Bank Grant/Budgetary Support US$29.77mn, US$27.13mn being EU Poverty Reduction Budget Support. Other inflows included IDA/World Bank disbursement for the purchase of forex for on-going projects (US$0.28mn).

Significant outflows during the reporting period included US$4.90mn in respect of Embassies/



Missions; US$2.60mn being amount utilized for Printing of Currency, US$1.00mn being Government

Table 7. Estimate of External Public Debt as at Dec. 31, 2015
(In Million US Dollars)

	Dec-13	Dec-14	Jun-15	Dec-15
1	2	3	4	5
Total External Debt	**1,044.58**	**1,127.76**	**1,194.92**	**1,237.48**
of which				
Multilateral	**689.80**	**766.80**	**836.80**	**879.67**
World Bank Group	239.73	236.72	234.90	225.70
IMF	126.63	157.95	206.00	253.10
ADB/F	89.00	111.97	130.10	120.20
Other Mutilateral Creditors	234.44	260.16	265.80	280.70
Official Bilateral	141.08	152.27	150.92	153.96
Paris Club	-	-	-	-
Other Bilateral	141.08	152.27	150.90	166.30
Commercial Creditors	213.69	208.70	207.20	203.80

Source: *Public Debt Management Division (PDMD), Ministry of Finance & Economic Development*

Travel, US$5.50mn other government expenditure, US$9.4mn being payments for infrastructural projects on roads, US$1.6mn being payments for infrastructural projects on water and energy; US$3.50mn as subscription to international organizations; US$30.0mn Interbank market operations/private sector support; Debt Servicing of US$4.64mn, of which: US$0.76mn to World Bank, US$0.10mn to AfDB, US$2.17mn to other multilateral and bilateral creditors and US$1.60mn to OPEC/OFID.

External Debt

During the review period, the government largely followed its debt strategy which required new borrowing to be highly concessional. Consequently, the total stock of external debt as at end December 2015 was estimated at US$1,237.48mn, indicating an increase of 3.6 per cent above the US$1,194.92mn reported at the end of the preceding half-year. The increase in the debt stock was as a result of disbursement from various creditors notably from multilateral institutions. An analysis of the structure of total debt stock as at end December 2015 indicated that 71.1 per cent of the total debt stock was owed to multilateral creditors, 12.4 per cent to bilateral creditors and 16.5 per cent to commercial creditors. Multilateral debt increased from US$836.80mn at end-June 2015 to US$879.67mn at end December 2015. Similar trends were observed in Bilateral debt which increased from US$150.92mn at the end of the preceding half year of 2015 to US$153.96mn at the end of the review period.

Sierra Leone's Performance under the ECOWAS Monetary Cooperation Programme (EMCP)

Since the adoption of the ECOWAS Monetary Cooperation Programme (EMCP) in Abuja in 1987, by the Authority of Heads of States and Governments of ECOWAS member countries, the ultimate goal has been to create a single currency for the region managed by a common Central Bank.

To fast track the implementation process of the EMCP, the Convergence Council adopted in May 2009, the ECOWAS Single Currency Roadmap which emphasized the importance of macroeconomic convergence in order to ensure macroeconomic stability prior to the launching of the ECOWAS Single Currency. In the event, the process to achieve macroeconomic convergence and the harmonization of structural policies was focused on the following key elements - price stability, low budget deficit, restrictions on Central Bank budget deficit financing and maintenance of adequate levels of gross external reserves.

However, the evaluation mechanism initially set up was first revised in June 2012 and further revised in May 2015 by the Authority of ECOWAS Heads of State and Government. In May 2015, the total number of convergence criteria, which was eleven and were based on the following indicators:- Primary Criteria: Inflation, Fiscal Deficit/GDP Ratio, Central Bank Financing of the Fiscal Deficit, Gross External

Reserves/Months of Imports Cover and Secondary Criteria: Tax Revenue/GDP Ratio, Salary Mass/Total Revenue, Public Investments from Domestic Receipts, Real Interest Rate …etc. was now reduced to six, comprising four primary criteria and two secondary criteria with a change in targets for certain criteria. Compliance with the primary criteria is therefore paramount for transition to the Single Currency and the newly adopted criteria are as follows:

Primary Criteria

1. Ratio of budget deficit (commitment basis, including grants) to Gross Domestic Product (GDP): lower than or equal to 3%.
2. Average annual Inflation: lower than 10%
3. Central Bank financing of Budget Deficit: lower than or equal to 10% of the previous year's tax revenue; and
4. Gross external reserves: higher or equal to three (3) months of imports.

Secondary Criteria

1. Nominal exchange rate: stable (+/- 10%)
2. Ratio of total public debt to GDP: not more than 70%.

Against this background, the statement below summarizes the progress made by Sierra Leone under the EMCP described above.

Sierra Leone's Status of Macroeconomic Convergence Under WAMZ Performace Criteria (December 2015)

Since the adoption of the new convergence criteria, the performance of Sierra Leone under the macroeconomic convergence programme suggested that three criteria were met.

With respect to the primary criteria, Sierra Leone met two primary criteria during the review period ended December 2015. The primary criteria met were average inflation 8.85% and gross external reserves (in months of import cover) of 5 months at end December 2015 respectively. The criterion on Fiscal Deficit including grants which was -4.9 % of the current year GDP compared to the 3% limit and the criterion on Central Bank Financing of Fiscal Deficit as a percentage of the previous year tax revenue were not met.

With regards the secondary criteria, Sierra Leone met one, with a public debt as a percentage of GDP of 69.3%, compared to the limit of 70% while failing to meet the other since nominal exchange rate depreciation with respect to the WAUA was -13.8% compared to the limit of + or – 10%.

IMF Staff Completes Review Mission to Sierra Leone

Press Release No. 15/413
September 15, 2015

End-of-Mission press releases include statements of IMF staff teams that convey preliminary findings after a visit to a country. The views expressed in this statement are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board. Based on the preliminary findings of this mission, staff will prepare a report that, subject to management approval, will be presented to the IMF's Executive Board for discussion and decision.

An International Monetary Fund (IMF) mission led by Mr. John Wakeman-Linn visited Freetown from September 1–15, 2015 to conduct discussions on the joint third and fourth reviews under the Extended Credit Facility (ECF) Arrangement approved by IMF Management in October 2013 (see Press Release No. 13/410).

At the conclusion of the visit, Mr. Wakeman-Linn issued the following statement:

"Sierra Leone continues to battle the adverse impact of two severe exogenous shocks: the Ebola epidemic and the crisis in the mining sector that began with the collapse of iron ore prices and culminated in the cessation of production in April 2015. Though good progress has been made in containing Ebola, real GDP is expected to decline by 21.5 percent in 2015, following 4.6 percent growth in 2014. Inflation, which moderated in the first quarter of 2015, is now projected to be 9.9 percent in 2015. Revenue shortfalls, including due to loss of revenue from iron-ore mining, and higher than budgeted spending related to the Ebola epidemic, contributed to deterioration in the fiscal balance, with the deficit projected to be 4.8 percent of GDP in 2015. Both the current account balance and foreign reserve accumulation benefited from increased inflows related to Ebola transfers, with the current account deficit narrowing to 13.8 percent of GDP, notwithstanding the loss of iron ore export receipts. Sierra Leone faces a challenging near and medium-term outlook, and GDP for 2016 is expected to remain relatively unchanged.

"Notwithstanding the difficult economic environment, the authorities have forged ahead with their reform program. Following weak performance in 2014, largely due to the challenges caused by Ebola, all program quantitative targets were met as of end-June, despite the shock to revenues. Implementation of structural reform measures, which were delayed due to the impact of Ebola, have now resumed. Importantly, the Public Finance Management Bill was submitted to Parliament in August. New timelines have been established for implementation of measures on revenue mobilization, expenditure management, and others. These reforms will require time and persistent efforts before their beneficial impact is felt on the economy.

"Looking ahead, strong policy commitment is necessary to maintain macroeconomic stability and achieve long lasting growth. The very difficult fiscal situation calls for enhanced revenue mobilization and expenditure restraint, while safeguarding social programs, especially on post-Ebola recovery. The mission commends recent attempts to improve revenue collection and administration—it will be particularly important to reconsider the large number and value of waivers and exemptions from the Goods and Services Tax and customs duties, which cost the budget significant revenue. On the banking system, the mission welcomes Bank of Sierra Leone's (BSL) efforts to introduce policies to deepen the financial market and enhance monetary policy transmission, and its steps to strengthen supervision.

“The implementation of the Government’s post-Ebola Recovery Strategy could boost growth in the non-iron sectors. The strategy could benefit from the support of development partners, whose financial support was crucial in containing the Ebola epidemic. Considering the financing constraints, a commitment to a prudent borrowing policy, with priority being given to grants and concessional borrowing to finance investment projects, will be essential. The IMF mission has, *ad referendum*, considered the request for an increase in access under the current program by SDR46.7 million (about $66 million). If approved, the new resources will be distributed in three tranches starting from this review.

“The mission met with President Koroma, the Honorable Minister of Finance Kaifala Marah; the Governor of BSL, Momodu Kargbo; senior government and BSL officials, representatives of the financial sector, private sector, civil society, and development partners.

“The IMF mission wishes to express its gratitude to the Sierra Leonean authorities for the constructive discussions and hospitality during its visit to Freetown. The mission will prepare a program review report which is tentatively scheduled to be discussed by the IMF’s Executive Board in November.”

IMF Executive Board Completes Third and Fourth Review of Sierra Leone's Arrangement under the Extended Credit Facility, and Approves US$46.14 Million Disbursement

Press Release No. 15/521
November 16, 2015

The Executive Board of the International Monetary Fund (IMF) today completed the third and fourth reviews of Sierra Leone's performance under a three-year arrangement under the Extended Credit Facility (ECF) and approved an augmentation of access of 45 percent of quota, equivalent to SDR 46.665 million (about US$64.59 million), to be distributed in three tranches. The completion of the third and fourth reviews enables the immediate disbursement of SDR 33.335 million (about US$46.14 million). This amount includes the first tranche of the augmentation in an amount of SDR 15.555 million (about US$21.53 million). The Executive Board also approved the authorities' request for rephasing of the fifth and sixth disbursements under the arrangement.

In completing the review, the Executive, Board additionally approved the authorities' request for waivers of non-observance of the end-December 2014 performance criteria on the ceiling on Net Domestic Bank Credit to Government Ceiling, the ceiling on Net Domestic Assets of the Central Bank Ceiling, and the floor on Gross Foreign Exchange Reserves of the Central Bank on the basis of corrective action taken.

The ECF arrangement for SDR 62.22 million (about US$95.9 million) was approved on October 21, 2013 (see Press Release No. 13/410) and was augmented twice (see Press Release 15/86 and Press Release 14/441).

Following the Executive Board's discussion on Sierra Leone, Mr. Min Zhu, Deputy Managing Director and Acting Chair, made the following statement:

"With the World Health Organization declaring Sierra Leone Ebola free on November 7, the country now faces the difficult challenge of economic recovery. Complicating that task, the decline in iron ore prices has led to the shutdown of the main iron ore mines, with consequent sharp declines in GDP and exports, and reduced fiscal revenues.

"As a result, the fiscal challenges in 2016 will be substantial. It will be critical for the authorities to ensure sufficient revenues and financing to cover priority spending, especially for the post-Ebola Economic Recovery Strategy (ERS). This will require strong moves on tax policies and continued efforts on tax administration. Containing the wage bill will also be critical to increase the resources available for the ERS, which will be strengthened by enhancing the transparency and efficiency of expenditures.

"The Bank of Sierra Leone (BSL) should continue targeting price stability in support of economic recovery. With depreciation pressures stemming from the lost iron ore exports, the BSL should enhance monetary policy instruments and liquidity forecasting to increase its ability to respond to any second round inflationary pressures. BSL should also enhance supervision of the financial sector, and seek to understand and resolve any underlying stress through a timely diagnostic of key troubled banks.

"The updated debt sustainability analysis shows that, while Sierra Leone's risk of debt distress is moderate, the economy is increasingly vulnerable to further shocks. Thus, borrowing policies should remain prudent in view of the narrow export base and fragile fiscal position. Financing needs, particularly for investment projects, should continue to be covered mostly with grants and concessional loans."

Government of Sierra Leone Budget and Statement of Economic and Financial Policies for the Financial Year 2016

Delivered By Dr. Kaifala Marah

Minister of Finance and Economic Development

on Friday, 6th November 2015

MR. SPEAKER

HONOURABLE MEMBERS

I. INTRODUCTION

1. Mr. Speaker, Honourable Members, I rise to move that the Bill entitled " The Appropriation Act 2016" being an Act to authorise expenditure from the Consolidated Fund for the services of Sierra Leone for 2016, be read for the first time.

2. Mr. Speaker, Honourable Members, about this same time last year, we presented the 2015 Budget and Statement of Economic and Financial Policies to this noble House. At that time, the deadly Ebola Virus Disease (EVD) was spreading to all parts of the country. As such, the 2015 Budget was predicated on two scenarios; the low and high Ebola, with greater emphasis on the low Ebola scenario. Unfortunately, Ebola has lingered on to date even as we have gone for forty one days of zero infections. The longer-than anticipated duration of Ebola adversely affected the performance of the economy in 2015.

3. The traditional growth driving sectors - agriculture, construction, manufacturing, tourism, transportation and trade, have been severely disrupted during the period. The situation is exacerbated by three shocks: (i) the collapse of iron ore prices from an average of US$96 in 2014 to US$56 in September 2015; (ii) the resultant closure of the two iron ore mining projects; and (iii) the recent floods across the country.

4. Iron ore exports, a major source of fiscal revenues, foreign exchange and employment ceased during 2015. Given these developments, the economy is projected to contract by 21.5 percent in 2015 with the widening of fiscal and balance of payment financing gaps.

5. Mr. Speaker, Honourable Members, the current lull in the iron ore mining sub-sector disrupted the inflow of foreign exchange, resulting in depreciation of the Leone against the US Dollar by 13.8 percent in 2014, and has further depreciated by 13 percent as at end October 2015. National inflation rose to 7.9 percent in December 2014 and further to 8.4 percent in September 2015 due to disruptions in the supply of basic goods and the recent depreciation of the exchange rate.

II. Actions and Measures to Mitigate the Impact of Ebola

6. Mr. Speaker, Honourable Members, despite the unprecedented adverse effects on the economy in general, and the budget in particular, Government undertook several actions and measures to mitigate its impact of Ebola on Sierra Leoneans. First, Government continued the timely payment of salaries to all public sector workers, including a 15 percent pay rise implemented in July 2015. Second, Government provided about Le42.6 billion to facilitate the re-opening of schools in April 2015. Of this, Le9.5 billion was spent for the fumigation of all public schools and the provision of basic sanitary facilities; Le19.3 billion for an expanded school fees subsidy programme for about one million pupils in Government and schools; and Le13.8 billion as advance payment for the procurement of teaching and learning materials and text books for all schools. Third, with decline in infections and improved capacity to manage the crisis, work on all infrastructure projects resumed throughout the country with associated payments to contractors.

7. In addition to these efforts, National Commission for Social Action (NaCSA), with support from the World Bank and other Partners, implemented the following Social Safety Nets Programme:

(i) The Rapid Ebola Social Safety Nets Programme, targeting about 9,000 Ebola-affected households in Kailahun, Kenema, Bo, Tonkolili and Port Loko districts and the Western Area Rural districts;

(ii) Cash transfer to over 23,00 extremely poor and vunerable households under the regular Social Safety Nets Programme; and

(iii) The Conditional Cash Transfer scheme taught 12,000 youth in Moyamba, Bombali, Kono and Western Area Rural districts.

8. During the early period of the Ebola outbreak, Councils were allowed to re-programme grants for devolved functions to respond to the fight against EVD. Key interventions include: supply of chlorine, buckets, sanitary items and disinfectants to health facilities; training of District Health Management Teams (DHMTs) on Ebola care and prevention; intensive awarenessraising and sensitization campaigns in schools, markets, religious places and other public gatherings; door-todoor social mobilization. Le10.7 billion was provided for salaries of core staff of Local Councils, including payment of fees and transport allowances for Councillors.

9. Mr. Speaker, Honourable Members, the Road Maintenance Fund Administration provided about Le85 billion to finance new projects, including: (i) rehabilitation of Weima Bridge and improvement of 40 km of feeder roads; (ii) rehabilitation and maintenance of rural feeder and township roads in all 19 Local Councils; (iii) rehabilitation of Kissy Road, Fourah Bay Road, Mountain Cut and Macauley Street; and (iv) overlay of 14.4km of selected streets in Freetown.

10. Mr. Speaker, Honourable Members, we remain grateful to the International Monetary Fund (IMF) and our budget support partners, including the World Bank, the African Development Bank, the European Commission and the United Kingdom Department for International Development (UK–DFID), who scaled up support to mitigate the impact of Ebola on the budget. In particular, thanks to the IMF for providing additional financial support of US$72.9 million through augmentation of access under the Extended Credit Facility (ECF) programme to cover the budgetary and balance of payments financing gaps, as well as improve our foreign exchange reserves position. The IMF also provided a debt relief grant under the Catastrophic Containment and Relief Trust amounting to US$29.2 million to create additional fiscal space. This brings the total support, to US$114.6 million, including the normal ECF balance of payments disbursements of US$12.5 million as at March 2015.

11. Through our collective efforts as Government and development partners, we have been able to control the spread of Ebola and cushion its impact on our people. With this support, Sierra Leone is on track to be declared Ebola free tomorrow, November 7, 2015. Let me take this opportunity to thank the UN family, bilateral partners, multilateral financial institutions, international NGOs, civil society and the private sector for standing by the people of Sierra Leone during this difficult time.

12. In anticipation of an Ebola-free Sierra Leone, Government with support from development partners has developed a National Ebola Recovery Strategy which I will now outline.

III. The National Ebola Recovery Strategy (NERS)

13. Mr. Speaker, Honourable Members, the National Ebola Recovery Strategy aims to put the economy back on the track of growth and macroeconomic stability. The strategy focuses on three elements: (i) getting to and staying at zero new cases; (ii) implementing immediate recovery priorities; and (iii) transitioning back to our national development plan-the Agenda for Prosperity (A4P), 2013-18. The implementation of the strategy is, therefore, divided into two phases:

(i) the immediate recovery phase (6-9 months) focuses on the priorities of getting to zero infection rates, the re-opening of schools, providing social protection support to the vulnerable such as Ebola survivors, orphans, widows and widowers as well as private sector development, including agriculture, to support economic recovery; and

(ii) the medium term recovery (10-24 months) focuses on maintaining a resilient zero, education, energy, water supply, social protection, and private sector development consistent with the Presidential priorities for the recovery of the economy. The House of Parliament may wish to note that the 2016 Budget I am about to announce is, therefore, aligned with the 24 months recovery phase.

14. Mr. Speaker, Honourable Members, in July this year, the Ebola Recovery Strategy was presented to our development partners at the International Conference on Ebola in New York. Pledges estimated at US$867 million were made by partners to support the implementation of the NERS. It should, however, be noted that most of these pledges constitute old commitments that were repackaged. In particular, the World Bank, the African Development Bank (AfDB) and the European Union (EU) pledged resources based on their on-going IDA, ADF and EDF allocations, respectively. The Islamic Development Bank (IDB) also pledged support to infrastructure and other sectors for ongoing and pipeline projects including the Pendembu-Kailahun road, and the planned Kambia-Kamakwei road.

15. The United Kingdom (UK) announced a two-year new package of £240 million to support the NERS as follows: boosting capability to respond to future Ebola outbreaks; generating sustained economic growth through investment in the private sector, which will create jobs and open up markets for UK businesses; improving basic services such as healthcare and creating opportunities for girls and women; and improving governance including the capacity of the public sector to deliver services and to increase transparency and accountability. Budget support will constitute about 10 percent of this amount. While the UK support is aligned to Government priorities and is expected to free up fiscal space, the funds will not, however, go through Government systems, meaning it will be delivered offbudget.

16. The AfDB has committed US$40 million through an Ebola Recovery Social Investment Fund, targeting communities in the three Ebola affected countries of Guinea, Liberia and Sierra Leone to provide selected basic social services, restoration of livelihood and economic opportunities. Sierra Leone will receive about US$13 million from this Fund.

17. To access resources estimated at US$85 million pledged by Japan, Belgium, Azerbaijan, China, Ireland, Netherlands, Republic of Korea, Russia, Spain and Turkey, the Ministry of Finance and Economic Development is currently working with the United Nations to establish the Sierra Leone Ebola Recovery Fund (SLERF) that will encourage development partners to pool these resources, as well as, put Government in the driving seat in allocating resources to national priorities.

18. Mr. Speaker, it must be reiterated that while the pledges made at the International Ebola Conference are aligned to the NERS priorities, most of these resources will not be channeled through the Government systems but mainly through UN agencies and international NonGovernmental Organisations as was the case during the response phase of the Ebola outbreak.

19. Mr. Speaker, within 4 of the 9 months of the immediate recovery phase, I am happy to inform this House that: 12,300 HIV patients are receiving treatment (91 percent of target); 2,500 EVD survivors are now receiving free health care treatment (this is over 60 percent of the target); 9,000 schools participating in the accelerated learning programme (this is 100percent of the target); school fees have been waived for about 1.1m children across the country (this is over 90 percent of the target); 69,000 farmers are receiving seeds (98percent of the target); 1200km of feeder roads constructed (92 percent of the target); 68 Financial Services Associations and Community Banks recapitalized (100 percent of target); and 31,600 vulnerable households are receiving income support (63 percent of target).

IV. THE AGENDA FOR SUSTAINABLE DEVELOPMENT GOALS (SDGs)

20. Mr. Speaker, Honourable Members, the adoption of the Sustainable Development Goals by the United Nations General Assembly in September 2015 reminded us of the vulnerabilities of our economies as low income countries. These vulnerabilities include: undiversified economies; poverty; income inequality, illiteracy, disease, conflicts, environmental degradation and climate change, and gender disparity. The 17 Sustainable Development Goals (SDGs) and its 169 targets, which will come into effect on 1st January 2016, seek to build on the Millennium Development Goals (MDGs), especially on what was not achieved in the last 15 years. The SDGs are integrated and interrelated and reflect the economic, social and environmental aspects of sustainable development until 2030, which is close to Sierra Leone's target date of becoming a Middle Income Country.

21. Mr. Speaker, Honourable Members, the SDGs are anchored around five interrelated pillars: (i) peoplecentred and sustained poverty reduction development; (ii) planet-preserved development; (iii) prosperity-for-all development; (iv) peaceful, just and inclusive development; and (v) partnership-driven development utilizing the potential of all. These inter-related elements constitute the sustainable development system that the world aspires to achieve by 2030. Countries are urged to immediately begin harmonizing the SDGs with regional, sub-regional and national plans. Thankfully, our Agenda for Prosperity and to a large extent, the NERS is aligned with the SDGs.

22. Mr. Speaker, therefore as a first step to domesticate the SDGs, we have developed a simplified version of the SDGs illustrating the linkage between the 17 SDGs and the eight pillars of the Agenda for Prosperity.

23. As global efforts deepen to develop a results framework for monitoring progress of the SDGs, data stands prominent. The Post-2015 Data Test report on selected countries, including Sierra Leone recommends that issues relating to the quality, accessibility and affordability of data should be urgently addressed so as to measure progress on the post-2015 Agenda. We will bear this in mind as we conclude our SDGs implementation plan.

V. GLOBAL AND REGIONAL ECONOMIC OUTLOOK

24. Mr. Speaker, Honourable Members, global growth is projected to increase from 3.1 percent in 2015 to 3.8 percent in 2016, reflecting stronger performance in both emerging and advanced economies. In advanced economies, higher growth reflects a strong recovery in Japan, USA and the Euro Zone. Growth in emerging markets and developing economies, including Brazil and Russia, remains weak, but expected to recover in 2016. In China, growth is projected to decline to 6.8 percent in 2015 and 6.3 percent in 2016 due to moderation in investment, especially in residential real estate. The slowing of the Chinese economy has implications for exporters of primary product especially minerals from Sub-Saharan Africa. Sierra Leone is particularly hard-hit by the slump in prices for our main export commodity, iron ore.

25. In its latest African Economic Outlook, the IMF forecasts growth in sub-Sharan Africa of 3.8 percent in 2015, the slowest growth in six years. Low oil and commodity prices, together with a slowdown in China are the main reasons for the slow growth. In 2016, the report forecasts growth of 4.3 percent for Sub-Saharan Africa.

26. Global inflation is projected to decline in 2015 in advanced economies, reflecting the impact of lower oil prices but to rise in 2016 and beyond. In emerging and developing economies, excluding Venezuela and Ukraine, inflation will decline from 4.5 percent in 2014 to 4.2 percent in 2015 and is projected to decline further in 2016.

VI PERFORMANCE UNDER THE IMF EXTENDED CREDIT FACILITY (ECF) SUPPORTED PROGRAMME AND THE WORLD BANK COUNTRY POLICY AND INSTITUTIONAL ASSESSMENT (CPIA)

27. Mr. Speaker, Honourable Members, despite the difficult environment caused by the EVD, Government continues to make significant progress in the implementation of the economic and financial programme supported by the IMF through the Extended Credit Facility (ECF). The first review under the ECF was successfully concluded by the Executive Board of the IMF in June 2014, following satisfactory programme performance. The IMF Board also concluded the second review in March 2015, as all six quantitative performance criteria were met as at end June 2014.

28. Programme implementation became challenging in the second half of 2014. Technical discussions on the third review held in Paris to assess programme performance for end December 2014 revealed that performance was weaker than anticipated, mainly due to Ebola-related factors. In particular, the three key performance criteria were not met even though the continuous performance criteria were observed. The third review was therefore delayed to allow Government to implement corrective measures during the first half of 2015, in order to bring the programme back on track.

29. To this end, Mr. Speaker, Government pursued fiscal consolidation during the first half of 2015, through enhanced revenue collection and expenditure restraint. As a consequence, programme performance was back on track. The combined third and fourth review undertaken by the IMF and Government during September, 2015 for end June 2015, showed that all the Quantitative Performance Criteria were met.

30. On the basis of this satisfactory performance and following the review of the impact of the iron ore shocks on the 2015-16 fiscal outlook, Government has requested the IMF Executive Board to consider an increase in financial assistance under the programme by about US$67.7 million to support budget implementation during 2015 and 2016. Subject to the successful completion of the third and fourth reviews by the IMF Executive Board, the first tranche disbursement of US$22.6 million is expected this November.

31. Additionally, despite the challenges posed by Ebola, Sierra Leone also maintained the score of 3.3 under the World Bank's Country Policy and Institutional Assessment (CPIA) rating for 2014 with an improvement in the average score for Policy and Institutions for Environmental Sustainability.

32. Furthermore, under the Performance Assessment Framework (PAF) of the Multi-Donor Budget Support partners, Government met nine out of the eleven indicators with 82 percent in 2014 an improvement from 54 percent in 2013. Challenges however, remain with the implementation of audit recommendations by MDAs. In this regard, Government will provide an incentive of Ten Million Leones to the first Vote Controller who is able to implement such recommendations and a certificate of Public Propriety will be awarded by His Excellency, the President.

VII. BUDGETARY PERFORMANCE IN THE FIRST HALF OF 2015

33. Mr. Speaker, Honourable Members, notwithstanding the continued shutdown of the iron ore sector, the gradual recovery in the other sectors of the economy contributed to improved domestic revenue collection in the first half of the year. The Goods and Services Tax (GST), Income Tax, and Customs and Excise Duties picked up, supported by stringent tax enforcement as the non-iron ore economy recovers.

34. Total domestic revenues collected in the first half of 2015 amounted to Le 1.17 trillion or 5 percent of noniron ore GDP, which was Le112 billion above the budgeted amount. Collections from Income Tax were Le445 billion compared to a target of Le421 billion, indicating an excess of Le24 billion. Goods and Services Tax was also above target by Le32 billion with total collections of Le297 billion. Customs and Excise Department collections amounted to Le282

billion compared to a target of Le257 billion, also above target by Le25 billion.

35. Mines department collections of first half 2015 amounted to Le42.3 billion compared to a target of Le39 billion, recording an excess over target by Le3.3 billion. Revenues collected from other departments were Le23.9 billion above target with collections amounting to Le60.8 billion. Road User Charges and Vehicle Licenses amounted to Le46.4 billion compared to a first half target of Le43.6 billion.

36. Total revenue is expected to amount to Le2.18 trillion in 2015. However, compared to the original target of Le2.39 trillion, there will be a revenue loss of Le260.3 billion including the deferral of the repayment of the Sierra Rutile Loan of Le 51.6 billion for 2015.

37. While not yet enough to warrant revising the 2016 revenue forecast, this recent good performance does provide some basis for cautious optimism. In this regard, let me congratulate the National Revenue Authority Board, Commissioner-General and staff for this impressive performance.

38. Total Grants received for the first half of 2015 amounted to Le640.3 billion. Of this, budget support amounted to Le275.4 billion compared to a target of Le454.8 billion.

39. Total Expenditure and Net Lending for the first half of 2015, amounted to Le2.28 trillion compared to a budgeted amount of Le2.08 trillion. The wage bill was Le744.5 billion for the first half of 2015, within the budget ceiling. It is projected to reach Le1.6 trillion which is Le30.1 billion above the budgeted amount for 2015. This is on account of the implementation of the 15 percent salary increase for all public workers that came into effect in July 2015.

40. Total interest payments amounted to Le86.6 billion for the first half of 2015 compared to a budget of Le117.2 billion budgeted, recording a savings of about Le31 billion. Interest payments are projected to amount to Le189.9 billion by end December 2015 compared to the revised budget of Le234.7 billion, resulting in projected annual savings of Le44.8 billion mainly due to lower interest rates on treasury bills and bearer bonds.

41. Non-salary, non-interest recurrent expenditures amounted to Le498.8 billion during the first half compared to a target of Le515.3 billion representing under spending of about Le16.4 billion due to the lower than projected spending on Goods and Services. Non-salary, non interest recurrent expenditures are projected to reach Le1.04 trillion by end December 2015. Of this, Goods and Services expenditures are projected to amount to Le692 billion while transfers are projected to amount to Le344.5 billion.

42. Grants to educational institutions amounted to Le68.2 billion in the first half of 2015 and projected to reach Le137 billion by end December 2015.

43. Poverty related expenditures amounted to Le356.9 billion compared to the target of Le570 billion, a shortfall of about Le213.1 billion. This was due to the lower than projected spending on non-salary, non-interest recurrent expenditures and domestic capital expenditures given the lull caused by Ebola in the economic and social sectors.

44. Transfers to Local Councils from the recurrent budget are projected to amount to Le89.8 billion in 2015.

45. Domestic capital expenditures amounted to about Le300 billion for the first half of 2015.

46. Total expenditure for the year is expected to amount to Le4.38 trillion compared to the original budget of Le 4.45 trillion.

47. Mr. Speaker, the Ebola epidemic and global commodity price downturn, especially for iron ore, represents exceptional external shocks beyond the control of Government. Total primary expenditure will amount to Le3.6 trillion in 2015 compared to the original budget of Le 3.3 trillion. As a consequence, an unanticipated financing gap emerged, estimated at Le 601 billion. The primary fiscal deficit is projected to widen to 5.5 percent of GDP, compared to the initial ceiling of 3.5 percent. The financing gap will be

filled by the IMF augmented resources of US$ 22million and budget support by the World Bank of US$ 30 million, the AfDB US$25million and the European Union € 25million.

48. Domestic financing of the budget for the first half of 2015 amounted to Le299.6 billion compared to a target of Le332.2 billion. Of this, bank financing amounted to Le317.4 billion of which Central Bank financing amounted to Le157.6 billion and Commercial Banks, Le 159.7 billion. This financing was partially offset by significant redemption of securities held by the non-bank public amounting to Le17.8 billion. Domestic financing is now projected at Le 733 billion in 2015 compared to Le 401.9 billion in the original budget.

VIII. POLICY REFORMS: PROGRESS IN IMPLEMENTATION AND PLANS FOR 2016

49. Mr. Speaker, Honourable Members, although the Ebola outbreak stalled implementation of reforms, nonetheless, progress was made in certain critical reforms as described below.

Public Financial Management Reforms

50. Mr. Speaker, to enhance accountability and efficient allocation and use of public funds to achieve poverty reduction and inclusive growth, the final draft of the 2015 Public Financial Management (PFM) Bill, replacing the Government Budgeting and Accountability Act 2005, was gazetted and submitted to this Honourable House. The PFM Bill before Parliament, is a modern and progressive piece of legislation that generally reflects good practice among developing countries that have successfully improved public financial and fiscal management. Its architecture requires significant levels of openness and transparency and institutionalises accountability between the Executive and Legislative arms of Government.

51. The Bill, when enacted, will reinforce budget discipline and credibility, evidenced by reduction in the variance between actual and original budgeted primary expenditures. Government recognises the initial concerns raised by stakeholders and we stand ready to address all legitimate concerns so as to ensure the passage of this Bill on a timely basis.

52. The establishment of the Treasury Single Account (TSA) is also far advanced and expected to go live by the end 2015. The TSA is a set of unified and linked accounts through which the Government tracks all revenues and payments to give a consolidated view of Government cash position. The unified Government bank accounts, via a TSA, will facilitate better fiscal coordination and reconciliation of fiscal information. A Ministerial Committee to oversee the implementation of the TSA will soon be established.

53. Mr. Speaker, to improve financial controls, accountability and oversight, the number of MDAs processing transactions in real-time using the Integrated Financial Management Information Systems (IFMIS) will be increased from 22 in 2015 to 35 in 2016. Furthermore, two Local Councils will pilot processing transactions in real-time using the Petra Financial Package currently used for recording and reporting financial transactions to improve financial management and accountability in Local Councils.

54. To improve the effectiveness and monitoring of public expenditures, the Ministry of Finance and Economic Development introduced an activity- based Budgeting two years ago departing from the traditional line-item Budgeting. To enhance participation in budget planning, non-state actors and development partners participated in bilateral budget discussions on the 2016 budget. To deepen the process, each MDA provided five measurable targets in their 2016-18 strategic plans on which performance will be assessed, and to be held accountable by oversight bodies, including the House of Parliament, our development partners and non-state actors.

55. A Ministerial Budget Committee has also been established to improve sectoral coordination, governmentwide strategic planning, and effective budget implementation feedback mechanism.

56. In a far more strategic way, Mr. Speaker, I wish to seek your permission to kindly welcome select

school children from all 14 districts of the country to this Chamber as a demonstration of our child participation initiative. Thanks to UNICEF.

57. Mr. Speaker, Honourable Members, in 2012, when Sierra Leone took part in the Open Budget Survey for the first time, we scored 39 out of 100. In 2015, we scored 52 out of 100, better then Ghana and Liberia, and higher than the global average of 45. The survey report also confirmed that Budget oversight by the supreme audit institution in Sierra Leone is adequate, for which Sierra Leone scored 67 percent.

58. The Internal Audit function of Government is also being strengthened through the establishment of functional internal audit units in forty MDAs and the nineteen local councils. An Internal Audit Manual for Local Councils has been completed while the existing Internal Audit Manual for Central Government has been reviewed. An Internal Audit Bill has also been drafted to strengthen the mandate of internal audit and address some of the challenges undermining the effectiveness of internal controls in the public sector.

Financial Sector Reforms

59. Mr. Speaker, Honourable Members, to secure a sound and stable financial sector and reduce the high incidence of non-performing loans, the Bank of Sierra Leone, in collaboration with the Ministry of Finance and Economic Development and the National Commission for Privatisation (NCP), put in place a resolution mechanism for the adversely affected banks as a temporary measure. In this regard, the Bank continues to strengthen its supervisory role by moving into riskbased supervision, strengthening the capacity of staff to undertake stress tests of the banking sector.

60. The Bank of Sierra Leone is also far advanced in piloting a number of bills for enactment by this honorable House. These include:

(i) the Borrowers and Lenders Bill that seeks to improve access to credit by widening the scope of collateral usable by borrowers in a bid to obtain credit from lending institutions operating in the financial sector;

(ii) the Security and Exchange Bill which, when enacted, will create the enabling environment required for the Bank to cede its current regulatory and supervisory role of the Stock Exchange to the Securities and Exchange Commission (SEC). The Bill will also provide for an increased supply of long term capital, through the Stock Exchange, to promote private sector led growth as well as deepen the financial system; and

(iii) the Collective Investment Bill that seeks to support the establishment and operation of collective investment schemes with a view to derive benefits through synergy.

61. Given their strategic importance in supporting growth and employment, particularly in the rural areas, the Bank of Sierra Leone, in collaboration with the Ministry of Trade and Industry and our development partners, is working out a funding mechanism targeting Small and Medium Enterprises (SMEs). The target group of SMEs are those involved in production, marketing and agro-based industrial activities.

62. Guidelines on Mobile Financial transaction have also been developed and circulated to institutions currently operating mobile financial services in Sierra Leone, including Airtel Money, Africell Money, Splash and the commercial banks.

63. The Bank of Sierra Leone will continue to implement the banking supervision software project: Regulatory Compliance and Supervision System known as VRegCoSS which aims at strengthening off-site surveillance of commercial banks and improving on the activities of the Credit Reference Bureau. The Bank is in the process of finalising the Base Rate Model aimed at reaching a consensus framework for all banks to use in determining minimum lending rate.

64. Mr. Speaker, the Bank of Sierra Leone in collaboration with the Sierra Leone Association of Commercial Banks, with support from the World

Bank under the Financial Sector Development Programme, is currently pursuing the establishment of a National Switch. This will interconnect all banks such that financial transactions can be done easily using Automated Teller Machine (ATM), Point of Sales (POS) and other products. The objective is to enhance the speed, efficiency and security of financial transactions, including payment of utility bills and revenue collection throughout the country.

Public Sector Reforms

65. Mr. Speaker, Government is also making progress in public sector reforms, especially under the World Bank-funded Pay and Performance Project. These include filling about 805 priority vacancies in the Civil Service and the mainstreaming of Local Technical Assistants (LTAs) who are serving in key positions in the Civil Service. Performance Management Contracts for civil servants from Grade 11 and above have also been designed and administered by the Cabinet Secretariat.

IX. MEDIUM-TERM ECONOMIC OUTLOOK, 2016-2018

66. Mr. Speaker, Honourable Members, with the possibility that the external environment might turn even less favourable, risks to the short-term economic outlook remains on the downside. With the continuing uncertainty in the iron ore sector, Gross Domestic Product (GDP) is projected to remain largely unchanged in 2016. However, with gradual recovery in the other sectors, non-iron ore GDP is projected to grow by 1.3 percent in 2016.

67. On the assumption that the Ebola Virus Disease is eradicated and iron ore mining resumes, the economy is projected to recover strongly with a real GDP growth of 19.6 percent in 2017 and 17.5 percent in 2018. Similarly, the non-iron ore economy will continue to grow by an average of 4.5 percent in 2017 and 2018.

68. Given this expected recovery, domestic revenue is projected to improve to 10.7 percent of GDP in 2017 and further to 11.1 percent of GDP in 2018. Total expenditure and net lending is projected to decline to 19.0 percent of GDP in 2016 and to average 17.7 percent of GDP in 2017 and 2018 as fiscal consolidation takes effect.

69. The overall budget deficit, including grants, is projected to reduce from 5.2 percent of GDP in 2016 to an average of 3.3 percent of GDP in 2017 and 2018.

70. Inflation is projected to decline to a single digit of 9.5 percent in 2016 and 2017 and further down to 8.5 percent in 2018.

71. The current account deficit, including grants, is projected to improve from 13.5 percent of GDP in 2015 to 12.1 percent of GDP in 2016 due to anticipated increase in donor support. The deficit will further reduce to 10.9 percent of GDP in 2017 and 8.2 percent of GDP in 2018.

72. Gross foreign exchange reserves are programmed at 3.6 months of imports for the medium-term.

X. MACROECONOMIC POLICIES FOR 2016

73. Mr. Speaker, Honourable Members, Government will implement a mix of fiscal, monetary, exchange rate and debt policies to achieve the 2016 macroeconomic objectives as described below.

Fiscal Policy

74. Mr. Speaker, the key objective of fiscal policy in 2016 is to ensure fiscal sustainability through enhanced domestic revenue mobilization and expenditure rationalization to maintain macroeconomic stability and lay the foundation for sustainable economic growth and poverty reduction. In 2016, revenue performance may be undermind if the crisis in the iron ore sector continues. To address this, enhanced revenue administration measures will be implemented to ensure the effective functioning of Government.

Monetary Policy

75. Mr. Speaker, Honourable Members, the primary objective of monetary policy is to achieve and maintain a low and stable inflation environment conducive to high and sustainable economic growth. To this end, the Bank of Sierra Leone remains committed, through proactive monetary policy management, to deliver inflation at the targeted level of 9.5 percent at the end of 2016. Thus, the Bank will continue to rely heavily on indirect instruments such as Open Market Operations (OMO) designed to deepen and enhance the efficiency of the inter-bank money market.

76. Mr. Speaker, inflationary pressures in 2016 will continue to be driven by supply shocks and movements in the exchange rate. To mitigate the impact, monetary policy will focus on responding to the second round effects of these shocks on domestic prices.

Exchange Rate Policy

77. Mr. Speaker, Honourable Members, the exchange rate will continue to be market-determined. In this regard, interventions in the foreign exchange market will be limited to smoothening short-term volatility in the exchange rate.

Public Debt Policy

78. Mr. Speaker, Honourable Members, Government will continue to implement prudent debt management policies to support the implementation of the National Ebola Recovery Strategy in the context of the Agenda for Prosperity. In the past, Government prioritised the mix of grant and highly concessional loans to fund socioeconomic development programmes. However, the changing global financial architecture characterised by the sustained decline in global interest rates, means that these types of resources are now hard to come by. Additionally, in compliance with the IMF external debt limit policy, Government borrowing space to finance mega project is limited. In this context, Government will embark on innovative sources of financing including mobilisation of non-traditional resources to finance development programmes. Furthermore, Government will also support the development of the domestic capital market to raise additional sources to complement external resource inflows.

79. Mr. Speaker, huge resources are required to amortise and service our external debt. As a consequence, Government is in arrears of its contributions and subscriptions to International Organisations. Despite recent efforts to amortise these arrears they remain high at US$48.9 million. Of this, US$23 million is owed to Tier 1 organisations including the African Development Bank, the Islamic Development Bank, the World Bank, the UN Regular Budget and other Subsidiary Bodies. US$25 million is owed to Tier 2 organisations including the Commonwealth Foundation, the International Fund for Agricultural Development, and Tier 3 organisations including UNIDO and FAO.

80. Going forward, Government will negotiate amortisation plans with these organisations to clear arrears while meeting the current obligations on especially Tier 1 and Tier 2 organisations as they fall due.

81. To strengthen our voice and participation, Government has increased its share-holding in some international organizations including the African Development Bank, the World Bank, the ECOWAS Bank for International Development (EBID) and have also acquired shares in the newly established Africa 50 Infrastructure Fund.

82. Mr. Speaker, Honourable Members, our overall public debt management strategy aim to minimize costs and risks on the debt portfolio. The 2015 Debt Sustainability Analysis (DSA) shows that our external debt remains sustainable in the medium- to- long term with a moderate risk of debt distress.

83. Despite the high stock of domestic debt, the cost of servicing this debt has fallen in recent years due to the continuous decline in domestic Treasury Bill rates. Domestic interest savings was Le43.3 billion for 2013, and Le118 billion in 2014 and is projected at Le40 billion by end 2015.

XI. THE 2016 BUDGET

84. Mr. Speaker, Honourable Members, this 2016 Budget is being delivered on the back of huge expectations by all Sierra Leoneans as the country awaits the WHO to declare us free of the Ebola Virus Disease, tomorrow 7th November. Given the attendant shocks and challenges explained above, we must now develop an approach to provide greater resilience to our economy. Thus, the theme for the 2016 Budget is, Strengthening Resilience and Building a Diversified Economy.

PROJECTED RESOURCES FOR 2016

85. Mr. Speaker, Honourable Members, despite uncertainties in the iron ore sector, domestic revenue is projected to rise to Le2.56 trillion or 10.4 percent of GDP in 2016 compared to 9.8 percent of GDP in 2015.

86. Corporate taxes are projected at Le259 billion or 1.1 percent of GDP due to projected improvement in business enterprises. Personal Income Tax is projected at Le653 billion or 2.7 percent of GDP. Goods and Services Tax (GST) is projected to grow significantly to Le635.2 billion or 2.6 percent of GDP. Domestic GST will contribute Le 269.9 billion and import GST Le 365.1billion.

87. Customs and Excise duties will amount to Le694.6 billion in 2016 or 2.8 percent of GDP. Of this, import duties will contribute Le370 billion and excise duty on petroleum products, Le303.6 billion. Other excise duties will amount to Le19.9 billion.

88. Mining royalties and licenses are projected at Le76.4 billion. Non-tax revenues collected by various Government departments, are projected at Le119.3 billion. Of this, fisheries royalties and licenses will amount to Le43.6 billion. Parastatal dividends are projected at Le10.0 billion. Road User and Vehicle licenses are projected at Le113.5 billion.

89. Total grants are expected to amount to Le798.1 billion or 3.2 percent of GDP. Of this, budget support will amount to Le418 billion or 1.7 percent of GDP and project grants will amount to Le380 billion or 1.5 percent of GDP.

Revenue Proposals

90. Mr. Speaker, Honourable Members, while our efforts to strengthen tax administration and enforcement will continue, other measures are required to raise additional revenues. Thus, the 2016 Finance Bill will introduce the following measures:

(i) Ministries, Departments and Agencies (MDAs) are now required to make provision for import duty in their budget for all contracts that are subject to taxes. As required by law, all duty and tax waivers and exemptions, including waivers for petroleum products, will require prior approval of Parliament. Duty concessions to NGOs, tourism sector and road construction companies will be strictly reviewed.

(ii) The top PAYE marginal tax rate will increase by 5% from 30 percent to 35 percent to make the tax system more progressive. This will affect only those earning monthly incomes of above Le 2.0 million; and

(iii) Government will apply the existing commercial fuel price regime to the retail pump price to ensure a full pass-through from international prices, exchange rate movements and other inherent costs in the formula. This is to minimize loss of Government revenues while removing distortions in the domestic petroleum market. As of October 2015, total revenue loss from the retail pricing formula amounts to about Le113.1 billion.

91. To protect the vulnerable from any likely increases in the prices of petroleum products from this policy change, Government will utilise additional revenues from petroleum products to invest not only in infrastructure, but also in social projects such as the National Youth Service, social housing and procure more buses for public transportation, including for school children.

92. The above measures if approved by Parliament will come into effect in 2016.

93. Mr Speaker, Honourable Members, the 2016 Finance Bill will also include other tax policy measures as follows: (i) raise withholding tax on management and technical fees from 10 percent to 15 percent; ii) introduce a national health insurance levy of 0.5 percent on the value of all contracts in support of the proposed National Health Insurance Scheme; and iii) the non-taxable threshold for personal allowances is increased from Le220,000 to Le400,000.

94. Mr. Speaker, Honourable Members, in addition to the tax policy measures proposed above, the NRA will continue to strengthen the implementation of measures to curb fraud and tax evasion in 2016, including the following key actions: (i) build capacity for specialized revenue audits, especially in the mining, financial and telecommunication sectors; (ii) implement the Small Tax Payer Preparer Scheme to add flexibility in compliance management of the hard –to-tax sector; (iii) develop and implement a revenue accounting and reconciliation system for effective reconciliation with transit accounts in the commercial banks and the Central Bank; and (iv) expand on current automation drive of tax administration, including the introduction of an integrated tax administration system and migration from ASYCUDA++ to advanced customised management systems for customs operations.

95. Government will now require all registered GST vendors to use electronic cash registers. These registers will interface with the Tax Online System and allow real time capture of transactions to enhance GST compliance as well as reduce under-declarations. To further enhance GST compliance, a penalty of Le5 million will be levied on each unauthorized receipt issued by a GST registered business other than that provided or certified by the National Revenue Authority.

96. As part of its continuing and dedicated support to governance, and in particular on revenue mobilisation, UK-DFID has approved a three year “Revenue for Prosperity” programme support to the NRA and Revenue and Tax Policy Division of the Ministry of Finance and Economic Development. At the end of its implementation, domestic revenue is projected to increase through improved tax policy and legislation, improved governance, organizational effectiveness and transparency of tax administration; a modernised domestic tax and customs administration; and an improved extractive revenue administration that will adequately handle technical audits and transfer pricing issues.

Proposed Expenditure Priorities and Allocations for 2016

97. Mr. Speaker, Honourable Members, as indicated earlier, the 2016 Budget is driven by the National Ebola Recovery Strategy. As we transition from the Millennium Development Goals (MDGs) to the Sustainable Development Goals (SDGs) in January 2016, it is incumbent on Government to integrate these goals into the 2016 Budget. Thus, the allocations of expenditures for the 2016 Financial Year are in accordance with the priorities identified in the National Ebola Recovery Strategy anchored on the Agenda for Prosperity which is largely aligned with the Sustainable Development Goals.

98. Mr. Speaker, Honourable Members, total expenditures are projected at Le4.65 trillion or 18.9 percent of GDP. Recurrent expenditures are projected at Le3.1 trillion or 12.7 percent of GDP. Capital expenditures are projected at Le1.52 trillion or 6.2 percent of GDP. Of this, foreign-financed capital expenditures will amount to Le904 billion. Domestic capital expenditure will amount to Le613 billion.

Wages and Salaries

99. The allocation for Wages and Salaries is increased from Le1.60 trillion in 2015 or 7.2 percent of GDP to Le1.65 trillion or 6.7 percent of GDP. The nominal increase will cater for the Judiciary and payment of salary arrears to Mines Monitors. Salaries of core staff, salary grants for Mayors and Chairpersons, and sitting fees and transportation allowances of Councilors have been revised upwards. The monthly salary grant of Mayors and Chairpersons have increased from Le500,000 to Le2,100,000, and for the Deputies from Le400,000 to Le2,000,000. Monthly sitting fees and transportation allowances for Councilors have also increased from Le350,000 to Le830,000. Salary grants to Mayors and for

Chairpersons will not pose any additional burden on Government in view of benefits after service. Salaries of core staff have been rationalized along salaries of similar cadre in the Government service.

Debt Service Payments

100. Total interest payments are projected at Le299.6 billion. Of this, domestic interest payments will amount to Le254.2 billion. Foreign interest payments will amount to Le45.4 billion.

Statutory Transfers

101. Total statutory transfers will amount to Le433.9 billion. These include transfers of Le113.5 billion to the Road Maintenance Fund Administration; Le91.8 billion to Local Councils; Le137.1 billion as Grants to tertiary educational institutions, including tuition fees subsidies and Le68.7 billion to the National Revenue Authority.

102. I will now turn to discretionary expenditure by the pillars of A4P, linking these to the SDGs.
Discretionary Expenditures (Non-Salary, Non-Interest Recurrent and Domestic and Foreign Capital Expenditures).

103. Mr. Speaker, Honourable Members, given our recent experience in the mining sector, diversification of our economy will now be given utmost priority to strengthen resilience of our economy as described under each pillar below:

Pillar 1 Economic Diversification to Promote Inclusive Green Growth: This pillar links with SDGs 1, 2, 8, and 10.

104. **Agriculture:** To revive the sector, Government will support the attainment of the following objectives: (i) increasing agricultural productivity and production through, procurement and distribution of large quality of subsidised fertizers, rehabilitation of 1,000 hectares of Inland Valley Swamps country-wide; supply of highyielding varieties of planting materials; (ii) support the transformation of Agricultural Business Centres (ABCs) to promote value-addition and reduction in post-harvest losses and formalization of the agriculture and private sectors; (iii) agri-business financing along the agricultural value-chain through the Financial Services Associations and Community Banks; and (iv) create markets for farmers through institutional feeding for our armed forces.

105. To this end, Government is allocating Le51.1 billion to **the Ministry of Agriculture, Forestry and Food Security (MAFFS)** from the recurrent budget and Le9.9 billion from the domestic capital budget.

106. IFAD, the World Bank, the European Union, the Islamic Development Bank (IDB) and the Japanese International Development Agency (JICA) will provide an additional Le101.6 billion to support the procurement of agricultural inputs; rehabilitation of 1,000 hectares of Inland Valley Swamps; establishment of 13 Veterinary Clinics to vaccinate 400,000 and treat 100,000 animals; raise and distribute 1.3 million tree crop and forest tree seedlings; rehabilitate tree crop plantations; and improve access to rural finance, including recapitalizing the APEX Bank.

107. Government is also allocating Le 16.1 billion for devolved functions in the agriculture sector to Local Councils.

108. The Sierra Leone Agricultural Research Institute (SLARI) is allocated Le5.3 billion from the recurrent budget and Le 1.2 billion from the domestic capital budget to support research activities. Development partners will provide Le2.8 billion to this Institute.

109. **Fisheries:** As part of Government's economic diversification strategy, attention will be paid to attaining a blue economy. In this regard, for a start, Government is allocating Le3.0 billion to the **Ministry of Fisheries and Marine Resources** from the recurrent budget and Le4.3 billion from the domestic capital budget to support artisanal and inland fisheries as well as the European fish certification project (PRECON). Government is also providing Le165.9 million for devolved functions in the fisheries sub-sector to Local Councils.

110. Tourism: Again, in furtherance of economic diversification, Government will support recovery of

the Tourism Sector. **The Ministry of Tourism and Cultural Affairs**, in collaboration with the National Tourist Board and the Monument and Relics Commission, will embark on local and international rebranding activities; develop four eco-tourism sites; clean Lumley and other Peninsula beaches; implement the second phase of the Lumley Beach Development Project; and establish regional offices in Makeni, Kabala, Kenema and Bo. In support of these activities, Government is allocating Le8.8 billion from the recurrent budget and Le4.2 billion from the domestic capital budget to the Ministry and its Agencies.

Pillar 2: Managing Natural Resources: This Pillar links with SDGs 14 and 15.

111. **Lands:** Mr. Speaker, Honourable Members, **the Ministry of Lands, Country Planning and the Environment** is allocated Le3.1 billion from the recurrent budget to support land planning and management for an environmentally safe and beautiful country. This allocation will also support the execution of the National Land Policy, review of outdated policies, legislations and statutory instruments; and the reclamation, registration and planning of the use of lands.

112. **Environment:** Mr. Speaker, Government has signed the treaty for Reducing the Emissions from Deforestation and Degradation (REDD+). The REDD+ project is a global initiative for reducing emissions from deforestation and degradation and for the conservation and sustainable management of forests and the enhancement of forest carbon stocks in developing countries. REDD+ facilitate the transfer of funds from developed to developing countries willing to undertake REDD+ actions. Revenue from the carbon trade will be distributed as follows: 40 percent to the Consolidated Revenue Fund (CRF); 40 percent retained by the National Protected Area Authority (NPAA) for administrative costs; 15 percent for Community Trust/Insurance Fund, and 5 percent for capacity building of the Sierra Leone Conservation Society.

113. To support the activities of the NPAA, Government is allocating Le4.2 billion from the recurrent budget. The World Bank is providing Le2.5 billion towards the implementation of the Wetlands and Biodiversity projects while the European Union is also providing Le2.6 billion to the REDD+ Capacity Building project. Le2.0 billion is allocated from the domestic capital budget as Government contribution to the projects.

114. **Mines and Mineral Resources:** To support the formulation and implementation of mineral policies, Government is allocating Le6.7 billion from the recurrent budget to **the Ministry of Mines and Mineral Resources**. Of this, Le4.6 billion is allocated to the National Minerals Agency (NMA) to support the administration and enforcement of the Mines and Minerals Act 2009 and other Acts and related regulations in mining, as well as, trade in minerals.

115. In addition, Le1.5 billion is provided from the domestic capital budget for the reconstruction of NMA regional offices and Le500 million to support the Extractive Industry Transparency Initiative (EITI). The German International Development Cooperation (GIZ), the United Kingdom Department for International Development (DfID), the African Development Bank, and the World Bank will provide about Le4.0 billion to support various projects in the mining sector.

Pillar 3 Accelerating Human Development: This Pillar links with SDGs 1, 3, 4, 6, 10 and 11.

116. **Health:** Mr. Speaker, Honourable Members, the key objectives in the health sector in the Ebola Recovery period are to: (i) build a sustainable national health system that delivers safe, efficient and quality health care services that are accessible, equitable and affordable for all Sierra Leoneans; and (ii) build a resilient national health system that can respond robustly to a possible recurrence of Ebola or an outbreak of any other deadly disease.

117. To support the attainment of these objectives, Le 91.8 billion is allocated from the recurrent budget to the **Ministry of Health and Sanitation**. Of this, Le22.9 billion is to support basic health services; Le24.8 billion for tertiary health services; Le23.0

billion for the procurement of drugs for the Free Health Care programme; and Le10.9 billion for cost recovery drugs and other medical supplies. The Pharmacy Board is allocated Le4.0 billion. The Health Service Commission and the Dental and Medical Board are allocated Le919 million and Le327 million, respectively.

118. In addition, Le68.7 billion is allocated from the domestic capital budget to the health sector. Of this, Le46 billion is to support Public Health Sierra Leone; Le6.5 billion for the refurbishment of Government hospitals; Le3.0 billion for piloting the National Public Health Insurance Scheme; and Le12.2 billion as Government contribution to donor-funded projects in the health sector.

119. The World Bank, IDB, Global Fund, Kuwaiti Fund and the Arab Bank for Economic Development in Africa (BADEA) are expected to provide Le153.4 billion to support various projects in the health sector.

120. Transfers to local councils for primary and secondary health care services will amount to Le21.0 billion.

121. **Education:** Mr. Speaker, Honourable Members, the focus of the education sector in the Ebola recovery period is to restore basic education services across the country. To this end, Government is allocating Le210 billion from the recurrent budget to **the Ministry of Education, Science and Technology**. Of this, Le56 billion is allocated towards improving access to quality education including Le32.6 billion for secondary education and as mentioned earlier, Le147 billion for tertiary educational institutions, including an amount of Le113.7 billion for tuition fees subsidies to university students. Technical and vocational institutions are allocated Le28.3 billion.

122. In addition, Government has introduced a Students Loan Scheme to which Le5 billion is allocated to operationalise the scheme.

123. BADEA, Opec Fund for International Development (OFID) and Saudi Fund will provide Le12.1 billion for the rehabilitation of Fourah Bay College. The tender for the works contract will be published as soon as approval is obtained from the funding Institutions. Government is also providing Le1.5 billion from the domestic capital budget as contribution to this project. An amount of Le1.6 billion is provided for the rehabilitation of the Port Loko Teacher's College and Le1.8 billion for preparations towards the establishment of the University of Science and Technology in Magburaka.

124. An amount of Le39.3 billion is allocated to Local Councils for devolved educational services.

125. Mr. Speaker, Le3 billion is allocated to the Skills Development Fund to support training of Sierra Leoneans in highly specialized skills, the young Engineers Corps and young professional internship programme.

126. **Water and Sanitation:** The key objectives of the water sector is to restore water, sanitation and hygiene services and address shortcomings that exist in the provision of these services as well as to mainstream sanitation at all levels of governance.

127. In support of these objectives, Le9.9 billion is allocated from the recurrent budget to the **Ministry of Water Resources**. Furthermore, Le45.5 billion is allocated from the domestic capital budget to the water sector. Of this, Le32.2 billion is allocated to the Sierra Leone Water Company (SALWACO) to complete ongoing projects and undertake new projects in rural areas, including the Taiama-Njala Water Supply system, Bonthe Municipality, and Mattru Jong and the Blama Bandawor and six other villages; Le18.3 billion to the Guma Valley Water Company for the rehabilitation of water treatment facilities and storage tanks in the Freetown Municipality.

128. Development partners including AfDB, IDB, BADEA, and OFID will provide Le22.7 billion to support the implementation of the Three Towns Water Supply System Projects in Bo, Kenema and Makeni; Kabala Water Supply System Project and the Rural Water Supply and Sanitation Project phase II. In addition, the United States Millennium Challenge Cooperation (MCC) will provide Le20.4 billion to

reform the water sector. An amount of Le5.0 billion is allocated as Government contribution to donor-funded projects in the water sector.

129. Transfers to Local Councils will amount to Le1.9 billion for rural water supply and Le4.7 billion for solid waste management services.

130. **Sports: The Ministry of Sports** is allocated Le7.0 billion to support training programmes to enhance the technical capacity of the National Sports Council for effective service delivery and for sports competitions, including football and cricket.

Pillar 4 International Competitiveness: This links with SDGs 7 and 9.

131. **Energy:** Mr. Speaker, Honourable Members, in promoting a diversified economy and prosperity for inclusive development, Government will seek to improve and expand access to reliable and affordable energy throughout the country. In this regard, from 2016, the Ministry of Energy will implement projects to restore and expand electricity supply in all the district headquarters and other selected towns, as well as rehabilitate the national transmission network. The agreements with the successful bidders for the implementation of these projects are being finalised for Cabinet consideration and endorsement by this House.

132. Government is allocating Le173.1 billion from the domestic capital budget to fund projects in the energy sector.

133. The European Union, African Development Bank, Islamic Development Bank, and the World Bank will provide Le110.1 billion towards various projects in the energy sector. In addition, Abu Dhabi Fund will provide Le20.4 billion for the Solar Park Freetown Project. The US Millennium Challenge Cooperation will provide Le15.2 billion to support reforms in the electricity sector.

134. The Ministry of Energy including, the Barefoot Women Solar College, is allocated Le4.6 billion from the recurrent budget.

135. **Roads:** Mr. Speaker, Honourable Members, Government will continue to expand and improve the road network to support the enhancement of socioeconomic activities throughout the country. In this regard, Le132.0 billion is allocated from the domestic capital budget to the **Ministry of Works, Housing and Infrastructure** for the rehabilitation/ reconstruction of trunk roads throughout the country.

136. Development partners including the Islamic Development Bank, the African Development Bank, the European Union, OFID, OPEC, the Kuwaiti, Abu Dhabi and Saudi Funds have earmarked about Le267.5 billion for the construction and rehabilitation of trunk roads including the Kambia-Kamakwe road, the PendembuKailahun road and the on-going Yiye-Sefadu road.

137. **Transport: The Ministry of Transport and Aviation** is allocated Le 18.2 billion from the recurrent budget, including Le16.1 billion for the procurement of Government vehicles.

138. **Information, Communications and Technology (ICT):** Mr. Speaker, Honourable Members, I am pleased to inform you that Government, with support from the Islamic Development Bank, the Exim Banks of China and India, is finalising the construction of an in-Country Terrestrial Back Haul, Distribution Networks, EGovernment Infrastructure and Last Mile Solutions to support open access and affordability of telecommunication facilities and services throughout the Country.

139. You would recall Mr. Speaker, Honourable Members that Government, through the support of the World Bank, landed the Submarine Fiber Optic Cable that linked Sierra Leone to the global high-speed Telecommunication Networks. Through the combined efforts of Government and our partners, most of the major towns and cities of our country now have Fiber Optic Cable terminating or passing through them. As an immediate benefit of the E-Government platform, some MDAs have been connected to high Speed Broad Band Internet facility

through the Wide Area Network of the Ministry of Information and Communications as a pilot.

140. Acting in support of these activities, the **Ministry of Information and Communications** is allocated Le3.4 billion from the recurrent budget and Le4.0 billion from the domestic capital budget as Government contribution to complete the donor funded ICT projects.

141. **Private Sector Development:** Mr. Speaker, Honourable Members, as part of our diversification efforts, we must strengthen our domestic production base, particularly in the agribusiness value chain. In this regard, we will pursue the establishment of a pool of financial and technical resources to be targeted specifically at agro-processors, manufacturers and the transportation and logistics segments that enable the real economy.

142. To this end, Le11.4 billion is allocated from the recurrent budget to the **Ministry of Trade and Industry** including Le4 billion to the Sierra Leone Investment and Export Promotion Agency (SLIEPA). In addition, Le702 million is allocated to the Corporate Affairs Commission; and Le 470 million to the Office of the Administrator and Registrar General. Le1.8 billion is allocated from the domestic capital budget to strengthen export development and promotion.

Pillar 5: Labour and Employment: This Pillar links with SDGs 1, 8 and 10.

The Ministry of Labour

143. **The Ministry of Labour and Social Security** is allocated Le 6.6 billion from the recurrent budget and Le2.0 billion from the domestic capital budget for the rehabilitation of its district offices and development of job centres.

144. As we advance empowerment of Youths, we will need more creativity in our talent management practices. In response, we will continue to provide incentives to develop talents locally, and to encourage the private sector to deepen collaboration with academic and training institutions and to work together to turn out skills that meet local needs. In the short-term, we will leverage the pilot West Africa Talent Mobility Partnership programme to complement our response to the dearth in local expertise in the priority sectors. In this regard, in addition to ongoing efforts at developing a framework for Mutual Recognition Agreements for academic and professional training, we will seek support from partners to operationalise our Labour Market Information System.

145. Mr. Speaker, Honourable Members, Government will continue to address the problems faced by youths, especially during the post Ebola period. In this regard, Government will support programmes for the restoration of lost livelihoods especially among youths. In support of this, the **Ministry of Youth Affairs** is allocated Le 7.2 billion from the recurrent budget and Le14.5 billion from the domestic capital budget to implement activities including on-going works for the National Youth Village, the Youth Farm, the National Youth Service Programme, the National Youth Development and Empowerment Programme, and support to Youth in Fisheries Project. In addition, the National Youth Commission is allocated Le 3.8 billion from the recurrent budget to support other youth-related activities.

146. Transfers to Local Councils for Youth and Sport services amount to Le 888.6 million.

Pillar 6: Social Protection: This Pillar links with SDGs 1,2,3,4 and 10.

147. Mr. Speaker, Honourable Members, following the Ebola outbreak, a new category of vulnerable groups are emerging. These include Ebola survivors, orphans, widows and widowers. More importantly, the vulnerability of the general population, especially the poor has intensified due to loss of employment and business incomes. To address this situation, Government, with support from our development partners, will expand social protection services to cater for vulnerable groups. To this end, the **Ministry of Social Welfare, Gender and Children Affairs** is allocated Le 9.2 billion from the recurrent budget; and Le3.3 billion from the domestic capital budget to

support the implementation of recovery activities, including the rehabilitation of social welfare centres in six districts and the rehabilitation of Remand Homes and Approved Schools. The National Commission for Persons with Disability is allocated Le 2.2 billion and the National Children's Commission is allocated Le1.7 billion.

148. **The National Commission for Social Action (NaCSA)** is allocated an amount of Le 1.3 billion from the recurrent budget and Le3.6 billion from the domestic capital budget as Government contribution to donorfunded projects implemented by NaCSA. Development partners including the World Bank, IDB and Kfw will provide Le25.7 billion to support the implementation of social protection, community driven and rural infrastructure projects including Social Safety Nets Programme.

Pillar 7: Governance and Public Sector Reforms. This Pillar links with SDGs 5, 16 and 17.

149. Mr. Speaker, Honourable Members, as indicated earlier, our country's governance index continues to improve on all scores. For further improvement, we will increase allocations to governance related institutions, especially Parliament, the Anti-Corruption Commission and the Audit Service Sierra Leone. Thus, from the recurrent budget, the Anti-Corruption Commission is allocated Le4.6 billion; the House of Parliament, Le7.8 billion; Audit Service Sierra Leone, Le5.4 billion.

150. **The Ministry of Foreign Affairs and International Cooperation** is allocated Le24.2 billion; the National Revenue Authority, Le68.7 billion; the **Ministry of Defence** Le85.7 billion; the Sierra Leone Police, Le72.5 billion; the Sierra Leone Correctional Services, Le32.3 billion; the National Electoral Commission, Le33.7 billion; the National Public Procurement Authority, Le2.7 billion; and Statistics Sierra Leone, Le9.8 billion.

151. An amount of Le8.9 billion is allocated to the Judiciary, including Le2.1 billion for the operationalisation of Local Courts countrywide.

152. From the domestic capital budget, Le1.2 billion is allocated to the Public Sector Reform Unit; Le1.3 billion to the Human Resource Management Office (HRMO); Le4.4 billion to Statistics Sierra Leone; Le7.0 billion to the Sierra Leone Police; Le41.5 billion to the Immigration and National Civil Registration Authority; Le2.0 to the Sierra Leone Correctional Services; Le3.5 billion to the National Fire Force; Le900 million to the **Ministry of Lands, Country Planning and the Environment**; Le2.2 billion to the Anti-Corruption Commission; and Le1.5 billion for the implementation of the Millennium Challenge Cooperation (MCC). The MCC will provide Le21.0 billion as support for the implementation of the Threshold Programme and the World Bank, Le26.1 billion for the Pay and Performance Project.

153. An additional amount of Le22 billion is allocated to the **Ministry of Works, Housing and Infrastructure** for the reconstruction/rehabilitation of Government buildings and other buildings (sub-vented institutions), including construction of the Public Service Academy and the Public Service Commission.

154. An amount of Le5.0 billion is allocated as Local Government Development grants; Le5.0 billion for the Project Preparation Fund and Le7.8 billion to the Constituency Development Fund.

Pillar 8 Gender and Women's Empowerment. This Pillar links with SDGs 1,2,3,4 and 5.

155. **The Ministry of Social Welfare Gender and Children's Affairs** is allocated another Le1.8 billion to support Gender and Women empowerment programmes.

XII. Risks to Budget Implementation and Execution

156. Mr. Speaker, Honourable Members, as Ebola recedes, our expectations of a quick turn-around to improve livelihoods will also increase. These policies and measures are designed to deliver on these expectations. However, such expectations are sometimes not realized due to unforeseen circumstances.

157. Mr. Speaker, Honourable Members, as already mentioned, the implementation and execution of the programmes, projects and policies announced in this budget is predicated on the following assumptions:

(i) the assumption of Ebola ending tomorrow, November 7, 2015;

(ii) the resumption of iron-ore mining, and

iii. return of other Foreign Direct Investments.

158. In addition to these underlying assumptions, other risks to the successful implementation of this Budget include:

(i) ***Maintaining a resilient zero Ebola infections:*** Without a resilient zero infection rate, uncertainty in the economy will return. In particular, this may delay the return of Foreign Direct Investment and the full resumption of key economic activities.

(ii) ***The non-resumption of iron ore production and export*** will pose additional strain on the Budget in terms of revenue loss and further depreciation of the Leone;

(iii) ***The slowing of the Chinese economy*** and the consequent weak demand for primary commodities, including iron ore may hamper our economic prospects;

(iv) ***Delays and untimely disbursement of donor funds*** may also impact budget execution;

(v) ***The resettlement of flood-affected victims in Western Area and other parts of the country*** would require substantial resources. In the absence of donor support, this may compel Government to divert resources from the priority sectors in National Ebola Recovery Strategy;

(vi) ***Delays in the enactment of the proposed 2016 Finance Bill*** will negatively impact revenue mobilisation and hence implementation of the budget; and

(vii) Finally, any ***delay in the completion of the fourth review*** under the ECF by the Executive Board of the IMF beyond mid-November 2015 will affect the disbursement of the augmented support of US$67.7 million and the disbursement of budget support by other budget support partners.

XIII. Conclusion

159. Mr. Speaker, Honourable Members, in concluding this statement, I wish to thank especially my colleague Ministers for their invaluable contributions in shaping the policies and measures I have just announced. The Minister of State, MoFED, the Financial Secretary and staff of the Ministry of Finance and Economic Development also deserve special mention for their continuing support. The Governor, Management and staff of the Bank of Sierra Leone are also recognized for their collaboration that facilitated excellent co-ordination of fiscal and monetary policy. The Commissioner General, Management and staff of NRA deserve our special commendation for an amazing effort in mobilizing domestic revenue especially during this difficult period.

160. Mr. Speaker, Honourable Members, I would also like to thank the Chairpersons of the Finance and Transparency Committees of Parliament, our development partners, the District Budget Oversight Committee Members, the Non-State Actors and members of the print and electronic media that participated in the open Budget discussions. The contributions and insights provided by all of you were useful in guiding the Budget proposals I am now presenting to this House. As usual, the Government Printer and staff rose to the occasion and produced the printed Statement and Estimates on time.

161. Mr. Speaker, Honourable Members, the successful implementation of the policies and measures I have just announced require our joint effort and collaboration as Sierra Leoneans.

162. As we transition from MDGs to SDGs, the onus to deliver the 2016 Budget is on each and every Sierra Leonean. We lost years of implementation of the

MDGs due to the war and follow up effects. We are now in a position to start implementing the SDGS with the rest of the world and by 2030 we should be there on a very sound footing. But there is a caveat to be mentioned. Studies show that as the world is aiming to end poverty by 2030, about two-third of the world's poor would live in fragile and conflict prone environments. This is a risk we should and must avoid.

163. Recent World events have also taught us the lesson that over dependence on one sector will undermine our resilience. Therefore, as we continue to rely on our minerals, Sierra Leoneans should embrace the culture of diversifying the economy. We should devote attention to agriculture, our abundant fisheries resources, our beautiful beaches and eco-tourism sites, for food security and employment for our youths. At the same time, we should continue to improve access to energy and water supply, build roads, to strengthen our resilience. We will do this responsibly to protect our environment for the benefit of our children.

164. As Sierra Leone is a tried and tested country, I have no doubt in my mind that with our development partners complementing our resilience we shall overcome and leap forward into prosperity. At this twilight, as Ebola sunsets, the hope for a new dawn is born, a new day begins tomorrow. We will not take our baths in 'salt water' anymore, but in the rivers of resilience.

165. And we will all embark on the epic journey of recovery, each carrying full arsenal of new instruments for public service delivery defined by efficiency and patriotism; and with the realization that each generation has a responsibility to carry the succeeding ones shoulder high so that they, our children could see into far horizons that we who carry them, will never experience but can only dream about. We shall do so because they are the reason we live and work at all. And I say so in honour of the school children from all over the country that joined us in this Chamber today, for the first time in our history of budget preparation, to hear what the Government will provide them in the 2016 Budget. We promised them hope and truly, we will deliver. The task ahead, Honourable Members, is daunting, but collectively we can do it.

166. I therefore urge all Sierra Leoneans to join hands and deliver the 2016 Budget so that together we can create a diversified, peaceful and inclusive economy that will bring out our resilience as a nation and prosperity for all. I therefore commend the 2016 Appropriation Bill to this noble House.

167. I thank you for your attention.

168. I wish you an Ebola-free, peaceful, and blessed Christmas and a Happy New Year.

169. God Bless us and our efforts.

CALENDAR OF SOCIO- ECONOMIC EVENTS
JULY - DECEMBER 2015

July 02, 2015
The Sierra Leone Parliament ratified a Government Motion on the African Union Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa, dated 11th July, 2003.

July 24, 2015
His Excellency The President Dr. Ernest Bai Koroma officially launched the Post-Ebola Recovery Programme at the Miatta Conference Centre in Freetown, with emphasis on health, education, agriculture and social partnership.

August 04, 2015
Bank of Sierra Leone observed its 51 years of successful central banking services, which was climaxed by the Governor's Business Lunch.

August 18, 2015
The Chinese Foreign Minister Mr. Wang Yi visited Sierra Leone, to further cement the cooperation ties between Sierra Leone and China. He also promised that China will be at the forefront of Sierra Leone's Post-Ebola Recovery, as they did for the fight against the Ebola virus.

September 15, 2015
An International Monetary Fund (IMF) mission led by Mr. John Wakeman-Linn visited Sierra Leone and held discussions with the country's authorities on the joint third and fourth reviews of the Extended Credit Facility (ECF) Arrangement with the IMF.

September 17, 2015
The Millenium Challenge Corporation (MCC) Board of Directors held its quarterly meeting in Washington D. C. and approved a new program for Sierra Leone. Sierra Leone's threshold program will provide up to US$44.4 million to support policy reforms and improve governance in the water and electricity sectors.

September 21, 2015
The Monetary Policy Committee (MPC) met and decided to leave the Monetary Policy Rate (MPR) unchanged at 9.5 percent; this monetary policy stance was aimed at supporting the government's economic recovery drive in the face of moderate inflationary pressures.

October 22, 2015
The Sierra Leone Parliament ratified two loan agreements totaling US$46mn for the development of rural communities in the country.

November 06, 2015

The Minister of Finance and Economic Development (MoFED), Dr. Kaifala Marah, delivered to Parliament the Government of Sierra Leone Budget and Statement of Economic and Financial Policies for the Financial Year 2016, with the Theme: ***"Strengthening Resilience and Building a Diversified Economy".***

November 16, 2015

The Executive Board of the International Monetary Fund (IMF) concluded the third and fourth reviews of Sierra Leone's performance under the three-year arrangement under the Extended Credit Facility (ECF) and approved an augmentation of access of 45 percent of quota, equivalent to SDR 46.665 million (about US$64.59 million), to be disbursed in three tranches. The completion of the third and fourth reviews enabled the immediate disbursement of SDR 33.335 million (about US$46.14 million).

December 10, 2015
The Monetary Policy Committee (MPC) met and agreed to leave the Monetary Policy Rate (MPR) unchanged at 9.5 percent, the Standing Facility Rate at 10.5 percent and Reverse Repo rate at 10 percent.