



PARLIAMENT OF SIERRA LEONE

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Parliamentary Budget Office's Summary of Statement of Financial & Economic Policies for FY 2024

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1.0 INTRODUCTION

- ✓ Was read out on 10th November 2023, by the Minister of Finance (Sheku A.F Bangura).
- ✓ The National Budget themed “Restoring Macroeconomic Stability while Protecting the Poor and Vulnerable” is largely consistent with the 2023-2025 Medium Term Budget Plan (MTBP).
- ✓ Links the 2024 National Budget with the BIG FIVE GAME CHANGERS National Development Plan.
- ✓ 2024 budget is NLE 21,462,767,800, which is 56 percent (NLE 7,718,560,800) higher than the previous budget of NLE 13,744,207,000.
- ✓ The 2024 Budget also takes concrete steps to focus on narrowing the fiscal deficit in 2023 by reinstating tax waivers on rice, iron rod, cements, resulting in upward fuel price revisions.
- ✓ The 2024 Budget is centered on growing the economy with special preference to the FEED SALONE project as Government flagship programmer.

- ✓ The 2024 Budget builds on the bases of the 2023 Budget. It is also important to note that the areas of caution that applied to the 2023 Budget are still compelling for the 2024 Budget (EDUCATION).
- ✓ The Budget bears many forward-looking measures which, if not well supported by key governance and fiscal reforms and approached with caution, can lead to an adverse impact on strategic outcomes of the **Big Five Game Changers**.

2.0 MICROECONOMIC DEVELOPMENT AND BUDGETARY PERFORMANCE IN 2023 AND OUTLOOK

2.1 MICROECONOMIC DEVELOPMENT IN 2023

- In 2023, expect high food and energy prices, and a significant depreciation of the Leone's exchange rate, up by 17.4%.
- Sierra Leone saw a 16.1% rise in mineral exports, totaling US\$659.2 million in the first half of 2023, with iron ore leading the way, up by 54.7%. This positions the country well for its projected 2024 growth.
- Decreased of 0.4 percent in import in the first half of 2023 of rice, petroleum amount to US\$92.1M and US\$305.7M respectively.
- A Significant decreased on the trade deficit in the first half of 2023 compared to 2022 (US\$4404.9-US\$309.4) US\$95.4. It shows the commitment by the government.
- An appreciation in the Leones in the 2023 as compared to 2022 (39.1-17.2) 21.9 percent
- Sierra Leone's exports rose by 16.1% to US\$659.2 million in H1 2023, driven by mineral exports, particularly iron ore, due to improved policies and enforcement.

2.2 BUDGETARY PERFORMANCE IN 2023

- A shortfall of Nle166.4m in the domestic revenue in the first half of 2023 which was due to the election period which does not allowed NRA to meet their target.
- Government received very low grants in the 1st half of 2023 which challenged the budget support.

- Government expended more in the first half of 2023 than what collected which is 12.3 percent compared to 5.9 percent what was collected.
- % of deficit of the overall budget in the first half of 2023 is alarming which the government need to work on.

2.3 MEDIUM- TERM ECONOMIC OUTLOOK

- The medium-term economic outlook is positive, with anticipated strong recovery driven by increased agriculture, mining, infrastructure investment, and comprehensive reforms, ultimately restoring macroeconomic stability and supporting economic recovery.

3.0 POLICY PRIORITIES OF THE 2024 BUDGET

3.1 IMPROVING PUBLIC FINANCE MANAGEMENT FOR ECONOMIC STABILITY:

- **Balancing Revenue and Expenditure:**
 - Balance revenue efforts and expenditure management.
 - Reduce budget deficit and Government borrowing.
 - Address exchange rate depreciation and lower inflation.
- **Fiscal Discipline:**
 - Enhance fiscal discipline for increased spending on priorities.
 - Create fiscal space for government initiatives.
- **Intensifying Domestic Revenue Mobilization:**
 - Implement MTRS to expand fiscal space.
 - Focus on sustainable development.
- **Tax Policy Measures (2024 Finance Act):**
 - Harmonize final withholding tax rates for capital income.
 - Adjust GST registration threshold.
 - Increase excise duty on petroleum products.
 - Impose excise tax on plastics for environmental protection.
 - Levy excise tax on gambling and casino services.
 - Restore import duty on rice, iron rods, cement, and cooking gas.
 - Impose export royalty on timber exports.
 - Introduce Education Levy of one percent on contracts to support education sector.

3.2 Innovative Financing: Maximizing Revenues from Mineral Resource Wealth:

- **Mineral Wealth Fund Sierra Leone Limited:**
 - Established by Sierra Leone Mines and Minerals Development and Management Corporation.
 - Manages commercial interests to maximize mining sector revenues.
 - Utilizes a Special Purpose Vehicle (SPV) - Mineral Wealth Fund.

- Revenue goes to the Transformational Development Fund for key projects.

3.3 Revenue Administration Measures:

- **National Revenue Authority (NRA):**
- Expands annual audit plan for large taxpayers, especially in extractive industries.
- Sets up a court for tax defaulters and revenue offenses.
- Implements electronic single window for goods clearance.
- Imposes fines on non-compliant shipping agencies.
- Strengthens customs valuation and IT systems.
- **Revenue Mobilization by Local Councils: (Fiscal Decentralization Policy):**
- Aims to reduce reliance on central government for local council financing.
- Focuses on sustainable financing strategies for local development.

3.4 Expenditure Control and Management:

- **Strengthening Public Expenditure Management:**
- Focus on wage bill sustainability, goods and services expenditure, state-owned utility companies, capital expenditure management, and debt management.
- **Improving Sustainability of the Government Wage Bill: (Actions)**
- Develops a Medium-Term Wage Bill Management Strategy.
- Operationalizes the Wages and Compensation Commission.
- Conducts biometric verification for teachers and health workers.
- Institutes workforce planning for major payroll categories.
- Imposes a moratorium on salary adjustments for sub-vented agencies.
- Conducts separate annual payroll budget discussions for all MDAs
- **Rationalizing Recurrent and Domestic Capital Expenditure (measures)**
- Implements baseline budgeting.
- Extends IFMIS coverage to additional MDAs.
- Strengthens cash management and cash flow forecasts.
- Implements a block system of allocation for non-contractual expenditure.
- **Financial Sustainability of State-Owned Enterprises (SoEs):**
- Strengthens EDSA's revenue collection through regular tariff adjustments.

3.5 Improving Public Investment Program (PIP) Management:

Public Investment Management Information System (PIMIS):

- Develops PIMIS for efficient public investment management.
- MoPED issues policy guidelines for PIP management.
- Focus on better control and monitoring of multi-year commitments.

3.6 Improving the Sustainability of Public Debt:

Measures

- Introduces medium to long-term bonds to extend average maturity.
- Limits external borrowing in line with agreed ceilings.
- Seeks grant financing and concessional loans for key sectors.
- Explores non-debt-creating models like PPPs with thorough fiscal risk analyses.
- Implements the Medium-Term Debt Strategy annually.
- Updates Arrears Clearance Strategy.
- Enhances debt reporting and transparency, publishing SoE debt and contingent liabilities.
- Reviews the Debt Management Act for further strengthening.
- Deploys a contract profiling tool for effective contract management.

Technical Assistance for Domestic Debt Market:

- WAMI and WAIFEM provide technical assistance for domestic debt market development.

3.7 Monetary and Exchange Rate Policies:

Bank of Sierra Leone's Commitments:

- Sustains tight monetary policy to lower inflation.
- Develops BSL-owned instruments for effective liquidity management.
- Enhances communication to align inflation expectations with policy objectives.

Actions to Stabilize Exchange Rate:

- Removes restrictions on foreign exchange transactions.
- Enforces the 30% repatriation requirement for mineral, agriculture, fisheries, forestry exports.
- Resumes gold purchase to build foreign exchange reserves.
- Monitors compliance with directives on offshore foreign exchange brokers.
- Requires disbursements for donor-funded projects to go through the Bank of Sierra Leone at the reference market rate.

4.0 Investing Infrastructure, Technology and Innovation

4.1 Measures:

Road Sector	Energy Sector	Water
The project involves building culverts, bridges, and roads in multiple locations with assistance from AFDB, World Bank, and BADEA.	The project includes rehabilitation of Dodo Hydro Dam, solar mini grid installation in 20 communities, and electrification of seven districts, financial sustainability enhancement for mining companies, and a transformational energy access project through European Union.	The project includes collecting water supply facilities in six districts, constructing water supply in Kamakwei, Mabolo and Rokupr (SALWACO). Solar power mini grids in Bo, Kabala, Kenema, and Makeni, and installing 100 solar-powered bore holes in urban and rural communities.(Saudi Funds for Development)

4.2 The government plans to expedite the execution of the World Bank-funded Digital Transformation Project.

5.0 SUPPORTING PRIVATE SECTOR DEVELOPMENT FOR JOB CREATION

5.1 Implementing Business Regulatory Reforms

Sierra Leone's government is committed to improving the investment climate, attracting private investment in agriculture, manufacturing, tourism, and renewable energy sectors. They plan to accelerate regulatory reforms, complete the review of Companies Acts 2009, the amendment Act 2014, and establish the Online Business Registration System.

5.2 Building the Capacity of SMEs

The government is providing financial and capacity building support to 60 SMEs in 2023 and 2024, with matching grants totaling US\$ 2.1 million and technical assistance to three emerging providers.

5.3 Establishment of Special Economic Zones (SEZs)

The Sierra Leone government has established the KOYA Industrial Zone to promote industrialization, job creation, and foreign investment, addressing market failures and FDI barriers.

6.0 YOUTH EMPLOYMENT PROGRAMMES

The government plans to continue supporting youth employment initiatives like Youth in Fisheries, Agriculture, and Life Skills Development to expand job opportunities.

6.1 Youth in Fisheries

The government plans to enhance livelihood opportunities for coastal youth through the Youth in Fisheries program, providing jobs across 16 districts:

- The project aims to construct fish ponds,
- Build 100 modern fishing boats,
- Provide employment for 2,000 youth and 10,000 beneficiaries across 7 coastal districts,

- Support female-led marketing groups, and provide start-up capital to women in 70 coastal communities.

6.2 Youth in Agriculture

- The government is investing in Chiefdom Youth Farms, enabling youth cooperatives to engage in agribusinesses along the rice value chain, and strengthening their capacity in rice production, processing, and marketing:
- The project aims to cultivate 40 hectares of farmland across 192 Chiefdom Youth Farms,
- Create 28,000 direct employment opportunities,
- Construct a modern farm settlement, and provide training in agronomic practices.

6.3 Life Skills Programs

- The government plans to support socially and economically deprived youth by expanding support for the Car Wash Service, procuring licensed tricycles and motorbikes, and providing entrepreneurship training to 5,000 youth.

7.0 IMPROVING FINANCE GOVERNANCE

- Government intends to improve transparency in public resource management by amending the Audit Service Act, 2014, and creating a standard operating procedure manual. They're also introducing web-based software for tracking audit recommendations. Additionally, they aim to activate provisions in related acts allowing the Auditor-General to apply disallowance and surcharge for misuse of public funds, pending the creation of regulations in collaboration with the Audit Service Sierra Leone.

7.1 Enhancing Transparency in Public Procurement

- Government plans to launch an e-procurement system for real-time bidding and data transparency in all MDAs.
- NPPA aims to enhance public procurement transparency through SME support, training, and reviewing non-competitive bidding thresholds to prevent contract splitting.

7.2 Improving the Governance of State- Owned-Enterprises (SMEs)

- The government, with input from the World Bank and National Commission for Privatization, is improving State-owned Enterprises (SoEs), governance through a new policy and proposed legislation.

8.0 ADDRESSING CLIMATE CHANGE RISKS AND CLIMATE FINANCING (2024).

- Government intends to plant 2.2 million trees as part of the Tree Planting Project's third phase.,
- Update the National Forestry Inventory developed in 1975,

- Implement Sustainable and Integrated Landscape Management of the Western Area Peninsula Forest National Park,
- Develop a Domestic Measurement Reporting and Verification Framework, and begin developing Sierra Leone's first Biennial Transparency Report in line with the Paris Agreement on climate change threats.
- Ministry of Finance is implementing a Climate Finance Unit to mobilize international public and private funds for climate change adaptation.
- In 2024, Ministries of Finance and Environment will work together to create climate finance policies and regulations.
- Government plans to develop a Climate Finance Strategy, and a Carbon Market and Non-Market Trade policy framework,
- Introduce Climate Budget Tagging, and conduct a Climate-Sensitive Public Investment Management Assessment with IMF support to track and track government expenditures on climate change.

9.0 REVAMPING PUBLIC ADMINISTRATION

The government aims to ensure efficient, accountable, and inclusive public service for successful implementation of policies and programs, focusing on fostering professionalism, competence, and skills development through ongoing reforms. In this context Government plans to take the following actions:

- The plan involves reviewing and harmonizing policies to address human resource management challenges,
- Developing a Public Service Competency Framework for merit-based recruitment,
- Establishing delivery units in Ministries,
- Operationalizing the Wages and Compensation Commission,
- Mapping the public service in 2024 for staff restructuring,
- Implementing a national capacity building framework, and upgrading the Human Resource Information Management System to improve payroll management.

10.0 THE BUDGET 2024.

10.1 Domestic Revenue and Grants

98. Domestic revenue is projected to rise to NLe14.9 billion in 2024, driven by tax policy and economic recovery.

Contributions include:

- Income taxes Nle5.4 billion,
- GST Nle3.5 billion,
- customs duties Nle3.1 billion,
- Royalties and mining licenses Nle856.6 million,
- Fisheries and royalties Nle223.6 million,
- Parastatals dividends Nle154.4 million,
- Road user charges and vehicle licenses Nle129.3 million and revenues from other government departments Nle1.7 billion.

- Development partners' total grants are projected to be NLe5.9 billion (5.8 percent of GDP), with budget support from the World Bank and the European Union at NLe2.7 billion, and project grants at NLe3.2 billion. Total revenue and grant will amount to Nle20.9 billion (20.7 percent of GDP).

10.2 Expenditures Priorities and Budget Allocations

- The government's 2024 budget allocates funds towards the BIG FIVE GAME CHANGERS, including Feed Salone, Human Capital Development, Youth Employment Scheme, Public Administration Revampment, and Technology and Infrastructure Investment.
- The 2024 budget predicts total expenditure and net lending at NLe23.5 billion (23.3 percent of GDP), with recurrent expenditure at NLe16.5 billion (16.3 percent of GDP) and capital expenditure at NLe7.1 billion (7.0 percent of GDP), with foreign-financed at Nle4.3 billion and domestic-funded expenditures Nle2.8 billion (2.7 percent of GDP).

Wages and Salaries

- The government wage bill is expected to rise to NLe6.5 billion (6.4 percent of GDP) in 2024, with NLe385.3 million allocated to pensions, gratuities, and allowances, and NLe526.4 million for government workers.
- The nominal wage bill increase includes the following:
 - Government commitment to increase teacher salaries by 45 percent starting in 2023, 15 percent increase in January 2024, and recruit 2,000 more teachers
 - Promote 2,200 teachers starting in September 2024.
 - Effectively hiring 2,000 health workers in March and July, at 1,000 per month.
 - Government to recruit 500 civil servants,
 - 500 staff from tertiary educational institutions effective April 2024 (universities-300, colleges-100 and technical vocational Institutions-100 staff),
 - 700 military personnel (including 58 military health workers) effective July 2024,
 - 1,000 new employees from the Sierra Leone Correctional Services (July 2024),
 - 200 new employees from the Fire Force Authority, and 100 consultants in FY2024.
- Civil servant salaries have not been reviewed since 2019, causing adjustments in the wage bill. Starting January 2024, the least paid civil servant will receive NLe1,000.

Debt Service Payments

- In 2024, the total interest payments are expected to be NLe4.1 billion, with domestic debt payments amounting to NLe3.8 billion and external debt payments to NLe319 million.

11.0 NON-INTEREST RECURRENT AND CAPITAL EXPENDITURES (FEED SALONE)

- **Agriculture and Food Security**
 - The government has allocated NLe1.1 billion to the agricultural sector, accounting for 7.0 percent of total primary expenditure. NLe836.0 million is allocated to the Feed Salone Programs, with NLe693.6 million for agro-ecological zones development, road improvements, electricity generation, and irrigation systems allocated NLe30.2 million.
 - The allocated budget includes NLe80.0 million for the Ministry of Agriculture and Food Security, NLe10.0 million for the Sierra Leone Agricultural Research Institute, NLe41.2 million for local councils, and NLe85.8 million for the Ministry's wage bill.

108. Development partners, including the World Bank, AfDB, IsDB, IFAD, BADEA, and Indian EXIM Bank, will disburse NLe1.6 billion for agricultural sector projects like Tompari, Mattru, Gendema, and Manowa rural bridges.

➤ **Fisheries and marine Resources**

109. The Ministry of Fisheries and Marine Resources receives NLe23.5 million from the recurrent budget for artisanal fishing and fish export activities, NLe28.9 million for inland fisheries, aquaculture, monitoring, stock assessment, and women in fisheries. The Ministry will receive NLe4.3 million in transfers to Local Councils for devolved fisheries sector functions, while NLe6.8 million will cover the wage bill.

12.0 HUMAN CAPITAL DEVELOPMENT

➤ **Education**

- The government is allocating Le3.0 billion to the education sector, with NLe535.1 million for the Free Quality School Education Programme and NLe488.6 million for boarding school expansion, laboratory equipment, and library services.
- The Ministry of Basic and Senior Secondary Education receives NLe44.5 million from the recurrent budget for grants, including those for boarding schools and physically challenged schools. Teaching service commission is allocated NLe6.5 million
- The Ministry of Technical and Higher Education receives NLe189.0 million from the recurrent budget, including transfers to tertiary institutions NLe120.0 million, Grants-in-Aid NLe31.3 million, technical and vocational education NLe14.3 million, and grants to local councils NLe40.6 million.
- The Ministry of Technical and Higher Education has received NLe3.5 million from the domestic capital budget for a National Archive and Record Center, with development partners providing NLe111.4 million.
- Higher education institutions will have to received NLe487 million in wages, while teachers will pay NLe1.0 billion.

➤ **Health**

- The government is allocating NLe1.1 billion to the health sector, accounting for 7.0 percent of primary expenditure. The Ministry of Health and Sanitation receives NLe133.2 million, while the National Medical Supplies Agency receives NLe83.5 million.
- The National Public Health Agency receives NLe10 million, and the Health Service Commission receives NLe6.5 million. The amount of NLe27.8 million will be devolved health functions.
- The government is allocating NLe31.0 million to the Ministry of Health and Sanitation, with NLe15.0 million for Pharma Grade Warehouse construction and NLe10.0 million for Port Loko Emergency Hospital completion.
- Development partners, including the World Bank, IsDB, BADEA, and Kuwaiti Fund, will disburse NLe207.7 million for health sector projects, including tertiary hospital construction and wage bill of NLe776.9 million and NLe24.4million allied health agencies.

➤ **Social Protection**

- The government acknowledges the importance of social safety nets in reducing the high cost of living for the poor and vulnerable, and various ministries, including NaCSA, are implementing these programs, with development partners supporting their implementation.
- NaCSA receives NLe8.6 million from recurrent budget, with NLe5.0 for social safety nets and NLe4.8 for Rural Renewable Energy Project and Sierra Leone Disability Project implementation.
- The World Bank and IsDB will provide NLe118.9 million to NaCSA for the Productive Social Safety Nets and Youth Empowerment Project and Sierra Leone Community Development Driven Project, with NLe25 million allocated from the domestic capital budget. Government is allocating NLe18 million to NaCSA for staff wages and salaries.
- The Ministry of Social Welfare receives NLe23.0 million from the recurrent budget, with NLe13 million allocated for social safety net programs, and NLe2.5 million for school rehabilitation and disability support.
- The Ministry of Employment, Labour, and Social Security has allocated NLe17 million for social safety nets for the aged, NLe6.9 million for Gender and Children's programmes, and NLe800 thousand for the Women Economic and Development Fund.

13.0 INFRASTRUCTURE AND TECHNOLOGY

The domestic capital budget has allocated NLe655.2 million to support the execution of infrastructure and technology projects.

Road

- Sierra Leone Roads Authority receives NLe186.7 million for road construction, rehabilitation, and completion, with African Development Bank, BADEA, and Kuwaiti Fund providing NLe137.4 million, government contributing NLe99.0 million, and SLRA staff receiving NLe35.6 million..

Energy

- The government has allocated NLe122.0 million from the recurrent budget to the energy sector, including NLe75.0 million for the Seven Districts Electricity Project, NLe12.0 million for Goma-Dodo Hydro-Dam, and NLe895.0 million for EDSA.
- The World Bank, AfDB, and Indian EXIM Bank will disburse NLe1.7 billion for energy sector projects in Sierra Leone, including containerized solar power installation, Bo-Kenema distribution system rehabilitation, and transmission line rehabilitation. The EU supports energy access improvement.

Water Supply

- The Ministry of Water Resources and Sanitation receives NLe34 million from the domestic capital budget, with NLe33 allocated to the Lungi Water Supply Project. NLe95 million is allocated to SALWACO for water supply facilities in six districts, 8.5 million for Mambolo, Kamakwei, Rokupr, and Bonthe Municipality.
- The Ministry of Water Resources and Sanitation receives NLe19.5 million from the recurrent budget, with NLe4.3 million allocated to the Water Resources Management Agency and NLe10.0 million for SALWACO.

- Saudi Fund and AfDB, OFID, and Kuwaiti Fund will provide NLe10.4 million and NLe25.0 million respectively to SALWACO and Guma Valley Water Company for solar-powered borehole drilling.

Communication and Technology

- The Ministry of Communication and Technology has allocated NLe9.0 million from the recurrent budget for administrative costs, DSTI, and e-Government platform operationalization Nle5.0 million, with funds from the World Bank for Digital Transformation Project implementation.

Communication and Technology:

- NLe9.0 million allocated to the Ministry of Communication and Technology for administrative costs and the Directorate of Science, Technology, and Innovation (DSTI).
- NLe5.0 million from the domestic capital budget for the operationalization and expansion of the e-Government platform.
- World Bank funds for the implementation of the Digital Transformation Project.

Government Buildings:

- NLe168.5 million allocated to the Ministry of Works and Public Assets for the rehabilitation of existing presidential lodges, State House, administrative buildings, and lifts.
- NLe47.9 million from the recurrent budget for the Ministry of Works and Public Assets, including payment of rents and rates.
- Specific projects covered, such as the construction of administrative buildings for the Judiciary and the Ministry of Employment, Labour, and Social Security.

These allocations reflect the government's commitment to infrastructure development, energy access, water supply, technology advancement, and maintenance of key government buildings. External funding partnerships are leveraged to supplement domestic capital, enabling the realization of crucial projects.

Economic Diversification and Governance Allocation

Tourism:

- NLe11.2 million allocated from the recurrent budget to the Ministry of Tourism and Cultural Affairs, National Tourist Board, Monuments and Relics Commission, and National and Railway Museums.
- NLe7.5 million from the domestic capital budget for the construction of Tourism Information centers and infrastructure for cultural heritage.
- World Bank disbursement of NLe92.4 million for developing tourist sites under the Sierra Leone Economic Diversification Project.

Trade and Private Sector Development:

- NLe20.1 million allocated to the Ministry of Trade and Industry for export development, quality control, business reforms, and consumer protection.
- NLe18.7 million allocated to the National Investment Board (NIB) and NLe4.2 million to SMEDA.
- NLe10.0 million from the domestic capital budget to SMEDA as additional capital to the MUNAFA Fund.

Governance and Accountability:

- Allocations to various governance agencies including the Judiciary, Law Officer's Department, Audit Service Sierra Leone, House of Parliament, Anti-Corruption Commission, Human Rights Commission, National Electoral Commission, Independent Commission for Peace and National Cohesion, Ministry of Defence, Sierra Leone Police, Sierra Leone Correctional Services, Fire Force Authority, Central Intelligence and Security Agency, Office of National Security, and National Disaster Management Agency.
- Total wage bill for governance agencies and security sector is NLe1,907.9 million.

Public Administration:

- Allocations to the Ministry of Public Administration and Political Affairs, Cabinet Secretariat, Public Service Commission, Human Resource Management Office, and Public Sector Reform Unit.
- NLe1.7 million allocated for the operationalization of the Wages and Compensation Commission.

Employment, Youth, and Sports:

- Allocations to the Ministry of Employment, Labour and Social Security, Ministry of Youth, National Youth Commission, National Youth Service, and National Sports Authority.
- Total allocations include funds for social safety nets, administrative expenses, and sporting activities.

Environment and Climate Change:

- Allocations to the Ministry of Environment and Climate Change, National Protected Area Authority, Environmental Protection Agency, Nuclear Safety and Radiation, Sierra Leone Meteorological Agency, and Presidential Initiative for Climate Change, Renewable Energy, and Food Security.
- Total allocations for addressing Climate Change risks.

Budget Financing in 2024:

- Projected budget deficit, excluding grants, at 8.5 percent of GDP.
- Projected deficit, including grants, at NLe2.7 billion (2.7 percent of GDP).
- Deficit to be financed mainly by borrowing from the domestic banking system and non-bank sector.

Risks to the Implementation of the 2024 Budget:

Geo-political Tensions: Continued geo-political tensions, including the escalation of the Russian-Ukraine war and the Palestine-Israel conflict.

Global Food and Energy Prices: Continued increase in global food and energy prices and its impact on domestic prices.

Exchange Rate Depreciation: Continuous depreciation in the exchange rate and its impact on the budget implementation.

Weak Global Economy: Weak recovery of the global economy and general economic uncertainties, leading to a decline in overseas development assistance and foreign direct investment (FDI) inflows.

Revenue Shortfalls: Delay and partial implementation of the Medium-Term Revenue Strategy, leading to revenue shortfalls and affecting the implementation of the Big Five Game Changers.

MDAs Non-compliance: Non-compliance by Ministries, Departments, and Agencies (MDAs) to stay within budget limits, with persistent in-year requests for extra-budgetary expenditures, including salary increases.

State-Owned Enterprises (SoEs): Weak financial performance and contingent liabilities of State-Owned Enterprises (SoEs) posing significant risks to the budget.

- Structural and sectoral reforms proposed in the budget aim to lay the foundation for sustainable and inclusive economic recovery.
- Sound economic and financial governance is emphasized for effective delivery of commitments and avoiding budget overruns.
- Acknowledgment and appreciation expressed to government officials, ministries, development partners, NGOs, and the Parliament for their contributions.
- The budget is commended to the House for approval and implementation.

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