

Economic & Public Financial Management

MTNDP 2024-2030 Performance Assessment | Target: Budget Deficit to 3% of GDP by 2028

STRATEGIC OBJECTIVE

The overall strategic objective for PFM in the MTNDP 2024-2030 is to continue to ensure the prudent, efficient, effective, and transparent use of public funds consistent with the Public Financial Management Act 2016 and the new PFM Strategy 2023-2027.

THE FOUR PILLARS OF PFM

Prudent

Sound fiscal discipline

Efficient

Optimal use of resources

Effective

Results-driven spending

Transparent

Open & accountable

KEY FISCAL TARGET | MTNDP 2024-2030, Page 44

"Reduce the budget deficit to not more than 3% of GDP by 2028"

Governing Legislation: PFM Act 2016 | Operational Strategy: PFM Strategy 2023-2027

PFM Act 2016

Legal framework

MTNDP 2024-2030

National plan

PFM Strategy 2023-2027

Reform roadmap

Target: 2028

Deficit 3% GDP

FISCAL TARGET INFOGRAPHIC

Budget Deficit Reduction to 3% of GDP by 2028 | MTNDP Target

THE HEADLINE TARGET

BUDGET DEFICIT TARGET

MTNDP Reference

Page 44 of the
MTNDP 2024-2030



Governing Law

Public Financial
Management Act 2016

WHAT THE 3% GDP DEFICIT TARGET MEANS

PFM Strategy 2023-2027 — Operational delivery framework

1

Fiscal Discipline

Government spending aligned to revenue — borrowing kept minimal to preserve long-term debt sustainability.

2

Revenue Growth

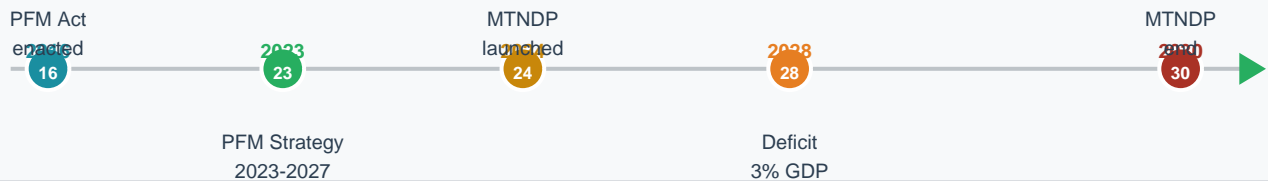
Domestic revenue must grow as share of GDP alongside expenditure restraint to close the deficit gap.

3

Debt Stability

A 3% cap is consistent with stable debt-to-GDP ratios, reducing Sierra Leone's vulnerability to debt distress.

PFM REFORM MILESTONES TIMELINE



PFM ACT 2016 — KEY PROVISIONS

Budget Transparency

Annual budgets prepared, approved & published openly

Internal Audit

Strengthened audit to ensure value for money

Procurement Rules

Competitive rules to reduce waste & corruption

Debt Management

Statutory borrowing limits aligned to fiscal targets

1. EXECUTIVE SUMMARY

This report provides a detailed assessment of Sierra Leone's Economic and Public Financial Management (PFM) performance under the MTNDP 2024-2030. The central fiscal commitment assessed is the government's target to reduce the national budget deficit to not more than 3% of GDP by 2028, as set out on Page 44. This sits within a broader PFM framework anchored in the PFM Act 2016 and the PFM Strategy 2023-2027.

STRATEGIC OBJECTIVE

The strategic objective for PFM is to ensure the prudent, efficient, effective, and transparent use of public funds — consistent with the PFM Act 2016 and PFM Strategy 2023-2027.

2. THE GOVERNMENT PROMISE

"Reduce the budget deficit to not more than 3% of GDP by 2028"

Source: MTNDP 2024-2030, Page 44

This commitment represents one of Sierra Leone's most significant macroeconomic targets. A budget deficit at or below 3% of GDP is widely regarded internationally as a threshold for fiscal sustainability. Achieving this level would signal government is living within its means and reducing reliance on domestic and external borrowing. The target is referenced on Page 44 and reinforced through the PFM framework on Page 48.

3. THE POLICY FRAMEWORK

PFM Act 2016

The Public Financial Management Act 2016 provides the legal backbone for fiscal discipline. It establishes rules for budget preparation, execution, internal audit, procurement, and debt management. The Act creates binding obligations on MDAs to plan and report expenditure transparently.

MTNDP 2024-2030

The Medium-Term National Development Plan 2024-2030 sets the strategic framework for economic development. On fiscal matters it commits government to improving revenue mobilisation, reducing the deficit, and strengthening PFM systems. Pages 44-48 specifically address the economic and PFM targets including the 3% of GDP deficit threshold.

PFM Strategy 2023-2027

The PFM Strategy 2023-2027 is the operational roadmap for achieving the PFM Act's objectives and delivering on MTNDP fiscal commitments. It focuses on reform areas including revenue enhancement, expenditure efficiency, debt management, and public accountability — essential pathways to the 3% target.

4. WHAT ACHIEVING THE 3% TARGET REQUIRES

Revenue Mobilisation 1

Domestic revenue must grow as a percentage of GDP. The NRA needs sustained capacity strengthening to expand the tax base and reduce evasion.

Expenditure Rationalisation 2

Government spending must be prioritised and wasteful expenditure eliminated. The wage bill, subsidies, and recurrent costs require careful management.

Debt Management 3

Sierra Leone must avoid additional high-cost borrowing. A credible medium-term debt strategy consistent with the 3% ceiling is essential.

PFM Systems Strengthening 4

IFMIS, internal audit capacity, and procurement reforms must be deepened to reduce leakages and improve efficiency of every Leone spent.

5. CHALLENGES TO ACHIEVING THE TARGET

Revenue shortfalls

Sierra Leone's domestic revenue as share of GDP remains below levels needed to fund the development plan without significant borrowing. The informal economy and narrow tax base limit NRA collection capacity.

Debt service pressure

Existing debt obligations consume a significant share of government revenue, reducing fiscal space. High debt service costs make deficit reduction harder without corresponding revenue increases or cuts.

PFM implementation gaps

While legal and strategic frameworks are in place, implementation at MDA level remains uneven. Budget execution rates, procurement compliance, and audit follow-up require continued improvement.

6. RECOMMENDATIONS

- 1 Publish a credible Medium-Term Fiscal Framework (MTFF) with annual deficit reduction milestones benchmarked to the 3% of GDP target, supported by independent fiscal oversight.
- 2 Accelerate NRA reform including digitalisation of tax administration, property tax roll-out, and informal sector registration to broaden the revenue base.
- 3 Implement a comprehensive expenditure review to identify and eliminate wasteful recurrent spending, freeing resources for capital investment without increasing the deficit.
- 4 Strengthen IFMIS coverage across all MDAs and publish real-time quarterly budget tracking data to improve transparency and enable timely course correction.
- 5 Conduct an independent mid-term review of the PFM Strategy 2023-2027 to assess implementation progress and recalibrate actions needed to hit the 2028 fiscal target.

STATUS: ON TRACK — MONITORING REQUIRED

The 3% of GDP deficit target by 2028 is achievable but requires accelerated PFM reform delivery.