



*OAU DRIVE, TOWER HILL, FREETOWN*

# **PARLIAMENTARY DEBATES**

**[HANSARD]**

---

**OFFICIAL HANSARD REPORT**

**THIRD SESSION –FIRST MEETING**

**FRIDAY, 19<sup>TH</sup> NOVEMBER, 2021**

*SESSION – 2020/2021*



*OAU DRIVE, TOWER HILL, FREETOWN*

# **PARLIAMETARY DEBATES**

**[HANSARD]**

---

**OFFICIAL HANSARD REPORT**

**VOLUME: I**

**NUMBER: 28**

---

First Meeting of the Third Session of the Fifth Parliament  
of the Second Republic of Sierra Leone.

Proceedings of the Sitting of the House  
Held Friday, 19<sup>th</sup> November, 2021.

---

# **CONTENTS**

## **I. PRAYERS**

## **II. RECORD OF VOTES AND PROCEEDINGS FOR THE PARLIAMENTARY SITTING HELD ON Wednesday 17<sup>th</sup> NOVEMBER, 2021**

## **III. BILL**

THE APPROPRIATION ACT 2022”

BEING AN ACT TO AUTHORISE EXPENDITURE FROM THE CONSOLIDATED REVENUE FUND, FOR THE SERVICE OF SIERRA LEONE FOR 2022 AND FOR OTHER RELATED MATTERS

INTRODUCTION AND FIRST READING

THE MINISTER OF FINANCE



*THE CHAMBER OF PARLIAMENT OF THE REPUBLIC OF SIERRA LEONE*

## **Official Hansard Report of the Proceedings of the House**

---

### **THIRD SESSION – FIRST MEETING OF THE FIFTH PARLIAMENT OF THE SECOND REPUBLIC**

---

**Friday, 19<sup>th</sup> November, 2021.**

#### **I. PRAYERS**

*[The Table Clerk, Mrs Bintu Weston, Read the Prayers]*

*[The House met at 10:15 a.m. in Parliament Building, Tower Hill, Freetown]*

*[The Deputy Speaker, Hon. Segepoh Solomon Thomas, in the Chair]*

The House was called to Order

COMMUNICATION FROM THE CHAIR

**II. CORRECTION OF VOTES AND PROCEEDINGS FOR THE PARLIAMENTARY SITTING HELD ON WEDNESDAY, 17<sup>TH</sup> NOVEMBER, 2021**

**THE SPEAKER:** Honourable Members, we go through the record of Votes and Proceedings for the parliamentary sitting held on Wednesday, 17<sup>th</sup> November, 2021. As usual, we shall Pages 1, 2, 3 and 4 and start with Page 5. Page 5? Page 6? Page 7? Page 8? Page 9? Page 10? Page 11? Page 12? If there is no correction or amendment, can someone move for the adoption of the record of Votes and Proceedings for the parliamentary sitting held on Wednesday, 17<sup>th</sup> November, 2021 as presented?

**HON. BRIMA MANSARAY:** I so move, Mr Speaker.

**THE SPEAKER:** Any seconder?

**HON. ALPHA A. BAH:** I so second, Mr Speaker.

*[Question Proposed, Put and Agreed To]*

*[Record of Votes and Proceedings for the parliamentary sitting held on Wednesday 17<sup>th</sup> November, 2021 has been adopted as presented]*

**III. ANNOUNCEMENT BY MR SPEAKER**

**HON. MATHEW S NYUMA [*Leader of Government Business*]:** I want to remind this House, the Ministry of Finance and the Bank Governor about the Statutory Instrument that was laid here, which is Statutory Instrument No.14 of 2021, published on the 11<sup>th</sup> November, 2021, Bank of Sierra Leone Act No. 5 of 2019, re-denomination of the Leone characteristics regulations 2021. I am sure a Motion was moved by our colleagues on the other side to debate this Statutory Instrument. They quoted the relevant provisions in the Standing Orders and the 1991 Constitution. They said we should first of all debate the Statutory Instrument, but we agreed to have a consultation based on the importance of the document that was laid. So, we asked the Bank Governor, through the Ministry of Finance, for more sensitisation. The problem we

have now is that we do not have enough sensitisation of that document. They need to inform the public and we have advanced reasons why they have to do so. We do not want criminals to use this period as a period to defraud the people. This is because if the people are not properly sensitised, they will be defrauded. So, we have asked them to do the needful and they agreed to do that, Mr Speaker. The Minister was here and we even asked for all the documents to be provided to Members for our consumption. The Leader of the Opposition reiterated the point that this is the first time he quoted 1964 and also the first time he remembered when the currency was redenominated. Therefore, they need to follow the ruling that was made by Mr Speaker and the request we made in line with the public awareness campaign.

Mr Speaker, Honourable Members, the meeting being scheduled for Monday is to enable Honourable Members to understand the redenomination process. We are expecting the Bank Governor and his professional team to be here on Monday with the Ministry of Finance. However, we have not received the documents yet. Thank you very much.

**THE SPEAKER:** I am sure the Minister of Finance and the Bank Governor are all here. The announcement by the Leader of Government Business is enough notification for the meeting on Monday.

**HON. CHERNOR R.M BAH:** I agree with the Leader of Government Business. We were however expecting the documents today because we requested for them on Wednesday.

**THE SPEAKER:** Noted, Honourable Member.

#### **IV. BILL**

THE APPROPRIATION ACT 2022

BEING AN ACT TO AUTHORISE EXPENDITURE FROM THE CONSOLIDATED REVENUE FUND, FOR THE SERVICE OF SIERRA LEONE FOR 2022 AND FOR OTHER RELATED MATTERS

## INTRODUCTION AND FIRST READING

### THE MINISTER OF FINANCE

**THE MINISTER OF FINANCE:** Mr Speaker, Honourable Members, I move that the Bill entitled "The Appropriation Act, 2022" be read the first time"

#### **I. Introduction**

2. Mr Speaker, Honourable Members, since assumption of office in April 2018, Government has been implementing policies, programmes, and projects to address the challenges facing the country as articulated in the Medium-Term National Development Plan. However, due to many competing priorities, adverse external shocks, limited fiscal space, and given technical constraints, not all our commitments are complete. In addition, emerging challenges, including rising food poverty, natural disasters and climate change related risks, have led to the loss of lives and livelihoods and now deserve our attention. The recent national disaster of the fuel tanker explosion at PMB Wellington has further exacerbated the loss of lives and livelihoods.

3. It is, therefore, crucial to consolidate our programmes and intensify budget implementation to address food insecurity, strengthen systems to adapt and respond to climate change and natural disasters. This will also involve enhancing social protection measures, deepening human capital development, improving infrastructure as well as stabilising the economy.

4. Mr Speaker, Honourable Members, in addition to ensuring a stable macro economy, we will accelerate the implementation of budget efficiency measures to create the fiscal space to address these critical challenges. Thus, the theme of the 2022 Budget is: Building Resilience for Inclusive Green Recovery.

5. Mr Speaker, Honourable Members, I will now turn to developments in the regional and global economies and implications for Sierra Leone.

## **II. Global and Regional Economic Developments and Outlook**

6. Mr Speaker, Honourable Members, according to the October edition of the World Economic Outlook [WEO] published by the International Monetary Fund (IMF), the global economy is projected to grow by 5.9 percent in 2021 and moderate to 4.9 percent in 2022.

7. In advanced economies, economic recovery remains strong, underpinned by robust policy support and steady progress in COVID-19 vaccination. Consequently, economic activities in these economies are projected to grow by 5.2 percent in 2021 and to gradually return to an average of 3.0 percent over the medium-term.

8. China's economy is projected to grow by 8.0 percent in 2021 and to moderate to 5.6 percent in 2022. The sharp drop in industrial production and slowdown in public investment and consumer spending continue to put pressure on economic activities in China.

9. In Sub-Saharan Africa, limited fiscal spaces for policy support and slow progress in vaccination have slowed down the recovery. Growth in Sub-Saharan Africa is projected to reach 3.7 percent in 2021 and increase slightly to 3.8 percent in 2022.

10. Mr Speaker, the risks to the global economic recovery include the emergence of highly infectious variants of COVID-19, limited availability of vaccines in developing countries, supply chain disruptions, and rising energy and food prices.

11. Mr Speaker, Honourable Members, supply chain difficulties have led to a surge in prices of essential commodities. Brent crude oil prices increased by almost 67 percent to US\$73 a barrel in September 2021. Energy prices are projected to remain high for the rest of the year and in early 2022. Global food prices have also hit the highest level in a decade after rising by more than 30 percent this year, causing increasing hardship across the developing world. The price of rice rose from an average of US\$309 per tonne in 2019 to US\$519 in early 2021 before moderating to US\$396 in September 2021.



12. Mr Speaker, Honourable members, let me now turn to economic developments in Sierra Leone in 2021 and the outlook for the medium-term.

### **III. Macroeconomic and Budgetary Performance in 2021 Macroeconomic Performance**

13. Mr Speaker, Honourable Members, preliminary data for the first three quarters of the year indicate that the economy is recovering from the contraction in 2020. Increased agricultural activities following the implementation of the policy shift in agriculture that saw greater private sector participation in the input market contributed largely to the recovery of the economy. The resumption of iron ore mining, increase in construction and manufacturing activities, recovery in trade, transport and tourism sectors also contributed to the recovery of the economy. Thus, the economy is projected to record a positive growth rate of 2.9 percent in 2021 compared to the contraction of 2.0 percent in 2020.

14. Mr Speaker, Honourable Members, the developments in the global economy are already impacting domestic macroeconomic performance. After falling to single digit of 8.9 percent in March 2021, for the first time in six years, inflation subsequently rose gradually, reaching 11.3 percent in September 2021. This is attributed to rising fuel and food prices, sharp increases in shipping costs, combined with the recent depreciation of the Leone and the resulting pass through effects on domestic prices.

15. Mr Speaker, Honourable Members, total exports increased to US\$301 million during the first half of 2021 from US\$194 million during the same period in 2020 but yet to return to pre-pandemic levels. Mineral exports amounted to US\$245 million, accounting for 81.4 percent of total exports. Of the total mineral exports, diamonds amounted to US\$85 million; iron ore US\$68 million, rutile US\$63.6 million; bauxite US\$ 20 million, gold US\$3.1 million and other minerals US\$5.3 million. Agricultural exports amounted to US\$39.4 million.

16. Total imports increased to US\$983 million during the first half of 2021 from US\$ 693.8 million during the same period in 2020. The increase in imports was largely

driven by higher imports of fuel and lubricants, chemicals, machinery and transport equipment, reflecting the recovery in economic activities. Food imports declined by 17.4 percent during the first half of 2021 relative to the same period in 2020.

17. The trade deficit widened to US\$682 million in the first half of 2021 from US\$399 million in the corresponding period in 2020 due to the sharp increase in imports which outweighed the increase in exports.

18. Gross foreign reserves of the Bank of Sierra Leone increased to US\$695.0 million, the equivalent of 4.6 months of imports as at end June 2021 from US\$653.8 million as at end June 2020, mainly due to the disbursement of balance of payments support by the International Monetary Fund [IMF] and budget support by the World Bank. Consequently, despite the widening trade deficit, the exchange rate of the Leone to the US Dollar remained relatively stable during the first half of 2021. However, the exchange rate depreciated in the third quarter of the year, reflecting the usual seasonal pattern and speculative behaviour in response to the proposed redenomination of the Leone.

19. Mr Speaker, Honourable Members, total public debt is estimated at US\$3.1 billion as at end June 2021 compared to US\$3.0 billion as at end December 2020. Of this, external debt is estimated at US\$2.0 billion [47 percent of GDP] and domestic debt at US\$1.1 billion [28 percent of GDP], including the verified stock of domestic arrears estimated at US\$318.1 million. The increase in external debt reflects the disbursement of loans from multilateral creditors to support the implementation of projects in key sectors of the economy, including roads, energy, water, agriculture, health and education. Multilateral Creditors account for the bulk of the external debt stock.

### **Budgetary Performance**

20. Mr Speaker, Honourable Members, domestic revenue collected from January to September 2021 amounted to Le4.97 trillion. Of this, Income Taxes contributed Le1.84 trillion; Goods and Services Tax Le936.7 billion; Customs and Excise Duties Le1.04 trillion; Mining revenues Le230.6 billion; Royalty on fisheries Le58.8billion; Treasury Single Account [TSA] agencies Le312.2 billion; other MDAs Le56.0 billion and Road User

Charges Le158.7 billion. Total domestic revenue is projected to reach Le6.81 trillion [15.2 percent of GDP] by the end of 2021.

21. Improved performance in domestic revenue is attributed mainly to the recovery in economic activities, stricter enforcement of tax laws, as well as the roll-out of the Electronic Cash Register for the administration of GST and the Integrated Tax Administration System [ITAS] for the electronic registration, filing and payment of taxes.

22. Mr Speaker, Honourable Members, total grants received from development partners from January to September 2021 amounted to Le861.7 billion, of which, the regional energy budget support disbursed by the World Bank amounted to Le270.1 billion and project grants disbursed by several development partners amounted to Le591.6 billion. The World Bank is expected to disburse additional budget support of US\$75 million before the end of the year. Grants are expected to amount to Le2.04 trillion by the end of 2021.

23. Mr Speaker, Honourable Members, total expenditure and net lending for the period January to September 2021 amounted to Le8.71 trillion [19.5 percent of GDP]. Of this, recurrent expenditures amounted to Le6.22 trillion. Recurrent expenditures are estimated to increase to Le7.74 trillion by the end of the year.

24. Wages and Salaries amounted to Le2.88 trillion and are estimated to reach Le3.75 trillion by the end of the year. This will exceed the budgeted amount by Le82.4 billion, largely on account of the unbudgeted increase in salary and allowances paid to the tertiary educational institutions.

25. Goods and Services expenditure amounted to Le1.30 trillion and is estimated to reach Le1.36 trillion by the end of the year.

26. Subsidies and Transfers amounted to Le1.1 trillion in the first three quarters of 2021 and are estimated to increase to Le 1.38 trillion. Transfers to NACOVERC amounted to Le330.7 billion and are estimated to reach Le375 billion by the end of the year.

Transfers to Local Councils amounted to Le83 billion and are estimated to amount to Le102.2 billion by the end of the year.

27. Interest payments amounted to Le1.01 trillion of which interest on domestic debt amounted to Le914.8 billion. Total interest payments are estimated to reach Le1.28 trillion by the end of the year.

28. Mr Speaker, Honourable Members, capital expenditures incurred from January to September 2021 amounted to Le2.49 trillion. Of this, Government of Sierra Leone funding amounted to Le1.17 trillion. Projects funded by foreign loans and grants amounted to Le1.32 trillion. Capital expenditures are estimated to reach Le3.04 trillion on account of the expected disbursement of additional project grants in the fourth quarter of 2021.

29. The overall budget deficit, including grants, for the first three quarters of the year, is estimated at Le2.95 trillion. For the year as a whole, the deficit is estimated to decrease to Le1.61 trillion [3.8 percent of GDP]. Excluding grants, the deficit is estimated at Le3.74 trillion as at September 2021 and is expected to reach Le4.1trillion [9.1 percent of GDP] by the end of the year.

30. The overall deficit for 2021 is financed by borrowing from both external and domestic sources. Foreign Borrowing comprising project loans will amount to Le876 billion less principal repayments of Le611 billion, giving net foreign financing of Le265 billion. Domestic borrowing from the banking system comprises Le831.0 billion of Government securities sold to commercial banks; Le115.0 billion of Ways and Means Advances, and Le831.0 billion of IMF SDR resources on-lent to the budget. Government will repay the non-bank sector Le116 billion through the redemption of bonds issued to contractors in lieu of arrears.

#### **IV. Medium-Term Economic Outlook**

31. Mr Speaker, Honourable Members, as noted above, the medium term prospects for our economy are dependent on the duration of COVID-19, the rollout of vaccines and

the recovery of the global economy. At the moment, the economy is generally stable, but considerable uncertainty looms as COVID-19 lingers.

32. Mr Speaker, Honourable Members, the economy is projected to grow by 5.0 percent in 2022 and to average 4.7 percent during 2023 and 2024. Growth will be underpinned mainly by the resumption of iron ore mining at the Marampa Mines and continued increase in agricultural, construction and manufacturing activities. The expected recovery in tourism combined with efforts to improve the business environment will also contribute to the growth prospects.

33. Inflationary pressures are projected to moderate over the mediumterm, with inflation declining to single digit by end 2024. The projected decline in inflation will be supported by the expected stability in the exchange rate as exports increase. The usual proactive monetary policy stance of the Bank of Sierra Leone supported by fiscal consolidation will also help to contain inflationary pressures.

34. The current account deficit [including official grants] will narrow to 13.9 percent of GDP in 2022 and 11.2 percent of GDP in 2024 as exports grow.

35. The gross foreign exchange reserves are projected at 5.3 months of imports in 2022 and to average 4.5 months of imports during 2023 and 2024. The SDR resources allocated by the IMF is being used to shore up foreign reserves. The exchange rate is expected to move in line with the difference between inflation in Sierra Leone and our major trading partners.

36. Mr Speaker, Honourable Members, the main risks to the outlook of the Sierra Leone economy include [a] an unanticipated surge in COVID-19 cases in the midst of low vaccine uptake that will depress economic activities; [b] more than expected rise in international fuel and food prices and freight costs, which could increase inflationary pressures; and [c] drop in the prices of iron ore, beyond levels captured in our baseline forecasts. The price of iron ore fell from US\$214 per metric tonne at the end of 2020 to US\$123 per metric tonne in October 2021 due to the sharp drop in demand from China

and increase in supply from Australia. This may affect production in Sierra Leone with adverse implications for GDP, exports and domestic revenues.

## **V. Building Resilience for Inclusive Green Recovery**

37. Mr Speaker, Honourable Members, as indicated earlier in this statement, several policies, programmes and projects have been initiated since 2018. Some have been completed, while others are in progress. In recent times, we are faced with food security challenges exacerbated by rising global food prices due to supply-chain difficulties caused by COVID-19 as well as increased vulnerability to environmental disasters due to climate change. Given this situation, it is our determination to boost the resilience of the economy against these risks. Despite the challenging constraints, the 2022 Budget seeks to:

- Continue with efforts to stabilise the economy by lowering inflation and stabilising the exchange rate in order to improve the business environment for employment creation;
- Accelerate the implementation of budget efficiency measures to create the fiscal space for spending in the priority sectors;
- Intensify the implementation of ongoing programmes and projects aimed at diversifying the economy in order to attain food security, inclusive and sustainable economic growth and poverty reduction;
- Deepen the implementation of ongoing interventions to promote Human Capital Development in order to improve the health and skills of the workforce;
- Strengthen and expand social protection systems;
- Expedite the implementation of programmes and projects to mitigate and adapt to the impact of climate change on the productive sectors such as agriculture;
- Continue to ensure completion of ongoing infrastructure projects in roads, energy, water supply, and ICT. The objective is to improve the competitiveness of the economy and create job opportunities; and
- Deepen the implementation of governance reforms to boost donor and investor confidence and mobilize external resources.

38. Mr Speaker, Honourable Members, I will now describe the detailed policies and measures in each of these areas as follows:

## **A. Stabilising the Economy**

39. Mr Speaker, Honourable Members, key requirements for the resilient recovery of our economy is to ensure that the economy remains stable in order to withstand adverse shocks. In this regard, Government will therefore continue to implement sound macroeconomic policies. To this end, Government will continue to implement a combination of fiscal, monetary, exchange rate, financial and debt management policies to maintain a stable economic environment that will encourage private investment and boost the confidence of our people and development partners.

### **[i] Fiscal Policy**

40. Mr Speaker, Honourable Members, the key objective of fiscal policy in 2022 remains the consolidation of Government finances. In this regard, Government will continue to intensify domestic revenue mobilisation and rationalise expenditures to provide the fiscal space for spending on our priority sectors, including climate change, human capital development, social protection, infrastructure, and the growth generating sectors. 7 Revenue Mobilisation Measures in 2022

41. Mr Speaker, Honourable Members, from 2018 to 2020, domestic revenue averaged 14.1 percent of GDP from 12.3 percent of GDP in 2017. Despite this improvement, Sierra Leone still lags behind its comparators. A recent Tax Gap Analysis done by the World Bank revealed a tax gap of 3.5 percent versus the medium-term potential tax revenue of 17.4 percent. Going forward, Government will therefore focus on modernising tax collection, improving tax compliance, expanding the tax base and phasing out costly tax exemptions.

42. In 2022, the National Revenue Authority [NRA] will continue to implement ongoing revenue reforms, including the following:

- Full roll-out of the Block Management Registration System [BMRS] to small and medium taxpayers to formally register and bring them into the tax net;
- Full roll-out of the Integrated Tax Administration System [ITAS] to the remaining taxpayers as well as new taxpayers registered through the BMRS;

- Full roll-out of the Electronic Cash Register [ECR] to the remaining GST registered taxpayers as well as new taxpayers identified through the BMRS;
- Integrate the Customs Electronic Single Window [CESW] system with other stakeholders at the Quay to ensure a fully integrated customs process in clearing goods, issuing licenses and certificates, and processing manifests;
- Full roll-out of the Valuation Control Module of ASYCUDA World to all imported commodities and integrate it with an installed Price Reference database to ensure there is less discretion in the valuation of imported goods;
- Conduct a study on effective ways to identify and tax High Net Worth Individuals [HNWI] and explore the feasibility of establishing a dedicated Unit at the NRA;
- Undertake a stock-take and prepare a report on existing income tax exemptions;
- Continue to undertake compliance audits in the telecommunication, financial, and extractive sectors;
- Implement the Transfer Pricing Regulations to support assessment, tax audit and other revenue administration processes; and 8
- Rationalise the structure of the NRA to ensure optimal utilisation of its workforce to address collection, compliance and efficiency gaps.

43. In the area of tax policy, the Ministry of Finance, in collaboration with the NRA, will: Implement the Duty Waiver Policy to reduce leakages in the administration of duty and tax waivers;

- Revise the Income Tax Act, 2000 to reflect the new realities, especially for issues relating to digital taxation;
- Implement the Excise Tax Stamp to curb smuggling and tax evasion; and
- Continue to implement the liberalised fuel price mechanism with full pass-through to domestic fuel prices.

44. Mr Speaker, Honourable Members, in 2022, Government will develop a Medium-Term Revenue Mobilisation Strategy to support a comprehensive approach to domestic revenue mobilisation through a combination of improved tax policy and tax compliance



measures. The proposed strategy will be consistent with Government's overall objective to enhance domestic revenue.

### **Revenue Mobilisation in Local Councils**

45. Mr Speaker, Honourable Members, Government will continue to support efforts aimed at deepening revenue mobilisation in local councils. In this regard, Government will:

- Continue to engage local councils and provide technical assistance to improve own-source revenues;
- Develop a revenue mobilisation strategy and manual for district councils;
- Enhance automation of property cadastre systems in Municipal and City Councils; and
- Finalise the Chiefdom Finance Study and develop a road map for the implementation of the recommendations of the study.

### **Budget Efficiency Measures**

46. Mr Speaker, Honourable Members, Government will continue to rationalise expenditures through improvements in budget execution and strengthening controls to minimise unnecessary expenditures. In this regard, our efforts to clean the Government payroll, improve the execution of goods and services expenditures, and strengthen the management of capital expenditures will be accelerated.

### **Rationalising the Government Payroll**

47. Mr Speaker, Honourable Members, Government will sustain the implementation of reforms initiated in recent years to improve the integrity and sustainability of the payroll.

48. Recently, as part of efforts to minimise the wage disparities on the payroll, Government undertook a re-assessment and promotion of 4,158 teachers. This will ensure that teachers are paid according to their qualifications and performance and are on the correct pay scale to improve the reliability of the teacher payroll. The reassessment and promotion of 1,100 teachers will continue in 2022.

49. Mr Speaker, following Cabinet approval, the implementation of the new Teacher Retirement and Recruitment Policy commenced in September 2021. The policy will ensure that recruitment and retirement of teachers is done once a year to avoid disruptions to the school year and improve the predictability and management of teacher payroll costs. Government will continue the implementation of the new Policy in 2022. Government, with support from development partners, will also conduct a biometric verification of teachers in 2022.

50. Mr Speaker, Honourable Members, as in the case of the Teaching Service Commission, effective January 2022, the Health Service Commission will take over a delegated responsibility for the recruitment, issuance of PIN codes and record keeping of professional health care personnel. This will address the current delays in the recruitment of health workers, especially nurses.

51. Mr Speaker, Honourable Members, the NCRA completed a biometric verification of all Government Pensioners in early 2021. While NASSIT will continue administering the payment of pensions to all Government Pensioners, a follow-up verification exercise will be jointly carried out by all relevant stakeholders in 2022. The objective is to have a clean and verified pension roll.

52. Mr Speaker, Government has made significant reforms to rationalise the procedures relating to the payment of gratuities to public service retirees. Going forward, the Accountant General's Department and Ministry of Finance, in collaboration with employing authorities of all categories of the central Government 10 payroll, will pay gratuities to retirees together with their last salaries effective January 2022.

53. Mr Speaker, Honourable Members, the Ministry of Finance, with technical assistance from the Foreign Commonwealth and Development Office [FCDO], will complete the preparation of a Payroll Policy during 2022. This Payroll Policy will capture statutory provisions and policy instructions impacting the Government payroll, which will include the different pension laws and computations. This policy will serve as a guide for the administration of the Government payroll.

## **Improving the Execution of Goods and Services Expenditures**

54. Mr Speaker, Honourable Members, Government will continue to strengthen commitment controls to improve the efficiency of spending and avoid the accumulation of arrears. This will be achieved through the implementation of the following reforms:

### **Upgrading of the IFMIS**

55. The upgrading of the IFMIS from version 5.0 to the web-based version 7.0 is at an advanced stage. The web-based version will reduce transactions processing time. It will also create a more accessible platform, which reduces infrastructure costs for the eventual rollout to sub-vented agencies, local councils, embassies, high commissions and donor-funded projects. This will facilitate comprehensive recording, accounting and reporting of Government financial transactions. The modernisation of the IFMIS will help ensure that MDAs do not exceed their respective budget allocations as they cannot commit expenditures outside the system.

### **Strengthening Cash Management**

56. Mr Speaker, Honourable Members, the mandate of the existing Cash Management Committee was broadened in February 2021 to oversee cash, debt and arrears management as a whole. The Committee has been meeting regularly to review cash availability, prioritise expenditures, monitor movements in the stock of arrears and determine the borrowing requirements of Government.

57. In 2022, the Committee will increase the duration of cash flow forecasts to at least three months and incorporate arrears repayment plans into cash planning. This will help Government to strengthen debt and cash management and prevent the accumulation of arrears and expenditure overruns. Furthermore, Government will introduce a fixed calendar of quarterly budget allocations, which will be released in a timely manner.

58. Mr Speaker, Honourable Members, Government is continuing efforts to broaden the coverage of the TSA not only to mobilise domestic revenues but also to ensure effective cash management. While the TSA has enabled the Government to account for

additional revenue into the Consolidated Fund, idle cash balances continue to exist in the accounts of sub-vented agencies that receive bulk disbursements.

59. To ensure efficient cash management, the Government will commence implementing Phase II of the TSA in 2022 to include all sub-vented and semiautonomous agencies.

### **Enhancing Transparency in Public Procurement:**

60. Mr Speaker, Honourable Members, as Government consolidates public finances, preventing leakages of funds through non-acceptable procurement practices remains a top priority of public financial management. To this end, the National Public Procurement Authority [NPPA] has proactively ensured strict compliance by all entities to the procurement laws to promote transparency and value for money.

61. Mr Speaker, Honourable Members, to further improve transparency, and accountability in public procurement, the NPPA has made good progress in introducing the Electronic Procurement System [e-GP] to transform its business processes from paper-based into a fully digitised environment. The pilot of the procurement system will be launched in 2022.

62. Despite this progress, some MDAs continue to initiate procurement activities, enter into and award contracts without the requisite written confirmation of the availability of funds from the Ministry of Finance. This is in breach of section 17 of the Public Procurement Act, 2016, which has resulted in the accumulation of arrears to contractors. In some cases, this has resulted in costly litigation and payment of damages to contractors. 63. As a corrective measure and as approved by this Noble House, effective January 2022, MDAs shall not commence a procurement activity for which funds are not available or which the Minister of Finance has not issued a written confirmation of budgetary allocation that the required funds shall be made available in a timely manner and in the amount required. In the event where the procurement entity is in breach of this requirement the Minister of Finance may annul the procurement activity. Enhancing Transparency and Accountability of COVID-19 Spending

64. Mr Speaker, Honourable Members, in line with Government's commitment to enhance the governance of the COVID-19 response programme, Government will continue to publish the financial statements of NACOVERC. The statements for end June 2021 have been published on the website of the Ministry of Finance. The details of large procurement contracts are also regularly published on the NPPA website which are subject to audit by the Audit Service Sierra Leone.

### **Improving the Management of Domestic Capital Expenditures**

65. Mr Speaker, Honourable Members, Government is committed to improving the quality and efficiency of capital expenditures. As a manifestation of that commitment, Cabinet endorsed the draft National Public Investment Management Policy in August 2021. The policy seeks to resolve the financial, institutional and technical challenges associated with the management of capital projects.

66. In order to effectively implement the policy, Government, with technical support from the European Union, will develop the Public Investment Management Operational Manual in 2022, which will proffer guidance on project appraisal and selection. Furthermore, Government will develop infrastructure project appraisal templates and guidelines.

67. In addition, Government will also establish a Project Preparation Fund managed by the Ministry of Planning and Economic Development to support the preparation of bankable projects for submission to development partners for funding.

### **[ii] Improving the Sustainability and Transparency of Public Debt**

68. Mr Speaker, Honourable Members, a necessary condition for stabilising the economy is to ensure the sustainability of public debt. In this regard, the overall objective of our debt management policy is to ensure debt sustainability and reduce debt vulnerabilities going forward.

69. The Ministry of Finance has updated the Medium-Term Debt Strategy [MTDS] in June 2021 with technical assistance from the IMF and the World Bank to inform appropriate financing strategies that would lower the cost and risks of the existing

public debt portfolio. The MTDS incorporated the Arrears Clearance Strategy and Principles approved by Cabinet and endorsed by our development partners. This demonstrates Government's commitment towards liquidating the verified stock of domestic suppliers' arrears. The clearance of these areas will reduce Government related contractors' non-performing loans, thereby improving the asset quality of commercial banks.

70. Government will continue to conduct the annual Debt Sustainability Analysis (DSA) to provide signals on the level of risks to public debt sustainability and explore the establishment of a debt anchor. Government will also continue to intensify revenue mobilisation measures while promoting export diversification to improve its capacity to repay debt.

71. Mr Speaker, Honourable Members, to minimise the burden of high external debt, Government is committed to not contracting commercial loans and will seek to prioritize grants to finance development projects. Innovative financing approaches, including Public-Private-Partnership arrangements to implement specific projects without exposing the Government to contingent liabilities, would be explored.

72. With regards to domestic debt, Government will develop the domestic debt market to provide the platform to issue medium to long term bonds to implement infrastructure projects while reducing liquidity and refinancing risks. Government remains committed to transparency in debt reporting. The publication of State Owned Enterprises [SOEs] loans and guarantees would become a continuous practice to monitor the exposures of all SOEs and assess the implications for the national budget.

### **[iii] Monetary Policy**

73. Mr Speaker, Honourable Members, the COVID-19 pandemic continues to pose a major threat to our macroeconomic and financial sector stability. In this respect, monetary policy implementation in 2021 focused mainly on ensuring low and stable inflation, bearing in mind the subdued domestic economic activity and uncertainties in the global economy due to COVID-19. Accordingly, the Bank of Sierra Leone [BSL] kept the Monetary Policy Rate unchanged at 14 percent throughout the year. The BSL also

reactivated the COVID19 Special Credit Facility to facilitate the availability of critical imports in the country.

74. In 2022, the BSL will continue to implement a monetary policy framework that is anchored on the Monetary Policy Rate as a key signal of our monetary policy stance. In this context, the identified risks to inflation including the evolution of the COVID-19 pandemic will inform the stance of monetary policy. The Bank of Sierra Leone will also seek to further develop and deepen the interbank market to enable commercial banks and other financial institutions respond appropriately to monetary policy signals.

75. Mr. Speaker, Honourable Members, the Bank of Sierra Leone announced in August 2021 the planned redenomination of the Leone. This policy, which will be implemented in 2022, is expected to reduce transactions costs, restore confidence in the Leone and simplify arithmetic, accounting and statistical computations. Accordingly, I have tabled the Statutory Instrument for the policy change to this Noble House. The Bank of Sierra Leone, in collaboration with key stakeholders, will soon embark on massive sensitisation on the methodology, potential benefits and challenges of redenominating the Leone.

#### **[iv] Financial Sector Reforms**

76. Mr Speaker, Honourable Members, the banking sector continues to be relatively stable in 2021 as all key Financial Soundness Indicators [FSIs] improved compared to 2020. In a bid to improve access to finance and deepen financial inclusion, plans are at an advanced stage for the installation of a National Payments Switch. This will promote the use of electronic payments and digital platforms by Government and businesses to pay for goods and services. To this end, Government has reviewed the Payment Systems Act to strengthen the legal and regulatory framework for digital financial services. The revised Payment Systems Act has been presented to this Noble House.

77. In 2022, the BSL will safeguard financial stability by strengthening the supervisory framework, implementing prudential guidelines and managing risks within the banking system and other financial institutions. As part of these efforts, the BSL will conduct thematic reviews on Non-Performing Loans strategies and management in the two state-owned banks. Government will also develop an updated Corporate Governance

Framework for the two state-owned banks with a focus on Board and Senior Management oversight, operational management, risk management, and compliance.

78. The BSL has also submitted the draft Deposit Protection Fund Bill to Parliament for enactment. The bill is intended to protect small depositors in the event of bank failure by ensuring that some proportion of their savings can be recovered.

### **[v] Exchange Rate Policy**

79. Mr. Speaker, Honourable Members, the BSL will maintain a flexible exchange rate to help mitigate the impact of adverse external shocks as well as ensure adequate foreign reserves. The BSL will participate in the foreign exchange market only to smoothen out excess volatility in the market while maintaining adequate reserve coverage.

### **B. Economic Diversification Strategy**

80. Mr Speaker, Honourable Members, Government will intensify the implementation of policies, programmes and projects to diversify our economy in order to achieve food security, promote sustainable and inclusive economic growth, create jobs, as well as to boost resilience against adverse external shocks. [i] Improving Agricultural Productivity and Food Security

81. Mr Speaker, Honourable Members, according to the Comprehensive Food Security and Vulnerability Analysis [CFSVA] conducted by the World Food Programme [WFP] in collaboration with the Ministry of Agriculture, food insecurity has risen from 50 percent in 2015 to 57 percent in 2020, with 12 percent of the population severely food insecure. The increase in food insecurity is attributed to the increase in food prices. The higher food prices are due to international supply chain disruptions due to COVID-19, increased fuel prices in the global market, high shipping costs and the depreciation of the Leone against the US dollar.

82. In this regard, in addition to stabilising consumer prices and the exchange rate, Government's policy and direct investments in agriculture in 2022 would focus on increasing access to quality inputs, mechanised farming practices, transformed extension services and linking farmers to markets to achieve food security.



83. Mr Speaker, Honourable Members, as part of efforts to improve food security and diversify the economy, Cabinet recently approved the adoption of a major policy shift in the agriculture sector. The policy shift involves increasing the role of the private sector in the procurement and distribution of agricultural inputs with the objective of achieving food security while ensuring transparency in the delivery of agricultural inputs to farmers. The implementation of this policy shift is progressing with the following achievements realised in 2021:

- Establishment of an Electronic Voucher (E-Voucher) System domiciled at the Rokel Commercial Bank, through which agricultural inputs were provided to farmers in a transparent and efficient way. About 5,000 farmers were registered as potential beneficiaries under the system. An amount of Le60.0 billion was deposited into the EVoucher System for the 2021 planting season. The pilot year prioritised the rice value chain given that it is the staple food and the fact that it makes up a large share of food imports in the country. About Le8.2 billion worth of seeds were distributed to farmers through the E-Voucher platform;
- Establishment of Machine Rings at the District level managed by the private sector to provide mechanisation services to prepare large tracts of land for cultivation. About 410 machines, including power tillers and tractors were procured and distributed to all districts. About 16,000 hectares of land were mechanically ploughed, including 8,000 hectares of youth farm. The Machine Rings hired a total of 279 operators, mostly youths, nationwide.
- Establishment of the Agricultural Credit Facility to provide credit to private agro-dealers for the importation and distribution of agricultural inputs [seeds, fertiliser and other agro-chemicals]. To facilitate this, the Bank of Sierra Leone provided a Special Agricultural Credit Facility [ACF] of Le 100.0 billion [US\$10million] to pre-finance the procurement of agricultural inputs at an interest rate of 5 percent. The facility is administered through participating financial institutions under the guidelines set by the Bank of Sierra Leone. About Le 16.0 billion of the facility has been utilised, and more loans are being processed.

84. To consolidate the implementation of the Policy Shift and improve food security in 2022, Government will:

- Develop robust criteria for the selection of eligible farmers to be supported under the E-Voucher system;
- Develop a road map for input delivery (seeds, fertilisers, pesticides and machines) to ensure timely delivery of inputs for the 2022 planting season;
- Procure additional machines including harvesters, destoners, dryers and rice mills as part of the Machine Ring Fleet to minimise postharvest losses;
- Introduce another option for making finance available to farmers and agribusinesses, preferably the establishment of an Agricultural Investment Fund;
- Introduce E-extension and expand traditional extension services to include training on the cultivation of nutrition-sensitive crop and improved livestock farming practices; and
- Support linking farmers to markets through the home-grown school feeding approach in line with the National School Feeding Policy, the Scaling–Up Nutrition Programme and the Food and Nutrition Mother Support Group Initiative.

85. In addition, Government will formulate a policy on agriculture insurance to reduce the risk to investment in agriculture and attract private investment into the sector. Government will also strengthen the capacity of the Fertilizer Regulatory Agency and the Seed Certification Agency to perform their respective roles of regulating the standard and quality of fertilisers and seeds distributed to farmers by the private sector. The proposed two land bills are also expected to boost investment in food and cash crops.

### **[ii] Managing the Fisheries Sector**

86. Mr Speaker, Honourable Members, sustainable management of our fisheries and marine resources remains an important ingredient in Government’s food security programme while contributing to the economic diversification agenda. Marine products contribute to dietary diversity.

87. To this end, Government will: • Sustain efforts in combatting illegal, unreported and unregulated (IUU) fishing through routine fisheries surveillance patrols and remote monitoring of industrial fishing vessels as well as collaborating with the Community Management Associations (CMAs) to ensure compliance with best fishing practices; • Continue to observe the “Closed Season”, which is a resting period to ensure fish replenishment as prescribed by the Fisheries Management Plan; • Continue to promote aquaculture through training fish farmers on fish pond management; • Rehabilitate three pilot farms for integrated aquaculture as well as establish two fish feed producing machines; • Continue to improve fisheries governance through the review of the existing Fisheries Act and Regulations; and • Complete the process of fish export accreditation for the EU and other markets.

88. Mr Speaker, Honourable Members, as women account for a greater proportion of the retail fishing workforce, Government will, through the Support to Women in Fisheries Project, continue to provide improved smoke ovens as well as water and sanitation facilities in major fish landing sites, including Konakridee in the North and Sulima in the South to enhance food security. These programmes will also train women on improved fish preservation with a view to enhancing their capacity to meet the requirements for safe local consumption and export.

### **[iii] Promoting Tourism**

89. Mr Speaker, Honourable Members, in addition to agriculture and fisheries, the Medium-Term National Development Plan 2019-2023 identified the tourism sector as one of the growth sectors to aid the diversification of the economy for the creation of job opportunities for our women and youths. To support the recovery of this sector and position Sierra Leone as a competitive and attractive tourist destination, the implementation of the Marketing and Rebranding Strategy, including a new logo and slogan for Sierra Leone, will commence in 2022. The National Tourist Board will also continue to undertake robust marketing through participation in international trade fairs and exhibitions, digital marketing and promotional campaigns.

90. The Ministry of Tourism will also intensify efforts to promote domestic tourism. In this regard, Government, with support from the World Bank under the Sierra Leone Economic Diversification Project, will commence the physical upgrading of the Leicester Peak, Tacugama Sanctuary and Bureh Beach in 2022 to boost tourism and attract private investment to these sites.

91. Mr Speaker, Honourable Members, with support from the Enhanced Integrated Framework (EIF) Project, Government is also embarking on upgrading the Banana Island, Tiwai Island Wildlife Sanctuary, and the Wara-Wara Hills ecotourism sites in line with the eco-tourism policy. The project will provide a grant targeting community-based tourism at the three sites to enhance and add value to the existing facilities.

92. In addition, Government will also construct two information centres, one each at Gbalamuya at the border with Guinea and at Zimmi, with Liberia, in addition to the newly constructed Tourism Information Centre in the Western Area to provide tourism related information to visitors.

#### **[iv] Revamping the Manufacturing Sector**

93. Mr Speaker, Honourable Members, the manufacturing sector has the potential to forge backward and forward linkages with the agriculture, mining and fisheries sectors, as well as promote value-addition to raw materials produced in Sierra Leone, thereby creating quality jobs for our youths.

94. As a first step to strengthen the manufacturing sector as part of the strategy to diversify the economy, Government will implement the Industrial Policy to unlock the full potential of the manufacturing sector. This will reduce our heavy reliance on the mining sector and minimise the vulnerability of our economy to shocks. It will also promote rapid economic growth and create job opportunities, thereby raising the living standards of our people.

95. Mr Speaker, Honourable Members, following Cabinet approval, Government will also implement the Special Economic Zones [SEZ] policy in 2022 through the provision of tax incentives, tax holidays, duty waivers as well as streamlined customs and

administrative procedures in order to boost investment and reduce business entry and operating costs. The SEZs will facilitate the development and diversification of exports by leveraging these incentives. The SEZs will also provide opportunities for Sierra Leone to benefit from the African Continent Free Trade Agreement (AfCFTA).

96. Mr. Speaker, Honourable Members, I am pleased to report that the incentives being provided to improve the domestic investment climate have started yielding results. For example, they have helped one of our leading manufacturers, Jolaks Manufacturing Limited to maintain production even during COVID-19. Now, 60 percent of the company's products are being exported to Ghana, Senegal, Guinea, Liberia, the Gambia and Mali. Additionally, the company is in the process of finalising engagements with over 1,000 local palm oil farmers to increase the quality of production and yields.

#### **[v] Improving the Investment Climate**

97. Mr Speaker, Honourable Members, the process of diversifying the economy involves expanding investments as well as investing in new sectors. This, in turn, requires improving the investment climate to facilitate additional and new investments. 98. As part of these efforts, Government will continue the process of automating business registration and licensing. The process involves integrating Government to Business services on a single digital platform.

99. Efforts are underway to automate the Credit Reference Bureau and upgrade the Collateral Registry in 2022 to enable commercial banks to identify creditworthy customers and promote the use of moveable assets as collateral, thereby further improving access to finance.

100. To attract and retain investment, it is also critical for Government to engage, partner, collaborate and coordinate with the private sector. Over the years, public-private sector engagements have been ad-hoc, fragmented and inconsistent. In this regard, Government is institutionalising Public-Private Dialogues [PPDs] through the newly established National Investment Board [NIB]. The NIB will be conducting PPDs in a structured, consistent, inclusive, and action oriented manner. Recommendations from these PPDs on tax matters will be incorporated into the Finance Acts.

## **[vi] Supporting the Development of Small and Medium Enterprises (SMEs)**

101. Mr Speaker, Honourable Members, SMEs constitute an important source of employment in our country. To improve access to credit, for SMEs, Government established the MUNAFA Fund in 2021 with an initial capital of Le26.1 billion managed by the Small and Medium Enterprises Development Agency [SMEDA]. As at end July 2021, 5,328 SMEs have received loans from the Fund, of which 75.8 percent of the beneficiaries are female-owned businesses.

102. To consolidate the programme and increase the number of beneficiaries, Government is providing an additional amount of Le18.0 billion to the Fund in 2022. In addition, Government, through the Sierra Leone Economic Diversification Project, will support SMEDA and DSTI to train and provide small grants to providers of business development services, including incubators and accelerators.

103. The project through SMEDA will also support the capacity building of 80 SMEs and 40 Start-Ups engaged in the tourism, digital technology, light manufacturing and renewable energy sectors. These businesses will be supported with skills training and expertise to manage businesses. Eligible businesses will also be provided with matching grants for growth and expansion.

## **C. Consolidating Human Capital Development**

### **[i] The Free Quality School Education Programme**

104. Mr Speaker, Honourable Members, Free Quality School Education [FQSE] programme, remains the flagship programme of Government. Accordingly, Government has continued to allocate not less than 20 percent of the national budget annually to the education sector to ensure the continued implementation of the various components of the programme. Government has also carried out several reviews and diagnosis of the education sector as well as policies to support inclusive and safe learning.

105. Mr Speaker, Honourable Members, to consolidate the gains so far and accelerate progress to expand access and enhance the quality of education in Sierra Leone,

Government will continue to:

- Pay school fees, provide core textbooks, teaching and learning materials for all children in Government-owned and Government assisted schools, expand the home-grown school feeding programme, provide school buses and progressively increase the provision of assistive devices for special needs children;
- Invest in education infrastructure through the rehabilitation and construction of additional classrooms and schools, procurement of school furniture, equipping additional schools with science laboratories, establishment of modern science laboratories in major towns, improving connectivity and other facilities in libraries and constructing three hostels for girls in three districts;
- Strengthen education service delivery through staff capacity building, additional recruitment, including the expansion of the pilot scheme for the licensing of teachers and facilitating the redeployment of qualified teachers to remote areas;
- Improve the education policy and governance framework by reviewing the 2004 Education Act, develop a new West African Examination Council Bill, complete the development of the new Medium Term Education Sector Plan; operationalise the School Fees Utilisation and School Approval Policies; develop and roll out the Senior Secondary Education curriculum and syllabuses; and

21

- Enhance inclusion in the education sector through the development of a National Programme for post-birth support to pregnant girls, provision of sanitary hygiene kits to girls, the delivery of accelerated learning at the Non-Formal Accelerated Learning Centres, the establishment of additional Learning Centres for literacy programmes, and complete the roll-out of the Basic Education, and Civic Education Curriculum developed in collaboration with the National Council for Civic Education and Development [NaCCED].

## **[ii] Improving the Quality of Higher Education and Strengthening Vocational and Technical Education**

106. Mr Speaker, Honourable Members, building on the investments in basic and senior secondary education, Government is also investing in quality higher education and technical and vocational training to ensure a pipeline of talent for public and private sector service.

107. The Ministry of Technical and Higher Education is implementing the Technical and Vocational Education Training [TVET] Policy. Government has also established technical institutes in all sixteen districts while work is in progress to rehabilitate, furnish and equip them for effective technical education. Similar investments are being directed at Teacher Training Colleges.

108. With support from the World Bank under the Skills Development Project, Government is providing access to demand-led hands-on skills training. So far, over six hundred Sierra Leoneans have been trained in skills such as plumbing, carpentry, welding, to name but a few.

109. Mr. Speaker, Honourable Members, to consolidate the gains made in technical and vocational education in 2022, Government will:

- Continue the implementation of the 2019 TVET Policy;
- Review and rollout an integrated National Curriculum for TVET;
- Develop and operationalise the National Qualifications Framework for TVET;
- Develop and implement the Internship Policy;
- Develop and commence the implementation of the Non-Formal Education Policy;
- Launch the second phase of the Skills Development Project to expand demand-led skills training to the out-of-school, unemployed and underemployed youths; and
- Complete the development of the Public-Private Partnership [PPP] framework for TVET.

110. Mr Speaker, Government, through the Ministry of Technical and Higher Education and the Tertiary Education Commission [TEC], with support from development partners, conducted a national assessment study on higher education institutions in Sierra Leone. The assessment identified strengths, weaknesses, skills and competency gaps in public and private universities in Sierra Leone. The study also provided recommendations on how these gaps can be addressed.

111. Thus, to consolidate the gains achieved in higher education, Government will:

- Continue the implementation of the 2021 Universities Act that replaced the Universities Act of 2005;
- Provide seed money and operationalise the Students Loan Scheme during the 2021/2022 academic year;
- Continue collaborative work to address the issues and recommendations presented in the Needs Assessment Study on Higher



Education Institutions in Sierra Leone Report; • Harmonise the public tertiary education quality assurance framework, implement the quality assurance policy for higher education institutions and strengthen the already established quality assurance units; • Review the curriculum for Teacher Education, validate and implement the Teaching Practice Policy and re-introduce teaching practice; • Continue the rehabilitation and refurbishment of District Technical Institutes; the Eastern Technical University; and Milton Margai Technical University; and • Continue with the construction of the Kono University of Science and Technology and the School of Excellence in Bonthe.

### **[iii] Improving the Quality of Health and Sanitation and Strengthening Health Systems**

112. Mr Speaker, Honourable Members, Government continues to maintain key investments in the health sector to improve health outcomes for our citizens, especially our women and children. Hence, in 2022, Government will accelerate efforts to reduce under-five and maternal mortality, stunting and teenage pregnancy to achieve favourable health outcomes nationwide.

113. Government and partners will continue the construction, rehabilitation and upgrade of district health facilities nationwide, including the Health Village at Kerry Town and will complete the hospitals at Kenema and Masoela. Government will also launch the construction of a cancer and diagnostic treatment centre and the JICA funded Lumley Paediatric Hospital.

114. Mr Speaker, the Ministry of Health and Sanitation, in collaboration with DSTI, will continue to explore opportunities to leverage science, technology and innovation in the health sector, especially the use of drone technology to deliver medical supplies. Additionally, to improve efficiency in health service delivery, Government will establish a new management structure for tertiary and secondary hospitals.

115. Mr Speaker, Honourable Members, Government continues to expand the National Emergency Services [NEMS] to all districts. Recently, Ambulance stations were opened in the Karene, Koinadugu and Falaba Districts, respectively. In 2022, Government and

partners will continue to invest in and explore options to increase the efficiency of NEMS.

116. Mr Speaker, despite all these actions, we are still faced with acute shortages of specialists across critical medical fields. To address this challenge, Government will continue to invest in postgraduate and other specialised fields of training, including the provision of telemedicine services by health staff to provide higher quality medical services to the public.

117. Mr Speaker, Honourable Members, health financing and policy reforms are the building blocks for a sustainable health system. Building on the gains made in 2021, Government will complete the development of the Health Financing Strategy and pilot the Performance-Based Financing Model. Government will also update and enact all outstanding health related legal frameworks, including Health Service Commission and Sierra Leone Social Health Insurance Scheme.

#### **(iv) Establishment of the Sierra Leone Social Health Insurance Scheme**

118. Mr Speaker, Honourable Members, accessible, equitable and affordable health services are critical components of the 2020 National Health Policy. To minimise the effects of out-of-pocket [OOP] payments at the point of healthcare service delivery, Government initiated the establishment of the Sierra Leone Social Health Insurance Scheme [SLeSHI]. This is a sustainable domestic health financing model for increasing equitable access to healthcare in an efficient manner.

119. SLeSHI aims to be a driver for the attainment of Universal Health Coverage [UHC], leaving no one behind. The World Bank will provide technical assistance on the design and viability of the scheme.

#### **[v] Enhancing Social Protection**

120. Mr Speaker, Honourable Members, the provision of social assistance to the chronically poor and other vulnerable groups, including Persons with Disabilities in our society remains a core component of Government's Human Capital Development programme. In this regard, Government, through the National Commission for Social

Action [NaCSA], will complete the delivery of cash transfers to 71,000 households in 2022. NaCSA will also continue the provision of microgrants and productive skills for 500 persons with disabilities, including Albinos in communities nationwide.

121. Government will develop a Social Protection Register to improve the targeting of beneficiaries of these support programmes. Government will also enact the Social Protection Bill to strengthen the legal framework for the provision of social protection.

### **[vi] Improving the Welfare of Women**

122. Mr Speaker, Honourable Members, as women constitute a large proportion of our vulnerable population, Government will continue to not only empower but also protect them. In this regard, Government has taken several actions and developed legal and regulatory frameworks to address Sexual Gender Based Violence [SGBV].

123. Government is also vigorously pursuing normative frameworks, including the adopted Gender Equality and Women's Empowerment Policy [2020] and the Gender Empowerment Bill, 2021, which has been tabled before this Noble House for enactment. The Bill, when enacted, will see increased numbers of women in elective and appointive positions as well as improve women's access to finance.

124. The proposed Customary and Land Rights Bill addresses gender equality and rights of women, especially in land use and ownership.

### **[vii] Monitoring Human Capital Development Expenditures**

125. Mr Speaker, Honourable Members, as you are aware, a high proportion of Government expenditures is on the education, health and agriculture sectors, reflecting Government's commitment to promoting human capital development. In a bid to ascertain the efficiency and effectiveness of public expenditure, Government requested technical assistance from the World Bank to conduct Public Expenditure Reviews [PERs] on education, health, agriculture 25 and social protection. The results of the PERs revealed a weak link between the amount of expenditures provided to these sectors and the expected outcomes. In other words, the level of Government spending has not

translated into the expected improved outcomes as key indicators still trail behind our peers in the sub-region.

126. The study also shows that the allocative efficiency of the expenditures is weak as most of the critical expenditures are concentrated under the Office of the Permanent Secretary and or the Professional Head rather than under the relevant directorates. Allocative inefficiency is also evidenced by the large amount of administrative and personnel expenditures relative to goods and services and capital expenditures in MDAs.

127. To improve outcomes in these key sectors, Government will implement the recommendations from these reviews. As a first step, Government will reintroduce the Public Expenditure Tracking Surveys [PETS] to track the flow of expenditures from the Ministry of Finance, through the MDAs to the District offices, local councils and down to the service delivery units to assess whether the resources disbursed are reaching the intended beneficiaries. With support from the IMF, Government is also carrying out a Benefit-Incidence Analysis to determine who benefits most from Government spending in key sectors to guide the targeting of interventions.

#### **D. Mitigating and Adapting to Climate Change**

128. Mr Speaker, Honourable Members, Climate Change is real and we have witnessed some of its effects in Sierra Leone in terms of floods, fires, mudslides, high temperatures, and water shortages. Sierra Leone ranks 47th among 181 nations recording high scores for vulnerability, susceptibility and lack of coping capacities on the World Risk Index 2021.

129. As part of efforts to mitigate and adapt to the effects of climate change, Government established a dedicated Ministry of Environment and several other agencies, including the Environmental Protection Agency, National Protected Area Authority and National Disaster Management Agency. Government is also implementing projects in several MDAs aimed at minimising the impact of Climate Change. The Revised Mines and Mineral Act 2021, addresses the environmental consequences of mining activities.

130. In 2020, Government launched the National Tree Planting project to support afforestation and re-afforestation and contributes to global efforts to reduce the emission of greenhouse gases. The project involves planting a minimum of five [5] million tree seedlings of tree crops, exotic and forest hardwood seedlings. Government has also established a Special Fund at the Bank of Sierra Leone into which 10 percent of the royalties on timber exports are deposited to support afforestation and re-afforestation activities. Furthermore, Government is establishing a Disaster Management Account to be jointly managed by the Accountant-General's Department and the National Disaster Management Agency to facilitate rapid response to national emergencies.

131. Mr Speaker, Honourable Members, to enable financial institutions to access green and sustainable finance, they must meet Environmental, Social and Governance (ESG) standards. Therefore, the Ministry of Finance will work with BSL, the Sierra Leone Association of Commercial Banks and other stakeholders to ensure a coordinated approach to developing policy instruments, regulations, and incentives for ESG compliance and accessing sustainable finance for green initiatives. We also call upon our international and local development partners to support Government and the private sector in this endeavour.

132. As part of our efforts to reduce deforestation through the cutting down of trees, Government is removing import duty on Liquefied Petroleum Gas [LPG] in addition to GST already waived. This is expected to reduce the price of cooking gas, thereby making it affordable to more households. The policy is also expected to encourage our people to switch from the use of charcoal to gas for cooking purposes.

### **E. Improving Infrastructure**

133. Mr Speaker, Honourable Members, to improve the competitiveness of our economy and accelerate its recovery, we will enhance the provision of basic infrastructure.

134. In the road sector, Government will consolidate the construction of critical roads to facilitate the movement of agricultural produce, other goods, as well as people: In particular, Government will:

- Complete the Hill-Side-By Pass Road;
- Complete the

Lumley - Tokeh Road; • Complete the Bo - Tikonko Road; • Complete the Targrin - Lungi - Konakridee Road; • Complete the Bandajuma-Pujehun-Gbondappi Road; • Complete the construction of the Moyamba Junction to Moyamba Road and the three bridges (Magbele, Mabang and Kpangbama); • Complete the urban and city roads Phase II in Kenema, Bo, Makeni, Kamakwei, Mongor, Segbwema, Blama, Daru and Pendembu; • Complete urban and city roads, including Njala University College road, Taiama-Njala road, Mattru Jong Township roads, Freetown city streets/roads under MOU 1 and 2; • Complete spot improvement and re-gravelling of 1,800 km of trunk road across the country; • Complete the construction of the 400m Embankment and 40m bridge in Bonthe City; • Commence the construction of four (4) rural major bridges currently operated by cable ferries (Mattru Jong, Manowa, Gendema and Tomparie) with support from the World Bank following the completion of feasibility studies in 2021; and • Commence the rehabilitation and reconstruction of critical bridges in Freetown following the completion of feasibility studies in 2021.

135. In the energy sector, the key objectives for 2022 are to enhance electricity generation, transmission and distribution; and expedite the restoration of electricity supply to the district headquarter towns and cities. Government will also invest in low cost renewable energy such as hydro-power, Liquefied Petroleum Gas [LPG] and solar mini-grids to improve the energy mix, reduce carbon emissions while stimulating economic activities.

136. To this end, Government will: • Complete the rehabilitation of Goma-Dodo Hydro Dam in Kenema District; • Complete the rehabilitation of 16.4 Megawatts of thermal plants at the Black Hall Road Power Station and 10 Mega Watts thermal plant at the Kingtom Power station to increase electricity generation capacity; • Achieve at least 70 percent completion rate in restoring electricity supply to Kabala, Kambia, Moyamba, Kailahun, Pujehun, Bonthe and Mattru Jong; • Implement Phase II of the Rural Renewable Energy Project with the installation of additional 40 solar mini-grids in rural communities, which would now bring the total mini-grids in the country to over 100, serving communities in 94 chiefdoms with a total population of 160,000; and 28 •

Energise the Cote d' Ivoire, Liberia, Sierra Leone, Guinea (CLSG) line, which will provide access to electricity to 39 communities along the 225kV Transmission Network as follows: (Zimmi, Potoru, Hangha, Panderu, Ngelehun, Mano junction, Largoh, Panguma, Dodo, Ngiehun, Tongo, Telorma, Kangama Gorahun, Njaiama Niminkoro, Bumpeh, Njaiama Sewafe, Ngo Town, Massingbi, Makoni, Matotoka, Makali, Mambonto, Kamankay, Bumbuna, Mapaki, Kamabai, Kamalo, Kamakwie, Fadugu, Gofor Pujehun, Jendema, Moeyibayama, Boedu, Gnanyahun Tunkia, Binkolo, Majore, Kamansinki, Tikonko, Bumpeh.

137. In the water sector, Government will continue the implementation of the following water projects: • Construction of 45 Industrial Boreholes [Urban Wash Supply]; • Construction of 100 Solar Powered Boreholes; • Construction of Water Supply facilities in six district capitals; • Construction of the Water supply system in Bonthe Municipality; • Complete the Four Towns Water Supply project [Mongor, Mattru, Njala and Daru]; and • Complete Phase II of the Three Towns Water Supply project [Bo, Kenema and Makeni].

### **Information and Communications Technology**

138. Mr Speaker, Honourable Members, with support from the China EXIM Bank, Government has expanded the national fibre network to five [5] more districts (Koinadugu, Kailahun, Pujehun, Moyamba and Bonthe). The completion of this project in 2022 will provide Sierra Leone with a modern digital infrastructure that supports a digitally connected and inclusive society.

139. Mr Speaker, Government has also completed the development of a comprehensive National Digital Development Policy that seeks to improve the internal coordination of sector players. The Policy will form the basis for the development of a comprehensive National Digital Transformation Strategy. The World Bank has committed US\$50million to the Digital Transformation Project under the Ministry of Information and Communications in support of Government's inclusive digital agenda. The objective of this project is to increase digital inclusion and enhance the adoption of selected digitalised public services in Sierra Leone.

## **F. Improving Governance**

### **(i) Implementation of the Auditor-General's Recommendations**

140. Mr Speaker, Honourable Members, Government is committed to improving governance not only to strengthen donor and investor confidence but also to mobilise external resources. The Governance Cluster accounts for 80 percent of the Country Policy and Institutional Assessment [CPIA] rating, an integral component of the Performance-Based Allocation Formula used by the World Bank and the African Development Bank to allocate resources to low income countries, including Sierra Leone. In the 2020 CPIA report, out of the maximum score of 6, Sierra Leone scored 3.1 overall and 3.2 on the Governance Cluster.

141. In a bid to expedite the implementation of Auditor-General's recommendations, the Ministry of Finance established an Inter-Departmental Committee comprising the Anti-Corruption Commission, Human Resource Management Office, Accountant-General's Department and the Public Accounts Committee of Parliament. This Committee is charged with the responsibility to coordinate the implementation of the Auditor-General's recommendations. To complement the work of this Committee, the Internal Audit Department of the Ministry of Finance will follow up with the management of various MDAs to improve the implementation of the Auditor-General's recommendations. Therefore, effective January 2022, Parliament has approved the withholding of the remuneration, fees and salaries of the responsible official until he responds or implements the audit recommendations.

142. In addition, a National Transparency and Accountability Platform has been established in the office of the Vice President that will coordinate with all relevant stakeholders on the implementation of the Auditor-General's recommendations. The Chief Minister has also included the implementation of audit recommendations in the performance contracts of vote controllers.

### **[ii] Strengthening the Legal Framework for Public Financial Management**

143. Following the implementation of the Public Financial Management Act, 2016, it has become clear that the Act can be further strengthened to improve transparency,



accountability, efficiency in the use and management of public resources. The review will introduce sanctions for non-implementation of the Auditor General's recommendations; enhance compliance with section 17 of the Public Procurement Act, 2016, strengthen internal audit functions and strengthen in-year fiscal reporting, among others.

### **[iii] Improving the Performance and Governance of SOEs**

144. Mr Speaker, Honourable Members, State-Owned Enterprises [SOEs] pose significant risks to the national budget as their expenditures far outstrip internally generated revenues. The 2021 financial performance report, excluding the two state-owned banks, covering the period 2015 to 2019, shows that total liabilities of SOEs amounted to Le2.0 trillion.

145. Going forward, Government will continue to assess the financial performance of SOEs annually to better track their strengths and weaknesses and report the risks they pose to the budget. With support from development partners, Government will develop an SOE Ownership Policy that outlines the rationale and objective for state-ownership, which will guide further reform of SOEs and the SOE framework.

### **[iv] Strengthening Accountability for Service Delivery at the Local level**

146. Mr Speaker, Honourable Members, strengthening Public Financial Management at the local councils is critical for accountability and improved service delivery, given the level of fiscal transfers. To this end, in 2022, the focus will be placed on strengthening key public financial management functions as follows: • Strengthen budget execution at the local councils through streamlining and automating procedures covering budget allocation and expenditure authorisation; • Provide local councils with an updated chart of accounts and an upgraded financial management system to ensure transparent financial reporting and timely issuance of financial statements; and • Strengthen internal audit functions by supporting the training of Audit Committees of the local councils.

147. Mr Speaker, in addition to the above, Government will introduce the Local Council Development Grants programme. This will provide additional financing to district councils to implement selected local development sub-projects.

**[v] Strengthening the Legal Framework for the Mining Sector:**

148. Mr Speaker, Honourable Members, Government has prepared a Mines and Minerals Development Bill that provides the legal framework for promoting good governance, transparency in the fiscal, social and environmental aspects of the sector in accordance with the 2018 Mines and Minerals Policy. The draft Bill, which has been laid in Parliament for enactment will help to reduce rent seeking behaviour and improve revenue collection.

**[vi] Strengthening the Legal Framework for the Management of Lands:**

149. Mr Speaker, Honourable Members, only less than 10 percent of arable land is actually in use due to institutional constraints such as poor governance. This results in insecure tenure, which in turn leads to low productivity levels as the private sector cannot acquire vast areas of land for investment. As part of 31 efforts to address these issues, Government has prepared the Customary Land Rights Bill and the Land Commission Bill. These Bills seek to establish and protect property rights while encouraging responsible investment. The Bills address the following reform areas [i] Tenure Security, [ii] Customary Land Rights Administration and Management, [iii] Customary Tenure Dispute Resolution, [iv] Gender Equality and the Rights of Women, [v] Protection of Livelihoods; and [vi] Responsible Investment. These two bills have been submitted to this House for enactment.

150. Mr Speaker, Honourable Members, I will now provide the revenue and expenditure projections for 2022.

**VI. The 2022 Budget**

151. Mr Speaker, Honourable Members, total revenue and grants for the financial year 2022 is projected at Le9.94 trillion. This includes domestic revenues of Le7.64 trillion [15.1 percent of GDP] and grants of Le2.3 trillion. Of the grants, budget support to be provided by the World Bank will amount to Le783.0 billion and project grants, Le1.32

trillion. The budget for 2022 is fully financed with no financing gap. Principal loan repayments will amount to Le740 billion in 2022.

152. Mr Speaker, Honourable Members, the continued recovery in economic activities and strict implementation of the revenue policy and administrative measures already described will improve domestic revenue collection in 2022. Of the total projected domestic revenue, Income Taxes will contribute Le2.71 trillion; Goods and Services Tax [GST] Le1.46 trillion; Import Duties Le950.1 billion; Excise duty on Petroleum Products Le706 billion; Mining Revenues Le316 billion; Royalty on Fisheries Le142.0 billion; parastatals dividends, Le125.4 billion; TSAs Le413.1 billion; Other Government Ministries, Departments and Agencies Le144.8 billion; and Road User Charges Le226.0 billion. Expenditure Priorities, Projections and Allocations

153. Mr Speaker, Honourable Members, as indicated earlier, the expenditure priorities of Government remain Human Capital Development, economic diversification including agriculture and food security; infrastructure development; combating climate change and promoting good governance as articulated in the Medium-Term National Development Plan [2019-2023]. The continued implementation of the programmes and projects embedded in these sectors will support the resilient recovery of the economy in 2022. Hence, the composition and allocation of Government expenditure for the 2022 financial year reflect these priority areas.

154. Mr Speaker, Honourable Members, total expenditure and net lending for 2022, including arrears pay down, is projected at Le11.81 trillion [23.3 percent of GDP] compared to Le10.97 trillion for 2021. Of this, recurrent expenditures will amount to Le8.17 trillion [16.1 percent of GDP]. Capital expenditures will amount to Le3.64 trillion [7.2 percent of GDP], of which, domestic financed capital expenditures will amount to Le1.19 trillion. Foreign-financed capital expenditures are projected at Le2.45 trillion. An amount of Le100 billion is allocated for the payment of pre-April 2018 arrears. Wages and Salaries

155. Mr Speaker, Honourable Members, the Government wage bill for 2022 is projected at Le3.90 trillion [7.7 percent of GDP] compared to Le3.75 trillion in 2021. This increase

in the nominal wage bill reflects Government's commitment to award a salary increase of 25 percent to all the security forces over a three-year period that started in 2021. Employees of tertiary educational institutions, including Universities, Polytechnics and Government Technical Institutes will also receive a further pay rise of 25 percent. The increase in the wage bill will also cover the recruitment of 1,200 teachers; 1,000 health workers; 1,000 police officers; 200 correctional officers; and 85 fire fighters as well as 500 academic and administrative staffs for tertiary educational institutions especially the newly established universities.

### **Debt Service Payments**

156. Mr Speaker, Honourable Members, total interest payments are projected at Le1.44 trillion [2.8 percent of GDP] for 2022. Of this, interest payments on domestic debt will amount to Le1.26 trillion and interest on foreign debt, Le178.7 billion. Other Recurrent, Domestic and Foreign Funded Capital Expenditures

157. Mr Speaker, Honourable Members, the budgetary allocations to MDAs reflect the priorities of Government. I will now provide the specific details under each sub-heading as follows:

### **Cluster One: Human Capital Development Education**

158. Government is allocating Le1.7 trillion to the education sector, accounting for 22 percent of the total discretionary budget to support basic, secondary, higher and TVET education.

159. This amount includes Le752.3 billion as salaries for teachers and Le292.7 billion as salaries for employees of tertiary education institutions. The sum of Le126.8 billion is allocated from the recurrent budget to the Ministry of Technical and Higher Education, of which, Le80.9 billion is transfers to Tertiary Education Institutions and Le5.5 billion to the Tertiary Education Commission.

160. The Ministry of Basic and Secondary Education is also allocated Le31.3 billion from the recurrent budget. Transfers to local councils for devolved education services will

amount to Le11.6 billion. The Teaching Service Commission is allocated an amount of Le2.7 billion.

161. The allocation also includes Le344.8 billion from the domestic capital budget for the provision of teaching and learning materials, payment of school fees subsidies, support to the school feeding programme, payment of WASSCE examination fees, diet for boarding schools, welfare and hygiene packages for school going girls, and rehabilitation of boarding home facilities.

162. Development partners will disburse Le445.6 billion to support the implementation of various Basic and Secondary Education projects, including the Free Education Project and the Education Sector Project.

163. Development partners are also providing Le415.8 billion for the implementation of projects in higher and technical education, including the construction of the University of Science and Technology in Kono, expansion of Milton Margai Technical University and Eastern Technical University, construction of the Centre of Excellence in Bonthe and the Skills Development Project for the country as a whole.

## **Health**

164. Government is allocating a total of Le896.7 billion, accounting for 11 percent of total discretionary expenditure. This reflects our commitment to progressively increase expenditure to the health sector. The allocation includes Le433.1 billion as salaries for health workers; Le55.8 billion from recurrent expenditures for primary and secondary health care services.

165. The allocation also includes Le174.0 billion as transfers to NACOVERC and Le75.0 billion to the National Medical Supplies Agency for the procurement of Free Health Care Drugs, other essential drugs and medical supplies. Transfers to local councils for devolved health services will amount to Le76.0 billion. The Health Service Commission will receive Le2.2 billion. The sum of Le41.2 billion is allocated for the monthly cleaning exercise.

166. The allocation also includes Le30.9 billion from the domestic capital budget, of which, Le4.9 billion for the construction of a Diagnostic Medical Centre and Le3.5 billion for the rehabilitation and expansion of PHUs. The rest is Government counterpart contributions to donor funded projects in the health sector.

167. Development partners including the World Bank, Global Fund, GAVI, Islamic Development Bank, AfDB have committed to disburse Le340.7 billion for the implementation of various projects in the health sector.

### **Social Protection**

168. Total allocation to the National Commission for Social Action will amount to Le28.0 billion, of which, Le16.6 billion is salaries, and Le2.9 billion is for goods and services. The allocation also includes Le8.5 billion from the domestic capital budget, of which, Le4.0 billion for the rehabilitation of community infrastructure and Le4.5 billion is Government's counterpart contribution to the implementation of donor funded social protection programmes. Government is also implementing various social protection programmes in other MDAs including the Ministries of Basic and Senior Secondary Education, Gender and Children's Affairs, Health and Sanitation, Social Welfare, and Youth Affairs.

169. In addition, development partners including the World Bank, German Development Bank, Islamic Development Bank will disburse Le149.8 billion to support labour intensive public works, including the rehabilitation of feeder roads as well as the construction of community infrastructure, including boreholes, hand-dug wells and family toilets.

### **Cluster Two: Economic Diversification Agriculture**

170. Mr Speaker, Honourable Members, Government is allocating Le278.0 billion to the Agriculture and Food Security sector. Of this, Le17.9 billion is salaries for staff of the Ministry of Agriculture; Le 34.5 billion from the recurrent budget to cover the procurement and distribution of agricultural tools and equipment (Le13.7 billion); rehabilitation of inland valley swamps (Le3.3 billion), agricultural extension services

[Le2.9 billion]; and procurement of animal vaccines [Le1.2 billion]. Transfers to local councils for agriculture and food security activities will amount to Le10.2 billion.

171. The allocation also includes Le97.7 billion from the domestic capital budget, of which, Le50.8 billion is for the E-voucher system to provide agricultural inputs to farmers; Le22.0 billion is support to the Chiefdom Youth Farms; and Le9.0 billion to the Onion Development Project. This allocation also includes Government's contribution to several donor-funded projects in the agriculture sector.

172. Development partners, including the World Bank, AfDB, IFAD and IDB, will disburse Le237.6 billion to support the implementation of various projects in the agriculture sector.

### **Fisheries and Marine Resources**

173. Mr Speaker, Honourable Members, Government is allocating Le29.5 billion to the fisheries sector, of which, Le2.5 billion is staff salaries; Le15.4 billion from the recurrent budget to support artisanal fisheries activities, promotion of fish exports including the operations of the Competent Authority, which certifies fish exports. Transfers to local councils for fisheries services will amount to Le752.5 million.

174. From the domestic capital budget, an amount of Le11.6 billion is provided, of which, Le5.0 billion is support to artisanal fisheries and another Le5.0 billion to fisheries monitoring and surveillance activities. Development partners have committed to disburse Le91.6 billion for the construction of the Fish Harbour. Tourism and Culture

175. Mr Speaker, Honourable Members, Government is allocating Le23.4 billion to the tourism sector, of which, Le9.3 billion is staff salaries; Le9.5 billion from the recurrent budget as support to the National Tourist Board, Monuments and Relics Commission and National and Railway Museums.

176. The National Tourist Board will receive 5.2 billion from the domestic capital budget including Le1.2 billion for the construction of 5 Tourist Information Centers and Le4.0 billion as counterpart contribution to donor funded project coordinated by the National

Tourist Board. The Monument and Relics Commission will receive Le5.5 billion for the preservation of Bunce Island and rehabilitation of the Old FBC Building.

177. Development partners including UNDP, World Bank and the USA will disburse Le49.2 billion for the implementation of the Sustainable Tourism and Coastal Risk Management Projects by the National Tourist Board and Le5.4 billion for the preservation of Bunce Island.

### **Trade and Industry**

178. Mr Speaker, Honourable Members, Government is allocating Le64.7 billion to the Ministry of Trade and Industry, of which, Le28.0 billion is staff salaries. The allocation includes Le17.3 billion from the recurrent budget, of which, Le5.0 billion is support to Sierra Leone Investment and Export Promotion Agency [SLIEPA]; Le4.0 billion to the Sierra Leone Standards Bureau, Le2.4 billion to the Produce Monitoring Board and Le1.5 billion to the Produce Marketing Company. The allocation also includes Le18.0 billion as support to the MUNAFA Fund.

### **Cluster Three: Infrastructure and Economic Competitiveness**

179. Mr Speaker, Honourable Members, Government is allocating Le339.8 billion from the domestic capital budget to the Sierra Leone Roads Authority, of which, Le240.1 billion is for the completion of township roads; Le9.3 billion each for the completion of the Tagrin-Lungi Road, Bo-Tinkonko Road and BandajumaPujehun-Gbondapi Road; Le7.8 billion for the completion of the Hill-side By-Pass Road; Le20.0 billion for the rehabilitation of critical bridges in Freetown; Le12.9 billion for spot improvement and re-gravelling of trunk roads and Le3.7 billion for the on-going construction of the embankment and bridge in Bonthe Island. The rest of the allocation is Government's contribution to donor-funded road projects, including the on-going reconstruction of the Pendembu-Kailahun and the Lumley, Tokeh Roads.

180. Development partners including the European Union, OFID, KuwaitFund and BADEA will disburse Le155.5 billion for the ongoing reconstruction of the Bo-Bandajuma Road, Bandajuma-MRU Bridge, Tokeh-Lumley road; Moyamba Junction to Moyamba and the three bridges (Magbele, Mabang and Kpangbama).



181. The Ministry of Works and Public Assets is allocated Le12.3 billion from the recurrent budget, of which, Le4.9 billion is for the repair and maintenance of Government buildings. The Ministry is also allocated Le11.9 billion from the domestic capital budget for the rehabilitation of the Presidential Lodge and other Government Administrative Buildings.

### **Energy**

182. Mr Speaker, Honourable Members, Government is allocating Le169.5 to the Ministry of Energy, of which, Le5.9 billion is personnel cost. The allocation also includes Le122.7 billion from the recurrent budget as energy subsidies to Independent Power Producers (IPPs). The sum of Le37 billion is allocated from the domestic capital budget, of which, Le23.1 billion is for the ongoing electrification of seven (7) district towns; Le5.0 billion for the rehabilitation of the Goma-Dodo Hydro-Dam; and Le2.5 billion for the rehabilitation of thermal plants. The rest of the allocation represents Government's counterpart contribution to several donor funded projects in the energy sector. 183. Development partners including the World Bank, African Development Bank, FCDO, Indian-Exim Bank have committed to disburse Le315.4 billion for the on-going implementation of the CLSG Rural Electrification Project, West African Power Pool, extension of the Bo-Kenema Distribution system and the supply and distribution of 225KV Double Circuit Transmission line from Bumbuna to Waterloo and installation of street lights.

184. The Ministry of Energy is allocated Le3.8 billion, of which, Le909.0 million is for the Bumbuna Watershed Project.

### **Water**

185. Mr Speaker, Honourable Members, Government is allocating Le118.7 billion to the water sector, of which Le16.9 billion is staff cost. The allocation also includes Le62.3 billion from the domestic capital budget to the Sierra Leone Water Company [SALWACO], of which, Le45.0 billion is for the completion of the construction of water supply facilities in six [6] districts; Le5.7 billion for the ongoing construction of water supply system in Bonthe; and Le3.8 billion for the construction of 45 industrial

boreholes. The rest of the allocation represents Government's contribution to donor funded projects, including the three [3] towns Water Supply Project, Four [4] Towns Water Supply project [Mongor, Njala, Mattru and Daru] and the construction of 100 Solar Powered Bore Holes Project.

186. In addition, Le17.0 billion is allocated to the Guma Valley Water Company [GUMA] as counterpart contribution to several donor-funded projects implemented by GUMA.

187. The National Water Resources Management Agency will receive Le3.2 billion for the construction of water monitoring systems, mapping of groundwater systems and installation of bulk flow water meters.

188. Development partners will disburse Le121.5 billion for the implementation of donor-funded projects coordinated by GUMA.

### **Information and Communications Technology**

189. Mr. Speaker, Honourable Members, Government is allocating Le39.8 billion, of which staff salaries account for Le26.4 billion. The allocation also includes Le9.4 billion from the domestic capital budget to support the implementation of several projects in the ICT sector, including the National Fibre Optic Backbone, operationalisation and expansion of the e-Government platform and support to Community Radio Stations.

### **Cluster Four: Governance**

190. Mr Speaker, Honourable Members, Government is allocating Le341.3 billion to the Ministry of Defence, of which, Le112.4 billion is for logistics and operations. The sum of Le396.3 billion is allocated to the Police, of which, Le110.1 billion for operations and logistics. The correctional services will receive Le102.6 billion, of which, Le60.7 billion for logistics and operations. The National Fire Force is allocated Le14.8 billion, of which, Le6.0 billion is for logistics. The Office of National Security will receive Le26.8 billion, of which, Le9.2 billion is for operations. An amount of Le22.4 billion is allocated to the Central Intelligence and Security Unit, including Le10 billion for their operations. The Immigration Department is allocated Le14.4 billion, including Le7.3 billion for operations.

191. Mr Speaker, Honourable Members, budgetary allocations to other governance institutions including personnel emoluments are as follows; Le102.2 billion to the Judiciary; Le55 billion to Audit Service Sierra Leone; Le31.9 billion to Statistics Sierra Leone; Le15.6 billion to NPPA; Le5.9 billion to the National Monitoring and Evaluation Department [NAMED]; Le53.1 billion to the Anti-Corruption Commission; Le69.8 billion to the Parliamentary Service Commission and Le336.8 billion to the National Electoral Commission.

192. An amount of Le39.9 billion, including personnel emoluments, is allocated to the Ministry of Planning and Economic Development; Le400.4 billion to the Ministry of Foreign Affairs and International Cooperation; and Le199.7 billion to the Ministry of Finance. The NRA will receive Le207.7 billion.

193. Government is also allocating Le55.8 billion from the domestic capital budget to support the implementation of projects by several governance institutions, including Le9.0 billion to the National Civil Registration Authority, Le5.0 billion to the Ministry of Defence and Le4.0 billion to the Sierra Leone Police.

#### **Cluster Five: Empowering Women, Children and Persons Living with Disability**

194. Mr Speaker, Honourable Members, Government is allocating Le10.7 billion to the Ministry of Gender and Children's Affairs, of which Le4.3 billion is salaries. An amount of Le4.0 billion is allocated from the recurrent budget, of which, Le3.0 billion is for Gender and Children's programmes; and Le1.0 billion for the Children's Commission. An amount of Le1.0 billion is allocated for the Women's Economic Empowerment Fund, Le923 million for the prevention and response to Gender Based Violence and Le460 million for the re-integration of Street Children. Transfers to Local Councils for gender and children's affairs will amount to Le2.2 billion.

195. The Ministry of Social Welfare is allocated Le27.1 billion, of which Le8.4 billion is provided to support social protection programmes, including Diets to Approved Schools and Remand Homes. The National Commission for Persons with Disabilities is allocated Le2.4 billion. Grants to welfare institutions will amount to Le2.0 billion.

196. An amount of Le2.3 billion is allocated from the domestic capital budget to the Ministry of Social Welfare, of which, Le1.0 billion is to support livelihoods for people living with Disability and another Le1.0 billion for the rehabilitation of Remand Homes.

### **Cluster Six: Youth Employment and Sports**

197. Mr Speaker, Honourable Members, Government is also allocating Le31.3 billion to the Ministry of Youth Affairs, of which, Le3.0 billion is from the recurrent budget as support to the National Youth Commission. The National Youth Service will receive Le2.5 billion from the recurrent budget.

198. The allocation also includes Le19.9 billion from the domestic capital budget to support various youth programmes, including the Youth Empowerment Fund Le4.0 billion; Youth in Agro-Processing Le4.2 billion; Youth in Car Wash Le5.0 billion; and Youth in Fisheries Le1.5 billion.

199. The National Youth Commission will receive an additional Le2.8 billion from the domestic capital budget to support youth entrepreneurship and employment and promote youth in ecotourism. The National Youth Service will receive Le1.5 billion for the Graduate Service Programme.

200. An amount of Le10.6 billion is allocated to the Ministry of Sports, of this, Le3.7 billion is allocated from the recurrent budget. The National Sports Authority will receive Le26.6 billion from the recurrent budget to support sports programmes. Transfers to local councils for youth services and sports equipment will amount to Le2.3 billion.

### **Cluster Seven: Addressing Vulnerabilities and Building Resilience**

201. Mr Speaker, Honourable Members, Government is allocating a total of Le71.4 billion to address vulnerabilities to climate change. The sum of Le16.7 billion is allocated from the recurrent budget to the Ministry of Environment, of which, Le3.8 billion is for environmental safeguards and forestry conservation. In addition, from the recurrent budget, the Environmental Protection Agency will receive Le32.6 billion; the National Disaster Management Agency Le14.5 billion; the National Protected Area Authority Le3.3 billion; and the Nuclear Safety and Radiation Protection Authority Le3.0 billion.

202. The allocation also includes Le10.7 billion from the domestic capital budget, of which Le9.2 billion is to support Tree Planting activities. Utilisation and Monitoring of SDR Allocation

203. Mr Speaker, Honourable Members, the IMF provided US\$283 million to Sierra Leone as part of the General SDR allocation to help address the long term need for foreign exchange reserves, foster resilience and stability of the global economy. The reserves will also help vulnerable countries to cope with the impact of the COVID-19 Pandemic.

204. In Sierra Leone, while the SDR allocation will be used largely to boost foreign reserves, an amount of Le450 billion will be on-lent to the Government to provide additional fiscal space in 2022 for spending on poverty-related areas, including transfers to NACOVERC, school feeding, hygiene packages for school going girls, national tree planting, construction of boreholes and water supply facilities in communities, as well as payment of arrears, among others. The sum of Le100 billion is allocated for the payment of pre-April 2018 domestic arrears. Government is committed to reporting on a quarterly basis on the financing and execution of these SDR funded expenditures.

### **Budget Deficit and Financing for 2022**

205. The overall budget deficit, excluding grants, is projected at Le4.17 trillion [8.2] percent of GDP] for 2022. The deficit, including grants, is projected at Le1.89 trillion [3.7 percent of GDP] to be partly financed through foreign borrowing of Le1.14 trillion. Principal loan repayments will amount to Le740 billion. Net domestic financing of the deficit will amount to Le1.6 trillion, comprising net SDR on-lending of Le642 billion and borrowing from the domestic banking system of Le1.17 billion. Borrowing from commercial banks will amount to Le645.7 billion. Government will repay the non-bank sector the sum of Le187.0 billion in 2022 through the redemption of bonds issued to contractors in lieu of arrears. VII. Risks to the implementation of the 2022 Budget

206. Mr Speaker, Honourable Members, the revenue and expenditure projections and the associated budgetary allocations announced in the preceding sections of this

statement are subject to significant risks. These risks, if they materialize, will make it difficult to attain the revenue targets and expenditure allocations and hence can derail the implementation of the 2022 Budget. Tough decisions may be required to keep the economy on an even keel.

207. First, a surge in COVID-19 cases will put tremendous pressure on the budget. The associated restrictive measures will depress economic activities and undermine domestic revenue collection. The need to respond to the spread of the disease in terms of surveillance, testing, quarantining and treatment will increase Government expenditure above budgeted levels and crowd out other priority spending. The most effective mitigating measure is to scale up vaccine uptake. The current low vaccination rate at 3.7 percent of the population represents the greatest threat to the successful containment of the disease. In the event of a surge in COVID-19 cases, Government will reprioritise expenditures, including delay in arrears payment and use of the contingency allocation as well as seek additional grants financing to respond to the surge.

208. Second, the continuing rise in international fuel and food prices presents another risk to the implementation of the budget. The continuous rise in energy and imported food prices could further increase Government **41 42** expenditures. At the same time, the rise in fuel prices can undermine domestic revenue collection if domestic fuel pump prices are not adjusted in line with changes in international oil prices; otherwise, Government will come under substantial pressures in terms of available resources and allocation. Such pressures will make it difficult to fund priority programmes, including the Free Quality School Education Programme.

209. Third, the gradual fall in the price of iron ore could result in loss of royalties, personal income and withholding taxes. This loss of domestic revenue would, in turn, disrupt budget implementation.

210. Fourth, delay or non-implementation of triggers or reforms agreed with development partners could delay the disbursement of budget support, which in turn could complicate budget execution.

211. Lastly, the occurrence of natural disasters will derail budget implementation as resources will be re-allocated to respond to the events, thereby crowding out other priority expenditures.

### **VIII. Conclusion:**

212. Mr Speaker, Honourable Members, we aim to consolidate our gains, complete on-going projects, sustain macroeconomic stability with a focus on debt sustainability over the medium-term, support commercial farming, improve the skills of our youths, continue to improve the health of our people, accelerate the deployment of COVID-19 vaccinations, invest in digital technology and provide a supportive environment for the private sector to thrive.

213. Mr Speaker, Honourable Members, despite the enormous difficulties and challenges we face, we are confident that with the resilience of our people, the implementation of the policies, programmes and projects I have announced today will impact significantly and make a difference in the lives of our people.

214. In concluding this Statement, I have the singular honour to thank His Excellency, the President, Dr Julius Maada Bio, for steering the affairs of the state during these uncertain and challenging times. His guidance during the meetings of the Economic Management Team and the Cabinet has been very useful.

215. To the Vice President, Dr. Mohamed Juldeh Jalloh, who launched the Budget Policy Hearings and maintains regular contact with the Ministry of Finance on various issues, I say thank you very much.

216. I would like to thank the Chief Minister and other Cabinet colleagues for their collaboration and support in preparing this Budget. The Ministry of Finance will endeavour to improve the predictability of the release of quarterly allocations to MDAs as the fiscal situation improves.

217. Mr Speaker, Honourable Members, I wish to express my sincere gratitude to the two Deputy Ministers of Finance for their support in fiscal and economic management, especially during this pandemic.

218. I would also like to thank the Financial Secretary, the Principal Deputy Financial Secretary, the Chief Economist, the Director of Budget, all the Directors and staff in the Ministry of Finance for their support in designing and implementing economic policies and programmes, including this Policy Statement.

219. Mr Speaker, Honourable Members, I specifically want to thank the Minister, the Development Secretary and staff of the Ministry of Planning and Economic Development for their contribution in preparing the capital budget. The contribution of the Technical Leadership and teams of all other MDAs cannot be over-emphasised.

220. I also want to thank the Governor, Deputy Governors, management and staff of the Bank of Sierra Leone for the continued policy coordination in support Government's economic recovery programme.

221. The Commissioner-General, management and staff of the National Revenue Authority deserve special commendation for their continued efforts in the mobilisation of domestic revenue amidst the COVID-19 pandemic.

222. I also wish to acknowledge the role played by the Attorney General and Minister of Justice, the Solicitor General and staff of the Law Officers Department for the facilitation and finalisation of various bills and statutory instruments required for effective management of our natural and public financial resources.

223. Mr Speaker, Honourable Members, I would like to commend the House of Parliament, including your good self, the Clerk and his staff, for the usual bi-partisan manner in handling economic management matters brought to this Noble House for consideration, approval and ratification. I am confident this Budget will be accorded similar treatment.

224. My appreciation also goes to the Non-State Actors including Budget Advocacy Network [BAN], Invest Salone, District Budget Oversight Committees, Civil Society Organisations and members of the electronic and print media who participated in our bilateral budget discussions and regularly monitor, engage with and report on activities of the Ministry of Finance.



225. Mr Speaker, Honourable Members, I would also like to not only recognise but also express my profound gratitude and appreciation our development partners, especially the IMF, World Bank, European Union, African Development Bank, the Foreign, Commonwealth and Development Office [FCDO] of the UK Government, ECOWAS Bank for Investment and Development [EBID], the Islamic Development Bank, Turkey, United Arab Emirates, United States of America, Japan, China, India, Ireland, Canada and the UN Family for their unflinching support even though they are also battling with the effects of COVID19.

226. I also wish to acknowledge the role of International and Local NGOs in complementing the development activities of Government in key sectors. The activities of Catholic Relief Services [CRS], World Vision, OXFAM, CARE International, PLAN International, MSF, ACF, Partners in Health, USAID in the education, health, water and sanitation, agriculture and governance sectors are duly recognized and appreciated. Government will continue to coordinate and oversee these complementary development activities of NGOs, especially at the local level.

227. As usual, the Government Printer and staff rose to the occasion and printed the Budget Statement and Estimates on time. This is very critical for the next stage of this process. Your untiring efforts are appreciated.

228. Mr Speaker, Honourable Members, this budget seeks to resuscitate the economy to not only build back better but also greener as a clean, carbon free environment is the best legacy for our well-being and the future of our children.

229. I, therefore, commend this Budget to the House. *[Applause]*

Mr Speaker, Honourable Members, I move that the Bill entitled: "The Appropriation Act, 2022" be read the first time.

**THE SPEAKER:** Honourable Members, before I put the question, I wish to recognise the following distinguished personalities of the state. You may want to know them because maybe you need assistance for your constituents. Therefore, it is good that we

know them. I am sure many of them have left already, but I would just mention their names.

1. Dr Prince Alex Harding, Chairman of the SLPP and Commissioner of NCP;
2. Alhaji Kanja I. Sesay, Minister of Energy;
3. Dr Francis M. Kaikai, Minister of Planning and Economic Development;
4. Mr Sheku Fatamadi Bangura, Deputy Minister of Finance 2 and also Chairman NaCOVERC;
5. Mr Sahr L Jusu, Financial Secretary;
6. Dr Kelfala Kallon, Governor of the Bank of Sierra Leone;
7. Dr Ibrahim Stevens, First Deputy Governor
8. Mrs Memunatu Pratt, Minister of Tourism and Cultural Affairs;
9. Mr Mohamed Gondo, Deputy Director General, NaSSIT;
10. Dr Samuel S. Jibao, Commissioner General of NRA;
11. Ambassador Mohamed Yangao;
12. Mohamed E.K Alie, Minister of State, South;
13. Mr I.K. Robinson, Deputy Minister of Tourism and Cultural Affairs;
14. Buakai Bindi Hindowa, Deputy Minister of Gender and Children's Affairs;
15. Mr Mohamed Konneh, Commissioner and Chairman of NEC;
16. Mr Ambrose James, Director NAO;
17. Mr Mohamed Kallon, CEO RMFA;
18. Mr Ismond Gaqui, Director of Public Prosecution;
19. Mr David N. Borbor, Director FIU;
20. Bashiru Sheriff, RMFA Deputy CEO;
21. Andrew Jaia Kaikai, Chief Immigration Officer;
22. Peter Sam Kpakra, Development Secretary
23. Dr Lawrence Sandy,
24. John Sumaila, Secretary to Cabinet and Head of Civil Service;
25. Dr Abdulai Fofanah, General Manager, Sierra Leone Ports Authority;
26. Nassa A.A. Kamanda-Bongay, Chief fire Officer;

27. Mariatu E. Kaikai, Sierra Leone Red Cross;
28. Shaka Samuel Sannoh, CEO SMIDA;
29. Mr D.S. Macfoy, Deputy Director General, Ministry of Defence; and
30. Mr Abdul Aziz, Acting Auditor General

*[Question Proposed, Put and Agreed To]*

*[The Bill entitled the Appropriation Act, 2022 has been read the first time]*

**HON. MATHEW S. NYUMA:** Mr Speaker, Honourable Members, I stand on S.Os. 51 to commit the Bill for a debate for the second reading.

### ***ADJOURNMENT***

*[The House rose at 12:40 p.m. and was adjourned to Wednesday 24<sup>th</sup> November, 2021  
at 10:00 a.m.]*