



Economic and Budget Brief

Introduction

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

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

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MACROECONOMIC DEVELOPMENTS

Exchange Rate

In January 2025, on the buying side the Leone depreciated for both commercial and parallel market. For commercial by 0.04% averaging NLe 22.58/US\$ and parallel by 0.28% averaging NLe 24.27/US\$ while the bureau market appreciated by 0.21% averaging NLe 22.50/US\$ and no data provided for official market.

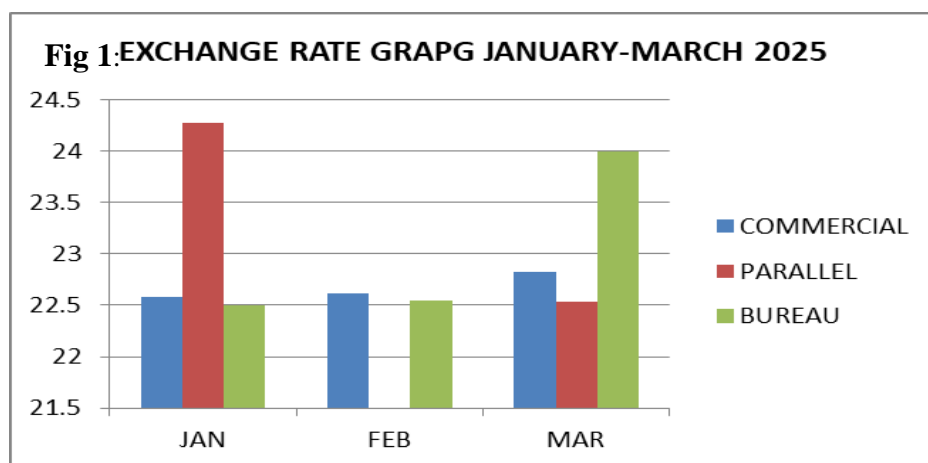
On a month-on-month basis, the market rate appreciated by 0.22 percent in January 2025, compared to December 2024 when it depreciated by 0.35%. The premium between the parallel rates widened to 7.83 % (NLe1.77 per US dollar) in January 2025, from 7.46 % (NLe1.69 per US dollar) in December 2024.

In February 2025 the Leone depreciated in the commercial market by 0.12% averaging NLe22.61/US\$, bureau by 0.23% averaging NLe 22.55/US\$. There was no data provided for official and parallel markets, and also noticed that the bureau market was duplicated with an appreciated figure and also a depreciated figure from BSL analysis.

On a month-on-month basis, the market rate depreciated by 0.26 percent in February 2025, while appreciation by 0.24 % in January 2025. The premium between the reference market rate and the parallel rates narrowed from 7.83% NLe 1.77 per US\$ in January 2025 to 6.72 % NLe1.52 per US\$ in February 2025.

For March 2025, the Leone depreciated in the commercial market by 0.94% averaging NLe 22.82 while the bureau market appreciated by 0.09% averaging 22.53/US\$ and parallel by 0.04% averaging NLe 24.00/US\$.

The month on-month basis, the market rate depreciation by 0.26 percent remained steady in March 2025 as in February 2025. The premium between the reference market rate and the parallel rate narrowed from 6.72% NLe1.52 per US\$ in February 2025 to 6.39 % NLe1.45 per US\$ in March 2025.



Source: BSL MER

Inflation

Food inflation

The month of January 2025 the food and non- alcoholic beverage inflation was 14.78% from 13.89% in December 2024 and a increased by 0.89% point.

In the month of February 2025 food and non- alcoholic beverage inflation was 13.45%, from 14.78% in January 2025 reduced by 1.33% point.

Month of March 2025, the food and non- alcoholic beverage inflation was 10.27 %, from 13.45% in February 2025 down by 3.18% point.

Non Food Inflation:

The National Non-food inflation experienced a decreased of 13.44% in January 2025 from 13.69% in December 2024 with a decreased of 0.25% points.

In February2025 it was 12.80% from 13.44% in January 2025 and a decreased by 0.64% point

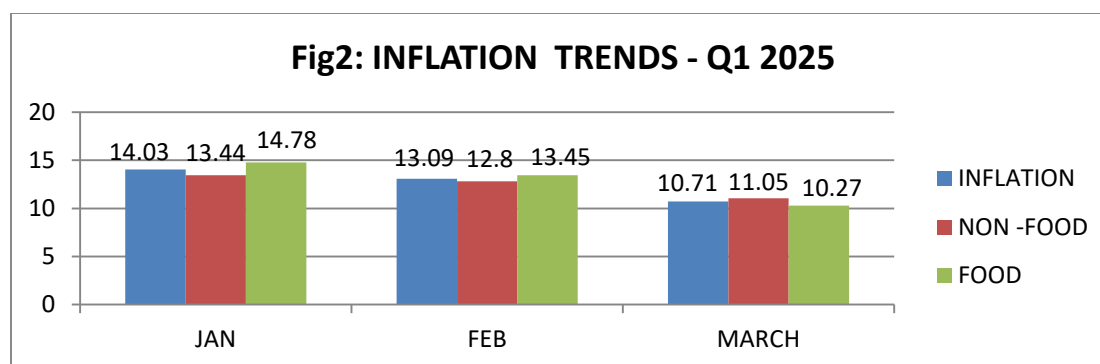
In March 2025 it was 11.05% with a dropped of 1.75% points from 12.80% in February 2025.

Annual CPI Inflation:

In January 2025 inflation stood at 14.03%, from 13.78% in December 2024 increased by 0.25 % points

February 2025 it stood at 13.09%, from 14.03% in January 2025 declined by 0.94% points

In the month of March 2025 it stood at 10.71 %, from 13.09% in February 2025 decreased by 2.38% points.



Source: Statistic Sierra Leone

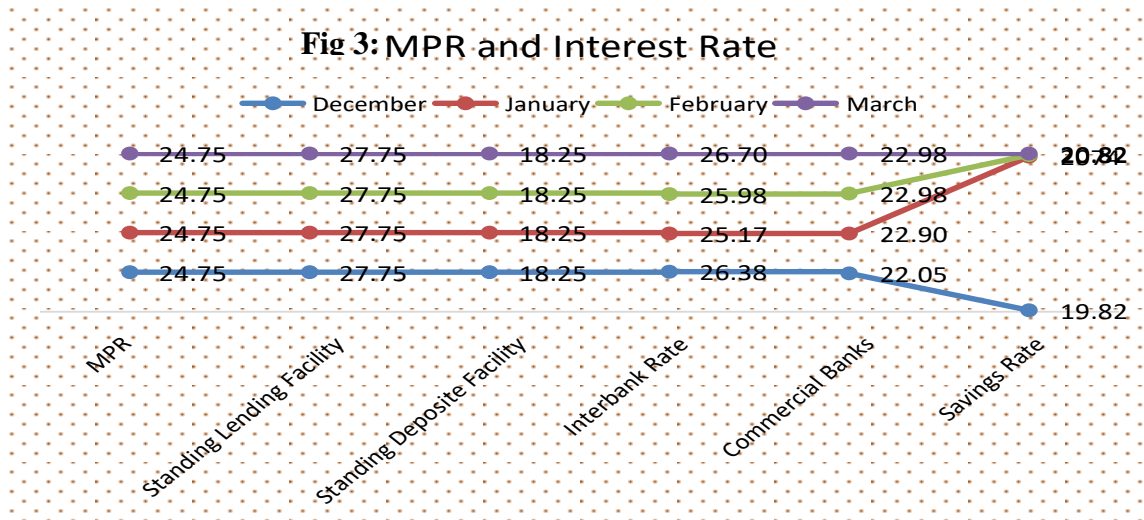
Monetary Policy Rates and Interest Rates

The Monetary Policy Rate (MPR) was consistently held at 24.75 percent over the four month period, indicating a stable monetary policy. Supporting this stability, the Standing Lending Facility (SLF) and Standing Deposit Facility (SDF) also remained unchanged at 27.75 percent and 18.25 percent respectively, creating a gap 9.50 percent policy rate corridor. While the inter-bank rate experienced moderate fluctuations between 25.17 percent and 26.70 percent, both commercial bank lending rates and savings rates consistently stayed below the MPR. Commercial bank rates saw a slight increase from 22.05 percent to 22.90 percent before stabilizing, and savings rates gradually rose from 19.82 percent to 20.82 percent in March 2025.

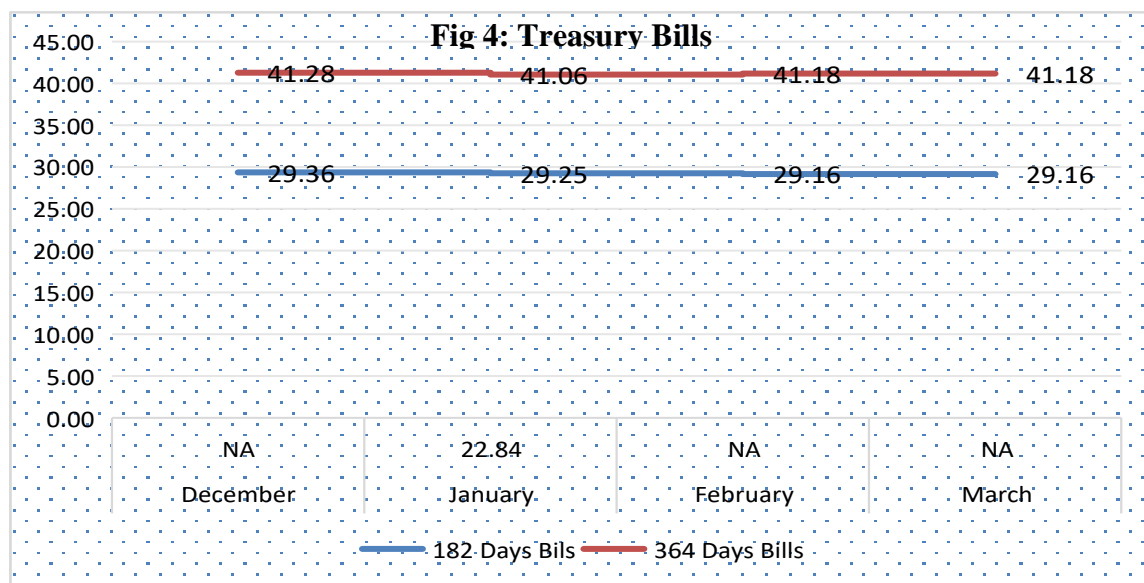
Table1: Monetary Policy Rates and Interest Rates

| MPR and Interest Rates 2025 | | | | |
|-----------------------------------|----------|---------|----------|-------|
| Description | December | January | February | March |
| MPR | 24.75 | 24.75 | 24.75 | 24.75 |
| 91Days Bills | NA | 22.84 | NA | NA |
| 182 Days Bils | 29.36 | 29.25 | 29.16 | 29.16 |
| 364 Days Bills | 41.28 | 41.06 | 41.18 | 41.18 |
| Standing Lending Facility | 27.75 | 27.75 | 27.75 | 27.75 |
| Standing Deposite Facility | 18.25 | 18.25 | 18.25 | 18.25 |
| Interbank Rate | 26.38 | 25.17 | 25.98 | 26.70 |
| Commercial Banks | 22.05 | 22.90 | 22.98 | 22.98 |
| Savings Rate | 19.82 | 20.74 | 20.82 | 20.82 |

Source: Bank of Sierra Leone(MER)



Source: Bank of Sierra Leone(MER)



Source: Bank of Sierra Leone(MER)

The yields on 91days Treasury Bills only recorded in January (22.84 percent), with no data for the other months, limiting trend analysis. 182 days experienced a slight decline, from 29.36 percent in December to 29.25 percent in January, then stabilized at 29.16 percent through February and March 2025.

364 days rates hovered around 41 percent, showing minor fluctuations: 41.28 percent (Dec), 41.06 percent (Jan), and 41.18 percent in both February and March, indicating strong longer term yields.

Fiscal Performance

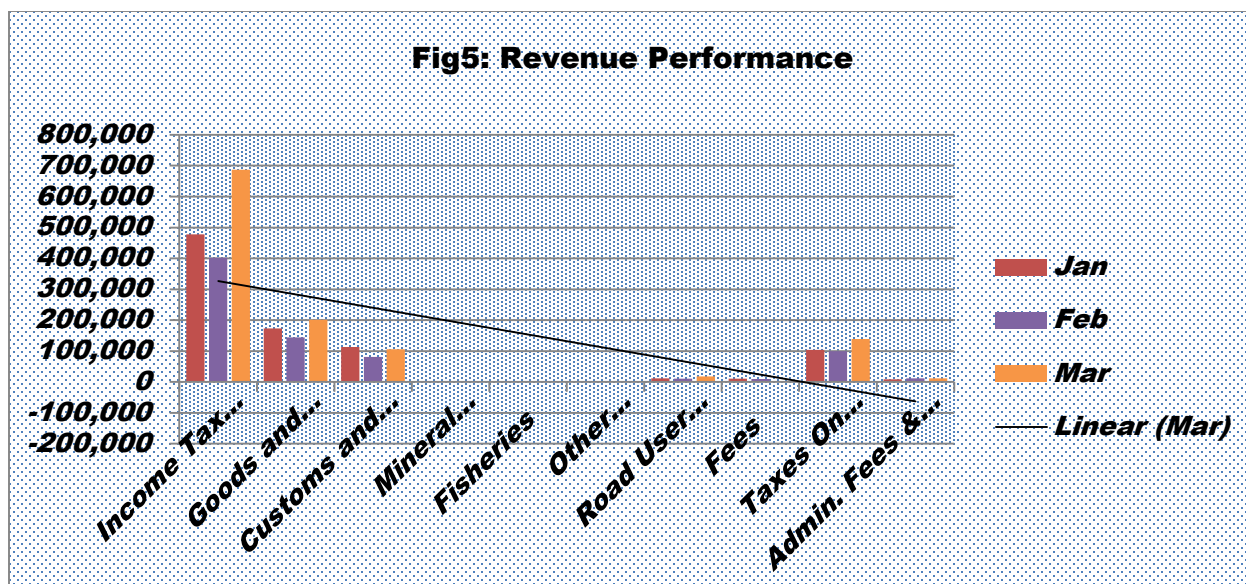
Domestic Revenue

The total domestic revenue amounted to NLE3,735,046 in the first quarter of the year 2025 of which Income Tax Receipt made a collection of NLE477,677, an amount of NLE519,225 was generated from the Goods and Services Tax, which indicate an increase compared to the fourth quarter of 2024. Customs and Excise Income contributed 8.1 per cent of total domestic revenue with a performance of NLE301,266. Taxes On International Trade & Transport showed a collection of NLE342,922 which contributed 9.1 per cent and no collection was made for Mineral Resources, Fisheries and other Department.

Table2: Domestic revenue performance (SLE000)

| Domestic Revenue Collection | January | February | March | Monthly Total | Contribution % |
|---|------------------|------------------|------------------|------------------|----------------|
| Income Tax Receipts | 477,677 | 402,130 | 686,814 | 1,566,621 | 42.9 |
| Good & Services Tax(GST) Receipts | 172,934 | 144,566 | 201,725 | 519,225 | 13.9 |
| Customs & Excise(C&E) | 113,538 | 81,264 | 106,464 | 301,266 | 8.1 |
| Mineral Resources | 0 | 0 | 0 | 0 | 0.0 |
| Fisheries | 0 | 0 | 0 | 0 | 0.0 |
| Other Departments | 3 | 0 | 0 | 3 | 0.0 |
| Road user charger(Compulsory Licience Fees | 11,444 | 10,947 | 17,435 | 39,846 | 1.1 |
| Admin.Fees & Charges Incident Sales | 8,357 | 12,134 | 11,792 | 32,283 | 0.9 |
| TSA Revenue | 221,496 | 275,395 | 414,563 | 911,454 | 24.4 |
| TOTAL DOMESTIC REVENUE | 1,119,983 | 1,036,338 | 1,578,725 | 3,735,046 | |

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



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

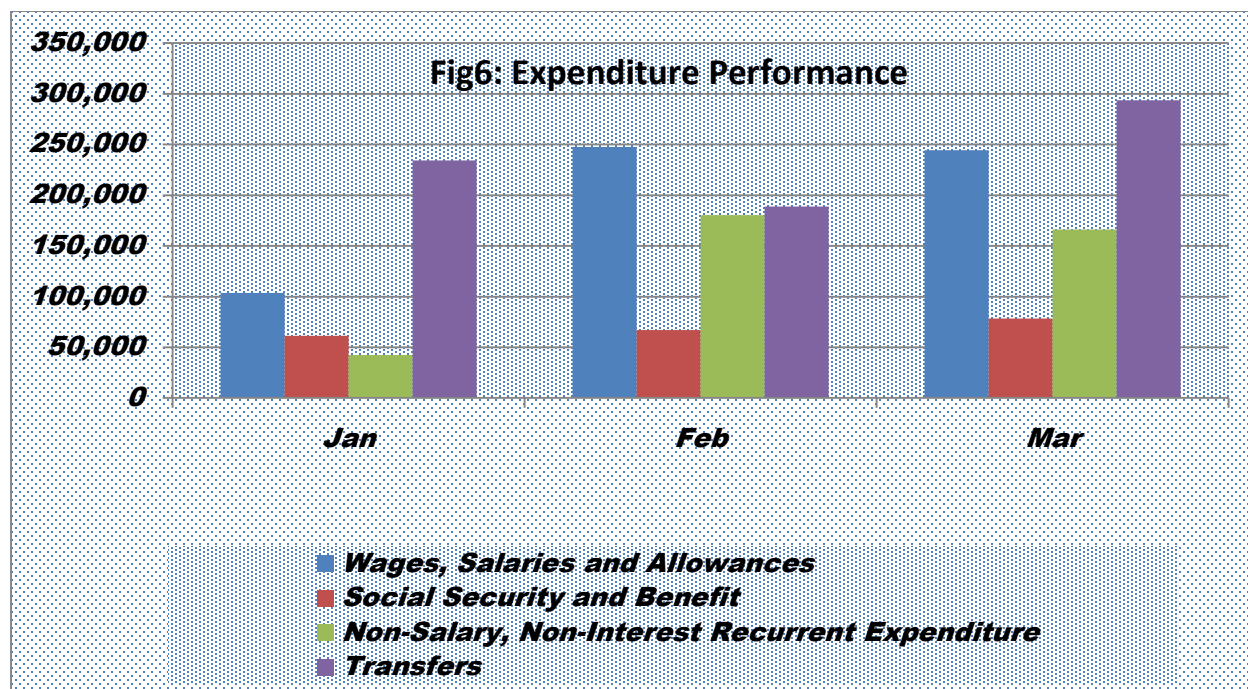
Expenditure

Wages, Salary and allowances that represent 12.6 percent of government operating expenses with the amount of NLE 1,307,519. Social Security and Benefit has a lesser contribution of NLE 162,413, Non-Salary, Non-Interest, Recurrent *Expenditures* showed an expenditure of NLE 2,638,009 and *Capital Expenditure & Transfers* was NLE 1,038,443.

Table3: Operating Expenditure Performance (NLE000)

| EXPENDITURE | January | February | March | Monthly Total | Contribution % |
|--|---------|----------|---------|---------------|----------------|
| Wages, Salaries and Allowances | 103,723 | 247,572 | 244,397 | 595,692 | 23 |
| Social Security and Benefit | 61,292 | 67,129 | 78,258 | 206,678 | 8 |
| Non-Salary, Non-Interest Recurrent Expenditure | 42,431 | 180,443 | 166,139 | 389,013 | 15 |
| Transfers | 234,157 | 188,974 | 293,768 | 716,899 | 27 |

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



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

Selected Glossary

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

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

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

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

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

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

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

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

Disclaimer

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