



Government of Sierra Leone

Fiscal Report

January – December

Financial Year 2022

Ministry of Finance

1. Introduction

1.1 This report reviews the outturn of budget execution of the Government of Sierra Leone (GoSL) for FY2022 fiscal year. It describes budget outcomes at end of the year and compares them to the budget agreed with the International Monetary Fund (IMF) and approved by Parliament on the 17th December, 2021. Where appropriate, comparisons are made with budget execution performance of FY2021. After the approval of the budget by Parliament, effective implementation started in January 2022.

1.2 Execution of the budget in FY2022 has been quite challenging considering the adverse effect on the economy as a result of the Russia – Ukraine war, the lag effect of the CoVID-19 pandemic and other domestic unrest. Also, the clearance of unpaid bills that were carryovers from previous years and at the same time implementing the approved FY2022 budget has contributed to the challenges in the FY2022 budget implementation. The overall objective was to ensure we meet the quantitative performance targets for end of the year with little or no accumulation of new expenditure arrears.

1.3 However, due to emerging pressures especially on the Recurrent and Domestic Capital budget to cater for the payment of the Government flagship programme of free quality education, payment of subvention to Governance Institutions, higher than projected payment for energy subsidies including fuel to EGTC, EDSA machines and Karpower, executive and statutory local and international travels, debt service payments, the August 10 unrest, Payment to security sector, there was an overrun recorded in the Total Expenditure and Net Lending Budget of about NLe2.5 billion.

1.4 Allocations for FY2022 for Goods and Services and Domestic Capital Expenditures were released to MDAs and were gradually processed to the end of the year. There was an overrun in the Goods and Services budget by NLe1.0 billion. There was also an overrun in Domestic Capital expenditure budget of about NLe1.4 billion when compared to the revised budget for FY2022.

2. Macroeconomic Performance in 2022

Consumer prices: Following a decline in inflation to a four-year low during the first quarter of 2021, inflationary pressures increased during the rest of the year to 2022 mainly reflecting domestic and external sector developments. During the implementation of the FY2022 budget, inflationary pressures continue to increase posing serious challenge to the budget. The monthly inflation gradually increased from 11.9 percent in January 2022 to 37.1 percent in December 2022, with an average of 26.9 percent. The increase in inflation was mainly due to the rising food and fuel prices, increase in shipping costs, and the depreciation of the exchange rate

Exchange rate: The nominal exchange rate of the Leone to the US Dollar was relatively stable during the first half of 2021. However, the domestic currency depreciated significantly during the second half of the year to end December, 2022 largely reflecting the increased demand for foreign exchange for the importation of major commodities into Sierra Leone, combined with the usual seasonal changes in demand for the US Dollar. The year on year depreciation of the Leones was 66.1 percent with an average of 34.6 percent from December 2021 to December 2022.

Impact: The combined effects of rising consumer prices and depreciation of the exchange rate resulted in increased spending on goods and services in the Government budget during 2022. Considering the increase in the prices for goods and services and the continuous depreciation of the Leones, the analysis below shows the inflationary and exchange rate pressure on the budget which would have cause an overrun of about NLe647.7 million in the FY2022 revised budget for non-salaries, non-interest recurrent expenditure and

domestic capital instead of the NLe2.8 billion in the fiscal profile. Below is the table showing a comparison between the combined budgetary effect, and the revised budget agreed with the Fund

Table 1: Inflation and Exchange Rate (Depreciation of Leones) Effect on the Budget

| Categories | Revised Budget /NLe 't | FY2022 Inflationary Effect /NLe 't | FY2022 Depreciation Effect /NLe 't | Combined Effect Budget /NLe 't | FY2022 Actuals /NLe 't | FY2022 Variance /NLe 't | |
|-------------------------|------------------------|------------------------------------|------------------------------------|--------------------------------|------------------------|-------------------------|-----------------------|
| | A | B | C | D | F | Effect D-F | As per Fiscal Profile |
| Wages and Salaries | 4,315,695 | 0 | 116,873 | 4,432,568 | 4,346,208 | 86,361 | (30,513) |
| Goods and Services | 1,417,215 | 381,231 | 490,357 | 2,288,803 | 2,446,233 | (157,430) | (1,029,018) |
| Subsidies and Transfers | 2,067,024 | 80,700 | 186,148 | 2,333,872 | 2,441,521 | (107,649) | (374,497) |
| Domestic Capital | 1,494,505 | 402,022 | 517,099 | 2,413,626 | 2,882,649 | (469,023) | (1,388,144) |
| Total | 9,294,440 | 863,953 | 1,310,477 | 11,468,869 | 12,116,611 | (647,742) | (2,822,172) |

Assumptions:

1). Depreciation of Currency Effect (Avg dep of 34.6%)

- a. Discount Goods and Services budget by 30% that is, 70% of the budget is forex related
- b. No depreciation effect on Subsidies and Transfers
- c. Discount Domestic Capital budget by 20% that is, 80% of the budget is forex related

2). Inflationary Effect

- a. The is full pass-through inflationary effect in the implementation of the budget for Goods and Services
- b. No inflationary effect on Subsidies and Transfers except Transfers to ECSL

From the analysis, the combined effect of inflation and depreciation of the Leones on the four categories of the budget led to a total of NLe11.5 billion instead of NLe9.2 billion with an overrun of about NLe647.8 million when compared to the actual expenditure for Wages and Salaries, Goods and Services, Subsidies and Transfers and Domestic Capital. This means, the revised budget was also tight to accommodate the true effect of increase in prices for Goods and Services couple with higher than projected payment to road contractors for the completion of critical roads across the country.

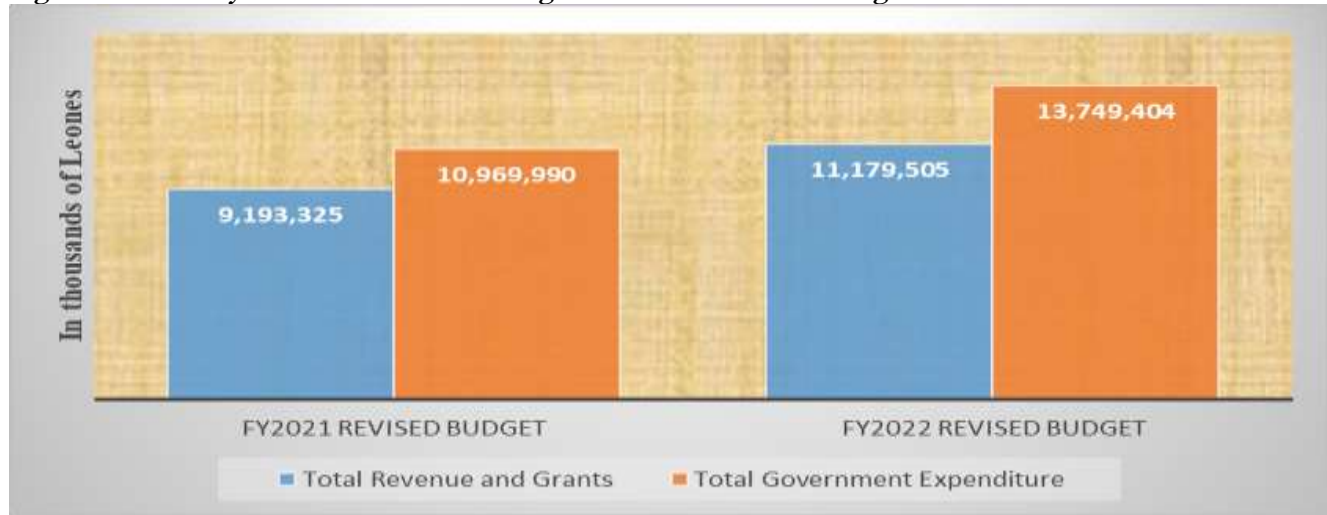
When comparing the combine effect budget to the actuals, there is an overrun amounting to NLe647.7 million and the major drivers for those overrun are the surprise expenditures due to the August 10 unrest, price increases on Goods and Services due to inflation, claims and contract adjustments due to exchange rate (the continuous depreciation of the Leones) and other new expenditures which are one-offs. Detailed reasons for the various categories of expenditure are discussed below.

2. Summary of Approved Revised Budget

The revised annual expenditure budget for the Government of Sierra Leone for FY2022 was NLe13.8 billion representing 25% increase compared with FY2021 revised budget of NLe11.0 billion. Of the revised budget, Recurrent Expenditure was NLe9.6 billion, Capital Expenditure cost including foreign component was NLe4.1 billion and Contingency Fund was NLe21.0 million. Total Revenue and Grant in the revised budget was NLe11.2 billion. Of this, domestic revenue was projected at NLe7.4 billion and grant from development

partners is projected at NLe3.8 billion. Comparing FY2022 total revenue and grant to total expenditure resulted in a budget deficit of NLe2.5 billion which was financed by both domestic and foreign borrowing.

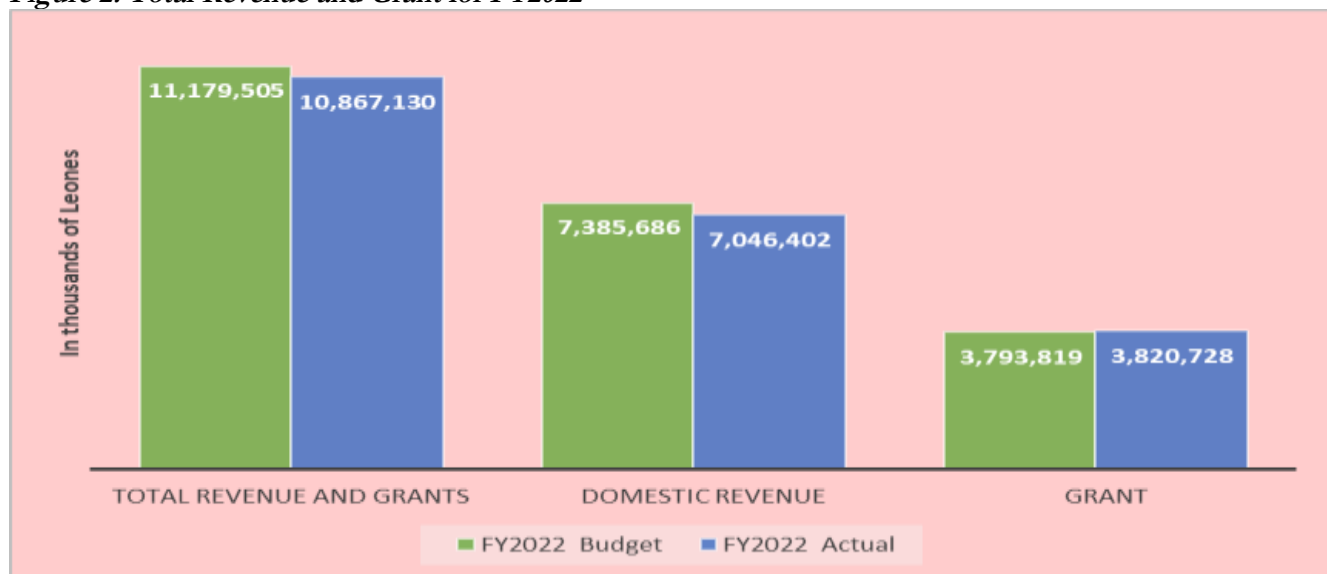
Figure 1: Summary of FY2022 Revised Budget vs FY2021 Revised Budget



3. Total Revenue and Gant

Total revenue and grants projected in the original 2022 budget was NLe9.9 billion or 19.6% of GDP and was revised to NLe11.2 billion or 20.4% of GDP. Domestic revenue was originally projected at NLe7.6 billion or 15.1% of GDP and was revised downwards to NLe7.4 billion or 13.9% of GDP in October 2022 during the Annual Meetings with the Fund. Due to the Russian – Ukraine war coupled with the disruption in global supply chain and increase in fuel and food prices, there was a deficit in domestic revenue collection of about NLe339.3 million.

Figure 2: Total Revenue and Grant for FY2022

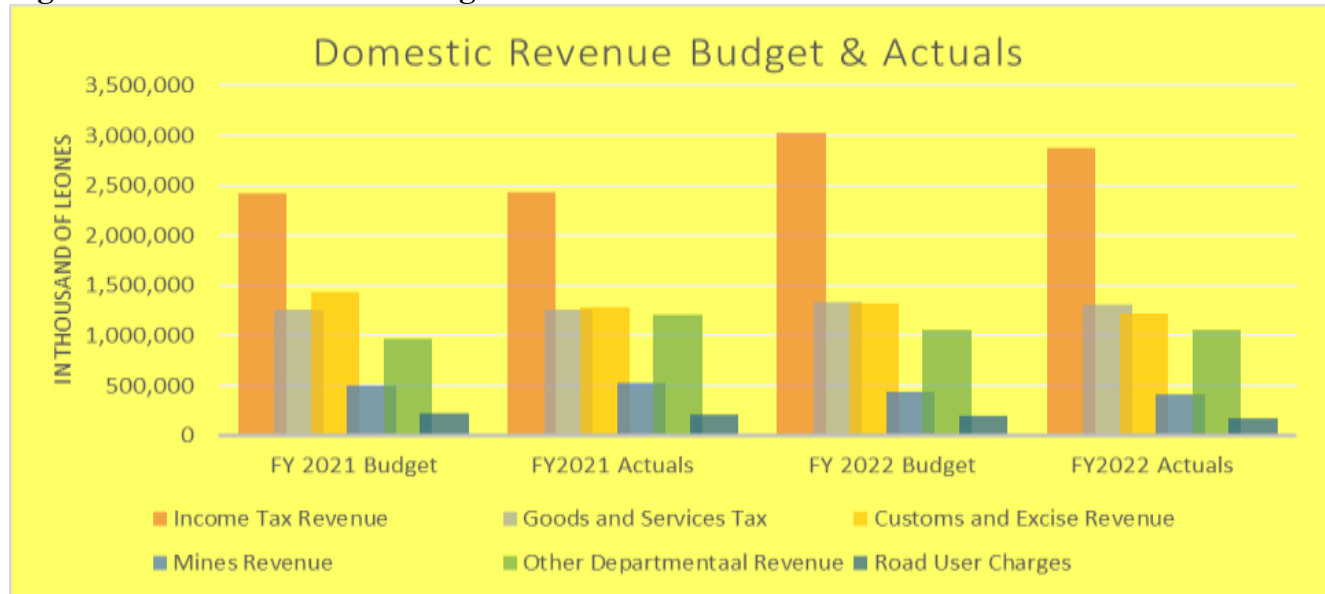


Total revenue and grant show an increase of 17% in FY2022 when compared to actuals for FY2021 even though there are economic challenges. Total revenue and grants from January - December 2022 amounted to NLe10.9 billion or 20.1% of GDP, compared to a budgeted amount of NLe11.18 billion or 20.4% of GDP, depicting a drop in resources.

3.1.1 Domestic Revenue performance

This section presents a comparative analysis of FY2021 and FY2022 domestic revenue budgets and actual collections by category as depicted in Figure 3.

Figure 3: Domestic Revenue Budget and Actuals



Despite the challenges associated with the lingering COVID-19 pandemic and the Russian – Ukraine war, total domestic revenues collected for FY2022 amounted to NLe7.1 billion compared to a budgeted amount of NLe7.4 billion, recording a shortfall of about NLe339.3 million. Collections from Income Taxes were NLe2.9 billion, short of target by NLe152.6 million. Goods and Services Tax was below target by NLe1.3 billion with total collections of NLe1.3 billion. Collections from Customs and Excise duties amounted to NLe1.2 billion compared to a budgeted amount of NLe1.3 billion thereby recording a shortfall of NLe102.7 million. Mining royalties and licenses amounted to NLe415.0 million compared to a budget of NLe433.8 million.

Revenues collected from Other Government Departments including TSA Agencies amounted to NLe1.2 billion, short of budgeted amount by NLe40.0 million. Road User Charges and Vehicle Licenses amounted to NLe170.0 million compared to a budgeted amount of NLe197.8 million, recording a shortfall of about NLe27.8 million.

When compared to the same period in the previous year, the cumulative collection of NLe7.05 billion from January to December 2022 emerged to be NLe130 million (or 1.9%) more than same period in 2021.

The undermentioned is an outline of the key reasons for revenue performance in 2022 relative to target and previous year collection:

- I. Increased compliance arising from taxpayer engagements in preparation for reforms.
- II. Opening of international trade thus helping in customs collection and export revenues especially of timber.
- III. Close monitoring of revenue collection through collaboration with stakeholders and weekly revenue meetings.
- IV. Increased taxpayer sensitization and education through traditional and social media.
- V. Implementation of compliance and revenue enhancing provisions in the Finance Act 2022.

3.1.2 Grants

Total Grants received for FY2022 amounted to NLe3.82 billion compared to a target of NLe3.79 billion. Of this, programme grants including Debt Relief Assistant and Budget Support amounted to NLe2.34 billion and project grants were NLe1.48 billion. There was a disbursement of external budget support from the World Bank amounting to US\$103.96 million or NLe1.96 billion.

4. Expenditure Performance

This section gives detailed review of the FY2022 expenditure performance and provides the reasons for overrun in the main expenditure categories. First an overview is provided, then the wage bill, goods and services, subsidies and transfers are discussed, followed by domestic capital expenditure and finally, debt service payment.

Total expenditure and net lending for the year FY2022 was revised to NLe13.7 billion or 25.7% of GDP from the original budget of NLe11.8 billion or 23.3% of GDP. For FY2022, total expenditure and net lending amounted to NLe16.2 billion or 30.3% of GDP compared to a budgeted amount of NLe13.7 billion or 25.7% of GDP, resulting in an over spending by NLe2.4 billion.

When compared to FY2021, there is 26% increase in total budget and 32.2% increase in actual expenditure. The detailed composition of total expenditure and net lending under the various categories of expenditure and the reasons behind the expenditures are discussed below.

Table 2: Detailed Expenditure Profile

| Expenditure Categories | FY2021 | | FY2022 | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Budget /NLe | Actual /NLe | Budget /NLe | Actual /NLe |
| Total | 10,872,452 | 12,234,725 | 13,698,423 | 16,172,517 |
| Wages & Salaries | 3,745,394 | 3,925,524 | 4,315,695 | 4,346,208 |
| Non Salary, Non Interest Recurrent | 2,741,470 | 3,428,276 | 3,484,239 | 4,887,754 |
| Interest Payments | 1,256,514 | 1,268,142 | 1,799,675 | 1,830,410 |
| Capital Expenditure and Net Lending | 3,040,355 | 3,527,985 | 4,077,848 | 5,062,343 |
| Contingency | 88,719 | 84,798 | 20,965 | 45,803 |

4.1 Wages and Salaries

In FY2022 the wage bill accounted for about 61.6% of domestic revenue or 7.9% of GDP. The objective over the medium term is to reduce and stabilize the claim of the wage bill on domestic revenue to fewer than 50% through enhanced domestic revenue mobilization and improved controls to strengthen predictability and integrity of the payroll.

The actual wage bill budget for FY2019 was NLe2.6 billion and has continue to increase over the period to date, posing a huge challenge on the budget. The actual wage bill for FY2021 amounted to NLe3.9 billion or 8.8% of GDP and about 57% of Domestic revenue collected. In FY2022, the actual wage bill increased to NLe4.4 billion 7.9% of GDP and about 61.6% of Domestic revenue collected

Following the continuation of implementation of policy reforms on the Wage Bill for FY2022, the actual wage bill was only infinitesimally overrun as shown below:

Table 3: Summary of Payroll by Categories

| In thousands of Leones | | | | | | |
|-------------------------------------|------------------|-------------------------|------------------|---------------------------------|-------------------------|---------------------------|
| Categories | FY2021 Workforce | FY2021 Actual Jan - Dec | FY2022 Workforce | FY2022 Revised Budget Jan - Dec | FY2021 Actual Jan - Dec | FY2021 Variance Jan - Dec |
| Civil Service | 6,027 | 401,666 | 5,929 | 574,285 | 484,486 | 89,799 |
| Health | 13,092 | 440,691 | 13,102 | 492,726 | 538,926 | (46,200) |
| Charged Emoluments (Pol. Class) | 215 | 128,195 | 212 | 135,867 | 137,576 | (1,709) |
| Teachers/Schools | 36,009 | 714,014 | 34,605 | 755,503 | 728,418 | 27,085 |
| Police | 14,099 | 273,429 | 13,654 | 377,797 | 339,466 | 38,331 |
| Military | 7,508 | 175,332 | 7,508 | 216,818 | 230,862 | (14,044) |
| Correctional Service | 2,050 | 38,314 | 1,989 | 51,591 | 46,323 | 5,268 |
| Fire Authority | 366 | 7,303 | 346 | 10,102 | 8,905 | 1,197 |
| Other Security Agencies | 237 | 24,315 | 224 | 28,984 | 27,208 | 1,776 |
| Foreign Missions | 577 | 269,270 | 604 | 282,154 | 399,400 | (117,246) |
| Subvented Institutions | 5,542 | 665,592 | 6,335 | 641,050 | 644,082 | (3,032) |
| Tertiary Institutions | 3,277 | 256,207 | 3,263 | 344,098 | 337,748 | 6,350 |
| Local Councils | 2,024 | 32,264 | 844 | 32,217 | 31,849 | 368 |
| Consultant | 666 | 142,027 | 755 | 140,880 | 175,911 | (35,031) |
| Pensions and Other Benefits | 47 | 229,107 | 46 | 231,623 | 187,071 | 44,552 |
| Others/CoVID-19 Allowances | | 127,798 | | - | 27,977 | (27,977) |
| Govt. NASSIT Cont. (included above) | - | 353,052 | - | 40,009 | 44,499 | (4,490) |
| TOTAL | 91,736 | 3,925,524 | 89,416 | 4,315,695 | 4,346,208 | (30,513) |

The total overrun on the FY2022 wage bill was NLe30.5 million. The reasons for the overrun in the various categories are as follows:

- 1) **Foreign Missions:** Impact of exchange rate depreciation-details available illustrating the month-by-month impact. Using the January 2022, exchange rate the budget should have been NLe320.9 million as opposed to NLe280.6 million. The exchange rate continued to depreciate for the whole of 2022, leading to a total overrun of NLe117.2 million.
- 2) **Health workers** - 500 health workers were regraded and promoted following assessments conducted by the Regrading Committee, implemented in March & April 2022. This action though not budgeted for was taken to ensure health workers receive salaries that are commensurate to their qualifications. This is similar to the ongoing regrading and promotion of teachers that have been implemented for the past two years.
- 3) **Military**- 82 military personnel retired at the end of the year; their retirement benefits were paid with last salary in December 2022 as per the recent MoF policy to improve on the efficiency of gratuity payments.
- 4) **Judiciary**- 25% Salary increase for Judges and payment of 15% non-accountable allowance effective April 2022.

- 5) **Consultants** – More employees added to this category than was budgeted for, 89 more employees were added compared to what was budgeted for. In addition, exchange rate depreciation impacting on rent allowance received by some employees in the category.
- 6) **Other manual payroll payments**- This includes salary arrears, payment of NASSIT gaps, leave allowances etc. This category was not budgeted for.
- 7) **Manual SVAs**- Improvement in conditions for service for Governance institutions including ASSL and Anti-corruption.

It must also be noted that there were savings in some categories including the Civil Service, Teachers and Police due to delay in recruitment.

4.2 Non-Salary, Non-Interest Recurrent Expenditure

Non-salary, non-interest recurrent expenditures budget for FY2022 was revised to NLe3.5 billion or 6.5% of GDP which shows an increase when compared to NLe2.7 billion in the revised FY2021 budget. Goods and Services expenditures was estimated at NLe1.4 billion and Subsidies and Transfers was NLe2.1 billion.

Recurrent expenditure comprising wages and salaries, non-salary, non-interest payment and interest payments for the period amounted to NLe11.1 billion or 20.8% of GDP compared to the budget target of NLe9.6 billion or 18.0% of GDP. This Implies that total recurrent expenditure was above the budgeted amount by NLe1.5 billion due to overspending in all the categories.

For FY2022, Non-salary non-interest recurrent expenditures amounted to NLe4.9 billion compared to the estimated amount of NLe3.5 billion representing an overrun of about NLe1.4 billion. Goods and Services expenditure amounted to NLe2.5 billion compared to a budgeted amount of NLe1.4 billion resulting in an overrun of about NLe1.0 billion. Expenditures on Subsidies and Transfers amounted to NLe2.44 billion, above the budget by NLe374.5 million.

Table 4: Summary of Goods and Services and Transfers

| Categories | FY2021 Actuals/ NLe't | FY2022 Revised Budget/ NLe't | FY2022 Actuals/ NLe't | FY2022 Variance/ NLe't |
|------------------------------------|-----------------------|------------------------------|-----------------------|------------------------|
| Goods and Services | 1,706,445 | 1,417,215 | 2,446,233 | (1,029,018) |
| Social & Economic | 489,137 | 345,218 | 707,866 | (362,648) |
| General and Others | 766,579 | 537,577 | 819,197 | (281,619) |
| Defence | 188,590 | 175,341 | 390,110 | (214,769) |
| Police | 169,376 | 213,999 | 316,886 | (102,887) |
| Correctional Services | 92,763 | 145,080 | 212,175 | (67,095) |
| Subsidies and Transfers | 1,721,832 | 2,067,024 | 2,441,521 | (374,497) |
| Local Councils | 98,985 | 115,687 | 115,253 | 434 |
| Tertiary Institutions | 103,301 | 80,906 | 86,603 | (5,697) |
| Road Maintenance Fund | 216,122 | 269,810 | 175,622 | 94,188 |
| Transfers to TSA Agencies & Others | 355,406 | 380,900 | 661,340 | (280,440) |
| Transfer to NaCOVERC | 390,497 | 174,000 | 94,600 | 79,400 |
| National Revenue Authority | 188,360 | 207,721 | 204,210 | 3,511 |
| Energy Transfers/Subsidies | 323,150 | 538,000 | 746,223 | (208,223) |
| Elections | 46,010 | 300,000 | 357,669 | (57,669) |
| Total | 3,428,276 | 3,484,239 | 4,887,754 | (1,403,515) |

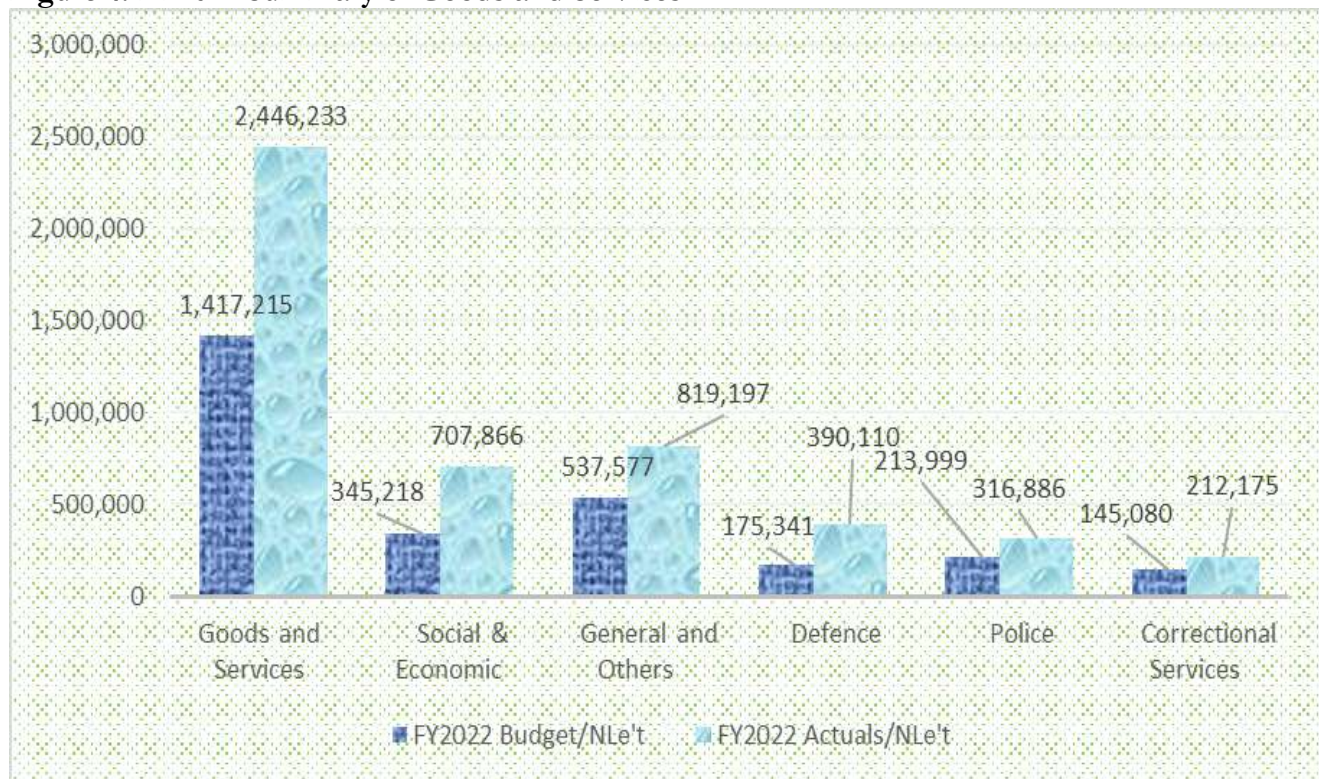
The above table shows detailed categories and sub-categories of actual expenditure on Goods and Services and Subsidies and Transfers to various Government Institutions against their respective annual budgets.

4.2.1 Goods and Services

Actual Goods and Services expenditure for FY2022 amounted to NLe2.5 billion compared to a revised target of NLe1.4 billion resulting in an overrun of about NLe1.0 billion. The main reasons for the over-run in the Goods and Services budget include about NLe143.1 million spent on responding and maintaining peace and stability due to the August 10 unrest which took place in the capital and other provincial cities and about NLe181.0 million spent on new items considered as one-offs. NLe462.4 million was spent as a result of inflationary pressure on the budget or increases in contract prices, NLe235.1 million incurred as a result of the continuous depreciation of the Leones against the US dollars.

Below is the sectoral expenditure performance of the key MDAs that drove spending on Goods and Services for FY2022.

Figure 4: FY2022 Summary of Goods and Services



4.2.1.1 General and Others

The General Sector consists of more than twenty MDAs which includes mainly the Governance Institutions like Office of the President, Office of Vice President, Parliament, the Judiciary, the Ministry of Finance, the Ministry of Foreign Affairs and International Co-operation, the Ministry of Planning and Economic Development, Anti-Corruption Commission, Statistics Sierra Leone etc. This sector is responsible primarily for general administration of the state and ensuring good governance. The major spending MDAs are discussed below:

Table 5: Summary of overrun MDAs in the General Sector

| In thousands of Leones | | | |
|---|-------------------------------------|------------------------------|-------------------------------|
| MDAs | FY2022 Revised Budget /NLe't | FY2022 Actuals /NLe't | FY2022 Variance /NLe't |
| Ministry of Political and Public Affairs | 2,424 | 5,832 | (3,408) |
| Office of the Chief Minister | 21,410 | 36,758 | (15,348) |
| Ministry of Local Government & Rural Development | 16,583 | 20,529 | (3,946) |
| Parliament | 36,717 | 47,589 | (10,872) |
| Judiciary | 15,000 | 16,503 | (1,503) |
| Ministry of Foreign Affairs (Posting of new Amb. & Dip) | 104,453 | 112,771 | (8,317) |
| Ministry of Finance (International Subscription) | 68,431 | 137,216 | (68,784) |
| Accountant General's Department | 25,000 | 27,528 | (2,528) |
| Public Service Commission | 3,097 | 6,692 | (3,595) |
| Ministry of Information and Communication | 4,000 | 8,700 | (4,700) |
| National Public Procurement Authority (NPPA) | 5,500 | 9,990 | (4,490) |
| GRANT TOTAL | 278,782 | 387,518 | (108,736) |

i. Ministry of Political and Public Affairs

The revised FY2022 budget for this Ministry of Political and Public Affairs amounted to NLe2.4 million with an actual expenditure of about NLe5.8 million resulting in an overrun of NLe3.4 million. The major reason for the overrun is the hosting of high-level validation meeting of the African Government Report of the Africa Peer Review Mechanism (APRM) in Sierra Leone.

ii. Office of the Chief Minister

The Non-Salary-Interest Recurrent Expenditure of the Chief Minister for FY2022 budget is NLe21.4 million and the amount expended for the period under review is NLe36.8 million recording an overrun of about NLe15.3 million. The major reasons for the overrun are;

- i. Implementation of delegated Presidential assignment by the Chief Minister for Ministerial Retreat and Performance Appraisal
- ii. Cordination and hostings of the US Congressional Delegation on good Governance

iii. Ministry of Local Government and Rural Development

The total expenditure for FY2022 amounted to NLe20.5 million of which Office of the Permanent Secretary which includes Decentralization Secretariat and SCARDSIL amounted to NLe4.65 million, Southern Province amounted NLe4.13 million, Eastern Province is Le4.69 million, Northern Province is NLe4.1 million and North-West Province amounted to NLe2.9 million. The total amount budgeted for this ministry is NLe16.6 million. When compared to the total expenditure of FY2022, there is an overrun of about NLe4.0 million. The reasons for the overrun are as follows:

- a) About NLe3.0 million spent on Presidential visits to the Provincial Secretary's Offices.
- b) About NLe500 thousand spent on training of councilors and ward development committee members.
- c) NLe500 thousand spent on special imprest by Resident Minister North-West for the coordination, mobilization, settlement of Districts and chiefdom boundary disputes and cattle disputes.
- d) About NLe500 thousand spent on identification and sensitization meetings held with Rural development with MDAs.

- e) Nationwide sensitization on the new Local Government Act amounting to NLe4.0 million

iv. Parliament

The actual expenditure for the Sierra Leone Parliament was NLe47.6 million against a revised budget of NLe36.7 million, resulting in an overrun of about Le10.9 billion. The reasons for the over expenditure is due to higher than projected cost of overseas travelling amounting to NLe10.9 million.

The major Drivers of the expenditure for the period January-December are:

- a) Facilitating Attendance to International/Overseas Travelling- an amount of Le 4m was allocated for this activity, but Le 9.7m utilized, leaving an overrun of Le 5.7 million. The travels include NLe3.1 million for Pan African Parliament in South Africa (PAP), NLe530 thousand facilitation allowance for the parliamentary Leadership, NLe434 thousand was processed for the facilitation support for MPs, and NLe4 million was processed for the following: NLe681.7 thousand to support the United Nations General Assembly (UNGA) Delegation to New York, United States of America, NLe580mill to support the Disability conference in Dar Es Salaam, Tanzania, and NLe344 thousand to support IPU Delegation to New York United Stated.
- b) NLe731 thousand was allocated for the hosting of Common Wealth Parliament, but NLe4.1 million was utilized, resulting in an overrun of NLe3.380 million
- c) Another NLe1.2 million was spent on FY2023 budget appropriation.

v. Judiciary

The FY2022 budget of the Judiciary was NLe15.0 million, compared to the actual expenditure of NLe16.5 million, resulting in an overrun of NLe1.5 million. The main driver of this overrun is the support to the Commission of Enquiry Process and other judicial matters amounting to NLe3.5 million.

vi. Public Service Commission (PSC)

Total actual expenditure for this institution for the period January to December is NLe6.7 million against a revised budget of NLe3.1 million resulting in an overrun of about NLe3.6 million. Main driver of the expenditure is the higher than projected contract cost for the rehabilitation of the PSC building of NLe3.6 million

vii. Ministry of Foreign Affairs and International Co-operation

A total amount of NLe104.5 million was allocated to the Ministry of Foreign Affairs and International Cooperation in the FY2022, of which NLe56.6 million was for the Headquarter in Sierra Leone, NLe51.3 was for the smooth operations of Foreign Mission. Total actual expenditure was NLe112.8 million, representing spending above the budgeted amount to the tune of NLe8.3 million. The main drivers of the overspending are, increase in cost for Statutory travels of Officials in the Ministry amounting to NLe7.01 million, and Postings and Recall of Diplomatic Staff amounting to NLe4.13 million.

viii. Ministry of Finance

The amount allocated in the FY2022 budget for the Ministry of Finance is NLe68.4 million, and the actual expenditure is Le137.22 million representing an overrun of about NLe68.8 million. The overspending was driven by the following items:

- a) Payment of Subscription to International Organization on behalf of Government amounting to NLe33.25 million,
- b) Final Payment for the ECR Machines to boost revenue mobilization costing NLe9.4 million
- c) Refurbishment of Conference Room and other Offices in the Ministry of Finance amounting to NLe8.4 million
- d) Financial assistance to Sierratel to pay workers salary arrears amounting to NLe2.5 million
- e) Procurement of vehicles for Ministry of Finance at the cost of NLe15.3 million

ix. Accountant General's Department

The amount allocated in the FY2022 budget to the Accountant General's Department is NLe25.0 million, and the actual expenditure is NLe27.5 million resulting in an overrun of about NLe2.5 million. The overspending was driven by payment for the upgrade and licenses of the IFMIS amounting to NLe2.5 million.

x. Ministry of Information and Communication

The amount allocated also in the FY2022 budget to the Ministry of Information and Communication is NLe 4.0 million, whereas the actual expenditure amounted to NLe 8.7 million. This means the budget was overrun by NLe 4.7 million. One of the reason for the overspending was driven by Sensitization and awareness raising against violence at the cost of NLe 4.7 million.

xi. National Public Procurement Authority

The amount allocated for the National Public Procurement Authority (NPPA) in the FY2022 budget is NLe5.5 million, whereas the actual expenditure amounted to NLe9.9 million resulting in an overrun of about NLe4.49 million. The overrun was driven by the Implementation of the World Bank Support triggers on e-procurement amounting to NLe6.5 million

4.2.1.2 Security Sector

Based on a broad overview in terms of Budget and expenditure in the security sector, key institutions to name but few, Defence, Police, Correctional Services and National Fire Authority carry's huge cost drivers in respect of their Critical Payments which comprises of Rice, Fuel, drugs and medical supplies and Ration cash allowances for each month. The three major drivers of expenditure in the security sector are Sierra Leone Police, Correctional Service and the National Fire Authority.

Table 6: Summary of overrun MDAs in the Security Sector

| In thousands of Leones | | | |
|--------------------------------------|-------------------------------------|------------------------------|-------------------------------|
| MDAs | FY2022 Revised Budget /NLe't | FY2022 Actuals /NLe't | FY2022 Variance /NLe't |
| Ministry of Defence | 175,341 | 390,110 | (214,769) |
| Sierra Leone Police | 213,999 | 316,886 | (102,887) |
| Sierra Leone Correctional Services | 145,080 | 212,175 | (67,095) |
| National Fire Authority | 5,982 | 6,499 | (517) |
| Central Intelligence & Security Unit | 10,000 | 15,685 | (5,685) |
| Office of National Security | 9,200 | 40,421 | (31,221) |
| GRANT TOTAL | 559,602 | 981,776 | (422,175) |

xii. Ministry of Defence

An amount of NLe137.4 million was provided in the FY2022 budget but was revised to NLe175.3 million for the ministry, and the actual expenditure is Le 390.1 million, resulting in an over expenditure of NLe214.8 million. The main drivers of the overrun are, critical expenditures which includes Procurement of fuel for operations amounting to NLe50.9 million, payment for rice and ration cash allowance for Officers amounting to NLe50.7 million; NLe11.64 was spent on the procurement, supply and delivery of medical drugs, X Ray films and Laboratory reagents for Military hospitals amounting to NLe60.3 million; supply of Military kits/uniforms to RSLAF costing NLe37.5 million, and NLe9.8 million was spent on recruitment and training of 300 Specialists Personnel to the RSLAF

The table below shows detailed expenditures by activities of the Ministry of Defence for FY2022.

| FY2022 Actuals for Ministry of Defence | | | | | | | | | | | | | | | |
|--|----------|--|--------------|---------------|--------------|---------------|---------------|---------------|--------------|---------------|----------------|---------------|---------------|---------------|----------------|
| In thousands of Leones | | | | | | | | | | | | | | | |
| No | Category | Expenditure Type | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
| 1 | Officers | Workforce | 7,624 | 7,611 | 7,605 | 7,595 | 7,587 | 7,580 | 7,570 | 7,556 | 7,555 | 7,531 | 7,522 | 7,507 | 90,843 |
| | | Fuel | 2,285 | 2,285 | 2,742 | 3,428 | 4,113 | 4,113 | 5,028 | 10,570 | 6,570 | 4,113 | 4,799 | 4,456 | 54,504 |
| | | o/w: Volume (litres) | 228,523 | 228,523 | 228,523 | 228,523 | 228,523 | 228,523 | 228,523 | 528,523 | 328,523 | 228,523 | 228,523 | 228,523 | 3,142,276 |
| | | Price | 10 | 10 | 12 | 15 | 18 | 18 | 22 | 20 | 20 | 18 | 21 | 20 | - |
| | | Rice/Ration | 4,065 | 4,065 | 4,065 | 4,065 | 4,065 | 4,065 | 4,065 | 4,065 | 4,065 | 4,065 | 4,065 | 4,065 | 48,779 |
| | | o/w: Volume (50kg bags) | 9,795 | 9,795 | 9,795 | 9,795 | 9,795 | 9,795 | 9,795 | 9,795 | 9,795 | 9,795 | 9,795 | 9,795 | 117,540 |
| | | Price | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | - |
| | | Ration Cash Allowance | 681 | 681 | 681 | 681 | 681 | 681 | 681 | 681 | 681 | 681 | 681 | 681 | 8,172 |
| | | Sub Total | 7,031 | 7,031 | 7,488 | 8,174 | 8,859 | 8,859 | 9,773 | 15,316 | 11,316 | 8,859 | 9,545 | 9,202 | 111,456 |
| 2 | Others | | | | | | | | | | | | | | |
| | | Drugs for Military Hospitals | - | - | - | 4,323 | 9,640 | 4,777 | - | - | 10,250 | - | 12,450 | 8,450 | 49,890 |
| | | X Ray films and Laboratory Reagents for Military Hospitals | - | - | - | - | - | 13,041 | - | - | 39,104 | - | 22,150 | - | 74,295 |
| | | Payment for Assorted Military Kits/Uniforms | - | - | - | - | 3,896 | 50,183 | - | - | - | - | - | - | 54,079 |
| | | Procurement of Security and other related equipment | - | - | - | - | - | - | - | - | 23,120 | 5,406 | - | 10,564 | 39,090 |
| | | Recruitment and training of 300 Specialized Personnel to the RSLAF | - | - | - | - | 5,952 | - | - | 5,200 | - | - | - | - | 11,152 |
| | | Payment for outstanding and ongoing contracts and other Admin Cost | - | 9,352 | 2,500 | - | - | 6,525 | - | - | 18,700 | - | 13,071 | - | 50,148 |
| | | Sub Total | - | 9,352 | 2,500 | 4,323 | 19,488 | 74,526 | - | 5,200 | 91,174 | 5,406 | 47,671 | 19,014 | 278,654 |
| | | GRAND TOTAL | 7,031 | 16,383 | 9,988 | 12,497 | 28,347 | 83,385 | 9,773 | 20,516 | 102,490 | 14,265 | 57,216 | 28,217 | 390,110 |

xiii. Sierra Leone Police

An amount of NLe110.1 million was provided in the FY2022 budget but was revised to NLe214.0 million of which NLe140.7 million was for critical expenditures which includes Fuel, Rice for officers and Ration Cash Allowance. The remaining balance of NLe73.3 million was for Security Hardware, Uniforms and Other Logistics. The actual expenditure for FY2022 is NLe316.9 million resulting in an overrun NLe102.9 million as shown in the summary table below followed by narratives:

| In thousands of Leones | | | | | |
|--|-----------------|----------------|--------------------|------------------|----------------|
| SLP RECURRENT BUDGET PERFORMANCE REPORT FOR JAN TO DECEMBER 2022 | | | | | |
| RECURRENT | Approved Budget | Revised Budget | Actual Expenditure | Variance | Execution Rate |
| | A | B | C | D = (B-C) | (C/B) |
| Sierra Leone Police | 110,095 | 213,998 | 316,886 | (102,887) | 148% |
| Administrative and Operating Costs | 32,608 | 73,300 | 83,947 | (10,647) | 115% |
| o/w Family Support Unit | 800 | 800 | 1,100 | (300) | 138% |
| o/w Fuel | 29,640 | 34,722 | 57,325 | (22,603) | 165% |
| o/w Spares | 2,968 | 2,968 | 6,082 | (3,114) | 205% |
| Rice for Officers and Other Ranks | 56,988 | 86,988 | 87,177 | (189) | 100% |
| Security Hardware, Uniforms and Other Logistics | 20,499 | 53,710 | 145,761 | (92,051) | 271% |
| o/w: Outstanding payment for Vehicles | 5,243 | 5,243 | 50,559 | (45,316) | 964% |
| Procurement of Communication Equipment | 5,273 | 5,273 | 1,000 | 4,273 | 19% |
| Grand Total | 110,095 | 213,998 | 316,886 | (102,887) | 148% |

The major cost drivers for this variance are discussed below:

Administrative and Operating Costs – The major costs drivers in this category relates to fuel cost caused by the intermittent increases in fuel prices from the budgeted cost of NLe10 in January to NLe22 with a fixed volume of 247,000 litres monthly resulting in additional fuel cost of NLe25.0 million. Also, payment of outstanding 2021 fuel cost and fuel for August 10 Emergency Operations costing NLe8.6 million. Additionally, NLe5.8 million was provided as ration cash allowances to Police Personnel in relation to the August 10th Protest.

Rice for Officers and Other Ranks – This expenditure category was mainly driven by price increases and arrears payment. Payment of Rice Arrears for August to December 2021 amounted to NLe29.2 million, Payment of NLe11.1 million price difference for rice supplied to the SLP for April to September 2021, and supply of Rice to the SLP for the period January to June 2022 amounting to NLe42.3 million.

Security Hardware, Uniforms and Other Logistics – This set of expenditure was driven by the Procurement of Public Order Security Equipment’s for NLe71.4 million to enhance police operations in order to curb riots and other unlawful offences nationwide. Payment for the supply and delivery of 20 Heavy Duty Trucks (30% Advance Payment) and 25 Vehicles Hard-Top Vehicles (100% First & Final Payment) to enhance Police Operations in preparation of the 2023 General Elections amounts to NLe9.9 million and NLe40.7 million respectively. Procurement of Uniforms amounts to NLe9.9 million, procurement of Drugs Reagent and other medical equipment’s amounts to NLe4.4 million and Procurement of Stationery amounts to NLe5.8 million.

The table below shows detailed expenditures by activities undertaken by the Sierra Leone Police in FY2022.

| FY2022 Jan to Dec Actuals for the Sierra Leone Police | | | | | | | | | | | | | | | |
|---|----------|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|----------------|
| In thousands of New Leones | | | | | | | | | | | | | | | |
| No | Category | Expenditure Type | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
| 1 | Officers | Workforce | 13,998 | 13,983 | 13,990 | 13,926 | 13,877 | 13,879 | 13,879 | 13,879 | 13,879 | 13,879 | 13,879 | 13,879 | 166,927 |
| | | Fuel | 4,590 | 2,470 | 2,964 | 3,705 | 4,446 | 4,446 | 5,434 | 9,880 | 4,940 | 4,446 | 5,187 | 4,817 | 57,325 |
| | | o/w: Volume | 247,000 | 247,000 | 247,000 | 247,000 | 247,000 | 247,000 | 247,000 | 247,000 | 247,000 | 247,000 | 247,000 | 247,000 | 2,964,000 |
| | | Price | 10 | 10 | 12 | 15 | 18 | 18 | 22 | 20 | 20 | 18 | 21.0 | 19.5 | 204 |
| | | Rice/Ration | 16,302 | 31,535 | 7,055 | 7,055 | 7,055 | 7,055 | 11,120 | | | | | | 87,177 |
| | | FY2021 Rice Arrears | 9,247 | 24,480 | - | - | - | - | 11,120 | - | - | - | - | - | 44,847 |
| | | o/w: Volume | 17,000 | 17,000 | 17,000 | 17,000 | 17,000 | 17,000 | - | - | - | - | - | - | 102,000 |
| | | Price | 415 | 415 | 415 | 415 | 415 | 415 | - | - | - | - | - | - | 2,490 |
| | | Ration Cash Allowance | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 6,165 | 350 | 350 | 350 | 350 | 10,015 |
| | | Sub Total | 21,242 | 34,355 | 10,369 | 11,110 | 11,851 | 11,851 | 16,904 | 16,045 | 5,290 | 4,796 | 5,537 | 5,167 | 154,516 |
| 2 | Others | | | | | | | | | | | | | | |
| | | Spares, Lubricants & Garage Tools | - | - | - | 1,291 | - | 1,291 | - | - | 1,500 | - | 2,000 | - | 6,082 |
| | | Drug, Reagent, Reagent & Medical Equipment | - | - | - | - | - | 2,200 | 724 | 270 | - | - | - | 1,184 | 4,378 |
| | | Contingent Owned | - | - | - | - | - | - | - | - | - | - | - | 1,500 | 1,500 |
| | | Public Order Equipment | - | - | - | - | - | 25,329 | - | - | - | - | - | 46,043 | 71,372 |
| | | Presidential Escort Bikes | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | Uniforms for Officers | - | - | - | - | - | 2,200 | - | 2,000 | - | 2,500 | 3,200 | - | 9,900 |
| | | Procurement of Stationary | - | - | - | 1,500 | - | - | 2,000 | - | - | - | - | 2,255 | 5,755 |
| | | Procurement of Vehicles | - | - | - | - | - | - | - | - | 9,903 | - | - | 40,656 | 50,559 |
| | | Support to CID Operations | - | - | - | - | 500 | - | - | - | - | - | - | 800 | 1,300 |
| | | Support to Gender Division | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | Procurement of Communication Equipment | - | - | - | - | 1,000 | - | - | - | - | - | - | - | 1,000 |
| | | Administrative and Operating Costs | - | - | 1,100 | - | - | - | - | 2,500 | - | 2,500 | 3,325 | - | 9,425 |
| | | Family Support Unit | - | - | - | - | 400 | - | - | - | - | - | 700 | - | 1,100 |
| | | Sub Total | - | - | 1,100 | 2,791 | 1,900 | 31,020 | 2,724 | 4,770 | 11,403 | 5,000 | 9,225 | 92,437 | 162,370 |
| | | GRAND TOTAL | 21,242 | 34,355 | 11,469 | 13,901 | 13,751 | 42,871 | 19,628 | 20,815 | 16,693 | 9,796 | 14,762 | 97,604 | 316,886 |

xiv. Sierra Leone Correctional Service

The total non-salary/non interest recurrent expenditure budget for the Sierra Leone Correction Service for FY2022 is NLe60.6 million and the additional revised budget was NLe84.5 million resulting in a total budget of NLe145.1 million for recurrent expenditure. Of this, NLe37.5 million was for the Office of the Director General and NLe107.6 million was allocated for Custody and Welfare of Inmates in the Sierra Leone Correctional Service. The actual expenditure for the year amounted to NLe212.2 million resulting in an overrun of NLe116.4 million. The overrun is mainly due to:

- a) Fuel cost increase emanating from the significant increase in fuel prices from NLe10 at the start of the year to NLe20 by year end.
- b) Payment for drugs and medical supplies and fumigation costing NLe37.1 million
- c) Payment of 2021 arrears for diet and condiments for Inmates amounted to NLe30.7 million
- d) Advance payment for the Procurement of 11-non special vehicles NLe11.6 million
- e) Also, the adjustment in the contract price for rice for officers, flour, rice diet and condiment for Inmates

Detailed of the analysis is shown in the table below

| FY2022 Actuals for the Sierra Leone Correctional Service | | | | | | | | | | | | | | | |
|--|----------|--|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| In thousands of Leones | | | | | | | | | | | | | | | |
| No | Category | Expenditure Type | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
| 1 | Officers | Workforce | 2,126 | 2,120 | 2,120 | 2,154 | 2,119 | 2,115 | 2,106 | 2,100 | 2,099 | 2,097 | 2,093 | 2,088 | 25,337 |
| | | Fuel | 190 | - | 240 | - | 250 | - | 330 | 426 | 425 | 245 | - | 447 | 2,554 |
| | | o/w: Volume (litres) | 19,048 | - | 20,000 | - | 13,889 | - | 15,000 | 21,318 | 21,273 | 13,636 | - | 22,333 | 146,498 |
| | | Price | 10 | 10 | 12 | 15 | 18 | 18 | 22 | 20 | 20 | 18 | 21 | 20 | |
| | | Rice/Ration | 882 | 880 | 880 | 894 | 879 | 878 | 874 | 872 | 871 | 870 | 869 | 867 | 10,515 |
| | | o/w: Volume (50kg bags) | 2,126 | 2,120 | 2,120 | 2,154 | 2,119 | 2,115 | 2,106 | 2,100 | 2,099 | 2,097 | 2,093 | 2,088 | 25,337 |
| | | Price | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | - |
| | | Sub Total | 1,073 | 880 | 1,120 | 894 | 1,129 | 878 | 1,204 | 1,298 | 1,297 | 1,116 | 869 | 1,313 | 13,069 |
| 2 | Inmates | Count | 4,358 | 4,457 | 4,530 | 4,595 | 4,510 | 4,582 | 4,609 | 4,824 | 4,993 | 5,247 | 5,411 | 5,387 | 57,503 |
| | | Flour | 836 | 632 | 679 | 790 | 693 | 688 | 720 | 727 | 699 | 748 | 763 | 807 | 8,783 |
| | | o/w: Volume (50kg bags) | 1,817 | 1,374 | 1,477 | 1,718 | 1,507 | 1,496 | 1,566 | 1,581 | 1,519 | 1,625 | 1,658 | 1,755 | 19,093 |
| | | Price | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | - |
| | | Rice for Inmates | 1,717 | 1,291 | 1,388 | 1,334 | 879 | 1,406 | 1,472 | 1,477 | 1,428 | 1,528 | 1,650 | 1,559 | 17,130 |
| | | o/w: Volume (50kg bags) | 4,137 | 3,112 | 3,345 | 3,214 | 2,119 | 3,388 | 3,546 | 3,560 | 3,442 | 3,681 | 3,976 | 3,757 | 41,277 |
| | | Price | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | - |
| | | Diet & Condiment | 2,518 | 2,567 | 2,518 | 2,518 | 2,169 | 2,677 | 2,677 | 2,269 | 2,577 | 2,669 | 2,577 | 8,538 | 36,274 |
| | | Toiletries & Sanitation | 645 | 645 | 645 | 645 | 645 | 645 | - | - | - | 799 | 799 | 1,597 | 7,065 |
| | | Sub Total | 5,716 | 5,136 | 5,231 | 5,287 | 4,387 | 5,416 | 4,869 | 4,474 | 4,704 | 5,743 | 5,789 | 12,501 | 69,252 |
| 3 | Others | Admin and Operational Cost | 1,769 | 600 | 720 | 861 | 1,235 | 1,592 | 552 | 995 | 337 | 688 | 925 | 4,100 | 14,374 |
| | | Drugs, Medical Supplies & Fumigation | - | 1,745 | - | 9,745 | - | - | 3,745 | 16,745 | 5,745 | 12,745 | 4,729 | 1,745 | 56,944 |
| | | payment for 11 non-special vehicles | - | - | - | - | - | 2,400 | - | - | - | - | 9,361 | - | 11,761 |
| | | Beddings for Inmates for FY 2021 | - | - | - | - | 3,707 | - | - | - | - | - | - | - | 3,707 |
| | | Rice for Inmates for FY 2021 | 9,105 | - | - | - | - | - | - | - | - | - | - | - | 9,105 |
| | | Arrears for Toiletries FY 2021 | - | - | 3,263 | - | - | - | - | - | - | - | - | - | 3,263 |
| | | Payment of arrears for Diet & Condiments | - | - | - | - | - | - | - | 30,700 | - | - | - | - | 30,700 |
| | | Sub Total | 10,874 | 2,345 | 3,983 | 10,606 | 4,942 | 3,992 | 4,297 | 48,440 | 6,082 | 13,433 | 15,015 | 5,845 | 129,854 |
| | | GRAND TOTAL | 17,662 | 8,360 | 10,333 | 16,787 | 10,458 | 10,286 | 10,370 | 54,212 | 12,083 | 20,292 | 21,672 | 19,660 | 212,175 |

xv. National Fire Authority

The FY2022 revised budget for National Fire Force was NLe6.0 million, with an actual expenditure of NLe6.5 million resulting in a slight overrun of about NLe517 thousand. The main driver of the overrun is fuel cost caused by significant increase in fuel prices from NLe10 to NLe20 at the end of the year.

xvi. Central Intelligence and Security Unit

The FY2022 revised budget for CISU was NLe10.0 million, with an actual expenditure of NLe15.7 million resulting in an overrun of about NLe5.7 million. The main driver of the overrun pertains to their core mandate to Security Information gathering and dissemination costing due to the August 10 unrest.

xvii. Office of National Security

The FY2022 original budget for Office of National Security (ONS) was NLe7.5 million but was revised to NLe9.2 million, with an actual expenditure of NLe40.4 million resulting in an overrun of about NLe31.22 million. The main driver of the overrun relates to Coordination and Implementation of MAC-P to ensure safety and peace in the country with a cost amounting to NLe36.7 million.

4.2.1.3. Social Sector and Economic Sector

The total revised budget in the social and economic sector was NLe345.2 million with an actual of NLe707.9 million resulting in an over expenditure of about NLe362.7 million. However, some MDAs in these sectors overrun their budget due to some social or macroeconomic reasons during the execution of their budget. The major spending MDAs in these sectors are the Ministry of Technical and Higher Education, Ministry of Health and Sanitation, National Medical Supplies Agency, National Sports Authority, Ministry of Agriculture and Ministry of Works and Public as shown in the table below, followed by the reasons for the overrun:

Table 7: Summary of overrun MDAs in the Social & Economic Sectors

| In thousands of Leones | | | |
|---|-------------------------------------|------------------------------|-------------------------------|
| MDAs | FY2022 Revised Budget /NLe't | FY2022 Actuals /NLe't | FY2022 Variance /NLe't |
| Ministry of Technical and Higher Education | 45,875 | 79,143 | (33,268) |
| Ministry of Health and Sanitation | 55,782 | 139,923 | (84,141) |
| Ministry of Lands, Housing and Country Planning | 3,510 | 6,361 | (2,851) |
| National Medical Supplies Agency | 75,063 | 109,988 | (34,925) |
| Teaching Hospitals Complex Administration | 2,000 | 4,614 | (2,614) |
| Ministry of Environment | 3,837 | 7,191 | (3,353) |
| National Sports Authority (Contribution to sporting activities) | 26,567 | 84,327 | (57,760) |
| Ministry of Agriculture and Food Security | 34,529 | 65,927 | (31,398) |
| Ministry of Labour and Social Security | 6,821 | 9,149 | (2,328) |
| Ministry of Works and Public Assets | 12,664 | 30,263 | (17,599) |
| GRANT TOTAL | 266,650 | 536,887 | (270,237) |

xviii. Ministry of Technical and Higher Education

The Ministry of Technical and Higher Education has an FY2022 Goods and Services budget of NLe45.9 million and has expended an amount of NLe79.1 million leading to an overrun of NLe33.3 million. The major drivers of the overrun are highlighted below:

- a) Equipping laboratories and class room for Universities and Colleges NLe15.0 million;
- b) Stipend for International students on Scholarship of NLe9.5 million;
- c) Payment of Examination fees to NCTVA costing NLe2.4 million;
- d) Payment to kick start the Students Loan Scheme activities amounting to NLe7.8 million.

xix. *Ministry of Health and Sanitation*

The Ministry of Health and Sanitation has an FY2022 Goods and Services budget of NLe55.8 billion and has expended an amount of NLe139.9 million, leading to an overrun of NLe84.1 million. The major drivers of the overrun are highlighted below:

- e) About NLe26. million spent on overseas medical treatment for Sierra Leoneans in respect of illnesses that cannot be cured or treated in country due to either lack of specialized equipment and or expertise;
- f) Quarterly Subvention/Grant to National Emergency Medical Services (NEMS) amounting to NLe21.6 million;
- g) Support to SLeSHI amounted to NLe4.72 million;
- h) Payment of freight and port charges for the clearance of medical commodities amounting to NLe5.5 million;
- i) NLe9.3 million was paid as arrears for cleaning of Government hospitals across the country.

xx. *Ministry of Lands, Housing and Country Planning*

The amount allocated in the FY2022 budget to for the Ministry of Lands is NLe3.5 million, whereas the actual expenditure amounted to NLe6.4 million. This means the budget was overrun by NLe2.9 million. The overspending was driven by expenditure related to the National Land Commission and customary land rights bill to Parliament and the deployment of troops to man the various recovered state lands which was not initially budgeted for.

xxi. *National Medical Supplies Agency (NMSA)*

The approved FY2022 budget for the National Medical Supplies Agency (NMSA) is NLe75.60 million, whereas the actual expenditure amounted to NLe110.0 million. This means, the budget was overspent by NLe34.9 million. The overspending was driven by:

- j) An amount of NLe19.5 was spent on the procurement of Free Health Care Drugs;
- k) Procurement of Cost Recovery Drugs and Other Medical Supplies amounted to NLe23.2 million;
- l) NLe5.7 million was spent on FHC- Nutrition Commodities (RUTF);
- m) FHC- Blood Service Products amounted to NLe4.3 million;
- n) Administrative and Operating Cost amounting to NLe1.7 million.

xxii. *Teaching Hospital Complex Administration*

The FY2022 budget allocated to Teaching Hospital Complex Administration is NLe2.0 million with an actual expenditure amounting to NLe4.6 million. This means, the budget overrun is NLe2.6 million. The overspending was driven by additional funds transferred from their revenue collection account to meet basic operational cost of the institution.

xxiii. *Ministry of the Environment*

The approved budget for recurrent expenditure (goods and services are a sub-component for recurrent expenditure) for the Ministry of Environment in FY2022 was NLe3.8 million compared to actual expenditures in FY2022 amounted to NLe7.2 million.

The reasons for the excess of NLe3.4 billion over the FY2022 approved budget of NLe3.8 million was as a result of NLe5.5 million being payment of arrears for the construction of Sierra Leone delegation pavilion at COP 26 in Glasgow.

xxiv. *National Sports Authority*

The National Sports Authority has an FY2022 Goods and Services budget of NLe26.6 million. The Authority has spent an amount of NLe84.3 million resulting in an overrun of NLe57.8 million (216.9% above their annual revised budget). The main drivers of this cost are:

- a) Three (3) Friendly Matches in Turkey by Leone Star amounting to NLe7.7 million
- b) Three International Friendly Matches (South Africa & Morocco) costing NLe10.9 million
- c) Two International Friendlies in Antalya, Turkey amounting to NLe8.3 million
- d) Actual cost of the AFCON 2022 in Cameroon of NLe20.35 million
- e) Participation in the Commonwealth games in Birmingham (UK) costing NLe4.8 million
- f) Participation in CHAN qualification costing NLe5.8 million

xxv. *Ministry of Agriculture and Food Security*

The Total FY2022 approved non-salary/non-interest recurrent expenditure budgetary provision of the Ministry of Agriculture and Food Security was NLe34.5 million, whilst actual expenditure amounted to NLe65.9 million. This shows an over-run of about NLe31.4 million or 190.9% of approved budget. The overrun was mainly driven by Agriculture Extension Services (Support to Farmers and Agricultural Institutions) amounting to NLe40.6 million.

xxvi. *Ministry of Labour and Social Security*

The approved FY2022 budget for the Ministry of Labour and Social Security is NLe6.8 million, with an actual expenditure amounting to NLe9.1 million. Therefore, the budget was overrun by NLe2.3 million. The major reason for the over expenditure was the Implementation of the World Bank Support triggers on Labour Law amounting to NLe4.7 million.

xxvii. *Ministry of Works and Public Assets*

The total FY2022 approved non-salary, non-interest recurrent expenditure budgetary provision for the Ministry of Works and Public Assets was NLe12.7 million, the total actual expenditure of the Ministry for the period under review is NLe30.3 million. This means the budget was overrun by NLe17.6 million. The overspending was driven by Payment of Rent and Rates for Government and Government rented properties amounting to NLe27.6 million.

4.2.2 Subsidies and Transfers

The FY2022 budget for Subsidies and Transfers is NLe2.1 billion and a total of NLe2.4 billion was transferred within the same period, leading to a higher than anticipated transfer of about NLe374.5 million. The budget execution for Subsidies and Transfers went well for most of the revenue generating agencies except for transfers to Tertiary Institutions, Electoral Commission of Sierra Leone and Energy Subsidies. The reasons for the higher than projected transfers to other Agencies excluding TSA Agencies whose transfers are based on revenue performance are shown and explained in the table below:

Table 8: Summary of over Transfer in Subsidies and Transfers

| In thousands of Leones | | | |
|--|-------------------------------------|------------------------------|-------------------------------|
| MDAs | FY2022 Revised Budget /NLe't | FY2022 Actuals /NLe't | FY2022 Variance /NLe't |
| Transfers to Local Councils | 115,687 | 115,253 | 434 |
| Ministry of Technical and Higher Education (Tertiary Instns) | 80,906 | 86,603 | (5,697) |
| Ministry of Energy (Energy Subsidies for IPPs) | 538,000 | 746,223 | (208,223) |
| Transfers to Other Agencies Including (TSA Agencies) | 380,900 | 661,340 | (280,440) |
| Transfer to Road Maintenance Fund | 269,810 | 175,622 | 94,188 |
| Transfers to NaCOVERC | 174,000 | 94,600 | 79,400 |
| National Revenue Authority | 207,721 | 204,210 | 3,511 |
| Elections and Democratisation | 300,000 | 357,669 | (57,669) |
| GRANT TOTAL | 2,067,024 | 2,441,521 | (374,497) |

i. Ministry of Technical and Higher Education (Transfers to Tertiary Institutions)

The FY2022 revised budget for Transfers to Tertiary Institutions (incl. Technical/Vocational Institutions) is NLe80.9 million with an actual transfer of NLe86.6 million leading to an overrun of NLe5.7 million. The cost drivers in respect of the higher than anticipated transfers to Technical institutions was the payment arrears and support for the newly established institutions.

ii. Ministry of Energy (Energy Subsidies)

Sierra Leone’s energy needs are high and the scarcity of a reliable energy supply is one of the key impediments to Sierra Leone’s economic and social development. The country’s installed power capacity per capita is among the lowest in the world with approximately 105 MW available for a population of over 7 million

The FY2022 budget for Energy Subsidy to IPPs is NLe538.0 million with actual payment to IPPs and fuel support to EDSA amounting to NLe746.2 million resulting in an overrun of about NLe208.2 million. The major cost drivers were Payment of Energy Subsidies for IPPs (especially payments to Karpower & CLSG).

5. Domestic Capital Expenditures

In the FY2022 the Original Domestic Capital budget was NLe1.2 billion but was revised upwards to NLe1.5 billion in the supplementary budget presented to Parliament in July, 2022.

The Actual Domestic capital expenditures for FY2022 stands at NLe2.9 billion against a budgeted amount of NLe1.5 billion resulting in an overrun of about NLe1.4 billion for the period under review. The main drivers of the expenditures are infrastructural projects namely rehabilitation and construction of roads, energy, agriculture, water, conducting of the Mid-Term Population and housing Census, and Human Capital development (Education and Health).

The overrun in the Domestic Capital Expenditures is predominantly due to payment for the construction and rehabilitation of roads which amounts to NLe782.6 million, NLe139.1 million was spent on the Free Quality Education Programme which includes the procurement of Teaching and Learning Materials,

payment of School Fees Subsidies, payment of Examination Fees for WASSCE, School Feeding programme, diet for boarding schools, welfare and hygiene packages for School Going Girls and capacity building for Junior and Senior Secondary Schools across the country.

An amount of NLe148.7 million was paid in excess towards the provision of seeds, fertilizers and tractors to farmers in order to increase agricultural production and counterpart funding to the Rural Finance and Community Improvement Project phase II. An amount of NLe63.9 million was spent to support the strengthening of the response to the COVID-19 drugs programme and sector wide health systems, NLe5.8 million was rehabilitation, expansion and equipment of District Hospitals. Higher than projected counterpart funding amounting to NLe13.0 million was paid Global Fund for HIV/Aids/Tuberculosis/Malaria programme.

About NLe103.4 million was spent to increase and improve the supply of electricity nationwide, especially in the rural areas. An amount NLe39.8 million was directed to the development of provision of clean and healthy water supply in Rural Communities through Sierra Leone Water Company, and in Freetown and its environs by the Guma Valley Water Company, to support the improvement of water supply in the Western Area.

NLe23.7 million was spent as outstanding payment for the Mid-Term Population and Housing Census, NLe25.7 million to procure and plant additional seed under the National Tree Planting Project, and NLe25.9 million on the Integrated and Resilient Urban Mobility Project under the Ministry of Transport. An amount of NLe23.7 million was spent on the rehabilitation of Government Administrative Buildings, NLe9.2 million was spent on rehabilitation and construction of Police stations and Military barracks across the country, and NLe45.2 million was spent on various Local Government Development projects and payments for NPSE and BECE exams. The details of the domestic capital expenditure by clusters are presented in the Table below:

Table 9: Domestic Capital Expenditure by Cluster

| Cluster | FY2022 Revised Budget /NLe't | FY2022 Actuals /NLe't | FY2022 Variance /NLe't |
|---|------------------------------|-----------------------|------------------------|
| Human Capital Development | 501,804 | 662,028 | (160,224) |
| Diversifying the Economy and Promoting Growth | 114,813 | 255,822 | (141,009) |
| Infrastructure and Economic Competitiveness | 685,073 | 1,736,106 | (1,051,034) |
| Governance and Accountability for Results | 60,832 | 57,593 | 3,239 |
| Empowering Women, Children, and Persons with Disability | 4,684 | 961 | 3,723 |
| Youth Employment, Sports, and Migration | 20,891 | 16,119 | 4,772 |
| Addressing Vulnerabilities and Building Resilience | 41,979 | 51,135 | (9,156) |
| Means of Implementation | 64,429 | 102,885 | (38,456) |
| GRANT TOTAL | 1,494,506 | 2,882,649 | (1,388,143) |

6. Domestic Financing and Float Transactions

The stock of arrears includes crystallised cheques and payables and uncrystallised cheques. The crystallised cheques and payables include transaction already approved for payment and cheques have been printed or are at cheques payable level at the Accountant General's Department or Bank of Sierra Leone. Whilst uncrystallized arrears are the verified stock of arrears in the Arrears Clearance Strategy and Principles. The Government of Sierra Leone mainly finances payments of these arrears through the Consolidated Revenue Funds.

Domestic financing of the budget for FY2022 was NLe5.3 billion compared to a target of NLe2.5 billion. Of the actual, Bank financing amounted to NLe4.3 billion (Central Bank NLe3.0 billion and Commercial Banks NLe1.3 billion). Borrowing from Non-bank financial institutions was NLe203.9 million due to the high participation of the non-bank public. External debt amortization amounted to NLe932.5 million which was NLe17.5 million below the program target for FY2022.

Stock of unpaid bills as at end December 2022 in the form of printed cheques with the Bank of Sierra Leone and AGD was NLe323.7 million and cheques payable with Accountant General's Department for the same period amounting to NLe881.6 million. The Ministry has decided to apply expenditure rationalization measures during the first half of FY2023 in order to create fiscal space to clear these unpaid bills by end June whilst at the same time not accumulating new arrears.

The Ministry will continue its strive and commitment to apply expenditure rationalization measures during the second-half of FY2023 thereby creating more fiscal space to clear accrued stock of unpaid bills whilst avoiding further accumulation of arrears

7. Poverty Related Expenditures

Even though there was an overrun on Goods and Services expenditures especially on areas that are pro-poor activities as already explained above and also the overrun expenditure on domestic capital expenditures, pro-poor poverty related expenditure was however met against a target that was set for the year. The actual pro poor expenditure amounted to NLe4.8 billion compared to a target of Le2.2 trillion. The FY2021 Fiscal Table, Poverty Table, and other supporting tables are shown as annexes in this report.

8. Corrective Measures on Budget overruns

- i. Overseas Travelling – Only approved statutory travels should be reviewed for consideration and approval by Ministry of Finance if funds are available within the MDA's allocation. During the review, attention should be paid to rationalization of the size of the delegation to avoid wastages. Also, given the variation in the prices of air tickets submitted for payment, the Accountant General's Department (AGD) should be tasked to harmonize or set price cap of air tickets in an attempt to correct this anomaly.
- ii. Procurement of Air Tickets – The Ministry of Finance or the Accountant General should open and have a special account with sufficient fund to procure all air ticket for and on behalf of Government Officials traveling on Statutory Meetings.
- iii. Strengthen the Cash Management Committee to enable it provide accurate data for informed decision making to aid the budget execution process. Commitments should be matched by availability of funds to minimize the accumulation of arrears.
- iv. Given the frequent variation in contract prices for goods, works and services, the Ministry of Finance is encouraged to activate the Contract Management Committee (CMC) to look into these issues and proffer credible advice to the Leadership of the Ministry.
- v. Similarly, Ministries, Departments and Agencies (MDAs) to fully adhere to the newly developed arrears clearance strategy to guide the smooth execution of their budgets.

- vi. That the Ministry of Finance to put out a notice instructing all Subvented Agencies (SVAs) to put on-hold till July, 2023 all expansions in the form of recruitment or increases in salaries of existing staff.
- vii. Also, for all Ministries, Departments and Agencies (MDAs) to put on-hold the procurement of furniture and fittings.
- viii. That, the Ministry of Finance should limit its sport financing to international football competitions with kin attention paid to the size of the delegations. All friendly football matches should be put on-hold till July, 2023.

Annex 1: [Analysis of Road Contractors Payments through Bonds Issuance for FY 2022](#)

Annex 2: [Payments of Legacy Arrears by Contractors for FY 2022](#)

Annex 3: [Implementation of ECDMC Recommendations](#)

Annex 4: [Movement on Stock of Unpaid Cheques](#)

Annex 5: [Disbursement and use of SDR Resources](#)