



GOVERNMENT OF SIERRA LEONE

SUPPLEMENTARY GOVERNMENT BUDGET

and

STATEMENT OF ECONOMIC AND FINANCIAL POLICIES

For the Financial Year, 2020

Theme: "Saving lives and livelihoods"

DELIVERED BY

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in the Chamber of Parliament

TOWER HILL, FREETOWN

ON

Friday, 24th July, 2020

at

10:00 a.m.

1. Introduction

Mr. Speaker, Honourable Members, on the 8th of November 2019, I presented to this noble House Government Budget and Statement of Economic and Financial Policies the Financial Year 2020 with the theme "***Fiscal Consolidation for Human Capital Development***". This House graciously approved the Budget on the 18th of December 2019. The 2020 Budget aims at consolidating the gains made during the first year of implementing our Medium-Term Development Plan. It lays out strategies to sustain fiscal consolidation in order to safeguard macroeconomic stability; continue investment in human capital and propose targeted interventions aimed at creating job opportunities, especially for our youth and women. Another important element of those strategies is the clearance of legacy arrears owed to suppliers and contractors. The aim was to enhance the credibility of Government and safeguard the stability of the banking system.

2. Mr. Speaker, Honourable Members, sadly enough, barely a month into the implementation of the 2020 Budget, the outbreak of the Coronavirus Disease (COVID-19) was reported in China. The disease spread quickly across the world within a very short period and by late February 2020, the World Health Organisation (WHO) declared COVID-19 as a global pandemic. The widespread disruptions from COVID-19 to global health and economic activity had spill-over effects on our economy during January to March 2020. In particular, the weak economic activity in our major trading partner economies, especially China and Europe and the consequent collapse in commodity prices was already having a severe impact on our exports.

3. Mr. Speaker, Honourable Members, building on the lessons from the Ebola Health Crisis, Government took pre-emptive measures even before we recorded the index case on the 31st of March 2020. Consistent with international

best practices in fighting such pandemics, Government adopted several containment measures including suspension of international flights, closure of borders, partial lockdowns, restrictions on inter-district movements, ban on public gatherings, night curfews and social distancing. Whilst these measures were meant to save lives, their implementation had adverse consequences on economic activities particularly in the services sector, the second largest sector of our economy. The hardest hit sectors have been trade, tourism and transportation. Agriculture, fisheries, and manufacturing sectors are also being adversely affected. The uncertainty created by COVID-19 is also delaying the inflow of foreign direct investment into the economy. As expected for most countries, overall, domestic output is projected to contract in 2020 with adverse consequences for domestic revenue mobilisation.

4. Mr. Speaker, Honourable Members, this unprecedented pandemic is threatening to reverse our gains in stabilising the economy and hard-won economic recovery of the past twenty four months. Like most countries in the world, Government is trying to strike a delicate balance between **saving lives** and **saving livelihoods**. This Supplementary Budget seeks to achieve this objective; hence the theme “**Saving Lives and Livelihoods**”.

5. Mr. Speaker, Hon. Members, in view of the foregoing, it is compelling that we prepare and submit to this Noble House a Supplementary Budget for the Financial Year 2020 for the following reasons.

6. Firstly, the outbreak of COVID-19 and its impact on the global and domestic economic activities have rendered the assumptions that underlined the FY 2020 macro-fiscal framework redundant. In particular, the macroeconomic framework agreed with the IMF for the 2020 Budget has been revised to reflect the impact of COVID-19 on domestic output, inflation, revenue, expenditures, exports, imports, public debt, foreign direct investment, official grants and gross foreign reserves.

7. Secondly, Mr. Speaker, Honourable Members, unlike the case of the Ebola fight, even before the first index case, the President Bio led Government prepared the Quick Action Economic Response Programme (QAERP) as part of measures to respond quickly and effectively to the COVID-19 pandemic. The overall objective of the QAERP is to maintain macroeconomic and financial stability, as well as mitigate the impact of the disease on households and businesses. The Government also prepared a comprehensive COVID-19 Health Sector Response Plan. In this

respect, new priorities have emerged that require budgetary allocations to ensure timely and effective delivery of services. Some of the activities contained in these response programmes were not provided for in the original 2020 Budget.

8. Thirdly, given the urgent need to safeguard macroeconomic stability and to ensure the implementation of the QAERP and the Health Response Plan, Government decisively engaged development partners for support to the COVID-19 Response programmes.

9. Mr. Speaker, Honourable Members, due to the visionary leadership of His Excellency, President Julius Maada Bio; the credibility of the response programmes and the professional engagement with partners, I am not only pleased but also proud to report to this noble House and the general public that our development partners have responded positively by providing higher-than-expected concessional resources and debt relief to enable Government implement its response programmes. The details of these resources will be disclosed later in the statement.

10. Mr. Speaker, Honourable Members, therefore, the key objectives of this Supplementary Budget are:

- (i) To implement the COVID-19 Health Sector Preparedness and Response Plan in order to strengthen our health systems to **save lives**;
- (ii) To implement the Quick Action Economic Response Programmes to **save livelihoods** ;
- (iii) To continue the implementation of the original 2020 Budget priorities, which will continue into 2021 as part of the recovery efforts in the post COVID-19 period.

11. Mr. Speaker, Honourable Members, on the basis of the foregoing and other reasons, and consistent with Section 42, sub-section 1 of the Public Financial Management (PFM) Act, 2016, I hereby present the Supplementary Budget proposals for the 2020 Financial Year to this Noble House for consideration and approval.

12. Mr. Speaker, Honourable Members, before disclosing the details of this Supplementary Budget, permit me first of all to provide a brief update on economic and budgetary performance for the first half of 2020 and the impact of COVID-19 on the economy.

Macroeconomic and Budgetary Performance during January–June 2020

a) Macroeconomic Performance

13. Mr. Speaker, Honourable Members, the widespread disruptions from COVID-19 to the global economy, combined with the proactive measures adopted to contain the spread of the disease in the country, have to a large extent dampened economic activities in 2020. The situation would have been worse had it not been for the timely economic and health response rolled-out by Government, before recording the index case.

14. An analysis of preliminary data of key indicators of economic activity including exports, private consumption, manufacturing output, tourist arrivals, and fuel consumption indicated modest economic activities during the first half of 2020 relative to the corresponding period in 2019. Accordingly, real GDP, which recovered strongly by 5.4 per cent in 2019 and was projected to grow further by 4.2 percent in 2020, is now expected to contract by 3.1 per cent in 2020 largely due to the adverse impact of COVID-19 on key sectors of the economy.

15. Inflationary pressures increased during the first half of the year largely due to disruptions in the supply of basic food items emanating from restrictions on inter-district travel, partial lockdowns and the COVID-19 induced panic buying to stock up food and non-food items. Consequently, inflation, which had declined to 13.9 percent at end 2019 rose to 15.6 percent in March before moderating to 14.4 percent in June 2020.

16. The trade deficit widened to US\$227.5 million in Quarter 1, 2020 from US\$164.0 million in Quarter 1, 2019, mainly due to the sharp drop in exports. Domestic exports fell to US\$111.1 million in Quarter 1 of 2020 from US\$139 million in Quarter 1, 2019. Relative to Quarter 4, 2019, domestic exports dropped by 54 per cent. Imports increased to US\$338.6 million in Quarter 1, 2020 from US\$302.6 million in the corresponding period in 2019 due mainly to the increase in the importation of food and medical equipment and supplies.

17. Reflecting the disbursement of budgetary and balance of payments support by the International Monetary Fund (IMF) and the European Union, gross foreign reserves of the Bank of Sierra Leone increased to the equivalent to 4.0 months of imports as at end June 2020 from 3.5 months of imports. With additional budgetary support by the World Bank disbursed in July, I am again proud to report to this noble House that our reserve position will be nearly 6 months of imports.

18. The increase in foreign reserves, combined with the directives on forex transactions, as well as the Trade Facility of US\$ 50 million provided by the BSL, relieved pressure on the forex market. As a result, the exchange rate was relatively stable, depreciating by only 3.3 percent from June 2019 to June 2020. Relative to December 2019, the exchange rate appreciated marginally during the first half of 2020.

19. Monetary policy during the first half of 2020 continue to focus on containing inflationary pressures while mindful of the impact of COVID-19 on the economy. Accordingly, the BSL reduced the Monetary Policy rate to 15.0 percent in March 2020 from 16.5 per cent in February 2020 to stimulate economic activities.

Budgetary Performance

Domestic Revenue

20. Mr. Speaker, Honourable Members, preliminary fiscal data indicates that domestic revenue collected from January to June 2020 amounted to Le2.65 trillion compared to the original target of Le3.04 trillion for the first half of 2020. Most of the shortfall of Le383.5 billion was recorded in the second Quarter of 2020 when the incidence of COVID-19 infections started rising in the country. Whilst revenue collection in Quarter 1 was broadly on target, revenue collected in Quarter 2 was Le310 billion lower than the original target for the Quarter.

21. The shortfall in revenue collected during the first half of the year was due to severe shock to economic activity, general weak tax compliance and delays in the implementation of administrative reforms due to COVID-19. In addition, the granting of income tax deferrals and relief to businesses as well as allowing importers to use the warehouse duty suspense regime also contributed to the

short fall. Deferred import GST payments amounted to Le11.3 billion; delayed import duties, Le28 billion; income tax deferrals for hotels, Le4.5 billion; and for mining companies, Le15 billion.

External Grants

22. Mr. Speaker, Honourable Members, total programme grants received during the first half of 2020 amounted to Le332.2 billion. These include Le119.4 billion of budget support disbursed by the European Union and HIPC Debt Relief of Le32 billion. Project grants amounted to Le209.6 billion.

Total Expenditure and Net Lending

23. Total expenditures and net lending amounted to Le 2.28 trillion during Quarter1, 2020 compared to Le1.63 billion for the same period in 2019. Total expenditure is estimated at Le 4.43 trillion by the end of June 2020. Recurrent spending was Le 1.74 trillion in Quarter 1, 2020 and is estimated to reach Le 3.40 trillion in June 2020. Wages and Salaries will amount to Le1.54 trillion; Goods and Services spending, Le 678.8 billion; and Subsidies and Transfers, Le 591.8 billion by end June 2020. Of this, transfers to the National COVID-19 Emergency Response Centre (NaCOVERC) amounted to Le 66.6 billion, and subsidies to EDSA amounted to Le166.5 billion during the first quarter of 2020. Total interest payments are estimated at Le594.6 billion, of which domestic interest payments will amount to Le 539.9 billion in June 2020. Total capital spending for the first half of 2020 is estimated at Le1.0 trillion, of which domestic capital expenditure will amount to Le366.7 billion.

Budget Deficit and Financing for the First half of 2020

24. The overall deficit (excluding grants) for the first half of the year is estimated at Le1.90 trillion (4.6 percent of GDP). The deficit, including grants, is estimated at Le1.57 trillion (3.8 percent of GDP). The domestic primary deficit is estimated at Le525.1 billion (1.3 percent of GDP). The deficit was financed from both domestic and foreign sources. Net Foreign financing is estimated at Le260.7 billion. Domestic financing of the deficit, including the IMF Rapid Credit Facility (RCF) resources is estimated at Le1.55 trillion.

Impact of COVID-19 on the Economy in 2020

25. Prior to the outbreak of the COVID-19 pandemic, the economic outlook was bright. The pre-COVID-19 projections indicated that the economy would grow by an average of 4.5 percent over the medium term (2020-2022). Agriculture and services were expected to be the primary drivers of growth. Inflation was projected to return to single digits by 2022, reflecting the projected increase in domestic food production. The primary budget deficit, the key indicator of fiscal sustainability was projected to improve from a deficit of 0.6 percent of GDP to a surplus of 0.3 percent of GDP. The current account deficit, including grants, was projected to narrow down from 13.8 percent of GDP in 2019 to 11.3 percent of GDP in 2020.

26. However, the weak economic activity in Sierra Leone's main trading partners, including China and Europe, and the related drop in demand for Sierra Leone's exports combined with the COVID-19 containment measures have dampened economic growth in 2020.

27. In particular, social distancing, restrictions on inter-district movements and partial lockdowns is adversely affecting activities in the agriculture sector, given the labour-intensive nature of local farming practices. Foreign Direct Investment (FDI) in the agriculture sector is also being delayed. Reflecting both virtual containment measures and these external factors, the growth of the agriculture sector is now projected to slow down to 3.1 percent during 2020 from the pre-COVID-19 projection of 4.2 percent.

28. Growth of the industry sector (comprising mining, construction and manufacturing) will slow down to 4.5 percent in 2020 from 7.6 percent in 2019, mainly due to weak manufacturing output and drop in mineral exports as commodity prices fall. The disruptions in FDI inflows into the mining sector, in general, is also delaying the resumption of iron ore mining in both Tonkolili and Marampa and commencement of bauxite mining in Port Loko. The cancellation of flights constrained the export of diamonds. The disruptions in global supply chains continue to make it difficult for manufacturing companies to receive supplies of raw materials and intermediate goods. This, in turn, has weakened manufacturing and construction activities. Consequently, the industry sector is expected to contract by 8.8 percent.

29. The Services sector, which has been the hardest hit, is expected to contract by 12.6 percent in 2020. In particular, trade and tourism have been affected most severely. The COVID-19 containment measures, including travel restrictions, flight cancellations and quarantine measures, have reduced tourist arrivals and hotel occupancy levels to almost zero. Social distancing, owing to the fear of contagion and inter-district lockdowns, have disrupted local transport and adversely affected the livelihoods of drivers, traders and other informal workers.

30. The spread of COVID-19 has also adversely impacted the external sector of the economy with serious implications for the domestic exports. The lockdowns in China and Europe have weakened economic activity in those countries and disrupted global supply chains, which in turn has reduced the demand for exports whilst the closure of land borders and disruptions in shipping activities have also affected imports. Consequently, merchandise exports are projected to drop from the initial projection of US\$912 million to US\$593 million in 2020. Imports will drop slightly from US\$1.3 billion to US\$1.2 billion. As a result, the trade deficit will widen to US\$620.9 million from the initial projection of US\$406.3 million. The current account balance will widen to US\$611.2 million (15.8 percent of GDP) from the original projection of US\$466.9 million (11.3 percent of GDP).

31. The weak global economic activity and general uncertainty due to COVID-19 has disrupted international financial flows, especially foreign direct investment inflows to Sierra Leone. The emerging balance of payments deficit due to the fall in exports, combined with the importation of essential commodities, including medical equipment and supplies is estimated at US\$120 million.

32. Sierra Leone's public debt is expected to increase to 77.0 percent of GDP compared to the original projection of 66.0 percent primarily due to the reduction in GDP. Of the total debt stock, external debt will increase to 55.0 percent of GDP compared to 47.2 percent anticipated earlier. Domestic debt will increase to 22.2 percent from the initial projection of 19.4 percent of GDP in 2020.

33. Against the background of these widening fiscal and current account deficits, Government requested support from the IMF for debt relief under the Catastrophe Containment and Relief Trust (CCRT) and additional financing under the Rapid Credit Facility (RCF) to close the emerging financing gaps and stabilise the economy. I am happy to report that the IMF, World Bank, European Union, African Development Bank, IDB and other partners have responded positively to Government's request. The details will be reported later in this statement.

Government's Response to the COVID-19 Pandemic

34. Mr. Speaker, Honourable Members, taking into consideration the potential threat to the health and stability of our country, Government developed a short-term Quick Action Economic Response Programme (QAERP) and a COVID-19 Health Response Plan with the twin objectives of saving lives and livelihoods.

35. Mr. Speaker, Honourable Members, before proceeding to report on progress in the implementation of the QAERP and Health Sector Response Plan, I wish to reiterate once again the Government's commitment to transition from the COVID-19 response programmes to the implementation of our Medium-term National Development Plan (MTNDP.)

36. As we implement the QAERP and the Health response programme, Government and partners are undertaking various socio-economic assessments of the impact of COVID-19 to ensure a seamless transition from a response phase to the recovery phase through the implementation of our Medium-Term National Development Plan. We do not anticipate having a separate recovery plan to run parallel to the Medium-Term National Development Plan as Government does not want to lose focus on our medium-term aspirations consistent with our commitment to the AU 2063 Agenda and the UN Sustainable Development Goals.

37. Mr. Speaker, Honourable Members, the implementation of the COVID-19 Health Response Plan and the QAERP will play a significant role in saving lives and protecting livelihoods. This Supplementary Budget seeks to consolidate these efforts to lay the foundation for economic recovery by continuing investments in human capital development and infrastructure. Accordingly, the Supplementary Budget provides funding for the completion of critical road projects, the provision of electricity and safe water supply to key districts and free quality school education programme. The implementation of these activities will continue into the 2021 financial year to support economic recovery in the post COVID-19 period.

QAERP and Implementation Progress

38. The overarching objective of the QAERP is to maintain macroeconomic and financial stability as well as mitigate the impact of COVID-19 on households and businesses. To this end, QAERP comprises five programme objectives with a

financing requirement of US\$136 million. The programme objectives of the QAERP, some of which are expected to continue in the post COVID-19 period are as follows:

- (i) Building and maintaining an adequate stock level of essential commodities at stable prices;
- (ii) Providing support to hardest-hit businesses to enable them to continue operations and avert lay-offs of employees;
- (iii) Expanding safety nets to vulnerable groups;
- (iv) Supporting labour-intensive public works; and
- (v) Providing assistance for the local production and processing of staple food items

39. Mr. Speaker, Honourable Members, to ensure the effective and efficient delivery of the QAERP, Government established a governance structure consisting of a High-Level Coordinating Group and Technical Working Groups for all pillars of the programme with clear terms of reference. The Ministry of Finance co-chairs this coordinating platform with the United Kingdom's Department for International Development (DFID) and also hosts the Secretariat.

40. A comprehensive Monitoring and Evaluation framework, comprising key performance indicators (KPIs) and implementation milestones, has been developed in consultation with relevant stakeholders to monitor the implementation of the QAERP and ensure accountability in the use of resources. The KPIs and the implementation milestones will be tracked and monitored via a real-time, online dashboard, which will be updated weekly by the Pillar Working Groups and validated by the QAERP Secretariat.

41. Mr Speaker, Honourable Members, the first Pillar of the QAERP focuses on building and maintaining adequate stock levels of essential commodities at stable prices. Through this Pillar, the Bank of Sierra Leone launched a five hundred billion Leones (Le500 billion) Credit facility to support the production, importation and distribution of essential commodities at concessional interest rates. As at 15th of July 2020, a total of Le287 billion (about US\$28.7 million), representing 57.4 percent of the total facility of Le500 billion (US\$50 million), has been accessed by importers and manufacturers.

42. As part of this support, the National Revenue Authority (NRA) has also been deferring taxes due for the importation and manufacturing of essential commodities. The NRA is allowing importers of essential commodities to utilise the customs warehouse suspense regime. The usual stringent requirement of a commercial bank performance bond was relaxed to allow importers to use bonds issued by Insurance Companies. The NRA also waived the usual application fee and provided income tax reliefs for an initial period of three months to the hospitality and aviation sectors, which have been the hardest hit. These tax deferrals will account for almost a third of expected domestic revenue. This intervention has ensured the continued availability of essential commodities, especially rice, fuel and other basic food stuff in the country. Furthermore, the Ministry of Trade and Industry ensured enhanced trade surveillance and monitoring of market prices to ensure availability of essential commodities.

43. Mr Speaker, Honourable Members, the second Pillar of the QAERP focuses on providing support to Small Medium Enterprises (SMEs). I am pleased to report that we are far advanced in designing the National Micro-Finance Programme (**Munafa Fund**). Nationwide consultations with relevant stakeholders, including NGOs and SMEs, have been completed. Consultations with the Bank of Sierra Leone and commercial banks are ongoing. An amount of Le 50 billion is provided in this Supplementary Budget for the National Micro-Finance Programme at concessionary interest rates for SMEs to complement the efforts of the Bank of Sierra Leone.

44. Mr Speaker, Honourable Members, the third Pillar of the QAERP is focused on providing support to vulnerable groups. Through this Pillar, we have expanded the existing cash transfer programme implemented by the National Commission for Social Action (NaCSA) from thirty-five thousand (35,000) beneficiaries to seventy-thousand (70,000) beneficiaries, including persons with disabilities. With support from the World Bank, we developed an Emergency Cash Transfer Scheme targeting an additional twenty-nine thousand (29,000) beneficiaries including households affected by COVID-19 and informal sector workers mostly petty traders, and low paid workers in the tourism and other service industries. Using domestic resources, we disbursed Le4 billion to NaCSA for cash and in-kind support to more than eleven thousand (11,000) persons with disabilities. In addition, this Supplementary Budget has provided Le55 billion for social safety nets covering cash transfers and food assistance as well as salary compensation for three months for workers in the hotel industry. Government is also providing bailouts to the

Sierra Leone Airports Authority (SLAA), Sierra Leone Civil Aviation Authority (SLCAA), Sierra Leone Road Transport Corporation (SLRTC) and the Sierra Leone Postal Services (SALPOST).

45. Mr Speaker, Honourable Members, the fourth Pillar of the QAERP focuses on providing jobs for youths. Due to COVID-19, business activities have contracted and many youths have lost jobs. Through labour intensive road works, we will rehabilitate about one thousand, two hundred kilometres (1200km) of trunk and feeder roads around the country. This will not only create jobs and support livelihoods for nearly five thousand (5,000) young men and women, but also help link our farmers to markets. The procurement process for these road works has already been completed.

46. Mr Speaker, Honourable Members, the fifth Pillar of the QAERP focuses on improving local production. Under this Pillar, the Ministry of Agriculture and Forestry (MAF) has developed a Local Food Production COVID-19 Response Plan. The Plan focuses on large scale mechanical cultivation of rice and other food crops to boost local production and to promote livestock production. Specifically, MAF aims to produce 25,000 metric tonnes of paddy rice by:

- Ploughing, harrowing and seed harrowing of 10,000 Hectares of land for rice cultivation in 10 districts (Tonkolili, Bombali, Moyamba, Bonthe, Pujehun, Kailahun, Kenema, Koinadugu, Karene and Kono);
- Supporting Farmer Based Organisations (FBO) in these selected locations with 700 metric tons of seed rice and 3,500 metric tonnes of fertiliser;
- Provision of food for work with support by the World Food Programme (WFP);
- Provision of pre and post-harvest equipment and machinery;

Furthermore, MAF aims to diversify production by:

- Providing maize seed and fertiliser to support the cultivation of 500 Hectares, with projected production of 1,470 metric tons for poultry feed production;
- Providing assorted vegetable seeds to cultivate 500 hectares, consequently increasing the resilience of the most vulnerable groups; and
- Establishing a cattle resettlement scheme through the provision of "barb wires" for construction of ranches.

47. To achieve the above stated targets, MAF engaged multi-lateral agencies and other partners supporting the agriculture sector. They were notified about the COVID-19 Agriculture Response Plan, planned activities for 2020 and the need for partners to restructure their project portfolios to make provisions for supporting the Local Food Production interventions under the QAERP.

48. Mr. Speaker, Honourable Members, Government made an initial payment for 250 tractors in February this year. Due to lockdowns in manufacturing countries, notably China and India, there were delays in the delivery of these tractors. The first batch of tractors arrived in June when it was apparently getting late for land preparation and upland rice planting. The MAF therefore, contracted private tractor owners to support land preparation for farmers across the country. However, these tractors will be readily available for the next planting season.

49. Mr Speaker, Honourable Members, in addition to the five pillars that focused on the core QAERP objectives already mentioned Government also established a Macro-Fiscal Working Pillar to monitor and advise on the macro-economic impact of COVID-19. This Pillar also advises on external resource mobilisation. In addition, a dedicated Private Sector Coordination Platform was constituted to coordinate tripartite dialogue between Government, Private Sector, and Development Partners to ensure that the QAERP measures and actions reflect private sector concerns. It also supports the framework for the implementation of the QAERP to benefit from the resources, assets, and capabilities that the private sector can offer in support of the response.

Health Sector COVID-19 Response Plan Implementation Progress

50. Mr. Speaker, Hon. Members, Government, through the Ministry of Health and Sanitation and with support from development partners, developed the COVID-19 Health Sector Preparedness and Response Plan. The key objectives of this plan are to: (i) mitigate the spread of COVID-19 (ii) minimise deaths from COVID-19 (iii) protect wider health services to ensure lives are not unnecessarily lost due to non-COVID-19 health causes (iv) strengthen health systems and infrastructure; and (v) mitigate the impact of COVID-19 on livelihoods.

51. To achieve these objectives, the Health Sector Response plan for COVID-19 focuses on five strategic interventions, namely: (i) surveillance, (ii) isolation or quarantine, (iii) testing, (iv) clinical case management, and (v) risk communication and social mobilisation for behavioural change.

52. To ensure that the response is effective, Government established the National COVID-19 Emergency Response Centre (NaCoVERC). The COVID-19 Emergency Response Fund was also set up with emphasis on public accountability and transparency in the use of COVID-19 resources. The COVID-19 Health Response is fully decentralised following the establishment of the District COVID-19 Emergency Response Centres (DiCOVERCs). The DiCOVERCs are headed by district coordinators who collaborate with the District Medical Officer to ensure a whole-of-Government and multi-agency approach in responding to the COVID-19 pandemic at the district level. The NaCoVERC provides strategic direction to the DiCOVERCs to ensure that there is command, control, coordination and communications (C4).

53. Mr. Speaker, Honourable Members, the implementation of the Health Response Plan has enabled the Government to control the spread of the virus. The number of COVID-19 testing laboratories has been increased from three to five across the country. The current laboratory capacity improved from 200 PCR tests per day in March to over 478 PCR tests per day in June 2020. The analytical turnaround time has also decreased from 12 hours in March to 8 hours in June 2020. Beds have been available for every positive case, as a result of advance planning by Case Management. Bed expansion has moved from 30 treatment beds in March to over 720 treatment and community care beds in June. Over 95 percent of all confirmed cases have been safely isolated at Hospital Isolation or Community Treatment Centres (CTCs) and Community Care Centres (CCCs). Sixty per cent of confirmed cases have recovered and been discharged as of June. Over 100 social and mental health workers have been trained on COVID-19 awareness. They are currently deployed to provide psycho-social support and ensure appropriate care, de-stigmatisation, and community understanding of the virus as well as how to engage with suspected positive cases. Extensive risk communication and social mobilisation campaigns on the use of face masks, social distancing and hygiene practices are ongoing across the country.

Revisions to the Original 2020 Budget

Revised Revenue Projections

54. Mr. Speaker, Honourable Members, the contraction in economic activities due to COVID-19 is adversely affecting domestic revenue collection in 2020. Domestic revenue is projected to drop by Le1.10 trillion (US\$110 million) from the original projection of Le6.47 trillion (14.8 percent of GDP) to 5.40 trillion

(13.0 percent of GDP). Depressed economic activity will reduce revenue from corporate and personal income taxes, Goods and Services Tax (GST), mineral royalties and fuel taxes owing to reduced private consumption, closure of businesses, fall in employment levels and lower mineral exports. Lower imports will reduce import and excise duties owing to the drop in dutiable imports.

55. Accordingly, Income taxes are revised downwards by Le201.6 billion to Le2.0 trillion from Le2.20 trillion. Of this, corporate taxes are revised downwards by Le39.8 billion to Le340.3 billion from Le380.2 billion, owing to the projected fall in profit levels as economic activities decreased. Personal Income taxes are revised downward by Le161.8 billion to Le1.66 trillion from Le1.82 trillion owing to the closure of businesses and the laying-off of employees, especially those in the private sector.

56. Revenue collection from Goods and Services Tax (GST) is also revised downwards by Le310.4 billion to Le 930.6 billion in the revised budget from Le1.24 trillion in the original budget.

57. Customs and excise duties are revised downwards by Le348.1 billion to Le1.19 trillion in the revised budget from Le1.54 trillion in the original budget. Of these, excise duties on petroleum products are also revised downwards by Le124.1 billion to Le506.3 billion from Le630.4 billion due to the reduced economic activities.

58. Mineral royalties are expected to drop by Le135.9 billion to Le225.3 billion from Le361.1 billion. Mining licenses, including petroleum revenues, will decrease by Le77.2 billion to Le90.2 billion from Le167.4 billion as FDI inflows into the extractive sector delays due to the uncertainty caused by COVID-19.

59. Revenues collected by other Ministries, Departments and Agencies are now projected to drop by Le63.3 billion to Le 939.2 billion from Le1.0 trillion due to the general decline in economic activity. Of these revenues, fisheries royalties and licenses are revised downwards by almost Le12 billion as industrial fishing activities are curtailed due to COVID-19. Revenue collected by TSA agencies and royalties on timber exports will also drop by Le76.3 billion to Le743.5 billion from Le819.8 billion. However, dividends from parastatals are revised upwards by Le25 billion, reflecting the profitability of the Sierra Leone Commercial Bank. Road User Charges and Vehicle Licenses are revised downwards by Le12.2 billion to Le112.7 billion from Le124.8 billion.

Grants, Concessional Loans and Debt Relief

60. Mr. Speaker, Honourable Members, in recognition of His Excellency, President Julius Maada Bio's track record in the implementation of sound economic policies and reforms; his unflinching commitment to the fight against corruption as well as the manifestation of his pledge to manage the resources of the state efficiently, our development partners have responded positively to his request for support during these difficult times, engendered by the COVID-19 pandemic.

61. Mr. Speaker, Honourable Members, total grants and concessional financing pledged by our development partners will increase by Le1.19 trillion to Le2.96 trillion in this 2020 Supplementary Budget from Le1.77 trillion in the original 2020 Budget. Of this amount, budget support will increase by Le936.3 billion to Le1.97 trillion from Le1.0 trillion in the original budget. The increase in budget support includes the disbursement of US\$100 million and US\$7.6 million by the World Bank as budget support and contribution to the Health Sector Response Plan, respectively. The World Bank will also disburse US\$25 million under the Regional Energy Sector Budget Support. In addition, the European Union disbursed the fixed tranche of the 2020 Budget support of 10 million Euros during the first half of 2020 and is expected to disburse the remainder of 15 million Euros in the second half of the year. The African Development Bank will disburse US\$24.5 million as COVID-19 Crisis Budget support. In addition to the direct budget support provided by our Budget Support partners, the IMF disbursed US\$143.2 million as balance of payment support under the Rapid Credit Facility. The Leone equivalent of this amount totalling Le1.39 trillion is on-lend to Government to finance budget activities. Furthermore, the IMF is providing debt relief in the amount of US\$22.7 million in 2020 under the Catastrophe Containment and Relief Trust (CCRT). The G20 Group of countries are expected to provide US\$ 9.7 million as debt deferment under the G20 Debt Service Suspension Initiative (DSSI), shifting repayments into the future.

62. Project grants provided by our multilateral and bilateral partners will increase by Le12.3 billion to Le747.5 billion from Le735.2 billion in the original budget

Revenue Measures for the Second Half of the Financial Year 2020

63. Mr. Speaker, Honourable Members, to ameliorate the impact of COVID-19 on domestic revenue collection, Government will continue with the revenue enhancing measures articulated in the original 2020 Budget including the automation of tax processes; expand the tax base through the rationalisation of duty and tax waivers; strengthen tax compliance; closing leakages and minimising tax evasion and avoidance.

Revised Expenditure projections

64. Mr. Speaker, Honourable Members, the development and implementation of COVID-19 Response Programmes necessitated changes in Government expenditure priorities. This Supplementary Budget seeks the approval of this noble House to reprioritise some of the budgetary allocations in the original 2020 budget. This is needed to provide the fiscal space to fund critical activities necessary for building health sector resilience and keeping the economy stable.

65. In view of the foregoing, total expenditure and net lending is revised upwards by Le1.2 trillion to Le10.5 trillion in the Supplementary Budget from Le9.35 trillion in the original 2020 budget. The upward revision in overall expenditures reflects the increase in both recurrent and capital spending related to the implementation of the QAERP and the Health Response Programme. Recurrent expenditure is increased by Le449 billion to Le6.92 trillion from Le6.48 trillion in the original budget. Similarly, the Capital budget is also revised upwards by Le728.7 billion to Le3.6 trillion in the supplementary budget from Le2.87 trillion, reflecting mainly the increase in the domestic capital budget by Le716.4 billion.

COVID-19 Response Expenditures

66. Mr. Speaker, Honourable Members, the supplementary budget makes provision for the implementation of the Government's Health sector and Economic Response to COVID-19. Accordingly, an amount of Le308.8 billion is allocated to the health response interventions including Government's contributions to the operations of NaCOVERC of Le200.0 billion, Ambulance operations, Le26.6 billion, Mortuary Services for 20 hospitals, Le16.4 billion and laboratory and X-ray services, Le65.8 billion.

67. In addition, an amount of Le298.3 billion is allocated for the implementation of the QAERP. These include allocations for:

- (i) Support to Small and Medium Enterprises (SMEs) through a dedicated Credit Facility and Micro Credit Scheme of Le50 billion;
- (ii) Social Safety Nets of Le50 billion comprising Cash Transfers and Food Assistance of Le20 billion and bailout to State-Owned Enterprises (SoEs) of Le15 billion; and support to the tourism sector, Le20 billion;
- (iii) Labour intensive public works, Le102.7 billion, and
- (iv) Agriculture, Le90.7 billion, of which, food production activities is allocated an amount of Le70.7 billion.

68. Mr. Speaker, Honourable Members, allocations for Subsidies and Transfers are revised upwards to Le1.29 trillion to cover the transfers to NACOVERC of Le275 billion.

69. Transfers to Local Councils; Grants to Tertiary Educational Institutions; Energy Subsidies; transfers to TSA agencies and the Road Maintenance Fund will remain as budgeted in the original 2020 Budget. The allocations to MDAs including Defence, Police, Correctional Services will also remain as originally budgeted.

70. The sum of Le115.9 billion is allocated for the payment of outstanding obligations under the Free Quality School Education Programme covering second and third term school fees, procurement of Teaching and Learning Materials and Core textbooks. An amount of Le167.9 billion is allocated for first term school fees, teaching and learning materials and Diet for Board Home schools for 2020/21 school year.

71. Mr. Speaker, Honourable Members, to continue the implementation of the original 2020 Budget priorities, domestic capital expenditure is increased by Le716.4 billion to Le1.78 trillion from Le1.10 trillion in the original 2020 budget.

72. For the second half of 2020, an amount of Le460.5 billion is allocated for the completion of critical road projects including Le261.6 billion for the implementation of the ongoing MOUs with road contractors for the completion of the Hill-Side Bye Pass Road, Lumley-Tokeh Road and township streets in Freetown, Bo, Kenema and Bonthe as well as spot improvement of roads in Kabala

and Krubonla. An amount of Le198.9 billion is allocated for the rehabilitation of city and provincial township roads in the Western, Central and Eastern Freetown, Waterloo, Bo, Bonthe, Kenema, Kailahun, Mattru, Yiffin and Tiama-Njala University Road.

73. The energy sector is allocated Le172.0 billion for the electrification of seven district towns (Kabala, Kambia, Kailahun, Moyamba, Pujehun, Bonthe and Mattru) and repairs of Government-owned thermal plants.

74. In the Water sector, an amount of Le146.0 billion is allocated for the Freetown Water Supply Improvement Project; Bonthe Water Supply System and the Six Towns (Kambia, Kabala, Magburaka, Kailahun, Moyamba and Pujehun) Water Supply Project.

75. In an effort to mitigate the impact of climate change in the country and to create jobs, an amount of Le45 billion is allocated for Tree Planting and Le5.0 billion to National Protected Area Authority to enhance monitoring and surveillance of protected areas across the country.

76. Mr. Speaker, Honourable Members, this Supplementary Budget also provides a budgetary allocation of Le20 billion for the reconstruction of Military Forward Patrol Bases as well as for the procurement of equipment for the Engineering Unit of the Republic of Sierra Leone Armed Forces (RSLAF).

77. Foreign financed expenditure through project loans and grants is revised upwards by Le12.3 billion to Le1.83 trillion.

Budget Deficit and Financing

78. The overall budget deficit, excluding grants is projected to widen to Le5.45 trillion (13.2 percent of GDP) compared to the original budget deficit of Le3.1 trillion (7.6 percent of GDP). The deficit, including grants, will increase to Le2.50 trillion (6.0 percent of GDP) compared to Le 1.38 trillion (3.3 percent of GDP) in the original budget. The domestic primary deficit will widen to Le2.2 trillion (5.1 percent of GDP) from Le156.2 billion (0.4 percent of GDP) in the original budget.

79. The deficit is programmed to be financed by both foreign and domestic sources. Net Foreign Borrowing in the form of project and programme loans less principal loan repayments will amount to Le509.4 billion. Net Domestic Financing

will amount to Le2.28 billion. Net borrowing from the Bank of Sierra Leone, including the on-lending of RCF resources will amount to Le1.53 trillion. Borrowing from the commercial banks will reduce to Le940 billion compared to the originally programmed borrowing of Le1.20 trillion. Government will repay the non-bank sector the sum of Le260.6 billion, of which Le241.3 billion is repayment of bonds issued to the private sector.

COVID Expenditure Management

80. Mr. Speaker, Honourable Members, Government will continue to improve public expenditure management during the remainder of 2020 to ensure that COVID-19 and other resources are utilised effectively and efficiently. In this respect, Government is putting in place measures to manage and monitor COVID-19-related spending with support from development partners. These includes the setting up of the COVID-19 Fund (CF) at the Bank of Sierra Leone, to pool funds with a counterpart account at a commercial bank to execute the emergency spending. This represents an improvement over the multitude of makeshift funds and agencies during the Ebola response. We have already begun regular reporting on the use of these emergency funds and intend to further redefine the coverage of these reports, and follow best practices in the management, oversight and reporting of the accounts. There will also be an ex-poste audit by Audit Service Sierra Leone of COVID related interventions; within 12 months of the end of the fiscal year as required under the Constitution and laws of Sierra Leone including the PFM Act, 2016, to ensure transparency and accountability for effective COVID response. We also plan to publish on the Government website large public procurement contracts related to crisis mitigation, the names of the companies awarded contracts, their beneficial owners and ex-poste validation of delivery.

Conclusion

81. Mr Speaker, Honourable Members, successful implementation of the QAERP and Health Response Plan will not only save lives and protect livelihoods but also put us on the path to accelerate efforts to resume the effective implementation of the Medium-Term National Development Plan in the post COVID-19 recovery period.

82. Mr. Speaker, Honourable Members, let me use this opportunity to thank His Excellency, Rtd. Brigadier Dr. Julius Maada Bio for his exemplary leadership in steering the socio-economic and political affairs of the state especially during these difficult times. His guidance during the regular economic management briefings has been extremely useful.

83. The Hon. Vice President Dr. Mohamed Juldeh Jalloh, in his usual frankness, has been very helpful in guiding the Ministry of Finance on issues affecting the lives of the ordinary men and women of this country.

84. I would like to thank the Chief Minister and Cabinet colleagues who continue to show understanding during these difficult times. I want to assure them of the Ministry's commitment to timely disbursement of resources as the fiscal situation improves.

85. I would like to express my sincere gratitude to the two Deputy Ministers of Finance for their support in providing good leadership to the Ministry of Finance. These two colleagues have also been very instrumental in the resource mobilisation drive of the Ministry.

86. Let me also appreciate the Financial Secretary and the Principal Deputy Financial Secretary for complementing my efforts in instilling fiscal discipline in economic management, and for the effective execution of the budget during these challenging times. The Chief Economist, Directors and staff of the Ministry of Finance are also appreciated for supporting me in crafting and implementing economic policies and programmes, including this Supplementary Budget Policy Statement.

87. The Governor, Deputy Governor, management and staff of the Bank of Sierra Leone have been very cooperative in the coordination of economic policies and particularly in rolling out one of the key programmes of the QAERP, which is the Le500 billion Special Credit Facility that has ensured uninterrupted supply of essential goods in the market. The Commissioner-General of the National Revenue Authority and his staff have done extremely well in domestic revenue collection in the midst of weak economic activity engendered by COVID-19.

88. Mr. Speaker, Honourable Members, I would like to commend the House of Parliament including the Clerk and his Staff for the usual bi-partisan manner in handling economic and fiscal management matters brought to this Noble House for consideration, approval and ratification. I am sure this Supplementary Budget will be accorded similar treatment.

89. The Government Printer and staff, as always, rose to the occasion and printed the Supplementary Budget Statement and annexes on time.

90. Mr. Speaker, Honourable Members, I would like to express my profound gratitude and appreciation to our development partners especially the IMF, World Bank, European Union, African Development Bank, United Kingdom Department for International Support (DfID), ECOWAS Bank for Investment and Development (EBID) Islamic Development Bank, the Governments of USA, China, Ireland, Canada and the UN Family for their unflinching support during this challenging COVID-19 period. They have demonstrated true partnership by standing by us when they are needed most.

91. Mr. Speaker, Honourable Members, I want to assure this noble House that the resources provided by our development partners combined with our domestic revenues will be utilised effectively to minimise the adverse impact of COVID-19 on the people of Sierra Leone through **saving lives and protecting livelihoods**. The policies, programmes and projects articulated in this Supplementary Budget seek to achieve these twin objectives while laying the basis for building a resilient economy in the post COVID-19 recovery period.

92. I therefore commend this Supplementary Budget to the House.

BUDGET PROFILE

GOVERNMENT OF SIERRA LEONE
ANNEX 1-REVISED BUDGET PROFILE FOR FY2020

In Millions of Leones (Le'm)

PARTICULARS	FY2019		FY2020		FY2020		FY2020		FY2020		FY2020	
	Actual Q1 - 4 Jan - Dec	% of GDP	Original Budget Q1 - 4 Jan - Dec	% of GDP	Estimate Q1 - 2 Jan - Jun	% of GDP	Revised Budget Q1 - Q4 Jan - Dec	% of GDP	Suppl'tary Q1 - Q4 Jan - Dec	% of GDP	% of GDP	
Lending minus Repayment	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%	
OVERALL DEFICIT/SURPLUS (-) (+) (on commitment basis) including grants excluding grants	(1,041,303) (2,224,892)	-2.8% -5.9%	(1,383,304) (3,148,464)	-3.3% -7.6%	(1,567,646) (1,899,858)	-3.8% -4.6%	(2,496,332) (5,453,087)	-6.0% -13.2%	(1,113,029) (2,304,623)	-2.7% -5.6%	-2.7%	
domestic primary balance	(172,804)	-0.5%	156,200	0.4%	(525,092)	-1.3%	(2,100,583)	-5.1%	(2,256,782)	-5.5%	-5.5%	
Contingency Expenditure:	(65,053)	0.0%	(3,760)	0.0%	(6,268)	0.0%	(58,800)	-0.1%	(55,040)	-0.1%	-0.1%	
Contingency Fund	0	0.0%	(1,880)	0.0%	(354)	0.0%	(19,800)	0.0%	(17,920)	0.0%	0.0%	
Special Presidential Warrants	(351)	0.0%	(940)	0.0%	(2,557)	0.0%	(10,000)	0.0%	(9,060)	0.0%	0.0%	
Unallocated Expenditures	(64,702)	-0.2%	(940)	0.0%	(3,357)	0.0%	(29,000)	-0.1%	(28,060)	-0.1%	-0.1%	
Change in Arrears:	(207,926)	-0.6%	(266,000)	-0.6%	(117,105)	-0.3%	(266,000)	-0.6%	-	0.0%	0.0%	
Domestic Suppliers (Incl. outstanding commitments of previous year)	(174,816)	-0.5%	(266,000)	-0.6%	(114,713)	-0.3%	(266,000)	-0.6%	-	0.0%	0.0%	
Govt. Arrears to Parastatals	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%	
Wages Arrears 3/	(33,110)	-0.1%	0	0.0%	(2,392)	0.0%	0	0.0%	0	0.0%	0.0%	
OVERALL DEFICIT (CASH BASIS)	(1,249,229)	-3.3%	(1,383,304)	-3.3%	(1,567,646)	-3.8%	(2,496,332)	-6.0%	(1,113,029)	-2.7%	-2.7%	
Including grants	1,249,229	4.0%	1,383,304	3.3%	1,567,646	3.8%	2,496,332	6.0%	1,113,029	2.7%	2.7%	
TOTAL FINANCING												
Foreign	282,335	0.8%	509,374	1.2%	260,733	0.6%	500,279	1.2%	(9,095)	0.0%	0.0%	
Borrowing (Loans)	634,341	1.7%	1,078,465	2.6%	453,402	1.1%	1,078,465	2.6%	0	0.0%	0.0%	
Projects	634,341	1.7%	1,078,465	2.6%	453,402	1.1%	1,078,465	2.6%	0	0.0%	0.0%	
Programme/Budget	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%	
External Debt Amortisation	(352,006)	-0.9%	(569,091)	-1.4%	(192,669)	-0.5%	(578,186)	-1.4%	(9,095)	0.0%	0.0%	
Domestic Financing 2/	729,572	2.6%	873,930	2.1%	1,554,225	3.8%	2,278,262	5.5%	1,404,332	3.4%	3.4%	
Bank	949,742	3.2%	1,220,622	2.9%	1,973,454	4.8%	2,538,891	6.1%	1,318,269	3.2%	3.2%	
Central Bank	171,746	1.1%	(103,618)	-0.3%	1,431,226	3.5%	1,598,888	3.9%	1,702,506	4.1%	4.1%	
IMF SDR On-lending	123,259	0.3%	(116,000)	-0.3%	(18,171)	0.0%	(120,008)	-0.3%	(4,008)	0.0%	0.0%	
IMF RCF - COVID Response	0	0.0%	-	0.0%	1,392,812	3.4%	1,529,589	3.7%	1,529,589	3.7%	3.7%	
G20 Debt Relief	0	0.0%	-	0.0%	0	0.0%	103,938	0.3%	103,938	0.3%	0.3%	
Road Contractors' Bonds	0	0.0%	(212,000)	-0.5%	0	0.0%	-	0.0%	212,000	0.5%	0.5%	
Principal Repayment of Audited Arrears	0	0.0%	(19,000)	0.0%	0	0.0%	-	0.0%	19,000	0.0%	0.0%	
Ways and Means Advances	117,169	0.3%	47,550	0.1%	(81,846)	-0.2%	(110,463)	-0.3%	(158,012)	-0.4%	-0.4%	
Securities	178,337	0.5%	195,832	0.5%	(111,569)	-0.3%	195,832	0.5%	0	0.0%	0.0%	
Budget Support Bridge Financing - IMF (\$25' m)	(247,019)	-0.7%	0	0.0%	250,000	0.6%	0	0.0%	0	0.0%	0.0%	
Commercial Banks	777,996	2.1%	1,324,241	3.2%	542,228	1.3%	940,004	2.3%	(384,237)	-0.9%	-0.9%	
Non-Bank	(220,170)	-0.6%	(346,693)	-0.8%	(419,228)	-1.0%	(260,630)	-0.6%	86,063	0.2%	0.2%	
Government Securities	(76,530)	-0.2%	(346,693)	-0.8%	14,601	0.0%	(19,380)	0.0%	327,313	0.8%	0.8%	
Principal Repayment of Domestic Bonds/Audited Arrears	(143,640)	-0.4%	0	0.0%	(314,448)	-0.8%	(241,250)	-0.6%	(241,250)	-0.6%	-0.6%	
Float	237,323	0.6%	0	0.0%	(247,312)	-0.6%	(282,208)	-0.7%	(282,208)	-0.7%	-0.7%	

GOVERNMENT OF SIERRA LEONE
ANNEX 1-REVISED BUDGET PROFILE FOR FY2020

In Millions of Leones (Le'm)

PARTICULARS	FY2019	FY2020	FY2020	FY2020	FY2020	FY2020	FY2020	FY2020		
	Actual Q1 - 4 Jan - Dec	% of GDP	Original Budget Q1 - 4 Jan - Dec	% of GDP	Estimate Q1- 2 Jan - Jun	% of GDP	Revised Budget Q1 - Q4 Jan - Dec	% of GDP	Suppl'tary Q1 - Q4 Jan - Dec	
<i>o/w:</i> Cheques Payable	175,852	0.5%	0	0.0%	(42,815)	-0.1%	0	0.0%	0	0.0%
Movements in Cheques on Hold at BSL and AGD at end of period	65,813	0.2%	0	0.0%	30,031	0.1%	0	0.0%	0	0.0%
Clearance of Pre Apr 2018 Crystallized Cheques	0	0.0%	0	0.0%	(125,970)	-0.3%	(136,362)	-0.3%	(136,362)	-0.3%
Clearance of Post Apr 2018 - End Dec 2018 Crystallized Cheques	0	0.0%	0	0.0%	(2,500)	0.0%	(3,000)	0.0%	(3,000)	0.0%
Clearance of End Dec 2019 Crystallized Cheques	0	0.0%	0	0.0%	(96,225)	-0.2%	(142,846)	-0.3%	(142,846)	-0.3%
Unaccounted	(4,342)	0.0%	0	0.0%	(9,834)	0.0%	(0)	0.0%	(0)	0.0%
Financing Gap	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Financing Gap (US\$m)	(0.5)		0.0		(0.9)		(0.0)		(0.0)	
Memorandum Items:										
Free Education Programme	275,374	0.7%	18,430	0.0%	78,840	0.2%	36,495	0.1%	18,065	0.0%
Energy Subsidies(Incl. Fuel)	122,107	0.3%	124,153	0.3%	166,465	0.4%	124,153	0.3%	0	0.0%
Public Debt Charges	1,337,596	3.6%	1,794,129	4.3%	787,288	1.9%	1,838,718	4.4%	44,589	0.1%
<i>o/w</i> External Debt Payments (incl. HIPC Debt Relief)	451,964	1.2%	689,608	1.7%	247,369	0.6%	734,197	1.8%	44,589	0.1%
External Budgetary Support (excl. Debt Relief)	744,857		1,030,000		119,381		1,966,284		936,284	
Nominal GDP Figure (excluding Iron Ore)	37,587,000	100.0%	41,400,000	100.0%	41,400,000	100.0%	41,400,000	100.0%	41,400,000	100.0%
Poverty Related Expenditure	1,700,329		1,652,000		696,043		1,652,000			
Exchange Rate Le/US\$	9,161		10,510		10,659		10,717		10,717	

1/ Domestic revenue less total expenditure and net lending, excluding interest payments and externally financed capital expenditure

2/ Fiscal Targets

3/ Wages arrears - this is usual provision made to reduce stock of wage arrears.

4/ External Budgetary Support -FY2020 Baseline provides for only US\$60 million from the World Bank whilst Optimistic provides for the full US\$100 million

GOVERNMENT OF SIERRA LEONE

ANNEX 2: UTILIZATION OF ADDITIONAL RESOURCES BY PROJECTS AND PROGRAMMES (INCLUDING COVID-19 RESPONSE) JUL-DEC 2020

In Millions of Leones (Le'm)

	FY 2020 Revised Budget Q3-Q4 Jul-Dec	FY 2020 Revised Budget Q3 Jul-Sep	FY 2020 Revised Budget Q4 Oct-Dec
Details			
Total Revenue and Grant	7,112,870	4,290,195	2,822,675
Domestic Revenue Projection (Jul-Dec) o/w Domestic Financing	3,426,701 446,261	952,157 -	2,474,544 446,261
External Donors Budgetary Support	3,686,169	3,338,038	348,131
European Union	282,526	107,846	174,680
Fixed Tranche \$11.2m	107,846	107,846	0
Variable Tranche - \$16.3m	174,680	-	174,680
World Bank - \$145.14m	1,421,019	1,421,019	0
Programmed - \$60m	642,995	642,995	0
Additional Budget Support - \$47.6m	510,109	510,109	0
Regional Energy Budget Support - \$25m	267,914	267,914	0
African Dev. Bank - \$24.48m	262,342	262,342	0
Programmed - \$14m	150,032	150,032	0
Additional Budget Support (Direct COVID Response) - \$10.48m	112,310	112,310	0
IMF CCR - \$1m	1,616,345	1,494,863	121,482
CCRT Debt Relief - \$22.67m	242,964	121,482	121,482
RCF - COVID Response - \$142.73m	1,373,381	1,373,381	0
G20 Debt Relief	103,938	51,969	51,969
Debt Relief - \$9.7 m	103,938	51,969	51,969
Proposed Utilization:	7,112,870	4,290,195	2,822,675
1. Statutory Transfers	3,192,985	2,004,369	1,188,615
a. Salaries Jul - Dec (Ring Fenced Two Months Salaries)	1,667,443	952,824	714,618
b. Outstanding NASSIT Contributions for March and April, 2020	48,296	48,296	0
c. Balance 50% Gratuity Payment to Ex-Ministers	36,214	36,214	0
d. Debt Service Payments (Jul - Dec)	897,032	423,035	473,997
e. Repayment of Bridge Financing	544,000	544,000	0
i) International Monetary Fund (IMF) - \$25m	250,000	250,000	0
ii) World Bank - \$25m	250,000	250,000	0
iii) BSL Advances	44,000	44,000	0
2. COVID - 19 Response Expenditures	607,108	289,614	317,494
a. Health Response Plan	200,000	100,000	100,000
i. GoSL Contribution to Operations of the EOC for COVID - 19 (\$20m)	200,000	100,000	100,000
b. Health Systems Strengthening	108,777	37,948	70,829
i. Ambulance Operations	26,576	13,288	13,288
ii. 20 Hospitals Mortuary Services (\$1,640,000)	16,400	4,920	11,480
iii. 18 Hospitals Laboratory and X-Ray Services (\$6,580,127)	50,801	15,240	35,561
iv. Rehabilitation of District Hospitals	15,000	4,500	10,500

GOVERNMENT OF SIERRA LEONE

ANNEX 2: UTILIZATION OF ADDITIONAL RESOURCES BY PROJECTS AND PROGRAMMES (INCLUDING COVID-19 RESPONSE) JUL-DEC 2020

In Millions of Leones (Le'm)

Details	FY 2020	FY 2020	FY 2020
	Revised Budget Q3-Q4 Jul-Dec	Revised Budget Q3 Jul-Sep	Revised Budget Q4 Oct-Dec
c. OAERP Activities	298,330	151,665	146,665
a. SME's Support (Facility and Micro Finance)	50,000	20,000	30,000
b. Social Safety Nets	55,000	35,000	20,000
i. Cash Transfer and Food Assistance	20,000	10,000	10,000
ii. Bailout to SOE's	20,000	20,000	0
iii. Support to Tourism Sector (Hotels)	15,000	5,000	10,000
c. Agriculture	90,680	45,340	45,340
o/w Food Production (Le190,513.1m)	70,680	35,340	35,340
d. Labour Intensive Public Works (Roads) - Le342,168m	102,650	51,325	51,325
3. FY2020 Budget Priorities	1,768,787	1,189,344	579,442
a. Repayment of Crystallized Arrears	368,208	368,208	0
i) Pre-April 2018 Audited Crystallized Cheques	249,000	249,000	0
ii) Current (Post-April FY2018 - April 2020)	119,208	119,208	0
a) FY2018	3,000	3,000	0
b) FY2019	116,208	116,208	0
b FY2020 Current Cheques	107,313	107,313	0
c. Repayment of Uncrystallized Arrears (10% Option - \$18m)	180,000	180,000	0
d. Obligations on the Free Quality Education Programme	284,756	116,367	168,388
1. Outstanding	115,867	115,867	0
i) Second Term School Fees 2019/20	42,888	42,888	0
ii) Third Term School Fees 2019/20	42,888	42,888	0
iii) Teaching and Learning Materials	22,000	22,000	0
iv) Diet for Boarding Home Schools	8,091	8,091	0
v) Core Text Books	43,869	43,869	0
2. Future	167,888	0	167,888
i) First Term School Fees 2020/21	42,888	0	42,888
ii) Teaching and Learning Materials	120,000	0	120,000
iii) Diet for Boarding Home Schools	5,000	0	5,000
3. Construction of Kono University	1,000	500	500
e. Completion of Critical Roads Project	460,488	271,049	189,439
1) Outstanding (On-going MOUs)	261,633	188,568	73,066
i) Hill Side Bye-Pass Road	49,605	49,605	0
ii) Lumley - Tokeh (\$1.3m + Le37,252.9 m)	53,255	53,255	0
iii) Township Roads Freetown West	37,797	22,055	15,742
iv) Township Roads - Kenema and Bonthe	72,648	36,324	36,324
v) Township Roads - Bo	18,329	18,329	0
vi) Spot Improvement - Kabala and Krubula	30,000	9,000	21,000

GOVERNMENT OF SIERRA LEONE

ANNEX 2: UTILIZATION OF ADDITIONAL RESOURCES BY PROJECTS AND PROGRAMMES (INCLUDING COVID-19 RESPONSE) JUL-DEC 2020

In Millions of Leones (Le'm)

Details	FY 2020	FY 2020	FY 2020
	Revised Budget Q3-Q4 Jul-Dec	Revised Budget Q3 Jul-Sep	Revised Budget Q4 Oct-Dec
2) Future	198,855	82,481	116,373
i) City & Provincial Township Roads Lot 2 - Central Freetown	30,213	9,064	21,149
ii) City & Provincial Township Roads Lot 1 - Eastern Freetown	32,804	9,841	22,963
iii) City & Provincial Township Roads - Western Freetown	21,612	6,484	15,129
iv) City & Provincial Township Roads - Waterloo Township Roads	19,713	5,914	13,799
v) Taiama - Njala University Road	9,762	2,929	6,833
vi) Bo Township Roads	15,000	4,500	10,500
vii) Bonthe Township Roads	15,000	4,500	10,500
viii) Kenema Township Roads	15,000	4,500	10,500
ix) Kailahun Township Roads	12,000	12,000	0
x) Matruu Township Roads	9,000	9,000	0
xi) Yifin Bridge	3,750	3,750	0
xii) Bandajuma - Pujehun Road	10,000	10,000	0
xiii) Bo - Tikonko	5,000	-	5,000
f. Energy	172,000	77,600	94,400
i. Districts Electrification Project (6 Towns)	42,000	12,600	29,400
ii Subsidies to IPPs - \$10m	100,000	50,000	50,000
iii.Repair of Government Owned Power Plants	30,000	15,000	15,000
g. Water Supply Projects	146,022	43,807	102,215
i) Districts Water Supply Projects - SALWACO	146,022	43,807	102,215
ii) Freetown Improvement Water Supply Project - Guma	17,100	5,130	11,970
h. Re-forestation	50,000	25,000	25,000
i. Tree Planting	45,000	22,500	22,500
ii. Support to National Protected Area Authority	5,000	2,500	2,500
4. FY2020 Off - Budget Priorities	20,000	20,000	0
a. Military	20,000	20,000	0
i) Reconstruction/Rehabilitation of Military Forward Patrol Bases	10,000	10,000	0
ii) Provision of Equipment for RSLAF Engineering Unit	10,000	10,000	0
5. Others	1,523,991	786,867	737,124
i) MDAs Goods and Services Allocations (Jul - Dec)	570,984	274,992	295,992
ii) TSA Transfers (Jul - Dec)	224,819	118,581	106,238
iii) Subvention to Tertiary Institutions (Apr - Dec)	63,721	40,704	23,017
iv) Transfers to Local Councils (Jan - Dec)	113,183	81,496	31,687
v) Public Investment Financing (Jul - Dec)	551,284	271,093	280,190
Financing Gap	0	0	0

GOVERNMENT OF SIERRA LEONE

ANNEX 3: ANALYSIS OF PRIORITY SECTOR SPENDING FY2020 REVISED BUDGET

In Millions of Leones (Le'm)

Particulars	FY 2020 Revised Budget	% of Revised Budget
Primary Revised Budget Expenditures	8,047,670	100.0%
Wages and Salaries	3,338,817	41.5%
Non-Salary, non-interest Recurrent Expenditures	2,249,950	28.0%
Domestic Capital Expenditures	1,776,402	22.1%
Contingency Expenditures	134,293	1.7%
Clearance of Arrears	548,208	6.8%
Priority Sector Expenditure Programmes	4,707,440	58.5%
Covid-19 Response (QAERP Activities)	305,000	3.8%
Human Capital Development	3,133,460	38.9%
Health	881,617	11.0%
Education	1,772,336	22.0%
Agriculture	479,508	6.0%
Infrastructure	720,771	9.0%
Roads	415,855	5.2%
Energy	114,153	1.4%
Water	190,764	2.4%
Arrears Clearance	548,208	6.8%

GOVERNMENT OF SIERRA LEONE
ANNEX 4 – FY2020 Supplementary Recurrent and Development Expenditure Estimates

ACCOUNT CODE	DETAILS	FY2020 JUL - DEC
PERSONNEL EMOLUMENT		
101 - 701 Various Ministries, Departments and Agencies	Salaries and Wages	164,340,929,400
Sub-Total		<u>164,340,929,400</u>
TOTAL PERSONNEL EMOLUMENT		<u>164,340,929,400</u>
OTHER RECURRENT EXPENDITURE		
406 - Ministry of Energy	Refurbishment of Government Owned Power Plants	30,000,000,000
Sub-Total		<u>30,000,000,000</u>
TOTAL OTHER RECURRENT EXPENDITURE		<u>30,000,000,000</u>
DOMESTIC FINANCED PROJECT (PIP)		
129 - Ministry of Finance	Social Safety Nets - Bailout to State Owned Enterprises	20,000,000,000
Sub-Total		<u>20,000,000,000</u>
201 - Ministry of Defence	Reconstruction of Forward Patrol Bases and Equipments for Engineering Unit	13,000,000,000
Sub-Total		<u>13,000,000,000</u>
301 - Ministry of Basic and Senior Secondary Education	Teaching and Learning Materials	37,278,613,400
3010101-000-10110271-00000-2721	First Term School Fees 2020/21 Subsidies	42,888,440,000
3010101-000-10110272-00000-2721	Diet for Boarding Home Schools	5,000,000,000
Sub-Total		<u>85,167,053,400</u>
304 - Ministry of Health and Sanitation	Construction/Rehabilitation of Mortuary Services to Twenty (20) Hospitals	16,400,000,000
3040101-000-10330185-00000-2721	Rehabilitation of Laboratory and X-Ray Services to Eighteen (18) Hospitals	50,801,270,000
3040101-000-10330185-00000-2721	Rehabilitation of District Hospitals	15,000,000,000
3040101-000-10330191-00000-2721	Ambulance Operations	26,575,860,000
Sub-Total		<u>108,777,130,000</u>
308 - National Commission for Social Action	Social Safety Nets - Cash Transfers and Food Assistance	12,000,000,000
Sub-Total		<u>12,000,000,000</u>
318 - Ministry of Environment	Tree Planting	33,000,000,000
Sub-Total		<u>33,000,000,000</u>
401 - Ministry of Agriculture and Forestry	Food Production	3,028,966,700
4010101-000-20150296-00000-2721	Support to Agriculture/COVID - 19 Response	20,000,000,000
Sub-Total		<u>23,028,966,700</u>
405 - Ministry of Tourism	Social Safety Nets - Support to Tourism/Hotels	20,000,000,000
4050101-000-10510172-00000-2721		<u>20,000,000,000</u>
Sub-Total		<u>20,000,000,000</u>
406 - Ministry of Energy	Districts Electrification Project	126,021,754,400
4060101-000-30110171-00000-2721		<u>126,021,754,400</u>

GOVERNMENT OF SIERRA LEONE
ANNEX 4 – FY2020 Supplementary Recurrent and Development Expenditure Estimates

ACCOUNT CODE	DETAILS	FY2020 JUL - DEC
Sub-Total		<u>126,021,754,400</u>
408 - Ministry of Works and Public Assets		
4080101-000-30230371-00000-2721	Construction of Township Roads	168,854,553,400
4080101-000-30230380-00000-2721	Labour Intensive Public Works/Spots Improvement	30,000,000,000
Sub-Total		<u>198,854,553,400</u>
409 - Ministry of Trade and Industry		
4090101-000-30270272-00000-2721	Support to Small and Medium Enterprises (Micro-Finance)	29,000,000,000
Sub-Total		<u>29,000,000,000</u>
410 - National Protected Area Authority		
4100101-000-70210172-00000-2721	Re-afforestation support to National Protected Area Authority	5,000,000,000
Sub-Total		<u>5,000,000,000</u>
414 - Ministry of Water Resources		
4140101-000-30310173-00000-2721	Water Supply Projects - SALWACO	125,021,754,400
4140101-000-30310173-00000-2721	Freetown Improvement Water Supply Project - GUMA	17,100,000,000
Sub-Total		<u>142,121,754,401</u>
TOTAL DOMESTIC FINANCED PROJECT (PIP)		<u>815,971,212,300</u>
CHANGE IN ARREARS		
509 - Change in Arrears		
5090101-000-40340112-00000-2395	Clearance of Verified Audited Arrears	282,208,000,000
Sub-Total		<u>282,208,000,000</u>
TOTAL CHANGE IN ARREARS		<u>282,208,000,000</u>
PUBLIC DEBT CHARGES		
602 - External Debt Service Payment		
6020101-000-40340144-00000-2513	Interests to International Organizations	35,494,158,900
6020102-000-40340146-00000-2819	Loans Amortization from International Organizations	9,094,849,200
Sub-Total		<u>44,589,008,100</u>
TOTAL PUBLIC DEBT CHARGES		<u>44,589,008,100</u>
CONTINGENCY EXPENDITURE		
610 - Contingency Fund		
6100101-000-40340126-00000-2292	Transfers to National Corona Virus Response Emergency Centre (NACOVERC)	275,492,742,200
6100101-000-40340126-00000-2292	Contingency Fund (S36 PFM Act 2016)	55,040,000,000
Sub-Total		<u>330,532,742,200</u>
CONTINGENCY EXPENDITURE		<u>330,532,742,200</u>
GRAND TOTAL		<u>1,667,641,892,000</u>