The weekly business newspaper

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Sierra Leone Trade Deficit With UK

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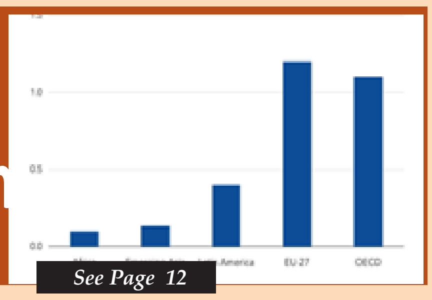
Property Taxes in Low Incom Countries



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Investors to Drive Electricity Distribution

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Govt Moves to Regulate Wage Bills

By Joshua Mas

The government - effective fiscal 2025 - is instituting a Medium Term Wage Bill Management Strategy (MTWNMS) as a means of curtailing the impact of wages on domestic revenue in the economy.

This is part of the measures being introduced by the government to block loopholes and ensure the economy enjoy some respite in the coming year. 'On current trends, the wage bill will become unsustainable and keep crowding out priority spending'. Finance Minister, Sheku Bangura told parliamentarians over the weekend. The government as a remedial measure, he announced, has therefore come up with the strategy which has the following key objectives viz:

- Sustainability: The strategy targets a reduction in the share of the wage bill to domestic revenues to 'no more than 35 percent', or not exceeding '4 percent of Gross Domestic Product (GDP)'. Such a reduction is imperative for reallocating resources to priority sectors, this goal is essential for creating fiscal space for priority expenditures.
- Transparency and Reliability: Building upon ongoing reforms, the Government seeks to enhance the transparency and reliability of the wage bill, fostering confidence among stakeholders in the budgeting process.
- Credibility: The Government aims to

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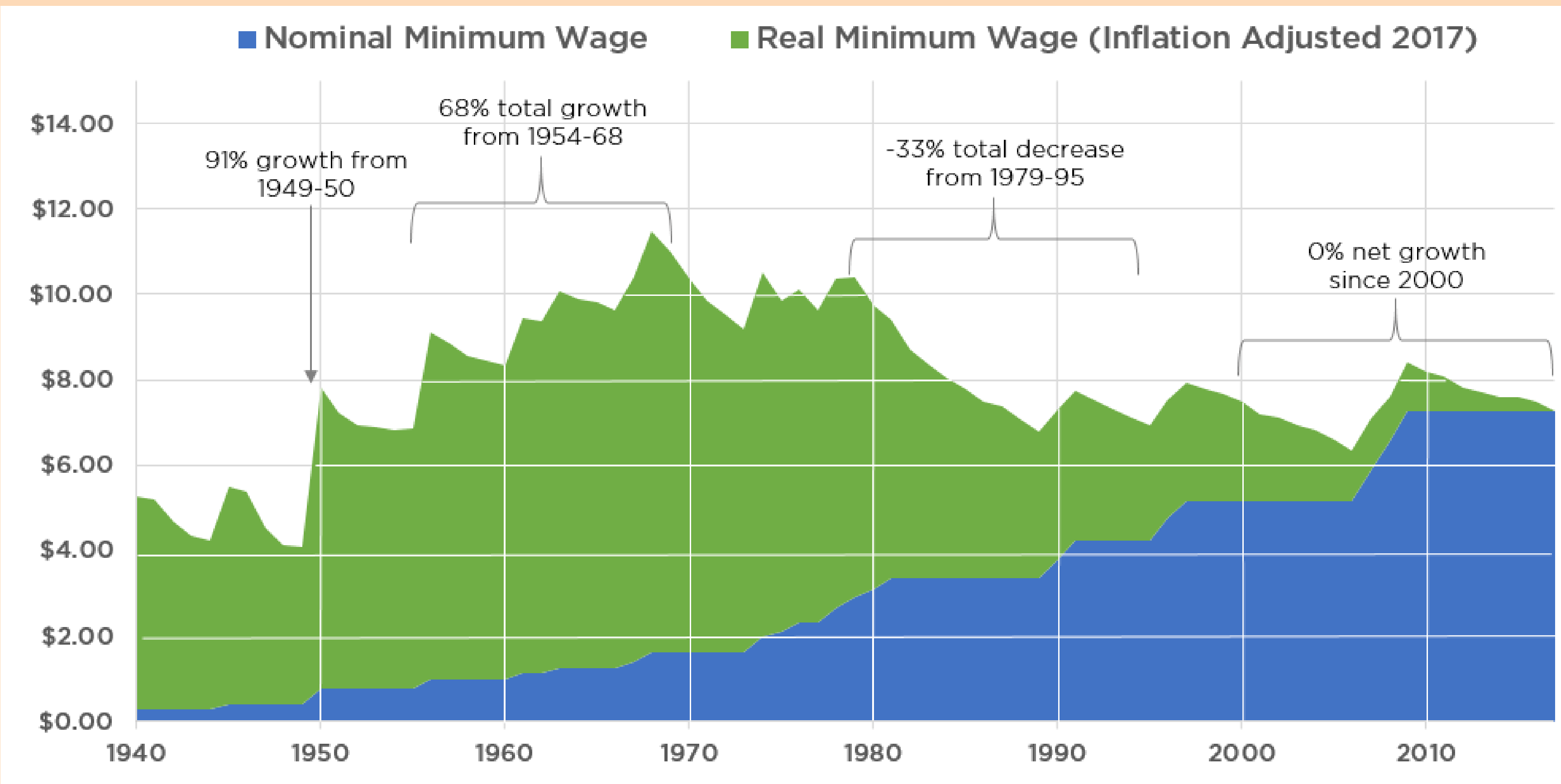

New Fiscal Regime Coming On Public Debt

The government has outlined measures to minimize debt distress and ensure debt sustainability in fiscal 2025.

Among others, the state is limiting domestic borrowing to levels consistent with the macro fiscal framework agreed under the International Monetary Fund (IMF) programme; sustain efforts at consolidating public finances through intensified domestic revenue mobilization and implementing prudent

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New Tax Policy Measures (2025)

- Government to complete the implementation of the outstanding measures in the 2023 and 2024 Finance Acts, including, configuring excise duties on imported alcoholic beverages, cigarettes and other excisable goods in the ASYCUDA and the Minimum Alternate Tax (MAT) in the Integrated Tax Administration System (ITAS)
- Amend the Income Tax Act, 2000, to extend the Minimum Alternate Tax (MAT) to all sectors, including mining.
- Sustain the implementation of the revised full pass through the petroleum pricing formula.
- Review sectoral investment agreements with a view to introducing sunset clauses for the reduced corporate tax rates granted to existing businesses beginning 2025.
- Cease the practice of granting reduced corporate income tax rates for all new investments and reduced withholding tax rates for all suppliers.
- Continue to rationalize duty and tax exemptions by implementing the Duty and Tax Exemptions Act, 2023.
- Effective 2025, enforces the full implementation of the Extractive Industries Revenue Act (EIRA), 2018, and avoid negotiating new fiscal terms for mining projects outside of the EIRA parameters.
- Implement a Safe Harbors Framework for establishing the prices of all minerals, beginning with iron ore in 2025.
- Implement an ad valorem export duty on the export value of timber and timber products in addition to the current fixed charge, which will be retained as a minimum; and Introduce royalty on the export of dimension stones which had for long been exported as samples with no revenue accruing to Government.

World Business Briefs

Madagascar Pushes For Climate Finance

The Government of Madagascar in collaboration with International Financial Institutions (IFIs) and development partners has announced at COP29 in Baku an integrated set of innovative initiatives to catalyse climate finance in Madagascar.

These initiatives, such as a climate finance mobilization strategy, a lemur bond, and a results-based grant financing facility for distributed renewable energy will play an instrumental role in mobilizing private and public sector financing for addressing climate-related challenges as well as opportunities for investment.

For Burkina Faso

An International Monetary Fund (IMF) team led by Martin Schindler, Mission Chief for Burkina Faso, held meetings in Ouagadougou during September 30–October 9 and in Washington during the 2024 IMF/World Bank Annual Meetings to discuss macroeconomic policies in the context of the second review of the four-year program supported by the Extended Credit Facility (ECF) arrangement. The arrangement was approved by the IMF Executive Board on September 21, 2023 for a total amount of SDR 228.76 million (about US$ 302 million).

At the conclusion of the discussions, Mr. Schindler issued the following statement:

"I am pleased to announce that the Burkinabè authorities and IMF staff have reached a staff-level agreement on the economic and financial policies that could support the approval of the second review of the program under the ECF arrangement. The conclusion of this review by the IMF Executive Board would enable the disbursement of about US$ 32 million (SDR 24.1 million), bringing the total IMF financial support disbursed under the arrangement to about US$ 96 million (SDR 72.3 million). The meeting of the IMF Executive Board is tentatively scheduled for December 2024.

Abidjan To Catalyse Climate Financing.

The Government of Côte d'Ivoire, in partnership with the International Monetary Fund (IMF) and the World Bank Group and with participation from Côte d'Ivoire's development partners (DPs), convened a joint roundtable in Abidjan in July 2024 to develop innovative climate finance options for the country. The aim of these discussions was to develop options to catalyse resources to achieve the objectives set out in Côte d'Ivoire's Nationally Determined Contribution (NDC), which would require an estimated US$22 billion by 2030. This press release highlights key achievements since the roundtable.

The Climate Action Group of Partners supported the establishment of a governance framework to meet NDCs. The Government of Côte d'Ivoire has launched innovative governance measures to enhance climate action. Following a decree on June 26, 2024, establishing a National Commission on Climate Change under the Prime Minister, an Executive Secretariat was formed to support its operations. In October 2024, the Commission became operational, delivering its inaugural climate change report. A Climate Change Law has been adopted by the Government, proposing the establishment of a National Climate Agency. Additionally, the Carbon Market Bureau (BMC) was created by Decree No. 2024-658 on August 1, 2024, to oversee carbon mechanisms.

Economic forecasts: Sub-Saharan Africa

(real GDP growth; percent)

		PROJECTIONS	
	2023	2024	2025
Sub-Saharan Africa	3.6	3.6	4.2
Angola	1.0	2.4	2.8
Benin	6.4	6.5	6.5
Botswana	2.7	1.0	5.2
Burkina Faso	3.1	5.5	5.8
Burundi	2.7	2.2	3.5
Cabo Verde	5.1	4.7	4.7
Cameroon	3.2	3.9	4.2
Central African Republic	0.7	1.4	2.9
Chad	4.9	3.2	3.8
Comoros	3.0	3.5	4.0
Congo, Democratic Republic of the	8.4	4.7	5.0
Congo, Republic of	2.0	2.8	3.7
Côte d'Ivoire	6.2	6.5	6.4
Equatorial Guinea	-6.2	5.8	-4.8
Eritrea	...	...	...
Eswatini	4.9	4.6	4.2
Ethiopia	7.2	6.1	6.5
Gabon	2.4	3.1	2.6
Gambia, The	5.3	5.8	5.8
Ghana	2.9	3.1	4.4
Guinea	5.7	4.1	5.7
Guinea-Bissau	5.2	5.0	5.0
Kenya	5.6	5.0	5.0
Lesotho	2.2	2.8	2.3
Liberia	4.6	5.1	5.8
Madagascar	3.8	4.5	4.6
Malawi	1.5	1.8	4.0
Mali	4.4	3.8	4.4
Mauritius	7.0	6.1	4.0
Mozambique	5.4	4.3	4.3
Namibia	4.2	3.1	4.2
Niger	2.4	9.9	7.3
Nigeria	2.9	2.9	3.2
Rwanda	8.2	7.0	6.5
São Tomé & Príncipe	0.4	1.1	3.3
Senegal	4.6	6.0	9.3
Seychelles	3.2	3.1	3.9
Sierra Leone	5.7	4.0	4.5
South Africa	0.7	1.1	1.5
South Sudan	2.5	-26.4	27.2
Tanzania	5.1	5.4	6.0
Togo	5.6	5.3	5.3
Uganda	4.6	5.9	7.5
Zambia	5.4	2.3	6.6
Zimbabwe	5.3	2.0	6.0

Source: IMF, World Economic Outlook database, October 2024.
Note: Data for Eritrea are excluded due to constraints in data reporting.

IMF

About Us

The Newspaper Financial Standard, a weekly tabloid on business and economy is a publication of the Aba Jo'onu Prudential Group. Freetown, Federal Republic of Sierra Leone.

Motto

The Smartest Way to Think.

Editorial philosophy and mission

FS as catalyst for empowerment and development, provides news and information to the reading public. It informs, educates, motivates and provides knowledge; drives financial literacy and seeks to provide a roadmap for initiatives geared towards an enduring organized private sector. We aim at building capacity for a financially literate community and aggregate its benefits for all; whilst investing prudently and taking advantages of the democratic space to assert economic rights and responsibilities.

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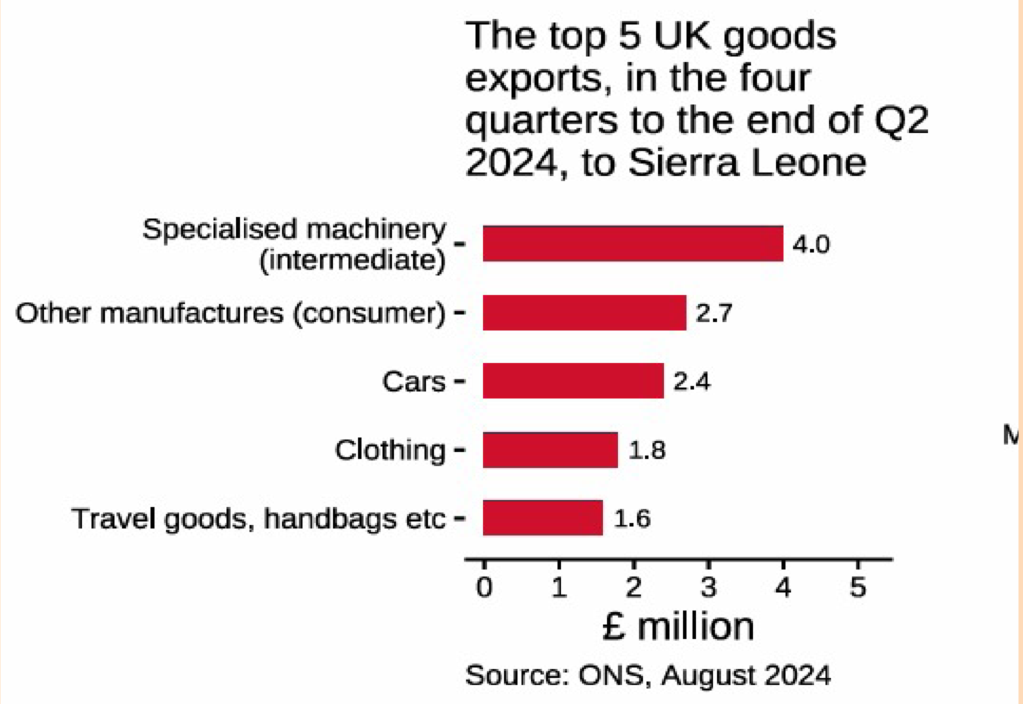
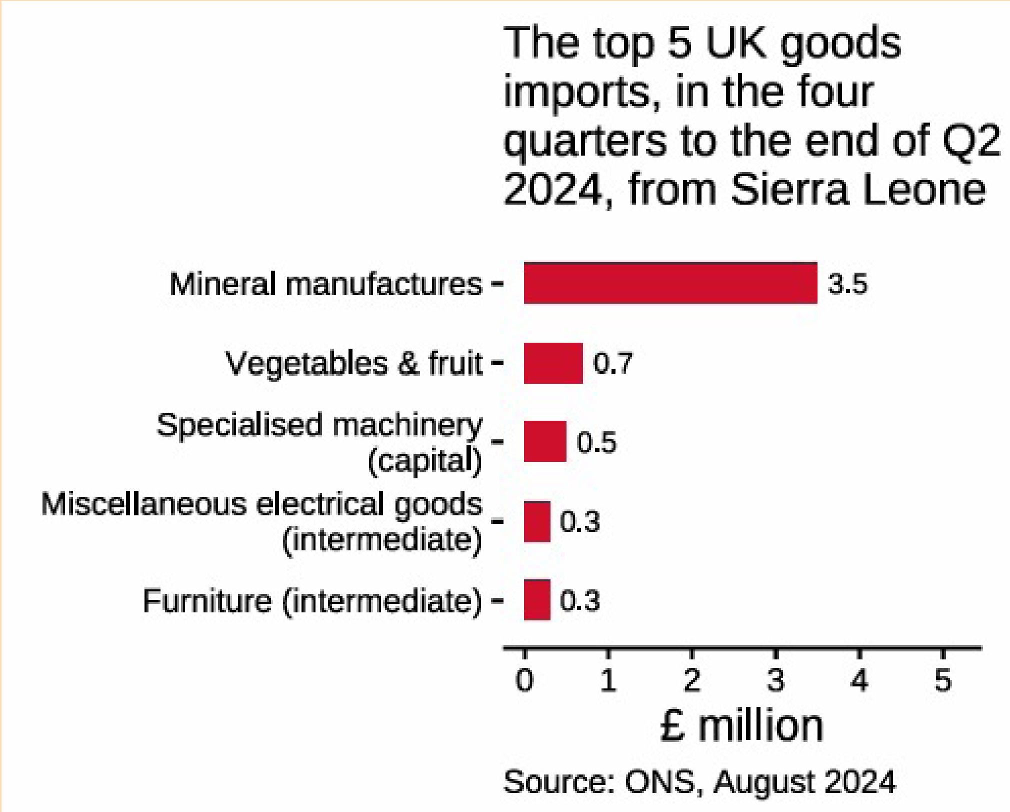
Sierra Leone's Persistent Trade Deficit with Britain

By John Marah





For the umpteenth time, Sierra Leone has again slipped in its trade relations with the United Kingdom. Reporting total trade in goods and services -exports plus imports – between the UK and Sierra Leone in the four quarter to end June, 2024, the UK Trade Office declared a total of £77 million pounds - a decrease of 2.5 percent or £2 million in current prices from the four quarters to the end of Q2 2023.

Of this £77 million, UK's total exports to Sierra Leone during the review period amounted to £59 million -an improvement of 3.5 percent translating to a gain of £2 million in current prices. Sierra Leone's exports (UK imports) during the period amounted to £18 million. A decrease of 18.2 percent or £4 million in current prices, compared to the four quarters to the end of quarter 2 in 2023.

Sierra Leone was the UK's joint 156th largest trading partner in the four quarters to the end of Quarter 2 2024 – the period under review. It accounted for less than 0.1 percent of total UK trade during this period. In 2022, the inward stock of foreign direct investment (FDI) from the UK in Sierra Leone was £6 million, 100.0% or £3 million higher than in 2021. In 2022, Sierra Leone accounted for less than 0.1% of the total UK inward FDI stock.

> **The trade imbalance has always left Sierra Leone in deficit as it's importing far more goods and services than it exports to Britain.**

The trade imbalance has always left Sierra Leone in deficit as it's importing far more goods and services than it exports to Britain. It is an imbalance with serious implications for the country's economy with impact on several critical areas. Chief among this is the impact on the country's foreign exchange reserve. The country requires more foreign currency, particularly the British pounds sterling to pay for its imports. The growing demand for FX automatically exerts pressure on the reserves, leading to a depreciation of the currency. A weaker Leone increases import costs, strains the economy and drives inflation.

To finance the trade imbalance, the government may have to resort to borrowing more from external sources. This could increase the country's external debt burden. This diversion of funds can adversely affect vital sectors such as healthcare, education, and infrastructure.

Dependence on imports as shown by the trade imbalance would equally harm local employment and hinder local industries. When the market is dominated by imported goods, domestic producers

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New Fiscal Regime Coming...

Cont'd from PAGE 1

expenditure management to reduce the budget deficit and government borrowing.

The government expressed grave concern on the ratio of debt service to revenue fingered as the greatest challenge to to fiscal management.

" Debt service to domestic revenue, which was about 50 percent in 2023, is projected to increase to 59 percent in 2025. The high debt service payments are also crowding out critical spending in agriculture, education, health, infrastructure, and other programmes that should have directly benefited the poor and vulnerable population of our society".

According to the government, Sierra Leone's public debt is assessed to be sustainable though at a high risk of distress. "The overall debt-to-GDP ratio has dropped from 94 to 54 percent of GDP in 2022, and further down to 53.4 in 2023 following the rebasing of our GDP. This notwithstanding, the ratio of debt service to revenues remains high and constitute the greatest challenge to fiscal management."

The government plans to redress this situation in fiscal 2025 by seeking grant financing or to borrow concessional loans to finance investments in key sectors of the economy, especially infrastructure, to press ahead with efforts to issue medium to long-term bonds, to extend average maturity in line with the updated Medium Term Debt Strategy (MTDS), implement the updated Arrears Clearance Strategy and deploy an Arrears Profiling System (APS) to capture information on all transactions processed within the Integrated Financial Management Information System (IFMIS) and on any outstanding invoices at the MDA level.

It also has plans to explore the introduction of innovative financing schemes, such as, PPPs, debt swaps for education, health and climate-related financing arrangements.

Okonjo Iweala In Race for Second Term

By Reuben Adewale

Dr Okonjo-Iweala, DG, WTO.

Dr Ngozi Okonjo-Iweala has emerged the sole candidate in the race for a new Director-General of the World Trade Organization (WTO). There were no other candidates for the Director-General position at the close of the one-month nomination submission period among WTO members, between October 8 and November 8, 2024.

Okonjo-Iweala who's the present incumbent has been renominated paving the way for her re-election. She was elected on February 15, 2021, becoming the first woman and first African to lead the organization. The WTO's nomination list results revealed a high possibility for her reappointment as Director-General for a second term, even with the incoming Trump administration, which once posed a threat in 2020 with Yoo Myung-hee, the former South Korean trade minister backed by Donald Trump's administration in October 2020.

"I would like to advise members that at the end of the nomination period the only candidacy received for this post is from Dr. Ngozi Okonjo-Iweala, the incumbent Director-General," communication from the Chairperson of the General Council said in a note to WTO members.

Trade With Great Britain Slumps

By Joan Bannister.

Trading is not looking good between Sierra Leone and the United Kingdom in recent times. Trade in exports and imports between the 2 countries peaked £77 million in the four quarters to the end of the second quarter of 2024 (June). This represents a decrease of £2 million about 2.5% from the 3 quarters to the same period last year (June 2023).

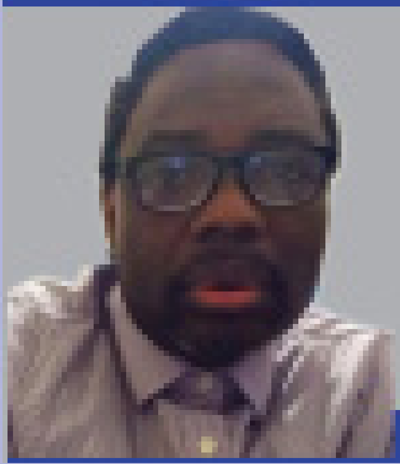
Further breakdown of the trade figures revealed the trade relationship between the United Kingdom and Sierra Leone, though modest in scale, remains dynamic and evolving. As of the four quarters to Q2 2024, total trade in goods and services between the two nations was valued at £77 million, a 2.5% decrease compared to the previous year. Sierra Leone ranks as the UK's joint 156th largest trading partner, accounting for less than 0.1% of the UK's overall trade.

UK exports to Sierra Leone totalled £59 million, marking a 3.5% increase, with goods contributing £33 million and services adding £26 million. Services exports saw a robust 44.4% growth, while goods exports contracted by 15.4%. Imports from Sierra Leone declined by 18.2%, amounting to £18 million. The import mix was dominated by services (72.2%) and goods (27.8%).

Top goods exported by the UK included specialised machinery, cars, and clothing, with "other manufactured goods" seeing notable growth. Imports from Sierra Leone primarily featured mineral manufactures and agricultural products, including vegetables and fruit. Investment flows tell a similar story of growing interest. UK inward foreign direct investment (FDI) from Sierra Leone doubled to £6 million in 2022. However, data on the UK's outward FDI to Sierra Leone remains undisclosed.

Meanwhile, Sierra Leone's economy is showing resilience with a 5.7% real GDP growth rate in 2023 and a projected 4% growth for 2024, despite high inflation (47.7%) and a persistent trade deficit. The UK's market share in Sierra Leone's services sector rose to 9.1% in 2023, reflecting strengthening ties in professional and financial services. This shift underscores opportunities for both nations to deepen economic engagement as Sierra Leone seeks modernization and the UK expands its global trade reach post-Brexit.

STATISTICS SIERRA LEONE



ISSUES & POLICY

TERRY FADE ADEWALE

Weak Leone Should Buoy Up Salone

Somehow the misfortune of the Leone should have some benefits - if all things were to be equal as we economists like to say - for the Salone economy. Unfortunately that is not the case presently. The Leone has continuously halved in value against the dollar for a long time. Ordinarily that should make Sierra Leone exports (products and services) extraordinarily cheap. That itself should incentivise the un-locking of supply chains and trigger the mother of all tourist booms in Sierra Leone as global travel picks up. A weak currency should deliver record profits for export oriented businesses. Except for some good news from agricultural sector where palm oil exports sold seven fold to [illegible] million metric tons in the second half of [illegible], nowhere is this the case. Our accompanying lead story in this edition is a testament to the demanding effect of an abysmally performing export sector.

> Even now with ease on travel restrictions globally the demand for foreign exchange for international travel is likely to increase, and exert greater pressure on the Leone's international exchange value. In the foreseeable future therefore this trend might continue except that the government move in quickly and stimulate increased private sector investment in our country

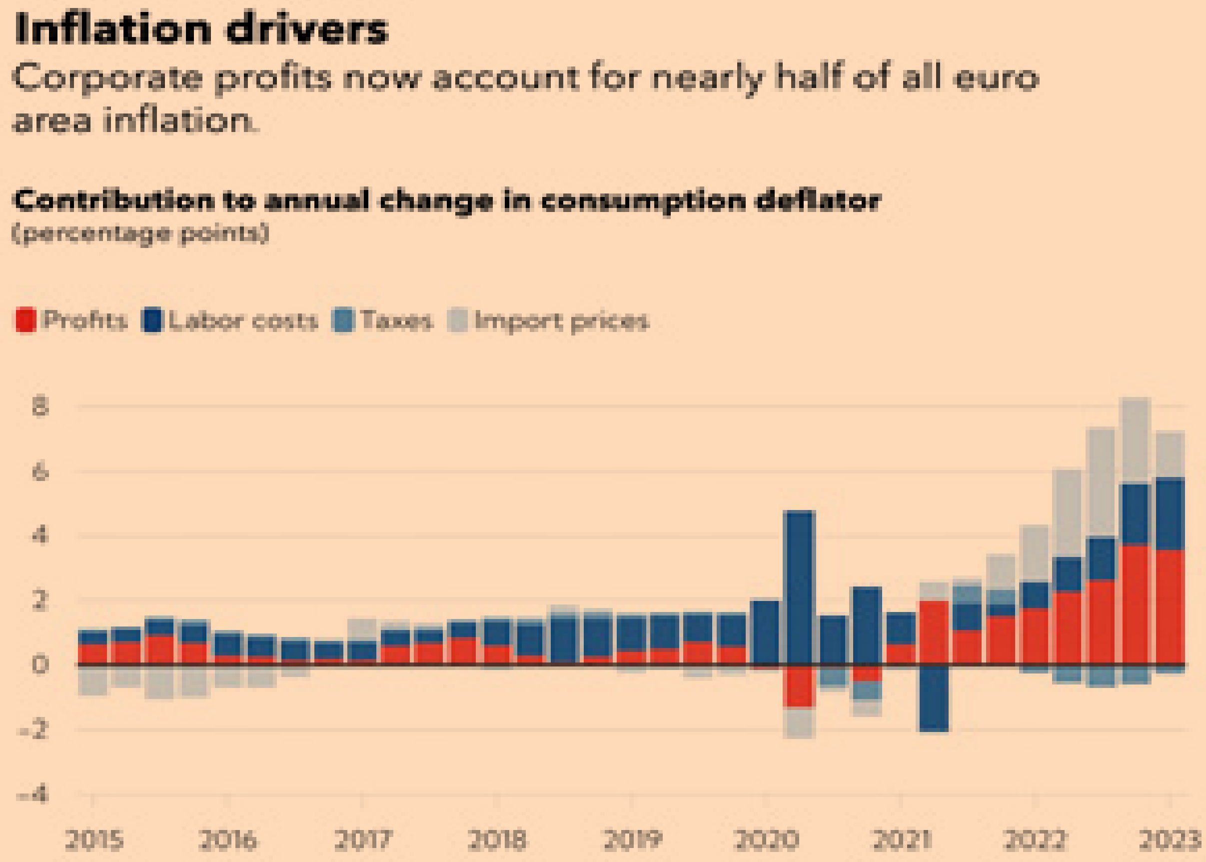
In the four quarters to the end of the fourth quarter of 2021, total UK exports to Sierra Leone amounted to [illegible] million (an increase of [illegible] or [illegible] million compared to the four quarters to the end of the fourth quarter of 2020. Of all UK exports to Sierra Leone in the four quarters to the end of the fourth quarter of 2021, [illegible] million ([illegible]) were goods and [illegible] million ([illegible]) were services. In the four quarters to the end of Q4 2021, UK exports of goods to Sierra Leone increased by [illegible] or [illegible] million compared to the four quarters to the end of the fourth quarter of 2020 while UK exports of services to Sierra Leone decreased by [illegible] or [illegible] million compared to the four quarters to the end of the fourth quarter of 2020. In the four quarters to the end of December 2021, total UK imports from Sierra Leone were [illegible] million (a decrease of [illegible] or [illegible] million compared to the four quarters to end December 2020). Any surprise therefore that Salone suffered over [illegible] million loss in trade deficit with Britain alone.

Prior to this damning report, the apex bank - the Bank of Sierra Leone had reported a widened trade deficit arising from decreased exports in the last three months of last year. "External sector performance was mixed in 2021Q4. The trade deficit widened from US$ [illegible] million in 2021Q3 to US$ [illegible] million in 2021Q4. This is due to the combined effects of increased imports and decreased exports". The Bank explained away the depreciation of the Leone to reduction in supply of foreign exchange in the face of increased demand. Even now with ease on travel restrictions globally the demand for foreign exchange for international travel is likely to increase, and exert greater pressure on the Leone's international exchange value. In the foreseeable future therefore this trend might continue except that the government move in quickly and stimulate increased private sector investment in Sierra Leone.

It is instructive to note that the rise in Palm oil exports came as a result of the private sector investment in that sector in Daru and Sahn Malen in Kailahun and Pujehun districts.

........And SENTINEL arrives

A new [illegible] might be coming to town to transform the telecom sector and give present providers serious run for their monies. FS sources hinted SENTINEL's coming might spell a new lease of life for telecom device users in Sierra Leone. Details are still sketchy but FS would keep you posted.



IMF Warns Energy Subsidies Might Jump $22bn

The International Monetary Fund (IMF) has predicted an all-time high increase of $22 billion in energy subsidies for oil-importing countries in fiscal 2022.

The fund said this would represents money that could otherwise have been spent on more targeted support or other priority measures. ''In addition to existing subsidies, some countries have introduced measures to smooth the impact of higher prices, such as direct transfers and lower tariffs on food, which will add to fiscal costs"

''Near-term policy tradeoffs have become increasingly complex for oil-importing countries in the Middle East and North Africa. Containing inflation is a key priority, despite fragile recoveries. In countries where there are risks of inflation expectations rising or price pressures broadening, policy rates need to increase. Clear and transparent communication will be critical to guide markets".

For countries with high debt, the IMF stated that these measures should be accompanied by ''offsetting measures elsewhere—for example, cutting unnecessary spending, promoting additional tax equity, or a combination of the two—to safeguard debt sustainability given limited fiscal space. Coordinating fiscal and monetary policies and anchoring them in credible medium-term policy frameworks will help ease these trade-offs".

''These challenges underscore the importance of pressing ahead with structural reforms, which will help countries weather future macroeconomic shocks and accelerate recovery. Measures that bolster the efficiency of government expenditure and revenue collection, including through digitalization, promote private sector activity, and strengthen social safety nets will all be important priorities". The IMF reiterated its commitment to continue offering helping hands to countries in need of help through policy advice, financing, and capacity development.

$100m Sustainability Loan to Rejig Mining Communities

International Finance Corporation (IFC) and global mining company Anglo American have signed a sustainability-linked loan agreement to be used to support community development in rural communities close to Anglo American's mining operations across South Africa.The financing will help improve the quality of education for more than 73,000 students and promote job creation. The $100 million sustainability-linked loan is IFC's first in the mining sector and is understood to be the first in the mining sector globally that focuses exclusively on social development indicators. IFC and Anglo American have worked closely to ensure that a robust set of metrics and targets are documented. In this case, Anglo American has set itself targets under its Sustainable Mining Plan to support schools in its host communities to perform within the top 30 percent of state schools nationally and to create or support three offsite jobs for every on-site job at its sites by 2025.To achieve its education target, Anglo American will aim to strengthen the public education system by training educators, practitioners, and school management teams, and upgrade basic school infrastructure and equipment, including providing WiFi and computers at over 100 primary and secondary public schools in South Africa, supporting over 73,000 students in early childhood development centres, primary schools and secondary schools. Anglo American will aim to achieve its livelihood target by providing mentorship, capacity building, skills development, and access to finance to small businesses in the mining value chain and in other sectors, with a focus on women and young people."Our Sustainable Mining Plan has a set of ambitious global goals relating to delivering a healthy environment, creating thriving communities, and being recognized as a trusted corporate leader. We designed our goals to challenge us to lead and innovate in how we can best deliver meaningful and enduring value to society, and particularly to those nearest to where we operate. We are delighted to now link some of our education and job creation targets to this loan as an additional demonstration of our commitment to deliver real and tangible benefits for our host communities," said Stephen Pearce, Finance Director of Anglo American."Sustainability-linked financing is a powerful tool for mobilizing capital and to incentivize companies that seek to contribute to a more sustainable future. IFC's partnership with Anglo American will support quality education for early learners, strengthen human capital development, and boost small businesses in South Africa,"said Kevin Njiraini, IFC's Director for Southern Africa and Nigeria.Anglo American has committed to contributing additional funds to agreed social causes if it falls short of fully achieving its education and livelihood targets under the terms of this new loan.

This loan is part of a broader IFC engagement with Anglo American on local social development, including in Peru where IFC, Anglo American, and other partners are supporting regional development initiatives.

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Land Speculators Threaten $24m Project

By John Marah

The Deputy Minister of Health, Dr. Charles Senessie, has raised concern Sierra Leone may lose the opportunity to have a $24 million prosthetics project sited at the National Rehabilitation Centre sited in Murray Town because of encroachment on a piece of land earmarked for it.

Dr. Senessie raised this alarm in Freetown last week and appealed to encroachers to vacate the encroached premises in order to allow for the construction of the prosthetics center. He emphasized the importance of the project being funded by the Massachusetts Institute of Technology (MIT). He informed that the equipment for the center is already on its way to Freetown. He stated that the project would also provide training for Sierra Leonean medical professionals and pleaded with encroachers to leave the area.

Andrew Sorie, Senior Permanent Secretary at the Ministry of Health, explaining further said that the center would represent hope for amputees who are currently grappling with access to rehabilitation services in Sierra Leone. He called on the community, businesses, and others who have encroached upon the land to show empathy towards individuals with lost limbs.

Project Officer Dr. Ishmael Kebbie noted that the new center would offer services such as physiotherapy and orthotics. He pointed out that the area surrounding the existing smaller rehabilitation center has been heavily encroached upon. In 2023, MIT signed a memorandum of understanding (MOU) with the Ministry of Health to provide prosthetic services in Sierra Leone, and MIT has previously equipped and trained Sierra Leonean medical personnel. Dr. Kebbie expressed their request for MIT's assistance with infrastructure, emphasizing their goal of reducing the number of amputees begging on the streets by creating a supportive environment.

He added that they had previously engaged with stakeholders from various sectors and the local community in Murray Town, where the encroachers assured them they would vacate the encroached area. Deputy Chief Medical Officer Dr. Mustapha Kabba confirmed that funds for the project have been secured. However, he warned that the project would not be realized if the land is not vacated for the construction of the new facility. Dr. Kabba described the project as a significant technological advancement for the country, aiming to provide essential services for people who have lost their limbs.

Anti-Money Laundering Confab Kicks Off Today

Sierra Leone is set to host the 42nd Technical Commission and Plenary Meeting along with the 29th Ministerial Committee Meeting of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA).

Director General of the Financial Intelligence Agency Mr. David Borbor who disclosed this in Freetown recently announced that the event scheduled to take place from today 17th to 23rd November 2024in Freetown, is expected to gather over 150 delegates from 17 member countries.

This gathering, Mr Borbor said would interrogate issues relating to anti-money laundering (AML) and counter-financing of terrorism (CFT) initiatives in West Africa. According to him it would equally enable members to share best practices, strengthen partnerships, and enhance the region’s defenses against

Cont'd NEXT Edition

Govt Goes Tough On Money Laundering

By Joan Bannister
By Alimatu Kargbo

Over fifteen cases relating to money laundering offences are presently being prosecuted in court by the state. ACP Joan Bull Kamara, Head of the Legal and Justice Support Department of Sierra Leone Police, speaking on "Fighting Money Laundering: Where Are We and What Is Being Done?", in Freetown recently disclosed this; acknowledging however that there is a tendency for some people to attempt influencing outcomes on these cases and compromise the integrity of the process.

She outlined steps being taken by her department to address money laundering in Sierra Leone measures put in place to combat financial crime and strengthen the justice system.

Ms. Bull Kamara highlighted that money laundering, often linked with other criminal activities, poses a significant threat to national institutions and the economy, noting that the police and Ministry of Justice are working together to combat this issue through thorough investigations and collaboration across agencies. “The Sierra Leone Police are actively working to elevate standards for investigating financial activities in the country. Recently, the Inspector General of Police announced a new training program for criminal investigators, with a focus on strengthening skills in detecting and handling money laundering cases. This training, scheduled for the next two weeks, will target all crimes officers, particularly senior criminal officers”.

Also speaking at the occasion, Deputy Minister of Justice Mr. Alpha Sesay said there are new policies and collaborative efforts in place to strengthen Sierra Leone's regulatory framework.

The government, according to him is working with the Financial Intelligence Agency and the Sierra Leone Police to implement strategic reforms, enhanced training, and public awareness initiatives to tackle financial malfeasance and protect economic stability. “There are collaborative efforts underway between the Office of the Attorney General, Ministry of Justice, Financial Intelligence Agency (FIA), and the Sierra Leone Police (SLP) to enhance investigation and enforcement framework governing financial crimes”.

Madam Bull Kamara explained that the training aims not only to improve investigative skills but also to ensure that officers can conduct investigations independently, reducing reliance on State Counsels, Ministers, and Deputy Ministers, and preventing the influence of criminal activities on public officials.

ACP Joan Bull Kamara emphasized the seriousness of money laundering, underscoring the need for strict enforcement of anti-money laundering laws to achieve justice. She confirmed that several individuals involved in these crimes have already faced convictions, with some sentenced to prison, while others are still undergoing trials.

Lexus's refined and smooth SUV

The luxury car brand's sports utility vehicle is sophisticated and beautifully built. Jasper Spires reports

Lexus, Toyota's luxury division, is a "hybrid-tech stalwart, says Richard Ingram in Auto Express. Aside from its V8-engine RC and LC sports cars, every model is available exclusively with electrified powertrains.

This new NX SUV is no different. Made for cruising in exceptional comfort, of the car is "smooth and refined, beautifully built, and Jag even without a usable zero-emissions range, could genuinely slash your fuel bills". The NX is Lexus's bestselling model in the UK -and "on this evidence, will continue to be for some time to come".

It's a car built for comfort over raw power, but int it is no slouch, with a combined engine and electric motor panch of 244bhp, delivering a 0-62mph time of just 7.7 seconds, says Rory White on YesAuto.

It's grippy through the bends too, and the ride smooth, the suspension absorbing the bumps nicely, int says Tyler Duffy in Gear Patrol Magazine. It is exceptionally quiet at low speeds, too: "I didn't notice I was driving through 30mph wind gusts until I looked up and saw a flag pole". The car can glide along at low-speeds on battery power alone, allowing you to trickle along in slow-moving traffic at very low cost, says Neil Winn in What Car. In good conditions you can expect a fuel consumption of around 47mpg. The NX may not be as flashy as Jaguar's or Mercedes's rival offerings, but there's a subtle charisma to its aesthetic that can't be found elsewhere, even in older Lexus models.

Inside, the cabin has been significantly updated, says Jonathan Crouch in RAC. The interior features a 9.8-inch screen - which can be upgraded to a 14-inch Lexus Link Pro set-up - and touch-sensitive buttons on the steering wheel, and is all modelled according to Lexus's Tazuma design philosophy - a "human-centric" principle intended to make driving cars as straightforward as possible, using high-quality materials and a dashboard that curves towards the driver's seat.

In short, the Lexus NX offers a sophisticated and grown-up driving experience that few rivals can match. Prices start at £48,800.

IFC partners Jo'burg Auto Makers on Spare Parts

The International Finance Corporation (IFC) has partnered with the National Association of Automotive Component and Allied Manufacturers (NAACAM) South Africa to develop a database to help local parts makers more easily meet the procurement needs of global car manufacturers.

IFC is helping NAACAM design and develop an online platform where local component manufacturers can track and respond to the inventory needs of original equipment manufacturers (OEMs), manufacturers whose goods are used as components in the products of another company, which then sells the finished item to end users. The database when operational would closely link car part buyers with suppliers, supporting business opportunities for local manufacturers and encouraging investment into the sector.

As part of efforts to deepen local supply chains and drive economic growth, the South African Automotive Master-plan (SAAM) aims to increase the market share of local component manufacturers in its automotive sector by about 21 percent to 60 percent by 2035. The new partnership closely aligns with the SAAM.

"NAACAM members are heeding the call to deepen localisation. This not only delivers much needed employment and other economic benefits, but also reduces suppliers' risks as they become less reliant on imported components and contribute to greater stability in local OEM value chains," said Renai Moothilal, NAACAM Executive Director.

"South Africa's automotive sector is a key catalyst for job creation and economic growth in the country. IFC is pleased to partner with NAACAM to develop a platform that will lead to more business opportunities for local component suppliers and that will facilitate the transfer of technology, competencies and skills from global manufacturers to local suppliers," said Adamou Labara, IFC's Country Manager for South Africa,

The partnership agreement was signed in the presence of automotive industry stakeholders at battery manufacturer Auto-X's Germiston facility in Johannesburg. Through the partnership, IFC will also provide local component manufacturers in South Africa with capacity building services and access to peer learning opportunities from countries advanced in auto-parts manufacturing.

New Task Force On Custom Duties and Taxation

POP By John Marrah

By John Marrah

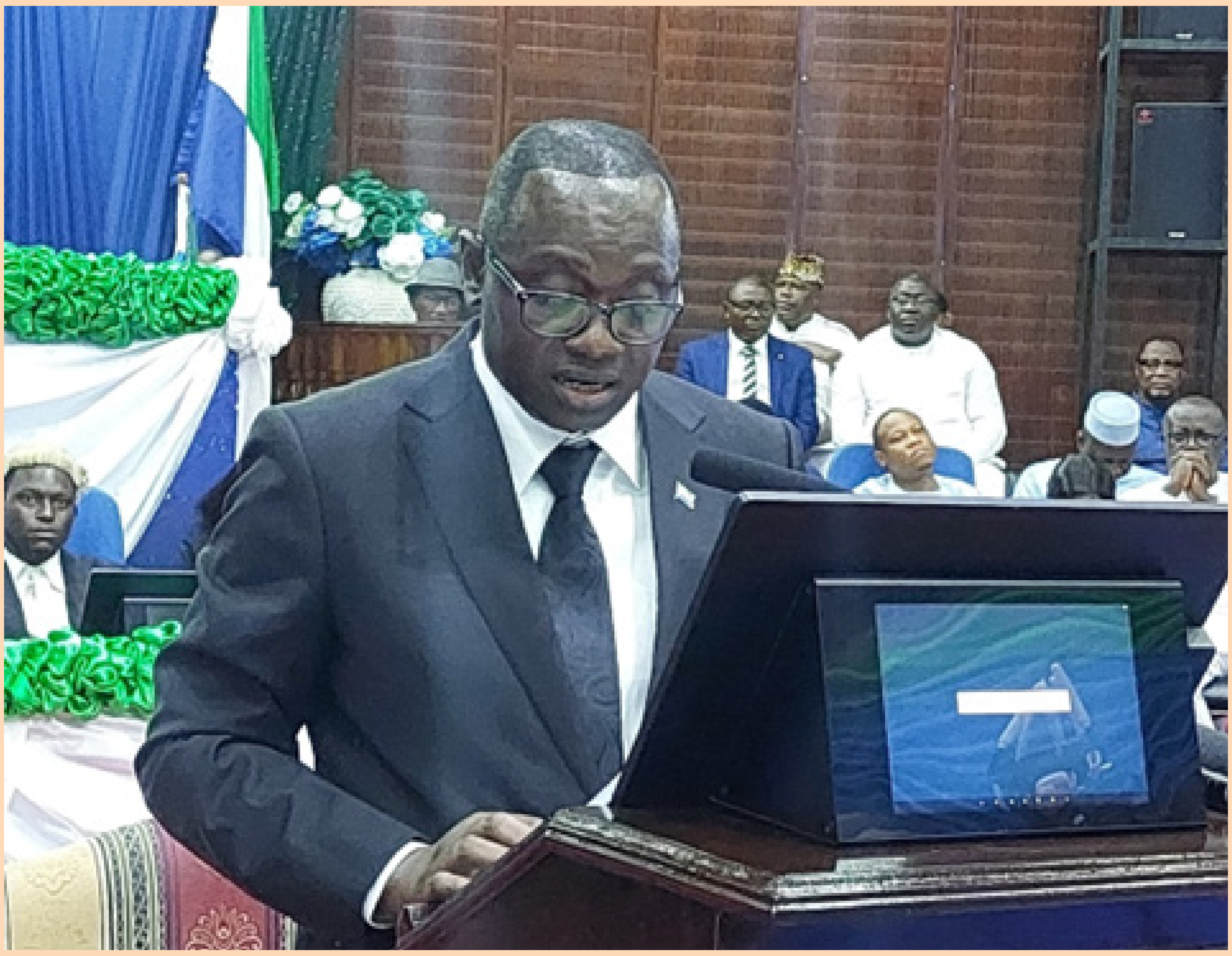
The government has outlined a comprehensive plan to harness income from taxation in the economy. Amongst others the plan which aims at strengthening tax compliance would see the government establishing a revenue task force for the collection of customs duties and taxes at the Freetown port.

Outlining this in the government's statement of economic and financial policies for fiscal 2025, Mr Sheku Bangura, Sierra Leone's Minister of Finance told the Parliament that the government is very much concerned with holes in tax collection and now determined to plug the loopholes.

"With technical assistance from AFRITAC West 2, the government will establish a dedicated revenue task force within Customs. This task force will focus on increasing customs duties and tax collection, particularly at the Port of Freetown. It will be led by a dedicated management team and include the following units: Risk Management and Post-Clearance Audit units, a specialist team of Customs Officers responsible for inspections and document reviews, and an Intelligence Team providing additional support.

These measures aim to ensure effective revenue collection and improved compliance across all taxpayer categories.

"The short-term focus would be on increasing the collection of customs duties and taxes. This task force will focus on the Port of Freetown and will be led by a dedicated management team".



Mr Sheku Bangura, Minister of Finance.

To enhance tax compliance and reform customs revenue, the Minister of Finance detailed several tax administration measures that the NRA will implement. These include:

To strengthen tax compliance, the National Revenue Authority (NRA) will continue to carry out tax audits for high-risk taxpayers, including in the extractive industries, manufacturing and telecoms sectors; undertake data matching to expand the tax base through identification of unregistered businesses and under-declared tax revenues, finalize and implement the Compliance Improvement Plans for medium and large taxpayers as well as High-Net-Worth Individuals (HNWIs).

When fully operationalized the Electronic Single Window (ESW) is expected to reduce leakages and under-valuation, whilst fast-tracking the clearance process at Customs; and operationalize Taxpayer Service Centers in the Western Area to support and improve compliance of small and medium taxpayers.

Investors to Drive Electricity Distribution

From left of photo Deputy Minister of Justice, Alpha Sesay, Assistant Commissioner of Police (ACP) Joan Bull Kamara and David Borbor, Director General of the Financial Intelligence Agency, (FIA) at a recent state function in Freetown.

The government is tapping into the private sector for the financing of electricity distribution in the country. Mr. Sheku Bangura, Minister of Finance speaking at the parliament on the 2025 Budget informed of government's decision to grant concessions for electricity distributions to private investors in the economy. "This action is expected to bring in much-needed expertise, operational efficiency, and capital investment, thereby reducing the need for government subsidies." Private sector participation is expected to drive efficiency and alleviate government of the burden of subsidy payment.

The move would allow the government to free up fiscal space for spending on social programmes and allow it to restore the social tariff band targeted at the poorest residential consumers that consume up to 25 Kwh per month.

The payment of subsidies the minister explained has continued to pose a serious threat to the national budget. The government therefore is reducing payments of energy subsidies effectively in 2025.

Bangura informed that total energy subsidies paid by government to the Electricity Distribution and Supply Authority (EDSA) in fiscal 2024 is projected to hit NLe1.3 billion by end December 2024. This contrasts with NLe730 million and NLe843 million paid in 2022 and 2023, respectively. Adding that most of the subsidy's payments were made to the Independent Power Providers (IPPs) and 'it continues to pose a major fiscal risk to the budget'.

Among others in 2025, the government also plans to implement a Collection Account to be managed by an independent fiduciary agent 'to ensure a clear and transparent waterfall mechanism for the utilization of EDSA's revenue. This measure will enhance financial discipline and accountability within the organization.'

With technical support from the World Bank, the government, he informed is also developing a time bound strategy to minimize EDSA's dependence on expensive fossil fuel power generation. "This will include negotiating more favourable terms in prospective agreements with IPPs. This will also be achieved through increased investment in renewable energy projects and a gradual transition to more sustainable and cost-effective energy solutions; and prepare a settlement plan to clear all MDA arrears owed to EDSA."

"Installing smart meters to reduce the technical and commercial losses of EDSA and strengthen its operational performance."

By end-September 2024, the Government has installed and commissioned 1,250 smart meters for high-value customers and at secondary substations. With support from the World Bank, the Government will procure and install 3,000 additional smart meters by end June 2025. "This initiative aims to reduce electricity theft and boost revenue collection by ensuring accurate and real-time billing for consumers."

With the implementation of these reforms, the government aims to free up fiscal space for spending on social programmes and allows it

Sierra Leone's Persistent Trade Deficit with Britain

Cont'd from PAGE 3

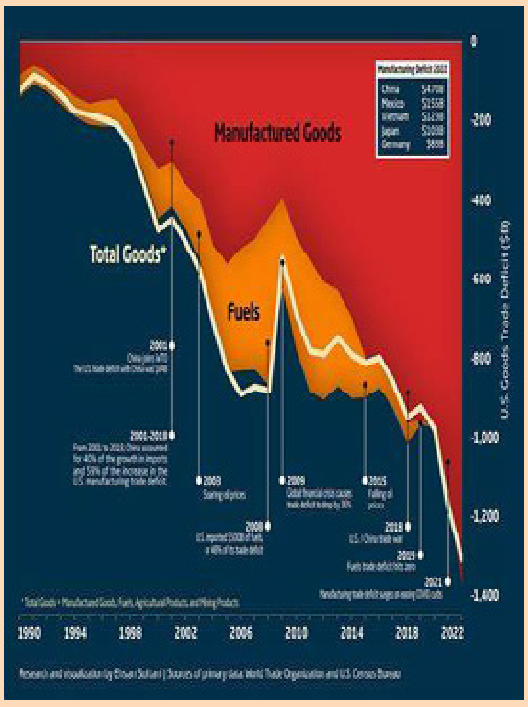
struggle to compete, resulting in decreased local production, job losses, and economic stagnation. This reliance also discourages diversification and innovation within Sierra Leone's economy.

A persistent trade deficit contributes to a negative balance of payments, undermining the country's overall financial stability. This situation may deter foreign investors and obstruct Sierra Leone's ability to secure favorable trade agreements or loans.

The trade imbalance highlights structural issues within Sierra Leone's economy, such as limited manufacturing capacity and an overreliance on exporting raw materials with low added value. For instance, Sierra Leone's exports to Britain primarily consist of commodities, while imports are predominantly finished goods, thereby perpetuating unequal trade dynamics.

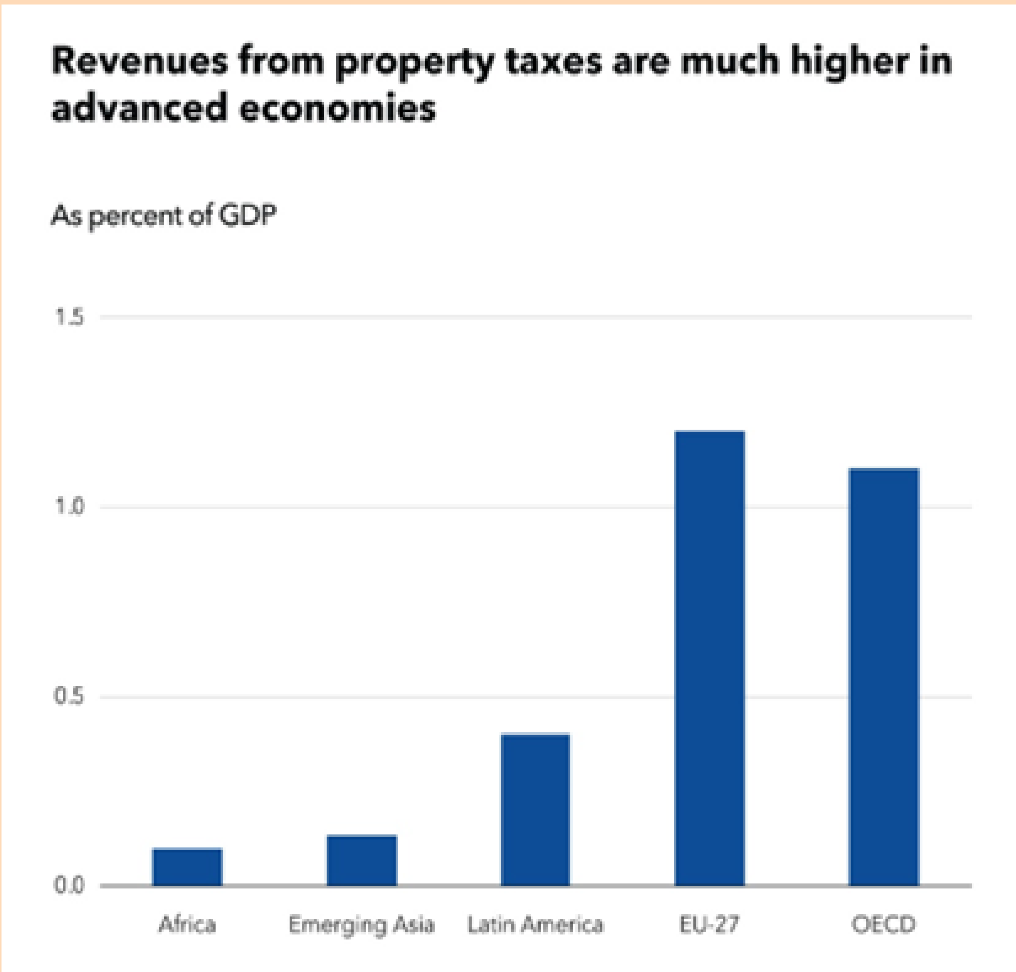
> **"The trade imbalance highlights structural issues within Sierra Leone's economy, such as limited manufacturing capacity and an overreliance on exporting raw materials with low added value. For instance, Sierra Leone's exports to Britain primarily consist of commodities,"**

To address the trade deficit, the government should adopt the following strategies to reduce reliance on imports and create jobs. Government to diversify exports and develop non-traditional export sectors, capable of increasing foreign exchange earnings. Also, leveraging partnerships to secure better access for Sierra Leonean goods in British markets can help improve the trade balance. Attracting investment in export-oriented industries can also enhance production and competitiveness. Addressing this imbalance is essential not only for improving trade relations with Britain but also for building a more resilient and self-sufficient Salone economy.



Property Taxes In Low Income Countries

By Martin Grote
Mario Mansour
Jean-François Wen.



The world's governments must raise an additional $3 trillion to achieve sustainable and inclusive economic growth goals this decade. The cost in emerging markets equals 4 percent of gross domestic product—and 16 percent for low-income countries. How can countries finance such staggering price tags? Large cities such as Delhi and Lagos show a way forward: Taxing property more efficiently can play a meaningful role in raising revenue at the local level, allowing countries to invest more in their people, new IMF analysis shows. Previous IMF research has shown that countries have ample potential to raise more domestic tax revenue if they need it—up to 5 percentage points of GDP over two decades.

Of course, the political challenges of such reforms are far from trivial, as recent events in several countries suggest that raising taxes can create social unrest. More efficient real estate taxes have an advantage in this regard: by being locally collected and spent, they may be politically less challenging than increases in broad-base national taxes.

Recurrent taxes on immovable property could help local governments capture the wealth generated through construction-intensive urbanization. Generating such revenue fairly is especially important given the difficulty in developing countries of taxing income and wealth, which can be highly mobile.

The appeal of property taxes is clear when we look at revenue raised in advanced economies: more than 1 percent of GDP on average in OECD countries, and nearly 3 percent in some advanced economies. By contrast, they raise only around 0.1 percent of GDP in emerging Asia and Africa.

> **Over a third are classified as working poor, earning less than $1.90 per day. Underemployment is also extremely high, particularly in rural areas reliant on seasonal agriculture.**

Achieving such a large growth requires improving property-tax coverage and addressing the capacity challenges in valuing real estate as ways to reverse the current revenue underperformance. New property identification technologies and simplified valuation methods have become widely available. With policy reforms and better technology, recurrent property tax revenues in developing countries should be at least 10 times higher than current levels.

Local revenue and spending

When well designed, property taxes become a reliable and progressive form of municipal financing. They enhance the accountability of local governments, since proceeds can be used to fund better local public services, and taxes the increase in wealth of those who own real estate that has appreciated due to urbanization and associated public-infrastructure development. The tight link at the local level between revenue and spending shields property taxes from national politics and imposes higher accountability standards on local councils for the effective use of the resources.

National legislation should regulate how much property taxes can differ across a country, limiting divergences in the level of local public services funded by this source. Municipalities should limit exemptions to a narrow range of public organizations, and forgone revenues should be regularly reported.

The impact on "asset-rich but cash-poor" households such as pensioners can be softened by deferring taxes until the property is sold, at which point full payment is due.

Satellites and drones

It's best to take a gradual approach to property-tax reform, using modern technology to broaden the coverage of area-based taxes (expressed as a fixed rate per square meter). The goal should be to transition to full value-based property taxes in coming years as countries gain experience in implementation and market price information is meticulously recorded for periodic property valuation.

Modern mapping technology, such as satellite imagery and aerial photography by drones, can be used to fast-track the expansion and coverage of property taxes to all parcels that ought to be included in the fiscal register.

Indian officials in Delhi and the greater Bangalore metropolitan area have started using satellite imagery to map properties in a geographic information system. In Africa, several municipalities have made impressive strides. Lagos increased tax collection fivefold to more than $1 billion in 2011 by broadening the base of its property tax, coupled with better enforcement.

The increased precision of satellite images enables the accurate measuring of surface areas and the development of fiscal-register maps that depict buildings and their alterations. This allows the fast roll-out of an area-based property tax until valuation

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Sub Saharan African

Growing Population and Job Creation Challenge (1)

The Clock is Ticking: Meeting Sub-Saharan Africa's Urgent Job Creation Challenge Sub-Saharan Africa urgently needs to create jobs for its growing population, especially in fragile and conflict- affected states, and low-income countries.

The region's labor markets are characterized by high levels of informality and significant barriers to job creation, resulting in too few good jobs. To tackle this, broad-based and inclusive productivity growth, including in the informal sector, is crucial. Transforming informality into a viable pathway for employment requires targeted worker-level policies and the removal of obstacles to firm growth. These efforts should be complemented by policies that support structural transformation towards higher productivity activities to expand meaningful employment opportunities.

Fragile, Low-income countries face an urgent need to create jobs… As the rest of the world grapples with population decline, Africa's population is booming. By 2030, half of the increase in the global labor force will come from sub-Saharan Africa, requiring the creation of up to 15 million new jobs annually.1 This challenge is particularly acute in fragile, conflict-affected and low-income economies, which account for nearly 80 percent of the region's annual job creation needs.

These countries face high fertility rates, with youth populations yet to peak. For example, Niger, with a current population of 26 million people and a youth population share not expected to peak until 2058, will need to create 650,000 new jobs annually for the next 30 years. In contrast, many middle-income countries like Botswana, Ghana, Namibia, and Mauritius have seen their youth shares of populations peak and will face less severe job creation pressures.

Harnessing Africa's booming population growth potential requires generating vast numbers of productive, quality jobs that provide above-subsistence-level income, whether within structured enterprises or through self-employment. Without sufficient jobs, poverty and food insecurity will rise, increasing the likelihood of social tension, conflict, and instability. A lack of economic opportunities can also drive migration, primarily within sub-Saharan Africa but increasingly beyond the region (Kanga and others 2024). …yet labor markets fail to produce enough jobs. Sub-Saharan Africa's growth generates relatively fewer jobs compared to other emerging markets and developing economies.

The region produces only one-third of the jobs observed elsewhere with similar GDP per capita increases. This issue is particularly acute for low-income, fragile and conflict affected states—precisely those under severe demographic pressures. Resource-intensive economies in the region fare even worse, creating only one-tenth of the typical number of jobs from economic growth due to reliance on low-employment extractive activities. As a result, economic growth in sub-Saharan Africa has been less effective at reducing poverty, achieving only about half the impact observed in other regions (World Bank 2013; Wu and others 2024). The region's employment landscape is dominated by subsistence-level jobs, with fewer than one in four workers holding wage employment.

Over a third are classified as working poor, earning less than $1.90 per day. Underemployment is also extremely high, particularly in rural areas reliant on seasonal agriculture. To address the challenges hindering the creation of well-paying, quality jobs in sub-Saharan Africa, it is crucial to examine the underlying barriers affecting both labor demand and supply. The following sections explore three key impediments: the prevalence of informal jobs, constraints to firm growth, and limited labor demand amidst high concentrations of low-productivity sectors.

Jobs are mostly informal, especially for youth and women In sub-Saharan Africa, informality dominates the employment landscape, with around 8 in 10 jobs classified as informal (ILOSTAT). These jobs, lacking legal recognition, protection, secure contracts, benefits, and social security, are often insecure and less productive than formal sector jobs (2017 May REO). Informal production in the region accounts for 21 to 54 percent of GDP, with greater shares in low-income countries (Medina and Schneider 2018 and IMF staff calculations). However, not all informal jobs are the same. Danquah, Schotte and Sen (2021) distinguish between lower-tier informal jobs, characterized by poor pay and conditions, and upper-tier informal jobs that offer better pay and training. Across Ghana, Tanzania, and Uganda, almost 70 percent of all non-farm workers are in lower-tier informal employment (Figure 3), with an over-representation of women. Unfortunately, workers in the lower-tier informal employment struggle to move up the job ladder to better quality jobs. For example, in Uganda, fewer than 5 percent of workers are able to use lower-tier informal employment as a stepping-stone to formal employment. In contrast, workers in upper-tier informal jobs are more likely to move into formal employment, gaining higher wages and legal protections.

Young people in sub-Saharan Africa, especially young women, face particularly steep obstacles to securing higher-quality jobs, including a shortage of available formal jobs. Many end up in lower-tier informal work or unemployed, leading them on a path of instability. Over one in four

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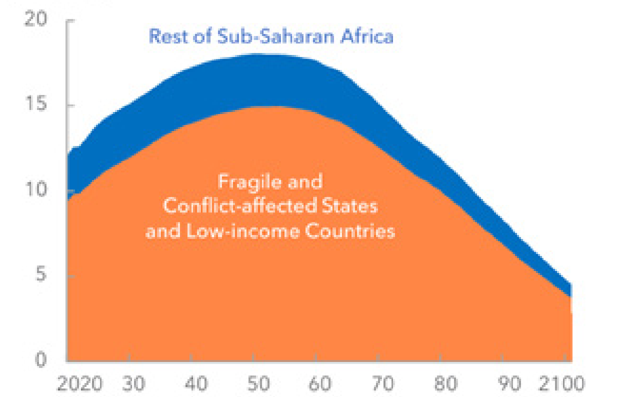
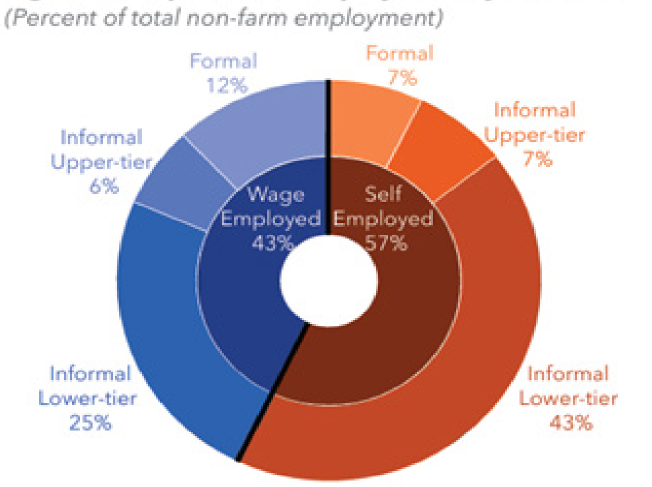
> **Over a third are classified as working poor, earning less than $1.90 per day. Underemployment is also extremely high, particularly in rural areas reliant on seasonal agriculture.**

Figure 1. Sub-Saharan Africa: Estimated Number of Net Additional Jobs Required per Year, 2020-2100
(Millions)



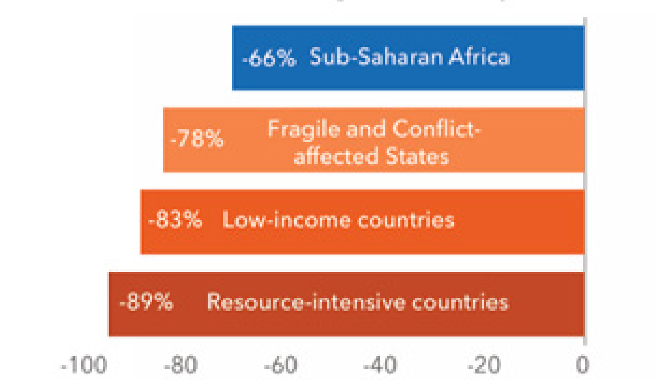
Sources: World Population Projections; ILO Labor Force Participation estimate; IMF staff calculations.

Figure 3. Proportion of Employment by Work Status
(Percent of total non-farm employment)



Sources: Danquah and others; IZA *Journal of Development and*

Figure 2. Sub-Saharan Africa: Job Creation Gap with Other EMDEs, 1992-2022
(Percent, difference in GDP growth driven job creation)



Sources: World Bank; ILO; IMF staff calculations and estimates.

NRA On Course To Hit NLe14Bn Mark

By John K. Marah

The National Revenue Authority (NRA) has projected a final revenue of NLe14 billion at the end of this year. Already the authority has reported a total collection of NLe10.73 billion as tax as at the third quarter of the year.

NRA Commissioner General, Mrs. Jeneba Margarita disclosed that the feat was achieved despite a shortfall in projected figure for the third quarter by 8 percent. She explained that the NRA has achieved 83 percent of its yearly target, having collected 10.73 billion Leones on tax even with seven weeks remaining in the fiscal year. "The final revenue projection is set at 14.595 billion Leones, and the NRA is on track to meet this goal".

Ms Bangura explained the several key strategies that are driving the growth of revenue in the economy. These, according to her, include the automation of vehicle registration taxes in collaboration with the Sierra Leone Road Safety Authority (SLRSA), the implementation of tax stamps for better tracking of Goods and Services Tax (GST) on alcoholic beverages and bottled water, and fuel tax marking to ensure compliance in the fuel sector. Additionally, the NRA has reintroduced import duties on cement and cooking gas.

The Short-Term Revenue Compliance Project (STRIP) aims to enhance tax compliance by targeting overdue taxpayers with fines, account freezes, and the possibility of business closures. Furthermore, a focus on auditing mining companies is expected to promote fair contributions across all sectors, according to NRA officials. ning companies is expected to promote fair contributions across all sectors, according to NRA officials.

Moves to Regulate Wage Bills

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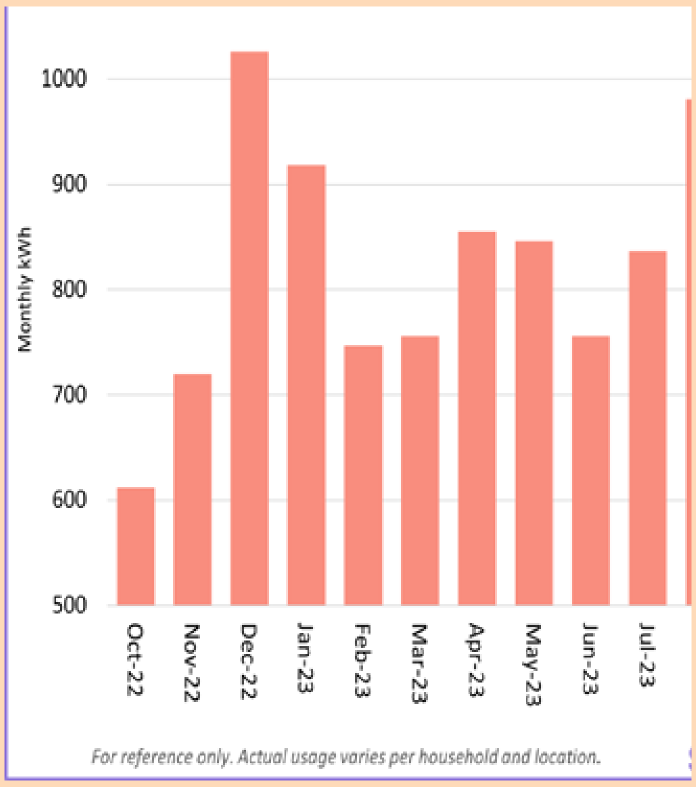
improve credibility and minimize variance of the wage bill by reducing discrepancies between budgeted amounts and actual expenditures thereby promoting a more accurate financial landscape and government payroll management.

- Predictability: Achieving a more predictable wage bill will facilitate better planning across Ministries, Departments, and Agencies (MDAs), allowing for a more structured approach to personnel management.

To operationalize the objectives of the MTWBMS, the government plans to Institutionalize Annual Payroll Discussions, by separating annual payroll budget for all MDAs. Requiring all MDAs to present their payroll plans to the Ministry of Finance, the government aims to gain a clearer understanding of recruitment, promotions, retirements, and salary adjustments. This systematic reporting will help ensure more realistic budget allocations tailored to existing resources. Institute workforce payroll planning mandates the government to prescribe 'recruitment quotas' based on fiscal capacity, especially pertinent in tightening the fiscal space and will help to reduce the frequency of in-year recruitment requests from various MDAs.

> **The government also plans to strengthen, monitor and implement the Payroll Steering Committee (vital for oversight) to monitor the implementation of MTWBMS.**

To stabilize expenditures, the government is also calling for a moratorium on salary adjustments for all subvented agencies during financial year 2025. "This pause is particularly significant as the Wages and Compensation Commission becomes fully operational, tasked with resolving wage disparity issues across the public sector, which seeks to stabilize the wage bill amidst ongoing adjustments to wage structures."



For reference only. Actual usage varies per household and location.

He emphasized that—Budget Alignment for Newly Established Agencies will not be operationalized during the 2025 fiscal year to avoid unexpected costs, without aligned budget planning, ensuring that new expenditures do not detract from existing commitments. Instead, their staffing should align with the established budget planning cycle.

The government also plans to strengthen, monitor and implement the Payroll Steering Committee (vital for oversight) to monitor the implementation of MTWBMS. This dedicated committee will ensure that reforms are executed effectively and that objectives are met. The government will also establish a Wage Bill Forecasting Working Group that will enable the Ministry of Finance to produce quarterly payroll forecasts. "This will empower the Ministry of Finance to make informed decisions and facilitating timely decision-making in payroll management and budget adjustments".