

**FOR  
AGENDA**

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December 12, 2008

To: Members of the Executive Board

From: The Secretary

Subject: **Sierra Leone—Selected Issues and Statistical Appendix**

This paper provides background information to the staff report on the 2008 Article IV consultation discussions with Sierra Leone, the third review under the three-year arrangement under the Poverty Reduction and Growth Facility, the financing assurances review, and Sierra Leone's request for waivers of nonobservance of performance criteria, augmentation of access, and modification of performance criteria (EBS/08/148, 12/9/08), which is tentatively scheduled for discussion on **Monday, December 22, 2008**. At the time of circulation of this paper to the Board, the Secretary's Department has received a communication from the authorities of Sierra Leone indicating that they consent to the Fund's publication of this paper.

Questions may be referred to Mr. Toé (ext. 36557), Mr. Nsengiyumva (ext. 36088) and Mr. Kalonji (ext. 37306) in AFR; Mr. Takats, MCM (ext. 34532); and Ms. Chen, EUR (ext. 34423).

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 Monday, December 22, 2008; 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.

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INTERNATIONAL MONETARY FUND

SIERRA LEONE

**Selected Issues and Statistical Appendix**

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Approved by the African Department

December 11, 2008

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## I. THE MONETARY TRANSMISSION MECHANISM IN SIERRA LEONE<sup>1</sup>

### A. Introduction

1. **Although in recent years Sierra Leone has made great strides in achieving macroeconomic stability, inflation has remained stubbornly in double digits.** Since the end of the civil conflict in 2002, real GDP growth has rebounded, averaging close to 8 percent a year for the past five years, but end-period inflation has averaged over 12 percent. The Bank of Sierra Leone (BSL), whose primary goal is to maintain low inflation, has sought to meet this challenge despite having limited instruments of monetary policy and facing a general dominance of fiscal policy.
2. **To fight inflation more effectively, it is important to clearly understand the monetary transmission mechanism**—the process by which monetary policy decisions affect key economic variables. This paper uses a vector autoregression (VAR) model to explore the links between policy changes by the BSL and real variables, such as output and prices. In what follows, Section B describes Sierra Leone’s economic environment and institutions, and Section C looks at the main channels of monetary policy transmission commonly identified in the literature. Empirical evidence is presented in Section D, and Section E summarizes the findings and makes policy recommendations.

### B. Economic Environment and Institutional Context

3. **Sierra Leone is a mining-rich (principally diamonds, rutile and bauxite) economy with a low level of financial intermediation.** The post-war economic recovery has brought significant growth rates in recent years, fueled mainly by agriculture, mining, services and construction. A large part of economic transactions occur in the informal sector and the financial system is underdeveloped, with only about 160,000 bank accounts for a population of more than 5 million inhabitants. Credit to the private sector in 2007 was about 5 percent of GDP; the sub-Saharan African average was 17 percent. With limited financial intermediation, interest rates have less impact on household consumption and saving decisions. A considerable portion of imports is directly financed by export proceeds because importers often are also exporters. Thus, the bulk of foreign exchange needs tends to be supplied outside of formal channels.
4. **The consumer price index (CPI) basket is dominated by food and energy items.**<sup>2</sup> Overall inflation is therefore more directly influenced by supply factors and administrative price-setting than by monetary policy. Consequently, monetary policy changes impact

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<sup>1</sup> Prepared by Kadima Kalonji (AFR).

<sup>2</sup> Food, fuel, and power account for over 60 percent of the CPI basket.

headline inflation in a more intricate way and with some lag, through inflation expectations (“second-round effects”). Because much of the food consumed in Sierra Leone is imported, inflation abroad and exchange rate movements are likely to significantly affect domestic prices.

5. **The BSL policy objective is to achieve and maintain monetary stability.** The operative target for achieving this goal is reserve money. The main monetary tool at the disposal of the BSL is its weekly primary auction of treasury bills (t-bills). However, the relative shortage of t-bills and an insufficient capital position, have hampered BSL efforts to conduct monetary policy. Additionally, the lack of the proper fiscal-monetary policy mix has resulted in borrowing requirements to accommodate the fiscal stance superseding monetary policy goals.<sup>3</sup>

6. **Sierra Leone depends largely on foreign grants to finance its budget.** Over the last five years, changes in net foreign assets have constituted on average more than 80 percent of the growth of broad money. As noted, the BSL has few ways to sterilize the foreign aid inflows. The country’s dependence on external budgetary support has therefore exacerbated the fiscal dominance problem, rendering the conduct of monetary policy even more precarious.

### C. Monetary Policy Transmission

7. **The literature identifies a number of channels through which monetary policy impacts real variables.**<sup>4</sup> Among them, the interest rate, the exchange rate, and the bank lending channels are the most relevant to Sierra Leone given the structure of its economy and the underdeveloped state of its financial sector.

#### Interest rate channel

8. **The interest rate channel works on the premise that prices are generally sticky.** A spike in short-term nominal interest rates when monetary policy is contractionary will cause an increase the real long-term interest rate, which in turn will affect investment decisions and ultimately real output. Similarly, a fall in interest rates when monetary policy is expansionary will cause a decline in the long-term interest rate, with corresponding effects on investment and output. But the combination of a relatively underdeveloped financial sector and very limited domestic credit to the private sector tends to prevent the interest rate from

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<sup>3</sup> The BSL conducts weekly auctions of treasury bills consistent with government borrowing requirements; it has discretion to increase the scheduled amounts by 30 percent to influence liquidity in the banking system. The discretion to change the size of an auction is effectively the only useful monetary policy tool the BSL has at its disposal.

<sup>4</sup> See Mishkin (1995) for a review of these channels.

being a useful monetary policy transmission channel. The key interest rate that the BSL can to some extent use as a signal to the market is the 91-day t-bill rate, which is determined through the weekly auction. There is, however, anecdotal evidence that the pass-through between that rate and other interest rates (lending and deposit rates) is minimal because those rates are rigid—although with increasing competition in the financial sector, this is bound to change.<sup>5</sup>

### **Exchange rate channel**

9. **The exchange rate channel affects aggregate output through its impact on net exports and on the balance sheet of economic agents.** In the first case a movement in the nominal exchange rate brought about by changes in domestic interest rates will affect the relative price of domestic goods, thereby affecting demand for domestic relative to foreign goods or net exports, thus aggregate output. This channel is expected to be relatively important for Sierra Leone given the magnitude of imports relative to GDP (about 28 percent). As for the impact on balance sheets, changes in nominal exchange rates affect the relative foreign exchange asset and liability positions of economic agents, thus affecting their net worth and spending (and borrowing) decisions. This is less likely to be significant in Sierra Leone, where the share of foreign deposits to total deposits is 36.5 percent.

### **Bank lending channel**

10. **The availability of credit drives the bank lending channel.** When monetary policy is contractionary, for example, bank reserves (and deposits) decline, thus reducing the supply of bank loans. As a result, investment falls, as does aggregate output. This channel works when information about borrowers is imperfect and there are contract enforcement problems. It is more relevant for small and medium enterprises that depend on banks for their financing needs because large firms can access stock and bond markets directly. This channel is expected to be significant for Sierra Leone, although with the current high liquidity and excess reserves position of banks, it is unlikely that the BSL would be able to significantly influence the availability of credit. Moreover, commercial banks have built up a sizeable stock of government paper, which offers very attractive rates of return with little risk and is thus more attractive than lending to the private sector. Finally, Sierra Leonean subsidiaries of foreign banks receive considerable injections of capital from their parent banks and thus have a large amount available for lending.

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<sup>5</sup> Lending rates have been relatively flexible upwards but quite rigid downward. Commercial banks tend to keep their deposit rates fixed irrespective of movements in the t-bill rate. The oligopolistic structure of the banking sector allows for such rigidities.

## Other channels

11. **Other channels of monetary policy transmissions are less relevant here, given the structure of the Sierra Leonean economy.** In the absence of developed capital markets, the asset price channel is not likely to be an option. Similarly, the expectations channel is unlikely to have much of a role in Sierra Leone because the BSL does not have a policy instrument under its direct control such as a repo rate, to signal its policy stance to market participants.

## D. Empirical Analysis

12. **In this section, we look at the evidence from a vector autoregression (VAR) analysis to confirm or refute the previous observations.** The VAR is the model most commonly used to study monetary policy transmission mechanisms. VARs consist of a dynamic system of equations in which the current level of each variable depends on past movements in that variable and all the other variables in the system. The VAR model controls for simultaneity between monetary policy and macroeconomic developments by including only lagged values of the endogenous variables on the right-hand side of the equations.

### Basic model

13. The VAR model can be represented in its reduced form as follows:

$$y_t = c + \phi_1 y_{t-1} + \phi_2 y_{t-2} + \dots + \phi_p y_{t-p} + a_t$$

where  $y_t$  is a  $k \times 1$  vector of endogenous variables,  $\phi_1 \dots \phi_p$  are  $k \times k$  matrices of coefficients to be estimated, and  $a_t$  is a vector of structural residuals.

### Dataset and methodology

14. **A baseline VAR model is used at first and then extended to examine specific monetary policy transmission channels.** The variables contained in the baseline unrestricted VAR model consist of real GDP, the CPI as a measure of the price level, the 91-day t-bill interest rate as a measure of the monetary policy stance,<sup>6</sup> and the nominal effective exchange rate (NEER) to measure the pass-through effect of the exchange rate on prices and output. The dataset consists of monthly observations from February 2002 through December 2007, thus excluding the civil war period.<sup>7</sup> All variables are expressed in natural logarithm

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<sup>6</sup> This is the key interest rate that the BSL can influence through its weekly auctions.

<sup>7</sup> A civil war ravaged the country between 1991 and 2001.

form except for the interest rate. Because monthly or quarterly national accounts data are not available for Sierra Leone, the annual GDP series is converted into a monthly series using the quadratic match sum feature in Eviews.<sup>8</sup>

15. **The VAR model generally satisfies the standard requirements.** The stability conditions are met as all roots of characteristic polynomials lie inside the unit circle, and a Chow breakpoint test finds no evidence of structural breaks in the VAR model throughout the period at the 5-percent confidence level. The Lagrange Multiplier (LM) test indicates that the residuals show no sign of being serially correlated. Finally, the White test (with no cross terms) shows that there is no evidence of heteroskedasticity in the residuals.

16. **Additional diagnostic tests are conducted to ensure proper model specification and estimation.** The augmented Dickey-Fuller (ADF) unit root test indicates that the variables in the model are nonstationary (i.e., they contain a unit root). However, the analysis can still be conducted in levels because this paper relies on the assumption that the monetary transmission mechanism is a short run phenomenon and thus, does not attempt to explicitly analyze long-run behaviors.<sup>9</sup> Both a constant and a deterministic trend are included in the model.<sup>10</sup> Standard information criteria (Akaike, Schwarz, and Hannan-Quinn) have been used to choose the lag length (set at 3). Identification is secured using a Choleski decomposition with the variables ordered as indicated in paragraph 14. The dynamic behavior of the model is assessed using (i) impulse response functions (IRFs), which offer a simple graphical way to show the dynamic response of the endogenous variables in the model to an unanticipated structural shock; and (ii) variance decomposition which shows the contribution of each structural shock to the forecast error variance of the variables at different forecast horizons.

### **Estimation results**

17. **A look at the IRFs (Figure 1) and variance decomposition for the baseline model shows the following:**

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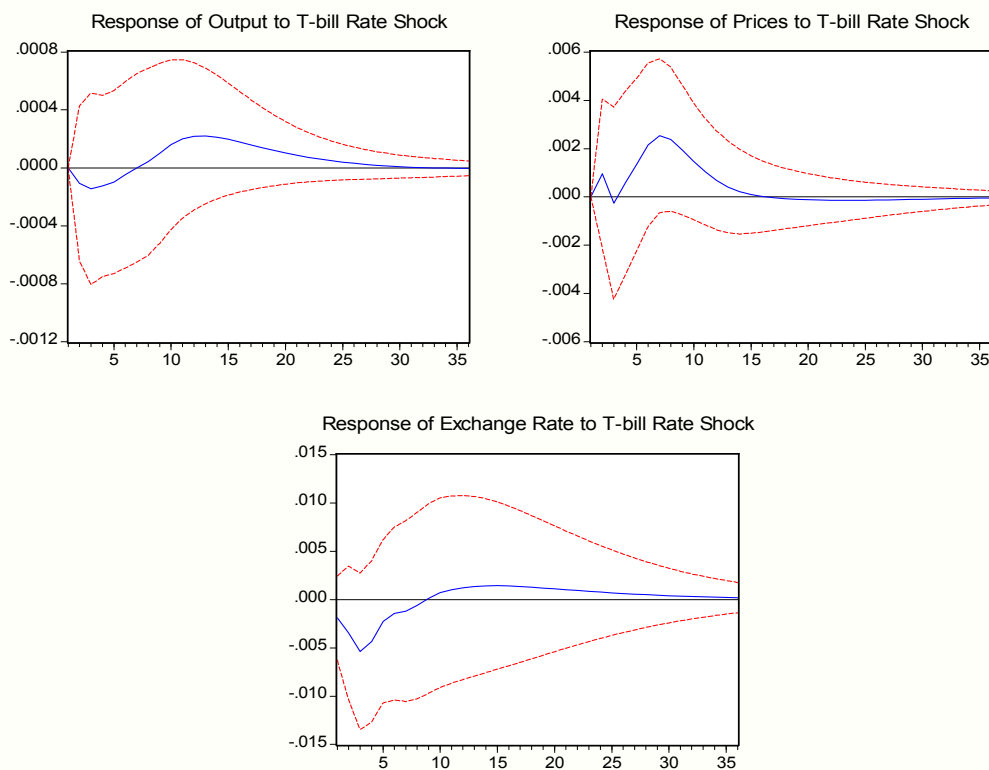
<sup>8</sup> This creates some problems of accuracy but as a consistency check, the constructed GDP series is compared to credit to the private sector (used here as an indicator of economic activity). The correlation coefficient between the two series is 0.96, suggesting that the interpolated monthly GDP series moves in line with private sector credit fluctuations.

<sup>9</sup> Sims, Stock, and Watson (1990) show that when it is likely that the data are cointegrated, using differences rather than levels is unnecessary because the ordinary least-squares estimator of the reduced-form VAR efficiently estimates the cointegrating relationship.

<sup>10</sup> A deterministic trend might not be needed in the presence of stochastic trends. However, given the relatively short sample period, stochastic trends might be difficult to properly model. In addition, the deterministic trend included in the model is statistically significant.

- A monetary policy shock (characterized by an exogenous, unanticipated temporary increase in the t-bill rate) leads to an increase in prices which dissipates in just over a year. This result might be explained if the rise in the t-bill rate is due to a domestically-financed expansionary fiscal policy.
- The impact of an increase in the t-bill rate on real output is not significant as real GDP is barely affected by a shock to the t-bill rate. This is confirmed by variance decomposition (not shown).
- A monetary policy shock is followed by a small appreciation of the nominal effective exchange rate after a brief depreciation. Variance decomposition indicates that monetary policy accounts for less than 5 percent of the fluctuation in the exchange rate.
- Variance decomposition suggests that all variables in the baseline model are highly idiosyncratic since their variation is largely explained by their own specificities.
- The baseline model results are robust to changes in the ordering of variables in the VAR model.

**Figure 1. Sierra Leone: Response to Cholesky One S.D. Innovations  $\pm 2$  S.E.**  
**Ordering: Output – Prices – T-bill Rate – NEER**



18. **The baseline is extended to isolate the specific channels of transmission.** In Table 1, pairwise Granger causality tests between the policy rate (t-bill interest rate) and market interest rates (lending and deposit) are used to examine the interest rate channel. The results suggest a pass-through from the policy rate to the main market interest rates in Sierra Leone, because the t-bill rate is found to Granger cause both the deposit and the lending rates.

**Table 1. Sierra Leone: Pairwise Interest Rate Granger Causality Tests <sup>1</sup>**

Null Hypothesis:	Observations	F-Statistic	Probability
Three-month t-bill rate does not Granger Cause lending rate	71	6.31899	0.00308 <sup>2</sup> ***
Lending rate does not Granger Cause three-month t-bill rate		0.47601	0.62337
Deposit rate does not Granger Cause lending rate	71	6.76382	0.00213 ***
Lending rate does not Granger Cause deposit rate		1.96788	0.14787
Three-month t-bill rate does not Granger Cause deposit rate	71	14.5930	5.7E-06 ***
Deposit rate does not Granger Cause three-month t-bill rate		0.46770	0.62850

Source: IMF staff calculations.

<sup>1</sup> Lag length is two.

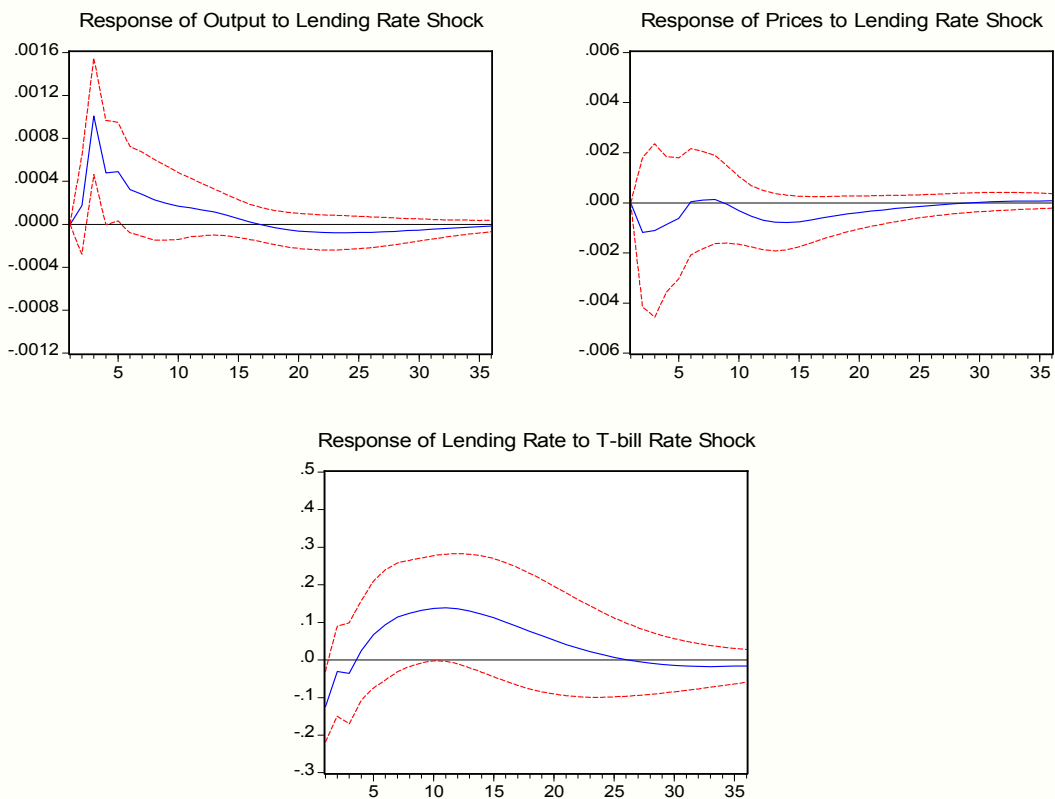
<sup>2</sup> \*\*\* denotes a rejection of the null hypothesis at the 1 percent level.

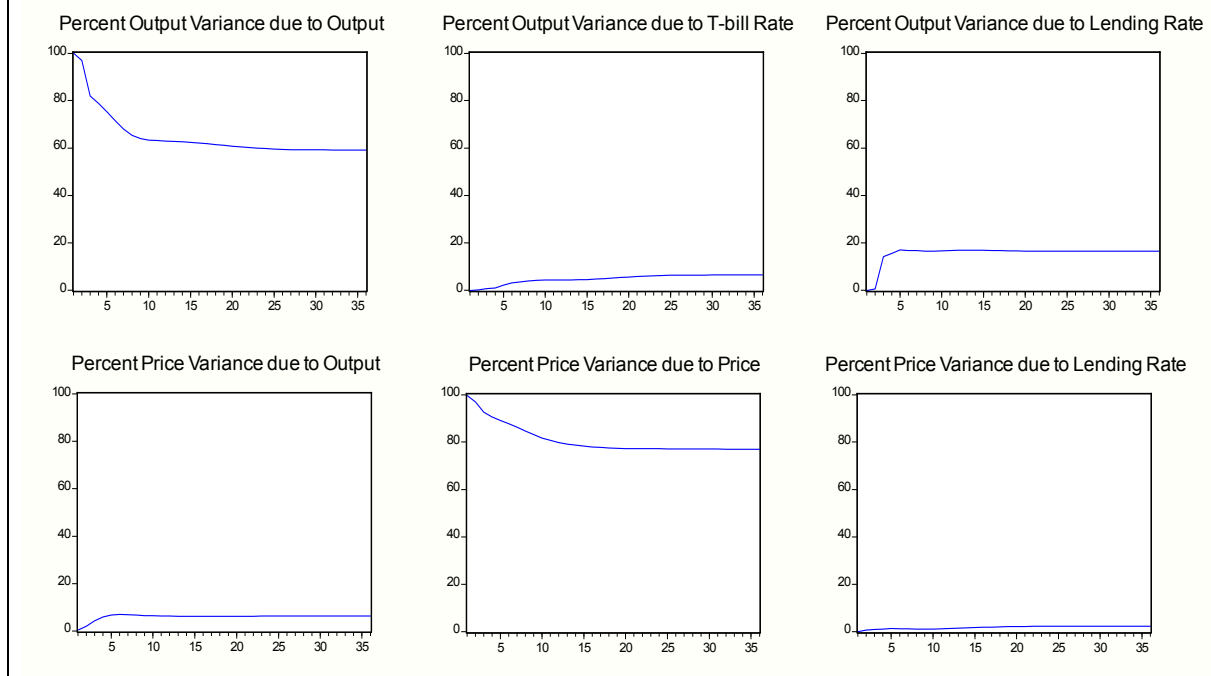
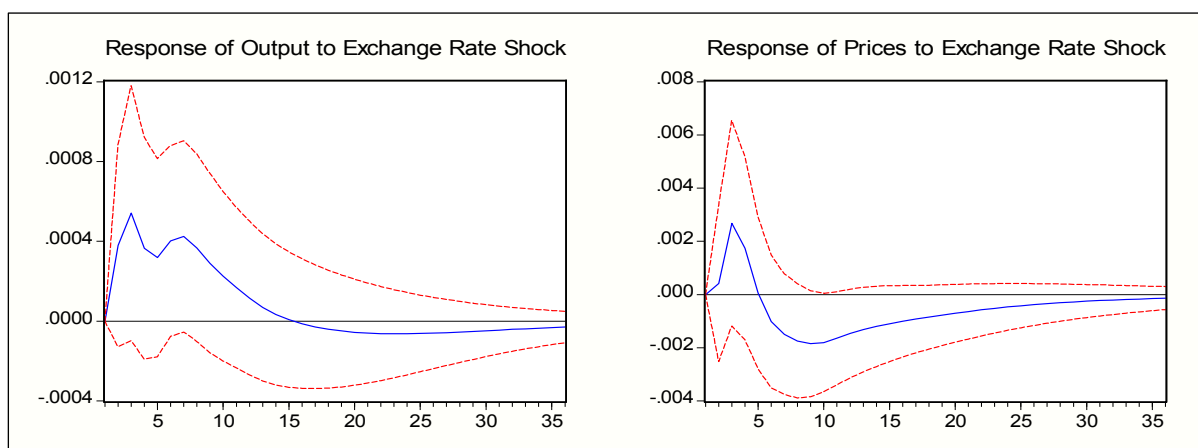
19. **To explore the interest rate channel, the baseline VAR model is expanded with the addition of the lending rate.** The variables in this expanded VAR have the following ordering: real output, prices, t-bill rate, lending rate, and exchange rate. The results suggest that while bank lending rates respond immediately and substantially to a t-bill rate shock, they have almost no effect on output or on prices (Figure 2). Variance decomposition shows that the lending rate accounts for 16 percent of the fluctuation in output and 2 percent of the fluctuation in prices (Figure 3). These results offer little evidence of an interest rate mechanism.

20. **From the IRFs (Figure 1), it can be seen that a shock in monetary policy has a temporary impact (less than a year) on the exchange rate.** However, a shock to the exchange rate does not seem to have much effect on output (Figure 4). This result contradicts our previous assertion that given the relatively high imports-to-GDP ratio, the exchange rate channel would have a significant impact on output. With regard to prices, the expected impact occurs with a lag: an appreciation of the leone due to a tightening of monetary policy renders imports less expensive, thus contributing to the decrease in the rate of inflation.

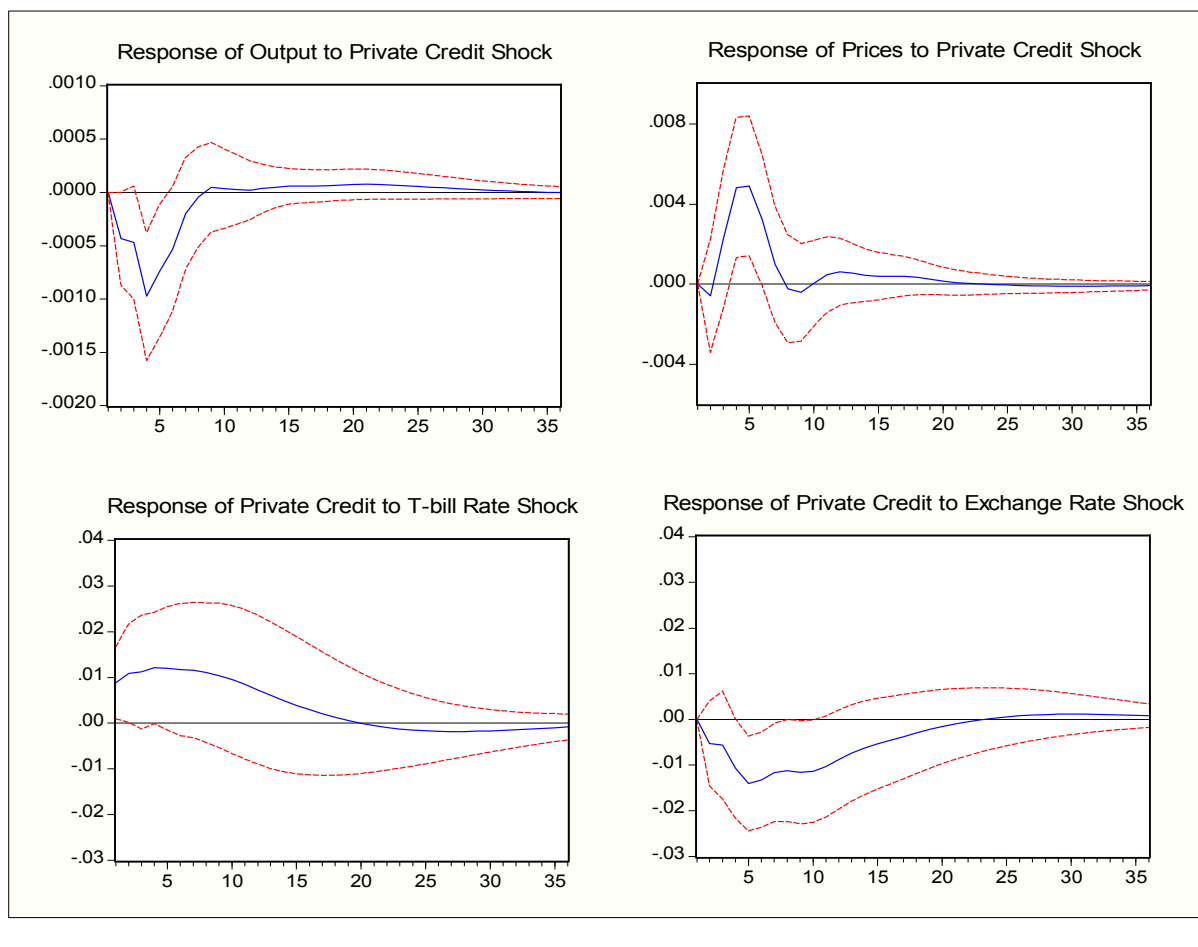
21. As expected, an unanticipated shock to the t-bill interest rate results in an **increase in bank credit to the private sector (Figure 5)**. The increase is about 1 percent within the first year. We note however, that the addition of a variable on bank credit does not enhance the response of output or prices to monetary policy shocks.

**Figure 2. Sierra Leone: Response to Cholesky One S.D. Innovations  $\pm 2$  S.E.**  
**Ordering: Output – Prices – T-bill Rate – Lending Rate – NEER**



**Figure 3. Sierra Leone: Variance Decomposition****Figure 4. Sierra Leone: Response to Cholesky One S.D. Innovations  $\pm 2$  S.E.  
Ordering: Output – Prices – T-bill Rate – NEER**

**Figure 5. Sierra Leone: Response to Cholesky One S.D. Innovations  $\pm 2$  S.E.**  
**Ordering: Output – Prices – T-bill Rate – Lending Rate – Credit – NEER**



## E. Conclusion

22. **The analysis of the monetary policy transmission mechanism in Sierra Leone suggests that a monetary policy shock is likely to affect prices and exchange rates but not output.** Our evidence also suggests that monetary policy has been able to influence market interest rates. The impact on prices and the exchange rate is expected to occur rapidly and typically last 10 to 15 months. However, caution is needed when interpreting these results because of data issues and the lack of a direct measure of the monetary policy stance (since changes in the t-bill rate could also reflect fiscal policy).

23. **Developing the financial sector will be crucial to enhancing the effectiveness of other transmission channels.** For that reason the BSL-led efforts to develop capital markets,

including the establishment of a securities market trading facility (stock exchange) are welcomed. A working equity market should in turn, help enhance the asset price channel. In addition, enhanced supervision of banks by the BSL coupled with increased competition between commercial banks should deepen financial intermediation and enhance the bank lending channel.

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## II. EXTERNAL COMPETITIVENESS AND EXCHANGE RATES IN SIERRA LEONE<sup>1</sup>

### A. Introduction

1. In examining the competitiveness of Sierra Leone, first we assess external competitiveness by estimating the equilibrium real effective exchange rate (REER) using several different methodologies and find that the REER is in line with its long-term equilibrium. Second, we assess competitiveness by using survey-based indicators from the World Bank and the United Nations and conclude that the high overall cost of doing business, inadequate institutions, and the lack of human capacity development must be dealt with if Sierra Leone is to improve its competitiveness.
2. In what follows, Section B describes developments in the external sector, Section C evaluates external sustainability using four different measures, Section D assesses competitiveness using survey-based indicators, and Section E draws conclusions.

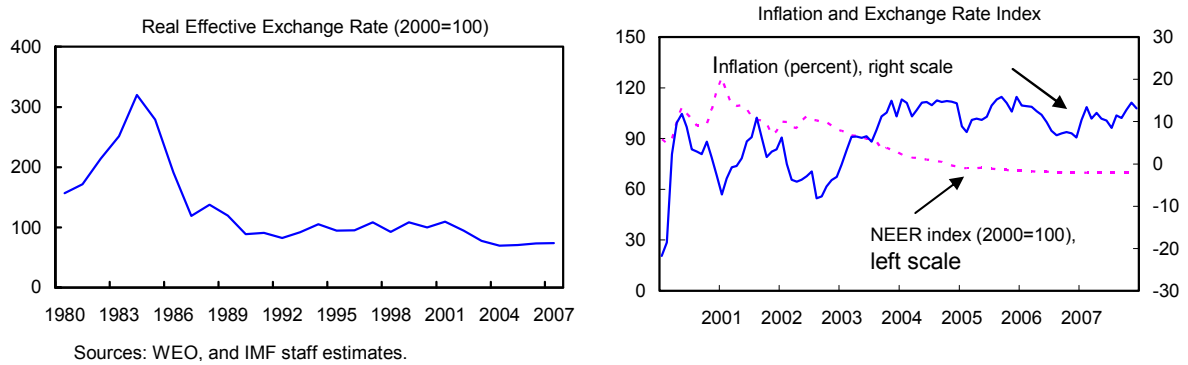
### B. Developments in the External Sector

3. **Sierra Leone's de facto exchange rate regime is currently classified as a conventional peg.** This classification is based on the observed low volatility of the leone against the US dollar afforded essentially by an exclusion rate used in the weekly foreign exchange auction system in place.<sup>2</sup>
4. **The authorities consider Sierra Leone to have a floating exchange rate regime.** They view the weekly foreign exchange auctions as a transparent mechanism to sell foreign aid inflows and not as a price-setting mechanism. In the discussions of this paper, the authorities emphasized that they have no particular exchange rate target and that their intervention in the auctions aims to efficiently inject foreign exchange into the market and achieve the program objective for international reserves.
5. **The REER has seen sizable fluctuations in the past, but has been relatively stable in recent years (Figure 1).** After considerable appreciation in the first few years in the 1980s, the REER depreciated substantially till the 1990s. It then fluctuated in a narrow band until 2001, when another episode of depreciation started. During 2005–07, rising inflation was compensated by depreciating nominal effective exchange rate (NEER), thus keeping the REER relatively stable.

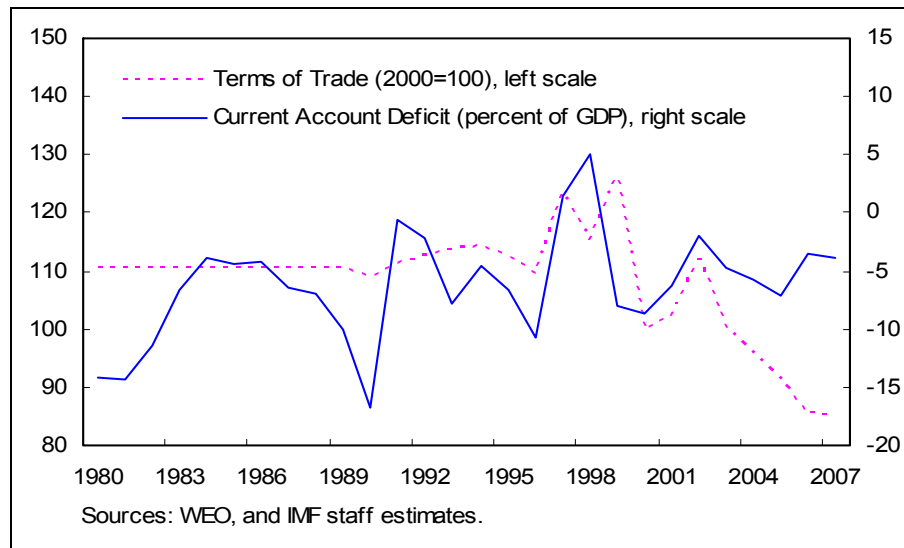
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<sup>1</sup> By Chuling Chen (AFR) and Előd Takáts (SPR).

<sup>2</sup> The nominal exchange rate of the leone against the U.S. dollar was maintained within a 2 percent band throughout 2007.

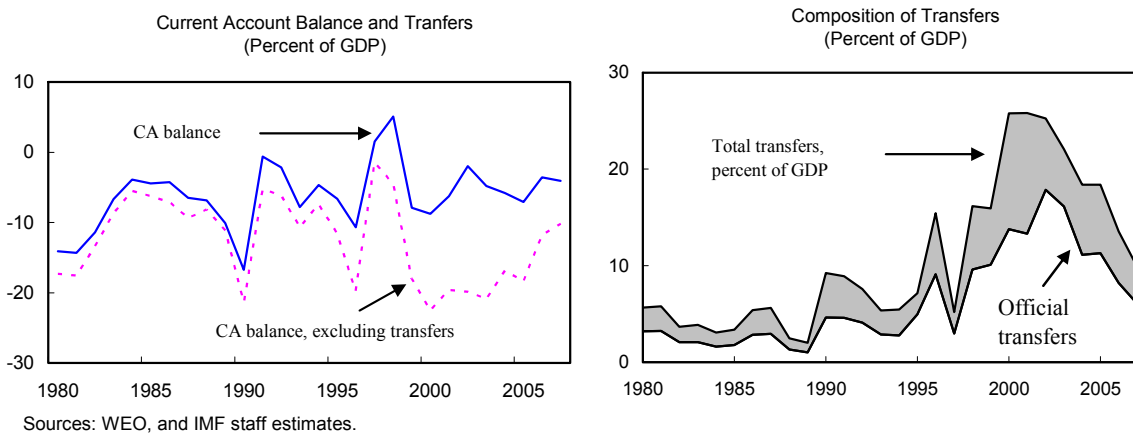
**Figure 1. Sierra Leone: Exchange Rate and Inflation Developments**

6. **Fluctuations in current account balances have followed terms of trade movements since the mid-1990s (Figure 2).** The country's exports of goods consist primarily (80 to 90 percent of total exports of goods) of diamonds and other minerals, such as rutile, bauxite, and kimberlite, the prices of which are set in dollars by international markets. The major goods imported (more than 50 percent) are petroleum products and food, which are also priced by international markets.

**Figure 2. Sierra Leone: Terms of Trade and Current Account Balance, 1980–2007**

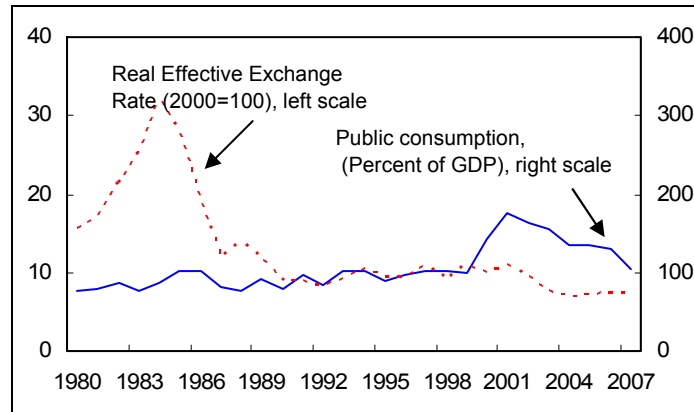
7. **Transfers have become crucial since the conflict, but their importance has been slowly declining in recent years.** Current transfers averaged 2.7 percent of GDP for 1980–1994 but rose to 9.1 percent for 1995–2001. Following the end of the civil war in 2002, official transfers peaked to 17.9 percent of GDP, but declined thereafter, dropping to 5.7 percent in 2007. The share of official transfers was stable during 1980–94, averaging 88 percent. It fell to 64 percent during 1995–2007 (Figure 3).

**Figure 3. Sierra Leone: Current Account Balance and Transfers, 1980–2007**



8. **The relationship between public consumption and the REER seems to have been close in recent years** (Figure 4). The public consumption-to-GDP ratio rose from an average of 8.8 percent for 1980–94 to 9.1 percent for 1995–2001. In recent years the REER has generally moved in tandem with public consumption, with a clear trend of depreciation when public consumption started to decline in 2001.<sup>3</sup>

<sup>3</sup> Estimates over the period 1980-97 (see paragraph 23) found an inverse relationship between the REER and government expenditure (relative to trading partners).

**Figure 4. Sierra Leone: Public Consumption and the REER, 1980–2007**

### C. Assessing the REER

9. **In this paper four methodologies are used to assess the equilibrium real exchange rate (ERER).** Although the literature on the exchange rate is voluminous, there is no consensus on a single preferred methodology. It is therefore necessary to approach real exchange rate assessment from several angles. First, we test the purchasing power parity (PPP) theory, which is based on trade arbitrage arguments. Next, we follow the three methodologies proposed for use in developing and emerging economies by the Consultative Group on Exchange Rate Issues (CGER) and assess the REER using (i) the macroeconomic balance approach; (ii) the equilibrium real exchange rate approach; and (iii) the external sustainability approach (for descriptions, see Lee et al., 2008). We thus follow such studies on real exchange rate research on sub-Saharan Africa as Chudik and Mongardini (2007), and Roudet, Saxegaard, and Tsangarides (2007).

#### *The Purchasing Power Parity Approach*

10. **Classical PPP theory states that in equilibrium the REER should remain constant.** Deviations from the PPP are eliminated through trade until relative prices converge. Obviously, the theory applies to long-run price movements; in the short run very large deviations are possible. The empirical evidence is mixed. Though in the short run, the PPP usually does not hold, in the long run, the evidence is somewhat stronger (see, for instance, Froot and Rogoff, 1995, and Rogoff, 1996).

11. **We investigate the relationship between the nominal exchange rate of the leone against the U.S. dollar and price levels in both Sierra Leone and the United States.** The PPP theory states that the REER can be expressed as the ratio of the domestic price to the foreign price adjusted by the nominal exchange rate, and that in the long term the REER should be near a constant equilibrium value. This study does not find that relationship to hold.

12. **Formally, the PPP theory suggests that the real exchange rate should be near its long-term equilibrium level.** The real exchange rate  $q$  can be expressed as the following:

$$\log(q) = \log(p) - \log(E) - \log(p^*)$$

where  $p$  represents the domestic price,  $E$  is the nominal exchange rate (leone : US\$), and  $p^*$  the foreign (U.S.) price level. According to PPP theory,  $q$  should be near the long-run equilibrium level  $\bar{q}$  because in the short run, nominal exchange rate movements should offset relative price movements. If the PPP holds, then  $\Delta \log(q) = 0$ , implying that fluctuations in the nominal exchange rate would be equal to the differential between domestic and foreign prices.

13. **PPP does not hold between the United States and Sierra Leone in the sample we study.** We test the PPP hypothesis by looking at the relationship between the nominal exchange rate (leone : US\$) and price levels in Sierra Leone and the United States. Empirical tests (Table 1) show that the PPP generally does not hold for the period under review. We estimate two specifications using the nominal exchange rate as the dependent variable. The first uses both price levels as regressors; the second uses the price differential. The coefficients of the price levels in the first specification are significantly different from 1, and so is the coefficient of the price differential in the second. Tests of unit root also suggest the nonstationarity of the residual term.

**Table 1. Sierra Leone: Estimation of Purchasing Power Parity**

	Coefficient	Std. Error	t-Statistic
<b>First specification</b>			
Constant	5.166	2.106	2.452
Domestic price	1.018	0.045	22.633
Foreign price	-0.486	0.500	-0.973
F-test (coefficients =1)	65.663		
ADF test of residual	-3.892		
<b>Second specification</b>			
Constant	7.624	0.039	196.827
Price differential	1.069	0.011	95.820
F-test (coefficient=1)	38.656		
ADF test of residual	-3.600		

### *The Macroeconomic Balance Approach*

14. **The macroeconomic balance approach estimates the gap between the underlying current account balance and an estimated equilibrium current account balance—the “CA norm.”** The exchange rate adjustment that would close the gap is then calculated using country-specific trade elasticities and is used as an indicator of REER over- or

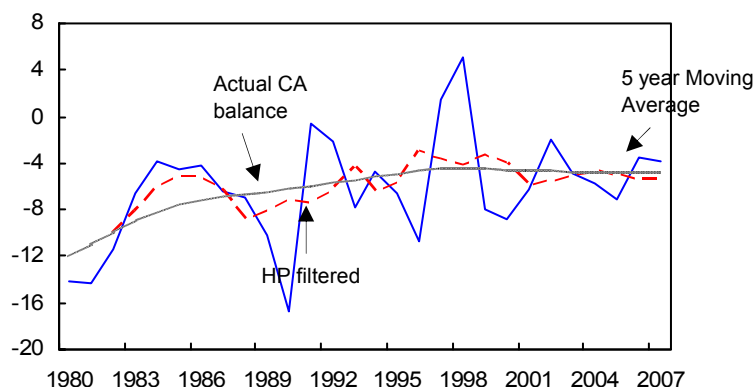
undervaluation. The macroeconomic balance approach is based on the notion that equilibrium REER is compatible with both internal and external equilibria, and that external equilibrium is attained when the current account balance is considered sustainable. This approach involves identifying the underlying current account balance and the current account norm, which is an estimated equilibrium current account balance consistent with economic fundamentals. The exchange rate adjustment that would align the current account balance to its norm is then derived and compared with the current REER.

15. **We use the current account projections derived from the medium-term macroeconomic framework as the basis for determining the underlying current account balance.** These projections exclude temporary factors such as cyclical fiscal fluctuations, terms of trade shocks, and lags in exchange rate adjustment. We also adopt some alternative filtering measures as a comparison to the macroeconomic framework projection of the underlying current account balance. These measures include the 5-year moving average and the Hodrick-Prescott (HP) filter (Table 2 and Figure 5). Estimates for underlying current account balance from these alternative measures range from –4.6 to –5.3 percent of GDP.

**Table 2. Sierra Leone: Underlying Current Account Balance**

Alternative Measures	CA Balance (percent of GDP)
Actual current account balance, 2007	–3.8
Medium-term projection (2008–13)	–4.6
5-year moving average	–5.3
HP filtered (lamda = 100)	–4.9

**Figure 5. Sierra Leone: Underlying Current Account Balance, 1980–2007**  
(Percent of GDP)



16. **The current account norm for Sierra Leone is estimated based on panel estimates from previous studies that used the macroeconomic balance approach.** These studies usually cover a large sample of countries for relatively long periods to achieve greater precision in the estimation of the equilibrium relationship between current account balances and economic fundamentals. The main fundamentals these studies use to explain the current account balances are net foreign asset (NFA) position, productivity differential, commodity terms of trade, trade restrictions, and government expenditure. For African countries, foreign aid is another fundamental that is usually considered. We use estimates from two previous studies (Isard et al., 2001 and Lee et al., 2008) to calculate the current account norm. Fundamental variables and corresponding coefficients are listed in Table 3.

**Table 3. Sierra Leone: Estimated Current Account Norms in Two Studies**

	(a)	(b)	(c)
Government budget balance	0.60***	0.64***	0.19***
Dependency ratio (old)			-0.12**
Dependency ratio (young)		-0.16**	
Population growth			-1.03**
Relative income	0.33*	-0.45**	0.02*
Relative income squared	-0.49*		
Output growth			-0.16*
Net foreign asset	0.04	0.03*	
Foreign aid		-0.51***	
Lagged current account balance			0.37***
Oil balance			0.17***
Current account norm (percent of GDP)	-1.2	-4.5	-6.5
<b>Average</b>		<b>-4.1</b>	

\*, \*\* and \*\*\* indicate significance at the 10, 5, and 1 percent level, respectively.

(a) Column (4) in Appendix IV of Isard et al., (2001) for African countries.

(b) Column (5) in Appendix IV of Isard et al., (2001) for African countries.

(c) Hybrid pooled estimation in Table 1 of Lee et al., (2008).

17. **The current account norm is estimated to be about -4.1 percent of GDP.** The estimates from the empirical models are quite different, ranging from a deficit of -1.2 to -6.5 percent of GDP. The first two columns in Table 3 are obtained from the Isard et al. (2001) study that contains estimations for African countries; the third column is obtained from the Lee et al. (2008) study of a group of both advanced economies and developing countries. We adopt the average of the three models as our current account norm.

18. **Current account elasticity with respect to the REER is estimated to be 0.4.** This estimates was obtained assuming that trade balance is the only source of current account adjustment and then using the following formula:

$$elasticity_{CA} = elasticity_{EX} \times \frac{EX}{GDP} - (elasticity_{IM} - 1) \times \frac{IM}{GDP}$$

The exchange rate adjustment needed to close the gap between the underlying current account and the current account norm depends on the elasticity of the current account with respect to the REER. Countries more open to trade tend to have a higher elasticity, which means that smaller adjustments are needed to close the gap. On the other hand, a larger gap between the underlying current account and its norm would require larger adjustments.

19. **The macroeconomic balance calculation shows the REER to be in line with equilibrium values (Table 4).** Using alternative underlying current account balances estimated previously to assess the REER level, we find that Sierra Leone's REER is reasonably in line with the equilibrium level supported by the current account balances. Medium-term projections of the underlying account point to a slight overvaluation of 1.3 percent; when using the 5-year moving average or HP filtered data the overvaluation is 2–3 percent.

**Table 4. Sierra Leone: Macroeconomic Balance Approach: REER Adjustment**

	Medium-Term Projections	5-year Moving Average	HP Filtered
Underlying current account balance	–4.6	–5.3	–4.9
Current account norm	–4.1	–4.1	–4.1
GAP	0.5	1.2	0.8
Implied REER overvaluation or undervaluation	1.3	3.1	2.0

### ***Equilibrium Real Exchange Rate Approach***

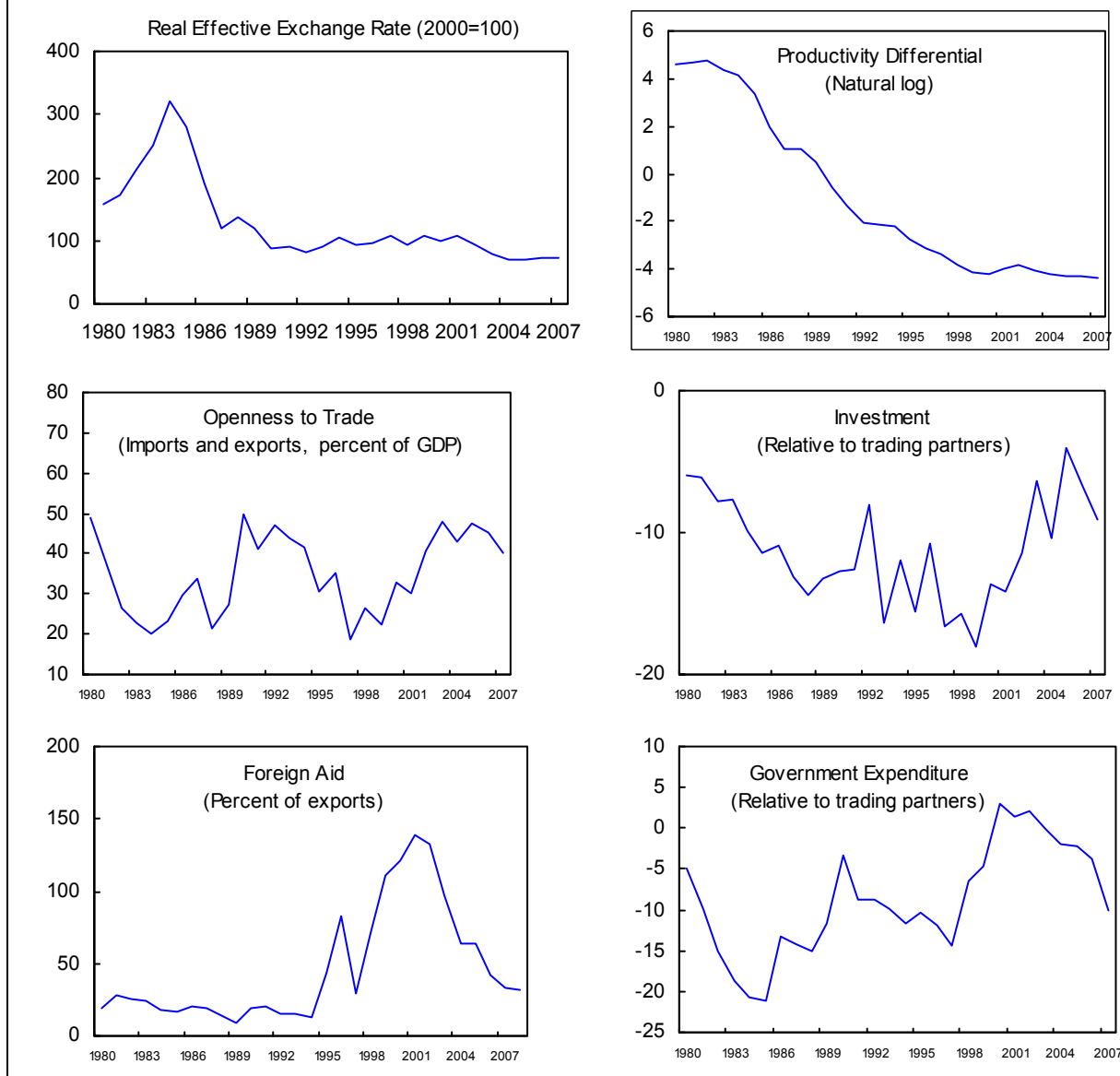
20. **The ERER approach directly estimates the structural relationship between economic fundamentals and the REER.** It assumes that a unique ERER can be identified with simultaneous attainment of internal and external equilibria on both tradable and nontradable markets. Although the literature on the determinants of real exchange rates is extensive (see, for example, Edwards, 1989; Hinkle and Montiel, 1999; and Edwards and Savastano, 2000), there is no clear consensus on the best fundamentals to use in assessing the equilibrium value of the real exchange rate. Among those used more often are productivity differentials, terms of trade, trade liberalization, government expenditure, and NFA position.

21. **The relationship between the REER and the most commonly used fundamentals is summarized as follows:**

- **Productivity differential.** This variable captures the Balassa-Samuelson effect. Productivity improvement in the tradable sector in one country will generally lead to a rise in the relative price of its nontradable goods and thus an REER appreciation. The productivity differential used in the specification below is defined as the natural log of

Sierra Leone's real GDP per capita relative to its main trade partners. Its effect on the REER is expected to be positive.

- **Terms of trade.** A positive terms of trade shock would generate a wealth effect and increase demand for nontradable goods and hence raise relative prices in the nontradable sector. The REER would appreciate accordingly. The expected sign is thus positive.
- **Openness to trade.** Openness to trade is defined as the sum of exports and imports as a share of GDP. Its effect on the REER is ambiguous. On one hand, fewer trade restrictions would stimulate trade and make the prices of tradable goods more competitive, which would cause the REER to depreciate. On the other hand, more openness could also raise the prices of previously protected domestic goods and thus cause it to appreciate.
- **Government expenditure.** This variable is defined as government expenditure as a share of GDP relative to trading partners. A higher share of government expenditure on nontradables means higher demand for those goods and hence an appreciation of the REER. However, if expenditure tilts more toward tradables, that would raise depreciation pressure. The expected sign is therefore ambiguous.
- **Investment.** This is defined as gross capital formation as a share of GDP relative to trading partners. More investment is assumed to be associated with higher demand for both tradable and nontradable goods, which would lead to higher domestic prices and thus an REER appreciation. The expected sign is positive.
- **Aid flows.** Aid flows are expressed as a share of official transfers to exports. The surge of aid to a postconflict country after the start of peace could have significant impact on their external balances and cause the REER to appreciate. The expected sign is thus positive.
- **Net foreign asset position.** This position is expressed as a share of GDP. A higher NFA position could raise domestic demand through wealth effects and cause the REER to appreciate. The expected sign is thus positive.

**Figure 6. Sierra Leone: The Real Effective Exchange Rate and its Major Determinants**

22. **We use autoregressive distributed lag (ARDL) models to estimate the coefficients of the major determinants of REER.** The estimation process involves analysis of level relationships of the fundamental variables and selection of variables. Following Pesaran, Shin, and Smith (2001), we identify the level relationships between REER and fundamental variables using bound testing techniques. ARDL models, which do not require the determinants to be difference-stationary, can be used to estimate nonstationary variables as long as they are cointegrated. The models also show better small-sample properties than traditional cointegration tests.

23. **The best model is found to use the following fundamentals: productivity (PROD), openness (OPEN), investments (INVEST), aid (AID) and government expenditure (GEXP).** We limit the fundamentals to these five variables and select the best

model among all possible combinations of these determinants. The estimated coefficients in the best model are consistent with prior theory. Results (see below) show that the REER will appreciate with higher productivity, more investments, more aid, less government expenditure, and less trade openness. To address a possible structural break in the data in the early 1980s, we also run a robustness check using a subsample from 1986 through 2007; this produces a similar set of determinants, except that fiscal balance (FB) relative to trading partners replaces investments.

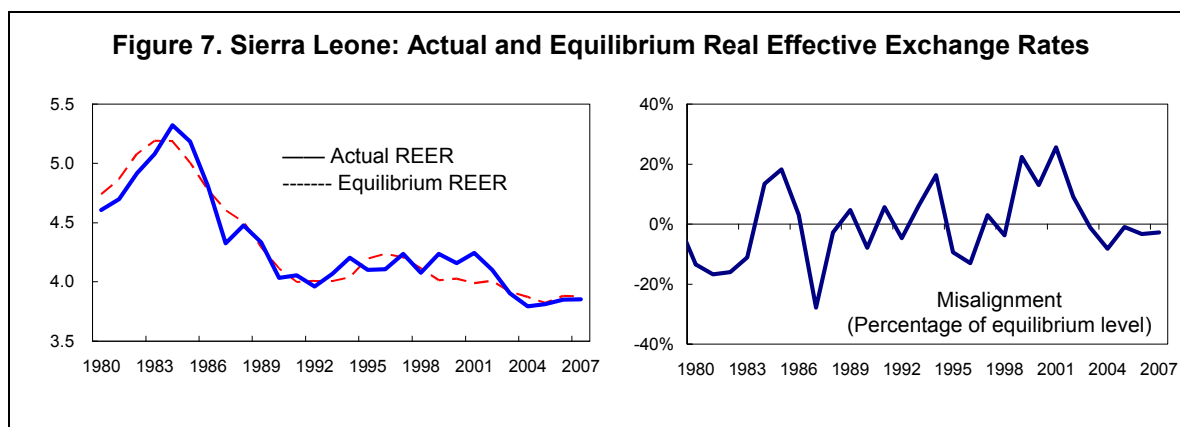
Sample from 1980:

$$LNREER = 0.099 * PROD - 0.006 * OPEN + 0.019 * INVEST + 0.005 * AID - 0.037 * GEXP$$

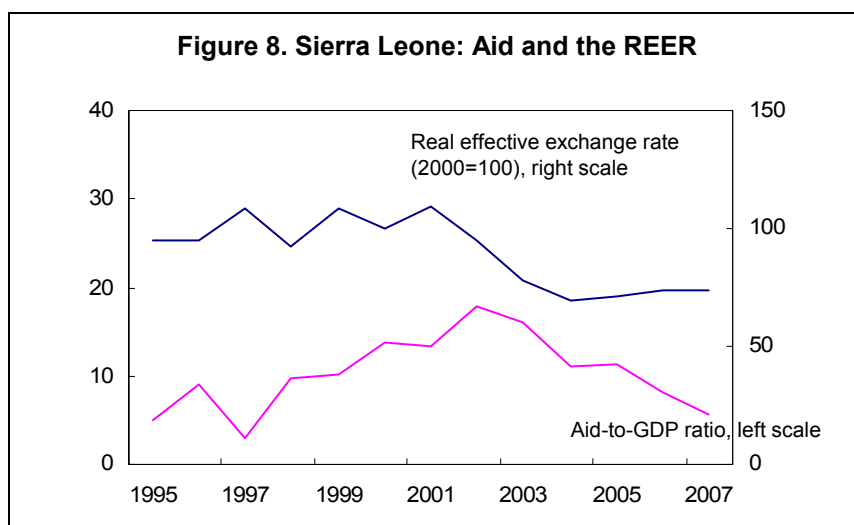
Sample from 1986:

$$LNREER = 0.267 * PROD + 0.024 * OPEN + 0.020 * FB + 0.020 * AID - 0.066 * GEXP$$

24. **Though the REER has fluctuated around the equilibrium value, with episodes of significant over- or undervaluation, in recent years it has been generally in line with equilibrium values (Figure 7).** For example, it was overvalued during the mid-1980s, early 1990s, and early 2000s. Huge undervaluations appeared in the late 1980s and late 1990s. However, the overvaluation evident in 1999–2003 reversed to a small undervaluation in 2004 and 2005. For 2007 the model predicts a small undervaluation of 2.8 percent (2.0 percent using the subsample from 1986).



25. **Foreign aid seems to be important in explaining REER overvaluation in the late 1990s and early 2000s.** An influx of aid in the late 1990s and early 2000s accompanied a large overvaluation of the REER at that time (Figure 8). In the postconflict period since 2002, however, the aid-to-GDP ratio has been decreasing, and so has the REER. This suggests that aid did not produce a large and persistent overvaluation of the REER, something also observed in studies of other postconflict countries (Elbadawi, Kaltani, and Schmidt-Hebbel, 2008). Our estimation results from the ARDL models do show that aid contributes to REER appreciation—a 1 percent increase in the aid-to-GDP ratio would lead to an 0.5 percent increase in the REER.



### *External Sustainability Approach*

26. **The external sustainability approach (ESA) focuses on the relationship between a country's NFA position and its current account or trade balance.** After determining the current account or trade balance that would stabilize the NFA position at a given level, this approach would compare it with the level of current account or trade balance likely to prevail over the medium term, and then assess the REER adjustment needed to close the gap.

27. **What is vital to the ESA is to determine the current or trade balance that would stabilize the NFA position at a given level.** Assuming that current account and net financial flows coincide, and that capital gains are zero, the current account balance needed to stabilize the NFA position in equilibrium is:<sup>4</sup>

$$ca^s = \frac{g + \pi}{(1 + g)(1 + \pi)} b^s$$

where  $ca^s$  is the current account balance (relative to GDP),  $b^s$  the NFA position (relative to GDP),  $g$  output growth, and  $\pi$  inflation. To get the NFA-stabilizing current account balance, we use the following assumptions for the NFA target level, output growth, and inflation<sup>4</sup>:

$g$  = 5.9 percent, the average output growth over 2008–13

$\pi$  = 10.4 percent, the average inflation forecast over 2008–13

$b^s$  = 18.3 percent, the NFA position at end-2007

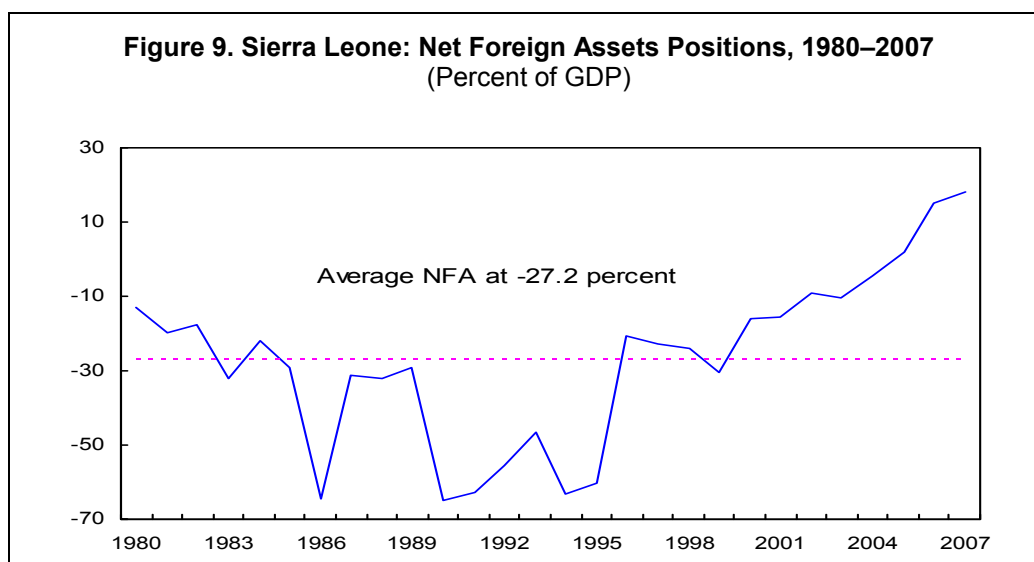
<sup>4</sup> See Lee et al., (2008).

28. **The ESA finds the REER to be overvalued by 18 to 20 percent.** On the above assumptions, the current account balance should be at a surplus of 2.5 percent of GDP—much higher than the actual 3.8 percent current account deficit in 2007 and the 4.6 percent deficit (annual average) projected over the medium term (2008–12). To close the gap between the underlying current account and the target current account levels, we use current account elasticity with respect to REER from the macroeconomic balance approach to calculate the implied overvaluation or undervaluation. The REER is thus found to be overvalued by 18 to 20 percent, depending on the choice of underlying current account balance.

**Table 5. Sierra Leone: External Sustainability Approach: Maintain the 2007 NFA Level**  
(Percent)

	Medium-Term Projections	5-year Moving Average	HP Filtered
Underlying current account balance	–4.6	–5.3	–4.9
Current account target	2.5	2.5	2.5
GAP	7.2	7.9	7.4
Implied REER overvaluation or undervaluation	17.9	19.7	18.6

29. **The historical NFA values suggest that end-2007 NFA might not be an appropriate basis for the analysis.** The choice of year is arbitrary and assumes that this NFA level is sustainable in the medium term. However, looking at historical data on Sierra Leone's NFA positions, we find that the 2007 NFA level is actually the highest since 1980, and much higher than average NFA of –27.2 percent throughout the period (see Figure 9). One of the reasons for the rapid increase of NFA in the last two years is the debt relief Sierra Leone received from MDRI and other sources. Excluding the most recent two years from the sample, average NFA from 1980 to 2005 is –30.6 percent of GDP.



30. **Based on the long-term NFA averages, the REER is in line with its underlying equilibrium level.** Using the medium-term projections as the underlying current account balance, the current account norm associated with historical average NFA from 1980 through 2007 implies a slight REER overvaluation of 2 percent. If we use the average without the two recent years, during which MDRI was granted, the overvaluation is lower at 1 percent. If we set the NFA to be arbitrarily large at -50 percent of GDP, the REER is found to be undervalued. We include in Table 6 results with alternative assumptions of underlying current account balances for sensitivity analysis.

**Table 6. Sierra Leone: NFA Scenarios**  
(Percent of GDP)

	NFA (percent of GDP)	CA Norm (percent of GDP)	REER Overvaluation (percent)
Medium-term projections -4.6			
End 2007	18.3	2.5	17.9
1980–2007 average	-27.2	-3.8	2.0
1980–2005 average	-30.6	-4.3	0.9
Maximum value	-50.0	-7.0	-5.9
5-year moving average -5.3			
End 2007	18.3	2.5	19.7
1980–2007 average	-27.2	-3.8	3.8
1980–2005 average	-30.6	-4.3	2.7
Maximum value	-50.0	-7.0	-4.1
HP filtered -4.9			
End 2007	18.3	2.5	18.6
1980–2007 average	-27.2	-3.8	2.7
1980–2005 average	-30.6	-4.3	1.6
Maximum value	-50.0	-7.0	-5.2

### D. Survey-based Competitiveness Indicators

31. **Survey-based competitiveness indicators for structural aspects of the country are also used to assess Sierra Leone's competitiveness against other countries or regions.**

Three sources of data are used in our analysis: the World Bank's *Doing Business Indicators*, its *Worldwide Governance Indicators*, and the United Nations *Human Development Index*. The indicators provide yet another angle from which to assess Sierra Leone's competitiveness. Most important, they highlight the need for structural reforms beyond the exchange rate regime.

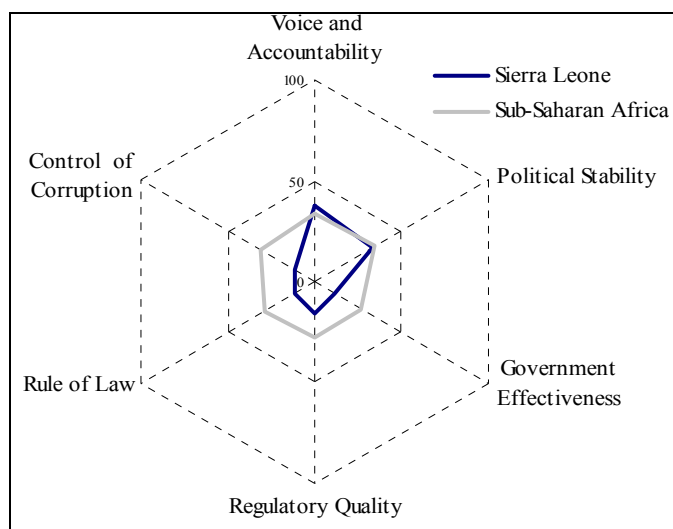
32. **The high costs of doing business in Sierra Leone have undermined its competitiveness (Table 7).** Sierra Leone ranks 156 out of 181 of countries in terms of the overall ease of doing business. On 7 of the 10 Doing Business indicators, it ranks in the lowest 30 percent of 178 countries. The costs to register property and employ workers are particularly high; it performs relatively better in starting a business, getting credit, and protecting investors. However, it does rank higher than its neighbors Liberia (157), Côte d'Ivoire (161), and Guinea (171), and is close to the average for the sub-Saharan Africa region, where it ranks 26 out of 46.

**Table 7. Sierra Leone: Doing Business Indicators, 2009 (181 countries)**

	Sierra Leone	Guinea	Liberia	Côte d'Ivoire	Mano River Countries Other than Sierra Leone (average)
Starting a business	53	177	88	167	144
Dealing with licenses	169	162	177	160	166
Registering property	163	157	172	139	156
Getting credit	145	163	131	145	146
Protecting investors	53	170	142	150	154
Paying taxes	160	168	59	148	125
Trading across borders	132	110	115	155	127
Enforcing contracts	141	131	165	124	140
Closing a business	145	109	146	68	108
Overall rank	156	171	157	161	163

Source: World Bank, Doing Business Project, 2009.

33. **Poor-quality institutions create problems for competitiveness (Figure 10).** The governance indicators (World Bank, 2007) show that compared to the sub-Saharan African average, Sierra Leone does particularly badly in control of corruption, rule of law, and government effectiveness, where it ranks in the lowest 15 percent against the regional average of 30 percent.

**Figure 10. Sierra Leone: World Bank Governance Indicators, 2007**

34. **Similarly, Sierra Leone's development of human capacity lags behind international peers (Table 8).** The country ranks last among the 177 countries covered in the United Nations *2007 Human Development Report*, a position it has occupied for most of the past decade. The Human Development Index (HDI) provides a composite measure of three dimensions of human development: living a long and healthy life (measured by life expectancy); being educated (measured by adult literacy and enrolment in the primary, secondary, and tertiary levels); and having a decent standard of living (measured by PPP and income). Sierra Leone does significantly worse in all three aspects of the HDI than the averages for sub-Saharan African countries and other countries in the low human development and low-income groups.

**Table 8. Sierra Leone: United Nations Human Development Indicators, 2007**

	Human Development Index	Life Expectancy at Birth	Adult Literacy Rate (% 15 and Older)	Combined Enrollment Ratio (%)	GDP per Capita (US\$ PPP)
Sierra Leone	0.336	41.8	34.8	44.6	806
Sub-Saharan Africa	0.493	49.6	60.3	50.6	1,998
Countries with low human development	0.436	48.5	54.4	45.8	1,112
Low-income countries	0.570	60.0	60.2	56.3	2,531

## E. Conclusion

35. This paper uses two main approaches to assess the external sustainability and competitiveness of Sierra Leone: First, the exchange rate level is examined quantitatively. Second, competitiveness indicators are used to provide another angle. The need for using several different approaches in assessment is underlined by legitimate data quality concerns, especially for data from the years of civil conflict. Let us emphasize that, because the data concerns are valid, the results should be interpreted cautiously.

36. **Using three different methodologies we find that the REER is in line with fundamentals.** The macroeconomic balance approach and the equilibrium exchange rate approach indicate that the rate generally tracks Sierra Leone's economic fundamentals. Using historical average NFA positions, the external sustainability approach produces similar results.

37. **Survey-based indicators, however, reveal that much is still to be done to improve Sierra Leone's competitiveness.** We identify as major areas for future improvement inadequate institutions and a challenging human development environment. To improve its competitiveness, Sierra Leone needs to build up its institutions and accelerate structural reforms.

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## Sierra Leone: Basic Data

Area	72,326 square kilometers							
Population								
Total (2007)	5.7 million							
Annual growth rate	2.6 percent							
Real per capita GDP (2007)	US\$ 241							
	2000	2001	2002	2003	2004	2005	2006	2007
<b>Income and expenditure</b>								
Real GDP <sup>1</sup>	3.8	17.9	27.5	9.3	7.4	7.3	7.4	6.4
Nominal GDP	10.2	20.3	22.8	18.5	24.6	21.1	20.1	17.9
Consumer prices (end of period)	-2.7	3.4	-3.1	11.3	14.4	13.1	8.3	13.8
Consumer prices (annual average)	-0.9	2.6	-3.7	8.2	14.2	12.1	9.5	11.7
<b>Money and credit</b>								
Broad money (including foreign currency deposits)	9.7	33.7	36.8	21.2	18.9	32.8	18.9	25.9
Velocity (GDP/broad money)	6.1	5.5	5.2	4.9	5.1	4.7	4.7	4.4
Domestic credit <sup>2</sup>	-11.8	6.9	3.0	13.2	-1.1	1.0	-48.7	27.2
Reserve money	9.2	29.4	24.9	22.4	12.6	24.3	10.7	26.0
Treasury bill rates (end of period; in percent)	20.0	14.7	15.0	20.2	28.0	16.9	14.2	21.3
<b>External sector</b>								
Exports (U.S. dollars)	22.3	2.9	48.9	27.2	13.1	15.4	28.3	3.9
Imports (U.S. dollars)	100.3	20.6	54.4	21.9	-11.7	31.9	1.9	4.6
Terms of trade (- deterioration)	-9.0	2.4	0.0	-1.9	-4.6	-2.3	-6.4	-0.6
Real effective exchange rate (- depreciation; end of period)	32.1	-15.3	-9.7	-18.3	-8.0	20.8	-7.4	0.5
<b>Gross domestic investment</b>								
Gross domestic investment	8.0	6.7	10.1	9.1	10.8	17.4	15.5	13.4
Gross national saving	-1.8	-9.5	5.3	1.5	5.9	10.3	12.0	9.6
Gross domestic saving	-8.1	-11.6	-9.4	-10.4	-0.4	4.2	7.9	6.0
Current account balance, including official transfers	-9.8	-16.2	-4.8	-7.6	-5.8	-7.1	-3.5	-3.8
Current account balance, excluding official transfers	-18.1	-20.5	-12.1	-14.1	-13.1	-14.2	-8.8	-7.3
Overall balance of payments	0.4	1.7	-0.3	-4.6	-0.5	1.0	10.2	1.9
Government domestic revenue	11.4	13.0	12.2	12.4	12.3	11.9	11.8	10.8
Total expenditure and net lending	28.7	29.5	28.6	26.9	24.8	24.6	22.7	17.6
Of which: current expenditure	22.7	24.8	24.2	22.1	20.1	18.7	17.6	13.3
Overall fiscal balance								
(commitment basis, excluding grants and MDRI)	-17.3	-16.5	-16.5	-14.5	-12.4	-12.8	-11.0	-6.8
(commitment basis, including grants and MDRI) <sup>3</sup>	-9.3	-10.6	-8.3	-6.7	-3.5	-2.7	9.3	25.2
Domestic primary fiscal balance <sup>4</sup>	-5.5	-7.7	-7.0	-5.6	-2.8	-3.1	-3.1	-1.9
Domestic financing	0.1	3.2	0.9	4.3	-0.1	1.0	-10.4	1.7
<b>Debt service due (incl. to the Fund) after debt relief <sup>5</sup></b>								
Debt service due (incl. to the Fund) before debt relief	48.1	73.0	9.3	6.8	9.9	9.0	6.6	4.1
Net present value of debt-to-exports ratio	150.0	150.6	162.3	153.6	413.6	364.3	52.1	41.1
<b>Memorandum items:</b>								
External current account balance, excluding official transfers	-114.9	-165.0	-113.6	-139.8	-140.5	-172.6	-125.8	-122.1
Gross international reserves	49.6	59.4	84.6	59.4	124.9	168.3	184.2	215.5
(months of imports of goods and services)	2.1	1.9	2.5	1.9	3.3	4.4	4.7	4.6
GDP (billions of leones)	1,330.3	1,600.2	1,964.3	2,327.0	2,898.6	3,510.2	4,217.0	4,969.8
GDP (millions of U.S. dollars)	633.8	805.6	935.8	991.1	1,073.0	1,214.8	1,423.7	1,664.8

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

<sup>1</sup> Data reflect revisions in the national accounts.

<sup>2</sup> Changes as a percentage of beginning-of-period money stock (including foreign currency deposits).

<sup>3</sup> For 2006, MDRI relief from IMF; for 2007, MDRI relief from IDA and AfDF (both as stock of debt relief).

<sup>4</sup> Domestic revenue minus total expenditure and net lending, excluding interest payments, and externally financed capital expenditure and disarmament demobilization, and reintegration (DDR) program.

<sup>5</sup> As a percentage of exports of goods and services; after Naples (2001) and Cologne flow reschedulings (2002-04), and delivery of possible HIPC Initiative assistance.

Table 1. Sierra Leone: Production of Major Agricultural Commodities, 2000–07

	2000	2001	2002	2003	2004	2005	2006	2007
(Thousands of metric tons)								
Cereals								
Rice (paddy)	248	311	422	446	579	552	1,062	1,433
Maize	9	10	13	16	21	39	49	55
Millet	5	9	18	31	...	...	...	...
Sorghum	6	15	31	62	...	...	...	...
Beniseed	4	...	...	...	...	...	...	...
Other cereals	...	...	...	...	...	...	...	...
Roots and tubers								
Cassava	240	314	400	480	623	2,287	2,973	3,865
Sweet potato	20	21	25	28	37	192	168	177
Cocoyam	...	...	...	...	...	...	...	...
Ginger	...	...	...	...	...	...	...	...
Groundnuts	29	49	98	117	152	167	115	127
Tree crops								
Coffee	...	75	520	545	...	...	...	...
Cocoa	...	569	342	2753	...	...	...	...
Palm kernels	...	...	...	...	...	...	...	...
Kola nuts	...	...	...	...	...	...	...	...
Palm oil	...	...	...	...	...	...	...	...
(Annual percentage change)								
Rice (paddy)	-53.2	25.1	35.9	5.6	29.8	-4.6	92.4	34.9
Cassava	-39.8	31.0	27.1	20.0	30.0	266.9	30.0	30.0
Sweet potato	-69.1	6.1	20.0	11.8	30.0	417.8	-12.3	5.4
Coffee	...	...	594.3	4.8	...	...	...	...
Cocoa	...	...	-39.8	704.4	...	...	...	...
Palm kernels	...	...	...	...	...	...	...	...
Kola nuts	...	...	...	...	...	...	...	...
Palm oil	...	...	...	...	...	...	...	...
Memorandum items:								
(Thousands of metric tons)								
Imports of rice	101.5	132.2	146.4	156.7	124.1	96.4	97.9	99.7

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.

Table 2. Sierra Leone: Domestic Fish Catch, 2000–07

(Thousands of metric tons)

	2000	2001	2002	2003	2004	2005	2006	2007
Industrial catch								
Shrimp	1,505	1,277	1,119	1,540	1,445	1,378	1,504	1,730
Tuna	...	6,166	...	...	...	...	...	...
Other	12,689	15,155	12,602	15,624	12,960	14,419	2,161	2,485
Total	14,194	22,598	13,721	17,164	14,405	15,797	13,794	15,863
Artisanal catch	45,910	39,950	52,846	65,758	106,216	166,614	120,490	126,515
Total production (1990 = 100)	60,104 26.1	62,548 27.2	66,567 28.9	82,922 ...	120,621 ...	132,411 ...	134,284 ...	142,378 ...

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

Table 3. Sierra Leone: Mineral Production, 2000–07

	2000	2001	2002	2003	2004	2005	2006	2007
(Units indicated)								
Diamonds								
Alluvial Diamond Mining Scheme <sup>1</sup>								
Quantity (thousands of carats)	77.5	224.5	351.7	506.8	691.8	668.8	582.3	604.7
Export value (millions of leones) <sup>2</sup>	20,601.0	56,785.0	91,465.0	181,369.0	341,352.0	409,525.0	582.3	604.7
Bauxite (thousands of metric tons) <sup>3</sup>	0.0	0.0	0.0	0.0	0.0	0.0	1,071.1	1,169.0
Rutile (thousands of metric tons) <sup>3</sup>	0.0	0.0	0.0	0.0	0.0	0.0	73.6	82.8
Gold (ounces) <sup>4</sup>	0.0	0.0	0.0	0.0	0.0	751.2	2.3	6.8
Ilmenite (thousands of metric tons) <sup>3</sup>	0.0	0.0	0.0	0.0	0.0	0.0	13.8	15.8
Memorandum items:								
(Index 2000 = 100)								
Alluvial Diamond Mining Scheme (quantity)	100.0	289.7	453.8	653.9	892.6	863.0	751.4	780.3
Bauxite	0	0	0	0	0	0	...	...
Rutile	0	0	0	0	0	0	...	...
Gold	0	0	0	0	0	0	...	...
Ilmenite	0	0	0	0	0	0	...	...

Sources: Sierra Leonean authorities and Bank of Sierra Leone bulletin.

<sup>1</sup> Figures for exports under Alluvial Diamond Mining Scheme represent both gems and diamonds.

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

<sup>3</sup> 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.

<sup>4</sup> Amount of gold purchased by the Bank of Sierra Leone's gold buying unit.

Table 4. Sierra Leone: Production of Manufacturing Establishments, 2000–07

	2000	2001	2002	2003	2004	2005	2006	2007
(Units indicated)								
Food and beverages								
Biscuits (thousands of kilograms)	0	0	0	0	0	0	0	0
Confectionery (thousands of kilograms)	382	500	1,032	1,505	2,724	2,074	1,057	1,425
Beer and stout (thousands of crates)	188	401	915	771	942	1,012	832	780
Spirits (thousands of liters)	0	0	0	0	0	0	...	...
Soft drinks (thousands of crates)	1,429	1,701	1,872	1,113	1,584	1,908	2,089	2,432
Household products and construction								
Matches (cartons)	0	0	0	0	0	0	0	0
Washing soap (metric tons)	493	149	460	492	268	417	...	...
Cement (thousands of bags)	1,593	3,108	2,883	3,390	18,046	18,045	...	...
Nails (cases)	0	0	0	0	0	0	0	0
Paint (thousands of liters)	394	318	744	725	169	135	649	714
Miscellaneous								
Cigarettes (millions of sticks)	...	...	...	...	...	...	...	...
Acetylene (thousands of cubic feet)	100	91	99	114	12	219	291	191
Carbon dioxide (thousands of cubic feet)	49	0	26	2	0	0	0	0
Oxygen (thousands of cubic feet)	721	547	1,131	1,609	428	966	792	424
Salt (metric tons)	3,970	1,833	1,821	1,005	0	0	0	0
(Annual percentage change)								
Beer and stout	...	113	128	-16	22	7	-18	-6
Soft drinks	81	19	10	-41	42	20	9	16
Cigarettes	...	...	...	...	...	...	...	...

Sources: Sierra Leonean authorities, BSL Bulletin, and Bank of Sierra Leone.

Table 5. Sierra Leone: Petroleum Prices and Utility Tariffs, 2004–June 2008

End of period	2004				2005				2006				2007				2008	
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.
Petroleum products	(Le per imperial gallon)																	
Petrol	6,600	7,600	8,000	9,000	9,500	9,500	11,250	11,250	11,250	12,150	13,500	12,950	12,950	14,500	14,500	14,500	14,500	16,500
Diesel	6,800	7,420	8,000	9,650	9,500	9,500	11,250	11,250	11,250	12,150	13,500	12,950	12,950	14,500	14,500	14,500	14,500	16,500
Kerosene	5,200	6,170	6,700	8,200	8,500	8,500	10,000	10,000	10,000	11,000	13,500	12,950	12,950	14,500	14,500	14,500	14,500	16,500
Fuel oil	3,480	3,340	33,400	3,715	4,600	4,600	5,689	5,689	5,689	5,705	6,000	6,000	6,000	7,785	7,785	7,785	7,785	9,570
Telecommunications	(Per unit)																	
Telephone tariff (Le/Min.)																		
Local calls	100	100	100	100	200	200	200	200	200	200	200	200	200	200	200	200	200	200
International calls	1500	1,500	1,500	1,500	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Telephone rentals (Le/Month)																		
Domestic	4000	4,000	4,000	4,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Commercial	8000	8,000	8,000	8,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Water	(Le per 1,000 gallons)																	
Metered commercial	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Demand charge	...	...	...	...	...	...	...	...	...	...	...	...	38.00	38.00	38.00	38.00	38.00	38.00
Usage charge	...	...	...	...	...	...	...	...	...	...	...	...	13.00	13.00	13.00	13.00	13.00	13.00
Electricity	(Per unit)																	
Domestic tariff																		
0-30	287	287	287	287	287	373	373	373	373	373	373	373	373	373	373	373	373	373
31-150	410	410	410	410	410	533	533	533	533	533	533	533	533	533	533	533	533	533
151-200	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Over 151	545	545	545	545	545	709	709	709	709	709	709	709	709	709	709	709	709	709
Minimum charge (Leone)	8,600	8,600	8,600	8,600	8,600	11,180	11,180	11,180	11,180	11,180	11,180	11,180	11,180	11,180	11,180	11,180	11,180	11,180
Fixed Charge (Leone)	1,820	1,820	1,820	1,820	1,820	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Nondomestic tariff	(Below 15 kilowatts)																	
0-30	501	501	501	501	501	651	651	651	651	651	651	651	651	651	651	651	651	651
31-150	601	601	601	601	601	781	781	781	781	781	781	781	781	781	781	781	781	781
151-200	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Over 151	651	651	651	651	651	846	846	846	846	846	846	846	846	846	846	846	846	846
Minimum charge (Leones)	15,015	15,015	15,015	15,015	15,015	19,520	19,520	19,520	19,520	19,520	19,520	19,520	19,520	19,520	19,520	19,520	19,520	19,520
Fixed Charge (Leones)	2,730	2,730	2,730	2,730	2,730	...	...	...	...	...	5,910	5,910	5,910	5,910	5,910	5,910	5,910	5,910
	(Above 15 kilowatts)																	
All units	729	729	729	729	729	755	755	755	755	755	755	781	781	781	781	781	781	781
Minimum charge	91,000	91,000	91,000	91,000	91,000	118,300	118,300	118,300	118,300	118,300	118,300	32,533	32,533	32,533	32,533	32,533	32,533	32,533
Fixed charge	37,240	37,240	37,240	37,240	37,240	168,000	168,000	168,000	168,000	168,000	168,000	6,820	6,820	6,820	6,820	6,820	6,820	6,820
State-run educational institutions and hospitals																		
All units	724	725	726	727	728	941	941	941	941	941	941	781	781	781	781	781	781	781
Minimum charge	9,100	9,100	9,100	9,100	9,100	118,300	118,300	118,300	118,300	118,300	118,300	32,533	32,533	32,533	32,533	32,533	32,533	32,533
Fixed charge	1,114	1,114	1,114	1,114	1,114	1,448	1,448	1,448	1,448	1,448	1,448	6,820	6,820	6,820	6,820	6,820	6,820	6,820
Churches and mosques																		
All units	601	601	601	601	601	781	781	781	781	781	781	781	781	781	781	781	781	781
Minimum charge	25025	25,025	25,025	25,025	25,025	32,533	32,533	32,533	32,533	32,533	32,533	32,533	32,533	32,533	32,533	32,533	32,533	32,533
Fixed charge	3640	3,640	3,640	3,640	3,640	...	...	...	...	6,820	6,820	6,820	6,820	6,820	6,820	6,820	6,820	6,820

Source: Sierra Leonean authorities.

Table 6. Sierra Leone: Revised Consumer Price Index for Freetown  
2004–October 2008 <sup>1</sup>  
(1992 = 100)

Weights	All items (CPI)	Monthly change (Percent)	Annual change (Percent, year-on-year)	Food (54.13)	Beverages and tobacco (3.63)	Nonfood <sup>1</sup> (42.24)	Clothing (7.35)	Housing (14.75)	Transport and communications (5.93)	Miscellaneous (14.21)
2004										
January	592.5	4.5	15.3	351.3	13.9	227.3	27.2	94.7	37.6	67.9
February	600.2	1.3	15.1	354.0	14.3	231.9	28.8	97.2	37.7	68.2
March	588.9	-1.9	11.2	341.3	14.4	233.3	28.9	98.1	37.7	68.5
April	594.0	0.9	12.7	348.6	14.4	231.0	29.4	95.4	37.7	68.5
May	606.1	2.0	14.5	350.3	14.4	241.5	29.6	99.6	43.5	68.8
June	620.9	2.4	14.6	364.7	14.0	242.2	29.5	100.0	43.5	69.2
July	622.0	0.2	14.0	363.8	13.9	244.3	30.1	101.1	43.7	69.4
August	626.3	0.7	15.0	364.6	13.7	248.0	30.5	101.8	43.4	72.3
September	631.6	0.8	14.6	366.1	15.0	250.4	30.8	102.9	43.8	73.0
October	642.5	1.7	14.9	366.4	15.5	260.6	30.8	106.4	50.0	73.4
November	656.3	2.1	14.7	379.9	15.5	260.0	30.8	105.8	50.0	73.4
December	648.8	-1.2	14.4	372.2	14.7	261.9	30.9	106.6	50.1	74.2
2005										
January	645.2	-0.6	8.9	375.9	14.8	244.5	20.9	105.0	44.7	73.9
February	645.3	0.0	7.5	375.5	15.1	254.6	31.2	104.7	44.7	74.0
March	650.3	0.8	10.4	376.6	15.1	258.6	31.7	108.3	44.7	73.8
April	657.4	1.1	10.7	377.5	15.2	264.7	32.3	107.9	50.5	74.0
May	669.2	1.8	10.4	386.4	15.2	266.5	31.8	110.0	50.6	74.1
June	690.1	3.1	11.1	397.9	15.2	275.7	33.0	118.6	50.6	73.6
July	708.2	2.6	13.9	409.0	15.3	282.2	33.3	121.7	53.5	73.7
August	721.7	1.9	15.2	414.7	16.1	289.2	33.2	124.9	54.0	77.2
September	732.0	1.4	15.9	412.2	16.2	302.9	33.6	131.8	58.7	78.8
October	735.3	0.5	14.5	405.7	16.2	311.8	34.2	138.6	59.0	80.0
November	737.0	0.2	12.3	404.5	16.0	313.0	32.0	141.4	59.6	80.0
December	733.8	-0.4	13.1	408.3	16.5	310.0	34.7	132.2	59.7	83.4
2006										
January	734.5	0.1	13.9	408.7	16.2	309.6	32.8	136.2	59.8	80.8
February	733.5	-0.1	13.6	410.7	15.9	306.7	33.3	132.3	60.2	80.8
March	738.2	0.6	13.5	411.7	16.3	310.3	33.9	132.8	60.4	83.1
April	739.4	0.2	12.5	414.3	16.1	309.1	33.5	134.0	60.2	81.4
May	747.0	1.0	11.8	415.8	16.2	314.2	33.9	134.9	63.7	81.7
June	753.8	0.9	9.2	424.4	16.0	313.4	33.3	129.9	65.5	84.8
July	759.4	0.7	7.2	421.0	15.9	322.5	33.4	138.4	65.9	84.8
August	766.5	0.9	6.2	430.5	15.9	319.1	32.6	134.8	66.1	85.7
September	780.5	1.8	6.6	441.4	16.0	324.1	33.8	138.7	67.9	83.7
October	786.2	0.7	6.9	439.3	16.1	330.8	33.9	143.0	68.2	85.7
November	786.6	0.1	6.7	436.6	16.1	333.9	34.0	143.5	68.4	88.0
December	794.4	1.0	8.3	434.7	17.4	342.4	33.7	148.8	68.8	91.1
2007										
January	806.6	1.5	9.8	445.7	17.5	343.4	33.9	149.9	69.0	90.7
February	827.1	2.5	12.8	464.1	17.1	346.0	34.3	151.2	69.1	91.3
March	812.8	-1.7	10.1	450.5	17.2	345.1	34.4	147.6	68.7	94.4
April	824.0	1.4	11.4	453.0	17.6	353.3	34.6	152.2	68.7	97.9
May	821.8	-0.3	10.0	451.1	17.7	353.0	34.6	151.4	68.9	98.1
June	830.9	1.1	10.2	455.7	17.6	357.7	34.4	154.6	69.0	99.7
July	828.8	-0.3	9.1	451.3	17.8	359.7	34.6	158.3	67.5	99.4
August	859.5	3.7	12.1	477.5	19.5	362.5	34.8	159.5	67.4	100.8
September	870.5	1.3	11.5	483.4	19.5	367.5	34.8	165.1	67.6	100.1
October	891.0	2.4	13.3	505.7	18.1	367.2	34.5	164.6	67.7	100.5
November	905.8	1.7	15.2	508.7	18.1	380.0	35.0	169.6	74.0	101.5
December	903.7	-0.2	13.8	502.6	18.1	383.1	33.8	173.1	74.6	101.6
2008										
January	914.5	1.2	13.4	516.9	19.3	378.4	33.8	168.1	74.8	101.8
February	940.6	2.9	13.7	533.4	19.3	387.9	33.5	175.4	75.4	103.6
March	932.8	-0.8	14.8	523.4	19.1	390.3	33.9	177.3	75.6	103.4
April	942.2	1.0	14.3	538.9	19.4	383.9	33.8	170.9	75.5	103.7
May	960.0	1.9	16.8	543.6	19.3	397.2	34.3	175.8	82.4	104.7
June	968.7	0.9	16.6	550.6	19.5	398.7	34.6	176.4	81.4	106.3
July	977.7	0.9	18.0	559.2	19.4	399.1	34.4	177.4	80.7	106.6
August	992.1	1.5	15.4	570.4	20.1	401.6	35.5	178.2	80.9	107.0
September	1018.8	2.7	17.0	603.1	20.2	395.5	35.4	171.6	81.0	107.5
October	1018.0	-0.1	14.3	621.7	20.3	376.0	35.0	163.1	69.2	108.7
Memorandum items:										
Annual inflation rate										
Average										
2000	-0.7			-8.0	6.1	5.9	6.5	4.6	-13.5	2.5
2001	2.6			6.8	-16.3	1.2	-11.5	2.0	-6.0	-4.0
2002	-3.7			-2.3	-19.5	-3.4	2.0	-2.9	0.4	9.2
2003	7.5			7.5	8.6	7.6	3.2	6.4	0.6	-13.0
2004	14.2			18.5	4.4	8.8	14.8	5.0	18.2	6.8
2005	12.1			9.7	7.7	15.1	6.9	19.5	21.5	8.2
2006	9.5			7.3	3.7	13.7	5.3	14.0	23.0	10.4
2007	11.7			11.0	11.3	12.6	2.8	15.2	7.4	16.2
End-December										
2000	-0.2			-3.4	-10.4	-1.3	-11.1	0.8	4.7	-13.4
2001	3.4			11.3	-24.4	-4.3	-4.8	0.0	-16.9	14.7
2002	-3.1			-7.4	-3.1	3.2	10.6	1.7	-6.7	-0.8
2003	11.3			15.1	17.5	5.9	6.5	0.1	2.2	-8.3
2004	14.4			14.7	-0.5	15.0	11.1	13.9	33.8	7.8
2005	13.1			9.7	12.1	18.4	12.5	24.0	19.0	12.3
2006	8.3			6.5	5.1	10.5	-3.0	12.6	15.4	9.2
2007	13.8			15.6	4.4	11.9	0.2	16.4	8.4	11.5

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

<sup>1</sup> Nonfood items consist of clothing, housing, transportation and communications, and miscellaneous.

Table 7. Sierra Leone: Government Budgetary Operations, 2000–07

	2000	2001	2002	2003	2004	2005	2006	2007
(Le millions)								
Domestic Revenue	152,175	207,669	238,691	287,657	356,966	415,981	495,644	536,864
Tax	135,166	192,576	223,470	267,960	319,269	350,421	416,742	454,537
Nontax	17,009	15,093	15,221	19,697	37,697	65,560	78,903	82,327
Grants	106,107	95,023	161,336	179,343	259,376	351,870	855,528	1,592,473
of which: MDRI assistance							508,978	1,353,182
Expenditure	382,344	442,760	562,252	597,999	688,092	863,828	957,510	876,588
Recurrent expenditure	301,831	371,132	474,811	485,368	555,046	656,253	741,254	699,899
Development expenditure and net lending	80,512	71,628	87,441	112,631	133,046	207,575	216,256	176,689
Overall deficit (commitment basis)								
Excluding grants	-230,169	-235,091	-323,561	-310,342	-331,126	-447,846	-461,866	-339,724
Including grants	-124,062	-140,068	-162,225	-130,999	-71,749	-95,976	393,662	1,252,749
Change in arrears	43,310	-533,199	-3,586	-13,539	-32,455	-5,983	-513	38,991
Overall deficit (cash basis)	-80,752	-673,267	-165,811	-144,538	-104,204	-101,959	393,149	1,291,740
Total financing	80,752	673,267	165,811	144,538	104,204	101,959	-393,149	-1,291,740
Foreign financing	81,610	624,766	143,734	56,133	122,171	62,397	28,472	-1,333,845
Disbursements	123,584	95,370	141,605	93,627	150,971	105,136	47,884	61,750
Amortization due	-41,974	-425,769	-48,284	-37,494	-53,893	-138,188	-119,198	-1,395,595
MDRI assistance from IDA, and IfDB								-1,353,182
Amount paid	-41,974	-38,515	-34,250	-37,494	-28,800	-42,739	-19,412	-42,413
Arrears	30,772	-387,254	14,034	0	0	0	0	0
Debt relief obtained	0	567,911	50,413	0	25,093	95,450	99,786	0
Domestic financing	-858	48,501	22,077	88,405	-17,967	39,562	-421,621	42,105
Bank	-26,321	42,844	-5,603	56,622	-51,477	-16,369	-446,453	28,030
of which: MDRI from IMF							508,978	
Nonbank	27,289	8,947	24,203	44,030	49,528	59,106	6,116	11,292
Privatization	22	2,060	472	270	52	0	3,030	5,157
Float/unaccounted	-1,848	-5,350	3,005	-12,517	-16,070	-3,175	15,686	-2,374
(Percent of GDP)								
Domestic Revenue	11.4	14.0	14.5	15.4	12.5	11.9	11.8	10.8
Expenditure	28.7	29.8	34.2	32.1	24.1	24.6	22.7	17.6
Recurrent expenditure	22.7	24.9	28.9	26.1	19.4	18.7	17.6	14.1
Development expenditure	6.1	4.8	5.3	6.0	4.7	5.9	5.1	3.6
Overall deficit (commitment basis)								
Excluding grants	-17.3	-15.8	-19.7	-16.7	-11.6	-12.8	-11.0	-6.8
Including grants	-9.3	-9.4	-9.9	-7.0	-2.5	-2.7	9.3	25.2
Change in arrears	3.3	-35.8	-0.2	-0.7	-1.1	-0.2	0.0	0.8
Overall deficit (cash basis)	-6.1	-45.3	-10.1	-7.8	-3.7	-2.9	9.3	26.0
Foreign financing	6.1	42.0	8.7	3.0	4.3	1.8	0.7	-26.8
Domestic financing	-0.1	3.3	1.3	4.7	-0.6	1.1	-10.0	0.8
Bank	-2.0	2.9	-0.3	3.0	-1.8	-0.5	-10.6	0.6
Nonbank	2.1	0.6	1.5	2.4	1.7	1.7	0.1	0.2
Float/unaccounted	-0.1	-0.4	0.2	-0.7	-0.6	-0.1	0.4	0.0
Memorandum items:								
Opening money stock (millions of Leones)	134,078	139,957	189,437	378,514	477,811	568,121	754,240	896,567
Bank financing/Broad money	-19.6	30.6	-3.0	15.0	-10.8	-2.9	-59.2	3.1
Primary budget deficit (commitment basis)	-73,060	-80,716	-74,686	-136,116	-84,060	-110,320	-129,400	-95,204
(percent of GDP)	-5.5	-5.4	-4.5	-7.3	-2.9	-3.1	-3.1	-1.9
GDP at current market prices	1,330,319	1,487,724	1,643,332	1,863,000	2,854,489	3,510,235	4,216,970	4,969,807

Source: Sierra Leonean authorities.

Note: GDP data deviate from IMF estimates.

Table 8. Sierra Leone: Government Revenue, 2000–07

	2000	2001	2002	2003	2004	2005	2006	2007
(Le millions)								
Taxes on income and profit	39,243	53,697	61,642	73,046	93,963	110,153	122,405	125,441
Corporate profits tax	15,929	19,994	29,117	38,578	47,622	61,696	64,656	51,366
Individual income tax	23,314	33,703	32,525	34,468	46,341	48,458	57,749	74,075
Taxes on goods and services	27,908	43,751	51,154	63,742	85,257	103,501	139,280	113,378
Excise duties	18,974	27,036	32,128	41,195	45,798	49,991	71,023	47,577
Fuel and oil	18,008	21,024	28,337	36,693	41,076	42,347	58,384	41,500
Tobacco	...	...	...	...	...	...	...	...
Beer and stout	...	...	...	...	...	...	...	...
Other	966	6,012	3,791	4,502	4,722	7,643	12,639	6,077
Domestic sales tax	533	6,670	7,758	7,018	9,655	13,707	9,817	9,015
Mining licenses	729	1,196	2,034	3,040	7,720	8,243	12,562	16,266
Royalties	3,031	2,664	2,309	2,643	5,231	7,626	6,221	6,156
Bauxite	3	0	0	0	0	1,683	1,050	1,941
Rutile	786	0	0	0	0	318	1,131	367
Fisheries	2,242	2,664	2,309	2,643	5,231	5,625	4,040	3,848
Road user fees	4,641	6,185	6,925	9,847	16,853	23,935	39,656	34,364
Other taxes on goods and services	0	0	0	0	0	0	0	0
Taxes on international travel	...	...	...	...	...	...	...	...
Taxes on international trade	75,917	104,475	120,703	144,166	166,137	172,283	197,994	251,772
Import duties	75,917	104,475	120,703	144,166	166,137	172,283	197,994	251,772
Import duty and fees	75,917	104,475	120,703	144,166	166,137	172,283	197,994	251,772
Import sales tax	0	0	0	0	0	0	0	0
Other charges	0	0	0	0	0	0	0	0
Export duties	0	0	0	0	0	0	0	0
Other taxes	1,247	698	1,239	2,535	3,717	4,288	15,502	20,732
Employers' payroll tax	...	...	...	...	...	...	...	...
Freight levy	748	...	...	...	...	...	...	...
Other	499	698	1,239	2,535	3,717	4,288	15,502	20,732
Total tax revenue	144,315	202,621	234,738	283,489	349,073	390,226	475,181	511,323
Nontax revenue	7,859	5,048	3,952	4,168	7,893	25,756	20,463	25,541
Property income	...	...	...	...	2,355	7,348	8,339	5,685
Public enterprises	...	...	...	...	2,355	7,348	8,339	5,685
Other	...	...	...	...	...	...	...	...
Administration fees and other charges	...	...	...	...	...	...	...	...
Other	7,859	5,048	3,952	4,168	5,538	18,409	12,124	19,856
Total revenue	152,174	207,669	238,690	287,657	356,966	415,982	495,644	536,864
(Percent of GDP, unless otherwise indicated)								
Taxes on income and profit	2.9	3.4	3.1	3.1	3.2	3.1	2.9	2.5
Taxes on goods and services	2.1	2.7	2.6	2.7	2.9	2.9	3.3	2.3
Taxes on international trade	5.7	6.5	6.1	6.2	5.7	4.9	4.7	5.1
Other taxes	0.1	0.0	0.1	0.1	0.1	0.1	0.4	0.4
Tax revenue	10.8	12.7	12.0	12.2	12.0	11.1	11.3	10.3
Nontax revenue	0.6	0.3	0.2	0.2	0.3	0.7	0.5	0.5
Total revenue	11.4	13.0	12.2	12.4	12.3	11.9	11.8	10.8
(Percent of total revenue)								
Taxes on income and profit	25.8	25.9	25.8	25.4	26.3	26.5	24.7	23.4
Taxes on goods and services	18.3	21.1	12.2	13.4	23.9	24.9	28.1	21.1
Taxes on international trade	49.9	50.3	13.6	12.0	46.5	41.4	39.9	46.9
Other taxes	0.8	0.3	0.0	0.0	1.0	1.0	3.1	3.9
Tax revenue	94.8	97.6	21.4	22.2	97.8	93.8	95.9	95.2
Nontax revenue	5.2	2.4	13.5	14.3	2.2	6.2	4.1	4.8
Memorandum items:								
Nominal GDP (millions Le)	1,330,319.5	1,600,169.0	1,964,294.0	2,327,035.3	2,898,624.2	3,510,235.0	4,216,970.1	4,969,806.8
Imports of goods (US\$ million)	136.9	165.1	254.9	310.7	274.3	361.7	368.5	385.6
Imports of goods (billion Le)	228.2	356.9	558.8	796.1	784.7	1,060.8	1,095.7	1,148.0
Implicit tax rate on imports (percent)	33.3	29.3	21.6	18.1	21.2	16.2	18.1	21.9

Sources: Sierra Leonean authorities.

Table 9. Sierra Leone: Economic Classification of Recurrent Expenditure, 2000–07

	2000	2001	2002	2003	2004	2005	2006	2007
(Le millions; unless otherwise stated)								
Wages and salaries	89,495	110,981	126,492	152,003	178,751	229,440	271,531	296,509
Purchases of goods and services	116,904	164,327	212,728	222,088	191,172	202,468	205,484	157,273
<i>Of which:</i>								
Emergency defense	28,636	37,868	33,371	40,774	35,244	33,976	35,485	29,434
Subsidies and transfers	11,518	14,801	30,809	27,506	55,559	63,233	102,230	95,023
Education	11,475	13,141	14,041	19,000	21,187	20,549	29,565	27,365
Local government	43	1,660	1,469	417	0	15,508	26,948	19,301
Pensions/Others	0	0	15,300	8,088	34,372	27,176	45,716	48,357
Interest	83,915	72,796	104,798	83,771	129,564	125,588	162,009	112,144
Domestic	50,459	44,263	51,020	64,316	103,708	94,658	89,084	96,258
Foreign	33,456	28,533	53,778	19,455	25,855	30,931	72,925	15,886
Total recurrent expenditure	301,832	362,904	474,827	485,368	555,046	620,728	741,254	660,949
Wages and salaries	6.7	7.5	7.5	8.2	6.2	6.5	6.4	6.0
Purchases of goods and services	8.8	11.0	12.7	11.9	6.6	5.8	4.9	3.2
<i>Of which:</i>								
Emergency defense	2.2	2.5	2.0	2.2	1.2	1.0	0.8	0.6
Subsidies and transfers	0.9	1.0	1.8	1.5	1.9	1.8	2.4	1.9
Interest	6.3	4.9	6.2	4.5	4.5	3.6	3.8	2.3
<i>Of which:</i>								
Domestic	3.8	3.0	3.0	3.5	3.6	2.7	2.1	1.9
(Percent of total recurrent expenditure)								
Wages and salaries	29.7	30.6	26.6	31.3	32.2	37.0	36.6	44.9
Purchases of goods and services	38.7	45.3	44.8	45.8	34.4	32.6	27.7	23.8
Subsidies and transfers	3.8	4.1	6.5	5.7	10.0	10.2	13.8	14.4
Interest	27.8	20.1	22.1	17.3	23.3	20.2	21.9	17.0
<i>Of which:</i>								
Domestic	16.7	12.2	10.7	13.3	18.7	15.2	12.0	14.6
GDP (millions of leones)	1,330,319	1,600,169	1,964,294	2,327,035	2,898,624	3,510,235	4,216,970	4,969,807

Source: Sierra Leonean authorities.

Table 10. Sierra Leone: Functional Classification of Recurrent Expenditure, 2000–07

	2000	2001	2002	2003	2004	2005	2006	2007
(Le millions)								
General public services	49,791	72,891	99,129	105,338	120,286	135,724	193,322	213,601
Defense	48,769	59,408	56,955	66,841	62,026	68,056	68,280	63,497
Education	59,024	68,136	87,037	101,901	112,559	135,842	148,521	148,792
General administration	3,450	5,305	6,689	7,640	68,329	96,417	10,498	6,560
Schools	41,430	47,195	62,152	70,468	20,701	16,717	99,548	107,522
Primary	28,833	31,590	44,385	49,468	14,966	11,379	65,809	70,762
Secondary	12,597	15,605	17,767	21,000	5,736	5,338	33,739	36,760
Universities and colleges	11,475	13,141	14,041	19,000	21,467	21,310	30,083	27,557
Technical and vocational	2,670	2,495	4,156	4,793	2,062	1,398	8,392	7,153
Health	14,280	23,510	33,595	40,200	33,530	37,717	40,138	25,429
Social security and welfare	7,041	8,791	20,261	20,302	21,036	24,836	25,296	31,567
General administration	0	0	0	3,007	9,645	12,612	9,859	14,047
Pensions	7,041	8,791	20,261	17,296	11,392	12,224	15,437	17,520
Housing and community amenities	978	1,522	1,740	1,446	150	150	693	1,212
Other community and social services	4,893	4,709	7,922	5,995	7,681	6,115	2,670	1,449
Economic services	16,567	28,401	32,761	39,109	46,593	50,173	80,705	52,144
Agriculture	5,094	8,849	10,933	15,199	16,381	14,352	21,626	14,519
Mining and manufacturing	823	1,105	1,159	1,243	2,548	2,019	1,270	814
Electricity and water	1,630	2,904	4,142	3,989	3,773	2,312	2,638	12,288
Transportation	671	4,042	3,384	2,344	2,068	1,525	1,869	1,678
Other	8,350	11,501	13,144	16,335	21,824	29,964	53,302	22,844
Unallocated and other purposes	103,506	95,538	140,931	104,958	151,183	162,115	181,630	123,258
Public debt interest and commissions	83,915	72,796	104,798	83,771	129,564	125,588	117,876	111,924
Other purposes	19,591	22,742	36,133	21,187	21,620	36,527	63,754	11,335
Total recurrent expenditure	304,848	362,907	480,331	486,092	555,045	620,728	741,254	660,949
(Percent of GDP)								
General public services	3.7	4.6	5.0	4.5	4.1	3.9	4.6	4.3
Defense	3.7	3.7	2.9	2.9	2.1	1.9	1.6	1.3
Education	4.4	4.3	4.4	4.4	3.9	3.9	3.5	3.0
Health	1.1	1.5	1.7	1.7	1.2	1.1	1.0	0.5
Social security and welfare	0.5	0.5	1.0	0.9	0.7	0.7	0.6	0.6
Housing and community amenities	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Other community and social services	0.4	0.3	0.4	0.3	0.3	0.2	0.1	0.0
Economic services	1.2	1.8	1.7	1.7	1.6	1.4	1.9	1.0
Public debt interest and commissions	6.3	4.5	5.3	3.6	4.5	3.6	2.8	2.3
Other purposes	1.5	1.4	1.8	0.9	0.7	1.0	1.5	0.2
(Percent of total recurrent expenditure)								
General public services	16.3	20.1	20.6	21.7	21.7	21.9	26.1	32.3
Defense	16.0	16.4	11.9	13.8	11.2	11.0	9.2	9.6
Education	19.4	18.8	18.1	21.0	20.3	21.9	20.0	22.5
Health	4.7	6.5	7.0	8.3	6.0	6.1	5.4	3.8
Social security and welfare	2.3	2.4	4.2	4.2	3.8	4.0	3.4	4.8
Housing and community amenities	0.3	0.4	0.4	0.3	0.0	0.0	0.1	0.2
Other community and social services	1.6	1.3	1.6	1.2	1.4	1.0	0.4	0.2
Economic services	5.4	7.8	6.8	8.0	8.4	8.1	10.9	7.9
Public debt interest and commissions	27.5	20.1	21.8	17.2	23.3	20.2	15.9	16.9
Other purposes	6.4	6.3	7.5	4.4	3.9	5.9	8.6	1.7
Memo item								
Nominal GDP (in millions Le)	1,330,319	1,600,169	1,964,294	2,327,035	2,898,624	3,510,235	4,216,970	4,969,807

Source: Sierra Leonean authorities.

Table 11. Sierra Leone: Civil Service Employment, 2001–07  
(Number of staff at end of period)

	2001	2002	2003	2004	2005	2006	2007
Total government payroll	19,046	15,756	15,802	14,604	16,604	15,183	15,409
Presidency	162	153	154	140	145	104	103
Supreme Court	20	20	19	22	20	22	20
State Attorney's Office	86	70	73	72	66	64	65
Ministries	18,778	15,513	15,556	14,370	16,373	14,993	15,221
Agriculture and Food Security	4,753	3,369	3,322	3,039	3,099	3,093	3,083
Country Planning, Forestry and the Environment	173	166	163	141	153	151	143
Defense and Armed Forces	41	35	36	36	34	35	36
Education, Science and Technology	362	334	311	251	434	436	436
Electricity and Power	521	321	316	306	281	282	265
Development and Economic Planning	112	104	102	84	88	93	90
Finance	510	439	381	382	387	403	389
Foreign Affairs and International Cooperation	89	98	95	91	101	106	98
Information and Broadcasting	526	482	471	456	150	171	160
Internal Affairs	1,005	1,024	1,029	937	1,238	1,050	1,146
Justice	229	207	203	202	225	254	303
Labour, Industrial Relations and Social Security	126	105	120	112	112	114	102
Local Government and Community Development	814	744	712	592	587	609	601
Marine Resources	304	203	205	199	201	198	196
Mineral Resources	338	321	320	298	416	406	391
Political & Parliamentary Affairs	77	73	77	72	73	16	15
Public Health and Sanitation	6,322	5,591	5,786	5,343	5,963	6,173	6,274
Social Welfare, Gender and Children's Affairs	686	457	465	447	417	310	399
Tourism and Culture	96	91	105	95	94	98	111
Trade and Industry	161	145	142	119	1,124	...	...
Transport and Communications	139	121	111	107	109	108	107
Public Works, Housing and Technical Maintenance	1,194	894	886	870	867	860	847
Youth and Sport	13	12	19	16	16	27	29
Not classified	187	177	179	175	204	...	...

Source: Sierra Leonean authorities.

Table 12. Sierra Leone: Government Debt Outstanding by Type of Holder and Instrument, 2000–07

	2000	2001	2002	2003	2004	2005	2006	2007
(Le millions)								
Domestic debt	787,353	729,283	878,215	944,563	966,253	1,043,195	1,048,475	1,075,634
Government stock	532,025	531,607	531,037	530,880	530,318	530,233	480,233	447,408
Bank of Sierra Leone	532,025	531,607	531,037	530,880	530,318	530,233	480,233	447,408
Commercial banks	0	0	0	0	0	0	0	0
Other <sup>1</sup>	0	0	0	0	0	0	0	0
Treasury bills <sup>2</sup>	94,783	48,553	187,646	231,533	304,447	375,444	432,064	487,484
Bank of Sierra Leone	3,954	2,252	33,597	65,610	76,015	33,095	75,445	95,358
Commercial banks	71,151	30,175	117,347	113,415	145,690	198,215	202,096	213,865
Other <sup>1</sup>	19,678	16,126	36,702	52,508	82,742	144,134	154,523	178,261
Treasury bearer bonds <sup>3</sup>	47,397	69,614	85,253	114,041	131,488	137,518	136,178	140,742
Bank of Sierra Leone	2,104	5,691	12,101	17,219	19,217	28,161	7,947	29,126
Commercial banks	6,678	12,809	18,411	14,545	10,848	8,415	29,534	10,951
Other <sup>1</sup>	38,615	51,114	54,741	82,277	101,423	100,942	98,698	100,665
Short-term loans and advances from the								
Bank of Sierra Leone	113,148	79,509	74,279	68,109	0	0	0	0
Ways and means advances	113,148	79,509	74,279	68,109	0	0	0	0
Other advances	476	606	0	0	0	0	0	0
Foreign debt	2,538,835	2,361,786	3,223,142	3,823,989	4,856,672	5,088,719	4,625,341	1,520,535
International development institutions	1,527,817	1,433,821	1,843,654	2,218,542	2,972,818	3,221,537	2,674,896	682,875
Foreign governments	831,332	755,617	853,419	1,019,558	1,173,621	1,135,184	1,252,391	115,330
Suppliers' credit	0	0	0	0	0	0	0	0
Other loans	179,686	172,348	526,069	585,888	710,233	731,998	698,054	722,330
Total debt	3,326,188	3,091,070	4,101,357	4,768,552	5,822,925	6,131,914	5,673,816	2,596,169
Memorandum items:	(Percent of total; unless otherwise indicated)							
Type of domestic debt instrument								
Government stock	70.0	66.3	60.5	56.3	54.9	50.8	45.8	41.6
Treasury bills	12.0	14.9	21.3	24.5	31.5	36.0	41.2	45.3
Treasury bearer bonds	6.0	7.9	9.7	12.1	13.6	13.2	13.0	13.1
Short-term loans and advances	12.0	10.9	8.4	7.2	0.0	0.0	0.0	0.0
Type of debt holder								
Domestic								
Bank of Sierra Leone	82.5	77.4	72.8	70.4	64.7	56.7	53.8	53.2
Commercial banks	8.9	12.7	13.3	12.0	16.2	19.8	22.1	20.9
Foreign								
International development institutions	60.2	60.7	57.2	58.0	61.2	63.3	57.8	44.9
Foreign governments	32.7	32.0	26.5	26.7	24.2	22.3	27.1	7.6
Suppliers' credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other loans	7.1	7.3	16.3	15.3	14.6	14.4	15.1	47.5
Total debt/GDP								
Domestic debt/GDP	59.2	45.6	44.7	40.6	33.3	29.7	24.9	21.6
Foreign debt/GDP	190.8	147.6	164.1	164.3	167.6	145.0	109.7	30.6

Source: Data provided by the Sierra Leonean authorities.

<sup>1</sup> Includes nonbank public and public sector enterprises.<sup>2</sup> Special treasury bills were issued to the nonbank public for the first time in 1980/81 and were retired in June 1983. They were reissued beginning in 1986 and discontinued again in late 1992, when special and regular markets for treasury bills were unified.<sup>3</sup> One-year bearer bonds introduced in August 1993.

Table 13. Sierra Leone: List of Public Enterprises  
(As of September 30, 2008)

Name	Sector	Legal status	Government participation (Percent)	Capital	Turnover	Personnel (Number of staff)	Government Equity (Le millions)
				(Le millions)	(Le millions)		
Sierra Leone Commercial Bank Ltd	Banking	Limited Company	100	9,000	36,925	410	9,000
Rokel Commercial Bank Ltd.	Banking	Limited Company	51	13	33,540	320	6,853
National Development Bank Ltd	Banking	Limited Company	98.9	1,604	18	23	1,588
Guma Valley Water Company Ltd	Energy	Limited Company	95	1,223	14,485	344	1,162
Sierra Leone Ports Authority	Transport	Authority	100	3	33,282	1,250	3
Sierra Leone State Lottery Co. Ltd	Finance	Limited Company	100	0	11,927	130	0
National Insurance Company Ltd	Insurance	Limited Company	100	463	3,880	83	463
Sierra Leone National Shipping Co. Ltd	Shipping	Limited Company	100	0.1	1,200	54	0.0
Mining and General Services Ltd.	Shipping	Limited Company	51	861	320	27	439
Seaboard West Africa	Trade	Limited Company	0.01	15,000	25,000	140	n.a.
Sierra Leone Road Transport Corporation	Transport	Corporation	100	184	4,700	142	184
Sierra Leone Airports Authority	Transport	Authority	100	1,004	23,039	338	1,004
Sierra Leone Roads Authority	Works	Authority	100	1,679	47,302	404	1,679
Sierra Leone Telecommunications Co. Ltd	Communications	Limited Company	100	25,813.0	8,000	1,079	25,813
Sierra National Airlines	Transport	Limited Company	100	1	0	185	1
Sierra Leone Postal Services	Telecommunications	Limited Company	100	10	869	271	20
National Power Authority	Energy	Authority	100	2	10,123	583	2
Sierra Leone Housing Corporation	Housing	Corporation	100	15,437	91	44	15,437
Forest Industries Corporation	Forestry	Corporation	Divested	0	0	0	0
National Workshop	Trade	Company	18	5	n.a.	n.a.	2
Sierra Leone Daily Mail	Media	Company	100	0	n.a.	25	0
Sierra Leone Government Printing Dept.	Media	Department	100	n.a.	n.a.	158	n.a.
Sierra Leone Broadcasting Service Ltd	Media	Department	100	n.a.	n.a.	176	n.a.

Source: National Commission for Privatisation.

Table 14. Sierra Leone: Summary Account for the Commercial Bank, March 2004–September 2008  
(Le millions)

	2004				2005				2006				2007				2008		
	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.
Net Foreign Assets	88,910	81,912	92,727	100,055	130,350	138,932	125,592	149,884	125,161	162,714	189,111	209,626	248,039	268,115	257,530	346,445	321,569	343,953	295,072
Assets	88,910	81,912	92,727	100,055	130,350	138,932	125,592	149,884	125,161	162,714	189,111	209,626	248,039	268,115	257,530	346,445	332,188	350,020	298,037
Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,619	6,067	2,965
Reserve	19,945	20,199	24,876	27,999	34,145	32,691	38,179	56,276	40,040	44,529	66,873	39,860	51,517	40,522	55,741	65,454	78,925	85,871	97,358
Cash in hand	10,260	11,001	11,545	16,692	14,954	14,290	12,803	23,804	12,554	15,854	20,544	19,277	24,616	21,573	24,290	40,329	34,774	40,168	44,286
Deposits at Central Bank	9,685	9,198	13,331	11,307	19,192	18,401	25,377	32,472	27,486	28,675	46,329	20,583	26,902	18,949	31,451	25,125	44,151	45,703	53,071
Net Claims on Government <sup>1</sup>	139,228	148,078	182,286	151,277	158,264	154,544	180,884	205,577	216,556	208,937	246,844	224,918	260,301	229,751	246,313	219,318	243,150	243,873	310,766
Treasury Bills	127,715	134,243	173,484	141,917	146,735	147,278	169,714	194,546	205,079	194,555	228,071	192,696	229,803	200,619	225,479	200,865	227,398	229,015	294,465
Treasury Bearer Bonds	11,358	13,155	8,353	7,972	8,747	5,747	8,944	8,752	10,568	12,328	17,351	29,534	26,200	24,278	13,505	10,951	10,021	8,735	10,346
Loans and Advances	268	843	592	1,486	2,856	1,626	2,311	2,397	1,029	2,274	1,883	2,809	4,423	4,961	7,462	7,507	5,737	6,131	6,003
Government Securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Government Deposits	113	163	143	97	73	108	84	119	120	220	461	121	125	106	133	5	7	8	48
Securities for Monetary Operations																			
Treasury Bills												9,400	8,079	9,000	20,000	13,000	18,000	38,037	52,000
Claims on Public Entities	3,805	3,207	4,018	3,440	3,718	3,263	5,342	4,338	6,219	9,047	5,614	5,228	6,900	10,960	6,537	8,373	11,036	10,389	12,612
Claims on Private Sector <sup>2</sup>	108,089	116,012	130,590	148,909	148,973	161,707	176,048	170,701	193,659	184,688	187,603	186,409	196,317	218,311	242,505	260,805	291,142	311,520	365,873
Claims on Non Bank Financial Institutions	8,423	8,170	11,045	15,547	11,136	8,227	21,998	16,649	26,162	13,838	14,001	14,114	18,617	16,305	8,601	7,082	13,141	17,331	17,504
Deposits Liabilities	300,105	325,098	368,477	351,013	398,346	419,766	440,871	506,715	487,719	522,614	585,130	603,139	690,788	699,999	728,112	797,402	832,725	905,656	967,423
Demand	185,559	203,214	234,157	220,971	262,235	273,107	275,346	321,572	311,483	336,508	381,814	387,855	440,170	444,032	452,784	491,989	515,014	552,236	556,430
Of which:																			
Foreign Currency Deposits	79,836	87,915	93,347	93,555	127,906	139,233	123,732	144,923	127,088	160,890	173,985	191,986	222,182	226,390	233,221	273,486	287,481	291,642	284,670
Local Currency Deposits	105,723	115,299	140,810	127,416	134,330	133,874	151,614	176,649	184,395	175,618	207,828	195,870	217,988	217,642	219,563	218,503	227,533	260,594	271,759
Time & Savings Deposits	90,108	99,890	109,250	110,189	114,259	125,500	139,405	149,804	153,414	167,060	179,770	193,579	207,819	210,624	222,978	236,052	243,468	265,505	301,189
Other Deposits	24,437	21,994	25,069	19,854	21,852	21,160	26,121	35,340	22,822	19,046	23,546	21,704	42,800	45,343	52,349	69,361	74,243	87,916	109,805
Capital accounts	79,886	87,784	98,162	112,428	127,749	108,504	131,939	139,668	150,863	141,097	151,085	158,587	179,276	177,749	187,777	211,758	229,815	232,612	275,342
Other items (Net)	-51,450	-43,502	-54,975	-65,120	-65,967	-63,143	-63,176	-63,411	-67,753	-73,464	-96,915	-72,303	-80,365	-76,661	-100,514	-115,993	-131,097	-127,987	-166,258

Source: Sierra Leonean authorities.

<sup>1</sup> Includes loans and advances.

<sup>2</sup> Includes Claims on NonBank Financial Institutions beginning June 1996.

Table 15. Sierra Leone: Commercial Banks Liquidity Ratios, 2004–September 2008  
(millions of Leone, unless otherwise indicated)

	2004				2005				2006				2007				2008		
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
Cash plus liquid assets	147,660	154,442	198,361	169,916	180,880	179,970	207,893	250,822	245,119	239,083	294,943	241,956	289,399	250,141	301,220	279,319	324,323	352,923	443,823
Cash reserves	19,945	20,199	24,876	27,999	34,145	32,691	38,179	56,276	40,040	44,529	66,873	39,860	51,517	40,522	55,741	65,454	78,925	85,871	97,358
Cash in hand	10,260	11,001	11,545	16,692	14,954	14,290	12,803	23,804	12,554	15,854	20,544	19,277	24,616	21,573	24,290	40,329	34,774	40,168	44,286
Deposits in central bank <sup>1</sup>	9,685	9,198	13,331	11,307	19,192	18,401	25,377	32,472	27,486	28,675	46,329	20,583	26,902	18,949	31,451	25,125	44,151	45,703	53,071
Treasury Securities (Treasury Bills)	127,715	134,243	173,484	141,917	146,735	147,278	169,714	194,546	205,079	194,555	228,071	202,096	237,882	209,619	245,479	213,865	245,398	267,052	346,465
Cash reserves ratio	9	9	9	11	13	12	12	16	11	12	16	10	11	9	11	12	14	14	14
Cash in hand	5	5	4	6	6	5	4	7	3	4	5	5	5	5	5	8	6	7	6
Deposits in central bank	4	4	5	4	7	7	8	9	8	8	11	5	6	4	6	5	8	7	8
Liquid assets	67	65	72	66	67	64	66	69	68	66	72	59	62	53	61	53	59	57	65
Actual Cash Ratio	9	9	9	11	13	12	12	16	11	12	16	10	11	9	11	12	14	14	14
Minimum Cash Requirement	10	10	10	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Excess/(Deficiency)	-1	-1	-1	-1	1	0	0	4	-1	0	4	-2	-1	-3	-1	0	2	2	2
Actual Overall Liquidity Ratio	67	65	72	66	67	64	66	69	68	66	72	59	62	53	61	53	59	57	65
Minimum Overall Liquidity Ratio	27	28	28	28	28	28	28	28	29	29	29	28	27	27	27	26	26	26	25
Excess/(Deficiency)	40	37	44	38	39	36	38	42	39	37	43	30	34	26	34	28	34	32	40
Memorandum items:																			
Total deposit liabilities <sup>2</sup>	220,269	237,183	275,130	257,459	270,441	280,533	317,139	361,793	360,632	361,724	411,145	411,154	468,606	473,609	494,891	523,916	545,244	614,015	682,753
Demand	105,723	115,299	140,810	127,416	134,330	133,874	151,614	176,649	184,395	175,618	207,828	195,870	217,988	217,642	219,563	218,503	227,533	260,594	273,237
Time and savings	90,108	99,890	109,250	110,189	114,259	125,500	139,405	149,804	153,414	167,060	179,770	193,579	207,819	210,624	222,978	236,052	243,468	265,505	301,831
Other Deposits <sup>3</sup>	24,437	21,994	25,069	19,854	21,852	21,160	26,121	35,340	22,822	19,046	23,546	21,704	42,800	45,343	52,349	69,361	74,243	87,916	107,684

Source: Bank of Sierra Leone.

<sup>1</sup> Data from commercial banks.

<sup>2</sup> Data revised based on adjustment for recycled cheques and reclassification of Government Deposits at commercial banks.

<sup>3</sup> Arising from the reclassification of Government Deposits at the commercial banks.

Table 16. Sierra Leone: Monetary Survey and Summary Accounts of the Bank of Sierra Leone, 2004-September 2008  
(Le millions)

End of Period	2004				2005				2006				2007				2008		
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.
Foreign assets (net)	-207,683	-204,178	-194,248	-103,823	-82,375	-98,475	-70,328	85,928	43,170	121,679	107,647	657,400	680,534	696,281	703,946	882,642	824,304	821,426	801,809
Bank of Sierra Leone	-296,593	-293,451	-286,974	-203,878	-212,725	-237,406	-195,920	-63,956	-81,990	-41,035	-81,464	447,774	432,495	428,166	446,417	536,196	502,734	477,473	506,737
Commercial banks	88,910	89,273	92,727	100,055	130,350	138,932	125,592	149,884	125,161	162,714	189,111	209,626	248,039	268,115	257,530	346,445	321,569	343,953	295,072
Net domestic assets	707,111	730,556	752,038	671,944	697,874	742,500	732,834	668,312	696,924	649,677	716,074	242,213	306,929	304,956	312,704	245,838	328,414	414,696	520,606
Domestic credit	926,811	943,370	968,241	879,410	920,093	966,065	948,184	888,015	919,221	862,718	961,379	455,701	538,264	539,235	571,262	579,465	667,711	742,000	852,943
Claims on government (net)	817,654	827,435	840,801	740,470	772,975	805,345	786,275	724,017	741,589	679,420	778,657	261,278	328,697	304,328	317,844	307,330	359,327	414,637	468,718
Claims on private sector <sup>2</sup>	105,338	112,714	123,409	135,486	143,387	157,444	156,555	159,647	171,355	174,238	177,094	189,181	202,654	223,934	246,868	263,750	297,335	316,960	371,600
Other Items Net	-219,700	-212,814	-216,203	-207,466	-222,219	-223,565	-215,351	-219,702	-222,297	-213,041	-245,305	-213,488	-231,335	-234,279	-258,558	-333,628	-339,297	-327,304	-332,337
Money and quasi money (M2) <sup>3</sup>	496,222	523,692	557,587	568,121	627,730	644,025	662,506	754,240	740,094	771,356	835,966	896,567	991,935	999,141	1,015,209	1,128,479	1,152,718	1,236,122	1,322,415
Money	301,841	313,894	329,921	344,524	363,713	358,132	373,249	424,173	436,770	424,361	458,664	489,298	519,135	516,783	506,660	549,581	547,526	591,059	626,751
Currency	184,882	183,245	171,880	204,733	200,999	205,074	205,908	231,274	236,141	232,418	229,290	275,405	282,006	277,997	266,801	309,837	299,581	310,531	321,519
Demand deposits	116,959	130,649	158,041	139,791	162,714	153,059	167,340	192,900	200,629	191,943	229,374	213,892	237,129	238,786	239,859	239,744	247,945	280,528	305,233
Quasi money <sup>3</sup>	194,382	209,799	227,666	223,597	264,017	285,893	289,257	330,066	303,324	346,995	377,302	407,269	472,800	482,357	508,548	578,899	605,192	645,063	695,664
Balance sheet of the Bank of Sierra Leone																			
Reserve money	215,769	216,633	215,949	244,622	259,143	260,228	259,225	303,961	294,312	285,818	305,464	336,335	348,193	341,759	344,280	423,758	412,106	431,172	464,217
Net international reserves	-296,593	-293,451	-286,974	-203,878	-212,725	-237,406	-195,920	-63,956	-81,990	-41,035	-81,464	447,774	432,495	428,166	446,417	536,196	502,734	477,473	506,737
Net domestic assets	515,569	512,769	503,127	448,501	471,868	497,634	455,145	367,917	376,303	326,853	386,928	-111,440	-84,303	-86,406	-102,137	-112,438	-90,628	-46,301	-42,520
Net claims on government	515,560	679,280	658,507	589,193	614,710	650,497	605,390	518,440	525,032	470,483	531,813	26,948	60,316	65,576	51,530	75,012	98,168	132,704	105,899
Government Securities Issued obo BSL	531,037	531,037	530,880	530,880	530,318	530,318	530,318	530,233	530,233	530,233	530,233	480,233	480,233	477,733	477,733	447,408	447,408	447,408	432,408
Treasury Bills	51,606	48,368	35,593	76,015	52,263	35,054	6,001	33,095	25,844	36,110	6,000	125,445	125,930	177,922	136,840	147,858	104,640	74,523	67,603
Treasury Bearer Bonds	78,185	54,413	22,833	19,217	19,001	24,840	24,467	28,161	19,942	17,873	16,487	7,947	13,906	13,854	24,533	79,126	77,360	75,659	75,443
Ways and Means Advances	27,072	55,662	80,195	0	25,368	72,199	58,435	0	0	0	0	0	26,592	0	0	0	0	11,401	0
Government Departments	-6,115	-6,608	-7,943	-3,820	-5,156	-6,523	-8,379	-6,849	-5,434	-8,915	-11,058	-579,010	-579,082	-580,735	-579,711	-546,061	-490,707	-470,503	-448,832
Government Deposits	-3,369	-3,593	-3,052	-33,100	-7,083	-5,393	-5,453	-66,200	-45,552	-104,819	-9,849	-7,666	-7,262	-23,197	-7,864	-53,318	-40,533	-5,785	-20,722
Other claims	9,417	6,438	6,902	5,301	7,345	4,011	5,204	8,964	5,429	3,435	3,539	5,922	11,923	10,575	8,294	3,728	9,843	10,613	11,388
Other items (net)	-172,274	-173,025	-162,289	-145,993	-150,188	-157,178	-155,449	-159,487	-154,159	-147,065	-148,425	-144,321	-156,542	-162,557	-161,962	-191,178	-198,648	-189,641	-159,860
Revaluation adjustment	-142,107	-195,515	-199,441	-177,722	-178,579	-216,990	-218,277	-216,852	-216,272	-74,938	-71,632	-67,658	-67,289	-230,917	-218,053	-202,699	-192,432	-228,405	-259,140
Memorandum items:																			
Money multiplier (M2/RM)	2.3	2.4	2.6	2.3	2.4	2.5	2.6	2.5	2.5	2.7	2.7	2.7	2.8	2.9	2.9	2.7	2.8	2.9	2.8
Claims on government/Domestic credit	88.2	87.7	86.8	84.2	84.0	83.4	82.9	81.5	80.7	78.8	81.0	57.3	61.1	56.4	55.6	53.0	53.8	55.9	55.0
Reserve money/Broad money	43.5	41.4	38.7	43.1	41.3	40.4	39.1	40.3	39.8	37.1	36.5	37.5	35.1	34.2	33.9	37.6	35.8	34.9	35.1
Currency/Deposits	83.9	77.3	62.5	79.5	74.3	73.1	64.9	63.9	65.5	64.3	55.8	67.0	60.2	58.7	53.9	59.1	54.9	50.6	47.1
Bank Reserves/Deposits	9.1	8.5	9.0	10.9	12.6	11.7	12.0	15.6	11.1	12.3	16.3	9.7	11.0	8.6	11.3	12.5	14.5	14.0	14.3
Liquid assets/Deposits	67.0	65.1	72.1	66.0	66.9	64.2	65.6	69.3	68.0	66.1	71.7	58.9	61.8	52.8	60.9	53.3	59.5	57.5	65.0
Broad money (year-on-year)	29.0	28.6	26.8	18.9	26.5	23.0	18.8	32.8	17.9	19.8	26.2	18.9	34.0	29.5	21.4	25.9	16.2	23.7	30.3
Reserve money (year-on-year)	27.3	21.2	12.2	12.6	20.1	20.1	20.0	24.3	13.6	9.8	17.8	10.7	18.3	19.6	12.7	26.0	18.4	26.2	34.8
Contributions to the year-on-year growth in broad money																			
Net foreign assets	-13.8	-11.9	-13.7	19.3	25.9	20.7	22.3	33.4	20.0	34.2	26.9	75.8	86.1	74.5	71.3	25.1	14.5	12.5	9.6
Net domestic assets	42.7	40.5	40.9	-0.4	0.8	2.3	-3.4	-0.6	-1.8	-14.4	-0.7	-56.9	-52.1	-45.0	-49.9	0.7	1.7	11.2	20.6
Net credit to the government	17.9	16.5	24.5	-10.9	-9.0	-4.2	-9.8	-2.9	-5.0	-19.6	-1.1	-61.4	-55.8	-48.6	-55.1	5.1	3.1	11.0	14.9
Credit to the rest of the economy	10.7	12.4	12.3	8.8	7.7	8.5	5.9	4.3	4.5	2.6	3.1	3.9	4.2	6.4	8.3	8.3	9.5	9.3	12.3

Source: Bank of Sierra Leone.

<sup>1</sup> Data revised based on adjustment for recycled cheques and reclassification of Government Deposits at commercial banks.

<sup>2</sup> Includes credit to public enterprises, and nonbank financial institutions.

<sup>3</sup> Includes foreign currency deposits.

Table 17. Sierra Leone: Distribution of Commercial Bank Loans and Advances by Major Sectors, March 2004–September 2008  
(Percent, end of period)

	2004				2005				2006				2007				2008		
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
Commerce and Finance	35.2	36.0	37.4	41.0	40.0	36.5	33.0	35.1	33.8	35.5	34.4	33.1	30.8	30.9	30.5	28.9	27.6	25.9	23.3
Construction	19.8	21.8	20.4	20.0	21.2	20.7	19.7	22.1	23.1	21.9	20.5	18.6	20.5	19.7	18.1	16.9	17.5	18.5	16.6
Manufacturing	21.3	21.4	17.9	15.9	14.6	14.6	13.8	12.0	12.2	9.7	10.0	9.1	9.5	9.1	6.1	5.0	6.7	9.2	9.2
Agriculture, forestry, and fishing	1.7	1.5	1.6	1.9	1.9	1.5	2.1	2.0	1.8	1.8	1.6	0.9	1.2	1.7	2.6	2.5	2.9	2.6	3.7
Mining and quarrying	0.2	0.4	1.0	0.2	0.6	0.7	0.7	0.8	1.1	1.2	1.6	1.5	1.6	1.4	1.3	1.5	1.4	1.4	1.8
Other <sup>1</sup>	21.8	19.0	21.8	21.1	21.9	26.1	30.7	28.1	28.1	29.9	31.9	36.8	36.4	37.2	41.4	45.2	43.9	42.4	45.4
Total	100	100	100	100	100	100	100	100	100	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Bank of Sierra Leone.

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

Table 18. Sierra Leone: Structure of Interest Rates, March 2004– September 2008

	2004				2005				2006				2007				2008		
	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun	Sept
Lending rates																			
Treasury bills <sup>1</sup>																			
Ordinary <sup>2</sup>	26.5	24.9	27.2	27.3	26.9	24.7	12.9	20.4	19.1	19.0	16.4	14.2	13.0	17.5	21.6	21.3	19.5	15.7	14.0
Special <sup>3</sup>	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Treasury Bearer Bonds <sup>4</sup>	25.0	25.0	24.0	22.0	26.9	20.0	15.0	19.0	15.5	20.0	13.5	17.0	13.0	16.0	17.0	20.0	18.0	16.0	18.0
Commercial banks' prime rate <sup>5</sup>	20.0	23.0	23.0	23.0	25.0	25.0	25.0	24.0	24.0	24.0	24.0	24.0	25.0	25.0	25.0	25.0	25.0	25.0	24.0
Deposit rates <sup>6</sup>																			
Time deposits with commercial banks																			
Up to one month	7.5	8.5	8.5	8.5	10.0	10.2	10.3	10.4	10.4	10.4	10.4	10.4	10.1	10.1	9.8	9.3	9.2	9.2	9.1
1-3 months	9.2	10.7	10.7	10.7	11.4	11.4	11.1	10.4	10.4	10.4	10.4	10.4	10.0	10.1	9.8	9.7	9.7	9.7	9.8
3-6 months	10.4	11.6	11.6	11.6	12.1	12.1	11.8	11.1	11.1	11.1	11.1	11.1	10.6	10.9	10.3	10.3	10.3	10.3	10.7
6-9 months	10.6	12.6	12.6	12.7	12.7	12.7	12.4	11.4	11.4	11.4	11.4	11.4	10.6	10.9	10.3	10.3	10.3	10.3	10.3
9-12 months	12.4	13.3	13.3	13.3	13.4	13.8	13.6	12.8	12.8	12.8	12.8	12.8	12.2	12.2	12.1	12.0	12.0	12.0	12.1
Savings deposits	6.4	7.8	7.8	8.1	8.6	8.6	8.2	7.6	7.6	7.6	7.6	7.6	7.6	7.7	7.4	7.4	7.0	7.0	7.0

Source: Sierra Leonean authorities.

<sup>1</sup> 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 bills issued at a discount to face value.

<sup>2</sup> 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.

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

<sup>4</sup> 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.

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

<sup>6</sup> 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.

Table 19. Sierra Leone: List of Commercial Banks, as at 30th September 2008

Name <sup>1</sup>	Date of Establishment	Shareholders		Capital and Reserves	Reserves	Total Deposits	Gross Loans	Number of	Number of
		(Percent)			(Le billions)			Branches	Staff
		Public	Private	Paid up Capital					
SLCB	February 15, 1973	100	0	9	35	272	91	9	391
RCB	September 20, 1999	51	49	13	17	223	50	11	335
SCBSL	March 18, 1971	0	100	10	21	179	25	3	119
UTB	April 26, 1995	0	100	8	10	47	26	7	177
GTB	February 1, 2002	0	100	16	6	102	49	4	162
FIB	May 31, 2002	0	100	9	1	32	26	7	146
ICB	November 1, 2004	0	100	9	1	12	3	2	30
ECB	November 22, 2006	0	100	16	-3	64	32	4	110
PCB	August 1, 2007	0	100	19	-3	9	15	3	160
AB	November 8, 20007	0	100	13	4	17	3	2	59
UBA	July 21, 2008	0	100	15	0	6	0	1	68
SKYE	August 19, 2008	0	100	14	-2	0	0	1	26
ZENITH	September 11, 2008	0	100	12	0	0	0	1	22

Source: Bank of Sierra Leone.

- <sup>1</sup> SLCB - Sierra Leone Commercial Bank Limited  
RCB - Rokel Commercial Bank (SL) Limited  
SCBSL - Standard Chartered Bank Sierra Leone Limited  
UTB - Union Trust Bank Limited  
GTB - Guaranty Trust Bank limited Limited  
FIB - First International Bank Limited  
ICB - International Commercial Bank Limited

Table 20. Sierra Leone: Exchange Rate Developments, 1990–September 2008

		Real effective exchange rate (2000 = 100)		Nominal effective exchange rate (2000 = 100)		Leones per U.S. dollar	
		(Period average)	(End-period)	(Period average)	(End-period)	(Period average)	(End-period)
1995		94.7	82.3	218.3	169.2	753.9	941.4
1996		95.2	90.8	180.2	183.2	920.8	910.4
1997		108.4	112.3	187.2	140.2	981.9	1,338.0
1998		92.3	82.1	118.1	111.0	1,564.7	1,590.8
1999		108.4	86.2	104.7	86.3	1,820.4	2,276.3
2000		100.0	116.2	100.0	121.8	2,098.7	1,659.9
2001		109.4	97.3	109.9	99.2	1,985.2	2,161.3
2002		94.5	84.5	100.1	90.7	2,099.2	2,191.7
2003		77.7	69.1	78.4	67.8	2,345.4	2,562.2
2004		69.5	64.2	62.7	56.0	2,701.3	2,860.5
2005		70.9	77.7	58.3	59.8	2,889.6	2,932.5
2006		73.5	72.4	56.5	53.7	2,971.1	2,973.9
2007		73.8	73.8	52.2	50.1	2,983.3	2,977.6
1995	Q1	99.4	98.0	259.3	251.0	629.4	639.6
	Q2	99.2	100.4	240.1	230.8	654.8	747.5
	Q3	94.5	91.8	200.0	191.7	802.5	882.2
	Q4	85.8	82.3	173.9	169.2	929.1	941.4
1996	Q1	90.0	93.1	175.1	176.8	940.1	935.9
	Q2	100.0	100.1	184.9	186.2	904.9	900.7
	Q3	97.3	94.4	180.7	177.6	919.1	926.9
	Q4	93.3	90.8	180.0	183.2	918.9	910.4
1997	Q1	97.6	106.6	196.4	208.2	884.4	821.9
	Q2	118.4	122.0	216.3	217.7	820.8	816.7
	Q3	114.1	108.4	192.6	168.7	961.2	1,097.7
	Q4	103.6	112.3	143.5	140.2	1,261.2	1,338.0
1998	Q1	103.3	89.9	121.4	121.5	1,548.2	1,569.3
	Q2	91.6	93.1	123.0	123.2	1,519.8	1,516.1
	Q3	90.2	89.1	117.2	113.9	1,586.0	1,610.3
	Q4	84.2	82.1	110.8	111.0	1,604.7	1,590.8
1999	Q1	134.2	111.8	114.5	110.7	1,574.7	1,640.2
	Q2	109.3	104.3	114.0	109.0	1,672.5	1,803.1
	Q3	100.7	94.7	101.1	94.7	1,892.2	2,054.8
	Q4	89.5	86.2	89.1	86.3	2,142.1	2,276.3
2000	Q1	83.4	86.8	83.8	85.7	2,350.8	2,260.6
	Q2	105.8	103.4	102.9	102.7	2,002.3	2,005.9
	Q3	99.4	100.8	100.2	101.6	2,106.6	2,098.7
	Q4	111.5	116.2	113.1	121.8	1,935.2	1,659.9
2001	Q1	112.5	111.6	119.3	113.1	1,778.0	1,903.0
	Q2	116.6	117.7	115.0	115.2	1,915.9	1,967.0
	Q3	109.7	106.1	105.9	103.5	2,054.2	2,091.0
	Q4	98.7	97.3	99.4	99.2	2,192.7	2,161.3
2002	Q1	99.5	96.6	105.4	103.1	2,107.8	2,165.3
	Q2	98.0	99.5	102.7	103.2	2,085.3	2,035.0
	Q3	93.2	90.4	98.1	97.7	2,068.5	2,093.7
	Q4	87.3	84.5	94.2	90.7	2,135.1	2,191.7
2003	Q1	82.1	82.1	85.7	84.0	2,223.6	2,257.0
	Q2	79.3	77.3	80.3	77.7	2,288.4	2,319.8
	Q3	77.2	74.2	77.2	73.9	2,368.1	2,456.4
	Q4	72.1	69.1	70.4	67.8	2,501.6	2,562.2
2004	Q1	69.2	69.0	64.4	64.5	2,617.1	2,670.7
	Q2	71.2	70.9	64.8	63.8	2,666.3	2,685.1
	Q3	70.2	70.4	63.0	62.7	2,716.0	2,752.4
	Q4	67.1	64.2	58.8	56.0	2,805.8	2,860.5
2005	Q1	64.5	64.7	56.3	56.0	2,870.2	2,864.7
	Q2	69.1	71.9	58.1	59.5	2,866.6	2,883.6
	Q3	73.8	73.9	59.0	58.5	2,897.5	2,910.7
	Q4	76.3	77.7	59.8	59.8	2,924.1	2,932.5
2006	Q1	74.7	75.6	58.8	58.8	2,939.3	2,948.7
	Q2	73.1	73.0	56.5	56.2	2,957.1	2,976.3
	Q3	72.9	73.8	55.7	55.7	2,968.9	2,985.5
	Q4	73.2	72.4	54.8	53.7	2,982.4	2,973.9
2007	Q1	74.7	74.4	54.0	53.6	2,985.9	2,984.8
	Q2	73.8	74.0	52.8	52.9	2,987.4	2,987.3
	Q3	73.3	73.9	52.0	51.7	2,981.9	2,983.6
	Q4	73.4	73.8	50.1	50.1	2,982.8	2,977.6
2008	Q1	74.9	73.9	49.6	48.5	2,975.3	2,971.0
	Q2	75.4	75.6	48.8	48.8	2,969.5	2,969.8
	Q3	79.0	83.0	50.0	52.0	2,971.2	2,981.2

Sources: Sierra Leonean authorities; IFS, RETS; and IMF Information Notice System.

Table 21. Sierra Leone: Balance of Payments, 2001–07  
(US\$ millions, unless otherwise indicated)

	2001	2002	2003	2004	2005	2006	2007
Current account balance	-130.7	-44.6	-133.1	-52.4	-86.4	-49.9	-63.5
Trade balance	-88.0	-140.1	-192.4	-102.6	-147.6	-93.7	-100.1
Exports, f.o.b.	77.1	114.8	112.9	171.3	214.1	274.8	285.4
Of which: Rutile	0.0	0.0	0.0	0.0	0.0	29.6	39.4
Of which: Bauxite		0.0		0.00	0.0	23.6	32.7
Of which: Diamonds	74.3	96.7	102.5	157.9	170.6	146.9	168.6
Imports, f.o.b.	-165.1	-254.9	-305.3	-273.9	-361.7	-368.5	-385.6
Of which: Petroleum	-37.3	-35.3	-47.0	-59.5	-74.1	-107.3	-105.7
Of which: Rice	-20.3	-23.4	-17.6	-24.9	-21.6	-20.8	-20.9
Services (net)	-58.9	-42.4	-77.3	-30.9	-12.6	-15.1	-22.6
Credit	52.0	38.3	44.3	61.4	78.0	80.1	63.1
Debit	-110.9	-80.8	-121.6	-92.3	-90.6	-95.2	-85.7
Income (net)	-25.3	-29.2	-32.5	-29.7	-63.4	-57.8	-34.9
Credit	4.3	18.3	4.4	21.3	5.4	7.5	7.6
Debit	-29.6	-47.5	-36.9	-51.0	-68.8	-65.3	-42.5
Interest payments due before debt relief	-14.8	-26.3	-26.0	-21.4	-24.0	-24.6	-5.3
Current transfers	41.5	167.2	169.1	110.8	137.2	116.7	94.2
Public (net)	34.3	69.0	161.0	71.2	86.2	76.0	58.6
Of which: HIPC grants		35.8	45.8	35.0	21.1	14.5	12.0
Private (net)	7.2	98.2	8.1	39.6	51.0	40.7	35.6
Capital and financial account	27.3	41.7	97.3	67.7	98.7	195.5	94.7
Capital transfers	6.9	7.6	30.0	28.2	67.8	218.5	472.1
Direct investment	9.8	1.7	4.4	12.5	48.3	42.2	69.1
Medium- and long-term loans	36.0	43.9	27.1	43.2	-11.0	-23.9	-447.1
Of which: disbursements	56.7	66.8	78.5	90.3	37.0	16.3	20.3
Of which: program loans	33.8	40.9	22.2	31.3	11.0	0.0	0.0
Of which: project loans	22.9	25.9	35.0	58.9	26.0	16.3	20.3
Of which: amortization due before debt relief	-20.8	-22.9	-51.4	-47.0	-47.9	-40.2	-467.5
Private sector loans (net)	-22.0	0.0	35.8	38.4	0.0	0.0	0.0
Other capital (incl. errors and omissions)	-3.4	-11.5	0.0	-54.7	-6.5	-41.3	0.6
Overall balance	-103.4	-2.9	-35.9	15.3	12.3	145.6	31.3
Financing	103.4	2.9	35.9	-15.3	-12.3	-145.6	-31.3
Net international reserves ( - increase)	-29.6	-27.7	1.9	-47.4	-45.5	-179.7	-31.3
Of which: IMF (net)	-15.8	4.6	4.3	18.1	12.3	-163.7	0.0
Exceptional financing	16.8	30.6	34.0	32.1	33.3	34.0	0.0
Change in arrears (+ increase)	-239.1	6.7	-14.2	-9.5	0.0	0.0	0.0
Debt relief	255.9	23.9	48.2	41.6	33.3	34.0	0.0
Memorandum items:	(Percent of GDP, unless otherwise noted)						
Current account	-17.4	-4.8	-15.2	-3.7	-7.1	-3.5	-3.8
Current account, excluding public transfers	-22.0	-12.1	-33.6	-8.7	-14.2	-8.8	-7.3
Overall balance of payments	1.7	-0.3	-4.1	1.4	1.0	10.2	1.9
MDRI debt service savings (millions of US dollars)					0.0	0.0	21.3
Gross official reserves (millions of US dollars)	51.1	84.6	66.5	124.9	168.3	184.2	215.5
Gross official reserves (months of imports)	2.1	2.9	1.9	4.0	4.4	4.7	4.6
External public debt	123.7	112.9	117.4	121.0	140.3	113.9	33.0
Exchange rate per U.S. dollar (average)	1985	2099	2345	2701	2890	2962	2985
GDP (US\$ millions)	805.7	935.8	991.1	1073.0	1214.8	1423.7	1664.8

Sources: Bank of Sierra Leone, and IMF staff estimates.

Table 22. Sierra Leone: Values, Volumes, and Unit Values of Major Commodity Exports, 2000–07

	2000	2001	2002	2003	2004	2005	2006	2007
Values (US\$ millions)								
Total exports	12.9	20.3	48.6	92.4	139.8	214.1	274.8	285.4
Domestic exports	12.0	19.9	46.3	84.0	135.8	206.9	246.4	280.5
Minerals	10.1	19.6	41.7	76.7	126.3	170.9	202.2	244.9
Bauxite	0.0	0.0	0.0	0.0	0.0	0.0	23.6	32.7
Diamonds <sup>1</sup>	10.1	26.3	41.7	76.7	126.3	170.6	146.9	168.6
Gold	0.0	0.0	0.0	0.0	0.0	0.3	1.1	3.0
Illeminite	0.0	0.0	0.0	0.0	0.0	0.0	1.1	1.2
Rutile	0.0	0.0	0.0	0.0	0.0	0.0	29.6	39.4
Agricultural commodities	0.9	0.3	1.5	2.6	5.4	6.1	12.7	13.3
Cocoa beans	0.3	0.3	1.2	2.6	5.3	5.2	11.6	11.4
Coffee	0.6	...	0.3	...	0.1	0.9	1.1	1.9
Other	0.0	0.0	...	...	...	0.0	0.0	0.0
Fish, shrimps, and other fishery products	0.0	0.0	...	...	...	0.1	0.1	0.4
Other exports	1.0	1.7	3.1	4.7	4.1	3.2	10.6	11.8
Reexports	0.9	0.7	2.3	8.4	4.0	7.2	28.4	4.9
Volumes								
Minerals								
Bauxite (thousands of tons)	0.0	0.0	0.0	0.0	0.0	0.0	970.7	1154.2
Diamonds (thousands of carats)	77.5	224.5	351.7	506.8	691.8	668.8	582.3	604.7
Gold (thousands of ounces)	0.0	0.0	0.0	0.0	0.0	0.8	2.6	6.5
Rutile (thousands of tons)	0.0	0.0	0.0	0.0	0.0	0.0	70.4	86.5
Agricultural commodities								
Cocoa (thousands of tons)	1.4	0.6	1.2	2.7	6.2	6.6	13.9	13.7
Coffee (thousands of tons)	2.0	0.1	0.9	0.1	0.1	1.0	1.5	2.5
Unit values (US\$)								
Minerals								
Bauxite (tons)	...	...	...	...	...	...	24.3	28.3
Diamonds (carats)	130.3	117.1	118.6	151.3	182.6	255.1	252.3	278.8
Gold (ounces)	...	...	...	...	...	329.4	408.7	461.5
Rutile (tons)	...	...	...	...	...	...	419.9	455.5
Agricultural commodities								
Cocoa beans (tons)	214.3	500.0	1000.0	963.0	854.8	793.5	832.4	832.1
Coffee (tons)	300.0	...	333.3	...	1000.0	873.8	728.9	760.0
Memorandum items:								
Value of total exports								
Millions of SDRs	9.8	15.9	37.5	66.1	95.0	144.9	186.8	186.4
Millions of Leones	26,988	40,319	102,013	216,950	377,642	618,746	814,026	852,054

Source: Bank of Sierra Leone.

<sup>1</sup> Reflects only official exports.

Table 23. Sierra Leone: Values, Volumes, and Unit Values of Major Groups of Commodity Imports, 2000–07

	2000	2001	2002	2003	2004	2005	2006	2007
Values (c.i.f.)	(US\$ millions, unless otherwise indicated)							
Total Imports <sup>1</sup>	145.9	183.6	264.3	303.7	286.4	341.1	394.8	446.6
Foodstuffs	45.3	51.9	70.8	74.5	57.1	53.1	56.1	67.9
<i>Of which:</i>								
Rice	22.1	23.6	27.3	28.6	28.4	24.9	23.6	24.0
Beverages and tobacco	4.8	4.9	11.3	11.0	11.1	9.9	9.3	12.1
Animal and vegetable oils	2.3	1.6	2.8	2.2	2.0	1.3	3.3	6.2
Crude materials	4.7	5.8	9.2	6.9	7.6	8.7	21.7	14.7
Minerals, fuels, and lubricants	39.4	43.3	51.7	78.2	94.9	115.6	147.1	168.6
Crude petroleum	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Petroleum products	39.4	43.3	51.7	78.2	94.9	115.6	147.1	168.6
Chemicals	12.7	8.5	18.3	19.3	17.5	22.7	24.0	31.0
Manufactured products classified by material	13.3	21.5	35.9	42.2	31.8	40.7	48.6	51.9
Machinery and transportation equipment	18.6	37.2	50.2	56.4	50.9	71.8	69.1	75.1
Miscellaneous manufactured articles	4.8	8.9	14.0	13.0	13.6	17.1	15.6	19.1
Volumes								
Rice (thousands of metric tons)	101.5	132.2	146.4	156.7	124.1	96.4	97.9	99.7
Petroleum (thousands of metric tons)	105.7	137.5	169.3	185.6	180.0	151.5	198.7	168.8
Unit values (c.i.f.)	(US\$ per ton)							
Rice	217.7	178.5	186.5	182.5	228.8	258.3	241.1	240.7
Petroleum	372.8	315.0	305.4	421.4	527.2	762.8	740.3	998.8

Source: Bank of Sierra Leone.

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

Table 24. Sierra Leone: External Public Debt and Publicly Guaranteed Debt, 2000–07  
(US\$ millions)

	2000	2001	2002	2003	2004	2005	2006	2007
Total Debt	1,255	1,444	1,544	1,638	1,737	1,704	1,621	549
Medium-and long-term (disbursed only) <sup>1</sup>	1,030	1,252	1,361	1,465	1,545	1,493	1,577	501
<i>Of which:</i>								
Multilateral loans <sup>2</sup>	567	608	704	780	882	853	912	225
Bilateral loans	346	371	407	435	413	398	427	38
Other (specify) <sup>3</sup>	116	272	251	250	250	242	238	238
Suppliers' credits	0	0	0	0	0	0	0	0
Financial institutions	...	...	...	...	...	...	...	...
Use of Fund credit	192	176	175	166	185	197	35	36
Interest in arrears on medium-and long-term debt	33	16	8	7	8	15	9	12
<i>Of which:</i>								
Fund charges	...	...	...	...	...	...	...	...
To other official creditors	33	16	8	7	8	11	5	8
To private creditors	...	...	...	...	...	4	4	4
Short-term debt	...	...	...	...	...	...	...	...
Memorandum items:								
Undisbursed medium- and long-term debt	110	122	86	158	152	103	98	138
Medium-and long-term external debt <sup>2</sup>	1,063	1,268	1,369	1,505	1,553	1,507	1,586	513

Sources: Sierra Leonean authorities

<sup>1</sup> Includes principal arrears.<sup>2</sup> Excludes IMF.<sup>3</sup> Includes commercial and military debt.

Table 25. Sierra Leone: External Payments Arrears Outstanding, 2000–07

(US\$ millions; end of period)

	2000	2001	2002	2003	2004	2005	2006	2007
Total	216.8	329.5	295.0	295.9	283.1	304.9	273.6	249.6
Arrears on medium-and long-term debt (not including the Fund)	100.3	48.0	40.8	42.6	29.5	59.9	32.5	8.4
<i>Of which:</i>								
Multilateral loans	18.4	18.4	10.3	9.6	3.6	0	0.5	0
Bilateral loans	81.9	29.6	30.5	33.0	25.9	59.9	32.0	8.4
Suppliers' credits	0	0	0	0	0	0	0	0
Financial institutions	0	0	0	0	0	0	0	0
Arrears on commercial payments <sup>1</sup>	87.5	250.0	230.2	230.0	229.9	222.5	219.8	216.8
Other (military) <sup>1</sup>	29.0	31.5	24.0	23.3	23.7	22.5	21.3	24.4

Source: Sierra Leonean authorities.

<sup>1</sup> Includes interest arrears.

**Table 26. Sierra Leone: Summary of Tax System, September 2008**  
(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. <b>Company income tax.</b> Income Tax Act (2000), Income Tax (Amendment) Act 2004 (No. 6), Finance Act 2006.	<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 or statutes.</p> <p>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 records, no minimum chargeable income will apply and assessment will be on profit basis.</p> <p>Companies incorporated or resident in Sierra Leone deduct tax on dividends paid to shareholders at fixed rate of 10 percent. Payments are submitted on a quarterly basis with a final return filed after of the financial year.</p> <p>Business makes advance income tax payments</p>	<p>Exemptions apply to income earned by a cooperative society registered under the cooperative 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 individual and ten years if by a limited company.</p> <p>All revenue expenses incurred in 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 building and structures used to house industrial, manufacturing or agricultural activities the capital allowance is 15%. For building used to house commercial activities other than above the rate of capital allowance is 10%. For building other than those described in the two categories the rate is 5%. Capital allowance for mining companies is as per the sixth schedule.</p>	The basic rate of company income tax is 30%

**Table 26. Sierra Leone: Summary of Tax System, September 2008**  
(All amounts in Leones)

Tax	Nature of Tax	Exemptions and Deductions	Rates
	in the form of a 3 percent surcharge on imports.	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.	
<b>1.2. Tax on individuals</b>			
1.2.1. <b>Individual income tax.</b> Income Tax Act 2000	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. Non-residents persons are exempted from tax on Sierra Leone source income. 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: Consolidated Allowance of Le 2,640,000	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. Deductions from income include all expenditure 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 deductions of 5% of NASSIT on employee income There are no special personal and family allowance or relief, nor are there any allowances for insurance premiums. Deduction is allowed for expenditure on insuring and managing the property 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.	The same schedule is applicable to resident individuals in employment, business, property etc. Another schedule is applicable for non-resident individuals in employment, business, property etc.  Employment income tax rates for PAYE in 2006 (Income in thousand of Leones)  Annual employment Marginal tax Income of resident rate per annum
Statutory Instrument no. 4 of 2005			
Income Tax (Amendment) Act, No.8, 2005.			

**Table 26. Sierra Leone: Summary of Tax System, September 2008**  
**(All amounts in Leones)**

<b>Tax</b>	<b>Nature of Tax</b>	<b>Exemptions and Deductions</b>	<b>Rates</b>
			Up to Le 1,500,000 Nil
			Next Le 3,000,000 20%
			Next Le 3,000,000 25%
			Excess Le 7,500,000 30%
			Rates of tax on chargeable income of non-residents other than income to which part 11 applies.
			Rates of tax to be withheld from payments made to non-residents:
			Employments income 25%
			Payment to contractors 10%
			Dividends 10%
			Interest 15%
			Rent 10%
			Royalties 25%
			Pensions & annuities 25%
			Natural resource payment 25%

**Table 26. Sierra Leone: Summary of Tax System, September 2008**  
(All amounts in Leones)

Tax	Nature of Tax	Exemptions and Deductions	Rates
			Payments to or applications for the benefit of non-resident Beneficiaries 25%
1.2.1. <b>Individual income tax</b> (Concluded).	Tax on wages and salaries are withheld at source under <i>Pay-As-You-Earn (PAYE)</i> . Interest income including bank interest and dividends is subject to a final withholding tax of 15% and 10% respectively.	None	Rate of tax to be withheld from payments made to persons resident in Sierra Leone:
The Income Tax Act, 2000 is amended - - The Finance Act, 2006.	the rate of tax on taxable rental income shall be 10% with the taxable rental income being arrived at by granting to the landlord – - Non-taxable threshold of Le 1,500,000 in the aggregate and a tax deductible allowance of 20% of the gross rental income that is in excess of the non-taxable threshold.		Payment to contractors 5% Dividends 10% Interest 15% Rents 10% Royalties 25% Pensions& annuities 15% Natural resource payment 25%
2. <b>Social Security contributions</b>	Employee Contributes 5% of income, while the Employer contributes 10% towards NASSIT. – Making a total of 15%.		Employee – 5% of income Employer – 10% of employee's income.
3. <b>Payroll taxes</b> The Payroll Tax (Amendment) Act, 2004.	Tax is imposed on 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	ECOWAS citizens- Le 500,000; and Non-ECOWAS is Le 3,000,000

**Table 26. Sierra Leone: Summary of Tax System, September 2008**  
(All amounts in Leones)

Tax	Nature of Tax	Exemptions and Deductions	Rates
		company's share capital, or partners who own 25 percent or more.	
<b>5. Taxes on goods and services</b>			
<b>5.1. Sales tax</b> Sales Tax Decree, 1995 (6/95), Finance Act, 2006.	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.  An embryonic value-added tax to provide rebates of payments of sales tax on inputs was introduced effective July 1993.	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 15 percent.
<b>5.2. Selective excises on goods</b> 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, exclusive of the excise duty.	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 and tobacco.
	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.	As of September 2008, the per imperial gallon charges levied on petroleum product were as follows: 1/  Petrol    Le 1,662.25 Diesel    Le 1,346.43

Tax	Nature of Tax	Exemptions and Deductions	Rates						
			Kerosene Le 1,415.12 Fuel oil Le 238.98						
			Petrol and diesel also attract a Le 1,341 per imperial gallon road user charge.						
<b>5.3. Selective excises on services</b>									
5.3.1. <b>Entertainment tax.</b> 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.	10 percent of the price of admission. The specific casino-related tax rates are as follows:  <table border="1"> <thead> <tr> <th>Items</th><th>Tax</th></tr> </thead> <tbody> <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> </tbody> </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								

**Table 26. Sierra Leone: Summary of Tax System, September 2008**  
(All amounts in Leones)

<b>Tax</b>	<b>Nature of Tax</b>	<b>Exemptions and Deductions</b>	<b>Rates</b>
5.3.2. <b>Restaurant tax.</b>	Payable on the amount of all restaurant bills.		10%percent of all restaurant bills.
5.3.3. <b>Foreign travel (ticket) tax.</b> 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.	10% percent of the fare for a one-way trip and 10 % percent for the return trip.
5.3.4. <b>Tourism tax.</b> 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 (Finance Act, 2007)	None.	Bed and breakfast 10% Full and half board 5 % Land tour arrangements 1% Royalty on visit to Bonthe Island \$5 per visit.
5.3.5. <b>Betting tax.</b> Control of Betting and Lotteries Act, 1969 (3/69), Finance Act 2008.	All winnings of Le 500,000 and above	None.	10%
5.3.6. <b>Telecommunications tax.</b> Decree 2/95,amended 2004.	A tax on long-distance telephone calls as well as local calls.	None.	10 %
5.4. <b>Taxes on use of goods and Properties</b>			
5.4.1. <b>Business and</b>	A specific fee, at registration, imposed on all		A business name

**Table 26. Sierra Leone: Summary of Tax System, September 2008**  
**(All amounts in Leones)**

<b>Tax</b>	<b>Nature of Tax</b>	<b>Exemptions and Deductions</b>	<b>Rates</b>
<b>professional registration and licenses.</b>	entities operating in Sierra Leone which are required, under the Act, to register with the Commissioner of Income Tax.	None.	certificate and change of name is Le 30,000. The business registration and license fee schedule is (amounts in Leones):
(i) Registration Business Registration Act 1972 (17/72); Act 28/76.	A specific rate fee is imposed annually on all businesses or professionals not expressly exempt under the Act.		(a) Sole proprietorship Class A 20,000 Class B 40,000 Class C 60,000
(ii) Licensing Business Registration Act 1972; Act 28/76.			(b) Partnership or company Class A 60,000 Class B 80,000 Class C 120,000
			A company also pays an additional fee of Le 150,000 to Le 540,000 based on the amount of share capital.
<b>5.4.2. Motor vehicle registration and licenses</b>			
(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	The registration fees are as follows:  Motor cycles Le 65,000

**Table 26. Sierra Leone: Summary of Tax System, September 2008**  
(All amounts in Leones)

Tax	Nature of Tax	Exemptions and Deductions	Rates	
(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.	Cars	Le 95,000
			Vans and Mini Buses	Le 95,000
			Jeeps	Le 125,000
			Lorries and Buses	Le 120,000
			Trailers	Le 140,000
			The license fees are as follows:	
			<u>Category</u>	<u>Le/year</u>
			A(cars / motor cycles)	70,000
			B(Utility vans)	80,000
			C(Mini Buses)	90,000
D(Buses)	190,000			
E(Medium trucks)	190,000			
F(Lorries)	340,000			
G(Trailers)	640,000			
For commercial vehicles, payment of income tax is as follows:				
<b>No. of Passengers</b>	<b>Per year</b>			
Up to 20	Le 276,000			
Over 20	Le 360,000			
Lorries/				

Tax	Nature of Tax	Exemptions and Deductions	Rates
			<p>Tippers Le 276,000</p> <p>Taxis Le 96,000</p> <p>Motor cycles Le 48,000</p>
5.4.3. <b>Prepayment of Income Tax.</b> Income Tax Act 2000, Section 114 (1)	Every tax payer who imports goods into Sierra Leone for resale shall pay to the commissioner of income tax an amount equal to the highest of 3% of the CIF value of goods imported, or 3% of the value of the goods imported.	Company tax payer who maintains proper books of account – books audited in each of the preceding year	Amount equal to the highest of 3% of the CIF value of goods imported, or 3% of the value of the goods imported.
<b>6. Taxes on international transactions</b>			
6.1 <b>Customs duties</b> Customs Tariff Act, 1978 (16/78). External Tariff Public Order (based on Mano River Union Common External Tariff, October 1, 1977), 13/79. Finance Act 2006.	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) 0 % essential goods, (b) 5 % raw materials, petroleum products, machines and cars aged ≤ 5yrs. (c) 10 % on rice; (d) 20% on luxury consumer goods and old cars (aged ≥10 yrs (e) 30% used clothing (f) 0% computers or word processing machines
Finance Act, 2008.			

**Table 26. Sierra Leone: Summary of Tax System, September 2008**  
(All amounts in Leones)

Tax	Nature of Tax	Exemptions and Deductions	Rates
			and computer accessories. (g) 10% cigarettes (h) 10% other tobacco product (i) 10% wheat flour (j) 10% sugar
6.2. <b>Excise duties</b> 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%
6.3. <b>Sales tax</b> Sales Tax Decree 1995, (6/95), Finance Act 2006.	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.	15%
6.4. <b>Export Duties</b> 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 re-imposed effective January 1994.	None.	3% of diamond and gold export proceeds.
Customs tariff Act, Amendment of Act No.5 of 1994, Finance Act 2008	Export levy on dimension stones On every twenty cubic meters of such stones or part thereof		Equivalent of US\$500

**Table 26. Sierra Leone: Summary of Tax System, September 2008**  
(All amounts in Leones)

<b>Tax</b>	<b>Nature of Tax</b>	<b>Exemptions and Deductions</b>	<b>Rates</b>
Forestry Act 1988 Amended, Finance Act 2008	Export levy on timber or timber product on every twenty cubic meters of such timber or part thereof		Equivalent of US\$1,500
<b>7. Other taxes</b>			
7.1. <b>Stamp duties</b> 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. <b>Local tax</b> Local Tax Act, 1975 (15/75), Amended.	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 5,000 per person per year.

1/ On October 27, 2008, excise taxes on petroleum products were increased to Le 1,972.17 for petrol, Le 1,656.35 for Diesel, and Le 1,725.04 for kerosene.