

Sierra Leone 2023 Budget Highlights

Economic Indicators & Expenditure Highlights



- The theme for Sierra Leone's 2023 Budget was: **Addressing the needs of the vulnerable in the context of the multiple crises.**
- Growth in 2022 was revised downwards to an estimated 2.8 per cent from an earlier forecast of 5.9 per cent.
- **Inflation** rose from the low level of 8.9 per cent achieved in March 2021 to 29.1 per cent in September 2022.
- The country's **trade deficit widened** to **US\$ 206 million** in the second quarter of 2022 from **US\$ 166.4 million** in the first quarter of 2022 due to higher fuel, food, machinery and transport equipment imports.
- The country's **total debt** is **NLe 40.3 billion (US\$ 3.0 billion)**, representing **(79.8% of GDP)**. Of this, external debt is estimated at **US\$ 1.9 billion** and domestic debt at **NLe 14.5 billion (US\$1.1 billion)**.
- The **main risks** to the outlook of the Sierra Leone economy in 2023 include multiple crises brought on by the COVID-19 pandemic, the ongoing crisis in Ukraine and the intensifying risks of climate change.
- The **wage bill** for 2023 is projected at **NLe 4.8 Billion (7.2% of GDP)** compared to **NLe 4.3 Billion (8.1% of GDP)** in 2022.
- **Planned expenditure** for 2023 in **key sectors** includes **NLe 2.1 Billion** to the **Education sector (22% of the budget)**, **NLe 938.7 Million** to the **Health sector (10% of the budget)**, and **NLe 252.5 million** to the **Agriculture and Food Security sector**.

Tax Policy & Administrative Measures



- **No introduction of new taxes** as current taxation rates will remain unchanged in 2023. Efforts to raise revenues will focus mainly on strengthening tax compliance and broadening the tax base.
- Other **Tax Policy Measures** include **reviewing the Excise Tax Act of 1982, broadening the base of the Goods and Services Tax (GST) and implementing the provisions** defined in the amended **Extractive Industry Revenue Act** to maximise revenues from the extractive sector.
- **Planned Revenue Mobilisation reforms** include the development and rollout of **revenue mobilisation strategies for district councils**, the development and implementation of a **new fiscal decentralisation policy and the development of a modernised property tax system** to reflect current valuation and property roll to increase the tax base for the city and municipal councils
- **Full rollout of the Integrated Tax Administration System (ITAS)** to include management modules such as data management, audit, tax exemption and taxpayer management.
- **NRA systems**, especially the **ITAS**, will be **integrated** with other **information management systems** at the Bank of Sierra Leone, Accountant-General Department, National Civil Registration Authority and NASSIT.
- **NRA will build data analytics and risk analysis capacity using Artificial Intelligence (AI) technology and training** in data analytics and econometrics.

Selected Recovery Measures



- To **mitigate the effects of Climate Change**, the Government is allocating **NLe 4.2 million** to the **Ministry of Environment**; **NLe 39.2 million** to the **Sierra Leone Environmental Protection Agency**; **NLe 4.5 million** to the **Nuclear Safety and Radiation Protection Authority**; **NLe 2.0 million** to the **Sierra Leone Meteorological Agency** and **NLe 15.0 million** to the **National Disaster Management Agency** to put measures in place to mitigate natural disasters and climate risk adaptation.
- The Government will **implement a 45% increment in salaries for teachers** for the next three years starting in **January 2023**.
- The Government will **recruit 2,000 Police officers and 500 health workers** in **March 2023**.

“The sharp rise in global food and fuel prices and the pass-through effects on domestic prices combined with the depreciation of the exchange rate resulted in high inflation during the year.”



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