

# FINANCIAL STANDARD

MONDAY 30TH DECEMBER 2024- SUNDAY 6TH JANUARY, 2025 VOL1. NO 13 www.financialstandardsl.com The Smartest Way To Think uk-2.90

## Audit Report Marred With Irregularities

See Page 6

## \$20m Standby Fund To Tackle Disaster

See Page 8



## Central Bank Digital Currency

See Page 15



# Paid-Up Capital For Banks Raised 68%

Minimum Paid up capital of commercial banks is to go up 68 percent. Effective next year 2025, all banks

**By Reuben Adewale**  
up their base to NLe270 million. Minimum paid up

capital of commercial banks presently stands at NLe85 million. The Bank of Sierra Leone announcing this directed that the increment should

be done over a 3-year period and warned that banks must not recourse to shareholders' fund and also not appropriate their statutory reserves during the stipulated period. The minimum paid-up capital requirement for Merchant Banks (Investment Banks) has also been pegged at NLe270 million. **Continued PAGE 8**

# Global Debt hits \$102trn in '24

In 2024, global public debt is forecast to reach \$102 trillion, with the U.S. and China largely contributing to rising levels of debt.

This marks a \$5 trillion increase since 2023 alone. Looking ahead, debt levels are projected to increase faster than previously expected as government policies fail to address debt risks amid aging populations and increasing healthcare costs. Going further, rising geopolitical tensions could lead to higher spending on defence, adding strain to government budgets.

## Government Debt by Country

As the world's largest economy, the U.S. debt pile continues to balloon, accounting for 34.6% of the world's total government debt.

Overall, net interest payments on the national debt soared to \$892 billion in the 2024 fiscal year. By 2034, these costs are forecast to reach \$1.7 trillion, with total net interest costs amounting to \$12.9 trillion over the next decade. A rising mountain of debt and higher interest rates

**Continued PAGE 8**

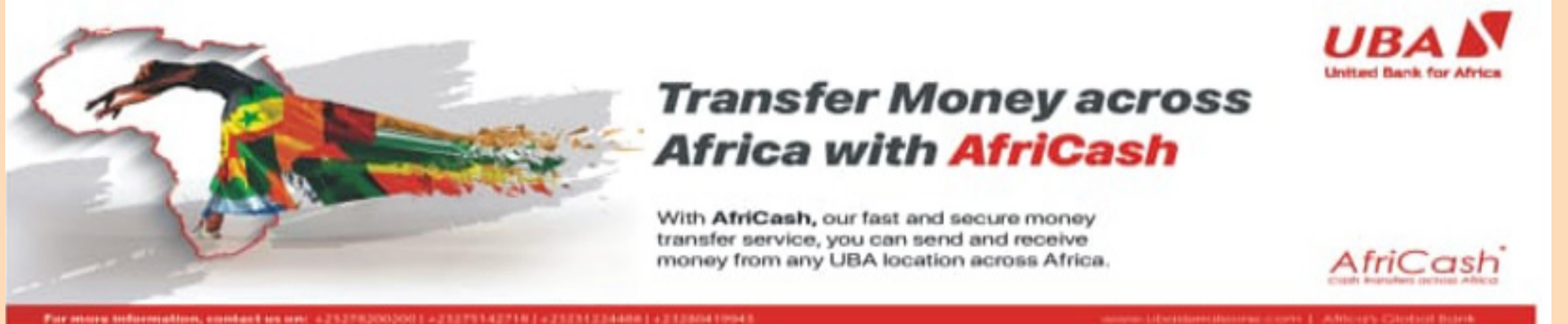
# Inflation Slows Across Regions

Inflation rate across the regions has slowed considerably. Recently released data from Statistics Sierra Leone, indicated potential economic stabilization and a shift in consumer prices which presents an intriguing picture of the country's economic landscape in the third quarter (September to October) of 2024.

Data released by the Statistics Office, show that the inflation rates in various regions as of October 2024 are as follows:

- Eastern Region: September 2024, the region recorded an inflation rate of 22.11% by October 2024, this figure decreased to 20.44%. The reduction of 1.67% points signifies a positive trend, potentially driven by improved market supply chains and enhanced

	2004-08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Angola	9.3	7.9	7.6	8.7	8.6	9.0	8.9	-3.0	-2.5	-3.3	2.0	3.0
Benin	4.2	2.3	2.1	3.0	4.8	7.2	6.4	2.1	4.0	5.6	6.0	6.3
Botswana	6.0	-7.7	8.6	6.0	4.5	11.3	4.1	-1.7	4.3	2.4	4.6	3.6
Burkina Faso	5.9	3.0	8.4	6.6	6.5	5.8	4.3	3.9	5.9	6.4	5.9	6.0
Burundi	4.4	3.8	5.1	4.0	4.4	5.9	4.5	-4.0	-1.0	0.0	0.1	0.4
Cabo Verde	7.1	-1.3	1.5	4.0	1.1	0.8	0.6	1.0	3.8	3.9	4.3	4.0
Cameroon	4.2	3.1	4.4	4.9	4.6	5.2	5.4	4.4	5.3	5.0	4.5	4.9
Central African Rep.	3.3	1.7	3.0	3.3	4.1	-36.7	1.0	4.8	4.5	4.3	4.3	5.0
Chad	6.3	6.3	17.3	0.2	11.5	8.1	7.1	-2.9	-6.0	-0.5	1.5	2.7
Comoros	1.3	1.8	2.1	2.2	3.0	3.5	2.0	1.0	2.2	2.7	2.8	2.8
Congo, Dem. Rep. of	5.9	2.8	7.2	7.0	7.2	8.6	9.5	7.1	2.4	3.6	4.1	3.8
Congo, Rep. of	5.7	3.9	6.4	7.5	9.7	8.2	7.9	5.3	-3.2	-7.9	-5.4	1.7
Côte d'Ivoire	1.8	2.1	2.6	-4.8	12.5	9.0	9.4	8.4	7.9	8.5	7.8	7.1
Equatorial Guinea	29.0	18.2	-10.2	15.9	6.8	1.5	-0.5	-9.7	-4.2	3.7	-10.7	-0.1
Eritrea	-1.1	3.9	2.2	8.7	7.0	4.6	2.9	2.6	1.9	5.0	4.2	3.8
Eswatini	4.2	1.6	3.8	2.2	4.7	6.4	1.9	0.4	1.4	1.6	1.3	0.4
Ethiopia <sup>1</sup>	11.8	10.0	10.6	11.4	8.7	9.9	10.3	10.4	8.0	10.9	7.5	8.5
Gabon	5.0	-3.3	13.1	10.5	7.1	7.7	5.1	3.8	3.3	1.7	2.3	4.0
Gambia, The	3.3	6.5	6.5	-4.3	5.6	4.8	-0.9	5.9	0.4	4.6	5.4	5.4
Ghana	6.2	4.8	7.6	8.6	8.6	6.7	4.0	4.0	5.0	4.0	5.0	6.0
Guinea	3.7	-1.5	4.2	5.6	5.9	3.9	3.7	3.8	10.5	8.2	5.8	5.9
Guinea-Bissau	3.2	3.4	4.6	8.1	-1.7	3.3	1.0	6.1	6.3	5.9	4.5	5.0
Kenya	4.6	3.3	8.4	6.1	4.6	5.9	5.4	5.7	5.9	4.9	6.0	6.1
Lesotho	4.1	3.1	6.3	6.7	4.9	2.2	3.0	2.5	3.1	-1.6	0.8	1.2
Liberia	7.5	5.2	6.4	7.7	8.4	8.8	0.7	0.0	-1.6	2.5	3.0	4.5
Madagascar	5.8	-4.7	0.3	1.5	3.0	2.3	3.3	3.1	4.2	4.2	5.0	5.4
Malawi	6.1	8.3	6.9	4.9	1.9	5.2	5.7	2.9	2.3	4.0	3.3	4.7
Mali	4.2	4.7	5.4	3.2	-0.8	2.3	7.1	6.2	5.8	5.4	5.1	4.8
Mauritius	4.3	3.3	4.4	4.1	3.5	3.4	3.7	3.6	3.8	3.8	3.9	4.0
Mozambique	8.1	6.4	6.7	7.1	7.2	7.1	7.4	6.6	3.8	3.7	3.5	4.0
Namibia	4.3	0.3	6.0	5.1	5.1	5.6	6.4	6.1	0.7	-0.8	1.1	3.1
Niger	5.2	-0.7	8.4	1.3	4.2	3.2	8.9	5.7	4.5	4.6	5.7	5.0
Nigeria	10.8	10.0	12.4	5.3	5.9	8.3	7.3	3.6	-0.3	0.5	1.6	1.9
Rwanda	9.0	6.3	7.3	7.8	8.8	4.7	7.6	8.9	6.0	6.1	7.2	7.8
São Tomé & Príncipe	6.3	2.4	6.7	4.4	3.1	4.8	6.5	3.8	4.2	3.9	4.0	4.5
Senegal	4.6	2.1	3.6	1.5	5.1	2.8	6.6	6.4	6.2	7.2	7.0	6.7
Seychelles	4.8	-1.1	5.9	5.4	3.7	6.0	4.5	4.9	4.5	5.3	3.6	3.3
Sierra Leone	5.8	3.2	5.3	6.3	15.2	20.7	4.6	-20.5	6.3	3.7	3.7	5.5
South Africa	4.8	-1.5	3.0	3.3	2.2	2.5	1.8	1.3	0.6	1.3	0.8	1.4
South Sudan	...	...	...	...	-0.8	4.1	-17.5	-1.2	-10.2	-6.1	-6.3	-4.5
Tanzania	6.5	5.4	6.4	7.9	5.1	7.3	7.0	7.0	7.0	6.0	5.8	6.6
Togo	-0.0	5.5	6.1	6.4	6.5	6.1	5.9	5.7	5.1	4.4	4.7	5.0
Uganda	8.3	8.1	7.7	6.8	2.2	4.7	4.6	5.7	2.3	4.8	5.9	6.1
Zambia	7.7	9.2	10.3	5.6	7.6	5.1	4.7	2.9	3.8	3.4	3.8	4.5
Zimbabwe <sup>2</sup>	-7.4	7.4	15.4	16.3	13.6	5.3	2.8	1.4	0.7	3.7	3.6	4.2



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## World Business Briefs

## Sol Agora, Fintech Provider Receives Support

IFC invested \$20 million (equivalent to BRL 115 million) to support the growth of Sol Agora, a fintech provider of long-term financing for micro and mini-distributed solar power generation assets across Brazil, which are

mainly used by Brazilian households. IFC's investment will support Brazil's efforts to address climate change challenges and pave the way for a sustainable energy future.

This investment will help Brazil diversify its

## New Approvals For Haiti

Management of the International Monetary Fund (IMF) approved on December 20, 2024, a Staff-Monitored Program (SMP) with Haiti which runs through December 19, 2025. The new 12-month SMP was designed by the Haitian authorities and

IMF staff, keeping in mind Haiti's fragility and capacity constraints while supporting the authorities' economic policy objectives.

SMPs are arrangements between country authorities and the IMF to monitor the implementation of the authorities'

## Gambia's Extended Credit Passes Review

The Executive Board of the International Monetary Fund (IMF) has completed the second review under The Gambia's Extended Credit Facility (ECF) arrangement, approved by the IMF Executive Board on January 12, 2024, in the amount of

SDR74.64 million (about US\$97.3 million). The completion of the review allows for the immediate disbursement of SDR 8.29 million (about US\$10.8 million), bringing total disbursements under the arrangement to about SDR 24.87 million (US\$32.4 million).

## \$58m For Togo

The Executive Board of the International Monetary Fund (IMF) has completed the first review of the ECF-arrangement for Togo. The Board's decision enables the immediate disbursement of SDR 44.0 million (about US\$ 58.7 million), which will be used for budget support. The ECF-arrangement

provides overall financing of SDR 293.60 million (about US\$ 390 million).

The IMF approved the ECF-arrangement on March 1st, 2024 (see Press Release No. 24/64) to help the authorities address the legacies of the shocks seen since 2020, notably the COVID-pandemic and the increase in

## Philippine Coming Out Of The Woods

Following a strong post-pandemic rebound in 2022, the Philippine economy moderated in 2023, growing by 5.5 percent. Growth recovered to 5.8 percent in the first three quarters of 2024 driven by strong public consumption and public construction, which was partially offset by the El Nino weather

phenomena and subdued private consumption. Both headline and core inflation decelerated from their peaks in early 2023—to 2.3 and 2.4 percent (year-on-year) respectively in October 2024. The current account deficit narrowed to 2.7 percent of GDP in 2023 from 4.5 percent and is expected

# A Regional Outlook for Global Debt

Overall, world government debt is projected to exceed 100% of global output by 2029, driven by several large countries including the U.S., China, Brazil, and France, among others. Below table shows how government debt by region is projected to change over the next five years.

Region	Debt to GDP 2024	Debt to 2029P
North America	116.1%	125.0%
Asia and Pacific	93.6%	101.0%
Europe	77.4%	79.6%
South America	77.2%	76.9%
Africa	66.7%	58.5%
Central America	51.6%	47.1%
Middle East	40.9%	45.3%

Average debt by country in North America is set to swell to 125% of Gross Domestic Product (GDP), the highest across global regions. With governments increasingly using stimulus measures to boost the economy, it poses a greater threat to fiscal sustainability. In order to stabilize debts, the IMF stated that major spending cuts and tax hikes are needed over the next five to seven years. Like North America, debt to GDP ratios are set to increase across Asia, Europe, and the Middle East.



## Freetown, Lagos Flight Debut

The aviation industry is receiving a boost in the new year with the inauguration of a Freetown Lagos (Nigeria) route. The direct flight service to be operated by a Nigeria aviation company – Overland Airline would connect Lagos, Nigeria, and Freetown, Sierra Leone.

FS sources hinted the new route would enhance regional connectivity and simplify travel for business and leisure passengers alike. The flights FS learnt will operate three times a week—on Tuesdays, Thursdays, and Saturdays—departing from Murtala Muhammed International Airport in Lagos at 2:00 PM and arriving at Freetown International Airport by 3:45 PM.

Minister of Information and Civic Education, Cherner Bah emphasized the significance of the route in fostering economic growth, tourism, and stronger ties between the two West African nations. 'This direct service is expected to reduce travel time and eliminate the challenges posed by connecting flights, marking a significant milestone in regional transportation.'



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# NEWS ANALYSIS

## 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.

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# 2024: The Year That Was; Economically

By Ibrahim Mansaray

In fiscal 2024, the economic outlook shows cautious optimism amid recovery.

While the growth rate is gradually improving, addressing structural challenges, enhancing governance, and increased investment in human capital is essential for sustainable development

As the year draws to a close, the economy continues to navigate through recovery efforts, external challenges, and structural reforms. Gross Domestic Product (GDP) growth for 2024 peaked 4.2%, a slight increase from 3.5% for fiscal 2023.

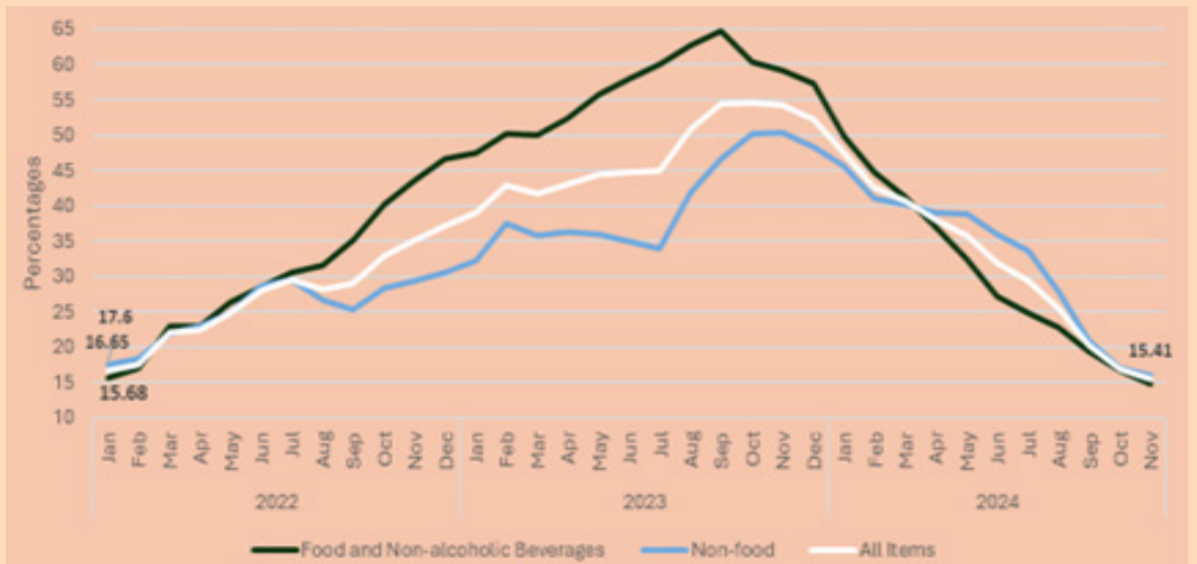
This was attributed to improved agricultural output, a recovering mining sector, and diversification efforts in other industries such as tourism and services. However, the economy remains fragile, with national and global economic pressures amidst ongoing efforts for stability between the New Leones versus the Dollar rate at \$1 to NLe 22,68 according to the Central Bank of Sierra Leone (BSL).

Agriculture remains the backbone of the economy, accounting for about 60% of GDP and employing roughly 50% of the workforce. The sector has seen a rebound due to favourable weather conditions and government support programs aimed at improving food security and productivity.

The Agricultural Ministry reports that rice production, a staple food, has increased by 15% in 2024 compared to 2023.

Considering the mining sector, particularly diamonds and gold, is important to the economy recovery.

The International Monetary Fund (IMF)



reports that mining exports have surged by 10% in 2024, bolstered by rising global commodity prices. Despite this, the country faces challenges related to environmental regulations that need addressing to ensure sustainable growth.

The services sector has grown, driven by telecommunications, banking, and tourism. Reports from the World Bank show that the tourism industry has begun to recover post-pandemic, with tourist arrivals increasing by 20 per cent in 2024, aided by the Ministry's initiatives that promoted Sierra Leone as a serious tourist destination.

Inflation remains a pressing concern, albeit showing signs of stabilization. As per the Central Bank of Sierra Leone, the annual inflation rate was recorded around 15% in December 2024, a sharp decrease from the figure recorded in December 2023. The

decrease happened because of improved supply chains and reduced food prices. Cost of living however remains high, particularly for essential goods, a development that has strained household budgets.

The government of Sierra Leone has implemented a series of fiscal reforms aimed at improving revenue collection and expenditure management. The IMF's Consultation Report indicates that the fiscal deficit was projected to decrease from 5.5% of GDP in

Trade Balance remains negative, with imports outpacing exports.

Trade deficit is estimated to close the year at \$1.1 billion, primarily due to high import bills for fuel and machinery. The World Bank emphasizes the need for export diversification to reduce dependency on a limited range of commodities. Foreign direct investment (FDI) has shown modest recovery, with inflows reaching approximately \$200 million in 2024, supported by investments in

sustainability. The World Bank projects that addressing debt vulnerabilities is critical for fiscal stability.

Load shedding and inadequate power supply hinder industrial growth and deter investments. The government has initiated reforms in the energy sector aimed at increasing capacity and reliability. Vulnerability to climate-related shocks pose significant risks to agriculture and food security. The government, supported by international partners, is focusing on resilience-building strategies.

Continued collaboration with international institutions is vital in shaping policies that foster resilience and economic diversification, balancing growth ambitions with the need for comprehensive reforms to secure a prosperous future in 2025.

**“Agriculture remains the backbone of the economy, accounting for about 60% of GDP and employing roughly 50% of the workforce.”**

2023 to 4.0% in 2024. This improvement reflects increased tax revenues and better management of public expenditure. The country's

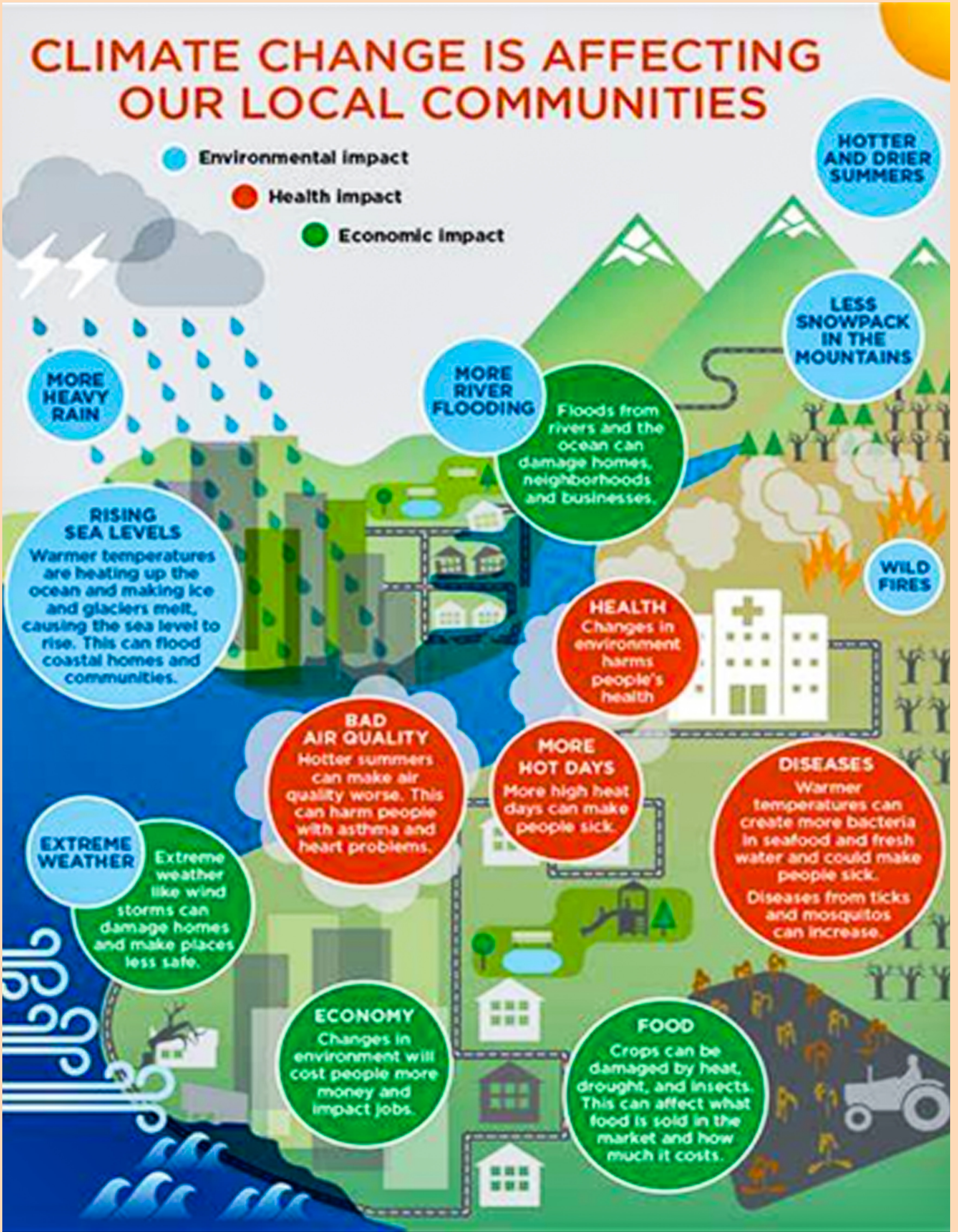
infrastructure and mining projects. The country's public debt has risen, currently estimated at 65% of GDP, raising concerns about



# CLIMATE CHANGE & ENVIRONMENT

## CLIMATE CHANGE IS AFFECTING OUR LOCAL COMMUNITIES

- Environmental impact
- Health impact
- Economic Impact



**HOTTER AND DRIER SUMMERS**

**LESS SNOWPACK IN THE MOUNTAINS**

**MORE HEAVY RAIN**

**MORE RIVER FLOODING**

Floods from rivers and the ocean can damage homes, neighborhoods and businesses.

**WILD FIRES**

**RISING SEA LEVELS**  
Warmer temperatures are heating up the ocean and making ice and glaciers melt, causing the sea level to rise. This can flood coastal homes and communities.

**HEALTH**  
Changes in environment harms people's health

**BAD AIR QUALITY**  
Hotter summers can make air quality worse. This can harm people with asthma and heart problems.

**MORE HOT DAYS**  
More high heat days can make people sick.

**DISEASES**  
Warmer temperatures can create more bacteria in seafood and fresh water and could make people sick. Diseases from ticks and mosquitos can increase.

**EXTREME WEATHER**  
Extreme weather like wind storms can damage homes and make places less safe.

**ECONOMY**  
Changes in environment will cost people more money and impact jobs.

**FOOD**  
Crops can be damaged by heat, drought, and insects. This can affect what food is sold in the market and how much it costs.

# STATISTICS SIERRA LEONE



## ISSUES & POLICY

TERRY FADE ADEWALE

### Achieving Sustainable African Economies

By Ibrahim Mansaray

There has never been any doubt that countries of rich raw materials, many of which are in Africa, want to develop and move from net receivers of so-called aid to self-reliant net providers of innovations and solutions to the challenges and problems confronting them and the world.

Colonialism, underdevelopment, inequalities, poverty have been and would continue to be major global crises that have dragged on for ages. This is compounded in Africa by limited global value chains, financial outflows, with worsening threats from pandemics and climate change, among other challenges. The continent has a significant infra-

historical duty to assist by drawing on their financing commitments for Africa. There are potentials for mutual benefit for Germany and Africa in German foreign direct investment, as with G7 FDIs in Africa.

The G7 and the G20 have committed to re-allocating \$100bn of Special Drawing Rights out of \$650bn to help International Monetary Fund (IMF) member countries facing economic crises. The G7 has promised much to Africa through endless so-called aid offerings. For decades, G7 leaders have pledged to allocate 0.7% of their respective countries (GNI) to international aid to support Africa and other continents in need.

Yes, Africa needs development partners who care about its citizens' environment, cli-

**there is the need for the G7 to invest in a global financial and trade architecture that would enable African countries produce their own food, provide energy to meet their domestic needs**

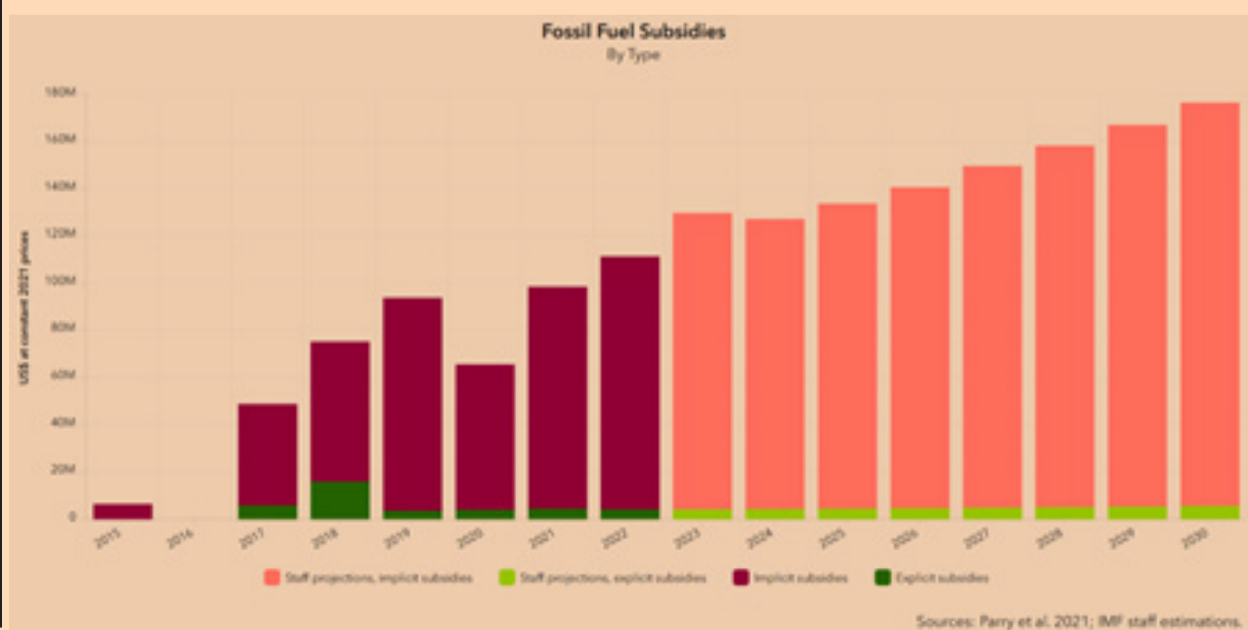
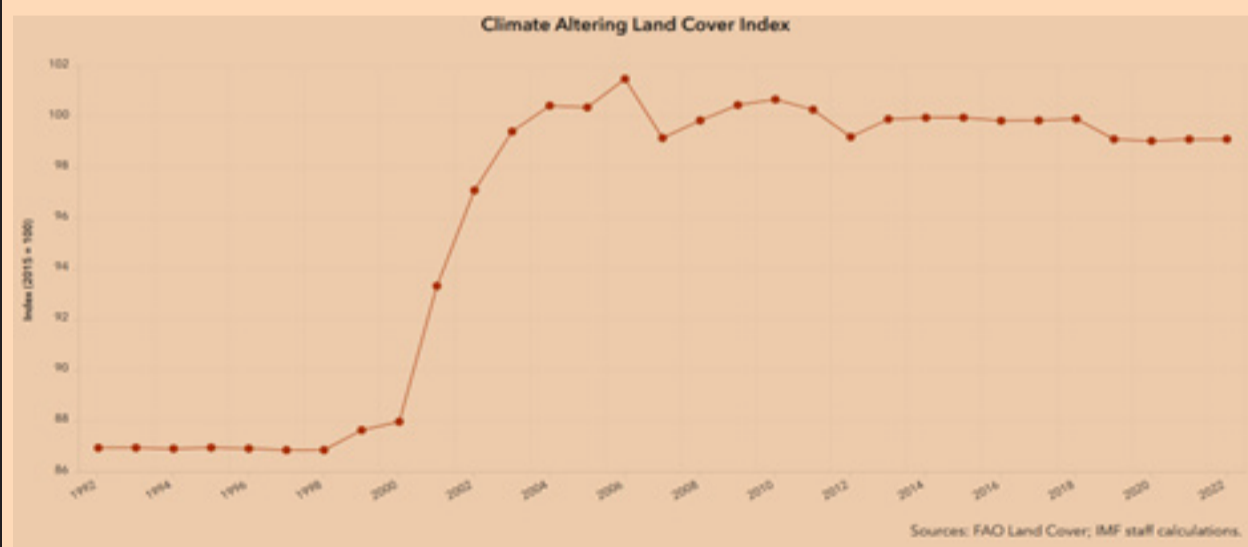
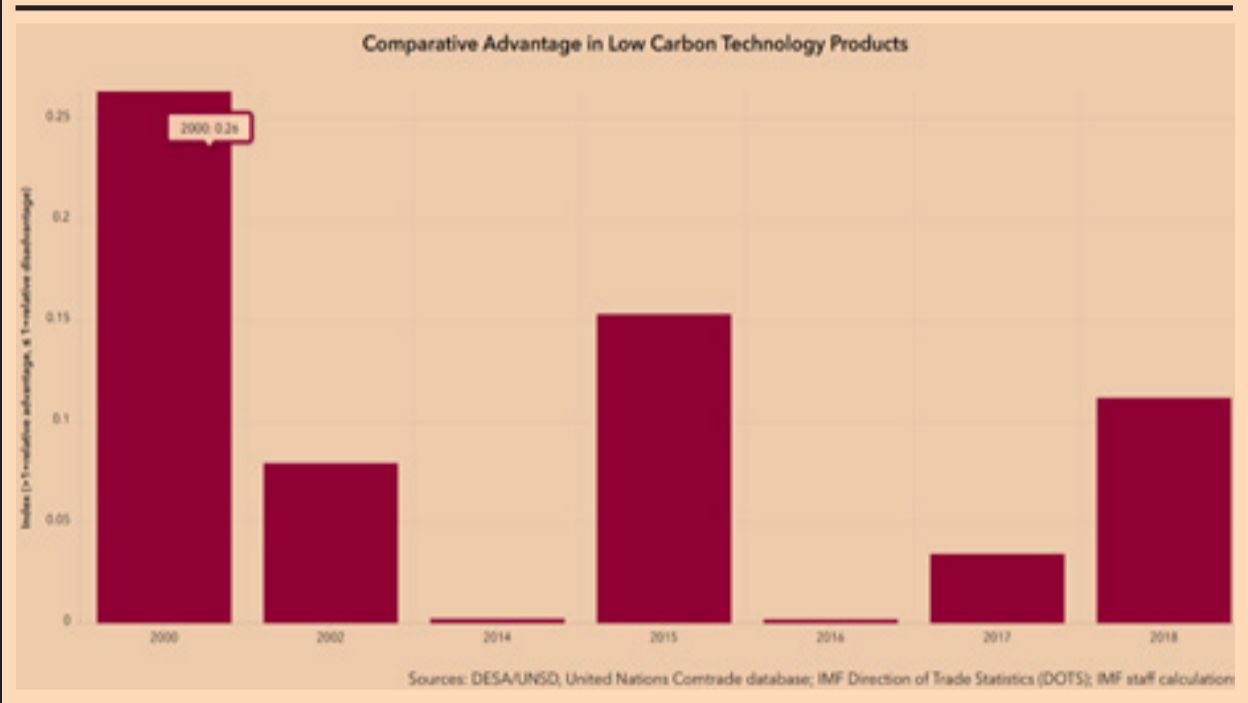
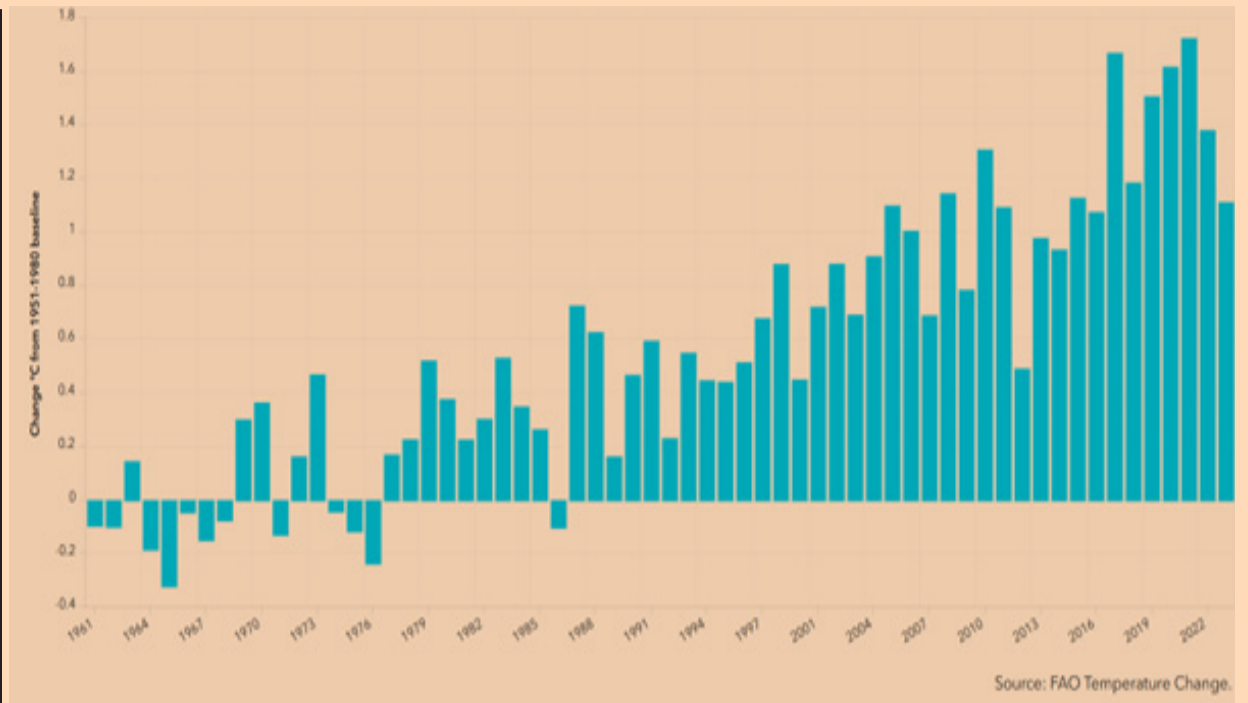
structure gap that must be closed. Foreign Direct Investment in Africa is key to sustainable recovery and growth. Fresh funds imply the erection of factories, stimulation of sustainable industrial development, research and development, employment creation and sustainable livelihoods and value addition to commodities in the case of African minerals and divestment from fossil fuels and investment in renewable energy.

German investment in Africa stood at 1% of its total external investment in 2018; this means that Sierra Leone and other African Nation's has an opportunity to tap into the German business investments. Last year 2021, the G7, hosted by the UK, pledged to invest \$80 billion in Africa.

The G7 has a present and

mate, and economic and social wellbeing. However, any development support that ignores Africa's post-colonial challenges relating to trade, food sovereignty and energy sovereignty will merely deepen Africa's economic challenges.

To do this, there is the need for the G7 to invest in a global financial and trade architecture that would enable African countries produce their own food, provide energy to meet their domestic needs, facilitate technological transfer (to enable sustainable essential manufacturing and industrial activity) and invest in public education, research, and development. This is the only way to achieve sustainable economies that would produce jobs and provide livelihoods on the continent.



# IMF Highlights RoadMap On Climate Challenge

An International Monetary Fund's (IMF) High-Level Summary Technical Assistance Report for 2024 has reported that Sierra Leone is experiencing vital shifts in its climatic conditions.

The shifts, according to the report are characterized by rising temperatures, erratic rainfall patterns, and increased frequency of extreme weather events such as flooding and drought. These are posing threat to the livelihood of individuals that largely depends on agriculture—an industry that accounts for approximately 43% of the Gross Domestic Product (GDP). The consequences of climate-related disasters, such as the severe flooding witnessed in September 2024, have exacerbated issues surrounding food security, health, and housing, with many households facing severe food insecurity.

According to the report, access to reliable energy remains a significant hindrance to development, 'with less than 40% of the population having access to electricity'. The current energy system primarily relies on hydropower and imported fossil fuels, which are expensive and inefficient. Vulnerabilities in the energy sector ranging from low infrastructure to low bill collection rates—demand comprehensive reform. The report made the following recommendations:

- **Sector Reform:** Implementing adjustments to energy tariffs, enhancing the



**By Ibrahim Mansaray**

engagement of Independent Power Producers (IPPs), and investing in renewable energy sources, particularly solar mini-grids. Emphasis on rural electrification is also crucial to bridge the gap in service provision.

- **Suited Fiscal Policies:** Reinstating the General Sales Tax (GST) for fuels in tandem with adjustments that keep pace with inflation and exchange rate fluctuations will help guide a transition to cleaner energy alternatives.

Despite Agricultural Sustainability and Forest Management being crucial for economic activity, agricultural practices in the country are under threat from deforestation and unsustainable management strategies. With the agriculture and land-use sectors accounting for approximately

60% of the country's emissions, IMF recommendations include:

- **Forest Management:** Strengthening policy frameworks to support reforestation and prevent deforestation, supported by a thorough forest inventory to monitor and enforce preservation efforts.
- **Sustainable Agricultural Practices:** Promoting farming techniques that reduce the ecological footprint, along with community education on sustainable practices.

With Water Resource Management and Waste Management increasingly vulnerable to both climate change and anthropogenic stressors, the government has established frameworks for water management, including the National Water Resources Management Agency, recommendations here include:

- **Capacity Building:**

Enhancing public awareness of water permit systems and strengthening data collection for effective management of water resources.

- **Waste Management Initiatives:** Introducing incentives such as an expanded advance disposal fee for plastics to promote recycling initiatives, alongside a future refund system to encourage proper waste disposal.

As increasing incidents of natural disasters, effective disaster risk management becomes critical. The establishment of the National Disaster Management Agency is a positive step forward; however, a shift in focus from disaster response to proactive risk mitigation strategies is recommended:

- **Land-Use Planning and Infrastructure:** Implementing stringent

land-use regulations and building codes will foster resilience in urban peripheries and coastal areas.

- **Early Warning Systems (EWS):** Developing a unified multi-hazard early warning system can enhance preparedness and response considering that the current systems only cater to limited populations.

The Fund noted that the country's existing legal framework for climate change response is a work under progress and lacks coherence. 'The new Climate Change Act sets forth an opportunity to redefine institutional roles while necessitating updates to sectoral laws to incorporate climate considerations systematically'. Emphasizing data accessibility and encouraging cooperation across sectors will be important for effective climate governance.

# Audit Report Marred With Irregularities

The thorough audit of Sierra Leone's Public Accounts for the 2023 fiscal year has uncovered huge financial irregularities involving over 233 million US dollars were uncovered in the recently released audit of the government.

The irregularities affected transactions of governmental ministries, agencies and state departments were spotted in 157 audits carried out across key sections of 63 Ministries and Departments, 67 Public Enterprises and

**By Joan Bannister**

Commissions, and 22 Local Councils.

Among others spotted irregularities include unpaid statutory deductions, Poor asset and store management, Mismanagement of expenses under the Inaccurate payroll and salary practices and differences in Procurement and contract management. Revenue collection problems were also discovered.

Ministries and Departments alone accounted for irregularities

involving over 152 million USD while local councils reported discrepancies involving approximately 4.76 million USD. In addition, donor-funded projects and public enterprises contributed to financial mismanagement to a staggering USD 76.4 million. This audit report has since been submitted to the parliament.

The audit report revealed the following under-collections in revenue that amounted to NLe34,527,680.85: Revenue that has not

been transferred from oil marketing and mining companies into the Consolidated Fund. A tax liability of NLe114,727,344 owed to government did not reflect in the records.

About US\$7,460,427 loss in government revenue due to contractual failure also came up. This include failure of royalties to the state and exemption from taxes as per agreement without ratification. Irregularities in Expenditures amounted to NLe 18,129,006.37, and slightly above US\$3

million lacked important supporting documents hence very little could be said about the authenticity of the amounts. Loans of NLe 200,599,603 owed by public enterprises are yet to be paid.

- **Payroll Affairs:** Unsupported changes of payroll as per audit in mode of payment with the document as well as approval amounted to NLe3,931,942.12. Also, it paid salaries to retirees without the requisite extension letters totaling NLe56,424,942.07.

The report revealed damning failure in internal controls and compliance mechanisms in the government institutions. The report recommended verification processes with special attention to retirement age and national identification numbers.

The audit serves to remind government officials once again of the urgency and necessity of taking corrective actions regarding the shortfalls in the management of public financial matters.

# BUSINESS TO BUSINESS

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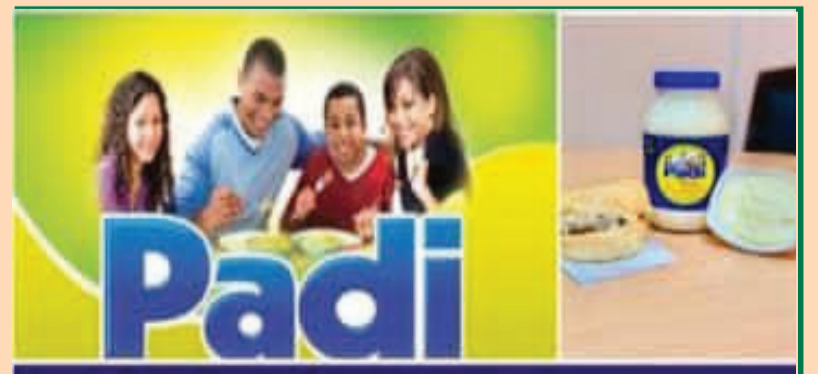
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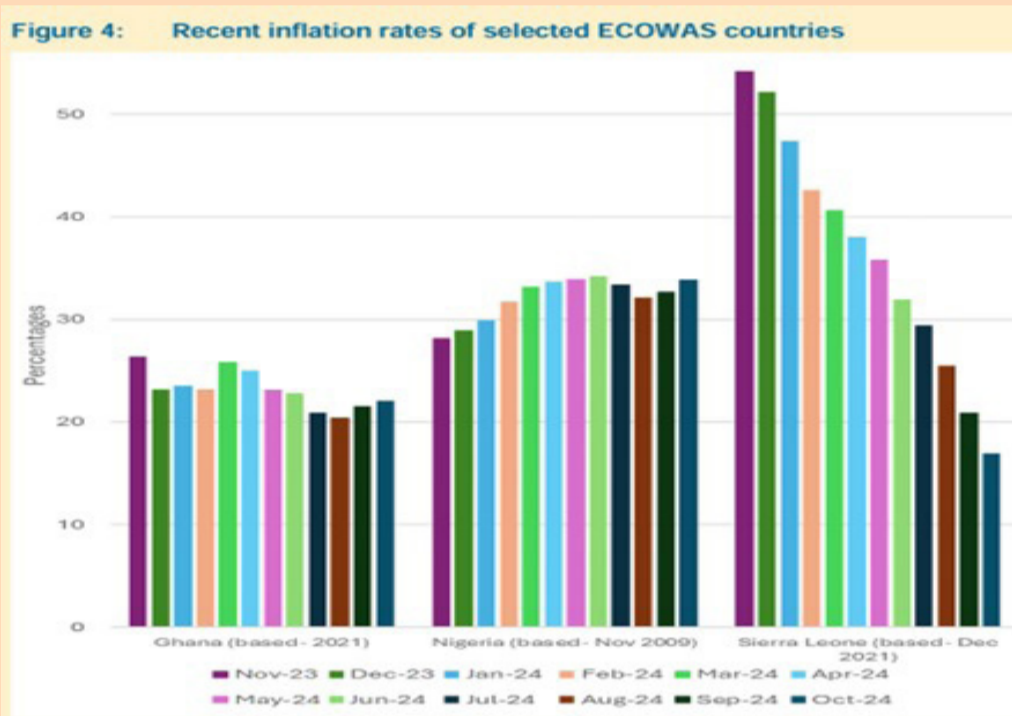
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# \$20m Standby Fund To Tackle Disaster



The World Bank has approved an \$80 million financing package aimed at bolstering the country's macro-fiscal environment. This package combines a generous \$60 million International Development Association (IDA) grant as budgetary support with an additional \$20 million allocated through a Catastrophe

Deferred Drawdown Option (Cat DDO), which the Sierra Leonean government can access in the wake of a natural disaster. The financing package

is a proactive response to ongoing challenges face by the country. By aiming to restore macro-fiscal stability, the World Bank is facilitating a burnishing of Sierra Leone's economic landscape. "The approval of this financing package is a testament to the strong partnership between the World Bank and the Government of Sierra Leone". Abdu Muwonge, Country Manager for the World Bank in Sierra Leone expressed the commitment of the bank to fortify the country's stability through crucial reforms.

This support, he disclosed, is closely aligned with the country's medium-term National Development Plan (MTNDP 2024-2030), which prioritizes sustainable and inclusive growth. 'By building on the successes of previous development operations, the World Bank's support continues to bolster a collaborative framework

# Global Debt hits...

From PAGE 1  
are among the primary factors driving up net interest costs. China, ranking second globally, holds 16.1% of the world's government debt. Over the next five years, China's debt to GDP ratio is projected to hit 111.1% of GDP, up from 90.1% in 2024. Going further, Chinese

China's debt to GDP could rise even faster than current projections. India, ranked seventh globally, has amassed \$3.2 trillion in debt, an increase of 74% since 2019. However, thanks to its strong economic growth and fiscal policies that are increasing government revenues, debt as a percentage of

**Overall, net interest payments on the national debt soared to \$892 billion in the 2024 fiscal year. By 2034, these costs are forecast to reach \$1.7 trillion, with total net interest costs amounting to \$12.9 trillion over the next decade.**

officials recently stated they are prepared to deploy stimulus measures to support the economy if Trump imposes sweeping tariffs on goods imported from China. As a result,

GDP is projected to fall gradually from 83.1% in 2024 to 80.5% by 2028. In Europe, the UK has amassed the most debt, about \$3.65 trillion, equal to 101.8% of GDP. This is far higher than the

# Paid-Up Capital For Banks...

From PAGE 1

"Commercial banks shall be required to comply with this new requirement in a graduated manner over a three year period viz: total minimum paid-up capital of NLe122,000,000 by

end December 2025; NLe196,000,000 by end December 2026; and NLe270,000,000 by end December, 2027" BSL added that the minimum capital requirement will be based on paid-up capital and not

shareholders' funds. However, banks could be allowed to utilize their revenue reserves or retained earnings. New banking licenses for investors looking to establish their commercial banks however would not benefit from the 3-year window as they

would be required to pay up fully the NLe270 million before getting their operational licenses. New investors, BSL sources told FS shall be required to meet the new minimum paid-up capital requirement at the licensing and entry stage. "This

would require a bullet payment of the new minimum paid-up capital, in full". This development would usher in renewed interest in both individual and portfolio investors who would have the opportunity of investing in the banks. The BSL allows for the banks to raise fund

for this new capital requirement through private placement or by offering shares for subscriptions. The move also has the potential to create a bull run on the capital market through open subscription for share offers and Initial Public Offers (IPO).

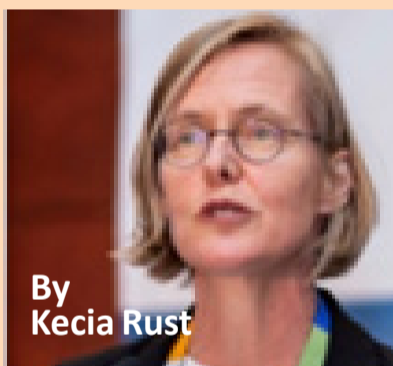




# REAL ESTATE



## Housing Africa's Growing Population



By  
Kecia Rust

**I**nformality dominates Africa's cities. Creative, chaotic hubs of job seekers, migrants, and young people—visibly overcome by traffic congestion, street trading, and informal housing—they are nonetheless vibrant economic centers and pivotal to Africa's ability to achieve its economic growth expectations.

At the centre of cities is housing. Adequate and affordable housing is a key driver of urban growth because, aside from the construction process itself, it directly affects where and how people live, work, and access services. When housing is carefully planned and integrated into city infrastructure, it can support efficient urban development, manage and leverage the opportunities of increased population density, and stimulate local economic growth.

But in Africa's cities, more houses are built by informal than formal builders. There are more instances of lending for, and investing in, housing that happen informally—whether from hand to hand, through

rotating savings and credit associations or cooperatives, or in the form of remittances—than are formally extended through regulated channels. And although informal processes are ultimately inefficient and expensive, opaque and exploitative, they are also nimble and responsive, with few barriers to entry. And critically, they are expressive of the priorities, needs, and capacities of the majority of people across the continent.

Technology offers valuable opportunities to support housing in this informal environment. By leveraging digital platforms, mobile technology, data analytics, and smart city systems, city governments and the people who work in them can build a bridge between the adaptive flexibility of the informal economy

trust in the formal, but rather to leverage them through better understanding of what leads to, emboldens, and calls for the informal. This will help investors—whether public or private, institutional or individual—target their housing investments correctly, for the right market, and will build a sustainable market accessible to and used by all the residents of the city.

**T e c h n o l o g i c a l Opportunities**

Blockchain technology can be used to create decentralized property registries or enforceable digital contracts that bypass cumbersome bureaucracy. This is being used by mortgage lenders in a number of countries to record liens on properties outside the formal cadastral system, which is less well trusted.

“**Deeper understanding of informality and better use of technology can build more sustainable housing markets**”

and the structured governance processes necessary to enable sustainable growth. The challenge for policymakers, regulators, and the private sector is not to constrain informal efforts with false

The approach has also been tested in informal settlements, including in KUMASI, GHANA, where a single ledger of land holdings was produced and paper-based evidence was converted into

a digital format.

Mobile apps in countries including NIGERIA allow informal builders and small-scale developers to access larger markets. These platforms facilitate fast, intuitive market participation while also enabling them to engage in formalized systems of trade and distribution. Users' track records form a basis for lenders' decisions about extending credit, which then supports growth and further development of small businesses. Credit underwriting is an area where technology can help better quantify risk and thereby establish the opportunity for return. In an effort to promote financial access, the DJIBOUTI government has set up a guarantee fund that includes a provision of up to DF 10 million (\$56,000) for what it calls “precarious households” that earn between \$450 and \$1,518 a year. In 2013, RWANDA introduced the Land Tenure Regularization program, which involved the demarcation, land adjudication, digitization, and registration of all parcels of land. Rwanda has also launched an electronic certificate system, referred to as “e-Title,” so that landowners can quickly and cheaply access their title certificates on the National Land Authority's official website. Geographic information systems, drones, and satellite imagery can help map the informal economy. This can provide realtime data on

informal settlements, markets, and economic activities, allowing city planners to understand and respond to informal dynamics more effectively. In the coming year, the Centre for Housing Affordability in Africa is going to explore these policies and practices with the Lincoln Institute for Land Policy in KENYA.

E-lending approaches can support rent-to-buy models. Blockchain technology reduces the cost of transactions, especially in terms of how it validates the truthfulness of data. This has had a profound impact on housing affordability for households and on market size and opportunity for developers. A housing developer in MOZAMBIQUE, for example, has found that by using this technology the homes it produces are now accessible to 80 percent of the population—previously they were accessible to only 3 percent of the population based on the existing mortgage model.

Deeper understanding of informality and better use of technology can build more sustainable housing markets

KECIA RUST is the executive director of the Centre for Affordable Housing Finance in Africa. This article and case studies draw on the recently published 15th edition of *Housing Finance in Africa: A Review of Africa's Housing Finance Markets*.

# EXECUTIVES

**Environmental Taxes as a Share of GDP Averaged 1.7% in 2020**

Environmental taxes as a share of GDP averaged 1.7% of GDP across reporting countries in 2020, in part due to the decline in revenues from gasoline taxes because of lockdowns in response to Covid 19. This is slightly down from the high reached in 2005, when environmental taxes as a share of GDP sat at 1.8%.

Environmental taxes are divided into four types: (1) Taxes on energy, including fuel for transport; (2) taxes on transport, excluding fuel for transport; (3) taxes on pollution; and (4) taxes on resources.

# Real Time Billionaires



This graphic visualizes the net worth of America's top 20 billionaires, as of Dec. 11, 2024. Data comes from the Forbes Real-time Billionaires List.

These 20 individuals have a combined wealth of \$2.7 trillion, which is more than the annual GDP of countries like Russia (\$2.2T), Canada (\$2.1T), and Italy (\$2.0T). Tech founders & CEOs dominate this ranking of America's top 20 billionaires.

Net worth is the total value of someone's assets minus their debts. In the case of billionaires, most of their wealth comes from their ownership of businesses. For example, Nvidia CEO Jensen Huang has climbed the billionaire rankings as his company quickly become one of

the world's most valuable corporations this year. Another billionaire whose wealth has skyrocketed in 2024 is Elon Musk. This is primarily due to his ownership stakes in Tesla (12% excluding options) and SpaceX (42%), and xAI (54%). SpaceX is worth approximately \$350 billion based on a private share sale in Dec. 2024, while xAI could be valued at up to \$50 billion.

Sam Walton's Heirs The three retail billionaires featured in this graphic are the heirs of Sam Walton, the founder of Walmart. Together, Rob, Jim, and Alice control roughly 45% of Walmart's shares. Walmart is the world's most valuable retailer after Amazon, though Amazon has significant operations in other areas like cloud computing

The Monetary Policy Rate (MPR) has stabilized at

# Interest Rate Stabilizes at 24.75%

24.7 percent. Monetary Policy Committee (MPC) of the Central Bank's (Bank of Sierra Leone) decision at pegging the rate aligns with global economic realities as world economies grapple with inflationary pressures stemming from post-pandemic adjustments and ongoing geopolitical conflicts.

Economists highlighted that maintaining the interest rate is a strategic move needed

to achieve balance between the promotion of economic growth and control of inflation at this period. Governor of the Bank Dr Stevens pointed out that global trends have led to lower import costs, 'which has helped to alleviate some of the external vulnerabilities that the country has faced'. He however acknowledged that potential risks (associated with geopolitical uncertainties), escalating

trade tensions that disrupting supply chains and increase commodity prices are presenting challenges to the nation's economic recovery.

The MPC reported a significant decline in inflation rate, which dropped from 54.2 percentage point in November 2023 to 15.4 percentage point in the one year period to November 2024. The decline has been credited to the implementation

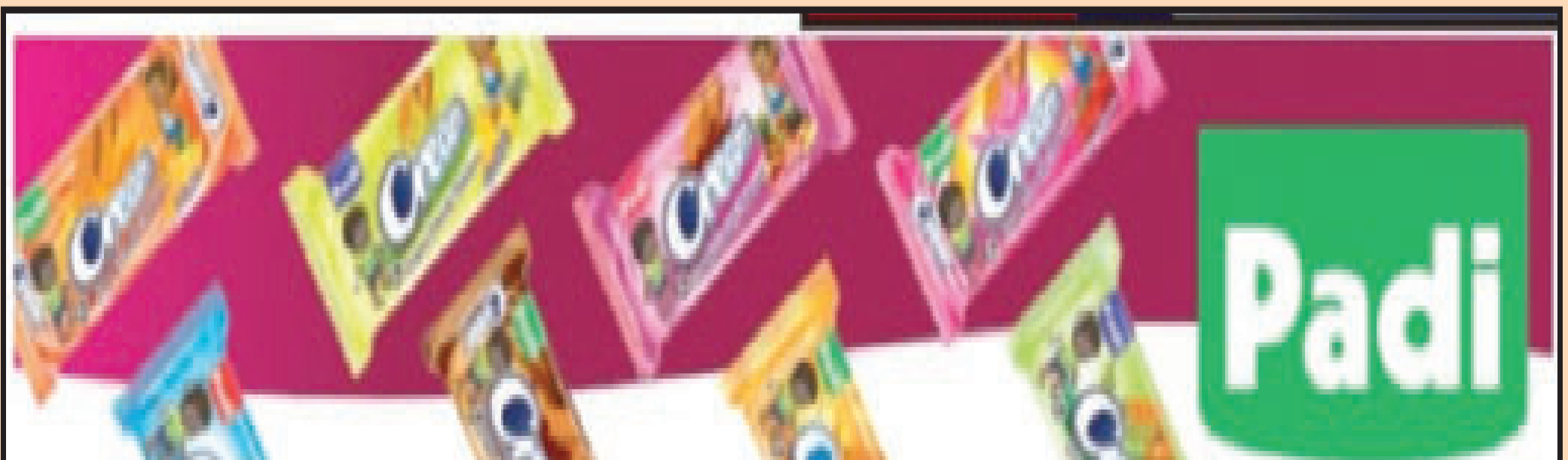
of macroeconomic policies, the stabilization of exchange rates, and significant improvements in domestic food production. The Governor emphasized the importance of sustaining this downward trend in inflation, reiterating the determination of BSL to bring inflation down to the medium-term target of single digits. The commentary reflects the bank's cautious optimism while

reiterating the necessity for vigilance in monetary management. However, he warned that achieving long-term economic stability requires ongoing macroeconomic reform and structural adaptations to the economy, suggesting that the path to recovery is fraught with challenges that demand strategic planning and execution.

He further reassured stakeholders that the MPC is prepared to

revise its policies in light of any new economic developments impacting inflation or other key indicators. The unchanged MPR of 24.75 percent signals the committee's commitment to navigating Sierra Leone's evolving economic landscape effectively. By focusing on inflation control and sustainable growth, the central bank aims to foster an environment conducive to recovery and development.

development.



# NEWS

## The Audit Report: Highlights

By Joan Bannister

The recently released Audit Report for the Year 2023 revealed loats of irregularities. Below are the key highlights:

### Water Supply Distribution Audit

The Guma Valley Water Company,

supplying a whopping 90% of waters to about 1.5 million residents of Freetown, faces enormous problems with water distribution. The audit revealed encroachment into water catchment areas due to increase in population densities and demand for land. This, in turn has led to excessive deforestation and logging that are seen to threaten

the sustainability of water resources.

Leakage in the distribution network was another finding made during the audit, resulting in considerable water loss between the production and end-user points. Without adequate metering systems, measuring the water balance accurately for more operational efficiencies is not possible.

### Results of the Audit on Forest Management

In addition, the audit has one into the management of forest harvesting which portrays a dismal conversion of forest cover amounting to 19,700 hectares annually as at 2020. Increase in settlements coupled by

agricultural activities in the Western Area contributes to environmental vulnerabilities such as mudslides.

### Key findings from the audit on forest management would include:

Inaccessibility to Environmental Impact Assessments (EIA): EIA for the forestry sector has not been found hence inability to conduct environmental risk assessment and application of

sustainable practices. Licensing Inefficiencies: Only 85 out of the 167 power saws in operation are licensed, which results in revenue loss due to unlicensed operations to the tune of NLe422,000. Poor Monitoring and Enforcement: The absence of standard monitoring guidelines in the forestry department and the filling of only 23% of staff positions has made law enforcement in the country ineffective.

## Panacea To Tackle Inflation Proffered

As the country look forward to 2025, the prognosis for inflation will depend greatly on several key factors, according to the International Monetary Fund (IMF). This include, among others the following measures.

• **Monetary Policy:** Continued strict enforcement of monetary policies help anchor inflation expectations. It's crucial for the Central Bank of Sierra Leone to maintain interest rates that discourage excessive monetary expansion.

• **Agricultural Productivity:** If agricultural output continues improving, particularly in staple crops, it could further stabilize food prices and contribute to a downward trend in

inflation.

• **Global Economic Conditions:** The macroeconomic environment on a global scale, including commodity prices and trade dynamics, will have direct repercussions on local inflation. Committing

to diversifying export avenues will be critical.

• **Government Intervention:** Effective fiscal policies, enhanced public infrastructure, and investment in market regulations can further alleviate inflationary pressures.

A stabilizing inflation rate encourage increased foreign direct investment (FDI) as investor confidence grows when economic volatility decreases. Based on the current trends, FS Analytic projection for the inflation rates in 2025

could average between 10-15%, assuming that the current positive momentum continues. However, should external shocks occur, such as commodity price fluctuations or instability, the projections could substantially change.

Stalled National Tree Planting Project: The implementation of the National Tree Planting Project has stalled due to poor management and unclear targets, even after the government budgeted NLe62,181,400 for climate change efforts.

This report's summary calls for immediate action in addressing these inefficiencies, improving coordination among stakeholders, and urging the Ministry of Environment and Climate Change to further enhance its ability to monitor and work collaboratively to conserve critically important natural resources for Sierra Leone.

The finding of this performance audit serves as a call and need to adhere to good internal governance and resource management required for the attainment of sustainable development goals.

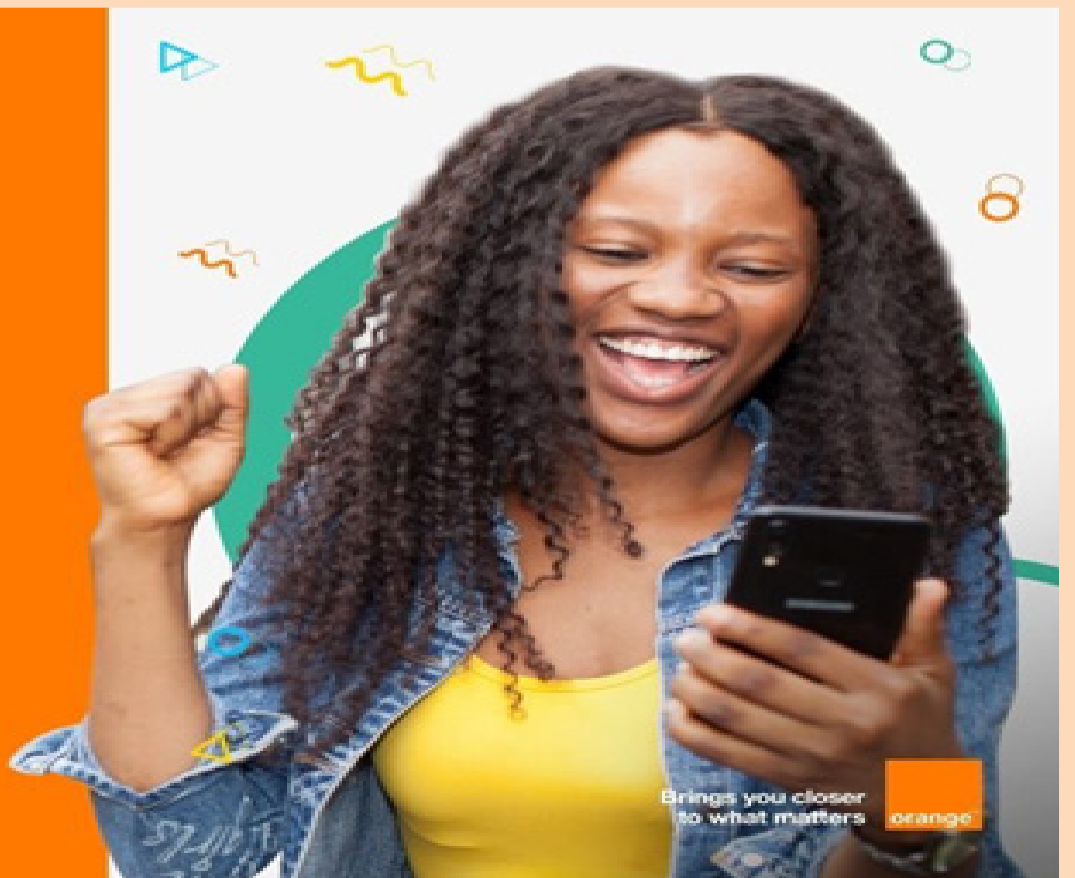
Rank	Country	Gross Debt (B)	% of World Total	Debt to GDP
1	United States*	\$35,293.0	34.6%	121.0%
2	China	\$16,464.3	16.1%	90.1%
3	Japan	\$10,224.1	10.0%	251.2%
4	United Kingdom	\$3,652.1	3.6%	101.8%
5	France	\$3,564.5	3.5%	112.3%
6	Italy	\$3,253.4	3.2%	136.9%
7	India	\$3,231.9	3.2%	83.1%
8	Germany	\$2,953.2	2.9%	62.7%
9	Canada	\$2,349.9	2.3%	106.1%

# Di moni don land

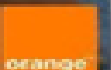
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Brings you closer to what matters



# KNOWLEDGE ZONE



**The Balance of Payments** provides a framework that is applicable for a range of economies, from the smallest and least developed economies to the more advanced and complex economies. As a result, it is recognized that some items may not be relevant in all cases.

The balance of payments is a statistical statement that summarizes transactions between residents and nonresidents during a period. It consists of the goods and services account, the primary income account, the secondary income account, the capital account, and the financial account.

Under the double-entry accounting system that underlies the balance of payments, each transaction is recorded as consisting of two entries and the sum of the credit entries and the sum of the debit entries is the same.

The different accounts within the balance of payments are distinguished according to the nature of the economic resources provided and received.

**The International Investment Position (IIP)** is a statistical statement that shows at a point in time the value of financial assets of residents of an economy that are claims on nonresidents or are gold bullion held as reserve assets; and the liabilities of residents of an economy to nonresidents.

The difference between the assets and liabilities is the net position in the IIP and represents either a net claim on or a net liability to the rest of the world.

The IIP represents a subset of the assets and liabilities included in the national balance sheet. In addition to the IIP, the national balance sheet incorporates nonfinancial assets as well as financial assets and liability positions between residents.

**Special Purpose Entities (SPEs)** tables aim to separately identify selected cross-border flows (BOP) and positions (IIP) related to resident SPEs to support policy makers and analysts. SPE data series are disseminated on an annual basis as part of the existing balance of payments and IIP datasets on the IMF's data portal. Both annual and quarterly series are disseminated, where available.

**IIP Additional Analytical Position (Currency Composition)** tables provide, at a reference date, the currency composition of (i) debt claims and liabilities on/to nonresidents, (ii) financial derivative positions with nonresidents (receive /pay), by sector, and (iii) reserve-related liabilities. The currency split consists of domestic and foreign currency with further disaggregation into U.S. dollar, Euro, Yen, and other currencies. These data are consistent with the standard components of the IIP.

The IMF is grateful for countries' cooperation in regularly providing comprehensive and timely data to the IMF for re-dissemination. Based on the data reported by the country authorities, the IMF's Statistics Department (STA) performs certain data transformation to derive higher-level indicators or regional aggregates, as well as achieve cross-country data comparability. STA publishes both the data reported by the countries and calculated by STA in its efforts to support the analytical and policy needs of the IMF, member countries, and the international community. Detailed information on the data reported by countries and those calculated by STA for the published series can be found in the [BOPSY Introduction and Annex Tables](#).

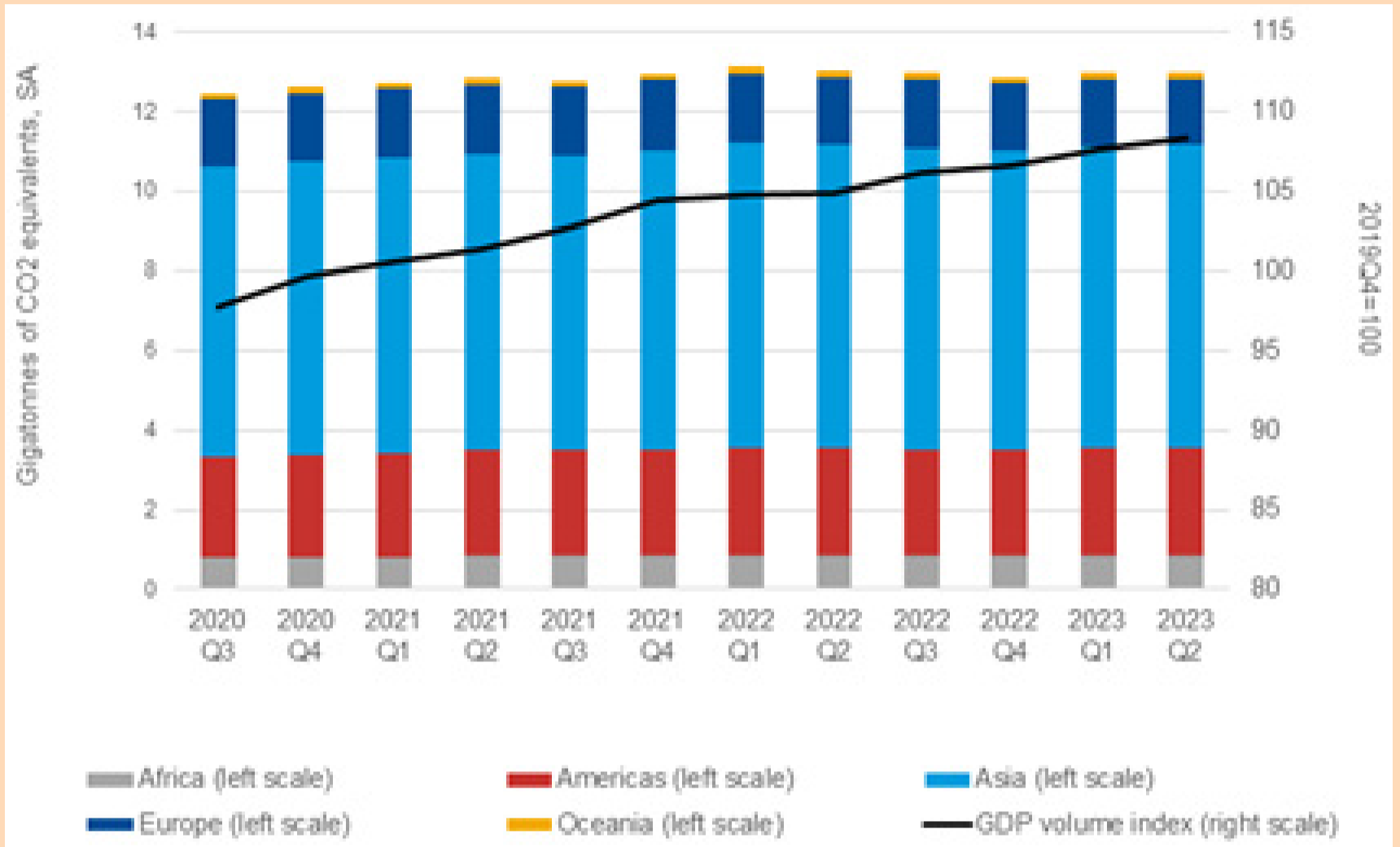
# ENERGY & ENVIRONMENT

A financing package totalling approximately USD 417 million has been secured to execute the Nant Energy project.

This includes a USD 292 million in debt financing from the U.S. International Development Finance Corporation (DFC), alongside USD 40 million contributed by the ECOWAS Bank for Investment and Development. Furthermore, equity financing totalling USD 85 million was also provided collectively by TCQ Power and Anergi. The Nant energy project aims at addressing Sierra Leone's long-standing energy deficits. This is Sierra Leone's first large-scale independent power project, aimed at substantially enhancing the country's electricity generation capabilities.

The Nant Project, involves the development and operation of a 105 megawatt (MW) multi-fuel Combined Cycle Gas Turbine (CCGT) power generation facility. Developed by CECA SL Generation

## Nant Energy Takes Off With \$417m



Ltd, this project is set to ultimately double the country's current electric generation capacity. The facility will operate under a 22-year Power Purchase Agreement (PPA) mandated by the

Electricity Distribution and Supply Authority and backed by the Government of Sierra Leone, ensuring a reliable and sustainable energy supply for the nation. The project is targeted to deliver its first power by the

third quarter of 2027, providing an essential boost to the region's energy infrastructure while addressing long-standing energy deficits. The successful financial closure of the Nant Project heralds a transformative

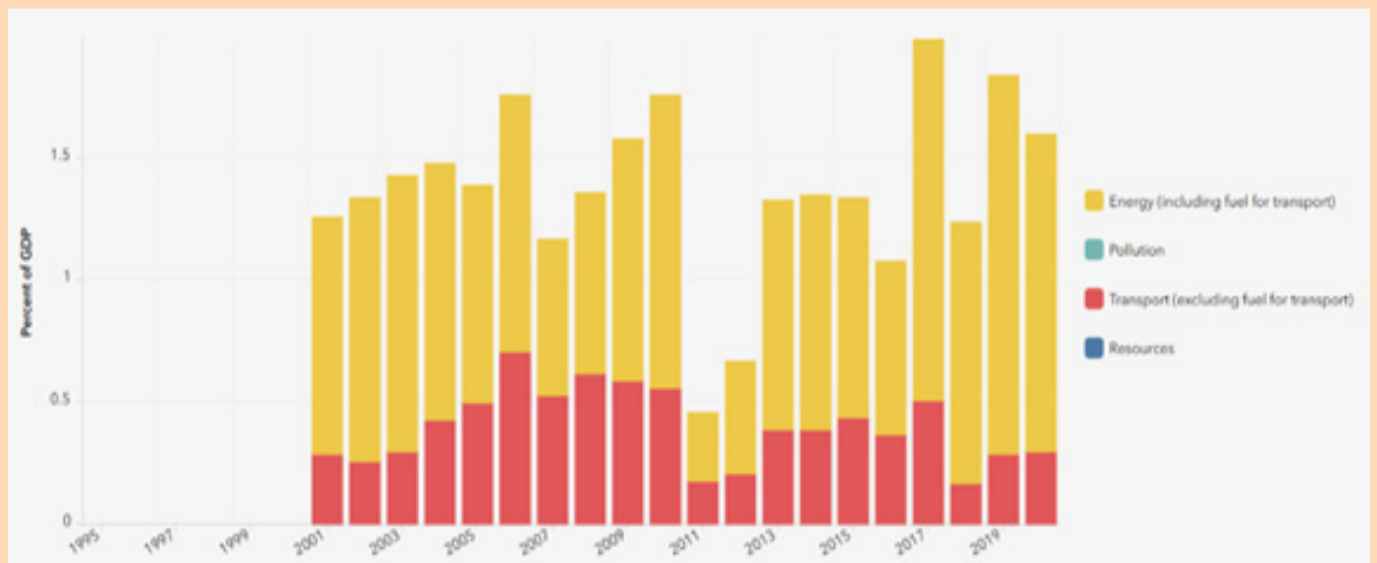
era for Sierra Leone's energy sector. By facilitating access to electricity, the Nant Project can spur economic growth, improve business environments, and enhance the quality of life for countless citizens.

## Global Greenhouse Gas Emissions Up Q1 2024

Quarterly global Greenhouse Gas (GHG) emissions increased by 2.5 percent in the first quarter of 2024, an acceleration from a 0.6 percent increase in 2023Q4 and the largest quarterly increase since the last quarter of 2023.

According to the latest UNFCCC reports the best estimate of temperature change is 2.5-2.9°C and there is an agreement that net

zero CO2 emissions are the prerequisite for halting warming at any level. It will be necessary to closely monitor the emissions to ascertain whether or not the countries can build further on the clean energy momentum towards significant overachievement of the latest NDCs, helping to attain emission levels suggested for keeping warming likely below 2°C.



# DIGITAL MONEY

## CENTRAL BANK DIGITAL CURRENCY

VIRTUAL HANDBOOK



# Central Bank Digital Currency: Progress And Further Considerations

As country experiences indicate, Central Bank Digital Currency (CBDC) adoption could face hurdles, including the classic chicken-and-egg problem wherein adoption by consumers is dependent on the participation of merchants and vice versa.

CBDC adoption requires a strategic approach adapted to country circumstances based on four elements—regulation, education/communication, design, and incentives. How to leverage CBDC data while preserving privacy? CBDC may allow for a “digital trail” of data to be collected and stored. CBDC data may have economic value and could help central banks achieve policy objectives. However, CBDC data use could pose risks to privacy, which in turn can undermine trust in central bank money.

Central banks need to strike a balance between CBDC data use and privacy protection depending on norms,

legal and regulatory frameworks, and preferences. CBDC offers an opportunity to improve the trade-off between data use and privacy protection as compared to private digital payment systems, including through robust institutional arrangements and technological solutions.

CBDC can be designed to cater to the privacy needs of different users. Will CBDC interfere with monetary policy operations? When CBDC is issued and adopted, it will substitute for other forms of money and change reserve balances in the banking system, which in turn may influence short-term interest rates. CBDC may affect central banks’ ability to forecast liquidity, draw market rates away from the policy target, and complicate banks’ liquidity management. CBDC may therefore affect how central banks conduct monetary policy operations.

However, effects can be attenuated by adapting monetary

operations—engaging in fine-tuning operations and providing more liquidity to the banking sector. CBDC design can also be altered by imposing criteria on access, as well as holding or transaction sizes. How to design CBDC to help improve cross-border payments? When designing and implementing CBDC systems, it is beneficial to factor in cross-border implications from the start. By doing so, central banks

“  
**Central banks need to strike a balance between CBDC data use and privacy protection depending on norms, legal and regulatory frameworks, and preferences.**  
”

can diminish risks of having to redesign or adjust their domestic CBDC system at a later stage. CBDC could help overcome frictions in cross border payments if they are designed bearing

five interrelated elements in mind: access, communication, currency conversion, compliance, and settlement.

CBDC is still an emergent field. Central banks need to approach CBDC exploration carefully and methodically. The IMF’s CBDC virtual Handbook (Handbook) published in November, 2024 aims to guide and support policymakers in their CBDC explorations. It is a “living” document

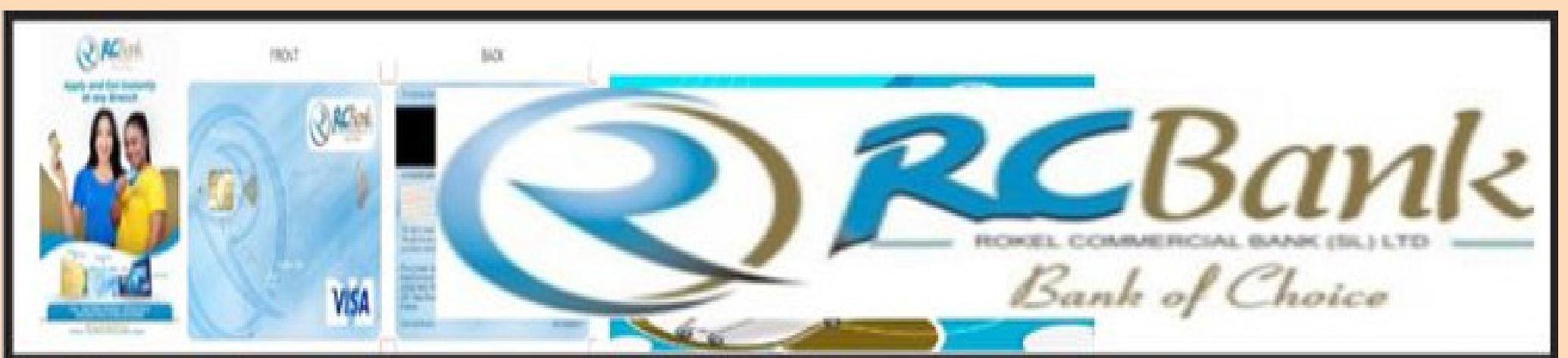
reflecting evolving experiences, findings, and policy views. It covers the objectives of CBDC, foundational requirements, design considerations, and macro-financial implications. They

include the following topics: (i) positioning CBDC in the payments landscape; (ii) cyber resilience of the CBDC ecosystem; (iii) strategies for CBDC adoption; (iv) CBDC data use and privacy protection; (v) implications of CBDC for monetary operations; and (vi) cross-border payments with retail CBDC. The Government of Japan is a major partner and donor and has funded this second wave of Handbook chapters. 6. This paper summarizes the findings of the second wave of the Handbook chapters. As before, findings are preliminary and may be updated in the future as new knowledge and experience emerge.

The global interest in CBDC remains strong, and exploration continues around the world. The Bank for International Settlements’ (BIS) most recent CBDC survey shows that the proportion of the 86 responding central banks that are exploring CBDC has risen to 94 percent. The survey indicates that

up to fifteen CBDCs will likely have been issued by 2030 (BIS 2024a). The pace, motivations, and scale of CBDC exploration remain jurisdiction specific. Over the course of 2023, there was an uptick in experiments and pilots with wholesale CBDC (wCBDC). 8. Some central banks in large economies are devoting considerable resources to retail CBDC (rCBDC) exploration.

The European Central Bank (ECB) is moving forward with the digital euro project. It moved from the initial phase into the preparation phase in November 2023. This preparation phase aims to lay the foundation of a potential future digital euro, by finalizing its rulebook and selecting providers that could help develop a technical platform. A first draft of the rulebook and a first call for providers were presented in January 2024 (ECB 2024)—the ECB has earmarked significant funds to work with the private sector to develop a digital euro. The next  
Cont’d to PAGE 16



## MOTORING

# Types of Electric Cars Explained

Thinking of getting an electric car? You're not alone.

There are around 239,000 zero-emission Battery Electric Vehicles (BEVs) on the UK's roads - with more than 100,000 registered in 2020 alone - along with 259,000 plug-in hybrids and 629,000 conventional hybrids.

Last year demand for new BEVs nearly trebled, while diesel and petrol sales slumped by 56 per cent and 40 per cent respectively.

The surge in demand for electric vehicles looks set to continue as we head towards the 2030 ban on the sale of new petrol and diesel cars and vans.

More of us are planning on going electric when we next change our car, highlighting a growing willingness to opt for a zero-emissions model.

If you're considering an electric vehicle for the first time, you might be confused by the terminology and array of acronyms you're faced with. We're here to help.

Whether you're bamboozled by BEVs, perplexed by plug-in hybrids or you can't tell the HEVs from the HEV-nots, our handy guide to the different types of electric vehicles should ensure you enter the world of zero emissions with zero fuss.

## Electric vehicle (EV)

There are many different types of electric vehicles. This is an umbrella term for any kind of electrified car, from pure electric to one that uses a battery to boost efficiency or performance.

But it's most commonly associated with a battery electric vehicle (BEV).

## Battery electric vehicle (BEV)

A BEV is probably the first thing that springs to mind when you think of an electric car.

Rather than a petrol or diesel engine, they feature an electric motor powered by batteries, which can be recharged at home using a domestic socket or dedicated home charge point, and on the move using the public charging network.

They are zero emissions, so have no tailpipe.

The electric driving range depends on a number of factors, not least the size of the battery.

For example, the MINI Electric has a 32.6kWh battery to deliver a range of up to 145 miles, while the 100kWh battery in the Tesla Model S Long Range could achieve as much as 412 miles.

Examples: Nissan Leaf, Renault Zoe, Tesla Model S

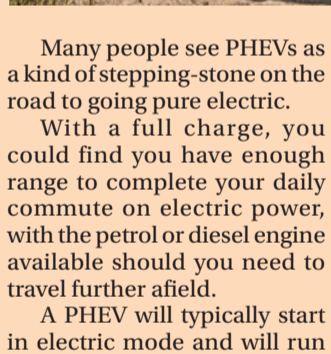
Pros: Zero tailpipe emissions in use, lower running costs, tax benefits, quiet running, government grant available.

Cons: Still relatively expensive, long charging times compared to filling up a petrol and diesel but more rapid chargers on the way, limited choice but new models coming out all the time.

## Plug-in hybrid (PHEV)

A plug-in hybrid vehicle, commonly referred to as a PHEV, uses batteries to power an electric motor, and either petrol or diesel fuel to power an engine.

The batteries can be charged in the same way as a BEV - by plugging in - although you shouldn't expect much more than 40 miles of electric range, depending on the vehicle.



Many people see PHEVs as a kind of stepping-stone on the road to going pure electric.

With a full charge, you could find you have enough range to complete your daily commute on electric power, with the petrol or diesel engine available should you need to travel further afield.

A PHEV will typically start in electric mode and will run

on electricity until the battery pack is depleted. You can also choose to save the electric range for urban use.

Examples: Mitsubishi Outlander PHEV, Volvo XC60 Recharge, Volkswagen Passat GTE

Pros: Ability to complete shorter journeys in electric mode, safety net

often shortened to hybrids, or referred to as 'self-charging hybrids' in some advertisements, are powered by electricity and a petrol or diesel engine.

Unlike a PHEV, a HEV cannot be plugged into the mains, as the engine is still the main power source.

Prius, Hyundai Ioniq Hybrid

Pros: Excellent efficiency in towns and cities, regenerative braking recharges the batteries, cheaper than BEVs and PHEVs, no need to plug in.

Cons: Can be inefficient on longer journeys, severely limited electric range, sales of most new hybrid vehicles will end in 2030.

## Mild hybrid electric vehicles (MHEV)

Some manufacturers erroneously refer to mild electric vehicles, also known as mild hybrids, as hybrid vehicles.

This is a bit cheeky because these aren't hybrids in the traditional sense. Most owners will be unaware that they're driving a MHEV.

Despite having 'electric' in the name, these aren't really EVs in the same way as the previous vehicles on this article, and can't ever be run with zero emissions.

A mild hybrid vehicle features a small battery pack with an integrated starter-generator, which is designed to improve efficiency and to deliver a tiny boost in acceleration.

Fuel economy is improved and there's a small reduction in CO2 emissions, while some models feature tech that allows the engine to switch off when coasting.

Examples: Suzuki Swift, Ford Puma, Audi Q8

Pros: Feels the same as a conven-

tional car, roughly the same price as a car without mild hybrid technology, small boost in fuel economy.

Cons: Not a proper hybrid, no opportunity to drive in electric mode, still reliant on a petrol or diesel engine.

## Hydrogen vehicle (FCEV)

A fuel cell electric vehicle (FCEV) is powered by hydrogen. When you mix hydrogen with oxygen you create electricity, which can be used to power vehicles.

They take no longer to refuel than a conventional car and only emit water from the tailpipe. On paper, a FCEV is the best alternative to a BEV.

There are one or two drawbacks. Only a few manufacturers have invested in the technology, so choice is extremely limited.

The Toyota Mirai offers a driving range of 400 miles, but it's the only hydrogen fuel cell car available in the UK. Then there's the infrastructure: there are currently only around 20 hydrogen stations in the UK.

Examples: Toyota Mirai, Hyundai NEXO

Pros: Excellent driving range, zero-emissions, can be refuelled in just a few minutes.

Cons: Expensive technology means expensive cars, lack of filling stations, limited choice of fuel cell vehicles.

**With a full charge, you could find you have enough range to complete your daily commute on electric power, with the petrol or diesel engine available should you need to travel further afield**

**A PHEV will typically start in electric mode and will run on electricity until the battery pack is depleted. You can also choose to save the electric range for urban use**

of a conventional engine for longer trips, lower CO2 emissions than a petrol or diesel model.

Cons: More expensive than conventional cars, weight of batteries puts a dent in overall efficiency, especially on motorways; smaller fuel tank can mean more frequent fill-ups on longer journeys, only limited electric range.

## Hybrid (HEV)

Hybrid Electric Vehicles (HEVs),

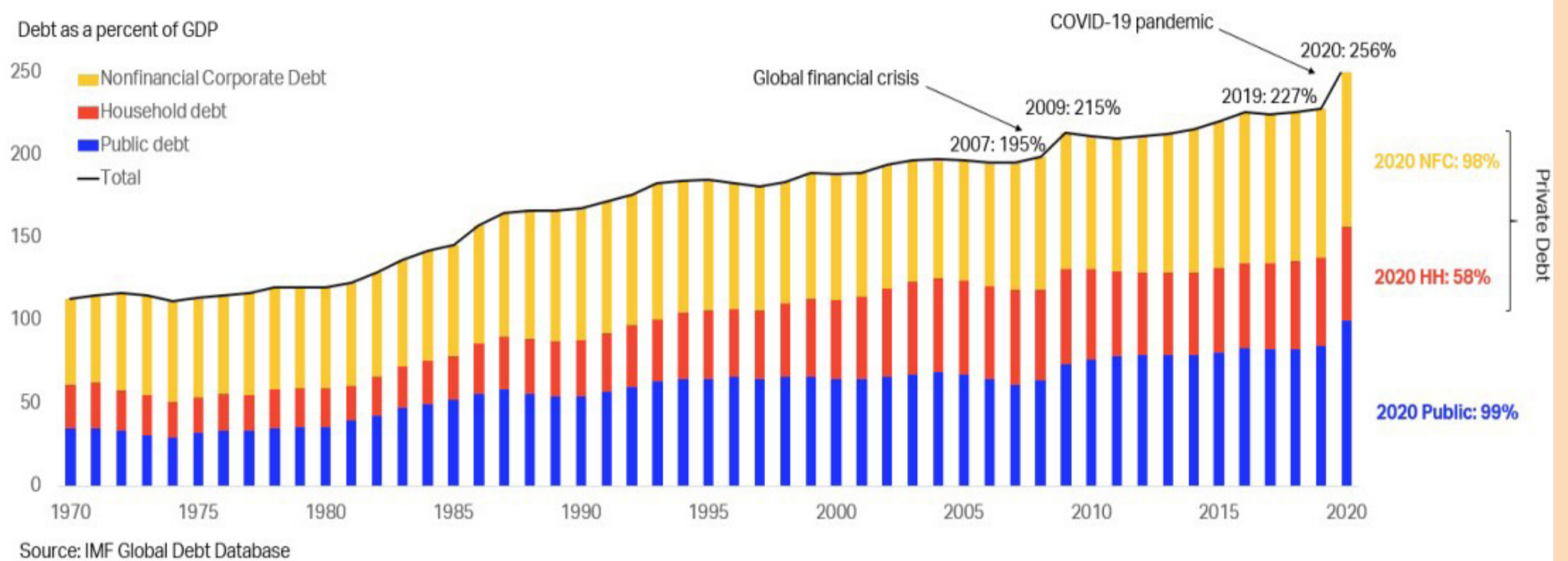
The battery is significantly smaller, so you shouldn't expect to achieve any more than a couple of miles of pure electric range at low speeds.

A hybrid will produce less CO2 than a petrol or diesel model, so there are still tax benefits associated with running these cars.

The Toyota Prius is arguably the most famous HEV in the world and is now available as a plug-in hybrid, too. It could even be considered the poster child for eco-driving.

# MONEY MARKET

## Record debt made more affordable by rising inflation



## Central Bank Digital Currency

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phase involving an actual development and rollout of the digital euro could start in November 2025 at the earliest. In the UK, the Bank of England (BoE) together with His Majesty's Treasury continue to explore a potential digital pound. The project is currently in the design phase, in which technological and policy requirements for a potential digital pound are being investigated. 9. Several central banks are fine-tuning their rCBDC pilots or starting new ones.

The Chinese e-CNY has been circulating in seventeen Chinese provinces in pilot form for several years. Government agencies and, increasingly, corporations are now using the e-CNY for payroll purposes which helped increase the e-CNY transactions. The e-CNY has integrated the current QR code system, which simplifies its use in stores. The D-Cash pilot, run for several years by the Eastern Caribbean Central Bank (ECCB), was discontinued in January 2024. The ECCB is now preparing to launch a second pilot, dubbed D-Cash 2.0 which aims

to be more advanced and user friendly (ECCB 2024). In India, the rCBDC pilot currently has a user base of around five million and has integrated the standard QR code system for interoperability with other payments methods (RBI 2024a). Currently, work is ongoing to add functionalities to the pilot that are deemed important. Multiple ways to achieve offline capacity to enable payments in rural and far-off areas will be tested (RBI 2024b).

The Bank of Korea (BOK) explores both rCBDC and wCBDC in collaboration with other government authorities. Together, these authorities are currently developing a pilot to allow the public to test CBDC (BOK 2024). No new rCBDCs have been officially launched since three central banks launched CBDC in 2023. The three CBDCs that are currently officially issued—the Sand Dollar in The Bahamas, the eNaira in Nigeria, and Jam-Dex in Jamaica—are used for payments in their respective economies, albeit with a low level of adoption. This initial slow uptake is not surprising, as the

adoption rate of new technologies and innovations tends to be slow at first.

Reasons contributing to the initial slow uptake include insufficient public education, lack of merchant participation, and lack of engagement with and incentives for intermediaries. Most central banks are carefully assessing lessons from peer experiences, noting the importance of conducting user education campaigns, engaging stakeholders early, and setting appropriate regulatory frameworks. For example, the Central Bank of Bahamas is reportedly considering mandatory participation by commercial banks to offer access to the Sand Dollar.

The BIS survey shows that advanced economies believe that the likelihood of issuing a wCBDC is now higher than that of a rCBDC within the next six years. Exploration of wCBDC is motivated by a number of potential use cases, such as the need to provide an efficient settlement asset for tokenized payments between non-bank financial institutions, and cross border

payments. Tokenization of money and assets has become a notable development with active participation by global banks and financial market infrastructures. For example, as part of a pilot known as Project Helvetia III, the Swiss National Bank (SNB) has issued tokenized Swiss franc wholesale CBDC. The pilot is unique in making wCBDC available for settling commercial transactions on the same third party platform run by the SIX Digital Exchange where tokenized assets are held. Other examples of active wCBDC exploration in the context of asset tokenization include projects run by Brazil, Hong Kong SAR, and Singapore.

Interest in both rCBDC and wCBDC remains strong in EMDEs. For instance, Kazakhstan has already taken a decision to issue a rCBDC, and the Digital Tenge (DT) was launched in 'pilot mode' in November 2023 (National Bank of Kazakhstan 2023). The central bank of Nepal (Nepal Rastra Bank) envisions a phased pilot by 2026 (Nepal Rastra Bank 2024). The central

bank of Honduras (Banco Central de Honduras, BCH) published a report on its CBDC exploration in 2023, discussing the potential role of CBDCs for financial inclusion and improved remittances (BCH 2023). The central bank of Philippines (Bangko Sentral ng Pilipinas) has selected the underlying technology of and is conducting a proof-of-concept on a wCBDC, Project Agila (Bangko Sentral ng Pilipinas 2023). Likewise, the South African Reserve Bank is embarking on a series of trials on wCBDC in the Project Khoka2x (South African Reserve Bank 2024). Many other projects are also ongoing globally, at different levels of intensity.

International organizations are also supporting global CBDC exploration. They are engaging in analytical work, technical experimentation, capacity development and facilitating discussion and information-sharing between countries. For instance, the Bank for International Settlements Innovation Hub (BISIH) conducts a wide range of technical explorations in collaboration with national central banks. Recent developments include a

cross-border wCBDC project mBridge which has now reached the minimum viable product stage—it is now able to support basic functions for real value transactions. Consequently, mBridge is now broadening its scope and inviting new participants (BIS 2024b). Project Rialto was announced in July 2024 to explore how to improve instant cross-border payments using wCBDC settlement (BIS 2024c). Project Aurum 2.0, Project Hertha and Project Tourbillon demonstrate central banks' efforts to explore and scale up privacy enhancing technologies (PETs) for privacy protection (BIS 2024d).

The World Bank, like the IMF, continues to provide analytical support and technical assistance for member countries.<sup>2</sup> The World Bank also actively engages in technical experimentation, for instance recently partnering with the SNB and SIX Digital Exchange to further scale efforts in the use of Distributed Ledger Technology (DLT) and wCBDC in capital markets (World Bank Group 2024).