

ARCHIVES
ROOM IS11-400

0450

**FOR
AGENDA**

SM/01/10

**CONTAINS CONFIDENTIAL
INFORMATION**

January 8, 2001

To: Members of the Executive Board

From: The Secretary

Subject: Sierra Leone—Recent Economic Developments and Selected Issues

This paper provides background information to the staff report on the 2000 Article IV consultation discussions with Sierra Leone, which was circulated as SM/01/9 on January 8, 2001 and is tentatively scheduled for discussion on Monday, January 22, 2001. At the time of circulation of this paper to the Board, the Secretary's Department has not received a communication from the authorities of Sierra Leone indicating whether or not they consent to the Fund's publication of this paper; such communication may be received after the authorities have had an opportunity to read the paper.

Questions may be referred to Mr. Kakoza (ext. 36514) and Mr. Tharkur (ext. 38539).

Unless the Documents Section (ext. 36760) is otherwise notified, the document will be transmitted, in accordance with the procedures approved by the Executive Board and with the appropriate deletions, to the WTO Secretariat on Wednesday, January 17, 2001; and to the African Development Bank, the Economic Community of West African States, the European Commission, the European Investment Bank, the Food and Agriculture Organization, the Islamic Development Bank, and the United Nations Development Programme, following its consideration by the Executive Board.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

SIERRA LEONE

Recent Economic Developments and Selected Issues

Prepared by Joseph Kakoza, Michael Tharkur, Kwabena Oku-Afari,
and Luca Bandiera (all AFR)

Approved by African Department

January 8, 2001

Contents	Page
Basic Data	3
I. Review of Recent Economic Developments.....	5
A. Introduction.....	5
B. Recent Economic Developments	5
II. The Impact of the Civil War	13
A. Overview.....	13
B. Humanitarian and Social.....	15
C. Infrastructure and Property	16
D. Productive Sectors	17
III. Public Enterprise (PE) Reform in Sierra Leone.....	19
A. Background.....	19
B. Performance of Public Enterprises	19
C. The Divestiture Program.....	22
D. Institutional Framework for PE Reform	22
E. Progress of the Divestiture Program.....	23
F. Performance of the PE Reform and Divestiture Program.....	27
G. Remaining Issues	27
H. The Way Forward	29
Boxes	
1. Framework for the Implementation of PE Reform in Sierra Leone	23
2. Status of PEs in the Process of Divestiture and Privatization	26
3. Proposed Strategy for the Reform and Privatization of Remaining PEs	28
Figure	
1. War Impact on Key Economic Indicators, 1991-99	14

Contents	Page
Tables	
1. Economic Indicators, 1990-2000	13
2. Selected Indicators on the Impact of the War on Agricultural Production.....	17
3. Estimates of Diamond Production and Exports from Sierra Leone and Liberia	18
4. Summary of Net Financial Position Between Government and Selected Public Enterprises, 1999	20
5. Summary of Consolidated Accounts of Selected Public Enterprises, 1995-99	20
6. Public Enterprise Reform and Divestiture, 1996-99.....	24
7. Categorization of the Status of Public Enterprises	25
8. Evolution of Output and Expenditure, 1996-2000.....	30
9. Gross Domestic Product by Sector at Current Market Prices, 1996-2000	31
10. Gross Domestic Product by Sector at Constant 1990 Prices, 1996-2000	32
11. Production of Major Agricultural Commodities, 1996-2000	33
12. Domestic Fish Catch, 1996-2000.....	34
13. Mineral Production, 1996-2000	35
14. Production of Manufacturing Establishments, 1996-2000	36
15. Petroleum Prices and Utility Tariffs, March 1997-December 1999	37
16. Revised Consumer Price Index for Freetown, December 1992-October 2000	38
17. Government Budgetary Operations, 1996-2000	39
18. Government Revenue, 1996-2000	40
19. Economic Classification of Recurrent Expenditure, 1996-2000	41
20. Functional Classification of Recurrent Expenditure, 1996-1999	42
21. Government Debt Outstanding by Type of Holder and Instrument, 1996-1999	43
22. Central Government Social Expenditure and Social Indicators, 1996-2000.....	44
23. List of Public Enterprises.....	45
24. Monetary Survey and Summary Accounts of the Bank of Sierra Leone, March 1996-December 2000	46
25. Summary Account for the Commercial Bank, March 1996-December 2000	47
26. Commercial Banks Liquidity Ratios, March 1996-December 2000	48
27. Distribution of Commercial Bank Loans and Advances by Major Sectors, December 1996-December 1999	49
28. Structure of Interest Rates, June 1991-December 1999	50
29. List of Commercial Banks	51
30. Exchange Rate Developments, 1990-2000	52
31. Balance of Payments, 1996-2000	53
32. Value, Volumes, and Unit Values of Major Commodity Exports, 1996-2000.....	54
33. Value, Volumes, and Unit Values of Major Commodity Imports, 1996-2000.....	55
34. External Public Debt and Publicly Guaranteed Debt, 1996-2000	56
35. External Payments Arrears Outstanding, 1996-2000	57
36. Selected Social and Demographic Indicators	58
Summary of Policy Actions Taken Between Aug. 1998 and Dec. 2000.....	59
Summary of Tax System as of October 2000	62

Sierra Leone: Basic Data

Area, population, and GDP per capita

Area	72,326 square kilometers
Population	
Total (1999 estimate)	4.7 million
Annual growth rate	2.6 percent
GDP per capita (1996 estimate)	US\$ 142

Fiscal year ending in June, unless otherwise indicated	1996	1997	1998	1999	2000
Gross domestic product and expenditure		(In millions of leones)			
GDP at constant (1990) prices	79,127	65,204	64,658	59,407	61,669
GDP at current market prices	867,073	834,499	1,051,335	1,207,721	1,330,319
Gross domestic expenditure (nominal)	994,575	850,176	1,127,131	1,280,543	1,556,420
Real GDP		(In percent of GDP)			
Agriculture	37.6	43.5	45.1	46.4	45.7
Industry	23.5	26.4	25.0	23.2	23.5
Services	29.3	28.0	27.7	27.9	27.9
Other	9.5	2.1	2.2	2.5	2.9
Nominal GDP		(Annual percentage change)			
Gross domestic expenditure (nominal)	114.7	101.9	107.2	106.0	117.0
Consumption	103.7	104.3	101.9	105.7	109.0
Gross investment	11.0	-2.4	5.3	0.3	8.0
Resource balance	-14.7	-1.9	-7.2	-6.0	-17.0
Gross national saving (in percent of nominal GDP)	0.2	-3.4	-1.0	-2.5	-0.8
Gross domestic saving (in percent of nominal GDP)	-3.7	-4.3	-1.9	-5.7	-9.0
GDP at constant (1990) prices	6.1	-17.6	-0.8	-8.1	3.8
Agriculture	5.8	-4.8	2.8	-5.4	2.2
Industry	5.5	-7.5	-6.1	-14.7	5.1
Services	5.0	-21.4	-1.8	-7.6	4.0
GDP at current market prices	31.9	-3.8	26.0	14.9	10.2
Gross domestic expenditure (nominal)	40.23	-14.52	32.58	13.61	21.54
Consumption	33.64	-3.17	23.08	19.20	13.56
Gross investment	161.11	-121.14	-376.12	-93.67	2905.32
Resource balance	146.92	-87.70	383.48	-3.92	210.48
Prices		(In percent of nominal GDP)			
GDP deflator	1,096	1,280	1,626	2,033	2,157
Consumer price index					
Annual average	23.1	14.9	35.5	34.1	5.0
End-period	6.4	66.9	-5.7	36.7	10.0
Export deflator (local terms)	18.3	-1.7	57.3	15.0	14.5
Import deflator (local terms)	22.2	-1.1	49.8	20.9	25.8
Terms of trade	-3.2	-1.0	4.9	-4.0	-8.9
Public finances		(In percent of nominal GDP)			
Revenue	10.1	5.4	7.3	7.1	11.7
Expenditure	16.9	13.0	20.1	22.0	32.6
Current expenditure	13.6	11.5	15.2	19.5	25.6
Development expenditure and net lending	3.3	1.5	5.0	2.5	7.1
Overall deficit (commitment basis, excluding grants)	-6.8	-7.5	-12.8	-14.9	-21.0
Primary fiscal deficit (commitment basis)	-1.6	-4.1	-3.8	-5.5	-6.4
Overall deficit (cash basis, including grants)	-6.6	-6.0	-6.9	-6.7	-8.6
Financing	6.6	6.0	6.9	6.7	8.6
Foreign financing	3.7	1.4	1.4	-1.2	7.0
Domestic financing	2.9	4.5	4.0	7.4	1.6
Of which					
Bank financing	2.4	5.3	2.0	6.9	1.6
Float/unaccounted	0.0	0.2	1.6	0.5	0.0

Sierra Leone: Basic Data

Calendar year	1996	1997	1998	1999	2000
Money and credit (end of period)					
	(Annual percentage change)				
Domestic credit 1/	39.4	57.5	17.6	56.2	13.1
Claims on government 1/	33.2	50.9	16.7	58.8	10.8
Claims on private sector 1/	6.2	6.2	1.2	-2.6	2.1
(annual percentage change)	22.8	24.6	5.8	-12.6	16.4
Broad money	28.3	47.1	11.3	40.8	20.7
(excluding foreign currency deposits)	17.8	55.9	4.3	47.5	11.0
Reserve money	17.7	109.0	-20.4	39.0	6.1
Velocity (level)	12.0	7.4	8.9	6.9	6.9
Balance of payments					
	(In millions of U.S. dollars)				
Current account balance (including official transfers)	-101.8	-8.6	-42.2	-18.3	-53.0
(excluding official transfers)	-161.6	-27.5	-60.8	-53.0	-112.2
Trade balance	-80.0	7.0	-20.1	-6.9	-70.9
Exports	104.9	88.1	65.0	61.3	74.5
Imports (c.i.f.)	-184.9	-81.1	-85.1	-68.2	-145.4
Services (net)	-81.9	-40.7	-45.9	-52.7	-49.7
Transfers	60.1	25.1	23.8	41.3	67.6
Official	59.8	19.0	18.6	34.7	59.2
Private	0.3	6.1	5.2	6.6	8.3
Capital account balance	74.2	-22.0	-5.2	-19.3	43.5
Medium- and long-term capital	5.7	-0.9	1.9	-20.9	43.6
Short-term capital (including errors and omissions)	68.6	-21.1	-7.1	1.6	0.0
Overall balance	-27.6	-30.6	-47.4	-37.6	-9.4
	(In percent of nominal GDP, unless otherwise indicated)				
Current account balance (including official transfers)	-10.8	-1.0	-6.3	-2.8	-8.0
(excluding official transfers)	-17.2	-3.2	-9.0	-8.0	-16.9
Trade balance	-8.5	0.8	-3.0	-1.0	-10.8
Exports	11.1	10.4	9.7	9.2	11.4
Imports (c.i.f.)	-19.6	-9.5	-12.7	-10.3	-22.2
Services (net)	-8.7	-4.8	-6.8	-7.9	-7.6
Transfers	6.4	3.0	3.5	6.2	10.3
Official	6.3	2.2	2.8	5.2	9.0
Private	0.0	0.7	0.8	1.0	1.3
Capital account balance	7.9	-2.6	-0.8	-2.9	6.6
Medium- and long-term capital (net)	0.6	-0.1	0.3	-3.2	6.7
Short-term capital (net, including errors and omissions)	7.3	-2.5	-1.1	0.2	0.0
Overall balance	-2.9	-3.6	-7.1	-5.7	-1.4
Gross international reserves (official only)					
(end-period; in millions of U.S. dollars)	26.8	38.5	43.5	38.3	42.0
(in months of imports)	2.2	2.8	3.1	2.0	1.4
External public debt					
(end-period; in millions of U.S. dollars)	1,115.5	1,144.2	1,179.3	1,213.7	1,187.3
(as a percent of GDP)	118.5	134.6	175.4	182.8	196.2
Debt service/Exports of goods and nonfactor services	38.3	30.7	47.8	58.3	58.2
Exchange rates					
Leone per U.S. dollar					
End-of-period	918.9	1,261.2	1,604.7	2,141.2	2,036.3
Period average	920.8	981.9	1,563.6	1,819.3	2,200.0
Nominal effective exchange rate (1990 = 100; end-period)	22.6	17.3	13.7	10.4	12.5
(annual percentage change)	9.1	-23.5	-20.8	-24.1	20.2
Real effective exchange rate (1990 = 100; end-period)	103.5	128.6	93.0	95.0	118.7
(annual percentage change)	11.7	24.3	-27.7	2.2	24.9

1/ Change as a percentage of beginning-period money stock (including foreign currency deposits).

I. REVIEW OF RECENT ECONOMIC DEVELOPMENTS

A. Introduction

1. The protracted civil war, general insecurity, as well as poor governance adversely affected Sierra Leone's economic performance during the greater part of the last decade, leading to a collapse in confidence, a sustained contraction in output, and a substantial increase in poverty. The particularly violent episodes of rebel activities in 1995, 1997, and 1999 reversed much of the earlier economic gains and disrupted the implementation of key policy reform, thereby constraining the progress that could have been made in alleviating poverty. During 1991-1999, real GDP declined cumulatively by 43 percent, contributing to a 28 percent decline in per capita GDP from US\$192 in 1991 to US\$142 in 1999. The fragile peace accord signed by rebels and government in July 1999 has allowed for marked improvement in economic activity through 2000, though rebel control of the key agricultural and mining areas continues to stymie export recovery.

B. Recent Economic Developments

2. Following a decade of economic decline and deteriorating living conditions due mainly to inappropriate macroeconomic and fiscal management policies, government initiated a comprehensive economic recovery program in late 1989. The economic recovery program aimed at stabilizing the economy, restoring confidence in the financial system, and promoting economic growth, was broadened and deepened in 1992 with support from the World Bank and the IMF under the rights approach and ESAF. Throughout most of 1993 and 1994 policy execution was generally good, with marked progress in stabilizing the economy. In addition to sound macroeconomic policies, the structural reforms were implemented, including improvements in fiscal management through the strengthening of revenue collection and expenditure control, trade and exchange rate liberalization, public enterprise, civil service and financial sector reforms.

3. In mid-January 1995, rebel forces mounted attacks on key economic installations including the rutile and bauxite mines. Although government forces retook the mines in late April, the surrounding areas remained no-go areas and the mines remained closed, drastically reducing government foreign exchange receipts and fiscal revenues. Business and consumer confidence in Sierra Leone was badly shaken by these events, and the repercussions on economic activity beyond the mineral sector were considerable. Real GDP contracted by 10 percent in 1995 from growth of 3.5 percent in 1994. The interruption to mineral exports and a shortfall in donor flows gave rise to considerable balance of payments pressures.

4. The government adopted a "holding" program in February 1995 aimed at sustaining the momentum of economic reform and preserving the stabilization gains achieved over the previous three years. The holding program was implemented against the background of a virtual cessation of mining sector revenues, a sharp drop in imports and industrial production, and mounting pressures on the armed forces to bring the rebel war to a conclusion. Remedial action to contain the deterioration in the public finances included cuts in outlays on goods and services and capital projects. Economies were also made in the

military budget to reduce overruns. As a consequence, the overall fiscal deficit, excluding grants, increased in 1994/95 (July-June) by only 1 percent of GDP to 7.3 percent.

5. The Bank of Sierra Leone was able to maintain a tight rein on money supply growth during 1995. This task was aided by the extremely depressed state of private sector credit demand, but open-market operations were also stepped up, and treasury bill rates rose from 8 percent at the end of December 1994 to 23 percent in December. As a result, broad-money growth was held down to 11 percent, during 1995. However, cost-push pressures emanating from a marked depreciation of the leone and a sharp increase in imported rice prices contributed to the end of period inflation remaining high at 34 percent.

6. Primarily as a result of the interruption to mineral exports, the Bank of Sierra Leone experienced a serious drain of its foreign exchange reserves in 1995. After reaching a relatively healthy position of US\$41 million (3.1 months of imports) at end-1994, foreign exchange reserves plummeted to US\$10 million (or 1.2 months of 1995 imports) at the end of December 1995. Despite these pressures, Sierra Leone remained current in all its maturing external debt obligations, except those to commercial creditors. The current account deficit (excluding official transfers) deteriorated from 8.5 percent of GDP in 1994 to 10.7 percent in 1995. The overall payments deficit was financed by debt relief and accumulation of external arrears, including arrears of US\$87 million to commercial creditors.

7. By the end of 1995, the war had turned strongly in favor of government forces, which at the time had been supported for six months by an externally based private paramilitary force, Executive Outcomes (EO). In March 1996, the leaders of the rebel forces entered into face-to-face talks with the government for the first time since the start of the civil war and negotiated a temporary cease-fire.

8. National elections in March 1996 saw the peaceful transition of power to Sierra Leone's first democratically elected government in nearly 30 years, and the new President quickly resumed talks with rebel leaders. While no permanent peace settlement was agreed, the cease-fire continued to hold in 1996. As a result, major transport links in the eastern and southern parts of the country were reopened, alluvial diamond mining resumed, and previously war-affected regions were progressively resettled. However, rutile production, which ceased along with bauxite production in early 1995, was not resumed.

9. The newly elected government in 1996 embraced a new economic reform program. To support the policy reforms, the government appealed for assistance from the international donor community to finance a Quick Action Program for resettlement and demobilization at a Round Table conference held in Geneva on September 17-18, 1996.

10. The cease-fire that took effect at the time of the 1996 elections held reasonably well and did much to bolster overall economic performance during that year. Real GDP growth was estimated to increase by about 5 percent, owing largely to the recovery of agricultural production, alluvial diamond mining, and construction activities. Business and consumer confidence was boosted by more stable political conditions and private and official capital inflows accelerated. Inflation on a year-to-year basis was 6 percent, against 35 percent in 1995. The large decline in inflation reflected a fall in the local price of imported and domestic rice of nearly 14 percent, along with the central bank's relatively tight monetary

stance in the last three quarters of 1996. This tighter monetary policy stance, coupled with the favorable response of several major donors to economic and political developments, led to a stronger-than-anticipated buildup in gross international reserves to about US\$27 million (1.5 months of imports).

11. The 1996 overall budget deficit on a commitment basis (excluding grants) amounted to 6.8 percent of GDP, down from 9.8 percent of GDP in 1995. Underlying this decline was a drop of nearly 3 percent of GDP in military expenditure. Emergency defense expenditure, however, remained particularly onerous due to commitments entered into by the former head of state with EO for security services rendered in the first half of 1995/96, at a cost equivalent to 3 percent of GDP.

12. The Bank of Sierra Leone maintained a tight rein over the money supply during most of 1996. Broad money (excluding foreign currency deposits) grew by an estimated 18 percent, reflecting the remonetization of areas previously cut off by the war and the resumption of commercial activity in major inland trading centers. Growth in private sector credit rose 23 percent from 5 percent in 1995. The central bank continued to use open-market operations as the primary instrument of monetary control, which proved effective at sterilizing the potential liquidity effect of the government's large domestic financing requirement in 1996. Treasury bill yields fell during the year from 36 percent in April to 20 percent in December. The spread between lending and deposits rates decreased from the range of 20-25 percent at end-1995 to 12-17 percent at end-1996.

13. The strengthened profitability of the three largest commercial banks in 1996, which controlled more than 95 percent of total deposits, allowed each to make full provisions for nonperforming assets and achieve the mandated capital adequacy ratios, thus mitigating the need for any further intervention by the central bank on restructuring. In August 1996, the government transferred the commercial banking operations of the National Development Bank (NDB) to the Sierra Leone Commercial Bank (SLCB).

14. Following a nearly 40 percent depreciation of the Leone against the US dollar in 1995, it registered a nominal appreciation against the US dollar of about 29 percent in 1996. In real effective terms, the Leone appreciated by about 12 percent, compared with a large real effective depreciation (21 percent) in 1995. Total exports increased modestly by 3.2 percent in 1996, mainly due to an increase in diamond exports. However, the current account deficit (excluding official transfers) remained virtually unchanged at 17.2 percent of GDP. The balance of payments benefited considerably from debt relief granted by the Paris Club creditors in March 1996, as cash interest payments fell by nearly US\$40 million, or more than 4 percent of GDP. Higher-than-anticipated grants associated with food and other essential imports and project loans, mainly from the World Bank and African Development Bank (AfDB), also kept the overall balance of payments deficit at 3 percent of GDP in 1996.

15. The pace of structural reform slowed in 1996, partly because of the change of government. Progress on civil service reform proved difficult and estimates of the core civil service (excluding teachers) showed no further retrenchment in 1996. Fisheries surveillance improved substantially, evidenced by a pickup in revenue from licenses and fines. Conditions for the sale of the government's share in National Petroleum were also finalized at end-October.

16. On May 25, 1997, the Armed Forces Revolutionary Council (AFRC), a group of military officers, staged a coup d'état and invited the armed rebel group, the Revolutionary United Front (RUF), to join the government. The overthrow of the elected administration that had been in power for barely a year was followed by the mass exodus of the business community, professional groups, senior civil servants, and subsequently by over a quarter-of-a-million people. The military regime was widely opposed by the majority of the population, which responded by withdrawing their participation from all governance structures. As a result, during the nine month period of military rule, most of the major economic and social institutions remained closed, including schools, manufacturing and commercial enterprises, and banks. When its hold on power began to weaken toward end-1997, the regime became more brutal; violations of human rights and indiscriminate seizure of private and public property became widespread.

17. The social and economic upheaval unleashed by the May 25, 1997 coup d'état resulted in a major contraction in real GDP by about 18 percent. Production slumped as the breakdown in law and order, disregard for civil liberties, and widespread looting and damage of property dampened business confidence and led to increased destocking. These contractionary effects on demand were exacerbated by the decline in productive capacity associated with the destruction of economic infrastructure, exodus of key managerial and professional personnel, and suspension in the provision of essential government services.

18. The sharp drop in incomes, a trade embargo imposed by the United Nations on the military junta, and the breakdown in tax administration led to a collapse in government revenue to 5 percent of GDP in 1997 from 10 percent in 1996. With expenditure pressures remaining strong, partly on account of high military outlays, the overall budget deficit (excluding grants) widened to 7.5 percent of GDP in 1997 from 6.8 percent in 1996. The fiscal deficit was financed mainly by an accumulation of both domestic and external arrears and by increased recourse to central bank financing. Domestic financing of the fiscal deficit increased from 2.7 percent of GDP in 1996 to 4.3 percent of GDP in 1997. Mainly as a consequence of this, the net domestic assets of the banking system rose by 78 percent in the 12 months to March 1998 when the military rule ended.

19. Excessive resort to domestic bank financing of the fiscal deficit fueled a 47 percent increase in broad money, which was followed in turn by a surge in inflation. At the end of 1997, the twelve months inflation rate stood at a high of 67 percent, compared with 6 percent at end-1996. Increasing domestic imbalances, continued limited exports, and a sharp drop in imports due to the trade embargo and curtailment of official assistance resulted in a worsening of the overall balance of payments deficit from 2.9 percent of GDP in 1996 to 3.6 percent of GDP in 1997.

20. After the failure of several attempts at restoring the democratically elected government through peaceful means, the Economic Community of West African States Monitoring Group (ECOMOG) force drove the military junta from power in February 1998. The retreating rebel forces looted and severely damaged private and public property and carried out a brutal war of terror against the civilian population, which they continued to perpetrate in their holdouts in the north and east of the country.

21. The improved security situation in the western and southern regions and parts of the eastern provinces permitted aid agencies to resume their operations, though rebel activities in the north and in the Kono district resulted in a major deterioration in the humanitarian situation and the displacement of a large number of people. More than 230,000 people fled to neighboring countries, and 50,000 people sought refuge in camps. The impact of the wave of rebel attacks on the limited health facilities was overwhelming. Government hospitals in the north and east were unable to cope with the large number of wounded civilians. The incidence of measles, cholera, and other communicable diseases remained high; malnutrition levels rose, with most of the NGO-managed health centers operating at full capacity. While the aid agencies were reasonably successful in distributing seeds and agricultural tools in the western and southern regions before the start of the rainy season, the process was impeded severely in the north and east by the persistence of armed conflict and the widespread displacement of the population. About half of Sierra Leone's agricultural capacity was located in the contested areas; resulting in a sharp deterioration in national food security situation in 1998.

22. Upon their return to power in March 1998, the government took several actions aimed at rebuilding institutional and domestic supply capacity, including the rehabilitation of the power plant in Freetown and increasing the availability of farm inputs. The decline in real GDP slowed to 0.8 percent in 1998 after the decline of about 18 percent in 1997. Actions aimed at rebuilding the country's institutional capacity were greatly aided by the return of a significant proportion of the professional and administrative cadres who left after the May 1997 coup d'état. By mid-year, the staff complement of the Ministry of Finance was more or less back to pre-May 1997 levels, which permitted the government to begin to design the basic elements of an economic policy and to ensure its implementation and monitoring. A strengthening of government accounting services also got under way, with assistance from the European Union.

23. The reinstated government made significant progress in reducing the budget deficit and the reliance of the budget on bank financing in 1998. The domestic financing of the deficit declined modestly to 4 percent of GDP. Despite moderate growth in revenue, by 2 percentage points to 7.3 percent of GDP, however, budgetary management came under pressure because of the need for increased military outlays, and losses sustained by the government on its petroleum import operations. As a result of the limited availability of foreign exchange, Sierra Leone had been procuring its petroleum products in small parcels on the spot market at substantial premiums above regular contract prices, with the government bearing the direct cost of a substantial proportion of these shipments. The high costs of such shipments had not been appropriately reflected in domestic retail prices. Furthermore, domestic interest payments had risen substantially during the period, driven by the large funding requirements of the government that had pushed up interest rates. In this severely resource-constrained environment, expenditure priorities succumbed to the emergency exigencies and the need to meet contractual obligations to employees, pensioners, and multilateral and domestic creditors. Despite efforts to restrain domestic financing, the costs of fiscal overindulgences in 1997, as well as emergency expenditures, led to an increase in the overall deficit to 13 percent of GDP in 1998.

24. Inflationary expectations subsided markedly after reinstatement of the government in March 1998, driven by renewed confidence in the ability of the civilian administration to manage the economy more effectively, the removal of the trade embargo, the coming into operation of many enterprises, and the return of external donor assistance. The 12-month inflation rate continued its steady decline to minus 6 percent in 1998 from 67 percent in 1997, aided by several positive factors. Monetary growth fell sharply from 41.5 percent in the nine months ended December 1997 to 6.9 percent in 1998. The real effective exchange rate, which depreciated by 29 percent in the nine months to March 1998, remained broadly stable for the remainder of 1998. However, the downward trend in inflation came under threat from the persistence of heavy budgetary pressures: a 40 percent rise in civil service pay scales that came into effect in March 1998 with the introduction of a new civil service pay scale; and the disruption in food crop production in the north and east.

25. During 1998, financial sector policies were aimed at financial consolidation, including the strengthening of the balance sheet position of commercial banks. This strengthening involved a onetime payment, in March 1998, of an interest rate of 8.3 percent on bank balances held with the central bank during the nine-month period of junta rule. In addition, banks requested more and better collateral for loans and concentrated on recovering some of the large nonperforming loans with considerable success because of, among other things, the relatively large size of trade-related bank credit.

26. In January 1999, AFRC/RUF rebels launched an attack on Freetown resulting in two weeks of widespread arson, terror, murder, and dismemberment. The fighting between rebels and ECOMOG troops and the large-scale atrocities committed by rebels in their retreat put an end to the modest economic recovery that started during the second half of 1998. Despite some recovery in the second half of the year, output fell by 8.1 percent in 1999. Government revenue fell by 56 percent during the first half of 1999, compared with the second half of 1998. With rising government expenditures driven by security-related outlays, the overall budget deficit (excluding grants) reached an estimated 14.9 percent of GDP in 1999. Without access to external budgetary assistance during the first half of the year, the government financed the budget deficit almost entirely through recourse to the domestic banking system. Net credit to government as a percentage of broad money at the beginning of the period rose by about 52 percent between January and June 1999. Reflecting these trends and the increasing supply shortages, the end-period rate of inflation surged from minus 6 percent in December 1998 to 28 percent by end-June 1999. The parallel market exchange rate also depreciated by 35 percent over the six-month period through June 1999.

27. The Lomé peace accord brokered by the UN was signed by government and the rebels in July 1999, and was generally followed by a cessation of fighting in most areas, although sporadic fighting has been reported in some areas in the north of the country. The return of the rebel leaders to Freetown in early October improved confidence and facilitated the formation on October 20, 1999 of a government of national unity as required by the peace accord. On the same date, the Disarmament, Demobilization, and Reintegration (DDR) for ex-combatants was officially launched. The two rebel leaders toured the country, exhorting their troops to disarm and to report to demobilization centers. On November 21, 1999, the main rebel group moved to transform itself into a political party by registering with the National Electoral Commission. On October 22, 1999, the Security Council of the UN

approved the Secretary General's proposal to send a peacekeeping force of 6,000 soldiers to Sierra Leone.

28. The economy's situation improved significantly during the second half of 1999 as the Lomé peace accord revived confidence. Although exports remained depressed owing to the security risks in the agricultural and mining areas, available indicators pointed to a pickup in economic activity. Import growth and associated customs revenue were markedly robust. As a result, government revenue rose by 50 percent during the third quarter compared with revenue collected during the second quarter of 1999. Gross external reserves at end-December 1999 amounted to over two months of import cover, reflecting largely the resumption of the bulk of external budgetary and balance of payments assistance that came in mainly during December.

29. Underlying inflation, however, remained high, with the twelve-month rate to end-December 1999 at 37 percent. Higher inflation relative to a 24 percent nominal depreciation of the leone against the dollar from end-1998 to December 1999 contributed to a slight depreciation in the real effective exchange rate over this period.

30. Performance during 2000 indicates that the modest economic recovery that started during the second half of 1999 continued, supported by a pickup in trade and commerce, and by the rehabilitation of previously distressed industries, thanks to the increased inflow of foreign exchange. The recovery also benefited from higher levels of rehabilitation and humanitarian activities in liberated areas. There was also a marked deceleration in the rate of inflation, with the year-on-year rate falling from 37 percent in December 1999 to 4 percent in October 2000. The sharp decline in inflation reflected a significant tightening of macroeconomic policies, an increased supply of imported goods, and a 20 percent appreciation in the nominal exchange of the leone against the US dollar.

31. A modest recovery in real output to 3.8 percent and substantial increase in imports led to a significant increase in government revenues, which is estimated to have exceeded the budget projections by 40 percent during 2000. Despite the disruption of the peace process in May 2000 and the related increase in security outlays, government expenditures remained generally contained within budgetary limits,¹ largely on account of lower-than-programmed outlays on goods and services, the DDR program, and capital expenditure and net lending. The wage bill, however, exceeded the budgeted amount for the first half of the year as a result of a decision to put unemployed ex-Sierra Leone army soldiers on the payroll until they could be either recruited in the new army or pensioned off. As a result of the generally prudent fiscal stance in 2000 and higher-than-envisioned external budgetary support, bank financing of the budget deficit was sharply curtailed to 1.6 percent of GDP from 7.6 percent in 1999.

32. With the marked decline in bank financing of the budget deficit and subdued bank lending to the highly liquid private sector, growth in broad money slowed from 41 percent in

¹ Expenditure ceilings were revised upwards following a donors' conference in Accra to accommodate increases in outlays on security and other changes.

1999 to an estimated 13 percent in 2000. The treasury bill rate fell from an average 35 percent in 1999 to 21 percent in 2000, partly in response to the decline in inflation. Meanwhile the external current account deficit, excluding transfers, widened to an estimated 17 percent of GDP from 8 percent in 1999. This mainly reflected the sharp rise in humanitarian and rehabilitation imports, but also reflected limited exports. The rebels continue to occupy mining areas and rutile and bauxite mining remain suspended. Reflecting largely the increase in external balance of payments support, gross external reserves increased from US\$38 million (2 months of 2000 imports) at the end of 1999 to an estimated US\$42 million (1.4 months of projected 2001 imports) at the end of 2000.

33. There was a substantial improvement in the management of the foreign exchange market following the introduction of a foreign exchange auction in February 2000. As a result, market segmentation was significantly reduced and the spread between the official and parallel market exchange rates markedly narrowed from about 25 percent in January 2000 to about 3 percent in December 2000. The real effective exchange rate appreciated significantly by about 9 percent over the twelve-month period to October 2000.

II. THE IMPACT OF THE CIVIL WAR

A. Overview

34. The ten-year civil conflict has wreaked large-scale devastation on the economy, and resulted in enormous death and human suffering. It has severely disrupted activities in the real sectors and exacerbated an already high level of poverty. Both public and private investment have declined drastically, leading to a ruined and damaged infrastructure and a weakening of already poor public services.²

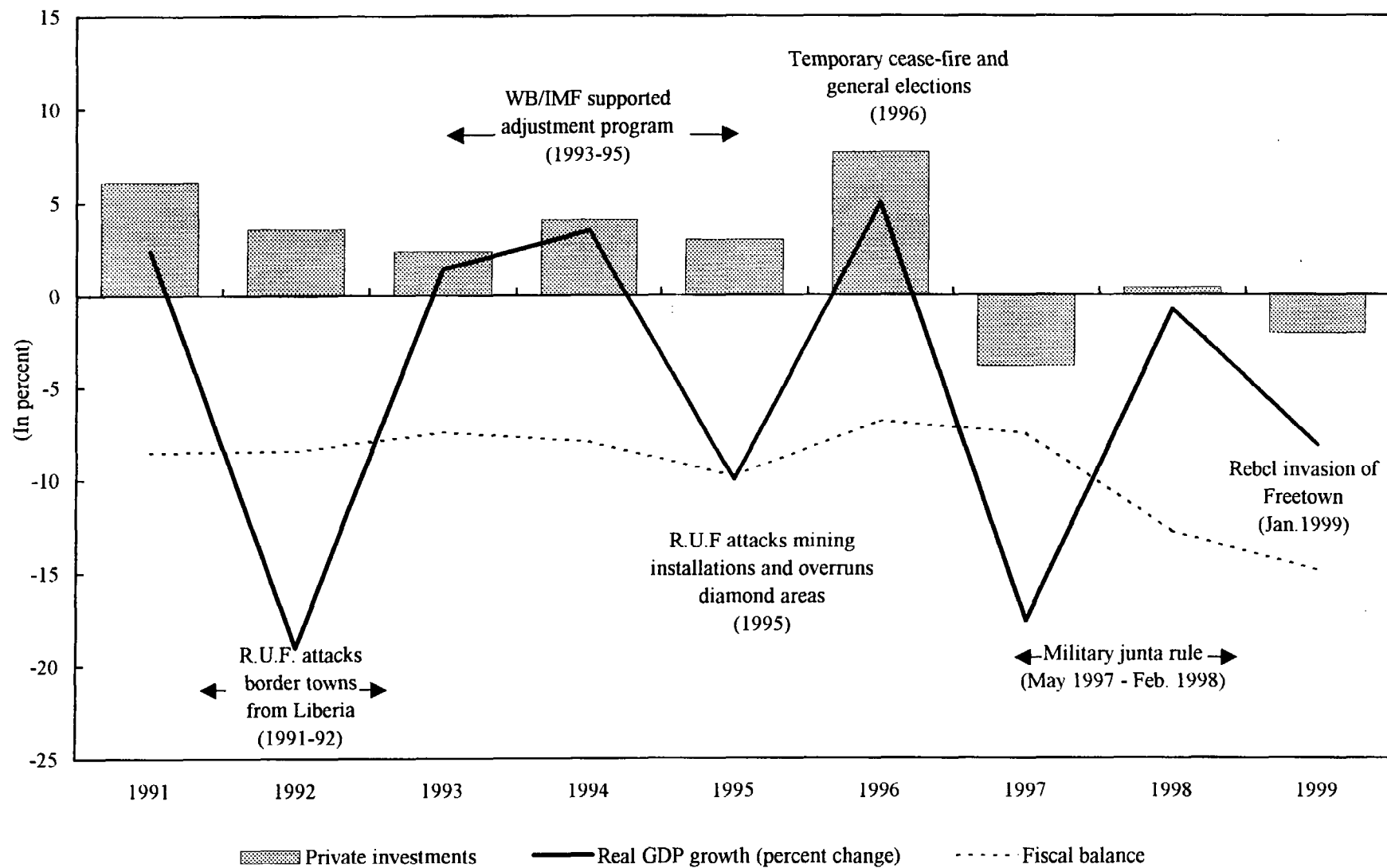
35. Mainly as a result of a decline in investment, and rebel occupation of the mining and agricultural areas, real output declined by 43 percent cumulatively between 1991 and 1999. Reflecting this, official exports, which picked up in the early 1990s, fell sharply as the war intensified from 1995 to 1999 (Table 1). The contraction of output contributed to a sharp 28 percent decline in per capita income from US\$224 in 1990 to about US\$142 in 1999.

Table 1. Sierra Leone: Economic Indicators, 1990-2000

	Average 1990-94	Average 1995-99	2000 Prel.
	(In percent)		
Economic indicators			
Real GDP growth	-2.8	-6.3	3.8
<i>of which: agriculture</i>	-4.2	-2.3	2.2
Fiscal balance/ GDP	-8.5	-10.4	-21.0
External current account deficit/GDP	-14.9	-9.6	-16.9
Inflation rate	65.1	26.7	5.0
End period change in real effective exchange rate	4.0	-2.0	9.0
Domestic interest rate	42.7	25.2	21.0
Military spending/GDP	3.1	3.9	...
Growth of broad money supply	42.1	29.5	20.7
Growth of exports	-0.6	-19.8	15.1
Domestic financing of the fiscal deficit/GDP	1.1	3.7	1.6
Gross international reserves in months of imports	1.7	2.3	1.4
External debt service ratio	48.4	45.8	58.2
External debt/GDP	176.6	146.9	206.6
Gross domestic investment/GDP	9.2	4.0	8.0
Government	4.5	2.9	6.3
Private	4.7	1.0	1.7

² Figure 1 highlights the impact of the war on key economic indicators.

Figure 1. Sierra Leone: War Impact on Key Economic Indicators, 1991-1999
(In percent of GDP, unless otherwise indicated)



B. Humanitarian and Social

36. In terms of human development, the 1990s were for Sierra Leone largely a lost decade. Sierra Leone remained at the bottom of the UNDP Human Development Index among all countries surveyed globally in 1999. The development loss is particularly reflected in the state of children. Infant mortality rates have increased from about 160 in 1990 to about 164 per thousand in 1999, with the rate of children dying before age five increasing from 77 in 1994 to 316 in 1999. Those living below the poverty line increased from about 80 percent in the early 1990s to 90 percent in 1999.

37. The human and material cost of the protracted civil war in Sierra Leone has been enormous based on available data. Atrocities were particularly brutal during the nine months of military junta rule in 1997, and during and immediately after the rebel invasion of Freetown in January 1999. These periods were characterized by savage killing, mutilation, and a trademark severing of limbs of thousands of civilians, including children.³ The scale of destruction of life and property during the ten-year war spans all sectors including rural settlements, educational structures and institutions, health facilities, urban dwellings, provincial administrative infrastructure, roads and bridges, and water transport systems.

38. Between 1991 and 1999, the war claimed over 75,000 lives, nearly 2 percent of the total population. The number of young children abducted by the rebels is estimated at about 4,000. In Freetown alone, about 5,000 people were reported killed.

39. The conflict has resulted in the internal displacement of over two million Sierra Leoneans with about 1.5 million fleeing to neighboring countries as refugees. The resulting absorption of displaced relatives into households has exerted considerable strain on the social fabric of the society. Social problems such as teenage pregnancy, crime, and school dropout rates have been exacerbated. The violence characterized by the terror tactics of the rebels, including abductions and rapes, have led to marked increases in the incidence of sexually transmitted diseases, HIV/AIDS, and other war-related physical and psychological trauma. In 1997, a UNDP Global Human Development Report indicated that about 68,000 of people in 0-49 age group lived with HIV/AIDS. This number would have risen substantially following the rebel invasion of the capital city in 1999. Meanwhile, overcrowding in Freetown and Kenema, as well as in refugee camps, has also increased the incidence of other communicable diseases.

40. Available global indicators show that the health situation in Sierra Leone is the worst in the world primarily as a result of the developmental setbacks caused by the ten-year war.

³ The practice of amputating and mutilating civilians is a trademark of the RUF since the early 1990s. In 1996 RUF leader, Foday Sankoh, ordered his men to cut off the hands of people whose ink-marked hands showed that they had voted. The practice, however, extended in 1997 and 1999 to random severing of other limbs, ears, eyes, and lips of civilians using axes, knives, and machetes (Human Rights Watch, Vol.11, No.3, June 1999).

Life expectancy is 38 years compared to 45 years for sub-Saharan Africa. Infant and child mortality rates are the highest in the world.

41. With low daily per capita supply of calories and protein, malnutrition, particularly among children and mothers, is common, as reflected in the high maternal mortality rate. The maternal mortality rate is estimated in 1999 at 1,800 per 100,000 women in childbearing age group and low birth weight babies put at 11 percent for 1990-1997 (UNDP, Global Human Development Report, 2000).

42. The UNDP Human Development Report 2000 estimated that between 1981 and 1993, 64 percent of the population lacked access to health services, and 66 percent and 89 percent were deprived of safe drinking water and sanitation between 1990 and 1998, respectively. Environmental management practices are very poor in Sierra Leone. In particular, sewage and refuse disposal arrangements are poor, which facilitates the spread of diseases inimical to the health of the poor.

C. Infrastructure and Property

43. The rebel conflict has badly damaged health-care infrastructure and throughout the country. Health facilities have been either destroyed or rendered nonfunctional in many towns and villages. About 50 percent of all health care units were reportedly destroyed, including medical equipment and supplies. Health workers have been forced to abandon workstations in most rural communities.

44. Following years of conflict, the entire fabric of the educational infrastructure has been demolished or completely destroyed. It is estimated that about 50 percent of primary, secondary, and technical and vocational institutions were destroyed. The war has forced many children out of school and roaming the streets of safe provincial headquarters towns, including Freetown, affecting the quality and delivery of services in the education system. A few of the displaced children are enrolled in already overcrowded schools with inadequate facilities. The pupil-teacher ratio at the primary level has risen to over 60:1 in most schools in safe areas, particularly in Freetown. The effects of the conflict, including displacement of teachers and low real wages, have affected the morale of teachers. School libraries are practically non-existent. According to UNDP Human Development Report 1998, only 3 out of every 10 Sierra Leoneans can read and write compared to 5 out of 10 persons for sub-Saharan Africa. Primary school enrolment was about 55 percent of children in the school age bracket in 1990, but this has since dropped to about 44 percent in 1997 with marked gender and regional disparities, especially biased in favor of men and the Western Area respectively.

45. The telephone and electricity infrastructure in provincial headquarters towns were destroyed or damaged. Rural water supply and sanitation systems were affected by either physical damage, long periods of abandonment, or contamination by dumped dead and decaying remains. In the transport sector, many feeder roads and trunk roads, including bridges and rural water transport systems, have been destroyed. Initial estimates in 1999 showed that 58 percent of agricultural infrastructure was destroyed

46. In October 1999, total physical damage to business, hotels, homes, and government buildings was put at US\$796 million, or 120 percent of GDP. Total private businesses losses, excluding the hotel and tourism sector, was put at US\$33 million. About 80 percent of the losses occurred in Freetown alone. Over 2,500 villages and towns were devastated throughout the country and about 6,000 private homes destroyed or burned down during the January 1999 rebel invasion. Nationwide, an estimated 10,000 houses were damaged at a cost of \$150 million.

D. Productive Sectors

47. The unemployment situation, which was already bad, worsened as the private sector was forced to lay off over 5,000 persons in 1999. Many manufacturing and private establishments closed and incomes in the modern sector collapsed in 1999. Informal sector incomes also dwindled with the fall in modern sector wages and market saturation due to the increase in the number of operators.

48. The large scale population displacement and infrastructure damage has badly affected the key agricultural sector on which nearly 70 percent of the population depend for a livelihood. Agricultural output declined cumulatively by about 38 percent between 1991 and 1999. With rebels continuing to occupy the major rice growing areas in the northern region, production of rice, the main staple, fell by 55 percent between 1991 and 1999 and estimates of self-sufficiency in this crop fell from 69 percent in 1991 to 25 percent in 1999. With the massive displacement of an estimated 291,000 farm families, livestock fell prey to the rebels. The impact of the war on agricultural production is highlighted in Table 2.

Table 2. Selected Indicators on the Impact of the War on Agricultural Production

Indicator	Units	1991	1995	1991-95 percent change	1999	1991-99 percent change
Production	000 Mt					
Rice		543.7	381.0	-29.9	247.2	-54.5
Cassava		182.0	262.0	44.0	239.6	31.6
Sweet Potato		39.0	45.0	15.4	19.9	-49.0
Maize		12.0	8.3	-30.8	8.7	-27.5
Millet		-	-		4.7	
Groundnut		30.0	37.0	23.3		-100.0
Self-sufficiency	Percent	50.6	37.1	-	25.0	
Livestock	Heads	4,396,000.0	2,256,700.0	48.7	464,435.0	89.4

Source: FAO, and Sierra Leonean authorities.

49. In the mining sector, rebels remain in control of the lucrative diamond fields though fighting within the country has abated. Reflecting the large scale of illegal diamond mining and economic loss, data show official production falling from 243,000 carats in 1991 to 8,500 in 1998; meanwhile recorded Belgian diamond imports from Sierra Leone rose from 331,000 carats to 770,000 carats (at a value of over US\$150 million) over the same period (Table 3). Mainly due to continued security risks, the rutile and bauxite mines remain closed

following attacks on those plants in 1995. These closures have resulted in an estimated loss of 10 percent of national income, 14 percent of total employment, and 90 percent official exports since 1990. This loss of official exports has resulted in an increasing dependence on official external assistance in the 1990s. Thus, external debt service has risen sharply from 38.3 percent of exports in 1991 to 58 percent in 2000.

Table 3. Estimates of Diamond Production and Exports from Sierra Leone and Liberia, 1990-98
(In thousands of carats)

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Diamond production									
Sierra Leone 1/	78	243	347	158	255	213	270	104	9
Liberia 1/	100	100	150	150	100	150	150	150	150
Antwerp imports of diamonds									
Sierra Leone	331	534	831	344	526	455	566	803	770
Liberia	5,523	658	1,909	5,006	3,268	10,677	12,320	5,803	2,558

Sources: Diamond High Council, 1998 Annual Report 1999, Belgium; and Sierra Leonean authorities.

1/ Represents official statistics.

50. The conflict has accelerated the flight of key qualified and experienced personnel to other countries with a serious impact on capacity-building programs. This has adversely affected the capacity of government to deliver key services and formulate sound policies. The poor capacity for economic planning and policy formulation has, in turn, led to bad policies, which resulted in high inflation and negative output growth leading to an increase in the number of the poor and vulnerable groups.

51. The conflict in Sierra Leone has the potential of destabilizing the economies of neighboring countries of West Africa. Despite return of some refugees in the latter half of year 2000, Sierra Leonean refugees still number about 300,000 in Guinea, which continues to place enormous pressure of the social services and limited security capacity of that country. The war has also contributed to increasing instability on the borders of neighboring countries.

III. PUBLIC ENTERPRISES (PEs) REFORM IN SIERRA LEONE

A. Background

52. When Sierra Leone gained independence in April 1961, the state took increasing control over all key economic sectors. The main argument and objectives at the time were, among others, for the state to create jobs for the general populace and generate surplus resources for development through further investments. As a result, the government's involvement in the economy in the form of direct price controls, production, distribution and trade, increased. PEs were set up by the government as statutory companies to perform specific functions or carry out specified commercial activities. This étatist strategy, however, undermined the optimum performance of the market economy.

B. Performance of PEs

53. At the peak, there were 44⁴ PEs involved in manufacturing, trading, mining, transportation, services, and the provision of utilities. Almost all of the PEs that were set up did not live up to the expectations and objectives of the statutes under which they were established, as most of them were characterized by poor financial performance and low productivity. They accumulated a substantial amount of debt for government and turned out to be a drain on state resources. Enterprises were overstaffed, overburdened with debt, with inadequate working capital, and failed to invest adequately in new plant and equipment. The lack of rehabilitation of existing machinery led to low capacity utilization, while a lack of technical expertise and the absence of commitment and managerial direction, coupled with frequent government interference in their operations, rendered PEs seriously inefficient. To cover their operating losses and debt-service payments, the government was often compelled to provide them with subsidies and loans. Loans to PEs, either directly or in the form of guarantees, never got repaid.

54. The contributions of PEs to government finances took the form of taxes, dividends, and interest payments. As it were, most PEs neither turned in income tax deductions from employees' wages and salaries, nor did they pay corporate taxes as required by law. In addition, they were not able to service their debts either to government or to financial institutions. As shown in Table 4, at the end of 1999, some selected PEs⁵ owed a net amount of Le 8.6 billion to Government, and negotiations were ongoing for these debts to be settled.

55. The consolidated accounts of selected nonfinancial PEs (Table 5) show that in 1999, their turnover accounted for 3.1 percent of GDP, with an average turnover of 2.6 percent of GDP over the 5-year period, 1995-1999.

⁴ The 44 PEs included two banks—the Sierra Leone Commercial Bank and the National Development Bank.

⁵ These PEs are among 14 PEs currently on performance monitoring contract with the PE Reform Unit of the Ministry of Finance. The other 2 PEs are the Sierra Leone State Lottery and the Sierra Leone Roads Authority.

Table 4. Sierra Leone: Summary of Net Financial Position Between the Government and Selected Public Enterprises, 1999

Enterprise	Amount due to Government (Leones)	Amount due from Government (Leones)
(in Leones)		
Sierra Leone Road Transport Corp.	162,696,000	0
Sierra Leone Housing Corporation	0	1,108,160,788
Sierra Leone Ports Authority	715,447,000	0
National Power Authority	4,612,231,000	0
Guma Valley Water Company	0	1,902,529,000
Sierra Leone National Shipping Comp.	0	7,689,000
Sierra Leone Postal Services Ltd	0	838,289,000
Sierra Leone Telecom Company	7,820,656,216	0
Sierra National Airlines	45,919,612	0
National Insurance Company Ltd	0	201,621,000
Mining and General Services	272,449,584	0
Sierra Leone Airports Authority	0	948,599,000
Total	13,629,399,412	5,006,887,788

Source: Sierra Leonean authorities.

Table 5: Sierra Leone, Summary of Consolidated Accounts of Selected Public Enterprises, 1995-99
(In thousands of leones)

	1995	1996	1997	1998	1999	Period average
Total revenues	18,037,088	21,100,185	23,640,236	19,137,421	38,002,247	23,983,435
Total costs	21,271,229	28,314,553	27,104,831	40,989,220	39,376,666	31,411,300
Total gross profits	-3,234,141	-7,214,368	-3,464,595	-21,851,799	-1,374,419	-8,094,198
Memorandum items:						
Turnover/GDP	2.7	2.4	2.8	1.8	3.1	2.60
Cost/GDP	3.2	3.3	3.2	3.9	3.3	3.40
Profits/GDP (%)	-0.49	-0.83	-0.42	-2.08	-0.11	-0.80
of which: NPA	-0.29	-1.00	-0.43	-2.16	-0.30	-0.88
Guma Valley	-0.41	-0.06	-0.17	-0.01	0.03	-0.11
SALPOST	0.006	-0.006	-0.034	-0.005	-0.014	-0.01
Nominal GDP	657,605,000	867,073,000	834,499,000	1,051,335,000	1,207,721,000	923,646,600

Source: Sierra Leonean authorities; and Fund staff estimates.

56. Together, the enterprises incurred gross losses throughout 1995-1999. Losses to GDP deteriorated from 0.49 percent of GDP in 1995 to 2.1 percent of GDP at the end of 1998, before improving to 0.11 percent of GDP in 1999. On the average, the losses of these PEs over the period was 0.80 percent of GDP. The Sierra Leone Postal Services Ltd incurred gross losses from 1996 to 1999, with the Guma Valley Water Company Ltd posting losses throughout the period. The worst performance was by the National Power Authority (NPA) which incurred substantial losses throughout the period. In 1996, the losses of the NPA was about 1 percent of GDP, a deterioration from the 1995 losses of 0.29 percent of GDP. The situation worsened to 2.2 percent of GDP in 1998 before improving to 0.3 percent of GDP in 1999. The NPA has operated under a management contract since 1999, and its financial performance has significantly improved, resulting in a marked reduction in its losses from 2.16 percent of GDP in 1998 to 0.30 percent of GDP in 1999. This has attracted significant support from the World Bank in the form of investment in equipment, repair, and maintenance.

57. Currently, there are 3 state-owned commercial banks⁶ in the portfolio. The Sierra Leone Commercial Bank has been profitable because government has, generally, not interfered in its operations. The operations of the National Development Bank, however, has not been satisfactory. In 1999, the government acquired a 51 percent share in the Barclays Bank of Sierra Leone for a symbolic £1, as the Bank decided to wind up its operations in Sierra Leone. Now named the Rokel Commercial Bank, it has been earmarked for divestiture, together with the two other state-owned banks.

C. The Divestiture Program

58. Following a period of economic decline since the 1970s, mainly caused by inappropriate economic policies and unfavorable external conditions, the government, in 1989, started the implementation of a number of measures to strengthen macroeconomic management and encourage private sector development. The stabilization and structural reform program picked up in early 1992, with the support of the Fund, the World Bank, and other donors. A key feature of the reform program was public sector reform and deregulation, including PE reforms and divestiture.

59. The initial effort at PE reform in Sierra Leone was the removal in 1990 of all price controls on goods and services provided by PEs. This led to the reduction in direct financial subsidies to most of these enterprises. The second phase, which was a more concerted effort at the reform program, sought to privatize some PEs, and to restructure those remaining in the public domain.

⁶ These are the Sierra Leone Commercial Bank, the National Development Bank and the Rokel Commercial Bank.

D. Institutional Framework for PE Reform

The PERDIC

60. New impetus was given to the reform program with the setting up of the Public Enterprises Reform and Divestiture Commission (PERDIC). In order to give legal backing to the Public Enterprise Reform Program and rationalize the institutional and regulatory framework for privatization and reform in Sierra Leone, the Public Enterprises Reform Act (1993) was passed in 1993. The Act established the Public Enterprise Reform Council and the Public Enterprise Reform and Divestiture Commission. The Public Enterprise Reform Council was a decision-making body with the primary responsibility of overseeing the progress of implementation of the reform program, while the PERDIC was the secretariat wing of the Council. The PERDIC was responsible for, among others, carrying out studies on PEs; formulating and submitting to the Council proposals and recommendations for the reform of PEs; implementing reform measures approved by the Council and government; and carrying out other responsibilities assigned to it by the Council. Box 1 gives a brief outline of the institutional framework for the PE reform in Sierra Leone.

E. Progress of the Divestiture Program

61. Since the launching of the reform program in 1993, government has withdrawn from a number of PEs through liquidation, the sale of part of government shares to other shareholders, total divestiture, and the privatization of management through leaseholds (as is the case with state-owned hotels), and the institution of management contracts (as is the case with the National Power Authority).

62. In all, 45 PEs have been identified for reform, liquidation divestment, or outright privatization. From 1996 to 1999, a total of 16 enterprises out of an initial 44 were liquidated, leased, partially divested, or totally privatized, generating US\$6.3 million⁷. An outstanding amount of almost US\$2.0 million or 32 percent of the total proceeds is yet to be paid to government (Table 6).

⁷ The total was made up of US\$6.2 million and Le 154.6 million.

Box 1. Framework for the Implementation of PE Reform in Sierra Leone

The Public Enterprise Reform and Divestiture Implementation Commission

National Provisional Ruling Council (NPRC) Decree No 10 and an amendment decree, NPRC Decree 14, set up the PERDIC in 1992. The PERDIC was made up of a Council and a Secretariat, with the Council comprising three statutory members, namely, the Minister of Finance as chairman, the Minister of Trade, Industry and State Enterprises, and the Governor of the Bank of Sierra Leone as members. It included the President of the Sierra Leone Chamber of Commerce, Industry and Agriculture and the Chairman of the Association of Commercial Banks as the two non-statutory members. The PERDIC Council was the highest decision-making body in all matters relating to the divestiture of all public enterprises. The PERDIC Secretariat comprised an Executive Director, a Deputy Executive Director, and a supporting staff made up of a secretary, a driver, and a messenger. The services of short-term financial analyst and an administrative officer were also used to run the secretariat.

The Public Enterprise Reform Unit

Currently, this unit, which is within the Ministry of Finance, manages the reform program on an ad-hoc basis. Its function seems to be limited to the monitoring and evaluation of the performance of existing PEs through a performance contract system which entails an agreement with 14 PEs on quarterly performance benchmarks. Under the contract, the PEs are required to submit quarterly income and expenditure statements on their operations. There are plans to contract the management of the public enterprise reform and privatization to a consulting firm.

Source: Sierra Leonean authorities.

Table 6. Public Enterprise Reform and Divestiture, 1996–1999

Total number of public enterprises	45
Number of public enterprises divested	
Liquidation	4
Lease	6
Outright sale	6
Divestiture Proceeds	
Leones	154,588,479
U.S. dollars	4,233,595
Divestiture proceeds outstanding	
Leones	0
U.S. dollars	1,963,125
Total proceeds	
In U.S. dollars	6,274,014

Source: Sierra Leonean authorities.

63. The initial divestiture program seems to have concentrated on only the small PEs such as the marketing companies, small manufacturing companies, and the state hotels.

64. The status of implementation of the reform program may be grouped into five main categories: those that have been sold or divested; those that have been leased to the private sector; those that have been liquidated or are under liquidation; those in the process of divestiture or privatization; and those awaiting strategic plan for reform. The categorization of the status of the PEs is outlined in Table 7.

65. Between 1996 and 1999, six enterprises were sold or fully divested, with government ownership ranging from 25 percent 100 percent. Substantial payments for the sale of these PEs are outstanding.

66. During the period, 6 PEs were leased to the private sector. These were mainly state hotels, which were owned by government 100 percent. Most of the lessees still have substantial outstanding payments to make to the government. Discussions on the settlement of the outstanding payment arrears are still ongoing, as the hotels were badly damaged and vandalized during the May 1997 coup, and also during the rebel invasion of Freetown in January 2000.

Table 7. Sierra Leone: Categorization of the Status of Public Enterprises

Category and Reform Measure	Enterprise	Government share (In percent)
Enterprises Sold/Divested	Bennimix Baby Food Company	100
	Spring Water & Bottling Plant	100
	Sierra Fishing Company	25
	National Petroleum Marketing Company	60
	Palm Kernel Oil & Feed Mill	100
	Precious Minerals Marketing Company	25
Enterprises Leased	Mammy Yoko Hotel	100
	Bintumani Hotel	100
	Cape Sierra Hotel	100
	Lungi Hotel	100
	Paramount Hotel	100
	Brookfields Hotel	100
Enterprises in the Process of Divestiture/ Privatization	SeaBoard West Africa	40
	National Insurance Company	100
	Sierra Leone Shipping Company	100
	Road Transport Corporation	100
	Sierra National Airlines	100
Enterprises Liquidated or under liquidation	National Diamond Mining Company	100
	Sierra Leone Petroleum Refinery Company	50
	Sierra Leone Trading Corporation	100
	Wellington Distilleries	74
Enterprises Awaiting Reform	Sierra Leone Commercial Bank	100
	Rokel Commercial Bank	51
	National development Bank	100
	Sierra Leone State Lottery	100
	Sierra Leone Ports Authority	100
	Sierra Leone Telecommunications Company	100
	National Power Authority	100
	Guma Valley Water Company	100
	Sierra Leone Airport Authority	100
	Sierra Leone Housing Corporation	100
	Mining and General Services	100
	Sierra Leone Roads Authority	100
	Sierra Leone Postal Services	100
	Sierra Leone Bricks and Ceramics	100
	Forest Industries Corporation	100
	Magbass Sugar Complex	100
	Torma Bum Rice Authority	100
	Sierra Leone Timber Industry and Plantation	100
	Marampa Iron Ore Mining Company	100
	Government Printing Department	100
	Sierra Leone Daily Mail	100
	Quarry Enterprises	100
	Sierra Leone Broadcasting Service	100
	National Workshop	40

Source: Sierra Leonean authorities.

67. Four enterprises were put under liquidation. The process has already been completed for two of them—Petroleum Refinery Company Limited and the Wellington Distilleries Limited—while the liquidation of the other two, the National Diamond Mining Company and Sierra Leone Trading Corporation, has not been completed yet, even though they are currently not in operation.

68. Five enterprises are still in the process of divestiture or privatization. The status of each of these enterprises is detailed in Box 2. While consultancies have been awarded for the privatization of the National Insurance Company (NIC), the Sierra Leone Shipping Company, and the Seaboard West Africa, the Cabinet has given approval for the divestiture of the Road Transport Corporation and the Sierra National Airlines.

Box 2. Status of PEs in the Process of Divestiture and Privatization

Government owns SeaBoard West Africa Limited 40 percent. Government's share was offered to the Indigenous Enterprise Fund (IEF) for US\$150,000.00, after a bidding process in December 1998. Conclusion of the deal was disrupted by the invasion of Freetown by the rebels in January 1999. The IEF has decided to withdraw from the transaction.

Government owns the National Insurance Company Limited 100 percent. A consultancy was awarded to Pannell Kerr Forster Associates for its privatization. The consultancy has been disrupted three times: by the coup d'état of May 1997; the rebel invasion of Freetown in January 1999; and the rebel attack of May 2000.

The Sierra Leone Shipping Company Limited, which is owned 100 percent by government, was also awarded on consultancy to Pannell Kerr Forster for privatization. Its fate has been similar to that of the National Insurance Company.

The Sierra Leone Road Transport Corporation was one of the PEs listed for privatization under the World Bank's Transport Sector Project. The Cabinet has given approval for its privatization.

The privatization of the **Sierra Leone National Airlines** was also negotiated under the Transport Sector Project, and the Cabinet has given approval for its privatization.

Source: Sierra Leonean authorities.

69. The remaining 24 enterprises have been slated for reform prior to privatization. As Table 4 shows, many of the medium and large-size PEs are among those in the process of divestiture or slated for reform prior to divestiture, with the government owning almost all of them 100 percent. Prospective buyers who showed interest in the purchase of some of the companies are now reluctant to invest given the uncertain security situation.

F. Performance of the PE Reform and Divestiture Program

70. Some benefits were realized at the initial stages of the PE reform in 1993. Government recourse to domestic credit fell considerably, owing in part to the removal of direct subsidies to PEs. There was a net retirement of government debt beginning 1992, as a result of a fall in the primary budget deficit from 5.0 percent of GDP in 1990 to 1.8 percent of GDP in 1993.

71. In general, however, the PE reform and privatization program has not performed well in Sierra Leone. Various reasons could be attributed to this poor performance. The political instability in the country, which has been fuelled by the rebel war over the years, has been one main cause of the poor performance of the program. Other views are that poor governance manifested in the form of excessive red tape, as depicted by the procedural framework of the PERDIC.

72. The smooth operation and performance of the PERDIC was hampered by a number of factors. Although the Council was the highest decision-making body on divestiture, the Decree that set it up also required every decision of the Council to be ratified by the then-Supreme Council of State. This led to considerable delays in the implementation of agreed actions. In addition, the busy schedule of the Council members (as Ministers of State) prevented them from attending regular Council meetings, thus delaying the decision-making process and hence implementation of the program. The poor performance of the reform program under PERDIC was also affected by the absence of transparency and marketing strategies on divestiture. It is also believed that lack of political will also hindered progress.

G. Remaining Issues

73. There has been a renewed effort to regain momentum for the creation of the requisite framework and an enabling environment for facilitating the privatization process. Under the Economic Rehabilitation and Recovery Credit (ERRC), involving US\$30million provided by the World Bank, the government intends to vigorously pursue the privatization program, which will involve stocktaking of the progress to date, and the formulation and implementation of a strategy for the remaining enterprises. In this regard, a two-day workshop on PE Reform was organized in Freetown from October 19-20, 2000, with the involvement of all stakeholders—government officials, academia, civil society, the private sector, and the donor community.

74. The workshop was expected to produce a document⁸ containing a strategy on the future of PEs, including the definition of procedures for dealing with PEs and mechanisms that will guide their sale or appropriate disposal.

75. As indicated earlier, the privatization program currently has 24 PEs in the portfolio, and the authorities have formulated a strategy, outlined in Box 3, for the completion of the program.

Box 3. Proposed Strategy for the Reform and Privatization of Remaining PEs

As one of its priorities, the authorities have proposed to vigorously pursue the privatization program under the Economic Rehabilitation and Recovery Credit (ERRC) of US\$30 million provided by the World Bank. At the moment, there are 25 PEs in the portfolio, and it is envisaged that a successful PE reform program would take at least three years to complete. Three main phases have been identified for the program:

Phase 1 (the study phase) will be a stock-taking exercise, both on the progress and to date and on the PEs that remain in the portfolio. It is estimated that this phase will take about 10 months.

Phase 2 will be based on the information gathered in phase 1, and will devise a strategy for reforming the PEs in the portfolio;

Phase 3 will be the actual implementation of the strategy.

As a first step, terms of reference have been prepared for the appointment of a consultant who will be responsible for:

- the technical evaluation of the various proposals for phase 1;
- devising a communication strategy to ensure that the key stakeholders are aware of the PE sector reform program and understand its objectives;
- conducting workshops;
- advising on technical issues and provide regular reports; and
- evaluation and liquidation of defunct parastatals.

Source: Sierra Leonean authorities.

⁸ The document emanating from the Workshop has yet to be issued.

76. Of the US\$2.0 million in outstanding payments on PEs that have been divested or leased already, about US\$1.6 million was earmarked for collection in 2000, but no progress was made in this direction. The financial relations between PEs and the government is also still unresolved. A three-year settlement plan has been proposed for the cross-debt settlement, but a final agreement is yet to be reached on the modalities for settlement. The continued poor management of the finances of parastatals in general, and the already weak financial standing of the PEs concerned, raise doubt as to whether the debts to government will be settled in the near future.

H. The Way Forward

77. As the authorities seek to move forward to rebuild the economy after of the war, this may be the time for constructive and concerted engagement to accelerate the divestiture of PEs.

78. At the workshop on PE reform held in Freetown on October 19-20, 2000, there was a general consensus on the need for Government to go ahead with the divestiture of PEs. The issue, however, was how to achieve that goal. Opinion seemed divided on how to package the remaining PEs, and the time frame needed to complete the reform of the sector.

79. In charting the way forward, some issues need to be considered in order to accelerate the PE reforms. The commitment and political will of the government, including accountability and transparency in the preparation and disposal of PEs, have to be demonstrated in practical terms. There is also the need to establish a divestiture secretariat with very strong legal, financial, and regulatory analytical capabilities, for policy formulation and implementation. Finally, it will be necessary to include major stakeholders in the divestiture process, in order to ensure appropriate modalities for valuation, consensus building, and eventual disposal of PEs.

Table 8. Sierra Leone: Evolution of Output and Expenditure at Current Market Prices, 1996-2000

(In millions of leones, unless otherwise specified)

	1996 Act.	1997 Act.	1998 Act.	1999 Act.	2000 Prel.
Total consumption expenditure	898,884	870,407	1,071,269	1,277,005	1,450,116
Private sector	804,629	795,244	977,373	1,138,541	1,227,355
Public sector	94,256	75,163	93,896	138,465	222,761
Total investment expenditure	95,690	-20,231	55,863	3,537	106,304
Public	28,750	12,186	51,812	28,967	83,644
Private	66,940	-32,417	4,050	-25,430	22,660
Gross domestic expenditure	994,575	850,176	1,127,131	1,280,543	1,556,420
Exports of goods and nonfactor services	151,261	110,150	147,833	167,768	233,492
Imports of goods and nonfactor services	278,763	125,827	223,629	240,590	459,593
Gross domestic product	867,073	834,499	1,051,335	1,207,721	1,330,319
Factor income from abroad (net)	-21,545	-17,363	-27,335	-35,638	-39,109
Gross national product	845,528	817,136	1,023,999	1,172,083	1,291,210
Consumption of fixed capital	...	...	...	...	...
National income (net)	...	...	...	...	...
Current transfers from abroad (net)	55,291	24,627	37,169	75,136	148,623
Gross national disposable income	900,819	841,763	1,061,168	1,247,219	1,439,833
(In percent of nominal GDP)					
Total consumption expenditure	103.7	104.3	101.9	105.7	109.0
Private sector	92.8	95.3	93.0	94.3	92.3
Public sector	10.9	9.0	8.9	11.5	16.7
Total investment expenditure	11.0	-2.4	5.3	0.3	8.0
Public	3.3	1.5	4.9	2.4	6.3
Private	7.7	-3.9	0.4	-2.1	1.7
Gross domestic expenditure	114.7	101.9	107.2	106.0	117.0
Exports of goods and nonfactor services	17.4	13.2	14.1	13.9	17.6
Imports of goods and nonfactor services	32.1	15.1	21.3	19.9	34.5
Gross domestic product	100.0	100.0	100.0	100.0	100.0
<u>Memorandum items:</u> (In millions of leones at current market prices)					
Gross national saving	1,934	-28,644	-10,100	-29,787	-10,283
Gross domestic saving	-31,812	-35,908	-19,934	-69,284	-119,797
Of which					
Private	-24,890	-6,078	-3,237	-16,638	-52,261
Resource balance	-127,502	-15,677	-75,796	-72,822	-226,100
(In percent of nominal GDP)					
Gross national saving	0.2	-3.4	-1.0	-2.5	-0.8
Gross domestic saving	-3.7	-4.3	-1.9	-5.7	-9.0
Of which					
Private	-2.9	-0.7	-0.3	-1.4	-3.9
Resource balance	-14.7	-1.9	-7.2	-6.0	-17.0

Sources: National Accounts of Sierra Leone and Central Statistics Office; and staff estimates.

Table 9. Sierra Leone: Gross Domestic Product by Sector at Current Market Prices, 1996 - 2000

	1996	1997	1998	1999	2000
	Act.	Act.	Act.	Act.	Prel.
(In millions of leones)					
Agriculture, Forestry and Fishing	392,010	478,969	624,515	723,016	731,865
Agriculture	244,562	341,565	460,220	544,557	533,503
Livestock	19,456	21,505	22,204	24,452	24,721
Forestry	23,869	25,888	33,689	42,175	46,885
Fishery	104,122	90,012	108,402	111,833	126,756
Industry	314,772	226,100	249,720	293,549	355,983
Mining and Quarrying	215,254	158,683	180,263	229,219	275,891
Manufacturing and Handicrafts	70,098	39,974	40,266	35,838	44,509
Electricity and Water Supply	3,817	3,061	4,820	3,918	5,042
Construction	25,602	24,382	24,371	24,574	30,540
Services	132,795	122,105	146,991	169,207	186,505
Trade and Tourism 1/	44,483	38,073	50,507	64,157	67,156
Transport, Storage and Communication	15,609	14,642	20,128	23,033	27,345
Finance, Insurance and Real Estate 2/	28,883	23,551	25,738	25,322	31,182
Government Services	27,434	28,938	32,134	35,818	37,988
Other Services	16,387	16,902	18,484	20,878	22,833
Imputed Financial Charges	13,688	10,507	10,714	19,026	20,345
Import Duties	41,184	17,831	40,823	40,974	76,312
Gross Domestic Product	867,073	834,499	1,051,335	1,207,721	1,330,319
(In percent of GDP)					
Agriculture, Forestry and Fishing	45.2	57.4	59.4	59.9	55.0
Industry	36.3	27.1	23.8	24.3	26.8
Mining and Quarrying	24.8	19.0	17.1	19.0	20.7
Manufacturing and Handicrafts	8.1	4.8	3.8	3.0	3.3
Electricity and Water Supply	0.4	0.4	0.5	0.3	0.4
Construction	3.0	2.9	2.3	2.0	2.3
Services	15.3	14.6	14.0	14.0	14.0
Trade and Tourism 1/	5.1	4.6	4.8	5.3	5.0
Transport, Storage and Communication	1.8	1.8	1.9	1.9	2.1
Finance, Insurance and Real Estate 2/	3.3	2.8	2.4	2.1	2.3
Government Services	3.2	3.5	3.1	3.0	2.9
Other Services	1.9	2.0	1.8	1.7	1.7
Imputed Financial Charges	1.6	1.3	1.0	1.6	1.5
Import Duties	4.7	2.1	3.9	3.4	5.7
Gross Domestic Product	100.0	100.0	100.0	100.0	100.0
(Annual percentage change)					
GDP at current market prices	31.9	-3.8	26.0	14.9	10.2
Agriculture, Forestry and Fishing	49.2	22.2	30.4	15.8	1.2
Industry	32.7	-28.2	10.4	17.6	21.3
Services	11.2	-8.0	20.4	15.1	10.2

Sources: National Accounts of Sierra Leone, Central Statistics Office; Estimates and IMF Staff Projections.

1/ Including hotels and restaurants.

2/ Including other business services.

Table 10. Sierra Leone: Gross Domestic Product by Sector at Constant 1990 Prices, 1996-2000

	1996	1997	1998	1999	2000
	Est.	Est.	Est.	Est.	Prel.
(In millions of leones)					
Agriculture, forestry and fishing	29,782	28,354	29,145	27,562	28,155
Agriculture	20,914	21,163	22,278	21,571	21,787
Livestock	2,325	1,850	1,493	1,308	1,360
Forestry	1,981	1,854	1,841	1,570	1,647
Fishery	4,562	3,487	3,532	3,112	3,361
Industry	18,615	17,220	16,168	13,788	14,497
Mining and quarrying	10,481	10,441	10,158	8,348	8,515
Manufacturing and handicrafts	4,146	3,223	3,238	3,096	3,344
Electricity and water supply	994	929	939	928	1,039
Construction	2,993	2,626	1,834	1,415	1,599
Services	23,208	18,253	17,924	16,555	17,220
Trade and tourism 1/	11,587	8,780	8,864	8,759	9,022
Transport, storage and communication	3,453	2,867	2,895	2,629	2,787
Finance, insurance and real estate 2/	3,376	2,537	1,940	1,770	1,946
Government services	2,808	2,341	2,447	2,390	2,438
Other services	1,984	1,728	1,779	1,007	1,027
Imputed financial charges	593	420	389	304	334
Import duties	8,115	1,797	1,810	1,806	2,131
Gross domestic product	79,127	65,204	64,658	59,407	61,669
(In percent of GDP)					
Agriculture, forestry and fishing	37.6	43.5	45.1	46.4	45.7
Industry	23.5	26.4	25.0	23.2	23.5
Mining and quarrying	13.2	16.0	15.7	14.1	13.8
Manufacturing and handicrafts	5.2	4.9	5.0	5.2	5.4
Electricity and water supply	1.3	1.4	1.5	1.6	1.7
Construction	3.8	4.0	2.8	2.4	2.6
Services	29.3	28.0	27.7	27.9	27.9
Trade and tourism 1/	14.6	13.5	13.7	14.7	14.6
Transport, storage and communication	4.4	4.4	4.5	4.4	4.5
Finance, insurance and real estate 2/	4.3	3.9	3.0	3.0	3.2
Government services	3.5	3.6	3.8	4.0	4.0
Other services	2.5	2.6	2.8	1.7	1.7
Imputed financial charges	0.7	0.6	0.6	0.5	0.5
Import duties	10.3	2.8	2.8	3.0	3.5
Gross domestic product	100.0	100.0	100.0	100.0	100.0
(Annual percentage change)					
Agriculture, forestry and fishing	5.8	-4.8	2.8	-5.4	2.2
Industry	5.5	-7.5	-6.1	-14.7	5.1
Mining and quarrying	5.6	-0.4	-2.7	-17.8	2.0
Manufacturing and handicrafts	1.2	-22.3	0.5	-4.4	8.0
Electricity and water supply	15.9	-6.5	1.0	-1.1	11.9
Construction	8.4	-12.3	-30.2	-22.8	13.0
Services	5.0	-21.4	-1.8	-7.6	4.0
Trade and tourism 1/	7.2	-24.2	1.0	-1.2	3.0
Transport, storage and communication	14.3	-17.0	1.0	-9.2	6.0
Finance, insurance and real estate 2/	1.8	-24.9	-23.5	-8.7	10.0
Government services	-5.2	-16.6	4.5	-2.4	2.0
Other services	-0.8	-12.9	2.9	-43.4	2.0
Imputed financial charges	-11.3	-29.2	-7.4	-21.8	9.9
Import duties	10.5	-77.9	0.7	-0.2	18.0
Gross domestic product	6.1	-17.6	-0.8	-8.1	3.8
Memorandum items:					
GDP deflator	1,096	1,280	1,626	2,033	2,157
Annual percentage change	24.3	16.8	27.0	25.0	6.1
GDP at market prices	867,073	834,499	1,051,335	1,207,721	1,330,319
Annual percentage change	31.9	-3.8	26.0	14.9	10.2
GDP at constant 1990 prices	79,127	65,204	64,658	59,407	61,669
Annual percentage change	6.1	-17.6	-0.8	-8.1	3.8

Sources: National Accounts of Sierra Leone, Central Statistics Office; estimates and IMF staff projections.

1/ Including hotels and restaurants.

2/ Including other business services.

Table 11. Sierra Leone: Production of Major Agricultural Commodities, 1996-2000

	1996	1997	1998	1999	2000 Est.
(In thousands of metric tons)					
Cereals					
Rice (paddy)	391.7	411.3	460.7	529.8	248.2
Maize	8.9	9.4	10.5	12.1	8.6
Millet	20.7	21.7	24.3	28.0	4.7
Sorghum	20.5	25.5	24.1	27.7	5.5
Beniseed	2.5	2.9	3.3	3.8	4.1
Other cereals	0.0	0.0	0.0	0.0	0.0
Roots and tubers					
Cassava	281.4	309.5	346.6	398.6	240.0
Sweet potato	46.6	50.3	56.3	64.8	20.0
Cocoyam	...	1.3	1.3	...	...
Ginger	...	...	...	...	...
Groundnuts	35.8	37.9	42.5	48.9	29.0
Tree crops					
Coffee	30.7	30.7	34.4	39.6	...
Cocoa	14.0	13.0	14.6	16.8	...
Palm kernels	13.3	13.7	13.9	...	...
Kola nuts	...	...	...	...	...
Palm oil	45.2	50.8	56.9	65.4	...
(Annual percentage change)					
Rice (paddy)	-16.3	5.0	12.0	15.0	-53.2
Cassava	-11.1	10.0	12.0	15.0	-39.8
Sweet potato	-18.3	7.9	11.9	15.1	-69.1
Coffee	23.4	0.0	12.1	15.1	...
Cocoa	10.3	-7.1	12.3	15.1	...
Palm kernels	3.9	3.0	1.5	...	...
Kola nuts	...	...	...	...	...
Palm oil	-9.6	12.4	12.0	14.9	...
Memorandum items:					
Supply of rice ('000s of metric tons)					
Domestic production 1/	191.7	213.9	239.6	257.0	129.1
Imports	180	89.3	87.9	68.6	100.6
Supply of rice (percent of total)					
Domestic production	51.6	70.5	73.2	78.9	56.2
Imports	48.4	29.5	26.8	21.1	43.8

Sources: Domestic production data from the Ministry of Agriculture, Forestry, and the Environment (Planning, Evaluation, Monitoring, and Statistics Division (PEMSD)). From 1991/92, import data from the Bank of Sierra Leone.

1/ Paddy converted to rice equivalent based on 5 percent seed, 15 percent postharvest loss, and 65 percent milling recovery rate.

Table 12. Sierra Leone: Domestic Fish Catch, 1996-2000

(In thousands of metric tons)

	1996	1997	1998	1999	2000 Est.
Industrial catch					
Shrimp	2,443	1,989	1,690	2,155	2,230
Tuna	1,011	2,010	4,980	3,662	4,054
Other	13,143	7,138	7,521	9,711	...
Total	16,597	11,137	14,190	15,528	6,284
Artisanal catch	46,673	46,656	46,648	46,420	46,638
Total production	63,270	57,793	60,838	61,948	52,922
(1990 = 100)	27.5	25.1	26.5	26.9	23.0

Source: Fisheries of Sierra Leone, Ministry of Marine Resources.

Table 13. Sierra Leone: Mineral Production, 1996-2000

	1996	1997	1998	1999	2000 Est.
(In units indicated)					
Diamonds					
National Diamond Mining Company					
Quantity (thousands of carats)	0	0	0	0	0
Export value (millions of leones)	0	0	0	0	0
Alluvial Diamond Mining Scheme 1/					
Quantity (thousands of carats)	270	104	16	9	29
Export value (millions of leones) 2/	25,466	10,313	2,782	2,354	10,300
Bauxite (thousands of metric tons) 3/	33	33	0	0	0
Rutile (thousands of metric tons) 3/	6	0	0	5	0
Gold (ounces) 4/	523	0	0	0	0
Ilmenite (thousands of metric tons) 3/	0	0	0	3	0
(1989/90 = 100)					
Memorandum items:					
National Diamond Mining Company (quantity)	0	0	0	0	0
Alluvial Diamond Mining Scheme (quantity)	233	90	14	8	25
Bauxite	2	2	0	0	0
Rutile	5	0	0	4	0
Gold	235	0	0	0	0
Ilmenite	0	0	0	4	0

Sources: BSL Bulletin (various issues), Bank of Sierra Leone; and data provided by the Sierra Leonean authorities.

1/ Figures for exports under Alluvial Diamond Mining Scheme represent both gems and diamonds from 1990/91.

2/ Figures represent official sales of the Government Gold and Diamond Office (GGDO).

3/ The production of bauxite and rutile, as well as ilmenite (a by-product of rutile), ceased in January 1995 with the seizure of mine sites by forces hostile to the government.

4/ Amount of gold purchased by the Bank of Sierra Leone's gold buying unit, which suspended operations in November 1989, recommenced operations in October 1992, and ceased operations in June 1994.

Table 14. Sierra Leone: Production of Manufacturing Establishments, 1996-2000

	1996	1997	1998	1999	2000 Prel.
(In units indicated)					
Food and beverages					
Biscuits (thousands of kilograms)	690	331	178	0	0
Confectionery (thousands of kilograms)	1,533	1,759	1,661	815	1,625
Beer and stout (thousands of crates)	562	187	489	0	188
Spirits (thousands of liters)	0	0	0	0	0
Soft drinks (thousands of crates)	1,371	791	848	787	1,370
Household products and construction					
Matches (cartons)	0	0	0	0	0
Washing soap (metric tons)	1,313	417	323	302	0
Cement (thousands of bags)	1,562	872	814	884	1,586
Nails (cases)	0	0	0	0	0
Paint (thousands of liters)	372	206	215	113	312
Fuel					
Gas, diesel, and fuel oils (millions of liters)	0	0	0	0	0
Kerosene (millions of liters)	0	0	0	0	0
Motor spirits (millions of liters)	0	0	0	0	0
Miscellaneous					
Cigarettes (million of sticks)	493	165	0	0	0
Acetylene (thousands of cubic feet)	212	93	68	14	72
Carbon dioxide (thousands of cubic feet)	171	67	59	17	61
Oxygen (thousands of cubic feet)	1,010	267	607	189	654
Salt (metric tons)	5,539	2,103	2,325	1,229	4,286
(Annual percentage change)					
Beer and stout	20.2	-66.7	161.5	...	...
Soft drinks	100.6	-42.3	7.2	-7.1	74.0
Cigarettes	5.6	-66.5	0.0	0.0	0.0

Sources: BSL Bulletin (various issues), Bank of Sierra Leone; and data provided by the Sierra Leonean authorities.

Table 15. Sierra Leone: Petroleum Prices and Utility Tariffs, March 1997-December 1999

(In leones per unit)

End of period	1997				1998				1999			
	March	June	September	December	March	June	September	December	March	June	September	December
Petroleum products												
	(Per imperial gallon)											
Petrol	3,000	3,000	3,000	3,000	3,000	3,500	3,500	3,500	3,500	4,000	4,500	5,500
Diesel	2,600	2,600	2,600	2,600	2,600	3,000	3,000	3,000	3,000	3,500	4,000	5,000
Kerosene	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,500	4,000
Fuel oil	1,100	1,100	1,100	1,100	1,100	1,250	1,250	1,250	1,250	1,600	2,000	2,500
Telecommunications												
	(Per unit)											
Telephone tariff	60	60	60	60	60	60	60	60	60	60	120	120
Telephone rentals												
Domestic	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	2,400	2,400
Commercial	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	4,800	4,800
Water												
	(Per 1,000 gallons)											
Metered commercial	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	4,000
Electricity												
	(per unit)											
Domestic tariff												
0-30	90	90	90	90	90	90	90	117	117	117	117	117
31-150	110	110	110	110	110	110	110	143	143	143	143	143
151-200	130	130	130	130	130	130	130	169	169	169	169	169
Over 151	130	130	130	130	130	130	130	169	169	169	169	169
Minimum charge	2,500	2,500	2,500	2,500	2,500	2,500	2,500	3,250	3,250	3,250	3,250	3,250
Fixed Charge	3,500	3,500	3,500	3,500	3,500	3,500	3,500	1,300	1,300	1,300	1,300	1,300
Nondomestic tariff												
	(Below 15 kilowatts)											
0-30	100	100	100	100	100	100	100	130	130	130	130	130
31-150	120	120	120	120	120	120	120	156	156	156	156	156
151-200	130	130	130	130	130	130	130	169	169	169	169	169
Over 151	130	130	130	130	130	130	130	169	169	169	169	169
Minimum charge	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,900	3,900	3,900	3,900	3,900
Fixed Charge	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,950	1,950	1,950	1,950	1,950
	(Above 15 kilowatts)											
All units	150	150	150	150	150	150	150	195	195	195	195	195
Minimum charge	50,000	50,000	50,000	50,000	50,000	50,000	50,000	65,000	65,000	65,000	65,000	65,000
Fixed charge	20,000	20,000	20,000	20,000	20,000	20,000	20,000	26,000	26,000	26,000	26,000	26,000
State-run educational institutions and hospitals												
All units	120	120	120	120	120	120	120	156	156	156	156	156
Minimum charge	5,000	5,000	5,000	5,000	5,000	5,000	5,000	6,500	6,500	6,500	6,500	6,500
Fixed charge	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,600	2,600	2,600	2,600	2,600
Churches and mosques												
All units	120	120	120	120	120	120	120	156	156	156	156	156
Minimum charge	5,000	5,000	5,000	5,000	5,000	5,000	5,000	6,500	6,500	6,500	6,500	6,500
Fixed charge	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,600	2,600	2,600	2,600	2,600
Liter (end of period)	0.80											

Source: Data provided by the Sierra Leonean authorities.

Table 16. Sierra Leone: Revised Consumer Price Index for Freetown,
December 1992-October 2000 1/
(1992 = 100)

Weights	All items	Monthly change (in percent)	Annual change (in percent, year-on-year)	Food (54.13)	Beverages and tobacco (3.63)	Nonfood 2/ (42.24)	Clothing (7.35)	Housing (14.75)	Transport and communications (5.93)	Miscellaneous (14.21)
1992										
December	113.8	...	34.8	...	...	...	...	...	...	...
1993										
December	144.1	4.6	15.1	142.0	179.3	143.8	126.3	149.8	123.6	155.2
1994										
December	169.7	-1.2	22.3	180.6	171.3	155.5	112.2	173.2	152.1	160.9
1995										
December	228.2	-1.1	38.9	248.7	193.7	205.0	179.9	231.6	208.9	188.8
1996										
January	241.7	5.9	38.3	267.6	190.9	212.8	181.4	237.2	213.2	203.6
February	244.1	1.0	40.7	267.1	197.5	218.7	188.0	250.8	213.2	203.6
March	246.6	1.0	39.9	276.4	187.1	213.6	191.0	227.6	213.3	210.8
April	248.3	0.7	39.2	280.8	200.6	210.7	192.1	218.2	213.3	211.5
May	249.0	0.3	37.2	278.7	203.6	214.8	195.8	222.8	213.7	216.8
June	245.1	-1.6	26.3	272.2	198.6	214.3	198.8	217.6	213.7	219.2
July	248.7	1.5	18.1	269.9	212.7	224.7	199.9	221.1	273.2	221.0
August	252.3	1.4	16.6	275.6	201.7	226.8	199.9	227.0	273.2	221.0
September	247.5	-1.9	13.8	258.1	200.8	237.9	206.9	237.4	285.2	234.8
October	246.9	-0.2	12.6	253.1	209.6	242.1	206.3	250.8	285.2	233.7
November	243.7	-1.3	5.6	247.0	205.2	242.6	207.1	251.8	285.2	233.8
December	242.8	-0.4	6.4	243.5	215.7	244.3	195.1	247.6	285.2	249.3
1997										
January	244.6	0.7	1.2	246.8	212.9	244.5	195.5	246.0	285.2	251.4
February	244.2	-0.2	0.0	244.9	206.1	246.6	196.3	244.9	285.2	258.3
March	247.6	1.4	0.4	243.7	204.1	256.3	199.9	253.8	319.4	261.8
April	234.4	2.8	2.5	234.4	209.4	258.4	124.6	62.7	258.5	...
May	252.2	-0.9	1.3	249.9	208.3	258.8	124.6	62.7	259.4	...
June	259.7	3.0	6.0	...	...	...	...	...	...	...
July	265.5	2.2	6.8	...	...	...	...	...	...	...
August	271.7	2.3	7.7	...	...	...	...	...	...	...
September	306.6	12.8	23.9	...	...	...	...	...	...	...
October	311.7	1.7	26.2	317.7	338.0	301.7	144.2	80.2	268.5	...
November	335.1	7.5	37.5	331.9	349.3	340.3	155.2	157.8	308.6	...
December	405.3	20.9	66.9	401.8	364.5	413.2	178.8	158.0	320.6	...
1998										
January	460.8	13.7	88.4	482.5	397.5	438.3	186.4	158.0	364.6	...
February	477.1	3.6	95.4	504.8	417.6	446.8	189.8	158.0	364.6	...
March	368.3	-22.8	48.7	374.8	367.2	359.9	189.8	158.2	245.9	...
April	351.1	-4.7	38.0	346.6	303.9	360.9	197.1	158.2	245.9	...
May	357.4	1.8	41.7	357.5	293.1	362.7	193.7	158.3	245.9	...
June	357.1	-0.1	37.5	358.6	289.5	360.8	195.1	158.0	245.9	...
July	362.2	1.4	36.4	365.0	289.3	364.3	193.2	158.3	245.9	...
August	366.7	1.2	35.0	368.8	292.0	370.4	193.9	158.3	245.9	...
September	380.9	3.9	24.2	371.6	290.1	400.5	201.0	158.3	245.9	...
October	372.5	-2.2	19.5	351.5	287.9	406.6	202.6	158.3	247.4	...
November	370.2	-0.6	10.5	347.4	297.2	405.7	213.3	158.0	247.4	...
December	382.3	3.3	-5.7	371.8	298.1	402.9	203.1	158.0	247.4	...
1999										
January	666.7	74.4	44.7	830.4	390.1	480.8	203.1	158.0	247.4	...
February	645.3	-3.2	35.2	761.4	390.1	518.4	203.1	158.0	247.4	...
March	509.9	-21.0	38.5	557.3	417.7	456.9	221.6	158.0	247.4	...
April	473.4	-7.2	34.8	496.8	467.8	443.8	227.2	158.4	247.4	...
May	457.3	-3.4	28.0	474.7	481.5	432.9	223.8	158.4	247.4	...
June	457.0	-0.1	28.0	474.9	499.5	430.4	227.5	158.6	247.4	...
July	480.3	5.1	32.6	482.2	561.3	474.3	227.5	238.3	312.3	...
August	480.8	0.1	31.1	474.7	581.5	483.6	227.5	238.3	353.3	...
September	494.3	2.8	29.8	495.9	572.5	485.6	227.5	238.3	353.3	...
October	493.1	-0.3	32.4	490.3	579.1	489.3	227.5	238.3	368.3	...
November	495.7	0.5	33.9	492.1	534.4	496.7	234.6	238.3	368.3	...
December	522.8	5.5	36.7	522.7	528.9	522.2	234.9	238.3	477.2	...
2000										
January	521.7	-0.2	-21.8	...	...	...	...	...	...	...
February	525.6	0.8	-18.5	...	...	...	...	...	...	...
March	521.8	-0.7	2.3	...	...	...	...	...	...	...
April	519.2	-0.5	9.7	...	...	...	...	...	...	...
May	511.6	-1.5	11.9	...	...	...	...	...	...	...
June	497.0	-2.9	8.7	...	...	...	...	...	...	...
July	496.9	0.0	3.5	...	...	...	...	...	...	...
August	494.8	-0.4	2.9	...	...	...	...	...	...	...
September	505.8	2.2	2.3	...	...	...	...	...	...	...
October	513.8	1.6	4.2	...	...	...	...	...	...	...
Memorandum items:										
Annual inflation rate										
Average										
1994	24.2			34.6	10.3	13.5	3.2	19.4	16.1	11.2
1995	26.0			35.1	-6.5	16.9	18.1	26.8	15.3	6.7
1996	23.1			20.8	17.6	27.4	36.3	14.3	50.7	30.4
1997	14.9			-28.2	-13.7	-14.2	-44.2	-54.9	-22.3	...
1998	35.5			100.8	82.7	101.7	78.8	49.9	38.5	...
1999	34.1			42.4	57.0	22.1	13.9	25.4	16.4	...
2000 3/	5.4			...	...	...	...	...	...	...
End-December										
1994	17.7			27.2	-4.4	8.1	-11.1	15.6	23.1	3.7
1995	34.5			37.7	13.0	31.9	60.2	33.8	37.4	17.3
1996	6.4			-2.1	11.4	19.2	8.5	6.9	36.5	32.0
1997	66.9			65.0	69.0	69.1	-8.4	-36.2	12.4	24.2 4/
1998	-5.7			-7.5	-18.2	-2.5	13.6	0.0	-22.8	...
1999	36.7			40.6	77.4	29.6	15.7	50.8	92.9	...
2000 3/	4.2			...	...	...	...	...	...	...

Sources: Data provided by the Central Statistics Office and the Bank of Sierra Leone.

1/ A new consumer price index was introduced in January 1993, with revised expenditure categories and weights and a new base year (1992). In order to compensate for technical difficulties encountered in 1993 in the weighting and measurement of certain types of fish in the published index (Column I), the index was revised by adjusting downward the weight for whiting (Column II) and by excluding whiting altogether from the index (Column III). The measurement problem was corrected starting in January 1995.

2/ Nonfood items consist of clothing, housing, transportation and communications, and miscellaneous.

3/ Data end in October.

4/ Data end in March.

Table 17. Sierra Leone: Government Budgetary Operations, 1996-2000

	1996	1997	1998	1999	2000 Est.
(In millions of leones)					
Revenue	87,334	45,333	77,199	85,819	155,226
Tax	77,599	39,094	67,704	76,016	138,460
Nontax	9,735	6,239	9,495	9,803	16,766
Expenditure	146,331	108,223	211,524	265,604	434,338
Recurrent expenditure	117,581	96,037	159,384	235,939	340,183
Development expenditure and net lending	28,750	12,186	52,139	29,666	94,155
Overall deficit (commitment basis)					
Excluding grants	-58,997	-62,890	-134,325	-179,786	-279,112
Including grants	-44,378	-58,221	-109,238	-114,395	-145,368
Change in arrears	-13,189	7,885	36,293	33,799	31,399
Overall deficit (cash basis)	-57,567	-50,335	-72,945	-80,596	-113,969
Total financing	57,567	50,335	72,945	80,596	113,969
Foreign financing	32,413	11,702	14,323	-14,674	92,601
Disbursements	45,301	22,932	50,269	20,184	134,574
Amortization	-12,888	-11,229	-35,946	-34,857	-41,973
Amount due					
Arrears					
Domestic financing	23,543	35,752	41,561	88,807	21,346
Bank	20,559	43,829	21,129	82,810	21,346
Nonbank	2,984	-8,077	20,432	5,997	...
Privatization	1,611	1,513	150	176	22
Float/unaccounted	0	1,368	16,911	6,287	0
(In percent of GDP)					
Revenue	10.1	5.4	7.3	7.1	11.7
Expenditure	16.9	13.0	20.1	22.0	32.6
Recurrent expenditure	13.6	11.5	15.2	19.5	25.6
Development expenditure	3.3	1.5	5.0	2.5	7.1
Overall deficit (commitment basis)					
excluding grants	-6.8	-7.5	-12.8	-14.9	-21.0
including grants	-5.1	-7.0	-10.4	-9.5	-10.9
Change in arrears	-1.5	0.9	3.5	2.8	2.4
Overall deficit (cash basis)	-6.6	-6.0	-6.9	-6.7	-8.6
Foreign financing	3.7	1.4	1.4	-1.2	7.0
Domestic financing	2.7	4.3	4.0	7.4	1.6
Bank	2.4	5.3	2.0	6.9	1.6
Nonbank	0.3	-1.0	1.9	0.5	0.0
Privatization	0.2	0.2	0.0	0.0	0.0
Float/unaccounted	0.0	0.2	1.6	0.5	0.0
Memorandum items:					
Opening money stock (in millions of leones)	64,409	86,064	126,633	140,898	198,367
Bank financing/Broad money	31.9	50.9	16.7	58.8	10.8
Primary budget deficit (commitment basis)	-14,033	-34,044	-40,305	-66,131	-84,829
(In percent of GDP)	-1.6	-4.1	-3.8	-5.5	-6.4
GDP at current market prices	867,073	834,499	1,051,335	1,207,721	1,330,319

Sources: Data provided by the Sierra Leonean authorities; and staff estimates.

Table 18. Sierra Leone: Government Revenue, 1996-2000

	1996	1997	1998	1999	2000 Est.
(In millions of leones)					
Taxes on income and profit	13,624	5,970	12,235	21,979	39,897
Corporate profits tax	6,748	...	6,418	8,430	16,599
Individual income tax	6,876	...	5,817	13,549	23,298
Taxes on goods and services	28,266	15,293	19,534	18,484	30,224
Excise duties	18,461	14,061	11,689	12,482	20,187
Fuel and oil	15,945	12,924	10,158	10,603	19,587
Tobacco	...	...	...	...	...
Beer and stout	...	...	...	...	...
Other 1/	2,516	1,137	1,531	1,880	600
Domestic sales tax	3,574	1,232	1,871	415	1,579
Mining licenses	1,458	0	1,551	491	576
Royalties	1,649	0	1,562	2,279	3,044
Bauxite	0	0	0	0	0
Rutile	99	0	0	0	786
Fisheries	1,550	...	1,562	2,278	2,258
Road user fees	3,124	...	2,860	2,817	4,838
Other taxes on goods and services	0	0	0	0	0
Of which					
Taxes on international travel	...	...	...	...	...
Taxes on international trade	41,184	17,831	40,823	40,974	76,300
Import duties	41,184	17,831	40,823	40,974	76,300
Import duty and fees	41,184	17,831	40,823	40,974	76,300
Import sales tax	0	0	0	0	0
Other charges	0	0	0	0	0
Export duties	0	0	0	0	0
Other taxes	2,541	0	3,100	3,036	6,090
Employers' payroll tax	...	...	...	...	...
Freight levy	1,416	...	2,014	734	981
Other 2/	1,125	0	1,086	2,301	5,109
Total tax revenue	85,615	39,094	75,692	84,472	152,511
Nontax revenue	1,719	6,239	1,507	1,347	2,714
Property income	...	...	...	...	...
Public enterprises	...	...	...	...	...
Other	...	...	...	...	...
Administration fees and other charges	...	...	...	...	...
Other	...	...	...	...	...
Total revenue	87,334	45,333	77,199	85,819	155,226
(In percent of GDP)					
Taxes on income and profit	1.6	0.7	1.2	1.8	3.0
Taxes on goods and services	3.3	1.8	1.9	1.5	2.3
Taxes on international trade	4.7	2.1	3.9	3.4	5.7
Other taxes	0.3	0.0	0.3	0.3	0.5
Tax revenue	9.9	4.7	7.2	7.0	11.5
Nontax revenue	0.2	0.7	0.1	0.1	0.2
Total revenue	10.1	5.4	7.3	7.1	11.7
(In percent of total revenue)					
Taxes on income and profit	15.6	13.2	15.8	25.6	25.7
Taxes on goods and services	32.4	33.7	25.3	21.5	19.5
Taxes on international trade	47.2	39.3	52.9	47.7	49.2
Other taxes	2.9	0.0	4.0	3.5	3.9
Tax revenue	98.0	86.2	98.0	98.4	98.3
Nontax revenue	2.0	13.8	2.0	1.6	1.7

Sources: Sierra Leonean authorities; and staff estimates.

1/ For 1996, includes excise duties collected on tobacco and beer and stout.

2/ For 1996, includes employers' payroll tax and taxes on international travel.

Table 19. Sierra Leone: Economic Classification of Recurrent Expenditure, 1996-2000

	1996	1997	1998	1999	2000 Est.
(In millions of leones)					
Wages and salaries	40,090	34,439	50,753	73,032	93,985
<i>Of which</i>					
Rice supplement	10,565	6,963	516	0	0
Purchases of goods and services	51,042	40,724	42,683	78,486	142,850
<i>Of which</i>					
Emergency defense	17,119	13,136	7,429	30,672	45,083
Subsidies and transfers	8,092	3,241	15,304	14,183	18,362
Education	3,306	3,134	7,428	8,871	11,524
Liberian relief operations 1/	341	52	4,370	0	0
Local government	4,445	55	3,506	5,312	6,838
Pensions	0	0	0	0	0
Interest	18,357	17,633	50,644	70,238	84,986
Domestic	9,419	9,047	22,822	43,933	51,530
Foreign	8,938	8,586	27,822	26,305	33,456
Total recurrent expenditure	117,581	96,037	159,384	235,939	340,183
(In percent of GDP)					
Wages and salaries	4.6	4.1	4.8	6.0	7.1
<i>Of which</i>					
Rice supplement	1.2	0.8	0.0	0.0	0.0
Purchases of goods and services	5.9	4.9	4.1	6.5	10.7
<i>Of which</i>					
Emergency defense	2.0	1.6	0.7	2.5	3.4
Subsidies and transfers	0.9	0.4	1.5	1.2	1.4
Interest	2.1	2.1	4.8	5.8	6.4
<i>Of which</i>					
Domestic	1.1	1.1	2.2	3.6	3.9
(In percent of total recurrent expenditure)					
Wages and salaries	34.1	35.9	31.8	31.0	27.6
Purchases of goods and services	43.4	42.4	26.8	33.3	42.0
Subsidies and transfers	6.9	3.4	9.6	6.0	5.4
Interest	15.6	18.4	31.8	29.8	25.0
<i>Of which</i>					
Domestic	8.0	9.4	14.3	18.6	15.1

Sources: Data provided by the Sierra Leonean authorities; and staff estimates.

1/ Sierra Leonean government's contribution to ECOMOG (Economic Community of West African States (ECOWAS) Monitoring Group).

Table 20. Sierra Leone: Functional Classification of Recurrent Expenditure, 1996-1999

	1996	1997	1998	1999
(In millions of leones)				
General public services	15,966	...	19,067	32,585
Defense	24,673	...	15,721	30,672
Education	16,716	...	26,251	43,744
General administration	1,845	...	2,016	2,655
Schools	10,701	...	14,744	29,816
Primary	6,180	...	9,157	19,743
Secondary	4,521	...	5,587	10,073
Universities and colleges	3,588	...	8,000	8,871
Technical and vocational	582	...	1,491	2,402
Health	8,139	...	8,154	6,787
Social security and welfare	2,665	...	3,595	6,015
General administration	313	...	438	195
Pensions	2,352	...	3,157	5,820
Housing and community amenities	468	...	573	460
Other community and social services	3,217	...	2,519	2,905
Economic services	11,874	...	10,575	13,537
Agriculture	1,365	...	4,004	4,252
Mining and manufacturing	234	...	544	573
Electricity and water	537	...	872	1,103
Transportation	4,381	...	724	848
Other	5,357	...	4,431	6,761
Unallocated and other purposes	33,863	...	72,929	99,234
Public debt interest and commissions	18,357	17,633	50,184	70,328
Other purposes	15,506	...	22,745	28,906
Total recurrent expenditure	117,581	96,037	159,384	235,939
(In percent of GDP)				
General public services	1.8	...	1.8	2.7
Defense	2.8	...	1.5	2.5
Education	1.9	...	2.5	3.6
Health	0.9	...	0.8	0.6
Social security and welfare	0.3	...	0.3	0.5
Housing and community amenities	0.1	...	0.1	0.0
Other community and social services	0.4	...	0.2	0.2
Economic services	1.4	...	1.0	1.1
Public debt interest and commissions	2.1	2.1	4.8	5.8
Other purposes	1.8	...	2.2	2.4
(In percent of total recurrent expenditure)				
General public services	13.6	...	12.0	13.8
Defense	21.0	...	9.9	13.0
Education	14.2	...	16.5	18.5
Health	6.9	...	5.1	2.9
Social security and welfare	2.3	...	2.3	2.5
Housing and community amenities	0.4	...	0.4	0.2
Other community and social services	2.7	...	1.6	1.2
Economic services	10.1	...	6.6	5.7
Public debt interest and commissions	15.6	18.4	31.5	29.8
Other purposes	13.2	...	14.3	12.3

Source: Data provided by the Sierra Leonean authorities.

Table 21. Sierra Leone: Government Debt Outstanding by Type of Holder and Instrument, 1996-99

	1996	1997	1998	1999
(In millions of leones)				
Domestic debt	445,198	485,816	528,514	625,464
Government stock	399,724	399,415	398,762	398,386
Bank of Sierra Leone	399,675	399,366	398,762	398,386
Commercial banks	35	35	0	0
Other 1/	14	14	0	0
Treasury bills	25,777	21,642	64,033	95,289
Bank of Sierra Leone	6,659	10,105	16,289	18,220
Commercial banks	15,754	9,342	40,039	70,049
Other 1/	3,364	2,195	7,705	7,020
Treasury bearer bonds	11,623	12,358	28,777	26,179
Bank of Sierra Leone	1,021	9,086	10,675	495
Commercial banks	2,621	906	800	1,700
Other 1/	7,981	2,366	17,302	23,984
Short-term loans and advances from the	8,074	52,401	36,942	105,610
Bank of Sierra Leone				
Ways and means advances	8,014	52,373	36,620	105,150
Other advances	60	28	322	460
Foreign debt	822,683	924,700	1,579,057	1,852,722
International development institutions	575,901	655,681	1,089,952	1,297,519
Foreign governments	158,044	174,403	287,349	354,394
Suppliers' credit	0	0	0	0
Other loans	88,738	94,616	201,756	200,809
Total debt	1,267,881	1,410,516	2,107,571	2,478,186
Memorandum items:	(In percent of total, unless otherwise indicated)			
Type of domestic debt instrument				
Government stock	89.8	82.2	75.4	63.7
Treasury bills	5.8	4.5	12.1	15.2
Treasury bearer bonds	2.6	2.5	5.4	4.2
Short-term loans and advances	1.8	10.8	7.0	16.9
Type of debt holder				
Domestic				
Bank of Sierra Leone	93.1	95.1	85.5	83.5
Commercial banks	3.5	1.9	7.6	11.2
Foreign				
International development institutions	70.0	70.9	69.0	70.0
Foreign governments	19.2	18.9	18.2	19.1
Suppliers' credit	0.0	0.0	0.0	0.0
Other loans	10.8	10.2	12.8	10.8
Total debt/GDP				
Domestic debt/GDP	51.3	58.2	50.3	51.8
Foreign debt/GDP	94.9	110.8	150.2	153.4

Source: Sierra Leonean authorities.

1/ Includes nonbank public and public sector enterprises.

Table 22. Sierra Leone: Central Government Social Expenditure and Social Indicators, 1996-1999

	1996	1997	1998	1999
(In millions of leones, unless otherwise indicated)				
Education expenditure	15,944	...	31,128	44,301
Primary education	...	...	...	...
Secondary education	...	...	...	...
Higher education	...	...	...	...
Health expenditure	8,139	...	8,670	6,787
Preventive services 1/	...	...	...	...
Curative services 2/	...	...	...	...
Administration and training 3/	...	...	...	...
Social indicators				
Illiteracy rate	67	68.11	68.5	68.5
Net school enrollment rate	36	37	44	44
Primary school enrollment	...	...	...	...
Female	...	...	...	...
Secondary school enrollment	...	...	...	...
Female	...	...	...	...
Life expectancy at birth (years)	40.3	40.3	38	38
Percent of population with access to health care	38	38	36	36
Percent of population with access to safe water	34	34	34	34
Percent of population below the poverty line	...	...	...	...
Infant mortality rate	132	169	164	164

Sources: Sierra Leonean authorities; Central Statistics Office, Draft Sierra Leone 2000 National Human Development and Related Indicators, 2000.

1/ In general, health spending data are broken down by "hospitals," "clinics," "health centers," "research," and "administration." A more meaningful classification can be constructed by reallocating expenditures in terms of preventive services, curative services, and administration and training. Preventive services include immunization programs, programs aimed at monitoring women's health (e.g., midwife stations), health education, centers for communicable diseases, and health centers that mostly provide preventive services.

2/ This would comprise clinics and hospitals, including teaching hospitals.

3/ This would include expenditures on the Ministry of Health and regional administration centers, training programs, the cost of physicians' training and research.

Table 23. Sierra Leone: List of Public Enterprises

(As of December 1999)

Name	Sector	Legal status	Government participation (In percent)	Capital	Turnover	Personnel
				(In millions of leones)		
Sierra Leone Commercial Bank Ltd.	Banking	Limited Company	100	600	8,400	263
National Development Bank Ltd.	Banking	Limited Company	99	2,204	217	57
Guma Valley Water Company Ltd.	Energy	Company	95	1,223	3,750	325
Sierra Leone Ports Authority	Transport	Corporation	100	n.a.	6,762	1,600
Sierra Leone State Lottery Ltd.	Finance	Limited Company	100	1,900	7,518	150
National Insurance Company Ltd.	Insurance	Limited Company	100	493	1,136	98
Sierra Leone National Shipping Co. Ltd.	Shipping	Limited Company	100	10,000	357	51
Mining and General Services Ltd.	Shipping	Limited Company	51	0.4	376	47
Sierra Leone Road Transport Corporation	Transport	Corporation	100	n.a.	700	186
Sierra Leone Airports Authority	Transport	Authority	100	n.a.	3,248	200
Sierra Leone Roads Authority	Works	Authority	100	n.a.	3,685	507
Sierra Leone Telecommunications Company Ltd.	Communications	Limited Company	100	13,303	9,500	950
Sierra National Airlines	Transport	Limited Company	100	675	2,032	192
Sierra Leone Postal Services	Telecommunications	Limited Company	100	10,000	476	320
Natinal Power Authority	Energy	Authority	100	9,223	4,383	679
Sierra Leone Housing Corporation	Housing	Corporation	100	10,000	10	58
Magbass Sugar Complex	Trade	Authority	100	n.a.	n.a.	n.a.
Torma Bum Rice Development Authority	Agriculture	Authority	100	n.a.	n.a.	n.a.
Marampa Iron Ore Mining Company	Mining	Limited Company	100	n.a.	n.a.	n.a.
Forest Industries Corporation	Forestry	Company	100	n.a.	n.a.	n.a.
National Workshop	Trade	Authority	40	n.a.	n.a.	n.a.
Sierra Leone Daily Mail	Media	Corporation	100	n.a.	n.a.	n.a.
Sierra Leone Government Printing Dept.	Media	Departemnt	100	n.a.	n.a.	n.a.

Source: Public Enterprise Reform Unit, Ministry of Finance.

Table 24. Sierra Leone: Monetary Survey and Summary Accounts of the Bank of Sierra Leone, March 1996 - December 2000

	1996		1997		1998				1999				2000			
	Mar.	Dec.	Mar.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec. Prel.
(In millions of Leones; end of period)																
Foreign assets (net)	-157,506	-159,031	-102,604	-169,571	-198,898	-187,330	-214,119	-207,598	-220,166	-247,486	-307,640	-318,323	-289,006	-261,630	-276,713	-254,143
Bank of Sierra Leone	-173,722	-177,110	-121,777	-190,423	-220,605	-215,378	-246,670	-238,153	-249,929	-277,767	-339,205	-359,176	-330,850	-297,849	-324,693	-302,123
Commercial banks	16,216	18,079	19,173	20,852	21,707	28,048	32,551	30,555	29,764	30,280	31,565	40,852	41,844	36,219	47,980	47,980
Net domestic assets	235,048	245,095	192,098	296,205	342,119	325,870	345,367	348,496	381,500	417,485	482,926	516,690	475,636	457,577	477,001	493,559
Domestic credit	434,275	451,663	452,468	501,145	515,645	518,181	525,269	523,372	568,964	588,222	606,486	602,619	632,074	715,590	742,172	762,864
Claims on government (net)	415,891	429,695	427,947	473,524	487,934	493,345	493,943	494,653	541,862	564,009	580,805	577,463	604,426	687,799	714,936	733,093
Claims on private sector 1/	18,385	21,968	24,521	27,621	27,710	24,836	31,325	28,719	27,102	24,213	25,681	25,156	27,648	27,791	27,237	29,771
Other Items Net	-199,227	-206,568	-260,370	-204,940	-173,526	-192,311	-179,902	-174,876	-187,464	-170,737	-123,560	-85,929	-156,438	-258,013	-265,171	-269,305
Money and quasi money (M2) 2/	77,542	86,064	89,494	126,633	143,221	138,539	131,247	140,898	161,334	169,999	175,285	198,367	186,630	194,947	201,118	239,417
Money	48,317	53,208	56,989	83,612	97,531	89,317	81,447	89,744	108,020	114,463	120,684	134,078	128,673	130,280	125,690	149,396
Currency	34,036	37,592	40,448	59,118	70,873	57,069	51,947	63,869	72,441	78,061	77,107	86,279	87,713	87,008	81,335	94,330
Demand deposits	14,281	15,616	16,541	24,494	26,659	32,247	29,500	25,875	35,579	36,402	43,577	47,800	40,960	43,272	44,355	55,066
Quasi money	29,225	32,856	32,505	43,021	45,689	49,223	49,800	51,155	53,315	55,536	54,602	64,288	57,957	64,668	75,428	90,021
Balance sheet of the Bank of Sierra Leone																
Reserve money	37,852	43,548	44,234	91,009	102,976	77,787	64,797	72,415	118,617	98,478	88,693	100,627	96,807	99,196	90,367	106,796
Net international reserves	-181,232	-149,826	-129,085	-199,934	-230,737	-218,985	-250,239	-240,116	-256,370	-281,448	-339,140	-360,833	-330,591	-301,629	-327,138	-302,123
Net domestic assets	211,574	220,658	166,011	281,432	323,581	293,165	311,467	310,568	368,546	376,245	427,898	459,803	427,657	397,045	415,061	408,918
Net claims on government	400,098	413,326	409,761	466,404	483,212	459,308	461,420	458,552	514,003	512,785	520,193	519,362	548,565	627,704	648,165	642,022
Other items (net)	-188,524	-192,669	-243,750	-184,971	-159,631	-166,143	-149,953	-147,983	-145,456	-136,540	-92,295	-59,559	-120,908	-230,660	-233,104	-233,104
Revaluation adjustment	-12,925	-832	21,844	40,714	55,879	170,459	173,410	57,997	57,454	74,270	120,674	135,494	59,097	28,478	27,362	27,362
Memorandum items:																
(Percentage change)																
Money multiplier (M2/Reserve Money)	2.05	1.98	2.02	1.39	1.39	1.78	2.03	1.95	1.36	1.73	1.98	1.97	1.93	1.97	2.23	2.24
(Ratios in percent)																
Claims on government/Domestic credit	95.8	95.1	94.6	94.5	94.6	95.2	94.0	94.5	95.2	95.9	95.8	95.8	95.6	96.1	96.3	96.1
Reserve money/Broad money	48.8	50.6	49.4	71.9	71.9	56.1	49.4	51.4	73.5	57.9	50.6	50.7	51.9	50.9	44.9	44.6
Currency/Deposits	110.0	110.4	112.3	122.1	137.5	94.0	94.4	119.0	111.5	115.1	103.9	105.3	117.0	111.5	101.0	95.6
Bank Reserves/Deposits	12.3	17.5	10.5	65.9	62.3	34.1	23.3	15.9	71.1	30.1	15.6	17.5	12.1	15.6	11.2	12.6
Liquid assets/Deposits	69.6	71.5	69.7	87.0	77.7	91.1	86.7	92.0	121.4	117.4	113.5	105.1	100.9	107.7	108.7	116.8
Broad money (year-on-year)	...	...	15.4	47.1	60.0	...	...	11.3	12.6	22.7	33.6	40.8	15.7	14.7	14.7	20.7
Reserve money (year-on-year)	...	...	16.9	109.0	132.8	...	...	-20.4	15.2	26.6	36.9	39.0	-18.4	0.7	1.9	6.1
Contributions to the year-on-year growth in broad money																
Net foreign assets	...	...	70.8	-12.2	-107.6	...	...	-30.0	-14.8	-43.4	-71.3	-78.6	-42.7	-8.3	17.6	32.4
Net domestic assets	...	...	-55.4	59.4	167.6	...	...	41.3	27.5	66.1	104.8	119.4	58.3	23.6	-3.4	-11.7
Net credit to the government	...	...	15.5	50.9	67.0	...	...	16.7	37.7	51.0	66.2	58.8	38.8	72.8	76.5	78.5
Credit to the rest of the economy	...	...	7.9	6.6	3.6	...	...	0.9	-0.4	-0.4	-4.3	-2.5	0.3	2.1	0.9	2.3

Source: Sierra Leonean authorities; and staff estimates.

1/ Includes Credit to Public Enterprises.

2/ Including foreign currency deposits beginning 1997.

Table 25. Sierra Leone: Summary Account for the Commercial Bank, March 1996-December 2000

(In millions of leones)

	1996		1997		1998				1999				2000			
	Mar.	Dec.	Mar.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec. Prel.
Net foreign assets	16,216	18,079	19,173	20,852	21,707	28,048	32,551	30,555	29,764	30,280	31,565	40,852	41,844	36,219	47,980	47,980
Assets	19,227	18,079	19,173	20,852	21,707	28,048	32,551	30,555	29,764	30,280	31,565	40,852	41,844	36,219	47,980	47,980
Liabilities	-3,011	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserve	4,742	5,926	3,926	26,240	31,812	21,533	11,901	8,088	32,441	14,175	15,564	23,229	11,340	15,725	9,795	18,516
Cash in hand	1,791	2,672	2,028	3,722	3,697	5,121	3,305	3,732	5,814	3,014	3,316	5,036	2,879	3,622	3,984	6,050
Deposits at central bank	2,951	3,255	1,899	22,518	28,114	16,412	8,596	4,356	26,626	11,161	12,248	18,193	8,461	12,103	5,811	12,466
Net claims on government 1/	15,793	16,369	18,186	7,121	4,722	34,037	32,523	36,102	27,860	51,224	60,612	58,102	55,861	60,094	66,771	91,071
Treasury bills	16,365	15,754	18,734	9,342	7,361	32,067	34,051	40,039	31,853	57,952	71,188	70,049	62,870	68,769	74,084	98,384
Treasury bearer bonds	1,357	2,621	2,578	906	596	2,500	800	800	800	1,305	1,500	1,700	3,632	3,140	4,399	4,399
Government securities	35	35	35	35	0	0	0	0	0	0	0	0	0	0	0	0
Government deposits	-1,975	-2,102	-3,188	-3,190	-3,263	-2,174	-2,505	-5,059	-5,249	-8,371	-12,953	-14,107	-10,829	-12,016	-12,164	-12,164
Claims on public entities	278	30	559	335	335	28	57	63	62	73	110	68	352	412	566	623
Claims on private sector 2/	17,460	20,705	21,207	24,506	24,643	22,080	28,071	26,895	26,015	23,188	24,203	24,234	25,988	25,802	25,392	27,869
Deposits liabilities	42,865	47,660	48,692	62,119	65,470	80,746	78,926	76,770	88,642	89,000	92,577	106,486	98,019	105,188	116,412	145,086
Demand deposits	26,202	29,234	29,223	38,195	40,574	52,296	53,387	48,953	59,267	57,563	61,927	72,374	64,027	70,400	80,231	101,513
of which																
Foreign currency deposits	11,921	13,618	12,682	13,701	13,915	20,048	23,887	23,078	23,688	21,161	18,350	24,574	23,067	27,128	35,875	46,447
Time and savings deposits	16,663	18,426	19,469	23,924	24,896	28,450	25,539	27,817	29,375	31,437	30,649	34,112	33,992	34,788	36,182	43,574
Capital accounts	14,127	20,564	19,584	18,607	18,939	21,245	25,223	22,994	24,939	26,553	28,990	34,664	37,652	41,569	45,455	45,455
Other items (Net)	-2,504	-7,115	-5,224	-1,673	-1,191	3,734	952	1,938	2,560	3,387	10,487	5,336	-286	-9,505	-10,534	-10,534

Sources: Sierra Leonean authorities; and staff estimates and projections.

1/ Includes loans and advances.

2/ Includes claims on nonbank financial institutions beginning June 1996.

Table 26. Sierra Leone: Commercial Banks Liquidity Ratios, March 1996 - December 2000

	1996		1997		1998				1999				2000			
	Mar.	Dec.	Mar.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec. Prel.
(In millions of Leones; end of period)																
Cash plus liquid assets	21,107	21,680	22,661	35,582	39,173	53,600	45,952	48,127	64,294	72,127	86,752	93,278	74,210	84,494	83,879	116,900
Cash reserves	4,742	5,926	3,926	26,240	31,812	21,533	11,901	8,088	32,441	14,175	15,564	23,229	11,340	15,725	9,795	18,516
Cash in hand	1,791	2,672	2,028	3,722	3,697	5,121	3,305	3,732	5,814	3,014	3,316	5,036	2,879	3,622	3,984	6,050
Deposits in central bank	2,951	3,255	1,899	22,518	28,114	16,412	8,596	4,356	26,626	11,161	12,248	18,193	8,461	12,103	5,811	12,466
Liquid assets (Treasury bills only)	16,365	15,754	18,734	9,342	7,361	32,067	34,051	40,039	31,853	57,952	71,188	70,049	62,870	68,769	74,084	98,384
(In percent of total bank deposits)																
Overall liquidity ratio	68.2	63.7	62.9	73.5	76.0	88.3	83.5	89.6	99.0	106.3	116.9	113.9	99.0	108.2	104.1	118.5
Cash reserves	15.3	17.4	10.9	54.2	61.7	35.5	21.6	15.1	49.9	20.9	21.0	28.4	15.1	20.1	12.2	18.8
Cash in hand	5.8	7.8	5.6	7.7	7.2	8.4	6.0	7.0	9.0	4.4	4.5	6.1	3.8	4.6	4.9	6.1
Deposits in central bank	9.5	9.6	5.3	46.5	54.5	27.0	15.6	8.1	41.0	16.5	16.5	22.2	11.3	15.5	7.2	12.6
Liquid assets	52.9	46.3	52.0	19.3	14.3	52.8	61.9	74.6	49.0	85.4	95.9	85.5	83.9	88.1	92.0	99.7
(In millions of Leones; end of period)																
Required liquidity	39.2	39.2	39.2	40.1	40.3	40.6	40.7	39.6	41.0	40.7	41.7	41.7	40.9	41.1	41.0	41.2
Cash	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Liquid assets	29.2	29.2	29.2	30.1	30.3	30.6	30.7	29.6	31.0	30.7	31.7	31.7	30.9	31.1	31.0	31.2
(In millions of Leones; end of period)																
Excess/deficit() liquidity	7,176	5,673	6,522	12,435	14,678	23,821	20,235	23,113	31,877	41,481	52,452	54,109	40,654	48,800	46,863	70,245
(In millions of Leones; end of period)																
Memorandum items																
Total deposit liabilities	30,945	34,042	36,010	48,419	51,555	60,698	55,039	53,692	64,954	67,839	74,226	81,912	74,953	78,060	80,537	98,640
Demand	14,281	15,616	16,541	24,494	26,659	32,247	29,500	25,875	35,579	36,402	43,577	47,800	40,960	43,272	44,355	55,066
Time and savings	16,663	18,426	19,469	23,924	24,896	28,450	25,539	27,817	29,375	31,437	30,649	34,112	33,992	34,788	36,182	43,574

Source: Bank of Sierra Leone.

Table 27. Sierra Leone: Distribution of Commercial Bank Loans and Advances by Major Sectors, December 1996-December, 1999
(In percent: end of period)

	1996		1997				1998				1999			
	June	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec
Commerce and Finance	41.0	48.2	46.1	...	...	...	50.2	48.0	51.3	55.4	53.8	49.7	47.8	47.5
Construction	9.1	9.2	10.0	...	...	...	11.3	12.0	11.3	9.3	11.2	13.3	12.9	12.9
Manufacturing	17.3	15.2	18.7	...	...	...	14.5	15.2	17.4	10.1	14.3	11.4	13.8	13.3
Agriculture, forestry, and fishing	3.1	3.7	3.0	...	...	...	2.9	3.3	3.1	3.3	3.5	4.0	4.4	4.6
Mining and quarrying	2.8	2.0	1.9	...	...	...	1.2	0.8	1.0	0.6	0.6	0.7	0.6	0.6
Other 1/	26.7	21.7	20.3	...	...	...	19.9	20.7	15.9	21.3	16.6	20.9	20.5	21.1
Total	100	100	100	...	...	...	100	100	100	100	100	100	100	100

Source: Bank of Sierra Leone

1/ Includes the following: a) Electricity, gas, and water; b) Transport, storage, and communication; c) Services; and d) Miscellaneous.

Table 28. Sierra Leone: Structure of Interest Rates, June 1996-September 2000

	1996		1997				1998				1999				2000		
	June	Dec	March	June*	Sept*	Dec*	March*	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept
(In percent per annum)																	
Lending rates																	
Treasury bills 1/																	
Ordinary 2/	32.40	20.03	19.39	8.83	8.83	8.83	8.83	17.51	36.85	34.40	34.25	30.07	31.84	34.71	36.66	17.97	20.89
Special 3/	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Treasury Bearer Bonds 4/	30.00	25.00	25.00	22.00	22.00	22.00	22.00	35.00	40.00	40.00	40.00	40.50	40.00	40.00	40.00	25.00	25.00
Commercial banks' prime rate 5/	34.00	29.00	25.00	23.00	23.00	23.00	23.00	22.00	26.00	27.00	26.00	27.00	27.00	27.00	27.00	26.00	25.00
Deposit rates 6/																	
Time deposits with commercial banks																	
Up to one month	11.60	11.00	10.06	12.00	7.00	5.00	5.00	4.25	7.83	8.26	8.46	8.50	8.33	8.25	8.33	8.33	8.13
1-3 months	14.80	13.44	11.56	13.00	8.00	6.00	6.00	5.13	9.35	10.00	10.00	9.25	9.40	9.40	9.40	9.60	8.88
3-6 months	15.90	14.94	12.88	14.00	9.00	7.00	7.00	6.00	10.66	11.50	11.54	10.50	10.60	10.60	10.60	10.80	10.08
6-9 months	16.30	15.25	14.33	15.00	10.00	8.00	8.00	6.67	11.58	12.20	12.65	12.00	12.00	12.00	12.00	12.00	11.28
9-12 months	19.70	18.50	16.44	17.00	12.00	10.00	10.00	7.30	12.41	13.20	13.48	11.75	12.20	12.20	12.20	12.40	11.60
12-18 months	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
18-24 months	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Savings deposits	10.20	8.44	6.87	9.00	5.00	3.00	3.00	3.25	7.78	8.25	8.31	6.75	7.00	7.00	6.00	6.40	6.08

Source: Data provided by the Sierra Leonean authorities.

1/ Annual rate equivalent. Ordinary 91-day treasury bills are sold to banks and other financial and non financial institutions, while special treasury Bills are sold to the non bank public. Both are zero coupon.

2/ Since late January 1992, rates on ordinary treasury bills have been market determined at weekly auctions by the Bank of Sierra Leone with commercial banks.

3/ As of August 1992, the treasury bill market was unified and the issuance of special treasury bills discontinued.

4/ Annual effective yield on the latest issue. One year bearer bonds introduced in August 1993. Sold at fixed coupon rate of interest until March 1995, when an auction system was introduced.

5/ Lending rates have been freely determined by commercial banks since April 1990.

6/ Deposit rates have been freely determined by commercial banks since August 16, 1993. Prior to that date, the Bank of Sierra Leone administered minimum deposit rates.

* Only one Commercial Bank was in operation.

Table 29. Sierra Leone: List of Commercial Banks

(As of December 1999)

Name	Date of Establishment	Shareholders 1/		Capital and Reserves Paid up Capital 2/	Reserve 2/	Total Deposits 2/	Gross Loans 2/	Number of Branches	Number of Personnel
		Public	Private						
SLCB	February 15, 1973	100	-	600	912	38,890	9,212	5	276
RCB	September 20, 1999	51	49	373	874	30,326	9,255	1	133
SCBSL	March 18, 1971	-	100	542	1,077	41,930	5,235	1	85
UTB	April 26, 1995	-	100	671	463	8,186	2,147	1	70
FMB	May 10, 1999	-	100	3,314	-	1,260	8	1	25

Source: Bank of Sierra Leone

1/ In percent.

2/ In millions of leones.

SLCB - Sierra Leone Commercial Bank Limited

RCB - Rokel Commercial Bank (SL) Limited

SCBSL - Standard Chartered Bank Sierra Leone Limited

UTB - Union Trust Bank Limited

FMB - First Merchant Bank Of Sierra Leone Limited

Table 30. Sierra Leone: Exchange Rate Developments, 1990-2000

		Real effective exchange rate (1990 = 100)		Nominal effective exchange rate (1990 = 100)		Leones per U.S. dollar	
		(period average)	(end-period)	(period average)	(end-period)	(period average)	(end-period)
1990		100.0	97.1	100.0	76.2	151.4	188.7
1991		101.3	91.8	55.8	36.9	295.3	434.8
1992		92.3	97.6	32.5	32.5	499.4	526.3
1993		102.8	115.0	33.3	34.9	567.5	577.6
1994		117.6	116.6	35.1	33.6	586.7	613.0
1995		106.3	92.7	26.7	20.7	755.2	934.2
1996		107.3	103.5	22.1	22.6	920.7	918.9
1997		123.2	128.6	23.0	17.3	981.5	1,261.2
1998		106.0	93.0	14.6	13.7	1,563.6	1,604.7
1999		123.5	95.0	12.9	10.4	1,819.3	2,141.2
2000 1/		90.8	118.7	11.5	12.5	2,147.0	2,036.3
1993	Q1	97.7	98.0	32.5	32.6	558.7	561.8
	Q2	99.2	101.8	32.3	33.0	564.4	565.0
	Q3	104.0	102.0	33.9	33.5	569.7	571.4
	Q4	110.4	115.0	34.6	34.9	577.0	577.6
1994	Q1	114.4	115.0	35.7	35.8	578.7	577.2
	Q2	118.3	119.0	36.1	35.9	579.3	583.4
	Q3	119.9	119.6	34.9	34.3	587.6	597.1
	Q4	117.9	116.6	33.7	33.6	601.3	613.0
1995	Q1	111.4	109.7	31.8	30.8	629.4	639.5
	Q2	111.3	112.8	29.4	28.3	654.8	747.5
	Q3	106.3	103.5	24.5	23.5	802.5	882.2
	Q4	96.1	92.7	21.3	20.7	934.2	943.4
1996	Q1	100.7	104.2	21.5	21.7	940.1	935.9
	Q2	112.6	113.1	22.6	22.8	904.9	900.7
	Q3	110.5	107.3	22.2	21.8	919.1	925.9
	Q4	105.6	103.5	22.2	22.6	918.9	909.1
1997	Q1	110.1	120.2	24.2	25.6	884.4	819.7
	Q2	134.6	138.2	26.6	26.7	819.1	808.6
	Q3	130.1	123.9	23.6	20.7	961.2	1,097.7
	Q4	118.2	128.6	17.7	17.3	1,261.2	1,333.3
1998	Q1	116.0	101.1	14.9	14.9	1,548.2	1,569.3
	Q2	105.3	107.6	15.2	15.2	1,519.8	1,516.1
	Q3	105.4	104.0	14.5	14.1	1,581.8	1,610.3
	Q4	97.4	93.0	13.7	13.7	1,604.7	1,590.8
1999	Q1	150.3	127.0	14.2	13.7	1,573.5	1,640.2
	Q2	124.1	121.2	14.0	13.4	1,670.9	1,803.1
	Q3	117.4	109.7	12.4	11.6	1,891.5	2,054.8
	Q4	102.5	95.0	10.9	10.4	2,141.2	2,276.3
2000	Q1	90.2	95.3	10.1	10.3	2,350.2	2,260.6
	Q2	119.4	118.8	12.3	12.3	2,000.4	2,005.9
	Q3	113.9	113.9	11.9	12.0	2,105.8	2,098.7
Memorandum item:		(Annual percentage change)					
1990		0.0	0.0	-58.0	-65.1	153.2	188.7
1991		1.3	-5.4	-44.2	-51.6	95.0	130.4
1992		-8.8	6.2	-41.6	-11.8	69.1	21.1
1993		11.4	17.9	2.4	7.3	13.6	9.8
1994		14.4	1.4	5.4	-3.7	3.4	6.1
1995		-9.6	-20.5	-23.8	-38.4	28.7	52.4
1996		1.0	11.7	-17.3	9.1	21.9	-1.6
1997		14.8	24.3	4.1	-23.3	6.6	37.2
1998		-14.0	-27.7	-36.8	-21.2	59.3	27.2
1999		16.5	2.1	-11.6	-23.5	16.3	33.4
2000		-12.7 2/	9.3 3/	-14.5 2/	10.9 3/	25.2 2/	3.0 3/

Sources: Data provided by the Sierra Leonean authorities; IFS; and IMF Information Notice System.

1/ Data to end-October.

2/ 12-month average ending October.

3/ End-October 1999-to-end-October 2000.

Table 31. Sierra Leone: Balance of Payments, 1996-2000

(In millions of U.S. dollars, unless otherwise indicated)

	1996 Act.	1997 Act.	1998 Act.	1999 Est.	2000 Prel.
Current account balance	-101.8	-8.6	-42.2	-18.3	-53.0
Trade balance	-80.0	7.0	-20.1	-6.9	-70.9
Exports (f.o.b.)	104.9	88.1	65.0	61.3	74.5
Rutile, Bauxite, Kimberlite and Gold	3.2	1.4	0.0	1.2	0.0
Diamonds 1/	86.5	78.5	60.2	56.3	72.0
Recorded exports	28.3	7.6	1.8	1.2	10.0
Unrecorded exports	58.2	70.9	58.4	55.1	62.0
Other	15.2	8.2	4.8	3.9	2.5
Agricultural exports	5.2	4.4	2.8	1.4	1.5
Cocoa beans	2.5	2.0	1.5	0.6	0.5
Coffee	1.4	2.0	1.1	0.7	1.0
Other	1.3	0.3	0.3	0.1	0.0
Fishery products	1.842	1.08	0.078	0	0.011
Other exports	6.642	2.19	1.5615	0.698	1
Re-exports	1.562	0.575	0.3775	1.782	0
Imports (f.o.b.)	-184.9	-81.1	-85.1	-68.2	-145.4
Minerals Fuels & Lubricants	-20.4	-13.5	-21.6	-16.9	-35.9
Of which: Petroleum	-16.6	-11.8	-15.6	-8.1	-25.9
Food	-96.2	-35.6	-31.6	-23.9	-42.6
Of which: Rice	-59.0	-18.8	-28.0	-14.3	-18.6
Other	-68.3	-32.0	-31.8	-27.4	-66.9
Services	-81.9	-40.7	-45.9	-52.7	-49.7
Nonfactor services (net)	-58.5	-23.0	-28.4	-33.1	-31.9
Receipts	59.4	24.0	29.5	30.9	31.6
Payments	-117.4	-47.1	-58.0	-64.0	-63.5
Interest payments	-20.9	-9.8	-14.9	-16.6	-15.8
Investment income (net)	-2.5	-7.9	-2.6	-3.0	-1.9
Transfers	60.1	25.1	23.8	41.3	67.6
Official	59.8	19.0	18.6	34.7	59.2
Private transfers (net)	0.3	6.1	5.2	6.6	8.3
Current account balance					
Excluding official transfers	-161.6	-27.5	-60.8	-53.0	-112.2
Including official transfers	-101.8	-8.6	-42.2	-18.3	-53.0
Capital account	74.2	-22.0	-5.2	-19.3	43.5
Official loans (net)	6.0	-0.9	-1.7	-22.6	41.6
Project related	25.9	11.3	18.8	0.0	28.0
Program loans	18.8	12.4	9.9	2.2	34.2
Amortization	-58.7	-24.7	-30.3	-24.9	-20.6
Medium- and long-term (net)	5.7	-0.9	1.9	-20.9	43.6
Official	6.0	-0.9	-1.7	-22.6	41.6
Drawings	44.7	23.7	28.7	2.2	62.2
o/w: Balance of payments loans	18.8	12.4	9.9	2.2	34.2
Amortization (due)	-38.7	-24.7	-30.3	-24.9	-20.6
Private capital (net foreign direct investment)	-0.3	0.0	3.5	1.7	2.0
Short-term capital 2/	68.6	-21.1	-7.1	1.6	0.0
Overall balance	-27.6	-30.6	-47.4	-37.6	-9.4
Financing	27.6	30.6	47.4	37.6	9.4
Change in arrears (+ increase)	-17.6	23.2	36.3	17.4	24.9
Multilateral and bilateral (excl. IMF)	-11.6	11.3	24.4	26.3	24.9
Commercial debt buyback	0.0	0.0	0.0	-8.9	0.0
Military supplies	-6.0	11.9	11.9	0.0	0.0
Debt relief	25.5	12.2	0.0	0.0	0.0
Bilateral creditors	25.5	11.7	0.0	0.0	0.0
Commercial debt buyback	0.0	0.0	0.0	0.0	0.0
Non-Paris Club creditors	0.0	0.5	0.0	0.0	0.0
Change in net foreign assets (- increase)	19.7	-4.7	11.2	20.3	-15.4
Central bank	19.2	-4.7	11.2	20.3	-15.4
Net Fund credit 3/	11.4	7.0	16.1	9.6	-11.7
Gross reserves (- increase)	7.8	-11.7	-5.0	10.7	-3.7
Commercial banks	0.5	0.0	0.0	0.0	0.0
Financing gap	0.0	0.0	0.0	0.0	0.0
Memorandum items:					
Current account balance (in percent of GDP)					
Excluding official transfers	-17.2	-3.2	-9.0	-8.0	-16.9
Including official transfers	-10.8	-1.0	-6.3	-2.8	-8.0
Gross official reserves (in US\$ ml)	26.8	38.5	43.5	38.3	42.0
Gross official reserves (in months of imports) 4/	2.2	2.8	3.1	2.0	1.4
Debt-service ratio, including the Fund 5/	38.3	30.7	47.8	58.4	58.3
Debt-service ratio, excluding the Fund 5/	35.3	29.4	46.2	41.8	32.3
Nominal GDP (millions of U.S. dollars)	942	850	672	664	655
Exchange rate (Leone per U.S. dollar)	921	982	1564	1819	2200

Sources: Sierra Leonean authorities; and staff estimates and projections.

1/ Includes unrecorded diamond exports estimated from partner country data.

2/ Includes capital outflow associated with unrecorded diamond exports, change in trade credit, and errors and omissions.

3/ Only includes disbursed IMF credits.

4/ In months of imports of total goods and services of subsequent year.

5/ In percent of exports of goods and nonfactor services, before debt relief.

Table 32. Sierra Leone: Values, Volumes, and Unit Values of Major Commodity Exports, 1996-2000

	1996	1997	1998	1999	2000 Prel.
Values					
Total exports	46.8	17.2	6.6	6.3	11.3
Domestic exports	45.2	16.6	6.3	4.5	11.3
Minerals	31.6	9.0	1.8	2.7	10.0
Bauxite	0.7	1.4	0.0	0.0	0.0
Diamonds 1/	28.4	7.6	1.8	1.3	10.0
Gold	0.2	0.0	..	0.0	0.0
Illeminite	0.0	0.0	0.0	0.2	0.0
Rutile	2.3	0.0	0.0	1.2	0.0
Agricultural commodities	5.2	4.3	2.8	1.4	0.8
Cocoa beans	2.5	2.0	1.4	0.6	0.4
Coffee	1.4	2.0	1.1	0.7	0.4
Other	1.3	0.3	0.3	0.1	0.0
Fish shrimps, and other fishery products	1.8	1.1	0.1	0.0	0.5
Other exports	6.6	2.2	1.6	0.5	0.0
Reexports	1.6	0.6	0.3	1.8	0.0
Volumes					
Minerals					
Bauxite (thousand of tons)	...	100.0	0.0	0.0	0.0
Diamonds (thousands of carats)	270.0	70.0	16.0	9.0	73.0
Gold (thousands of ounces)	0.5	0.0	..	0.0	0.0
Rutile (thousands of tons)	6.0	0.0	0.0	4.8	0.0
Agricultural commodities					
Cocoa (thousands of tons)	3.1	2.3	2.4	1.3	1.0
Coffee (thousands of tons)	1.8	2.8	1.8	1.2	1.0
Unit values					
Minerals					
Bauxite (ton)	22.0	14.0	..	..	..
Diamonds (carat)	105.0	108.0	112.0	139.0	137.0
Gold (ounce)	321.0	..	277.0	..	0.0
Rutile (ton)	386.0	..	..	243.0	...
Agricultural commodities					
Cocoa beans (ton)	794.0	874.0	598.0	427.0	357.4
Coffee (ton)	794.0	728.0	601.0	600.0	403.2
Memorandum items					
Value of total exports					
In millions of SDRs	32.2	12.5	4.9	4.6	8.5
In millions of Leones	43,045	16,860	10,334	11,509	24,773

Source: Bank of Sierra Leone.
1/ Reflects only official exports.

Table 33. Sierra Leone: Values, Volumes, and Unit Values of Major Groups of Commodity Imports, 1996-1999

	1996	1997	1998	1999
Values (c.i.f.)				
Total Imports 1/	210.8	92.5	95.6	79.4
Foodstuffs	109.7	40.6	36.0	27.8
Of which				
Rice	59.0	18.8	25.7	16.6
Beverages and tobacco	5.6	2.4	3.9	3.2
Animal and vegetable oils	4.0	2.0	2.2	1.1
Crude materials	4.7	2.7	2.7	2.9
Minerals, fuels, and lubricants	23.3	15.5	23.2	19.7
Crude petroleum	0.0	0.0	0.0	0.0
Petroleum products	23.3	15.5	23.2	19.7
Chemicals	19.8	9.7	7.6	8.0
Manufactured products classified by material	14.6	6.1	8.5	5.9
Machinery and transportation equipment	23.6	11.6	8.6	7.5
Miscellaneous manufactured articles	5.5	1.9	2.9	3.3
Volumes				
Rice	180.0	89.3	88.0	69.0
Petroleum	99.0	70.0	87.0	49.0
Unit values (c.i.f.)				
Rice	326.0	288	292	243
Petroleum	191	193	178	192

Source: Bank of Sierra Leone.

1/ Excludes imports associated with proceeds from unrecorded diamond exports.

Table 34. Sierra Leone: External Public Debt and Publicly Guaranteed Debt, 1996-2000
(In millions of U.S. dollars)

	1996	1997	1998	1999	2000 Prel.
Total Debt	1,115.5	1,144.2	1,179.3	1,213.7	1,187.3
Medium-and long-term (disbursed only) 1/ Of which	943.9	954.6	984.5	993.2	983.4
Multilateral loans	453.7	490.1	513.2	515.0	507.5
Bilateral loans	393.8	368.1	342.4	367.8	365.5
Other 2/					
Suppliers' credits	96.4	96.4	129.0	110.4	110.4
Financial institutions	...	...	...	0.0	0.0
Use of Fund credit	171.6	177.6	183.7	194.8	168.6
Interest in arrears on medium-and long-term debt	0.0	12.0	11.0	25.7	35.3
Of which					
Fund charges	...	..	..	0.0	0.0
To other official creditors	...	12.0	11.0	25.7	35.3
To private creditors	...	..	..	0.0	0.0
Short-term debt 3/	...	...	...	0.0	0.0
Memorandum items:					
Undisbursed medium- and long-term debt	...	...	...	0.0	0.0
Medium-and long-term external debt	943.9	966.6	995.5	1,018.8	1,018.7
Total debt	1,115.5	1,144.2	1,179.3	1,213.7	1,187.3

Sources: The Bank of Sierra Leone; the World Bank; and staff estimates.

1/ Includes principal arrears.

2/ Includes commercial and military debt.

3/ Includes interest arrears.

Table 35. Sierra Leone: External Payments Arrears Outstanding, 1996-2000

(In millions of U.S. dollars; end of period)

	1996	1997	1998	1999	2000 Prel.
Total	115.0	52.0	170.2	191.8	216.7
Arrears to the Fund 1/ Of which	0.0	0.0	0.0	0.0	0.0
Repurchases and repayments	0.0	0.0	0.0	0.0	0.0
Fund charges	0.0	0.0	0.0	0.0	0.0
Arrears on medium-and long-term debt (not including the Fund)	9.0	52.0	59.0	81.4	106.3
Of which					
Multilateral loans	9.0	29.0	15.7	19.1	23.3
Bilateral loans	0.0	23.0	43.2	62.3	82.9
Suppliers' credits			0.0	0.0	0.0
Financial institutions	0.0		0.0	0.0	0.0
Arrears on commercial payments 2/	87.0	...	87.5	87.5	87.5
Other (military)	19.0	...	23.8	22.9	22.9

Sources: The Bank of Sierra Leone; the World Bank; and staff estimates.

1/ Repurchases, repayments and charges (including Trust Fund).

2/ Provisional estimates. Do not include medium-and long-term debt to financial institutions and debt covered by suppliers' credits. Include pipeline arrears and increases in arrears resulting from the accrual of interest on the arrears.

Table 36. Sierra Leone: Selected Social and Demographic Indicators

	Sierra Leone	Sub-Saharan Africa
Total land area (thousands of square kilometers)	72,326	24,271
Agricultural land (in percent of total)	74	53
Population and vital statistics (1999, unless otherwise indicated)		
Total population (in millions)	5	627.0
Population growth rate (in percent)	3	3.0
Urban population (in percent of total)	34	33.0
Population density (per square kilometer)	65	27.0
Population age structure (in percent, 1996)		
0-14 years	45	44.00
15-64 years	52	53.00
65 and above	3	3.00
Infant mortality rate (per thousand)	164	92.00
Life expectancy at birth (years)	38	50.00
Male	...	49.00
Female	...	52.00
GDP per capita in US\$	142	500
Health and nutrition (1999, unless otherwise indicated)		
Access to safe water (in percent of population)		
Total	34	46
Urban	58	64
Rural	21	29
Population per physician	20,695	14,347
Population per hospital bed	...	1,310
Daily per capita calorie supply	1,888	...
Percent of requirement	83	...
Protein intake per capita (1990, grams per day)	...	...
Labor force (in million)		
Total labor force (1999, unless otherwise indicated)	3.0	275
Percent of formal labor force (1997):		
Female	32	42
Agriculture	61	70
Industry	17	8
Services	22	...
Education (1999)		
Percent of age group enrolled in:		
Primary school	42	78
Secondary school	16	27
Tertiary education	1	3
Adult literacy rate	32	41

Source: Central Statistical Office, Draft Sierra Leone 2000 National Human Development and Related Indicators, 2000.

**Sierra Leone: Summary of Policy Actions Taken
Between August 1998 and December 2000**

Monetary Policy

May 1999	The First Merchant Bank was established: Initially, the bank will operate as a typical commercial bank, concentrating on retail banking activities
June 1999	Ecowas Traveller's cheques launched in Sierra Leone in line with the Ecowas Monetary Co-operation Programme.
September 1999	Establishment of the Rokel Commercial Bank, taking over from Barclays Bank Sierra Leone Ltd
November 1999	Monetary Policy according to the budget for 2000 will continue to be conducted in the context of a flexible exchange rate system (market determined) geared towards reducing inflation.
February 2000	First Discount House granted licence, to start operations effective 14 th February 2000.
February 2000	The Bank of Sierra Leone Act 2000 was signed. The act is to bring the Bank's practice in line with international central bank standards.
May 2000	The new Banking Act, 2000 provides for tighter capital adequacy rules, and enhanced enforcement powers of the Bank of Sierra Leone.

External Sector

(i) External debt

November 1998	No future borrowing or loan guarantee unless they are on highly concessional terms. (Budget for Financial Year 1999).
November 1999	Government intends to restructure and regularise its debt position by entering into bilateral negotiation with other creditors (Budget 2000).

(ii) Trade reform

August 1999

The importation and distribution of Petroleum products was completely liberalised).

December 2000

A new external tariff on imports came into effect on December 1. The new rates are 15 percent, 20 percent, and 30 percent. The highest rate has been reduced from 40 to 30 percent. The special rate of 15 percent for rice and baby foods has been retained.

(iii) Exchange rate

November 1999

The official exchange rate calculated as the weighted average mid-rate of purchases and sales of foreign currency by commercial banks and foreign exchange bureaux for the last five business days. The official Bank of Sierra Leone buying and selling rates are set within plus/minus 1.0 per cent of the official mid rate.

February 2000

The Central Bank commenced weekly auction of foreign exchange (US Dollar) to enhance transparency in the allocation of foreign exchange by the Central Bank.

February 2000

The official exchange rate calculated as the weighted average mid-rate of purchases and sales of foreign currency by commercial banks and exchange bureaux as well as the auction rate.

Petroleum Price Adjustment

June 29, 1998

Petrol from Le 3,000 to Le 3,500
Diesel from Le 2,600 to Le 3,000
Fuel oil from Le 1,110 to Le 1,150
Kerosene unchanged

June 29, 1999

Petrol - Le 3,500 – Le 4,000
Kerosene - Le 2,000 (Unchanged)
Diesel – Le 3,000 – Le 3,500
Fuel Oil – Le 1,150 – Le 1,600

August 25, 1999

Petrol – Le4,000 – Le4,500
Kerosene - Le2,000 – Le2,500
Diesel - Le3,500 – Le4,000
Fuel Oil- Le1,600 – Le2.000

December 3, 1999

Petrol – Le 4,500 – Le 5,500
Kerosene – Le 2,500 – Le 4,000
Diesel – Le 4,000 – Le 5,000
Fuel Oil - Le 2,000 – Le 2,500

Real Sector Policy

July 23, 1999

An Act for the establishment of the Commission for the Management of Strategic Resources for Reconstruction and Development was passed.

General Development

August 1998

Re-launching of the Strategic Planning and Action Process (SPP) to redefine a National Strategic Vision and medium priorities for the post conflict period with participation from broad segments of civil society, government officials, non-governmental organisations and donor representatives.

March 1999

Inauguration of the World Bank/UNDP supported Integrated Approach to Aid Coordination (IAAC) Programme. The programme will seek to establish systems and procedures for tracking aid flows into various sectors.

January 2000

The Anti-Corruption Act 2000 being an Act for the prevention of corrupt practices and related matters was signed.

Sierra Leone: Summary of Tax System, October 2000

(All amounts in Leones)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1. Taxes on net income and profits			
1.1. Taxes on companies, corporations and enterprises			
1.1.1. Company income tax. Income Act (No.1 of 1943) amended several times, most recently under Act 23/72; Acts 17/77, 8/78, and 3/92; Decree 16/94; Surtax (Temporary Imposition) Act, 1968 (14/68); Surtax (Temporary imposition) Order, 1973; Surtax (Temporary Imposition) (Amendment) Act, 1976 (26/76); Business Registration Amendment) Rules, 1977	<p>Annual tax on net accrued income of domestic companies. Foreign companies having assets or business within Sierra Leone are taxed on income from sources within Sierra Leone unless otherwise provided by treaty. Companies are allowed loss carry forward indefinitely.</p> <p>A minimum chargeable income of 10 percent of turnover (15 percent where accounts have not been kept) applies to all companies. Where a company or business proprietorship has been audited by a "reputable firm of Accountants" and the Commissioner is satisfied with the records, no minimum chargeable income will apply and assessment will be on a profit basis. Companies incorporated or resident in Sierra Leone deduct tax on dividends paid to shareholders at a flat rate of 10 percent.</p> <p>Payments are submitted on a quarterly</p>	<p>Exemptions apply to income earned by a cooperative society registered under the Cooperative Societies Act 1977 and to income derived from agriculture for the first ten years from the commencement of the activity if the business is owned by an individual and the first six years if by a limited company.</p> <p>All revenue expenses incurred producing accessible income during the year of assessment are deductible. Capital allowances are claimed on a reducing basis from the end of the 1st year. For buildings and structures used to house industrial, manufacturing or agricultural activities the capital allowance is 15% . For buildings used to house commercial activities other than above the rate of capital allowance is 10 percent. For buildings other than those described in the two categories the rate is 5%.. Capital allowance for mining companies is as per the sixth</p>	The basic rate of company income tax is 35 percent.

Sierra Leone: Summary of Tax System, October 2000

(All amounts in Leones)

Tax	Nature of Tax	Exemptions and Deductions	Rates												
(152/77); Income Tax (Taxation of Rent) Rules, 1979 (22/79); and Surtax No. 4 Order, 1981 (16/81).	<p>basis with a final return filed after close of the financial year.</p> <p>Unincorporated business make advance income tax payments in the form of a 2 percent surcharge on imports.</p>	<p>schedule. Companies which maintain proper books of account and which have been audited for three years by a recognized firm of accounts and not in arrears for a previous year of assessment is exempt from making 3% advance income tax payment.</p>													
1.2. Tax on individuals															
1.2.1. Individual income tax. Income Tax Act No.1 of 1943, amended several times, most recently under Acts 23/72, 17/77, 8/78, and 3/92; Decree 16/94; Public Notices 33/72, 13/73, 14/73, 15/73, 152/77, 21/79, 22/79, 13/81, 14/81, 15/81, 18/81, and 2/86; and Surtax (Temporary Imposition) Act, 1968 (14/68), Surtax (Temporary Imposition) Order, 1973, and Surtax (Temporary Imposition	<p>With effect from 1/4/2000 according to the Income Tax Act 2000 the tax is payable by residents on their world wide income i.e. income from S.L.or outside S. L. Nonresident persons are exempt from tax on Sierra Leone source income. Currently the exemption level is LE. 800,000.</p> <p>The tax is imposed on net income, defined as difference between gross income and deductions permitted by law. Benefits in kind are included in income at the rates not exceeding the under mentioned:</p> <p>Year 2000/2001- Housing allowance – Le2, 000,000 p.a. Vehicle allowance – Le1,000,000 p.a. Utilities allowance- Le 500,000 p.a. Domestic servant Le- 250,000 each.</p> <p>Year 2001/2002 Housing Le 4,000,000 p.a. Vehicle Le 2,000,000 p.a. Utilities Le 1,000,000</p>	<p>Exemptions apply to the emoluments of the President, accredited ambassadors and other qualifying personnel who are resident in Sierra Leone solely for official purposes. Exemptions also apply to qualifying retirement and death benefits and interest paid or credited by the Sierra Leone Post Office Savings Bank.</p> <p>Deductions from business income include all expenditures incurred to produce assessable income. These include 80% interest on borrowed capital, rent payable on land or buildings and to acquire income, and bad or doubtful debts. There are no deductions from employment income.</p> <p>There are no special personal and family allowances or reliefs, nor are there any allowances for insurance premiums.</p> <p>Deduction is allowed for expenditure on insuring and managing the property</p>	<p>The same schedule is applicable to resident individual in employment, business, property etc.</p> <p>Another schedule is applicable for non-resident individuals in employment, business, property etc.</p> <p>Employment income tax rates for PAYE in 2000 (Income in thousands of leones)</p> <table><thead><tr><th>Annual employment income of residents</th><th>Marginal tax rate</th></tr></thead><tbody><tr><td>Up to 800 p.a.</td><td>Nil</td></tr><tr><td>Next 2,080 p.a.</td><td>25%</td></tr><tr><td>Next 1,680 p. a.</td><td>30%</td></tr><tr><td>Next 2,940 p..a.</td><td>35%</td></tr><tr><td>Excess 7,500 p.a.</td><td>40%</td></tr></tbody></table> <p>Rates of tax on chargeable income of non-residents other than income to which part II applies. 25%</p>	Annual employment income of residents	Marginal tax rate	Up to 800 p.a.	Nil	Next 2,080 p.a.	25%	Next 1,680 p. a.	30%	Next 2,940 p..a.	35%	Excess 7,500 p.a.	40%
Annual employment income of residents	Marginal tax rate														
Up to 800 p.a.	Nil														
Next 2,080 p.a.	25%														
Next 1,680 p. a.	30%														
Next 2,940 p..a.	35%														
Excess 7,500 p.a.	40%														

Sierra Leone: Summary of Tax System, October 2000

(All amounts in Leones)

Tax	Nature of Tax	Exemptions and Deductions	Rates
Amendment) Act, 1976 (26/76).	Domestic Servant Le 350,00 each	while under occupation. Also on repairs , renewal alteration or improvement to the extent of 5% of the balance of the pool. Capital allowance can be claimed for any such amount in excess of 5% of the pool.	Rate of tax to be withheld from payments made to non-residents: Employment income 25% Payment to contractors 10% Dividends 10% Interest 25% Rents & Royalties 25% Pensions & Annuities 25% Natural Resource Payments 25% Payments to or applications For the benefit of non-resident Beneficiaries 25%
1.2.1. Individual income tax (concluded).	Tax on wages and salaries are withheld at source under Pay-As-You-Earn. Interest income including bank interest and dividends is subject to a final withholding tax of 15% and 10% respectively. A tax at the rate of 10 percent must be deducted from rents, 25% on royalties, premiums or other gains or profits arising from property in excess of Le 150 per month. A tax at the rate of 10% to be withheld from payments made to persons resident in Sierra Leone.		Type of payment Payment to contractors 5% Dividends 10% Interest 15 % Rents 10% Royalties 25% Pensions & annuities 15% Natural resource payments 25%

Sierra Leone: Summary of Tax System, October 2000

(All amounts in Leones)

Tax	Nature of Tax	Exemptions and Deductions	Rates
2. Social Security contributions	None.		
3. Payroll taxes Employers' payroll tax. Payroll Tax Act 1972 (16/72); Public Notice 60/73; Act 9/73; Public Notice 64/73; Public Notice 58/74; Act 16/74; Public Notice 7/81; Payroll Tax (Amendment) Act, 1992; and Decree 4/95.	Tax is imposed on the payroll of each non-citizen employed at any time during the calendar year.	Exemptions granted include certain religious and charitable institutions, diplomatic and consular missions, and such persons as may be exempted by Ministerial Order (in practice, all Sierra Leone citizens are exempt). Exemptions granted to employees of limited companies who own 40 percent or more of a company's share capital, or partners who own 25 percent or more.	Rates range from Le 250,000 to Le 1,000,000 depending on turnover of employers. Le 20,000 for ECOWAS citizens.
4. Taxes on property			
4.1. Real estate			
4.1.1. Urban rates (e.g. Freetown Municipality Act 1973, (20/73))	Urban rates levied and collected on developed property; e.g., in the main cities such as Freetown, Bo, Kenema, and Makeni. The legal incidence of the tax falls on the occupier of the property. Valuation of the property is done by the city assessor.	In Freetown, no rates are payable on premises that belong to, are held under lease by, or are held in trust for: (a) the Freetown Municipal Corporation; and (b) the Government of Sierra Leone. Other exemptions include premises owned by a foreign state (e.g. diplomatic missions and the Guma Valley Water Company). Discretionary exemptions (or reduced tax liabilities) may be accorded by the city council on grounds of poverty and for unoccupied premises.	Two different rates are applied to urban property. They are: (a) Commercial properties - Le 12 per Le 1,000 of assessed valuation; (b) Dwellings - Le 6 per 1,000 of assessed valuation. Valuation is done on dwellings as follows: (a) Modern housing (e.g., with toilet facilities) is valued at Le 2.50 per square foot; (b) Housing without modern facilities is valued at Le 1.50 per square foot, with mud houses at Le 0.60 per square foot. Commercial properties such as wholesale and retail shops have different valuations depending on the structure and condition

Sierra Leone: Summary of Tax System, October 2000

(All amounts in Leones)

Tax	Nature of Tax	Exemptions and Deductions	Rates																
			of operations. Valuation ranges from Le 2.50 to Le 20 per square foot.																
4.1.2. Land taxes	Tax levied on unit size, with amount of tax varying by location. An initial land registration fee is also charged.	None.	The registration fee is Le 30,000 per transaction. Annual land taxes are: <table><tr><th>Location</th><th>Tax in Leone per acre</th></tr><tr><td>(a) Western Area</td><td></td></tr><tr><td>(i) Western</td><td>40,000</td></tr><tr><td>(ii) Eastern</td><td>40,000</td></tr><tr><td>(iii) Central</td><td>100,000</td></tr><tr><td>(b) Rural villages</td><td>40,000</td></tr><tr><td>(c) Provincial head towns</td><td>40,000</td></tr><tr><td>(d) Agricultural land</td><td>2,000</td></tr></table>	Location	Tax in Leone per acre	(a) Western Area		(i) Western	40,000	(ii) Eastern	40,000	(iii) Central	100,000	(b) Rural villages	40,000	(c) Provincial head towns	40,000	(d) Agricultural land	2,000
Location	Tax in Leone per acre																		
(a) Western Area																			
(i) Western	40,000																		
(ii) Eastern	40,000																		
(iii) Central	100,000																		
(b) Rural villages	40,000																		
(c) Provincial head towns	40,000																		
(d) Agricultural land	2,000																		
5. Taxes on goods and services																			
5.1. Sales tax Sales Tax Decree, 1995 (5/95).	<p>A tax is levied on the ex factory price of domestic manufactures and C.I.F. price of imports plus duties (excise and import). Building materials and fabricated structures, which are not excisable, are included in the sales tax base.</p> <p>An embryonic value-added tax to provide rebates of payments of sales tax on inputs was introduced effective July 1993.</p>	Exemptions apply on goods manufactured in Sierra Leone that are shipped as stores for consumption outside of Sierra Leone and goods exported by the manufacturer.	The rate is 20 percent.																
5.2. Selective excises on goods The Excise Act, 1982.	An ad valorem tax is imposed on locally manufactured products, with the value of the goods taken to be the normal price; i.e., the open market price between independent buyer and seller,	Exemptions apply on goods manufactured in Sierra Leone that are shipped as stores for consumption outside of Sierra Leone and goods exported by the manufacturer.	The rates on all excisable goods were unified in July 1993 at 30 percent, except petroleum products.																

Sierra Leone: Summary of Tax System, October 2000

(All amounts in Leones)

Tax	Nature of Tax	Exemptions and Deductions	Rates								
	exclusive of the excise duty.										
	Ad valorem taxes on petroleum products were effectively eliminated in January 1994 and replaced with specific duties.	The Road Transport Corporation and the National Power Authority are exempted through ad hoc arrangements for their purchases of diesel fuel and fuel oil, respectively.	<p>As of March 8, 1997, the per imperial gallon charges levied on petroleum products were as follows:</p> <table> <tr> <td>Petrol</td> <td>Le 1,483</td> </tr> <tr> <td>Diesel</td> <td>Le 947</td> </tr> <tr> <td>Kerosene</td> <td>Le 675</td> </tr> <tr> <td>Fuel oil</td> <td>Le 100</td> </tr> </table> <p>Petrol and diesel also attract a Le 350 per imperial gallon road user charge.</p>	Petrol	Le 1,483	Diesel	Le 947	Kerosene	Le 675	Fuel oil	Le 100
Petrol	Le 1,483										
Diesel	Le 947										
Kerosene	Le 675										
Fuel oil	Le 100										
5.3. Selective excises on services											
5.3.1. Entertainment tax. Entertainment Tax Act, 1971 (17/71); Act 14/72; and Entertainment Tax (Amend-arrangements) Act, 1981 (7/81).	In general, an ad valorem tax is levied on each person upon admission to chargeable entertainments and recovered from the proprietor of the entertainment. Casinos and gaming houses are taxed on a specific per machine basis.	Entertainment is exempted if wholly educational or provided by a nonprofit organization for educational or charitable purposes, or if not, whose proceeds from the entertainment are wholly donated to philanthropic and/or charitable purposes.	<p>10 percent of the price of admission. The specific casino-related tax rates are as follows:</p> <table> <tr> <th>Items</th> <th>Tax</th> </tr> <tr> <td>Government levy</td> <td>Le 750 per machine per year</td> </tr> <tr> <td>License fee</td> <td>Le 500 per machine per year</td> </tr> </table>	Items	Tax	Government levy	Le 750 per machine per year	License fee	Le 500 per machine per year		
Items	Tax										
Government levy	Le 750 per machine per year										
License fee	Le 500 per machine per year										
5.3.2. Restaurant tax.	Payable on the amount of all restaurant bills.		10 percent of all restaurant bills.								
5.3.3. Foreign travel (ticket) tax. Foreign Travel (Ticket) Tax Act, 1975 (14/75); and Act 52/75	An ad valorem tax paid by every person departing by any means of transport from Sierra Leone, on or before the date of departure. In practice the tax is collected mostly by airlines.	Exemptions include government officials on official duty, religious and charitable organization and diplomatic missions	10 percent of the fare for a one-way trip and 20 percent for the return trip.								

Sierra Leone: Summary of Tax System, October 2000

(All amounts in Leones)

Tax	Nature of Tax	Exemptions and Deductions	Rates
5.3.4. Tourism tax. Tourism development Act (No.11), 1990.	An ad valorem levy imposed on the total cost of specified services to tourists traveling to, from, or within Sierra Leone whether or not they are residents of Sierra Leone. Revenue proceeds are earmarked for use by the National Tourism Board	None.	Bed and breakfast 7 1/2 Full and half board 5 Land tour arrangements 1 Royalty on visit to Bunce Island. \$5 per visit
5.3.5. Betting tax. Control of Betting and Lotteries Act, 1969 (3/69), amended 1981.	A tax on all stakes and winnings from soccer pools.	None.	30 percent.
5.3.6. Telecommunication s tax. Decree 2/95.	A tax on long-distance telephone calls.		10 percent.
5.4. Taxes on use of goods and Properties			
5.4.1. Business and professional registration and licenses. (i) Registration Business Registration Act 1972 (17/72); Act 28/76. (ii) Licensing Business Registration Act 1972; Act 28/76.	A specific fee, at registration, imposed on all entities operating in Sierra Leone which are required, under the Act, to register with the Commissioner of Income Tax. A specific rate fee is imposed annually on all businesses or professionals not expressly exempt under the Act.	None	A business name certificate And change of name is Le 30,000. The business registration and license fee schedule is (amounts in leones): (a) Sole proprietorship Class A 20,000 Class B 40,000 Class C 60,000 (b) Partnership or company Class A 50,000 Class B 75,000 Class C 120,000

Sierra Leone: Summary of Tax System, October 2000

(All amounts in Leones)

Tax	Nature of Tax	Exemptions and Deductions	Rates																										
			A company also pays an additional fee of Le 50,000 to Le 500,000 based on the amount of share capital.																										
5.4.2. Motor vehicle registration and licenses																													
(i) Registration fee;	Owners of vehicles are subject to registration fees which are specific levies based on cubic capacity (cc).	Government and diplomatic vehicles are exempt	<p>The registration fees are as follows:</p> <table><tr><th>Cubic capacity</th><th>Le.</th></tr><tr><td>Under 1,500 cc</td><td>20,000</td></tr><tr><td>1,501 cc to 2,000 cc</td><td>40, 000</td></tr><tr><td>Above 2,500 cc</td><td>60, 000</td></tr></table>	Cubic capacity	Le.	Under 1,500 cc	20,000	1,501 cc to 2,000 cc	40, 000	Above 2,500 cc	60, 000																		
Cubic capacity	Le.																												
Under 1,500 cc	20,000																												
1,501 cc to 2,000 cc	40, 000																												
Above 2,500 cc	60, 000																												
(ii) Licensing fee.	Owners of vehicles are subject to specific yearly licensing fees, based on use of the road.	Government and diplomatic vehicles are exempt.	<p>The license fees are as follows:</p> <table><tr><th>Category</th><th>Per year Leone</th></tr><tr><td>A(Cars and motor cycles)</td><td>40,000</td></tr><tr><td>B (Utility vans)</td><td>50,000</td></tr><tr><td>C (Mini buses)</td><td>60,000</td></tr><tr><td>D (Buses)</td><td>100,000</td></tr><tr><td>E (Medium trucks)</td><td>100,000</td></tr><tr><td>F (Lorries)</td><td>250,000</td></tr><tr><td>G (Trailers)</td><td>500,000</td></tr></table> <p>For commercial vehicles, an additional license fee is charged as follows:</p> <table><tr><th>No. of Passengers</th><th>Per half year</th></tr><tr><td>Up to 20</td><td>1,500</td></tr><tr><td>21 to 40</td><td>2,000</td></tr><tr><td>41 to 55</td><td>2,500</td></tr><tr><td>Over 55</td><td>7, 000</td></tr></table>	Category	Per year Leone	A(Cars and motor cycles)	40,000	B (Utility vans)	50,000	C (Mini buses)	60,000	D (Buses)	100,000	E (Medium trucks)	100,000	F (Lorries)	250,000	G (Trailers)	500,000	No. of Passengers	Per half year	Up to 20	1,500	21 to 40	2,000	41 to 55	2,500	Over 55	7, 000
Category	Per year Leone																												
A(Cars and motor cycles)	40,000																												
B (Utility vans)	50,000																												
C (Mini buses)	60,000																												
D (Buses)	100,000																												
E (Medium trucks)	100,000																												
F (Lorries)	250,000																												
G (Trailers)	500,000																												
No. of Passengers	Per half year																												
Up to 20	1,500																												
21 to 40	2,000																												
41 to 55	2,500																												
Over 55	7, 000																												
6. Taxes on international transactions																													

Sierra Leone: Summary of Tax System, October 2000

(All amounts in Leones)

Tax	Nature of Tax	Exemptions and Deductions	Rates
6.1 Customs duties Customs Tariff Act, 1978 (16/78). External Tariff Public Order (based on Mano River Union Common External Tariff, October 1, 1977), 13/79.	Specific and ad valorem customs duties are imposed on all goods imported into Sierra Leone for home consumption as specified in the tariff. Rates are ad valorem except specific duties imposed on tobacco, beer, and spirits.	General exemptions are listed in the second schedule of the External Tariff Order. Goods originating in member states of the Mano River Union (MRU) and approved by the MRU Secretariat are exempt from payment of customs duties. Drawback of customs duties is allowed on goods exported up to 95 percent of the customs duty paid. Also exempt are direct government and other public sector imports, and those of certain international organizations, diplomatic representatives, and certain West African institutions.	Ad valorem rates predominate and fall into the following categories: (a) 5 percent on most food items, raw materials, agricultural machinery and spare parts; (b) 5 percent on petroleum products; (c) 15 percent on rice and baby food; (d) 5 percent on most consumer durable items and electrical appliances; (e) 40 percent on luxury consumer goods including large cars, cameras, leather apparel, carpets, garments, films and jewelry.
6.2. Excise duties The Excise Act, 1982.	An ad valorem tax is imposed on all goods imported into Sierra Leone for home consumption that are specified in the External Tariff as being liable. An ad valorem rate is imposed on the C.I.F. value plus any customs duty paid.	Any imported good is exempt from the excise duty which is not listed in the schedule to the Excise Act.	30 percent
6.3. Sales tax Sales Tax Decree 1995, (6/95).	A sales tax is levied on all goods imported into Sierra Leone for home consumption. An ad valorem rate is imposed on the C.I.F. value plus any customs duty paid.	Goods listed in the second schedule of the Sales Tax Decree are exempt.	20 percent
6.4. Export Duties Customs Tariff Act, 1978 (16/78); Minerals Concession Tax--Titanium Agreement (Ratification) Ordinance, 1959 (46/59).	All export taxes have been abolished effective June 1990 except the levy on diamond and gold export proceeds. The levy on gold exports was removed in January 1991, but reimposed effective January 1994.	None.	2.5 percent of diamond and gold export proceeds.
7. Other taxes			

Sierra Leone: Summary of Tax System, October 2000

(All amounts in Leones)

Tax	Nature of Tax	Exemptions and Deductions	Rates
7.1. Stamp duties Stamp Duty Ordinance (Cap. 274, R.E. 1961).	Stamp duties are levied on selected documents and instruments, mostly at specific rates, depending on the nature of the instrument. Instruments subject to the tax include legal agreements, bills of exchange, and promissory notes, bills of lading, bonds, leases, and powers of attorney.	Some exemptions for instruments issued to the Government or government agencies.	Rates vary according to type of instrument.
7.2. Local tax Local Tax Act, 1975 (15/75).	A form of a poll tax payable by all males and all gainfully employed females over the age of 21 resident in Sierra Leone (i.e., resident for a period or periods equal to six months in any year.	Exemptions apply to the President, members of diplomatic missions and international organizations, foreign technical experts, and persons who would suffer undue hardship if exemptions were not granted. Other persons or groups of persons may be exempt by Order.	Le 500 per person per year.

Sources: *Sierra Leone Gazette*, Government Printing Department, Freetown, Sierra Leone; *An Introduction to Income Tax in Sierra Leone*, Income Tax Department, Freetown, Sierra Leone, 1973; *The External Tariff of the Republic of Sierra Leone*, Government Printing Department, Freetown, Sierra Leone, 1977; *African Tax Systems*, International Bureau of Fiscal Documentation Supplement No. 30, 1978; Amsterdam; *African Tax System*, International Bureau of Fiscal Documentation Supplement No. 33, Autumn 1979, Amsterdam; and information provided by the Customs and Income Tax Departments.