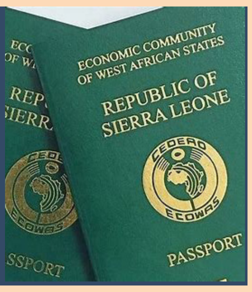
The weekly business newspaper

FINANCIAL STANDARD

MONDAY 13TH JANUARY 2025 - SUNDAY 19TH JANUARY, 2025 VOL1. NO 14 www.financialstandadsl.com The Smartest Way To Think uk-2.90

What are golden passports/Visas?



See Page 3

Much Ado About Rice

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BSL On Red Alert Over Fiscal Threats

By Reuben Adewale

The apex bank, the Bank of Sierra Leone (BSL) , is reinforcing financial resilience to stabilize the economy this year.

The move is coming on the heel of potential threats and risks in the financial system notwithstanding recent positive developments in terms of its tight monetary policy stance, relative stability of the exchange rate and the rise in domestic food production all of which had helped in tackling inflationary pressures in the economy in the past one year.

The apex bank is remaining red alert to contain fiscal threats and remaining vigilant on reforms necessary to strengthen the banking system. Consequently, the Monetary policy committee of the bank has mandated it to maintain the current monetary policy stance while strengthening capacity in liquidity management and fiscal consolidation in fiscal 2025.

"Although the 15.41 percent inflation recorded in November 2024 was below the projected target of 21,00 percent, under the IMF Extended Credit Facility (ECF) programme for 2024, and is forecasted to trend downwards, the committee was of the view that there are uncertainties around the outlook for inflation, such as the *Continued* **PAGE 8**

Govt Bait Foreign Investors With Golden Visas

By Ibrahim Mansaray

Sierra Leone has launched an immigration by investment initiative capable of attracting investors and foreign exchange into Sierra Leone.

Coming under two pathways – a fast-track citizenship scheme and the Go-For-Gold (GFG) Permanent Residency Program - the initiative which aims at stimulating the economy allows for top end investors (to) make purchases of gold bullion mined in the country at a discount of 2 percent. An investors would also have an unrestrained access to not less than 20kg of gold bullion over a period of five years. A prospective investor would need to make a minimum of $100,000 worth of investment to qualify as a member of the GFG exclusive club to tap into these benefits.

FS reliably gathered this initiative would channel 100% of gold purchases to small-scale miners, as a means of empowering local economies and to enhance the mining sector. The program heralds a 90-day fast-track citizenship route. Coming on the heels of the Go-For-Gold (GFG) Permanent Residency Program the fast track citizenship scheme would enable investors secure citizenship within 60 days, thereby positioning the country as very competitive. *Continued* **PAGE 8**

NLe7.4 Billion For Borrowing Plan

Government could be raising approximately NLe7.45 billion to finance this year's Annual Borrowing Plan (ABP).

The government's financial strategy aims at balancing the fiscal deficit, debt repayment obligations, and sustainable debt management (domestic and external borrowing) while ensuring minimized exposure to foreign exchange and interest rate risks. FS reliably gathered that the plan is to acquire NLe0.760 billion from net concessional external loan disbursements. These funds are anticipated to derive from international development partners or concessional foreign loans, contributing significantly to bridging the total financing gap essential for covering the fiscal deficit and maturing debt obligations.

This approach aligns with the government's fiscal prudence, as external borrowing represents only 23.2% of the total gross financing requirement. Such caution indicates *Continued* **PAGE 16**

World Business Briefs

Work Concluded On Gambia's ECF

The Executive Board of the International Monetary Fund (IMF) completed today 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).

The economic recovery in The Gambia is strengthening. Real GDP growth is expected to reach 5.8 percent in 2024, supported by a broad-based rebound in economic activity. In particular, tourist arrivals are recovering and nearing pre-pandemic levels, while remittance inflows remain strong. Headline inflation has

Paraguay's Sovereign Investment Rating.

Paraguay's commitment to maintain macroeconomic stability has been rewarded with the first ever sovereign investment grade credit rating. Buoyant activity continues, reflecting high consumer confidence and expanding services and manufacturing sectors. The Banco Central del Paraguay has been appropriately keeping monetary policy on hold, guided by inflation performance and expectations. Paraguay's banking system remains stable and solvent. The 2025 budget proposal is in line with the authorities' commitments on fiscal consolidation.

The authorities are keen on maintaining fiscal sustainability and continuing with the structural reform efforts.

Togo's ECF Review Completed.

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 medium-term outlook is broadly favorable, with continued robust growth. Economic growth reached an estimated 5.6 percent in 2023 and is projected at 5.3 percent in 2024-25 and around 5.5 percent per

Egypt To Recalibrate Fiscal Space

In light of the difficult external conditions and challenging domestic economic environment, IMF staff and the Egyptian authorities agreed to recalibrate the fiscal consolidation path to create fiscal space for critical social programs benefiting vulnerable groups and the middle class, while ensuring debt sustainability.

Looking forward, reform priorities comprise boosting domestic revenues, improving the business environment, accelerating divestment, and levelling the playing field while enhancing governance and transparency.

AfDB's Golden Rule To Prosperity

Sierra Leone's public investment levels were approximately $2 billion annually as at 2022. This represents only 27% of the needed investment by 2030. The country has shown a Gross Domestic Product (GDP) growth rate of around 3.5% per annum; this, according to the African Development Bank forecast, is insufficient to generate the necessary resources for self-funded growth. ''if the growth continues at this rate, by 2030, the total public investment will only reach $5 billion, thereby creating a gap of around $2.5 billion". The Bank notes that typical financing sources, including domestic revenue and foreign direct investment, are falling short. The country's domestic revenue generation is projected to yield only $1.8 billion by 2030, leading to a financing gap of $3.3 billion.

Dependency on External Funding: With only 20% of the required financing expected from domestic sources, the country will need to seek support from international financial institutions, development partners, and public-private partnerships to bridge the gap. The Implications and Strategic Recommendations to successfully mobilize the required funds for strategic investments, a multi-faceted approach is imperative:

Policy Reforms: The government must implement robust policy reforms to enhance the business environment, attract foreign direct investment, and ensure efficient public spending

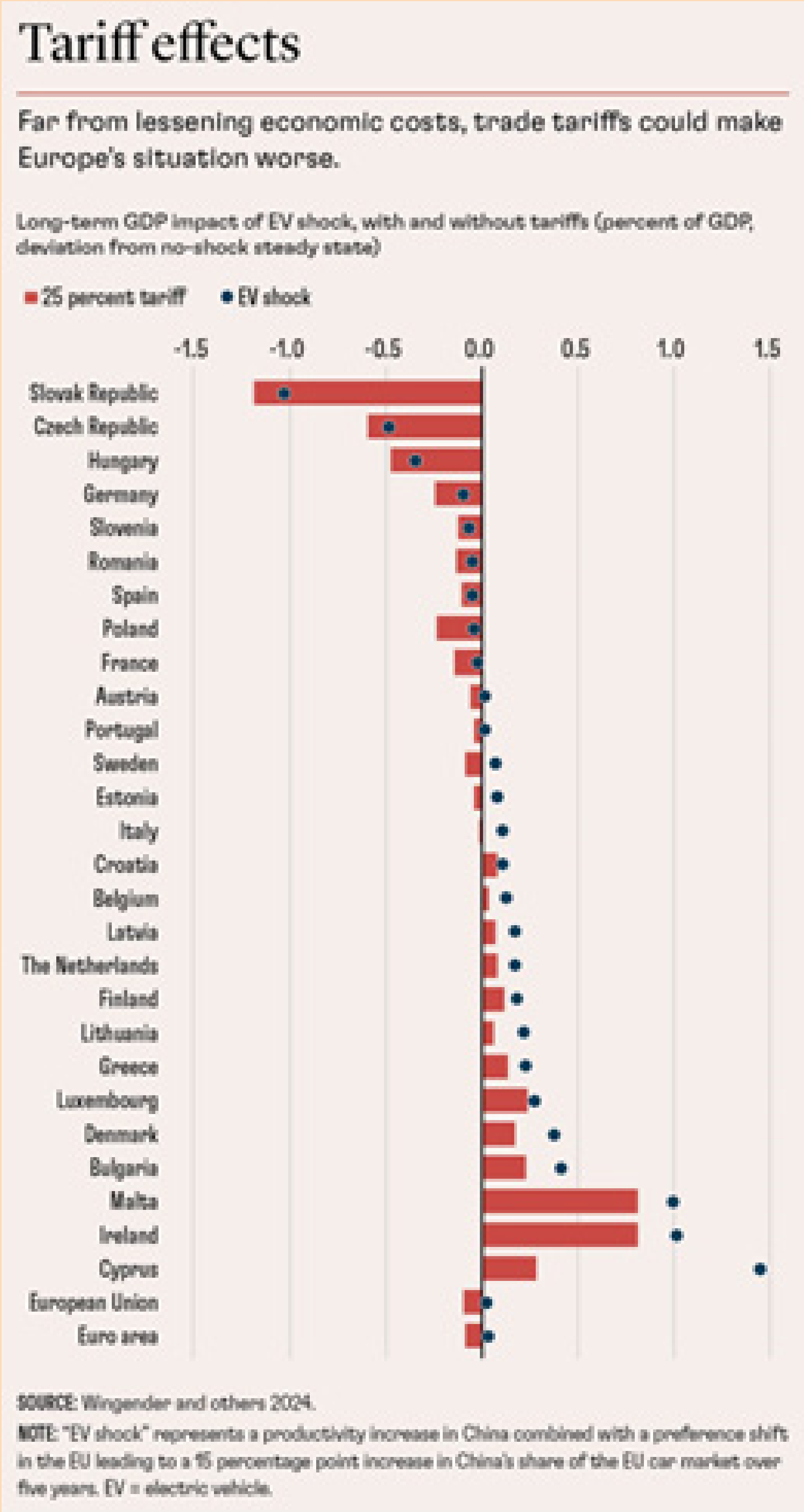
Enhancing Domestic Revenue: Strengthening tax administration and expanding the tax base can significantly increase domestic revenue. A targeted effort to broaden the tax base by formalizing the informal economy may yield substantial results.

Infrastructure Development: Prioritizing and developing infrastructure in key sectors—such as energy, transport, and water supply—can spur economic activity and attract additional investments.

Public-Private Partnerships (PPPs): Engaging the private sector through well-structured PPPs can leverage additional financing and expertise for vital public projects.

International Collaboration: Government should actively engage with international development partners to align financing initiatives with its national priorities, ensuring that the financing landscape supports its development goals. With a financing gap reaching billions of dollars, urgent action is required to mobilize resources effectively. The confluence of strategic policy reforms, enhancements in domestic revenue, and international collaborations will be vital for the country to realize its development aspirations and become a more resilient and prosperous nation.

Investors, policymakers, and stakeholders must now engage actively in dialogues that focus on innovative financing solutions tailored on a unique context. Only through collective commitment can the financing needs be met and the path toward sustainable development be assured.



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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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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.

Contacts:
News: editorial@financialstandardsl.com
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Hope Rises on Growth In 2025

By Ibrahim Mansaray

The African Development Bank (AFDB) has released a robust economic forecast for Sierra Leone, projecting growth rates of 5.2% in 2025. This optimistic projection is coming on the heels of expected recovery in key sectors including mining, agriculture, manufacturing, construction, and tourism.

This forecast portends a positive shift as the economy poise for a rebound from the shocks of previous years. It highlights a significant recovery phase for Sierra Leone. The estimated growth rate for 2023 was anticipated to stabilize at approximately 3.5%, primarily impacted by the effects of COVID-19 and the fluctuations in global prices of commodity. However, the AFDB projections hold great promises for an uptick with economic growth rate expected to jump with an impressive 5.2% in the 2025 year.

The growth momentum is expected to be primarily driven by the mining sector, which has historically been a crucial pillar of the economy. As global demand for minerals such as bauxite and diamonds regain strength, production and export activities are anticipated to ramp up, contributing positively to the GDP. The recovery in the agriculture sector is critical, given that agriculture employs a vast majority of the population. Increased investment in this sector, coupled with improved farming practices and technologies, will likely result in enhanced productivity and food security.

Furthermore, sectors such as manufacturing, construction, and tourism are set to benefit from rising consumer demand and improved infrastructure development. The construction of critical infrastructure projects and the resurgence of tourism, leveraging Sierra Leone's natural beauty and cultural heritage, are notably poised to enhance economic activity.

Amidst contracting growth dynamics, inflation has been a major concern, reaching an alarming peak in recent years. The AFDB forecasts that inflation will begin to decline significantly from a projected rate of 33.6% in 2024 to about 20.2% by 2025. This decrease is attributed to a stabilization in the prices of essential goods as external shocks—such as supply chain disruptions due to geopolitical issues—subside.

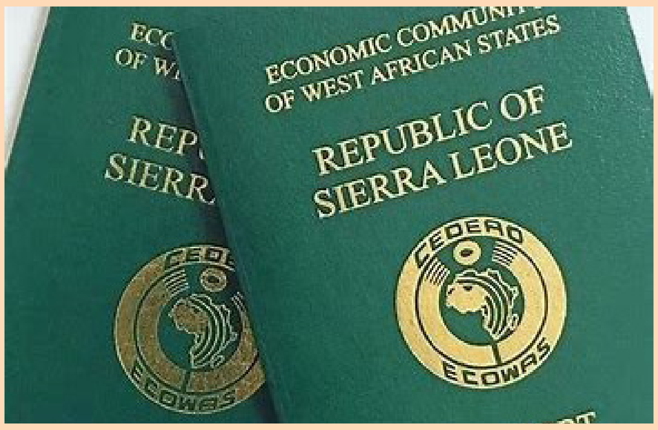
Efforts by the government and central bank to strengthen the national currency and improve monetary policy will play essential roles in curbing inflationary pressures. As inflation eases, consumers and businesses will likely find relief, fostering a more conducive environment for economic activities and investments. In terms of fiscal management, the country is on track to narrow its fiscal deficit, projected at 2.8% of GDP in 2024 and further down to 2.4% in 2025. This is expected to be driven by improvements in tax collection and increased revenue generation strategies. The government's commitment to enhancing fiscal discipline and reducing dependency on external financing is crucial in achieving these targets.

A critical component of this fiscal improvement is the anticipated rise in official and private grants, which are projected to fulfill a supportive role in financing priority projects and services. With a strengthened fiscal position, the country can allocate greater resources towards essential sectors such as health, education, and infrastructure development. The current account deficit, which has been a persistent challenge is expected to narrow significantly as well. It is projected to decrease to 4.2% of GDP in 2024 and further shrink to 2.1% in 2025. This improvement is largely contingent upon increased foreign exchange inflows resulting from higher levels of mining revenues, alongside an upsurge in official and private sector grants.

The narrowing of the current account deficit will signal enhanced economic resilience and better integration into regional and global economies. It will also improve the overall balance of payments position, providing a buffer against external shocks. The AFDB's forecasts are emblematic of a nation poised for recovery and growth. With strategic efforts in promoting key sectors like mining and agriculture and a commitment to improving macroeconomic stability, to be on a solid path toward revitalization. While challenges remain, especially in managing inflation and fiscal prudence, the projected growth rates for 2025 illustrate a hopeful future for the citizens and economy.

What are golden passports/Visas?

Golden Visa/passport programs allow individuals and their families to buy new citizenship through targeted investments or contributions.



Investments and contributions: These include direct monetary contributions, the purchase of government debt instruments (for example, investment in government stocks, bonds, securities), investment in specific sectors (for example, real estate, construction), and the establishment of businesses. Qualifying amounts typically range from $100,000 to $2.5 million (excluding fees) and have various financing terms (for example, up-front payments, instalments, bank loans).

Administration: Typically, a government agency oversees the program, and may rely on third parties to market the program, facilitate application submissions, and carry out due diligence. Some programs have statutory quotas that limit the number of applications.

Application process: The application process usually requires some background checks (for example, criminal background checks, vetting by third parties), though requirements differ. Processing applications can take from 30 days to more than a year—many offer fast-track options in exchange for

MONEY MARKET

Table 1: National CPI and rates of inflation by main COICOP functions (December 2021=100)

		Nov - 23	Aug - 24	Sept - 24	Oct - 24	Nov - 24	Inflation Rates		
COICOP	WEIGHT	Month Previous Year-	Month m-3 for Current Year	Month m-2 for Current Year	Month m-1 for Current Year	Month m for Current Year	Monthly Inflation	3 Months Change Inflation	12 Months Inflation
Food and Non-Alcoholic Beverages	40.3	226.81	263.73	265.39	261.69	260.23	-0.56	-1.33	14.73
Alcoholic Beverages, Tobacco and Narcotics	1.0	163.16	183.05	186.60	187.50	190.11	1.39	3.86	16.52
Clothing and Footwear	7.7	165.67	188.83	190.16	191.63	192.36	0.38	1.87	16.11
Housing, Water, Electricity, Gas and Other Fuels	8.9	158.54	191.16	196.78	196.19	200.41	2.15	4.84	26.41
Furnishings, household equipment and routine household maintenance	5.6	207.04	240.04	240.25	243.62	244.57	0.39	1.89	18.13
Health	7.6	193.14	216.53	223.27	223.39	223.55	0.07	3.24	15.75
Transport	8.6	215.01	222.84	221.47	221.32	219.81	-0.68	-1.36	2.23
Communication	4.7	151.03	148.45	150.20	150.67	152.30	1.08	2.59	0.84
Recreation and Culture	2.6	213.33	238.56	240.64	246.50	247.84	0.54	3.89	16.18
Education	3.1	134.28	134.28	134.28	181.23	181.23	0.00	34.96	34.96
Restaurant and Hotels	6.1	246.10	285.20	288.62	289.47	298.47	3.11	4.65	21.28
Miscellaneous Goods and Services	3.9	195.69	223.56	220.05	229.52	234.23	2.05	4.77	19.69
All Items	**100.0**	**203.91**	**231.95**	**233.86**	**234.69**	**235.34**	**0.28**	**1.46**	**15.41**

Structural Transformation To Gulp $7.5Bn

The African Development Bank (AfDB) has provided crucial insights into the financing required to achieve structural transformation to meet the goals of Sierra Leone's development agenda by 2030 and 2063 which are substantial.

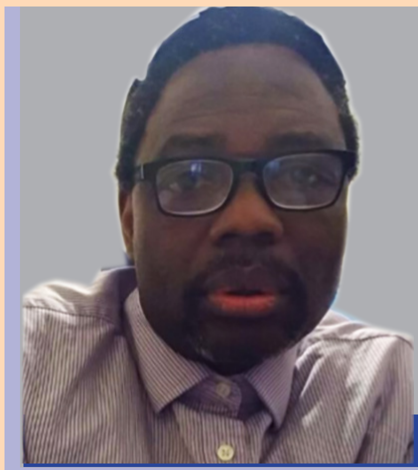
AfDB assessments on structural transformation involves shifting the economy from one reliant on subsistence agriculture to one characterized by industrialization and services, with considerable investment in infrastructure, education, health, and agriculture to facilitate economic transformation. For Sierra Leone, such transformation is aligned with the United Nations Sustainable Development Goals (SDGs) and the African Union's Agenda 2063.

> **The AfDB estimates that the country will require approximately $7.5 billion annually to catalyse its structural transformation.**

By 2030: The AfDB estimates that the country will require approximately $7.5 billion annually to catalyse its structural transformation. This figure represents the investments necessary to support initiatives aimed at enhancing productivity, improving public services, and ensuring broad-based economic growth.

By 2063: The long-term vision outlined in the African Union's Agenda 2063 posits that Sierra Leone's financing needs will increase to around $12 billion annually. This increase reflects the anticipated growth in population, urbanization, and the resultant demands on public services and infrastructure. The Increase industrial value added from 4.5% to 10% of GDP by 2030. Reduce unemployment rates from 7.5% to below 5% by 2030, particularly among youth, and improve infrastructure investment to support economic activities, aiming for a minimum of 10% of GDP as public investment in infrastructure.

The AFDB's insights into the estimated annual financing needs reveal a significant path ahead for the nation's structural transformation ambitions. With an evident financing gap, stakeholders must act quickly and decisively to develop robust strategies to attract investment and optimize the use of available resources, focused on collaboration amongst government, private sectors, and international partners is essential.



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 infrastructure 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 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, climate, 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.

> 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

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.

Sierra Leone: Imports of Goods from its Partners
Millions, US Dollars

Rank	Change	Partner	Value
1		China, P.R.: Mainland	380.89
2		Belgium	253.51
3		Türkiye, Rep of	190.49
4		India	159.36
5		North Macedonia, Re...	132.18
6		United Arab Emirates	114.08
7	↑ 1	Western Hemisphere ...	106.90
8	↓ 1	United States	97.67
9	↑ 3	South Africa	68.76
10		Guinea	44.21
11	↓ 2	Netherlands, The	38.31
12	↓ 1	United Kingdom	33.22
13	↑ 5	Ghana	28.12
14		Denmark	25.84
15	↓ 2	Brazil	23.21
16	↓ 1	Lebanon	20.06
17		Eswatini, Kingdom of	16.56
18	↓ 2	Spain	13.99
19	↑ 17	Italy	12.49
20		France	12.42
21		Germany	12.01
22	↑ 12	Sweden	11.04
23	↑ 5	Morocco	10.97
24	↑ 3	Saudi Arabia	10.55
25	↓ 2	Vietnam	9.96

REAL ESTATE (1)

Housing Markets And Monetary Policy

Mehdi

Nina

Alessi

Central banks in late 2021 kicked off the steepest and most coordinated series of interest rate hikes in four decades to contain the post pandemic inflation outbreak. Many economists expected a sharp global slowdown, but many economies have instead held up relatively well, with only some seeing significant decelerations.

Why did some countries feel the pinch from higher rates and not others? Explaining this is especially timely as many central banks are now cutting rates. Housing and mortgage characteristics, which vary widely across countries and have changed in recent years, are one key reason, our research in a chapter of the IMF's April 2024 World Economic Outlook

Housing has been an important driver of economic shocks, largely due to its central role in private sector balance sheets. Mortgages are often the largest liability for households and housing their most significant form of wealth. Real estate also accounts for a large share of consumption, investment, employment, and consumer prices in most economies. Banks and financial intermediaries are also often heavily exposed to the housing sector, making it a key component of monetary policy transmission.

Housing channel

Since the global financial crisis, economists have made significant progress explaining how monetary policy operates through housing markets, specifically in identifying the transmission channels that operate through housing and mortgage markets. We summarize a few of these channels below, by focusing on those related to household demand. First, policy rate changes directly affect monthly mortgage payments for homeowners with adjustable-rate mortgages. Payments also rise when policy rates do, depressing disposable income and sometimes consumption, through what is commonly referred to as the "cash flow channel," according to research by Marco Di Maggio and others.

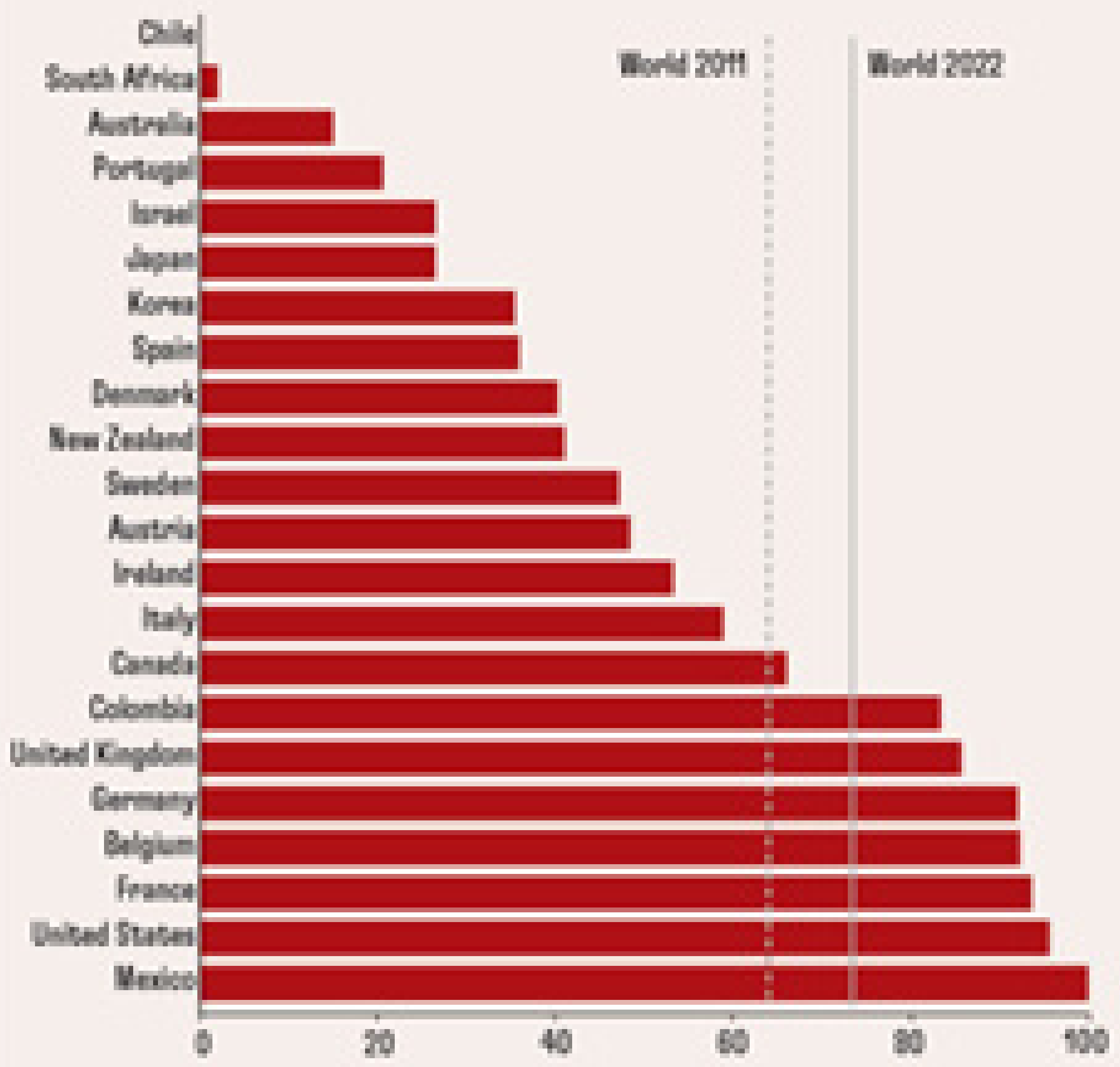
Second, home prices are very sensitive to changes in interest rates, through evolving discount rates and via expectations about future returns. This expectations channel, also referred to as the risk premium channel, can impact how much buyers are willing to borrow and for how long, which in turn affects housing prices and credit conditions.

Third, when property prices fluctuate in response to changing policy rates, wealth effects can affect consumption by homeowners. In addition, owners in many countries can use their homes as collateral to borrow and finance consumption. When real estate prices fluctuate, so does the volume of collateralized credit, and consumption follows, as work by Atif Mian and Amir Sufi shows.

Vast differences

Fixed-rate mortgages have become more prevalent globally, though their share of loans varies widely across countries.

(country-level share of fixed-rate mortgages, percent, 2022:Q4)



SOURCES: European Central Bank; national authorities' data; and IMF staff calculations.

NOTE: Mortgages are deemed fixed-rate if nominal payments do not reset within a year. Fixed-rate mortgages exclude mortgages that adjust for inflation (as in Chile).

Transmission potency

These transmission channels depend on key housing and mortgage market characteristics. For example, the relative strength of the cash-flow channel is determined by the share of fixed-rate mortgages—which, by definition, do not adjust to changes in policy rates—out of all outstanding mortgages. More fixed-rate loans mean fewer borrowers feel the pinch of rising policy rates, or benefit from their decline.

Our research shows that some key characteristics vary widely across countries. For example, the share of fixed-rate mortgages outstanding can vary from close to zero in South Africa to more than 95 percent in Mexico and the United States. Could such differences explain why the degree of monetary policy transmission differs across countries? We find that policy has greater effects on economic activity in countries where the share of fixed-rate mortgages is low. In countries with a large share of fixed-rate mortgages, changes in policy rates will affect monthly payments for fewer households, and aggregate consumption will tend to be less affected.

Similarly, we see stronger monetary policy effects in countries where more households have debt and higher amounts of borrowing, as many more households will be exposed to changes in mortgage rates. Housing market characteristics also matter: monetary policy transmission is stronger when housing supply is more restricted. For example, lower rates imply lower borrowing costs for buyers and increase demand. Slimmer supplies boost prices. Existing owners become wealthier and consume more, including by borrowing against homes.

The same holds true where home prices have been overvalued. Sharp price increases are often driven by overly optimistic views about appreciation. These are typically accompanied by excessive borrowing that, when interest rates rise, can lead to foreclosures and falling prices, and in turn lower incomes and less consumption.

Weaker transmission

Moreover, housing and mortgage markets have changed since the global financial crisis and the pandemic. At

BUSINESS TO BUSINESS

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ACC Moves To Enforce Judgment On Proceed Of Fraud

The Anti-Corruption Commission (ACC) has put up for sale a property valued at $300,000 – a proceed of fraud belonging to one Mohamed Sheku Turay recently convicted of embezzling over Le3.9 billion, fund of the Electricity Distribution and Supply Authority (EDSA).

Turay, a former banker with Rokel Commercial Bank, was found guilty and sentenced on July 22, 2021, by the courts of Honourable Justice Simeon Allieu in Freetown. The court ordered him to pay a fine of Le100 million (about $10,000) or get imprisoned for 10 years. Although, the accused person was said to have paid the fine, he could not however meet the court's restitution order which required him to repay 3.9 billion old leones by September 30, 2021. This restitution was aimed at making amends for the significant financial damage he caused through his corrupt dealings with EDSA.

As efforts by the ACC to extract the restitution payments from Turay proved unsuccessful, he subsequently fled the country, prompting the ACC to seek legal remedy. The High Court granted the ACC an order to sell Turay's property to recover the misappropriated funds on behalf of the state. The property subject to auction is described as a four-storey residential and commercial building spanning 0.0602 acres, or approximately 0.7 town lots. It has been positioned as prime real estate in a bustling area of Freetown, making it an attractive prospect for potential buyers. The ACC has set a deadline for bids to be submitted by January 31, 2025.

Interested parties are encouraged to view and inspect the property prior to placing bids. The sale proceeds will be channelled back into the state coffers, contributing to efforts aimed at combatting corruption and restoring financial integrity.

Bids can be submitted to the ACC's Procurement Unit, with all proposals assessed to ensure fair and transparent pricing. The commission has emphasized that the property will be sold to the highest bidder, underlining its commitment to securing maximum financial recovery for the state. By liquidating the assets of convicted individuals, the ACC seeks to restore the misappropriated funds and also sends a strong message of accountability to public officials and citizens alike.

Govt Bait Foreign Investors...

Sierra Leone's Chief Immigration Officer, Alusine Kanneh, Chief Immigration Officer explained the motivation for the program: "Our goal is to emulate smaller nations that have successfully harnessed their national institutions, natural resources, and human talent to achieve modernization and growth." He disclosed that the new initiatives to citizenship are designed to unlock wealth for the benefit of all Sierra Leoneans.

Stephen Barnes, co-founder of the Hong Kong Visa Centre and the main architect behind the Go-For-Gold program, speaking on the program reiterated that the fast-track option would "considerably expands Sierra Leone's immigration framework." Adding that the government is keen to attract those "who want to actively contribute to the country's growth while benefiting from a clear and efficient path to citizenship." The GFG citizenship route offers two distinct pathways under its "facilitated naturalization" framework viz:

- Fast Track Naturalization: This option grants citizenship within 90 days for a total investment package of $140,000, which encompasses all program fees, legal costs, due diligence, and necessary documentation.
-
- Heritage Naturalization: Candidates with African ancestry have the opportunity to attain citizenship within 60 days for an investment of $100,000. Applicants are required to submit a DNA test report as part of their application process.

Each pathway allows for the inclusion of qualifying family members at an additional cost of $10,000 per dependent. Eligible family members include dependent children below 18, spouses (and legal second spouses), dependent parents of any age

Importantly, investors can apply directly for GFG citizenship without needing to obtain permanent residency first. For those who choose the PR route without immediate intent to pursue citizenship, the government is still formulating naturalization options under this framework.

Participants in the GFG Program gain access to the exclusive GFG Club, which offers a plethora of benefits including personalized travel and concierge support, assistance with business incorporations, tax residency, and early access to investment opportunities. Notably, members of the club can purchase gold bullion mined in Sierra Leone at a 2% discount to market rates, with a limit of up to 20 kg over five years. This initiative channels 100% of gold purchases to small-scale miners, thereby empowering

> ”who want to actively contribute to the country's growth while benefiting from a clear and efficient path to citizenship.“

BSL On Red Alert...

persistent geopolitical shocks and related supply-chain disruptions".

BSL, in view of this, has been enjoined to remain sensitive to potential risks in the financial system whilst undertaking reforms necessary to strengthen resilience in the banking system.

The apex bank plans to adopt other macro-prudential tools to complement monetary policy operations to achieve price stability ."Accordingly, the committee has proposed to keep the monetary policy rate (MPR), Standing Lending Facility Rate (SLFR) and Standing Deposit Facility Rate (SDFR) unchanged, which was duly approved by the Board".

The committee has equally assured the public of its alertness and readiness to respond to 'any developments with the potential to affect the outlook of inflation.'

Reviewing the performance of the financial system in the last quarter, the MPC noted that the banking system 'continues to be stable, well capitalized, liquid and profitable, with key financial soundness indicators within prudential thresholds. Asset quality has improved, with the Non-Performing Loan (NPL) ratio below the maximum prudential limit of 10 percent'.

It however expressed concern over the high yields on government securities which could limit fiscal space for

REAL ESTATE (2)

Housing Markets...

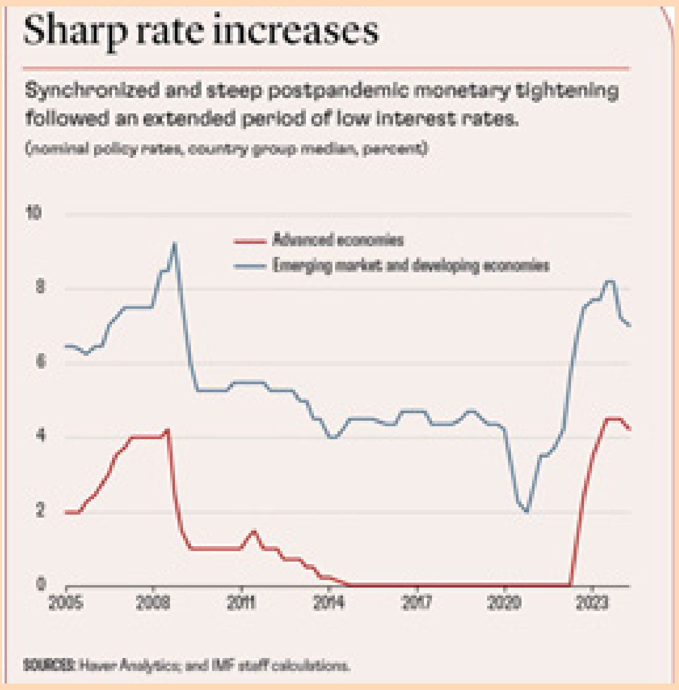
Cont'd from PAGE 9

the beginning of the postpandemic hiking cycle, effective mortgage rates in many countries had fallen to multidecade lows, as households took advantage of low interest rates to secure low-cost loans in the 2010s and early 2020s. In addition, the average maturity of mortgages increased during that time, as the share of fixed-rate mortgages increased in many countries.

Meanwhile, many financial supervisors tightened macroprudential policies for housing financing after the global financial crisis. These policies aimed at limiting the risky lending that fueled boom-bust cycles in many countries during the mid-2000s. This paid off by 2020, with improved creditworthiness and reduced leverage. Separately, the pandemic prompted people to shift away from city centers and to areas with more supply.

Our research indicates that these shifts helped weaken or at least delay some monetary policy transmission channels in several countries. Transmission strengthened in some economies, such as those with fewer fixed-rate mortgages, higher debt levels, and constrained housing supply. But it weakened in others, where those factors moved in the opposite direction.

Our findings suggest that a deep, country-specific understanding of housing and mortgage markets is important to help calibrate monetary policy. In countries where transmission through housing channels is strong, monitoring housing market developments and changes in household debt-servicing ratios can help identify early signs of overtightening. Where monetary policy transmission is weaker, more forceful early action can be taken when signs of inflationary or deflationary pressures first emerge.



Loosening cycles

With many central banks now easing as inflation recedes, it's natural to ask how housing and mortgage market characteristics will affect transmission in a loosening cycle. The housing channels we describe are active in both tightening and loosening phases, hence transmission depends on country-specific housing and mortgage market characteristics when policy moves in the other direction as well. Similarly to what happened during the postpandemic tightening cycle, we can expect a global easing cycle to affect each economy differently—and with important asymmetries.

History shows that tightening episodes are generally more powerful in restraining booms than similar size loosening episodes are in stimulating demand, according to research by Silvana Tenreyro and Gregory Thwaites. Yet most recent large and coordinated loosening cycles were followed by global recessions. During these periods, weakened private sector balance sheets prolonged economic slumps despite monetary easing, according to Atif Mian, Kamalesh Rao, and Amir Sufi.

The current easing cycle comes as household finances in advanced economies are stronger than during the years after the global financial crisis, and sometimes even relative to the prepandemic period. Similarly, there hasn't been a significant increase in household default rates. The preexisting conditions of this loosening cycle differ substantially from historical experience, so its effects may also be different from usual.

Another key difference is the historically high share of fixed-rate mortgages as a proportion of outstanding debt. Typically, a high share of fixed-rate mortgages dampens the transmission of monetary policy during a tightening cycle, as homeowners with such loans are insulated from rising rates. In a loosening cycle, fixed-rate mortgages impair transmission less, as households with such loans may want to refinance at even lower rates, activating what is known as the refinancing channel of monetary policy, Martin Eichenbaum, Sergio Rebelo, and Arlene Wong show.

This time could be different, however. Many borrowers in advanced economies locked in historically low fixed rates during the 2010s and the pandemic. These mortgages may remain well below current rates despite monetary easing, leaving many households with little incentive to refinance.

In the United States, for example, the average rate for all outstanding mortgages was 3.9 percent as of late 2024, government data show, well below the 6.7 percent average for new 30-year fixed loans. This means that mortgage rates would have to decline about 3 percentage points for the average borrower with a fixed-rate loan to have an incentive to refinance. Homeowners with fixed rates are therefore likely to remain locked in despite lower borrowing costs, with important consequences on both spending and house prices.

Of course, monetary policy operates through many channels other than housing markets. Ultimately, the degree of transmission of any easing cycle to the real economy depends on many factors: the relative speed and strength of the loosening impulse; the pass-through of monetary policy to lending rates; the government's fiscal stance; and supply-side factors, such as the cost of materials, many of which are beyond the direct influence of central banks.

Yet our results highlight that housing and mortgage markets are a key component of the transmission mechanism. Central banks should therefore closely monitor housing markets to best calibrate policy.

The authors -MEHDI BENATIYA ANDALOUSSI is an economist in the IMF's Research Department. NINA BILJANOVSKA is a senior economist in the IMF's European Department and ALESSIA DE STEFANI is an economist in the IMF's Research Department.

COMMODITIES

Much Ado About Rice

Even with 12 months to go on its implementation, concerned stakeholders in the business of rice are already bracing for the impact of the recently approved 5 percent rise in taxation on the commodity. Rice is a staple menu in the country. The increment in taxation forms part of the significant shifts in the 2025 Finance Act.

The sentiment amongst local sellers highlights a sense of fear and uncertainty about the future of their businesses amid rising tax burdens.

Rice is a crucial component of the country's diet, with many families relying on it as their primary source of sustenance. With market price of a 50kg bag of rice for Jasmine going for NLE 1,350, Long Grain at NLE 980 and Butter Rice at NLE 950, presently, it is feared that prices could soar tremendously with the implementation of the tax hike comes to effect. Local sellers have expressed concerns on how the present price of rice impact on sales, volume and customer loyalty. Many are looking at ways to mitigate the impacts through bulk purchasing and supply chain optimization from the interviewed FS conducted.

Abdul Kamara, a local rice seller at Salad-Grounds Market Freetown, stated, "he have been selling rice for 10 years now, and my business have slowed down. The price of rice from my supplier is high and I have to sell at a cost to make a little gain, when the price change it will further drive customers away. However, I want to maintain the quality of my product. I'm planning on purchasing larger quantities to benefit in terms of discounts, but I fear it might not be enough to keep my business afloat."

Shop Owner, Fatima Sesay said "I run a small shop in the city market, and rice is my best-selling product. If I increase prices, customers might turn to competitors who sell at lower rates. I've heard rumours that some sellers are already planning to sell locally grown rice at a cheaper price, and it makes me nervous because I can't afford to sell at a loss. It feels like I'm stuck between a rock and a hard place."

> **Local sellers are grappling with price adjustments, seeking innovative strategies for survival, while consumers are reconsidering their spending habits in light of any rising costs.**

The anticipated increase in the price of rice has also not gone unnoticed among consumers. Many are already making adjustments to their spending habits as they prepare for the changes. Musa Kallon a father of four children and a teacher mentioned that "rice is part of our daily lives, and it's hard to imagine not having it, especially my children. However, if prices keep going up, I will have to start looking for alternatives like cassava or maize, because even gari itself is costly now talk-less of bulgur. I can only stretch my budget so far, as my salary does not match my household spendings. I've already begun to talk to friends and some family members about sharing bulk purchases to reduce costs."

A single mother of two children Aissatu Momoh said "I have to ensure my children are fed properly. A price jump means we will have to sacrifice something else in our budget—perhaps buying fewer vegetables and or stop buying cloths. We are used to challenges, but the rising cost of living really makes it hard, especially when you depend on a single income." These insights reveal the deep-rooted concerns within households facing a potential increase in the cost of living, ultimately leading to dietary adjustments and changes in purchasing behaviour. Some rice sellers are exploring innovative approaches to manage the imminent price hikes. Discussions around sourcing rice from local farmers are gaining momentum, focusing on bolstering agricultural local supply chains, which may help stabilize prices when taxation changes.

An Agricultural Cooperative Leader, Juma Bangura in Port Loko District told FS that "they are encouraging smallholder farmers to band together and start selling directly to markets. This way, we can provide quality rice at a more competitive price without being significantly impacted by taxes. It's time to support our farmers. The interest is there, and if we can cut out the middlemen, we might have a chance to offer rice at more reasonable prices."

Local sellers are grappling with price adjustments, seeking innovative strategies for survival, while consumers are reconsidering their spending habits in light of any rising costs. As stakeholders adapt to changes, the overarching challenge remains: ensuring access to this essential staple for all Sierra Leoneans in the face of increasing economic pressure. The government and community initiatives are seeking to strengthen local agriculture that provide a necessary buffer against the difficult realities of taxation and inflation, but the upcoming months will be crucial in determining how effectively stakeholders can respond and adapt to any evolving landscape.

Audit of The Public Accounts of Sierra Leone (FY2023): Executive Summary

Overall Estimated Financial Impact of the Irregularities

Details	Amount			
	NLe	US$	€	£
Ministries and Departments	152,604,739.25	10,464,814.25	3,615.48	-
Local Councils	4,764,882.60	-	-	-
Donor-funded Projects, Commissions and Public Enterprises	76,407,663.58	-	7,590.00	28,464.36
Total	**233,777,285.43**	**10,464,814 .25**	**11,205.48**	**28,464.36**

This report presents the findings, recommendations, and conclusions obtained during our audit of the Public Accounts of Sierra Leone for FY2023.

We selected samples of transactions from the Integrated Financial Management Information System (IFMIS) on a risk-basis, and examined the underlying supporting documentation. We also verified the accuracy of the compilation process used to produce the Public Accounts and reviewed the system of internal controls in place. These include but not limited to, segregation of duties, authorisation, and record keeping.

We undertook a total of 157 audits: 63 Ministries and Departments, 67 Public Enterprises and Commissions, 22 Local Councils, three Diplomatic Missions, and two Performance audits. The findings highlighted in this report were those not addressed or resolved by MDAs during the audit process, but considered significant to be brought to the attention of Parliament in accordance with section 119 (4) of the 1991 of the Constitution of Sierra Leone.

*• Irregularities Found in this Report In this report, irregularities are considered as commissions or omissions by MDAs, contrary to the Public Financial Management Act (PFMA) and Regulations, contract agreements, and other applicable statutory instruments that were in existence during the audit period. These are classified under the following categories: vi

*• Statutory deductions not paid

*• Assets and stores management

*• Expenditure management

*• Salaries and payroll management

*• *Procurement and contract management*

*• *Revenue management*

A summary of the overall irregularities with financial impact identified during the course of our audit is given in Table 1 below.

Public Account.

Revenue The Government of Sierra Leone's General-Purpose Financial Statements for FY2023 shows revenue growth which was driven by the automation of revenue streams. Despite positive measures put in place by the NRA, gaps in revenue assessment, collection, and reporting persist.

Below is a summary of our findings: Revenue not Traced to the Consolidated Fund Transit banks are supposed to transfer revenue to the Bank of Sierra Leone's (BSL) Consolidated Fund (CF) within 24 hours.

However, an analysis of the GST and the Income Tax remittances and prepayment accounts of oil marketing companies and mining companies revealed that transactions amounting to NLe34,527,680.85 were not traced to the CF at the BSL. Tax Liabilities Due We observed that taxpayers owe the Government of Sierra Leone the sum of NLe114,727,344 in tax liabilities, which was not included in the Financial Statements.

The Accountant-General should recognise all domestic revenue arrears in the GPFS as required by Regulation 73(1) of the PFM Regulations, 2018. Non-compliance with Clauses in Contract Agreements The non-compliance with clauses in contract agreements between companies and MDAs resulted in a revenue loss of US$7,460,427 which is equivalent to NLe170,369,295.14 as evidenced below: Government did not receive royalty payment of US$744,993 for e-passports produced by HID CID Limited at the Sierra Leone Immigration Department during the review period. A contract agreement for the Ace Submarine Fibre Optic Cable Landing Station and Ancillary Infrastructure was signed between the Ministry of Information and Communications and Zoodlabs (SL) Ltd. but there was no evidence that the agreed annual fixed fee of US$1,440,000 was paid by Zoodlabs (SL) Ltd.

> **The agreement between the Ministry of Mines and Kingho Railway and Port Company Ltd. was not ratified by Parliament, raising concerns over the legality and enforceability of tax exemptions granted to Kingho Railway totalling US$5,275,434 through this agreement.**

The agreement between the Ministry of Mines and Kingho Railway and Port Company Ltd. was not ratified by Parliament, raising concerns over the legality and enforceability of tax exemptions granted to Kingho Railway totalling US$5,275,434 through this agreement.

Duty Waivers and Concessions Granted to Individuals/Institutions without Documentation Duty waivers worth NLe3,197,986.1 were granted to 31 businesses without necessary documents, including registration certificates, line ministry approval, customers' valuation certificates, and packing lists. Some entries for home use (IM4) declarations made by the Lungi Department of the NRA claimed waivers, but no documents were uploaded to the system to support same. The total tax waiver granted to the IM4 declarations amounted to NLe8,698,923.58.

RECURRENT EXPENDITURE

Expenditure not Supported by Relevant Documentary Evidence . A review of withdrawals from selected MDs imprest bank accounts revealed that transactions totalling NLe18,129,006.37, US$3,004,387.25 and €3,615.48 were not supported by relevant documentary evidence. We therefore could not ascertain the purpose of the expenditures.

PUBLIC DEBT

Outstanding Loans to State-owned Enterprises not Recovered We observed that government provided loans totalling NLe200,599,603 to state-owned enterprises (SOEs), with an expected repayment date of 31st December, 2023. Nonetheless, these loans remain outstanding.

CASH AND BANK

Payment to Contractors Using Selling Rate Instead of Mid-rate Despite contracts clauses stipulating mid-rate conversion for payments, we observed that several payments were made using selling rate, resulting in variances totalling NLe3,166,907.88 for various cheque payments.

PAYROLL AUDIT

The Government payroll is a crucial part of the General-Purpose

Cont'd to PAGE 13

For at least 150 years, global economic forces have by turns pulled countries closer together and pushed them farther apart. Ever since the industrial revolution and emergence of the first truly global economy in the 19th century, countries have at times sought more economic integration and at other times more isolation, depending on geopolitics, ideology, technology, and other factors. Today we may be at another turning point in globalization's history. So what is this powerful force that does so much to influence the world economy? How is it changing? And can it be improved?

Globalization refers to the process of connecting the world economy more closely through the flow of goods, services, investment, technology, data, ideas, and workers. It began around 1870 and took off in the decades after World War II as countries started reducing restrictions on capital and trade flows in anticipation of benefits to growth and welfare.

This process started within geopolitical and regional blocs and later broadened after the fall of the Berlin Wall, financial deregulation, and the rounds of trade liberalization that led to the establishment of the World Trade Organization (WTO) in 1995. It received a further boost from technological developments that reduced the costs of trade and financial transactions. Sea and air transportation became cheaper with innovations such as container shipping, deepwater ports, and jet engines.

Organizational and transactional costs further declined as a result of widespread adoption of information and communication technology—from the introduction of fax machines, to personal computers and mobile devices, to the continuing global rollout of internet connectivity. The world seemed smaller as a result, and doing business across borders became easier.

Upsides and downsides

These developments unlocked a vast latent potential for value creation in the world economy. Production activities were unbundled into multiple stages, allowing each stage of production to take place where it could be done more efficiently. This reorganization of production meant that the same resources could produce more output than before. At the same time, foreign competition prompted companies to become more productive. Consumers, for their part, were able to access a greater variety of goods at more affordable prices.

Most economists think that globalization—and trade reforms in particular—had a positive overall impact on growth, especially for countries that were previously less integrated. Developing economies in particular benefited from contributing to global value chains—sprawling production networks that span the world—because they did not have to develop entirely new domestic industries to export more sophisticated products. During the period of expanding globalization, world income levels converged, and poverty rates decreased from 47 percent in 1980 to 16 percent in 2010.

But globalization had its downsides. Within countries, the shift to a new production structure was sometimes difficult, as workers and capital had to move from one industry to another. Domestic policies, such as labor market support and social insurance programs intended to facilitate this adjustment, differ vastly. Some countries have managed the process better than others. In a number of places and industries, workers—especially those with lower skills—lost their jobs or saw their wages decline. These negative consequences have been concentrated, sometimes harsh, and often prolonged.

...Globalization may also have contributed to rising income inequality over the past four decades, but differences in countries' approaches to taxation and redistribution arguably played a greater role, as did technological advances that benefited high-skilled workers and investors.

Some economists reckon that globalization of finance made the world economy more volatile and crisis-prone. Stronger macroeconomic governance and institutions could help prevent this, they say. Globalization may also have contributed to rising income inequality over the past four decades, but differences in countries' approaches to taxation and redistribution arguably played a greater role, as did technological advances that benefited high-skilled workers and investors.

Measuring globalization

Traditionally, globalization has been measured by statistics such as trade openness, which is the total value of imports and exports as a share of GDP, or openness to foreign direct investment and policies such as tariffs and capital account restrictions. Other dimensions of globalization are captured by the value of daily cross-border financial transactions or the number of visas for foreign students and workers. Looking at these statistics in aggregate shows that globalization expanded rapidly from the 1980s until the global financial crisis, after which it plateaued. However, this story is overly simplistic given changes to the global economy.

Newer metrics that look at participation in global value chains and trade in services, particularly digital services, show that globalization has actually accelerated in some areas. Traded products increasingly contain value added originating in a variety of upstream countries and sectors. Accounting for this embedded value added is crucial to assessing trade integration and to correctly identifying each country's sectors of relative strength

Audit of The Public Accounts of Sierra Leone...

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Financial Statements. This chapter focuses on the payroll system centrally managed by the AGD and the HRMO. It highlights areas of concern, compliance, and makes recommendations for improvement. We observed the following: Amendments to the Payroll without Documentation The database revealed unsupported amendments to the payroll. These amendments include additions, deletions, and salary adjustments amounting to NLe3,931,942.12, NLe3,620,944.92, and NLe425,538.75 respectively. This violates Regulations 111&112 of the PFMR, 2018. We therefore recommended that the Director of Recruitment and Selection provide evidence for all additions and deletions to and from the payroll, and the Director of Payroll Administration should provide evidence for salary adjustments.

Summary of Irregularities with Financial Impact Across Ministries and Departments

Category of Irregularities	Amount		
	NLe	US$	€
Unsupported Payments	18,129,006.37	3,004,387.25	3,615.48
Taxes (Withholding, PAYE & GST)	7,248,824.13	-	-
Contract Management	48,840,181.00	-	-
Salary and payroll administration	22,618,252.25	-	-
Revenue Management	54,167,643.50	7,460,427.00	-
Assets & Stores Management	1,600,832.00	-	-
Total	**152,604,739.25**	**10,464,814.25**	**3,615.48**

Payment of Salary Arrears without Approval and Documentation A review of the Arrears Report revealed that government employees were paid arrears without approval and documentation. We observed that the arrears paid amounted to NLe1,006,129.37, indicating a weakness in the internal control system.

We recommended that the Director of Payroll Administration should recover unjustifiable payments and enhance internal control mechanisms for proper verification and authorisation of arrear claims and other payroll transactions. Allowances Paid without Deducting PAYE Taxes We selected and reviewed six of the 15 payroll categories and observed that several allowances were paid without deducting PAYE taxes. This led to excess payments of allowances to personnel resulting in a financial loss of NLe198,383.86. We recommended that the Accountant-General should recover the excess payment of allowances to staff, and pay same into the CF. Study Leave Granted without Evidence of Approval and Bonding We observed that 60 personnel were granted study leave without evidence of approval and bonding. The total gross salaries paid to these staff amounted to NLe2,180,090.11.

The risk is that these personnel could have been granted leave without meeting the eligibility requirements. We recommended that the Director of Training and Career Development should provide supporting evidence justifying the bases of granting these study leaves. Annual Leave Allowances Paid to Personnel on Study Leave The study leave schedule revealed that the annual total leave allowances paid to officers on study leave was NLe697,984.91, breaching Rule 6.20 of the Civil Service Code, thereby resulting in financial loss of government funds.

Discrepancies in NASSIT Contributions and Payments We observed that there were discrepancies regarding the dates of birth of 108 staff in both the Civil Service Management (CSM) system and the NASSIT database. Some staff profiles had incorrect NASSIT numbers, leading to unreconciled payments in the NASSIT suspense account. NASSIT deductions and contributions were also not made for 148 government employees. Monthly payment vouchers were not provided for audit inspections, and the unpaid NASSIT contributions amounted to NLe134,927,621.91.

Names of Government Employees above Retirement Age Still on the Payroll We observed that salaries were paid to government employees above the retirement age. The annual gross salaries paid to these personnel amounted to NLe56,424,942.07. Evidence such as extension letters was not provided to support the payment to overaged staff upon request. We also observed that some staff in the CSM were without National Identification Numbers (NIN), potentially leading to financial losses for the Government.

We recommended that the HRMO should provide evidence of approved extension letters, reconcile the dates of birth of the 108 staff in both the CSM and the NASSIT database and take corrective action to rectify the NIN. Ineffective Compliance with Performance Appraisal Methods The HRMO's performance appraisal methods were found to be ineffective, with only 22.84% of Grades 1-10 staff completing target-setting metrics. Despite 160 confirmed and promoted staff, no evidence was submitted to confirm their performance assessments. This risk of non-assessment of staff performance hinders the identification of strengths and weaknesses of employees, and the Director of Performance Management should implement punitive measures.

INFORMATION SYSTEMS AUDIT

Information system audit is a type of IT audit that examines and reviews IT systems to ensure they comply with legal and regulatory requirements, meet business goals, maintain data integrity, and be effective. It covers financial, compliance, and performance audits. We conducted the audit of the Integrated Financial Management Information System (IFMIS) and the ASYCUDA system. We focused on operational, functional, and system-design deficiencies. The audits involved reviewing the general and application controls of both IFMIS and ASYCUDA, assessing upgrades, and the physical examination of infrastructural installations.

We conducted interviews with key stakeholders and further substantially verified transaction details. From our review, we highlighted areas of concern, and compliance, and made recommendations for improvement. The system for triggering HRMO about retirement dates is insufficient, allowing salaries of retired personnel to be processed without detection. Other financial systems such as the ITAS are not interfacing with the IFMIS, limiting transparency and accountability. Common issues like inadequate backup systems, untested backup files, inadequate IT policies, and non functional key modules were identified.

These problems have not been resolved although they have been raised in previous audit reports. The Electronic Funds Transfer module in the system was not utilised to improve custom duties and tax payments. ICT issues were also observed, but due to their sensitivity and security implications, they were limited to correspondence with management. Several recommendations were

Category of Irregularities	Amount
	NLe
Unsupported Payments	688,624.80
Taxes (Withholding taxes and PAYE)	1,966,867.75
Contract Management	1,071,550.55
Salary and Payroll Administration	291,019.50
Revenue Management Control	105,000.00
Assets Management and Control	641,820.00
Total	**4,764,882.60**

Alluring Sierra Leone

Ariel View Of Tokeh Beach.

As world travelers look for new places to visit, one criterion increasingly stands out: meaningful connections with local communities. Closely tied to this is another desire — a travel experience unspoiled by the trappings of mass tourism. According to destination trends, Africa has emerged as a popular choice with growth in bookings hitting an impressive 33 percent since 2019. This increase extends well beyond the traditional safari. Travelers now appreciate the variety of cultural and eco-adventures possible in such a diverse continent, including those found in Sierra Leone.

On a map, Sierra Leone appears as a relatively small dot on Africa's western coast. Blessed with miles of shoreline, its neighbors are Guinea to the north and east, and Liberia to the south. Untouched beaches, wildlife sanctuaries, and West African food traditions offer a rugged adventure that rewards those willing to venture off the beaten path and catch a boat to Freetown.

Here are ten reasons why Sierra Leone should be on the intrepid traveler's bucket list.

Freetown's Historical Significance

Freetown, the capital, stands as a melting pot of cultures and holds profound historic significance in the context of slavery, abolition, and the African diaspora. After Britain outlawed the transatlantic slave trade in 1807, the Royal Navy patrolled the Atlantic to intercept illegal slave ships. Over 50,000 freed captives, known as "recaptives" or "liberated Africans" were resettled in Freetown. Black Loyalists, West Indians, and liberated Africans from various ethnic backgrounds settled in Freetown, blending their cultures, religions, and languages which have come to define the city and its people today.

Understanding the Slave Trade from the West African Perspective

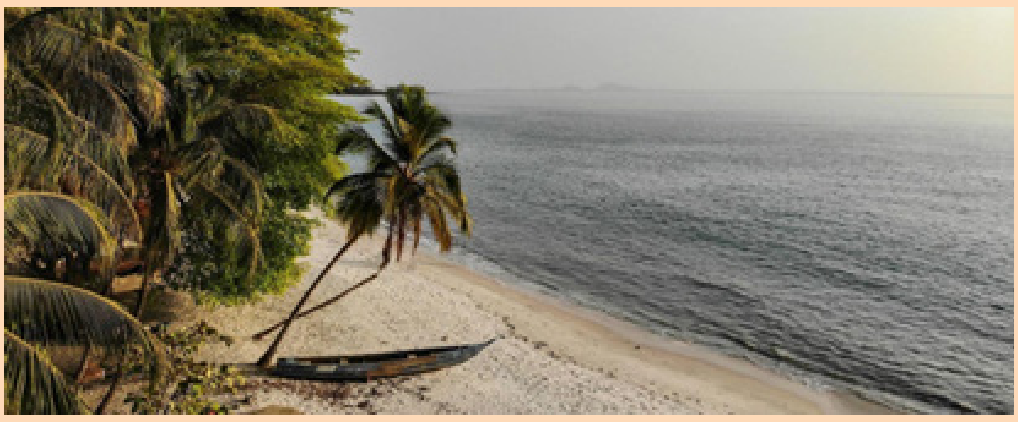
For many, Sierra Leone offers the singular opportunity to explore the history of the transatlantic slave trade from the African side. Sierra Leone was the departure point for thousands of enslaved west African people. Coming full circle, Freetown was established as a home for repatriated former slaves in 1987. Sierra Leone has preserved several monuments to help visitors understand the country's tragic past. In Freetown, that includes the 300-year-old "Cotton Tree," the Wharf Steps and the Old Guard House. Nearby on Bunce Island, travelers can visit the remains of the largest slave fort in Sierra Leone turned into a national monument in 1948.

Wild Coastlines and Beaches

Sierra Leone's coastline features exceptional beaches that rival the best in the world. At Number Two Beach just outside the capital, you'll find rainforest-covered hills that slope down to the coast, forming a series of bays and sandy beaches where Freetown locals swim on weekends. For cafes, bars, and lively eateries, head to Lumley Beach. Surfers will want time at Bureh Beach, a tiny resort town on the Western Peninsula known for fishing and relaxing – and catching waves.

Deeply Rooted Food Traditions

Sierra Leone's cuisine reflects the country's diverse cultures and local ingredients. Traditional dishes combine bold flavors, fresh seafood, and tropical spices. Cassava leaf stew, a hearty dish prepared with finely chopped cassava leaves, palm oil, and smoked fish or meat, stands out. Groundnut soup, a peanut-based favorite, pairs with rice. Local markets overflow with tropical fruits like mangoes, pineapples, and papayas, while street food options like puff puff (fried dough balls) and grilled fish with attiéké (fermented cassava couscous) provide a window into daily life. For a fine dining perspective on regional foods, book dinner in Freetown at The Cole Street Guest House.



Tokeh Beach

MOTORING

BYD Qin, Nio ES, and Xpeng P—these are popular series of Chinese electric vehicles (EVs). Well-built and affordable, they are not currently household names in Europe, but millions of them are already on the road in China and other emerging markets, such as Brazil. And with China now the largest automobile exporter in the world overall—accounting for 60 percent of global EV sales in 2023—these cars could soon come to a road near you.

The rise of China as a major EV producer has posed a dilemma for policymakers looking to promote the transition to a low-carbon economy. The European Union (EU) has set itself ambitious EV adoption goals: 100 percent of new car purchases by 2035, up from 15 percent today—a goal that could be achieved more easily by importing low-cost Chinese cars, which retail for about 20 percent less than similar French, German, or Italian models in the EU. However, several central and eastern European economies rely heavily on car and parts manufacturing for the leading European brands. Losing market share to Chinese car makers could put high-value jobs at risk and undermine political support for the green transition.

The increased supply of cheap Chinese vehicles benefits consumers throughout the EU. But it reduces demand for European car manufacturing, an economically important sector because of its high profitability and labor productivity.

In new IMF research, we ask how the EU would be affected if it were to pursue its proposed EV adoption goals while permitting Chinese manufacturers to capture a significant share of its car market. We use state-of-the-art macroeconomic and trade models to quantify the impact of such an “EV shock” scenario on EU economies, relative to a hypothetical world in which EV adoption and China’s market share remain fixed at their pre-2023 values.

A crucial ingredient in the analysis is how much EU market share Chinese imports could capture. This depends on how strong a comparative advantage China is able to establish in a global car sector that is shifting toward EV production. Given the relative novelty of EVs, and the highly dynamic nature of technological innovation in this industry, projecting the evolution of comparative advantage is naturally difficult. For this reason, we turn to a historical episode and use it as a yardstick for our scenarios.

High fuel prices in the 1970s raised US consumer demand for low-cost, fuel-efficient vehicles. This helped promote Japan’s emergence as a global auto exporter. Between 1970 and 1985, the share of imported Japanese cars in the US rose from almost 1.7 to nearly 15 percent, before shrinking as trade tensions grew. Japan’s entry transformed US and global car markets.

Our scenarios assume that China’s rise could prove similarly transformative, leading to a 15 percentage point increase in its share of the EU market absent trade impediments, albeit over a shorter period. This serves as an illustration, not a forecast, as China’s penetration of the EU market is unlikely to mirror Japan’s entry into the US market exactly. The EU has already imposed new tariffs on Chinese EVs, up to 45 percent in some cases, so the import surge from China could prove weaker than in this earlier episode. It could also prove stronger, if China emerges as a more dominant producer in the car sector than Japan did.

We find that the GDP impact from an EV shock is very small for the EU as a whole, but varies widely across its members (see Chart 1). Two countervailing forces are at work here. The increased supply of cheap Chinese vehicles benefits consumers throughout the EU. But it reduces demand for European car manufacturing, an economically important sector because of its high profitability and labor productivity. The resulting income loss is modest for Germany, France, and Italy. Despite being home to Europe’s major car brands, their economies are large and very diversified. Instead, the hardest blow is on smaller eastern European countries, where manufacturing in the supply chain for European cars makes up a large share of economic activity. Our model results show that Hungary and the Czech Republic are the worst-affected economies, with a decline in real GDP of 1 percent and 1.5 percent over five years, respectively.

Beyond the headline GDP impacts, the shock would imply a significant labor reallocation away from the automobile sector. Our models show that the dislocated workers amount to as much as 2.6 percent of the workforce in the Slovak Republic and 1.7 percent in Hungary (Chart 2). Although these workers would ultimately be reemployed in other sectors—primarily services—labor reallocation on such a scale may have significant social, economic, political, and psychological costs, which are outside the scope of our models.

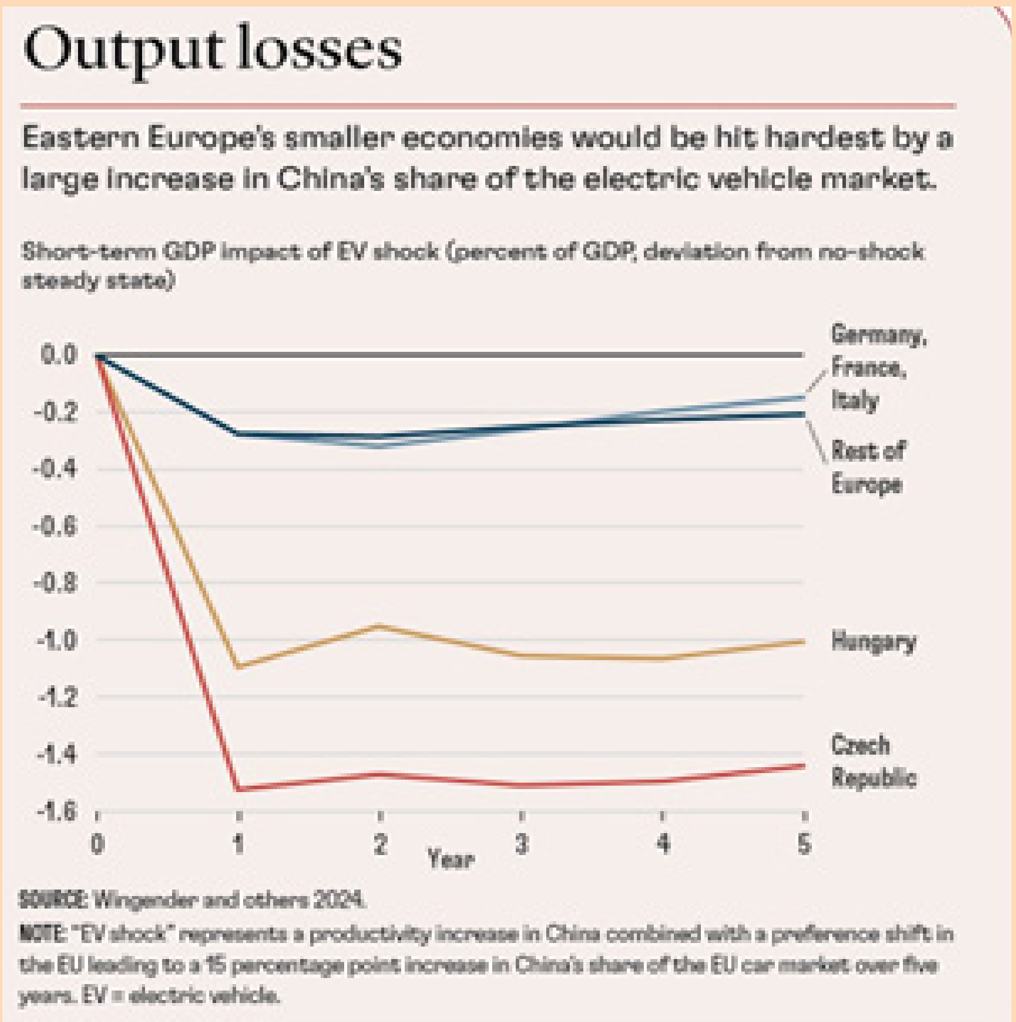


Table 1.1: National and Regional Year-on-Year and Month-on-Month Inflation rates

December 2021=100

Month	National		Western Area		Eastern Region		Southern Region		Northern Region		North-west Region	
	Year-On-Year	Month-on-Month	Year-On-Year	Month-on-Month	Year-On-Year	Month-on-Month	Year-On-Year	Month-on-Month	Year-On-Year	Month-on-Month	Year-On-Year	Month-on-Month
October 2024	16.92	0.35	15.86	0.07	20.44	0.41	18.99	0.32	19.62	0.83	12.25	0.89
November 2024	15.41	0.28	14.82	0.99	16.52	-0.48	17.66	0.65	17.37	-1.07	12.19	-0.47

NLe7.4Bn For Borrowing Plan

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a deliberate policy decision to keep foreign debt and its associated exchange rate risks within manageable parameters.

"Government recognizes the ongoing challenges related to debt sustainability, particularly arising from domestic borrowing routes that traditionally have high-interest rates. In 2025, the aims are to lower the treasury bill rate in accordance with a projected decrease in inflation—forecasted to drop from 52.2% at the end of 2023 to 16.9% by October 2024. Treasury instruments will therefore be designed with a benchmark investment rate, capturing inflation plus a margin of 2%. This is crucial for institutional investors like the National Social Security and Insurance Trust (NASSIT), which stands to benefit from this alignment".

The government's ambition is to see interest rates declining over the course of 2025, easing the burden on public borrowing and stimulating the economy by allowing businesses and individuals to access credit more affordably. The focus on maintaining a lower profile when it comes to external debt—projected at NLe2.65 billion serves as a buffer against the inherent foreign exchange risks. The potential depreciation of the local currency, the Leone, poses a significant threat by potentially inflating the cost of servicing any external debt obligations. The successful acquisition of this external funding will largely depend on the terms negotiated with contingent lenders, fostering a reliance on favourable lending conditions from international entities.

The economic implications and risk factors for ABP's reliance on domestic borrowing, predominantly through treasury bills, carries potential risks that could introduce upward pressure on interest rates, engendering inflationary tendencies in the economy. Consequently, the Bank of Sierra Leone (BSL) is tasked with an intricate balancing act in its monetary policy approach, addressing the potential crowding out of private sector financing while maintaining overall price stability.

Revenue generation and managing budget deficits, the government commitment to enhancing its Medium-Term Revenue Strategy, aims to broaden the revenue base and improve tax collection mechanisms. In the context of ongoing economic transformation, efforts will be intensified to generate non-mining revenue streams as a durable solution for the fiscal deficit. The financial governance structure will ensure expenditures remain within the FY 2025 budget limits, adhering closely to established Ministerial Directives.

The strategy underscores a robust debt management framework that prioritizes transparency and consistency in meeting financial obligations. The government intends to initiate its migration from the Commonwealth Debt Recording and Settlement Systems to the more advanced Commonwealth Meridian software in 2025. This strategic shift is supported by financing from the African Development Bank aimed at enhancing effectiveness in public debt management.

Transparency in publishing relevant debt statistics and engaging with market participants is vital to fostering investor confidence, thus facilitating smoother debt servicing without resorting to problematic borrowing practices.

The Annual Borrowing Plan for 2025 reflects a prudent balance between addressing immediate fiscal needs while adhering to longer-term goals of debt sustainability. By primarily relying on domestic instruments—averaging about 90% of the borrowing needs and making measured use

Sharing The Road

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What should governments do to cushion the economic impacts? Some restrictions on Chinese EV imports may appear tempting, and the EU has gone down this route to some extent with the new tariffs on EV imports from China finalized in October.

But trade barriers are not the right answer. Our model simulates the effects of a 25 percent and a 100 percent average tariff on Chinese automotive imports into the EU in the face of the EV shock. Far from lessening the economic costs, we find that tariffs make the situation worse, both in the short and long run (Chart 3). While the tariffs protect domestic auto production and yield limited revenue gains, they raise consumer prices as well as production costs in sectors that could use Chinese vehicles as inputs. These costs outweigh the benefits, leaving all EU countries poorer, with an especially adverse effect on economies that do not have a sizable domestic auto sector.

> **Beyond their economic impact, it has been argued that tariffs on Chinese EVs could slow the EU's climate transition, resulting in additional CO2 emissions.**

The tariff protection will also not make European carmakers more competitive in the global market.

Beyond their economic impact, it has been argued that tariffs on Chinese EVs could slow the EU's climate transition, resulting in additional CO2 emissions. On this point, our modeling results offer a more nuanced picture. The price effect of tariffs does cause consumers to buy some more traditional vehicles over the next decade, which adds to emissions. However, as long as the EU sticks to a path of policies that achieve its adoption target of 100 percent EV purchases by 2035, the overall fallout for emissions is minimal. In this case, the main effect of the tariffs is to raise the price tag of the transition. However, in practice a higher price tag may very well create pressure to delay EV adoption targets—and such a delay would cause a much more severe impact on emissions.

If not tariffs, what else might dampen the job and output losses of the EV shock? The key lies in investment and productivity. Our modeling shows that if higher EV demand in Europe is met by Chinese firms producing directly in Europe, via increased