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## EXECUTIVE SUMMARY

Sierra Leone's Vision is to achieve middle income country status by 2035. This would mean a country experiencing inclusive, green growth, with 80% of the population above the poverty line, gender equality and a well-educated, healthy population. It also means good governance and respect for the rule of law, a well-developed infrastructure, macro-economic stability, with private-sector, export-led growth generating a wide range of employment opportunities. There would be good environmental protection, and responsible exploitation of our natural resources. Such a Vision can only be actualized if a government, through its Ministries, Departments and Agencies, can *inter alia*, raise and utilize the necessary revenue for such development.

The functional review of the Sierra Leone Maritime Administration (SLMA) is one of 6 urgent reviews of Extra Budgetary Agencies that are being undertaken by the Public-Sector Reform Unit (PSRU) at the request of the Ministry of Finance with the view to bringing these institutions into the regular budgetary processes for the Public Service. This functional review is being carried out against the backdrop of the implementation of the Treasury Single Account (TSA) system by the Government of Sierra Leone as part of its commitment to instilling financial discipline in the management of the country's economy. It is also part of the wider Government's commitment to reforming the Public Service under the New Direction Agenda of his Excellency the President, Dr. Julius Maada Bio. It is hoped that the successful completion of this exercise would enhance the ability and capacity of these Agencies to effectively deliver on their mandates.

The methodology used has followed guidelines agreed to by MoF and PSRU in the Inception Report submitted on 4th July 2018. The inception Report followed briefing sessions held with the Executive Director and Management Team on 27th June 2018, where Power Point presentations outlining the purpose, importance and methodology in carrying out the MFR exercise was made. A question and answer session provided an opportunity for staff to request clarification of the process and express their initial concerns.

Sierra Leone Maritime Administration (SLMA) operates and governs the registry in accordance with the Sierra Leone Merchant Shipping Act, 2003. SLMA is conducting vessels registration and seafarers certification with the aim to ensure safety of life at sea and protection of the marine environment in order for vessels under the registry to be fit for service for which are intended and are manned with competent marine personnel.

SLMA aims to continue the current operations of the Administration as well as to improve and simplify the registration procedures which have been established to be easy to follow without the burden of documentation. Moreover, SLMA is looking towards maintaining a registry of highest quality as well as developed an innovating online system to ensure an efficient monitoring of vessels registered under this Administration.

In recent years, Sierra Leone's economy experienced strong growth, recording double-digit growth rates in 2012 and 2013 respectively, driven largely by mining. However, the outbreak of the Ebola Virus Disease (EVD) had a severe negative impact on the economy, with significantly lowered prospects for growth for the foreseeable future.

According to the 2017 Budget, a preliminary assessment by the Ministry of Finance & Economic Development indicates that the macroeconomic environment has been challenged by the impact of post-Ebola developments, low iron ore prices and dwindling budget support. As a result, the exchange rate is depreciating, consumer prices increasing and interest rate rising due to higher government borrowing to meet rising expenditure in the face of limited domestic revenue collection. Real Gross Domestic Product (including iron ore) was estimated to recover by just 4.3% in 2016 from a contraction of 21.1 % in 2015. The non-iron ore GDP growth was projected at 3.3 % in 2016 from an estimated 1.4 % in 2015. Overall, real GDP growth is projected to average 5.7 % over the medium term (2017-2019). Excluding iron ore, growth will average 5.0% during the same period reflecting improved activities in agriculture, services and construction.

Inflation is projected to slow down to 8 % by 2019 from 9.5% in 2016 and 9.0 % in 2017 on account of increased domestic food production and relatively stable imported commodity prices, which will dampen the impact of exchange rate depreciation on consumer prices.

Domestic revenue is projected to increase from 10.9 % of GDP in 2016 to average 12.8 percent per annum during 2017-2019 reflecting improved tax administration, reduced tax exemptions and efforts to broaden the tax base. Total expenditure and net lending is projected to fall from 19.0% of GDP in 2016 to stabilize around an average of 18.7% per annum over the medium term as Government adopts measures to rationalize expenditures including reducing the wage bill. The Table below summarizes the key macroeconomic projections for the medium-term.

Macroeconomic Annex	2014	2015	2016	2017	2018	2019
Percentage Change	Actual	Actual	Est	Budget	Outer Years	
RGDP (%Change)	4.6	-21.1	4.3	5.0	5.8	6.2
exc. Iron Ore	0.8	1.4	3.3	4.0	5.0	6.0
CPI (Average)	7.1	8.2	8.9	8.9	8.9	8.9
CPI (EOP)	7.8	8.9	8.9	8.9	8.9	8.9
<b>Base Money</b>	<b>30.2</b>	<b>10.4</b>	<b>11.0</b>	<b>15.5</b>	<b>16.4</b>	<b>16.5</b>
<b>M3</b>	<b>16.6</b>	<b>11.3</b>	<b>12.9</b>	<b>15.3</b>	<b>15.5</b>	<b>16.0</b>
<b>Exchange Rate Change</b>	4.6	12.2	15.8	3.4	4.0	4.5
<b>% of Non-Iron Ore GDP</b>						
Current Account	-20.1	-15.5	-16.6	-16.0	-15.7	-15.6
with Grants	-35.6	-23.5	-22.2	-19.6	-18.6	-18.5
without Grants	24.9	28.5	33	33.1	32.1	30.9
External Public Debt	-5.4	-5.1	-5.2	-2.7	-2.4	-2.3
Domestic Primary Balance	-4.0	-4.4	-4.9	-3.8	-3.3	-3.3
Overall Balance	-8.7	-9.6	-8.1	-6.2	-5.7	-5.7
Excluding grants	10.8	4.7	17.8	25.3	20.2	20.0
Revenue	4.7	5.2	3.2	2.4	2.5	2.4
Grants	19.5	20.1	19	18.3	18.6	19.2
<b>Total Expenditure and net lending<sup>1</sup></b>						
1/Program size of net lending and expenditure (i.e. anticipated growth, after new policy).						
<b>Key Indices</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Percentage Change	Actual	Actual	Est	Budget	Outer Years	
<b>Fuel Price (International)</b>	-7.5	-47.3	-41.1	19.7	0.0	0.0
<b>Rice Price (International)</b>	-10.3	-9.2	-9.0	-13.0	1.0	1.0

<b>NGDP</b>	6.1	-0.5	4.8	7.6	7.0	9.8
<b>With Exchange Change</b>						
CPI+ Exchange	12.0	21.4	26.1	12.6	13.3	13.7
Rice Price + Exchange	-6.2	1.9	5.4	-10.0	5.1	5.5
Fuel Price + Exchange	-3.3	-40.8	-31.8	23.9	4.0	4.5
<b>Key Indicators</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<i>Billions of Le</i>	Actual	Actual	Est	Budget	Outer Years	
<b>Fiscal</b>						
Revenue and Grants	3,186	3,495	3,539	4,120	4,929	5,843
% Change	12.7	9.7	1.3	16.4	19.6	18.5
%GDP	14.2	15.7	15.1	16.4	18.3	19.7
Revenue	2,226	2,330	2,744	3,439	4,134	4,961
% Change	10.4	4.7	17.8	25.3	20.2	20.0
% GDP	9.9	10.4	11.7	13.7	15.3	16.8
<b>Macroeconomic</b>						
Nominal GDP	22,447	22,326	23,404	25,183	26,943	29,585
Agriculture (% Change)	0.8	3.2	3.4	3.7	4.0	4.4
Industry (% Change)	13.3	-75.3	45.3	24.7	19.2	18.4
Services (% Change)	3.2	-0.1	3.7	4.5	4.4	4.8

*Source: Sierra Leonean Authorities and IMF Staff Estimates, 2017*

Prior to the outbreak of the Ebola Virus Disease (EVD), substantial progress had been made in stabilizing the economy and improving infrastructure. In particular, the economy recorded double-digit economic growth and single digit inflation in recent years, largely driven by the production and export of Iron Ore. In its effort to contain the EVD scourge, the GoSL launched an Ebola Recovery Plan, which measures the impact of the EVD in economic terms: Sierra Leone was on a trajectory of sustainable development with real GDP growth of 15.2% and 20.2% in 2012 and 2013 respectively, with improved macroeconomic stability, and progress in poverty reduction. The poverty headcount dropped from 70% in 2003 to 52% just before the EVD outbreak. The epidemic, along with the sharp decline in commodity prices, has reversed many of these trends.

#### COUNTRY SUMMARY

No.	Country Summary	Details/Description
1	Country	Sierra Leone
2.	Location	West Africa

3.	Surface Area	Area: 71,740sq.Km. (29,925sq.ml)
4.	Population	6,163,195 (July 2017 est.)
5.	Diversity	Temne 35%, Mende 31%, Limba 8%, Kono 5%, Krio 2%, Mandingo 2%, Loko 2%, other 15% <b>Religions:</b> Muslim 60%, Christian 10%, indigenous beliefs 30% <b>Languages:</b> English, Krio, Temne, Mende, and 15 other indigenous languages
6.	Nature of Economy	Mainly Agriculture with growth in mining, banking and communications
7.	Human Development Index	181 out of 188 (2016) UN Human Development Index Report
8.	Household income or consumption by percentage share	Lowest 10%:- 2.6%, Highest 10%:- 33.6% (2003)
9.	Literacy Rate	48.1%
10.	Life Expectancy	58.2 yrs
11.	Maternal Mortality Rate	1,360 deaths/100,000 live births (2015 est.)
12.	Infant Mortality Rate	70 deaths/1000 live births
13.	Work Force	2.863 million (2016 est.) Agriculture: 61.1% Industry: 5.5% Services: 32.7%
14.	Political Parties	10 registered political parties for 2012 elections: Major parties include the All People's Congress (APC), Sierra Leone People's Party (SLPP), and People's Movement for Democratic Change (PMDC)
15.	GDP growth rate	4.9% (2016 est)
16.	Trade	Exports: \$670 Million (2016 est.). Exports are mainly Iron ore, Diamonds, Rutile, Cocoa, Coffee, Fish Imports:\$1.316 billion (2016 est.). Imports are mainly foodstuff, machinery and equipment, fuel and lubricants, chemicals, pharmaceuticals, building materials, light consumer goods, used clothing, textiles
17.	Inflation Rate	10.9% (2016 est.)
18.	Government Budgetary Position (2014)	Revenues: \$574.7 million Expenditure: \$877.4 million Deficit: - 7.6% of GDP
19.	External Debt	\$1.503 billion (31/12/2016) \$1.378 billion (31/12/2015)
20.	Doing Business Survey	Ease of Doing Business 148 (out of 190 economies)

