

# Sierra Leone 2025 Budget Highlights

## Economic Indicators & Expenditure Highlights



- The theme for Sierra Leone's 2025 Budget is: **Improving the Well-Being and Quality of Life of Sierra Leoneans.**
- The economy **grew** by 5.7% in 2023 and is projected to grow by at least 4% in 2024.
- **Inflation** eased significantly in 2024, dropping from a historic peak of 54.5% in October 2023 to 20.2% in September 2024.
- The country's **trade balance** improved in the first half of 2024, narrowing to US\$248.1 million from US\$286.4 million in 2023, primarily due to strong growth in iron ore exports.
- **The Leone** has been relatively stable since the second half of 2023, appreciating by 1.2% from January to September 2024.
- The **main risks** to the outlook of the Sierra Leone economy include rising global food and fuel prices, declining iron ore prices, Middle East security instability, and reduced international donor support.
- The current **Government Wage Bill** is SLE 6.5 billion (3.9% of GDP) and is projected to increase to SLE 7.6 billion (3.9% of GDP) in 2025.
- **Total expenditures and net lending** for the first half of 2024 amounted to NLe11.8 billion (7.2% of GDP), slightly exceeding the original budget by SLE 500 million. For 2025, it is projected at NLe35.3 billion (18.3 per cent of GDP).
- **Planned expenditure** for 2025 in key sectors includes **NLe 3.4 billion** to the **Education sector (20% of the budget)**, **NLe 1.5 billion** to the **Health sector (9% of the budget)**, and **NLe 1.3 billion** to the **Agriculture and Food Security sector (8% of the budget)**.

## Tax Policy & Administrative Measures



- **New tax policy** measures are introduced in the **Finance Act 2025** as part of the Medium-term Revenue Strategy (MTRS), which was laid before parliament on October 31, 2024. In 2025, the primary focus will be expanding the tax base and reinforcing tax compliance. The measures include:
  - Configuration and implementation of excise duties on imported goods like cigarettes and other excisable goods in the ASYCUDA system and the Minimum Alternate Tax (MAT) in the ITAS.
  - Extend the Minimum Alternate Tax (MAT) to all sectors, including mining.
  - Cease to grant Withholding Tax and Corporate Income Tax exemptions for new or existing investment agreements after expiration or review date.
  - Implementation of an ad valorem export duty on the export value of timber and timber products, in addition to the existing fixed charge, which will remain as a minimum.
  - Royalty will be introduced on the export of dimension stones, which have previously been exported as samples without generating revenue for the government.
  - Continue tax audits for high-risk sectors (extractives, manufacturing, telecoms).
  - Expand the tax base through data matching to identify unregistered businesses and under-declared taxes.

## Selected Recovery Measures



- Teachers will receive the third and final tranche of 15% increase in January 2025.
- Government will also recruit 2,000 additional teachers and reassess and promote 3,043 teachers, effective September 2025.
- Recruitment of 3,000 health workers effective July 2025 and a 15% salary increase for health workers effective April 2025.
- Recruitment of additional 1,000 civil servants; Award a 30 percent salary increase effective April 2025 for civil servants in Grades 8 to 14 who had not received any pay raise since 2018.
- Government pensioners will receive a 25 percent increase in their pensions effective April 2025. This is limited to Government employees who retired before the establishment of the National Social Security and Insurance Trust (NASSIT) and Political Pensioners.
- Core staff of Local Councils are awarded a 30% salary increase effective April 2025.

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