



## 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 October to December 2024.

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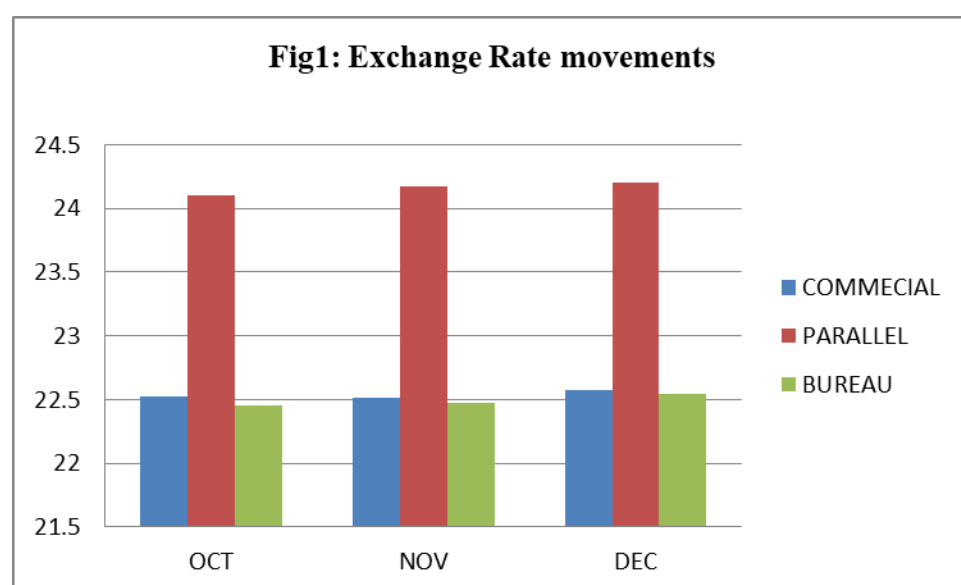
# MACROECONOMIC DEVELOPMENTS

## Exchange Rate

Analysis of the Exchange rate movements is focused purely on the buying side. In October the Leone depreciated in the commercial market by 0.2% averaging NLe 22.52/US\$, Parallel 0.88% averaging NLe24.10/US\$ and Bureau 0.41% averaging 22.45 respectively. No data provided for official market. The premium between the official and parallel market rates widened from 7.58 % (NLe1.71 per US dollar) in September 2024 to 8.08 % (NLe1.82 per US dollar) in October 2024. On a month basis the mid-rate depreciated by 0.10 % in October 2024 and 0.33% in September 2024

In November 2024, the Leone appreciated by 0.02% in the commercial market averaging NLe22.51/US\$, parallel 0.39% averaging NLe24.17/US\$ and the bureau market 0.04% averaging NLe22.47/US\$. No data provided for official market. The premium between the official and parallel rates narrowed to 7.57 % (NLe1.71 per US dollar) in November 2024, from 8.08 % (NLe1.82 per US dollar) in October 2024. On a month-on-month basis, the mid-rate appreciated by 0.03 % in November 2024, and also 0.10 % in October 2024.

For December 2024 the Leone depreciated in commercial market by 0.26% averaging NLe22.57/US\$, bureau by 0.35% averaging NLe 22.54/US\$ and the parallel by 0.14% averaging NLe24.20/US\$ respectively. No data provided for official market. The premium between the reference market and parallel rates narrowed to 7.43% (NLe1.69 per US dollar) in December 2024, from 7.57%(NLe1.71 per US\$) in November 2024. On a month on month basis the mid-rate depreciated by 0.38% in December 2024 an appreciated of 0.03% in November 2024.



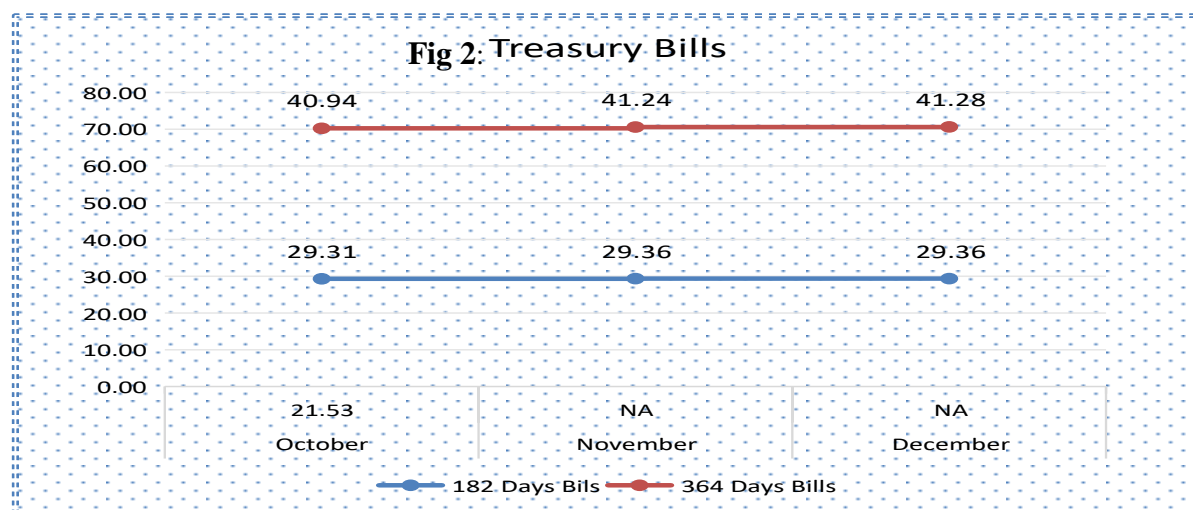
Source: Bank of Sierra Leone

## Monetary Policy and Interest Rate

The central bank maintained a steady monetary policy throughout the last three months of 2024, keeping the Monetary Policy Rate (MPR) at 24.75 percent. While the central bank's key rate remained unchanged, the interest rates for government Treasury bills showed some movement. The rate for 91-day bills stayed put at 21.53 percent October, but no rates were available for the last two months. The 182-day bill rate edged slightly higher each month, reaching 29.36 percent for November and December. Longer-term 364-day bills saw some minor ups and downs, ending the year where they started at 41.28 percent.

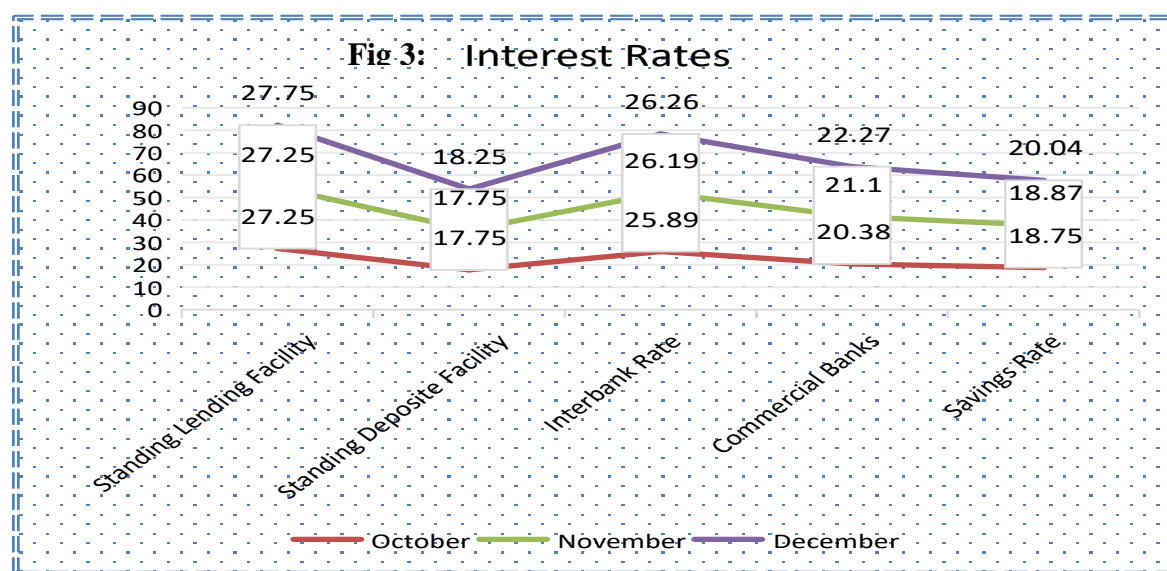
Table1: Monetary Policy Rates and Interest Rates

MPR and Interest Rates 2024			
Description	October	November	December
MPR	24.75	24.75	24.75
91Days Bills	21.53	NA	NA
182 Days Bils	29.31	29.36	29.36
364 Days Bills	40.94	41.24	41.28
Standing Lending Facility	27.75	27.75	27.75
Standing Deposit Facility	18.25	18.25	18.25
Interbank Rate	26.38	26.38	26.38
Commercial Banks	22.27	22.27	22.05
Savings Rate	2.23	2.23	2.23
Source: Bank of Sierra Leone(MER)			



Source: BSL MER

The rates at which commercial banks could borrow from (Standing Lending Facility at 27.75 percent) and deposit funds with (Standing Deposit Facility at 18.25 percent) the central bank remained constant during this period. The cost for banks to lend to each other overnight (the inter-bank rate) saw a small increase in October to 26.38 percent and stayed there for the rest of the year. The interest rates that commercial banks charged their customers were stable for the first two months at 22.27 percent before slightly decreasing to 22.05 percent in December. Finally, the interest offered on savings accounts remained very low and unchanged at 2.23 percent throughout the entire quarter.



Source: BSL MER

## Inflation

The month of October 2024 the food and non- alcoholic beverage inflation was 16.75% from 19.41% in September 2024 and a decreased by 2.66%.

In November 2024 food and non- alcoholic beverage inflation was 14.73%, from 16.75% in October 2024 reduced by 2.02%.

December 2024, the food and non- alcoholic beverage inflation was 13.89 %, from 14.73% in November 2024 dropped by 0.84.

### Non Food Inflation:

The National Non-food inflation experienced a significant decreased. In October 2024 it was 17.07% from 22.22% in September 2024 a decreased of 5.15% points.

In November 2024 it was 15.96% from 17.07% in October 2024 and a decreased by 1.11% point

December 2024 it was 13.69% with a dropped of 2.27% points from 15.96% in November.

### Annual CPI Inflation:

In October 2024 inflation stood at 16.92%, from 20.91% in September 2024 down by 3.99 % points

November 2024 stood at 15.41%, from 16.92% in October 2024 declined by 1.51% points

The inflation for December 2024 stood at 13.78 %, from 15.41% in November 2024 down by 1.63% points.

## Fiscal Performance

### Domestic Revenue

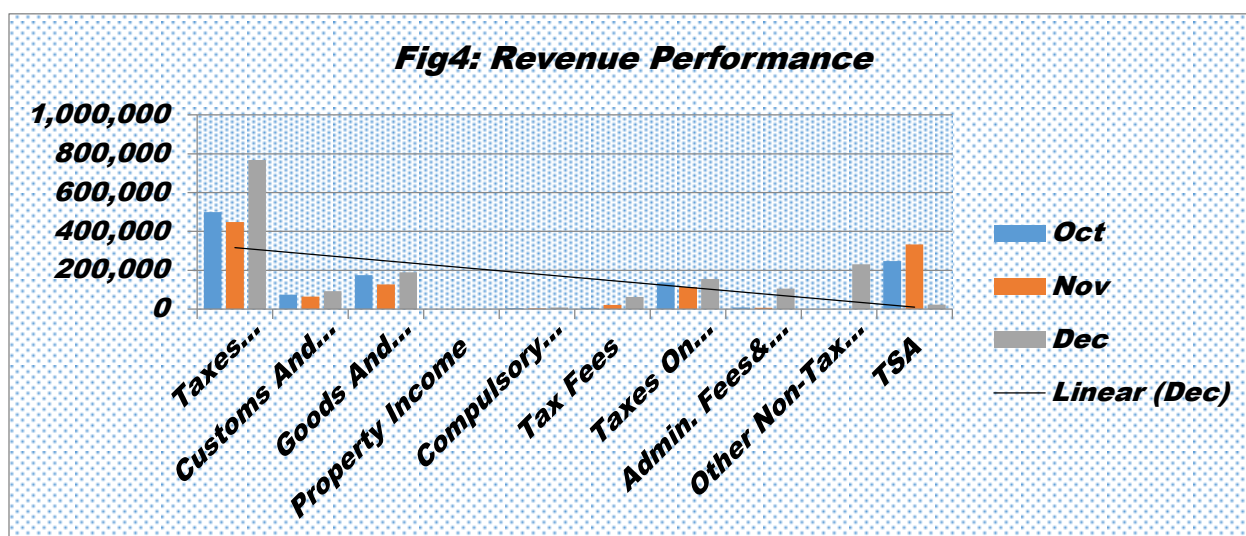
The total domestic revenue amounted to NLE3,901,657 in the fourth and final quarter of the year 2024 of which *Taxes Income, Profits & Capital Gains* made a huge collection of NLE 1,715,096, an amount of NLE 489,864 was generated from the *Goods and Services Tax*, which indicate a decrease compared to the third quarter. *Customs And Excise Income* contributed 6 per cent of total domestic revenue with a performance of NLE 230,211. Other Non-Tax Revenue showed a collection of NLE 230,149 and Taxes On International Trade & Transport showed a collection of NLE 405,301 and no collection was made for property income.

**Table2: Domestic revenue performance (SLE000)**

Domestic Revenue Collection	October	November	December	Monthly Total	Contribution %
<b>Taxes Income, Profits &amp; Capital Gains</b>	<b>500,052</b>	<b>447,614</b>	<b>767,430</b>	<b>1,715,096</b>	<b>44</b>
<b>Customs And Excise Income</b>	<b>74,090</b>	<b>63,484</b>	<b>92,637</b>	<b>230,211</b>	<b>6</b>
<b>Goods And Services Tax</b>	<b>174,075</b>	<b>126,829</b>	<b>188,960</b>	<b>489,864</b>	<b>13</b>
<b>Property Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Compulsory Licenses</b>	<b>5,180</b>	<b>3,069</b>	<b>8,796</b>	<b>17,045</b>	<b>0</b>
<b>Tax Fees</b>	<b>6,359</b>	<b>20,908</b>	<b>62,479</b>	<b>89,746</b>	<b>2</b>
<b>Taxes On Interational</b>	<b>136,942</b>	<b>113,768</b>	<b>154,591</b>	<b>405,301</b>	<b>10</b>

Trade& Transport.					
Admin. Fees& Charges,Incidental Sale	8,856	7,168	105,004	121,028	3
Other Non-Tax Revenue	0	0	230,149	230,149	6
TSA	247,819	332,990	22,408	603,217	15
<b>Total Domestic Revenue</b>	<b>1,153,373</b>	<b>1,115,830</b>	<b>1,632,454</b>	<b>3,901,657</b>	

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

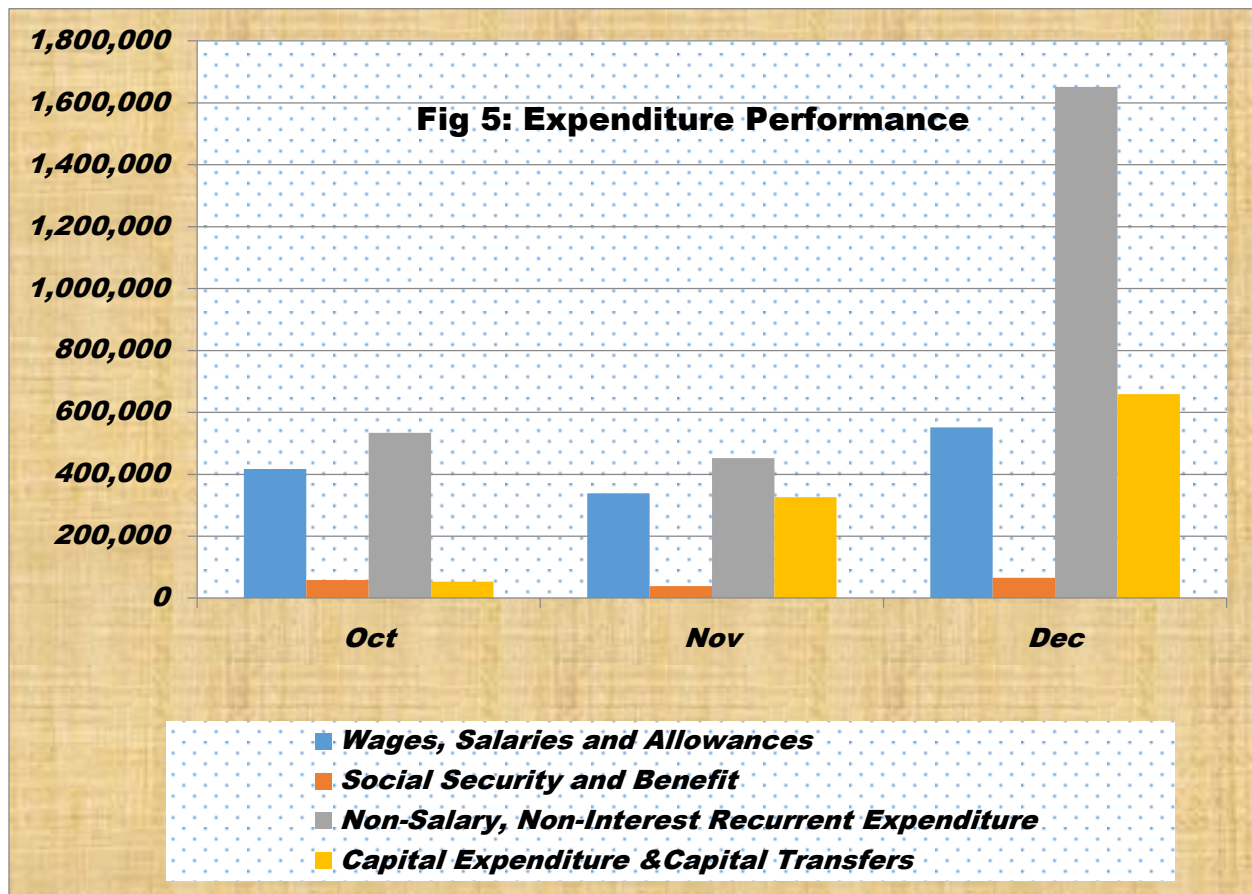
Wages,Salary and allowances that represent 12.6 percent of government operating expenses with the amount of NLE 1,307,519. Social Security and Benefit has a lesser contribution of NLE 162,413, *Non-Salary,Non-Interest,Recurrent Expenditures* showed an expenditure of NLE 2,638,009 and *Capital Expenditure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

### *Operating Expenditure Performance (NLE000)*

EXPENDITURE	October	November	December	Monthly Total	Contribution %
Wages, Salaries and Allowances	417,028	339,009	551,482	1,307,519	12.6
Social Security and Benefit	58,015	38,843	65,555	162,413	1.6

Non-Salary, Non-Interest Recurrent Expenditure	534,403	451,896	1,651,710	2,638,009	25.4
Capital Expenditure & Capital Transfers	53,325	325,662	659.456	1,038,443	10.0

Source from 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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