Quarterly Economic and Budget Brief

Introduction

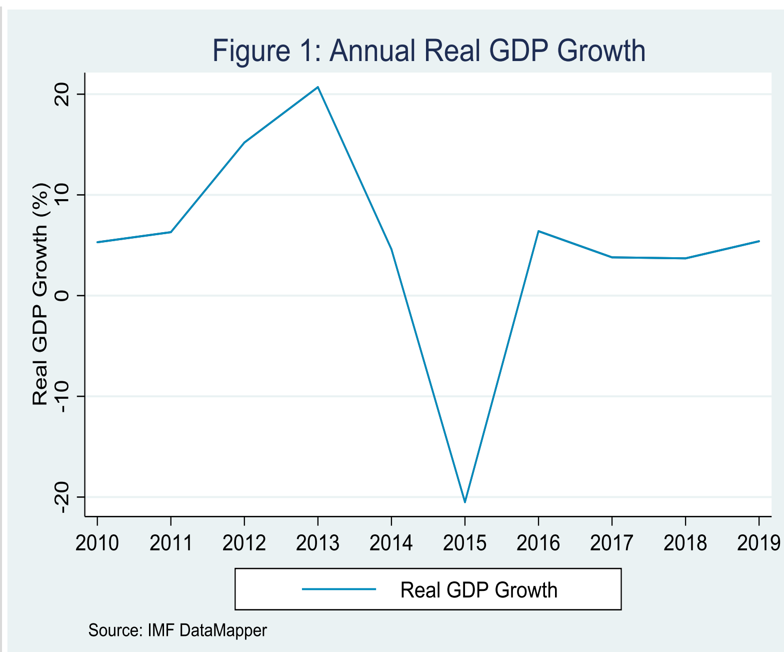
The Parliamentary Budget Office (PBO) was established in 2017, pursuant to Section 13, sub-section (1) of the Parliamentary Service Act of 2007 which empowers the Parliamentary Service Commission to establish such departments as it considers necessary or expedient for the efficient performance of its functions. The PBO seeks to provide independent, objective, sound and professional analysis to Parliament on economic and budget matters, with the aim of ensuring accountability and transparency in the use of public resources, enhance evidence-based decision making, and to raise the quality of debates.

This is the first quarterly Economic and Budget Brief published by the PBO which 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 other institutions. The scope of the analysis covers the period January 2018 to

Macroeconomic Developments

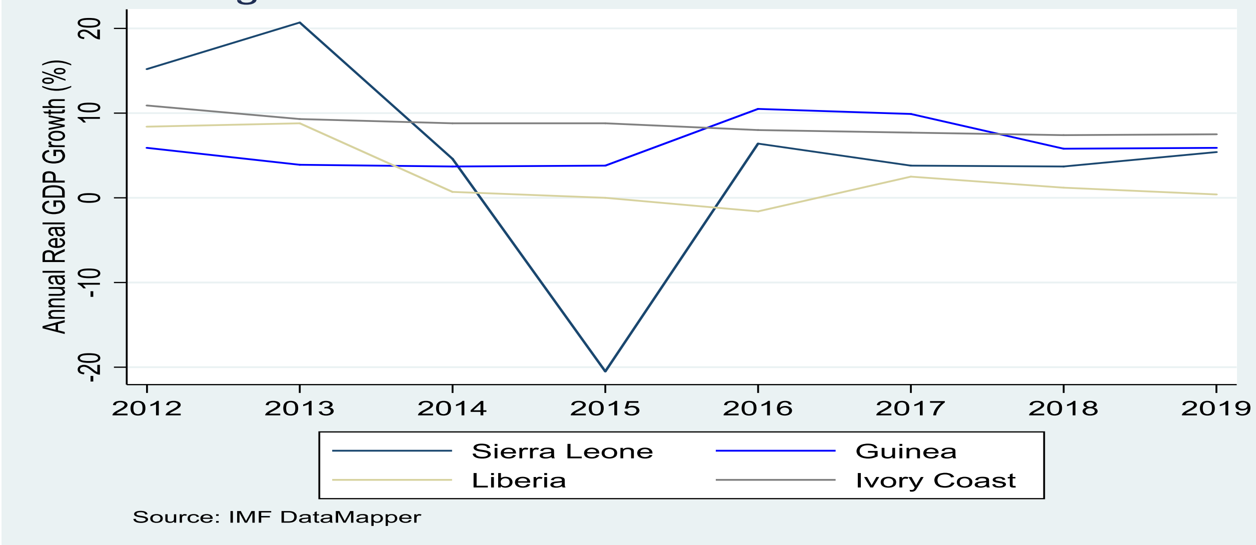
Gross Domestic Product[1]

Sierra Leone's economic growth rate has remained moderate between 2016 and 2017, despite an impressive improvement in global and regional growth. Although real GDP growth stood at 6.3 percent in 2016 following the country's recovery from the twin shocks of iron ore export slump and the Ebola virus disease, it declined to 3.7 percent in 2017 owing to low prices of iron ore exports, rising domestic prices of energy and decreased investment. As a result of a slowdown in the construction sector mainly due to reduced public infrastructure spending, excluding iron ore, the economy only grew by 3.6 percent in 2017. Real GDP thus remained moderate in 2018 at 3.7



[1] World Bank Group, *Sierra Leone Economic Update: Reviving Urban Development*, June 2018|Edition No. 1, Washington, D.C., pp. 13.

Figure 2: Real GDP Growth in Mano River Union



The slight drop in real GDP in 2018 mirrors the continued suspension of iron ore mining which has adversely affected economic activity in addition to unresponsive aggregate demand[2]. However, it is expected that the resumption of iron ore mining in the first quarter of 2019 will boost economic activity throughout the year. During the May 2019 IMF First Extended Credit Facility Review Mission to Sierra Leone, it was noted that while the economic situation in the country looks challenging, the authorities have been able to institute measures to stabilize the economy. At the sub-regional Mano River Union level, Sierra Leone has only bettered Liberia in terms of real GDP growth since 2015.

While growth in Sierra Leone is expected to rise to 5.4 percent in 2019, Guinea and Ivory Coast are expected to grow by 5.9 percent and 7.5 percent respectively, compared to Liberia's 0.4 percent where growth has been particularly sluggish. In Sierra Leone, agriculture continues to play a

Sector	2016	2017	2018

dominant role in spurring economic output in the midst of the slump in mining activities.

[2] *Monetary Policy Statement December 2018*, Bank of Sierra Leone

Agriculture, Forestry and Fishing	49.95	50.29	52.25
Mining and Quarrying	5.67	4.72	4.53
Manufacturing and Handicrafts	2.02	2.05	2.11
Electricity and Water Supply	0.47	0.48	0.51
Construction	2.00	2.00	1.89
Trade and Tourism	8.18	8.27	8.43
Transport, Storage and Communication	7.36	7.47	7.77
Finance, Insurance and Real Estate	4.16	4.19	4.36
Administration of Public Services	5.61	5.78	6.10
Other Services	3.46	3.50	3.66
Education	3.14	3.20	3.40
Health	2.88	2.91	3.05
Non-profit institutions serving household (NPISH)	1.41	1.42	1.48
Financial intermediary service indirectly measured (FISIM)	1.26	1.23	1.27

Table 1: Percentage contribution to GDP by sector

Source: Statistics Sierra Leone

Inflation

Inflationary pressures continued to persist on a quarterly basis throughout 2018. In Q1, headline inflation averaged 14.67 percent decreasing from 16.15 percent in Q4 2017 but increasing to 15.91 percent in Q2, and to 18.39 percent in Q3. This continuous increase in inflation in the first three quarters of 2018 was mainly due to a rise in the price of food and non-food items, and the pass-through effects of the depreciation of the Leone against the US Dollar.

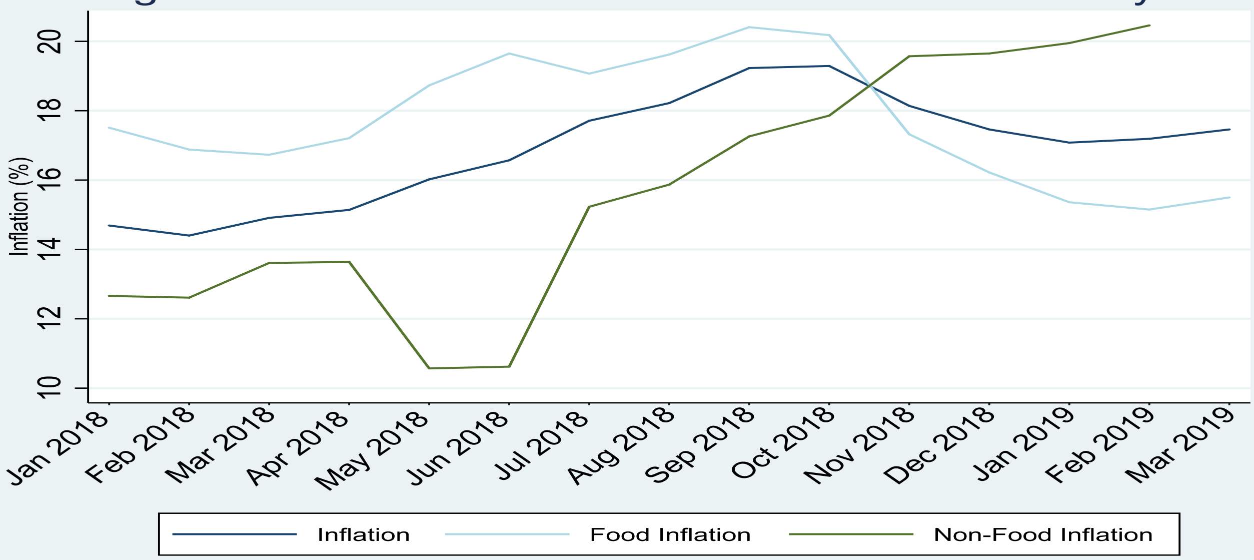
In Q4, inflation averaged 18.3 percent and the highest rate recorded in the year was in October (19.29 percent) which witnessed an adjustment in the domestic pump price of fuel. The decline in inflation from 19.29 percent in October to 17.46 percent in December was due to a reduction in the prices of food items in the CPI basket[3]. The year 2019 started with signs of a fall in inflation rate following a decrease to 17.24 percent in Q1, with March recording 17.46 percent.

Food inflation peaked continuously in the first three quarters of 2018; rising from 17.04 percent in Q1, to 18.53 percent in Q2 and to 19.7 in Q3. However, the rate dropped in both Q4 2018 and Q1 2019 to 17.91 percent and 15.34 percent respectively.

[3] *Monthly Economic Review December 2018*, Bank of Sierra Leone

The PBO notes that non-food inflation has increased significantly since the start of 2018 rising from 12.96 percent in Q1 to 19.03 percent in Q4. As at February 2019, non-food inflation reached 20.46 percent. There is thus the strong need for the Bank of Sierra Leone authorities to pursue tight monetary policy, continue its intervention in the foreign exchange market in order to tackle inflationary pressures.

Figure 3: Annual Headline Inflation as measured by CPI

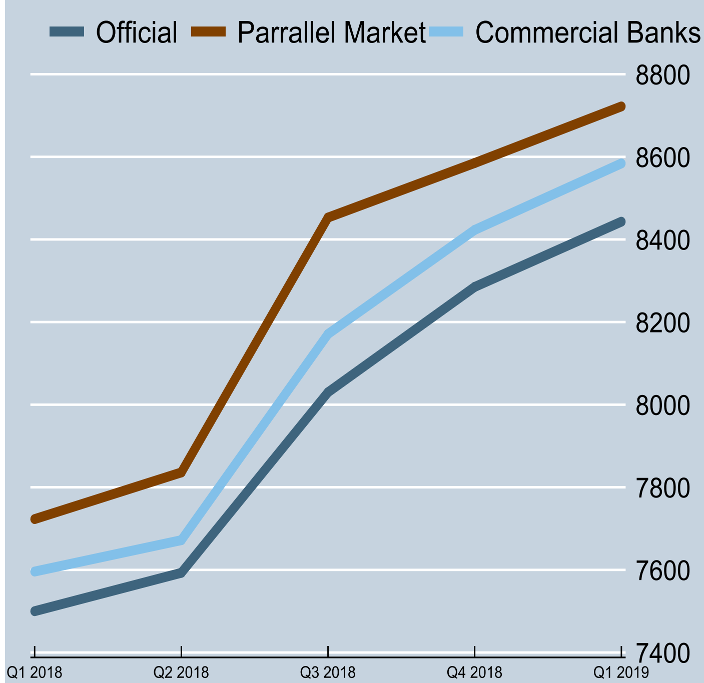


Source: Statistics Sierra Leone

Exchange Rate

The average nominal exchange rate of the Leone against the US Dollar was characterized by relative instability and continuous depreciation in all quarters of 2018. From Q1 to Q4 the official, parallel market and commercial banks buying rate depreciated by 10.5, 11.2 and 10.9 percent averaging Le8,285/US$1, Le8,585/US$1 and Le8,423/US$1 respectively at the last quarter of the year. The exchange rate continued to worsen despite efforts from the Bank of Sierra Leone in pumping millions of US Dollars in the weekly foreign exchange auction. For the period 2018, the monetary authorities attributed the worsening of the Leone to the rising trade deficit, slowdown in mining activities and delayed foreign inflows including aid.

Figure 4: Leone vs US Dollar



Source: PBO calculations based on Bank Sierra Leone data

From Q4 2018 to Q1 2019, the official, parallel and commercial banks average buying rate have increased by 1.9, 1.6 and 1.9 percent to Le8,443/US$1, Le8,722/US$1 and Le8,584/US$1 respectively.

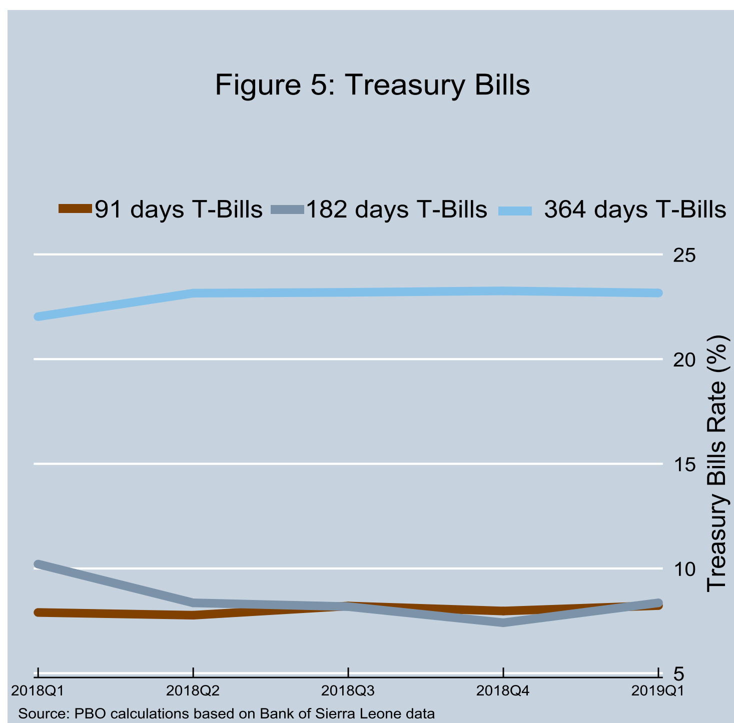
Monetary Policy and Interest Rates

As at May 2018, the Monetary Policy Committee of the Bank of Sierra Leone fixed the monetary policy rate (MPR) at 15 percent; and this was maintained at a rate of 16.5 percent throughout 2018 and as at March 2019. The rate on short-term loans charged between banks – the interbank rate has been on an increasing trend since Q1 2018, rising from 13.3 percent, to 13.7 percent, 14.4 percent and 15.5 percent in quarters 2, 3 and 4 respectively in what reflects the MPR.

For each period from Q1 2018 to Q1 2019, the rate on savings stayed constant at 2.38 percent. The average lending rate of commercial banks for Q1, Q2 and Q3 in 2018 remained the same at 21.35 percent, but rose marginally to 21.68 percent in Q4 2018, and 22.35 percent in January 2019. **The PBO notes that the rising trend in lending interest rates will continue to exert pressures on businesses which require loans to finance their investments, and it may also have dampening implications on aggregate demand**.

Over the period, the direction in the yield on government securities has showed varied trends. Between Q1 2018 and Q1 2019, the 91 days treasury bills peaked from 7.9 percent to 8.23 percent, while the 182 days treasury bills decreased from 10.21 percent to 8.36 percent. The yield on the 364 treasury bills has increased steadily over the period from 22.03 percent in Q1 2018 to 23.26 in Q4 2018 but will a slight decrease to 23.16 percent in Q1 2019.

It must be noted that the somewhat mild increase in the yield on government securities over the period cannot be unconnected to the Bank of Sierra Leone's accommodation of the Government of Sierra Leone's fiscal needs.



In its December 2018 Country Report, the IMF noted that in late 2017 and early 2018, the government issued special treasury bills by swapping US$37 million with commercial banks in return for domestic currency which was used to buy treasury bills and bonds, an arrangement which allowed the government to finance its obligations to some contractors[4]. The report also maintained that while this system worked well, it was expensive for government and posed market risks.

[4] Sierra Leone IMF 2018 Country Report No. 18/371 pp. 53. Washington DC.

Table 2: Key Macroeconomic Indicators (as a percentage of non-iron ore GDP)
Source: Sierra Leone IMF 2018 Country Report

Fiscal Developments

Domestic Revenue and Grant Performance

In July 2018 when the Minister of Finance presented the 2018 Supplementary Budget to Parliament, he highlighted that the accrual of direct and indirect subsidy on retail fuel sales, low imports and weak tax compliance in Q1 2018 triggered a revision of some revenue sources which include Goods and Services Tax (GST), Import and Excise duty on petroleum products and royalty on iron ore and excise duty on alcoholic beverages.

Indicators	2016	2017	2018 (projected)	2019 (projected)
Overall Balance	-5.1	-0.2	-1.0	-0.4
Current account balance (including grants)	-3.5	-10.9	-14.0	-12.6
Excluding grants	-11.9	-19.1	-17.6	-15.5
Public Debt	51.5	61.5 (p)	68.3 9 (p)	72.6
Trade balance	-7.7	-14.7	-12.3	-16.1
Grants	3.0	2.5	3.1	2.3

Box 1: Key Revenue Proposals in the 2018 Supplementary Budget

- Decrease in GST from Le1.10 trillion to Le899.8 billion.
- Reduction in custom and excise taxes from Le1.32 trillion to Le980.1 billion.
- Decline in excise duty on petroleum products from Le500.0 billion to Le361.0 billion.
- Reduction in alcoholic beverages from Le 23.3 billion to Le15.1 billion.
- Decrease in royalty on iron ore mining from Le50.0 billion to Le3 billion.
- Increase in mining licenses fees from Le 53.0 billion to Le65 billion.
- Increment in corporate taxes from Le375.4 billion to Le397.2 billion.
- Rise in personal income tax from Le99.4 billion to Le1.24 trillion.
- Increase in foreign travel tax to Le27.0 billion from the initial amount of Le8 billion.
- Increase in non- tax revenue from Le260.1 to Le767.6 billion.
- Increase Royalty on fisheries from Le 88.0 billon to Le 90.1 billion.
- Upward revision in dividend from parastatals from Le 42.9 billion to Le 45 billion.

Domestic Revenues

Box 2: Key Revenue measures proposed in the 2018 Supplementary Budget

- Full liberalization of petroleum products.
- Reduction on alcoholic beverages from $4 US dollar to$1.5 per liter with less than 10% alcoholic content.
- Decrease in tax for alcoholic beverages from $6 to $2 per liter with more than 10% alcoholic Content.
- Royalty on timber and timber products has been increased from US$1,500 to US$2,500 per 20 cubic meters.
- Reduction in ECOWAS Common External Tariff (ECET) from 30 percent to 20 percent.
- Imposition of 10 percent excise duty on fruit juices.
- An excise duty imposition of 20 percent on non-alcoholic beverages (energy drinks).
- Increase in import duty on imported water from 30 percent to 35 percent.
- Upward revision in import duty on tobacco from 25 percent to 35 percent; and a no change in policy for excise duty on tobacco which remains at 30 percent.
- Procurement contracts and works by MDAs and donor- funded projects are set at market prices, inclusive of all applicable taxes.
- Clear disclosure of duties and taxes for donor funded projects, and elimination of duty and tax waivers for contracts.
- Increase in demurrage grace period from 3 to 5 days (excluding holidays).
- Requirement by NGOs to submit their annual import requirement to the Ministry of Finance including the potential amount of duty exemption.
- Request for duty and tax waivers should be submitted to the ministry of finance fourteen (14) days before the arrival of the consignment at the port.
- Full implementation of the Extractive Industry Revenue Act 2018.

At the start of the 2018 fiscal year, revenue performance was weak, to the extent that the country's three-year External Credit Facility arrangement approved in June 2017 went off-track. However, total domestic revenue amounted to Le875.6 billion in Q1 2018, rising by 17.1 percent to Le1.03 trillion in Q2, and by 12.6 percent from Q2 to Le1.16 trillion in Q3. Excluding data for December 2018, total domestic revenue for Q4 amounted to Le774.2 billion.

During the 2018 fiscal year, the highest monthly domestic revenues recorded were Le405.9 billion and Le427.5 billion for September and October respectively, while January witnessed the least revenues totaling Le276.9 billion. The PBO observes the significant improvement in domestic revenue mobilization in Q1 2019 which amounted to Le1.36 trillion compared to Le875.6 billion collected in Q1 2018.

Performance by Revenue Heads

- In 2018, **income tax** increased significantly by 33.4 percent from Le317.1 billion in Q1 to Le422.9 in Q2. Q3 recorded the highest amount of income tax reaching Le430.2 billion and contributed 37.3 percent of the total revenue for the quarter. However, income tax performance in Q1 2019 which amounted to Le434.0 billion was higher than each of the amounts for the four quarters in 2018.

- In 2018, **customs and excise taxes** collected was Le123.1 billion in Q1 rising by 50.9 percent to Le185.8 billion in Q2. The figure collected was even higher in Q3 amounting to Le213.1 billion. The month of May recorded Le76.8 billion which was the highest monthly collection in the year. Q1 2019 showed more promising signs in customs and revenue outturns reaching Le269.2 billion, more than doubling the figure collected in the same quarter of 2018.

- **Goods and Services tax** collected in Q1 of 2018 was Le187.3 billion and it increased by 19.9 percent to Le 224.5 billion in Q2. Q3 reported the highest GST tax receipts in 2018 (Le239.9 billion), slightly higher than the Le238.8 billion collected in Q1 of 2019.

- For the whole of 2018, excluding the month of December, revenue generated from **mineral resources and the fisheries sector** was Le217.5 billion and Le88.2 billion respectively. It must be noted that revenue performance from mineral resources has been mixed, with Q1 2018 reporting the highest quarterly revenue for the period under review. This mixed trend has been similar to revenues from the fisheries sector. However, the PBO notes that February 2018 realised Le16.2 billion which was higher than revenues collected in any other month of the same year. While Q1 2019 raised Le41.6 billion, February alone accounted for Le32.8 billion.

- In terms of revenue from **Other Departments**, Q3 of 2018 produced the most favourable revenue outcome when compared to other quarters of the same year. Noticeably, Q1 2019 witnessed an impressive revenue outturn of Le166.6 billion. Excluding December, Q4 of 2018 registered Le22.2 billion which exceeded the amounts collected in all quarters of the same year. Observing the data for the first quarter of 2019 shows that **Road User Charges** reached Le30.8 billion but representing only a meagre 2.3 percent of the total domestic revenues for Q1.

- Over the period, there has been a consistent increase in **excise duty on petroleum products**. Even without data for the month of December 2018, the excise duty recorded for Q4 was Le71.0 billion which is almost three times more than what was realized in Q1 of the same period. The Le101.5 billion collected in Q1 2019 represents 7.5 percent of the total domestic revenue for the quarter.

- Revenues realised from **strategic petroleum income** in Q2 2018 was Le3.1 billion. The introduction of the **Treasury Single Account** (excluding Road Fund) by the Ministry of Finance has realised a total of Le32.4 billion.

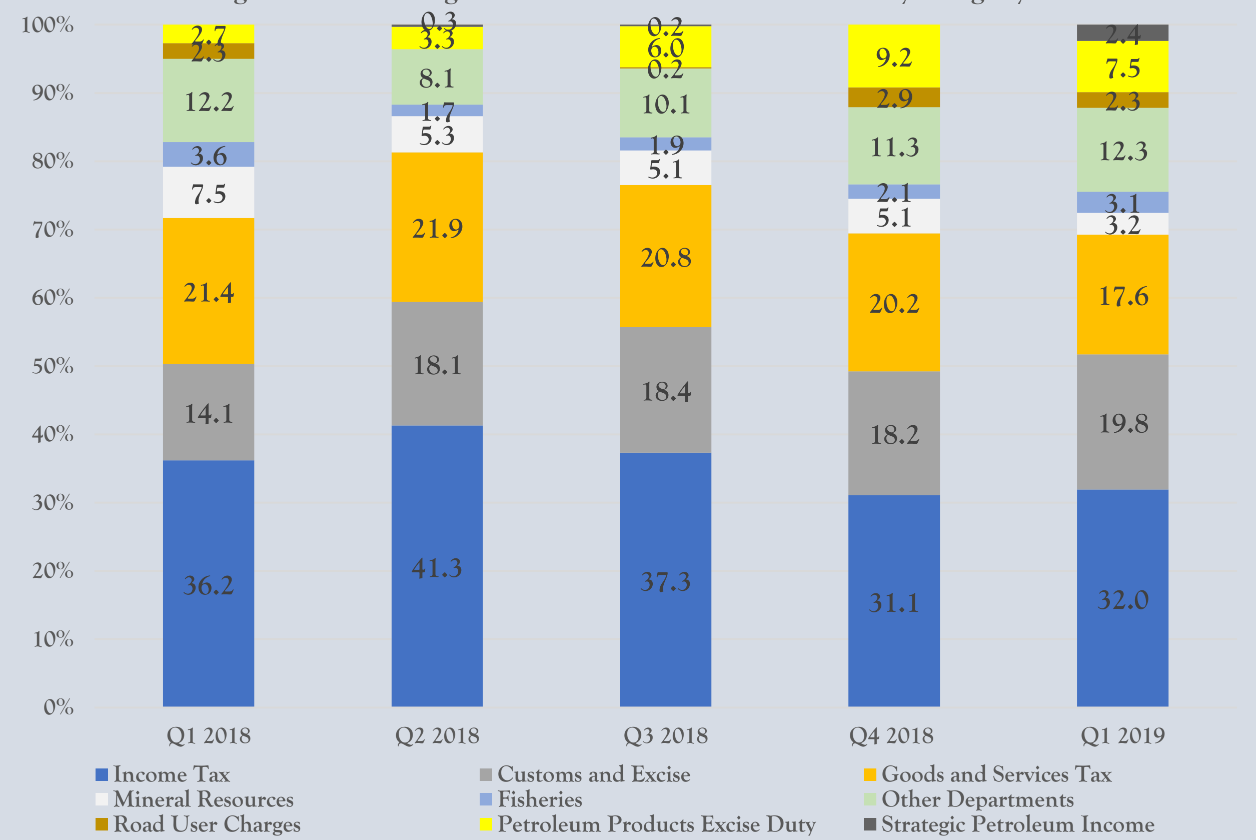
Table 3: Domestic Revenue Performance (in billion Leones)

	2018					2019
Revenue item	**Q1**	**Q2**	**Q3**	**Q4**	**Total**	**Q1**
Income Tax	317.1	422.9	430.2	240.9	**1,411.1**	434.0
Customs and Excise	123.1	185.8	213.1	140.7	**662.7**	269.2
Goods and Services Tax	187.3	224.5	240.0	156.0	**807.8**	238.8
Mineral Resources	65.5	54.2	58.6	39.2	**217.5**	43.3
Fisheries	31.9	17.5	22.2	16.6	**88.2**	41.6
Other Departments	106.5	83.5	116.7	87.6	**394.3**	166.6
Road User Charges	20.2	-	2.8	22.2	**45.2**	30.8
Petroleum Products Excise Duty	24.0	33.5	69.4	71.0	**197.9**	101.5
Strategic Petroleum Income	-	3.1	2.0	-	**5.1**	32.4
Total	**875.6**	**1,025.0**	**1,155.0**	**774.2**	**3,829.8**	**1,358.2**

Note: Figures for Q4 do not capture data for December 2018 which is yet to be published by the Ministry of Finance.

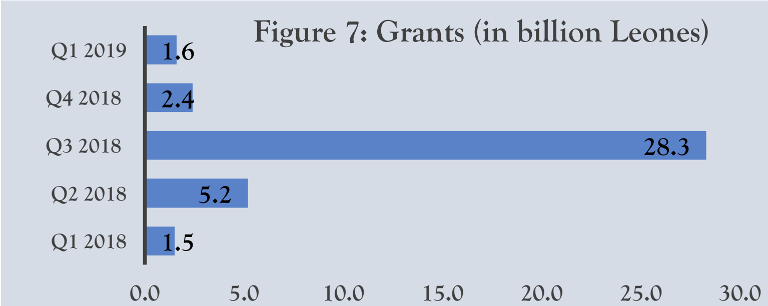
Source: PBO calculations based on various Fiscal Reports published by the Ministry of Finance

Figure 6: Percentage contribution of domestic taxes by category



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

Grants



For 2018, total grants amounted to Le37.4 billion and Q3 2019 which recorded 75.7 percent of the total grants for the year were sourced from the HIPC Debt Relief Initiative and Global Fund Salary Support.

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

Expenditures

Box 3: Key Expenditure Proposals in the 2018 Supplementary Budget

- Expenditure projection of Le7.4 trillion (24.5% of GDP) compared to Le7.3 trillion (21.2% of GDP) in the original budget.
- Increase in recurrent expenditure from Le4.8 trillion to Le5.2 trillion.
- Allocation of Le2.07 trillion for wages and salaries.
- Total interest for domestic and foreign interest maintained as originally budgeted at Le854 billion and Le98.0 billion, respectively.
- Increase in non-salary, non- interest recurrent expenditure to Le2.1trillion from Le1.8 trillion.
- Growth in allocation for goods and services from Le1.2 trillion to Le1.8 trillion.
- Subsidies and transfers to increase from Le609.4 billion to Le897.5 billion.
- Allocation of Le1.04 trillion to the education sector.
- Downward revision of domestic capital expenditure from Le1.05 trillion to Le800.7 billion.
- Decrease in fiscal deficit (excluding grants) from Le2.3 trillion (6% of GDP) to Le1.98 trillion (also 6% of GDP).
- Le1.4 trillion projected for external debt financing of deficit.
- Decrease in domestic borrowing to finance the deficit to Le1.29 trillion (4.3% of GDP) from Le1.73 trillion (5.0% of GDP).

Box 4: Key Expenditure Measures in the 2018 Supplementary Budget

- Expenditure rationalization.
- Approval of all MDA procurement activities above thresholds (except for arms and ammunition) by the Ministry of Finance.
- Exercise of powers on request for payment of contracts and Local Purchase Orders by the Ministry of Finance.
- Overseas travel expenses by MDAs to be limited strictly to allocated budget.
- Payment of leave allowances to all public sector workers to be fixed at one month of gross salary.
- Discontinuation of payment for internet services, top cards for public sector workers.
- Development of a Fleet Management Policy to control vehicle purchase, maintenance and fuel purchase.
- A technical and financial audit of arrears to suppliers and contractors.

While the Government is exerting efforts to transform the economy, develop infrastructure and advance accountability and transparency in governance, it is also instituting expenditure management and controls to improve efficiency in the use of public resources. The different categories of government expenditure produced the following trends.

- **Wages, salaries and employee benefits** in Q1 2018 was le514.6 billion, representing 40.2 percent of Government's total operating expenses, and it increased marginally by 4.2 percent in Q2 to Le536.4 billion but declined slightly to Le509.8 billion in Q3. By Q1 2019, wages and salaries peaked to Le575.2 billion, representing 50.0 percent of total operating expenses.

- **Non-salary, Non-Interest (NSNI) recurrent expenditure**, which includes goods and services, transfers to local councils, government grants to institutions and total interest payments was Le375.3 billion in Q1 2018. Q2 showed a sharp decline of 35.1 percent amounting to Le243.5 billion and representing 30.8 percent of total operating expenses. However, the PBO strongly observes that NSNI recurrent expenditure grew by 86.5 percent in Q3 reaching Le454.0 billion and rising further to Le488.9 billion in Q4. In Q1 2019, NSNI recurrent expenditure accounted for 40.9 percent of total operating expenses, and partially contributing to the crowding-out of domestic capital expenditures.

- **Expenditure on domestic development** was Le390.3 billion (30.5 percent of total operating expenses) in Q1 of 2018 but it drastically decreased to Le10.6 billion in Q2 during the transition period after the general elections held in March of 2018. Q3 recorded Le 25.9 billion but rose significantly to Le209.4 billion in Q4. As at Q1 2019, domestic development expenditure showed Le105.3 billion, contributing 9.2 percent of government's operating expenses.

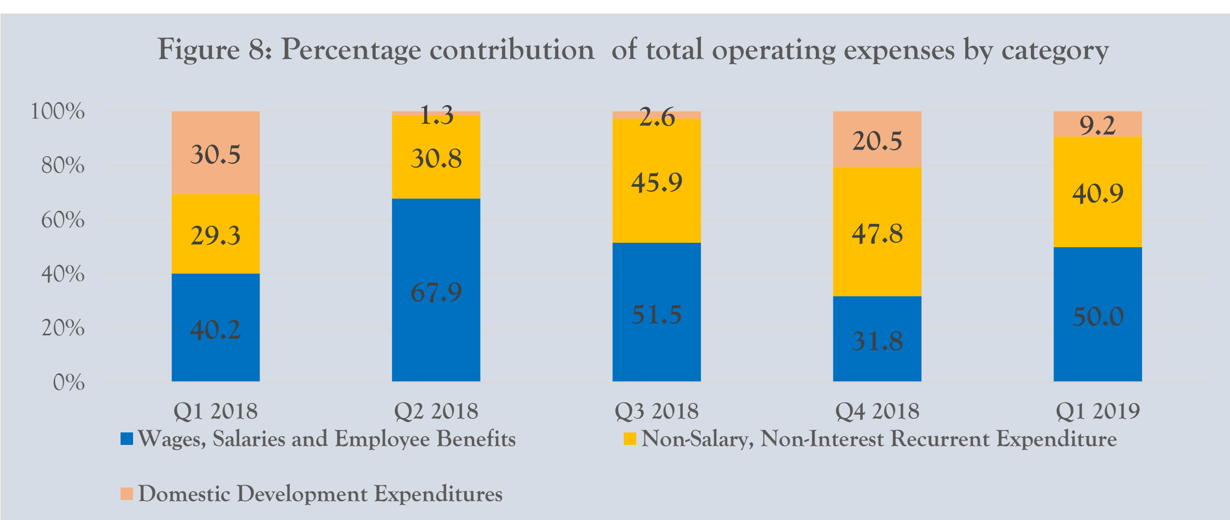
Table 4: Operating Expenditure Performance (in Billion Leones)

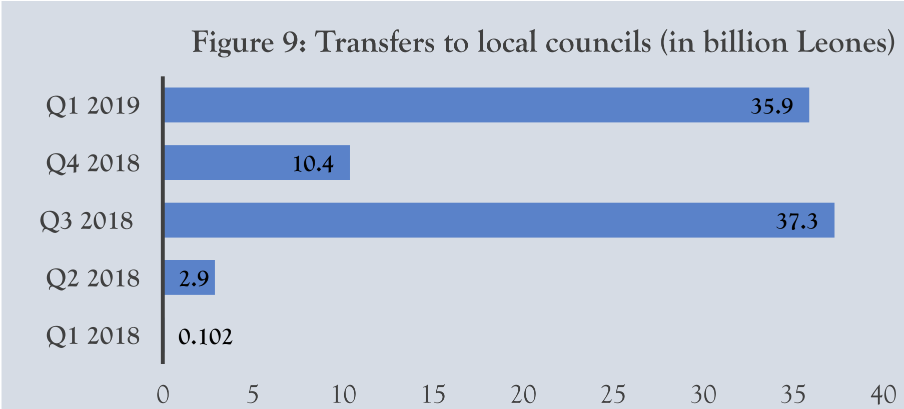
	2018					2019
Expenditure Item	Q1	Q2	Q3	Q4	Total	Q1
Wages, Salaries and Employee Benefits	514.6	536.4	509.8	325.1	1,885.9	575.2
Non-Salary, Non-Interest Recurrent Expenditure	375.3	243.5	454.0	488.9	488.9	470.6
Domestic Development Expenditures	390.3	10.6	25.9	209.4	209.4	105.3
Total	1,280.2	790.5	989.7	1,023.	1,023.0	1,151.1

Note: Figures for Q4 do not capture data for December 2018 which is yet to be published by the Ministry of Finance.

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

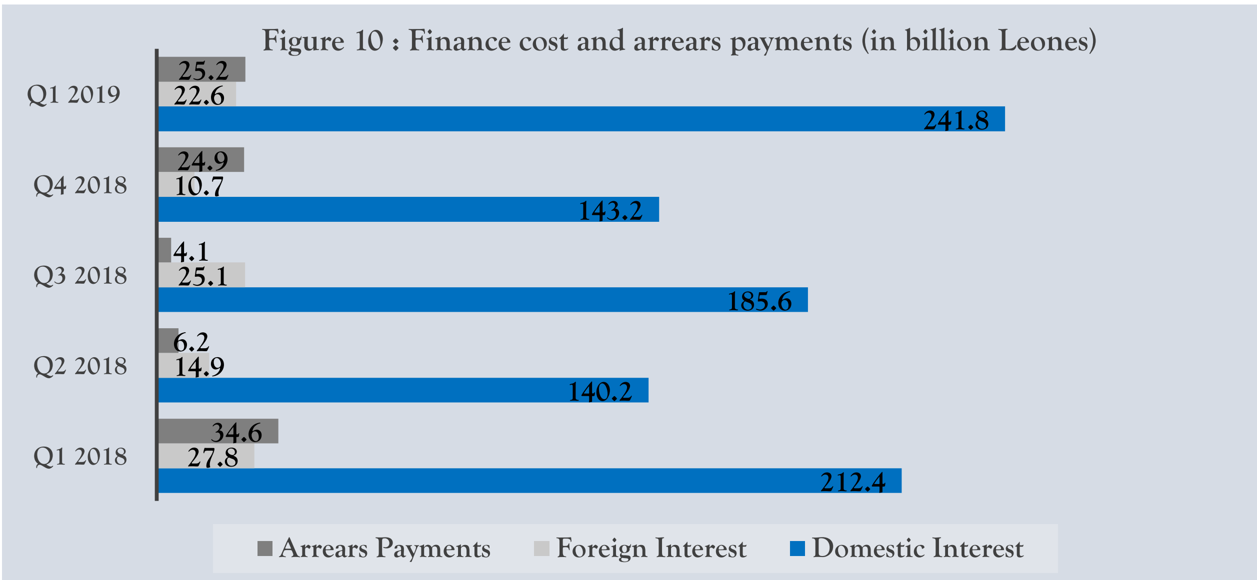
PBO calculations based on various Fiscal Reports published by the Ministry of Finance





Out of the Le139.0 billion allocated to Local Councils for the 2018 fiscal year, only Le50.7 billion was provided for the delivery of services (Le88.3 billion less than what was budgeted).

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

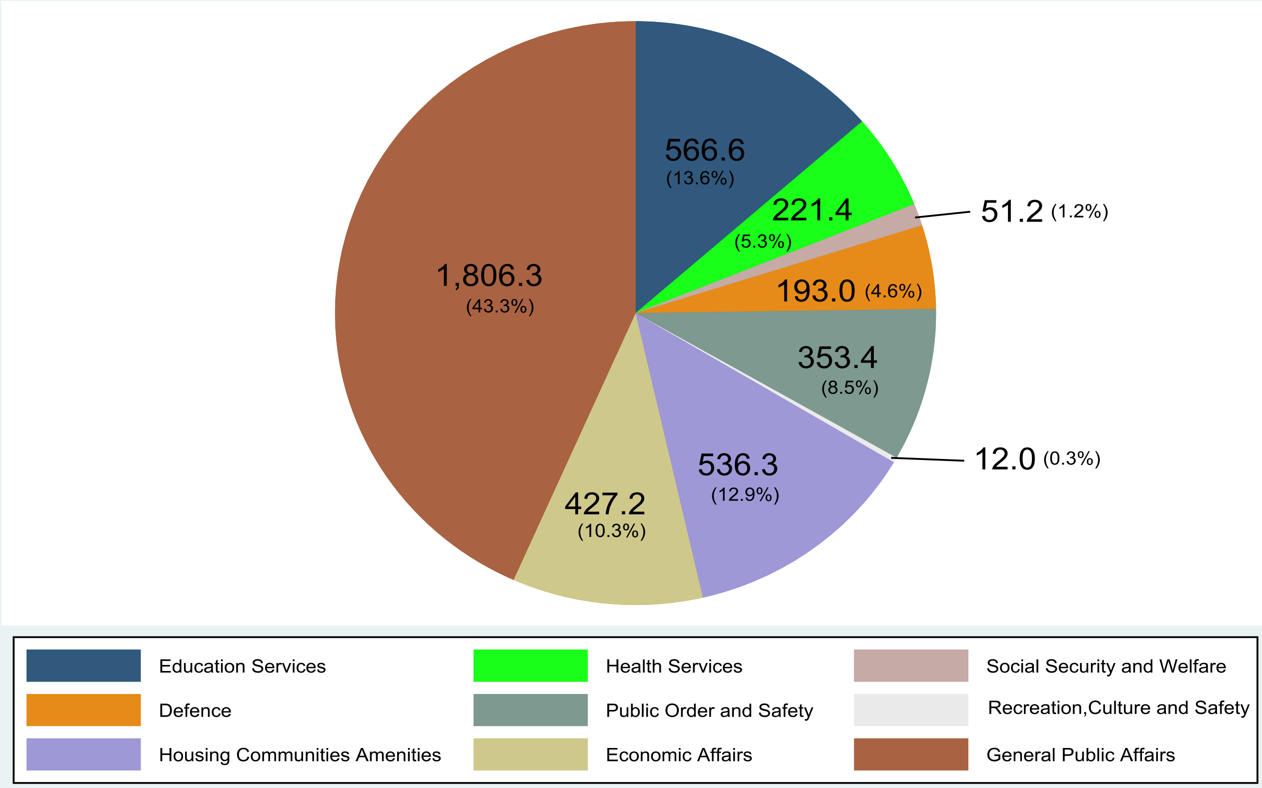


Source: PBO calculations based on various Fiscal Reports published by the Ministry of Finance

In 2018, interest payment on domestic debt accounted for 89.7 percent of government's finance cost totaling Le681.4 billion. Between Q1 2018 and Q1 2019, domestic interest rose by 13.8 percent, while foreign interest reduced by 18.7 percent. The PBO analysis also recognises the fact that arears payments as at Q1 2018 was Le34.6 billion but reduced drastically in the second and third quarters of the year. However, the huge jump noted in Q1 2018 was due to accumulated project arrears, while in Q1 2019, there was Le17.9 billion and Le7.3 billion arears on domestic suppliers and wages respectively.

Figure 11: Functional classification of expenditures by heads (in billion Leones)

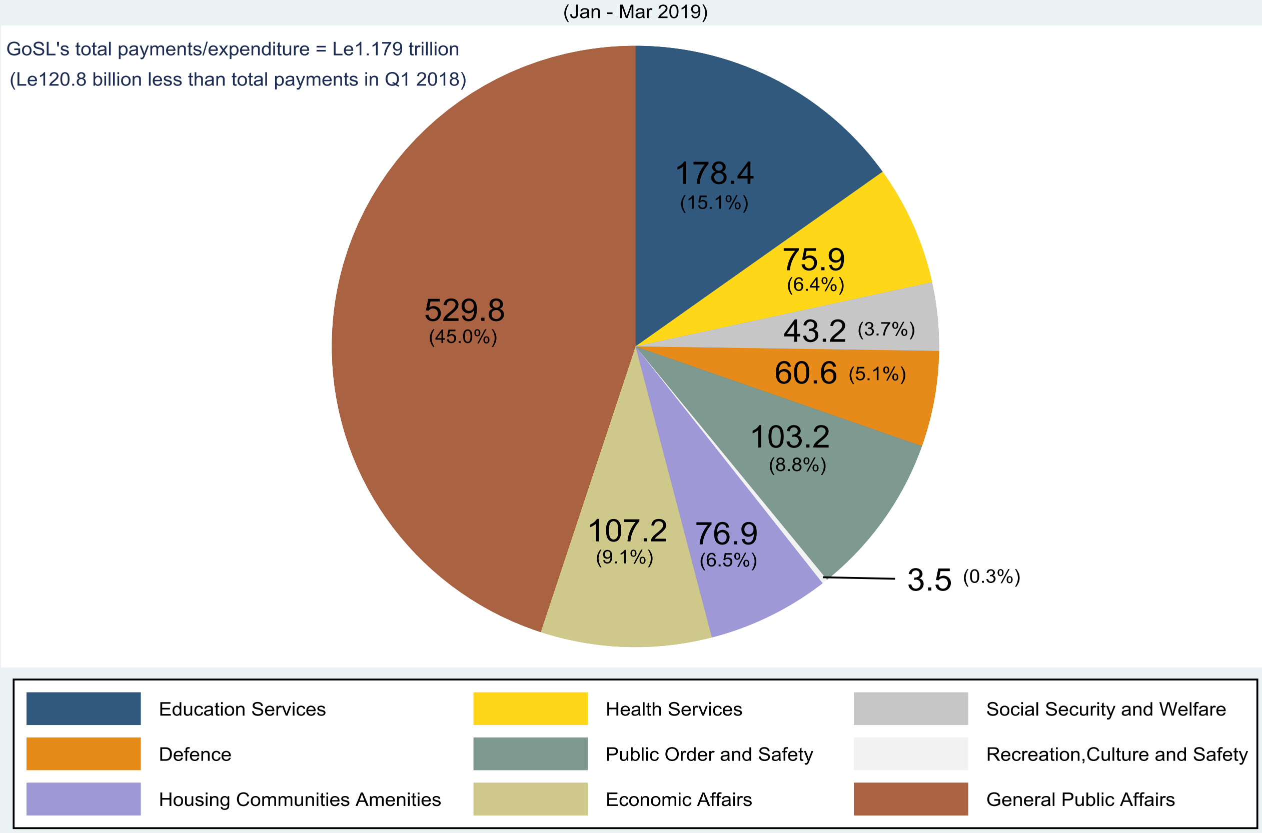
(Jan - Nov 2018)



Source: PBO calculations based on Nov 2018 monthly fiscal report published by the Ministry of Finance

Figure 12: Functional classification of expenditures by heads (in billion Leones)

(Jan - Mar 2019)



Source: PBO calculations based on Mar 2019 monthly fiscal report published by the Ministry of Finance

Private Sector and Doing Business

Section 3.7 of the National Development Plan 2019 - 2023 explains how the government plans to foster private sector growth and manufacturing. The sector has for long been characterised by weak linkages between the manufacturing and primary sectors, limited participation of women in the value chain, lack of trained small and medium-sized enterprises, regulatory constraints, weak infrastructure and innovation, limited access to long-term financing and foreign currency lending, and limited access to capital[5].

Recent data from Statistics Sierra Leone shows that manufacturing contributes only 2.1 percent to GDP, which is why the Government of Sierra Leone has set targets to create industrial and economic zones in all regions of the country, increase the number of registered firms by 300 percent and improve the country's ranking in the World Bank Doing Business index aiming for a position in the first 100 countries.

The 2019 Doing Business report ranks Sierra Leone 163 with a score of 48.74 out of 190 countries. Out of the 11 indicators covered by the report, Sierra Leone scored highly on starting a business (91.18) and paying taxes (72.97); it also passed the protecting minority investors (55.0) and enforcing contracts (55.92) indicators[6]. However, getting credit, dealing with construction permits and getting electricity recorded the lowest indicator scores, reflecting the apparent challenges faced by the country in these aspects.

Table 5: 2019 Doing Business Performance in the Mano River Union

Country	2019	
	Ranking	Score
Sierra Leone	163	48.74
Guinea	152	51.51
Liberia	174	43.51
Ivory Coast	122	58.0

Source: World Bank 2019 Doing Business Report

The 2017 - 2018 edition of the Global Competitiveness Index published by the World Economic Forum ranks Sierra Leone 130 out of 137 countries, improving from 132/138 in 2016 -2017.

It must be noted that Sierra Leone's doing performance has been on a steady decline since 2017 during which it ranked 148, and down to 160 in 2018. This performance shows an opposite pattern when compared to Ivory Coast and Guinea who have made some improvement in the ranking since they were placed in the 142nd and 163rd positions respectively in 2017.

[5] Sierra Leone's Medium-Term National Development Plan 2019 - 2023

[6] World Bank 2019 Doing Business Report

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.

Demurrage - is the fee levied by the terminal if an importer has not taken full delivery of a cargo and moved it out of the port for unpacking within the allowed free days.

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.

Extended Credit Facility - provides financial assistance to countries with protracted balance of payments problems. The ECF was created under the Poverty Reduction and Growth Trust (PRGT) as part of a broader reform to make the IMF's financial support more flexible and better tailored to the diverse needs of low-income countries (LICs), including in times of crisis. The ECF is the IMF's main tool for providing medium-term support to LICs.

Fiscal Policy - refers to the use of government spending and tax policies to influence economic conditions, including demand for goods and services, employment and inflation.

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.

Interbank Rate - is the rate of interest charged on short-term loans made between banks.

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).

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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