

**TAX JUSTICE
NETWORK
AFRICA**

SIERRA LEONE

COVID-19 FISCAL AND POLICY MEASURES



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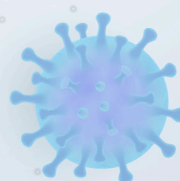
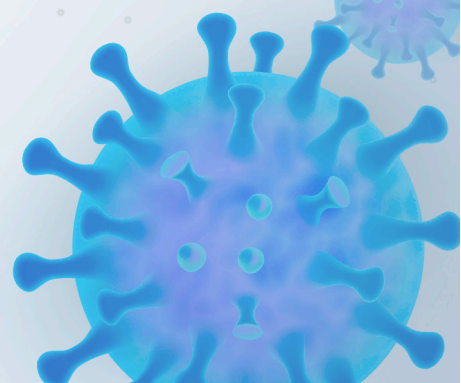
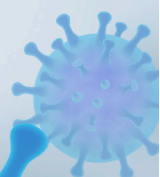
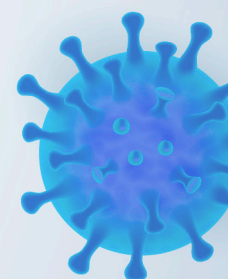
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INTRODUCTION

01



The COVID-19 pandemic has had far-reaching consequences worldwide, affecting every sector from health to the economy. Like many other countries, Sierra Leone was not immune to its devastation. The country faced an additional challenge to its healthcare system and economic stability, in addition to the Ebola epidemic. Recognising these enormous obstacles, the Sierra Leonean government implemented several fiscal and policy measures to mitigate the socioeconomic effects and strengthen the country's resilience in the face of such exceptional disasters.

Sierra Leone, a country rich in natural resources, has had a turbulent socioeconomic growth journey. When COVID-19 arrived, the wounds of civil instability and health crises like Ebola had only just begun to heal. Given this context, it is critical to comprehend the fiscal measures taken by the government in reaction to COVID-19, how they affect the country, and what implications they have for the future.

This brief tracks policy and fiscal measures that were introduced in Sierra Leone to combat the virus and mitigate its impact on the economy and livelihoods. It includes an analysis of support provided by the government to the private and informal sectors and social protection measures for citizens. The brief begins with an analysis of the socio-economic impacts of the pandemic, focusing on the impacts on Micro, small, and medium enterprises and further narrowing it down to gendered impacts. It also then explores the fiscal and policy measures introduced by the Sierra Leonean government to combat the virus and the resource mobilisation strategies utilised during the period.

In efforts to monitor fiscal and social protection measures introduced in light of COVID-19, the Tax Justice Network- Africa and Budget Advocacy Network commissioned the study aimed at tracking the different types of stimulus policies or fiscal measures introduced during and after the COVID-19 pandemic and analyse the impact of these measures on gender and inequality.



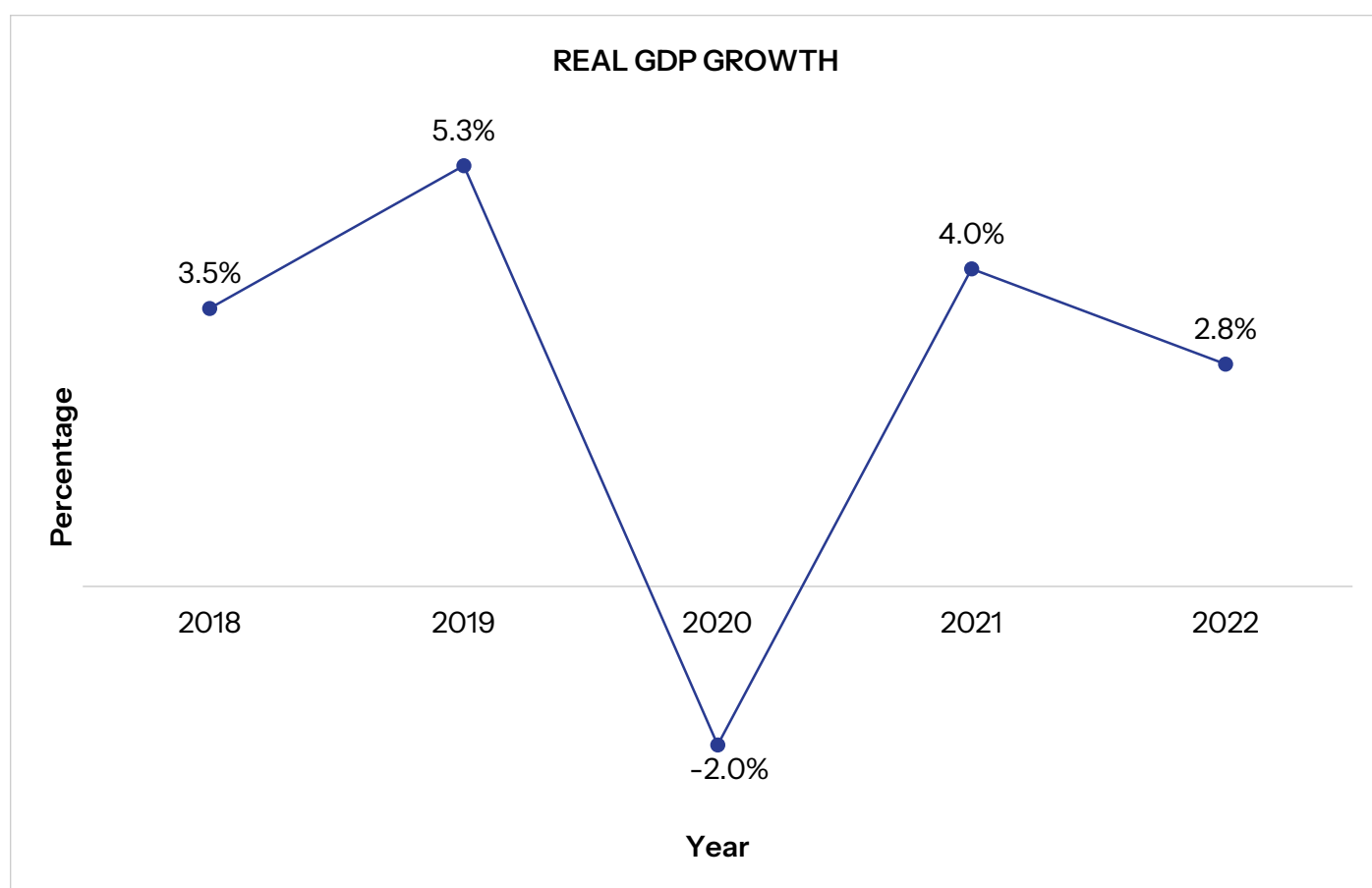


SOCIO-ECONOMIC IMPACT OF COVID-19



Sierra Leone’s real GDP growth in 2019 was 5.3%, a significant increase from the growth of 3.5% in 2018. Expansion of the industrial sector, more specifically, mining and quarrying activities, was the primary factor. The GDP was projected to grow by 4.5% in 2020 but plummeted to -2.0%. This was due to a decline in foreign demand for major exports, notably diamonds, as well as a decline in production in the mining, transport, trade, and tourism sectors. The government removed some restrictions by the end of 2021 and the beginning of 2022 and it led to a GDP growth rate of 4% in 2021, as shown in Figure 1 (equivalent to Le 10,418,535 million) at constant prices, which is an improvement from the negative 2.0% in 2020 (equivalent to Le 10,007,740 million). The fiscal deficits in 2019, 2020, 2021, and 2022 were 3.1%, 5.6%, 6.7% and 9.6% respectively.

Figure 1: Real GDP growth (2018-2022)



Source: Statistics Sierra Leone National Account, 2022

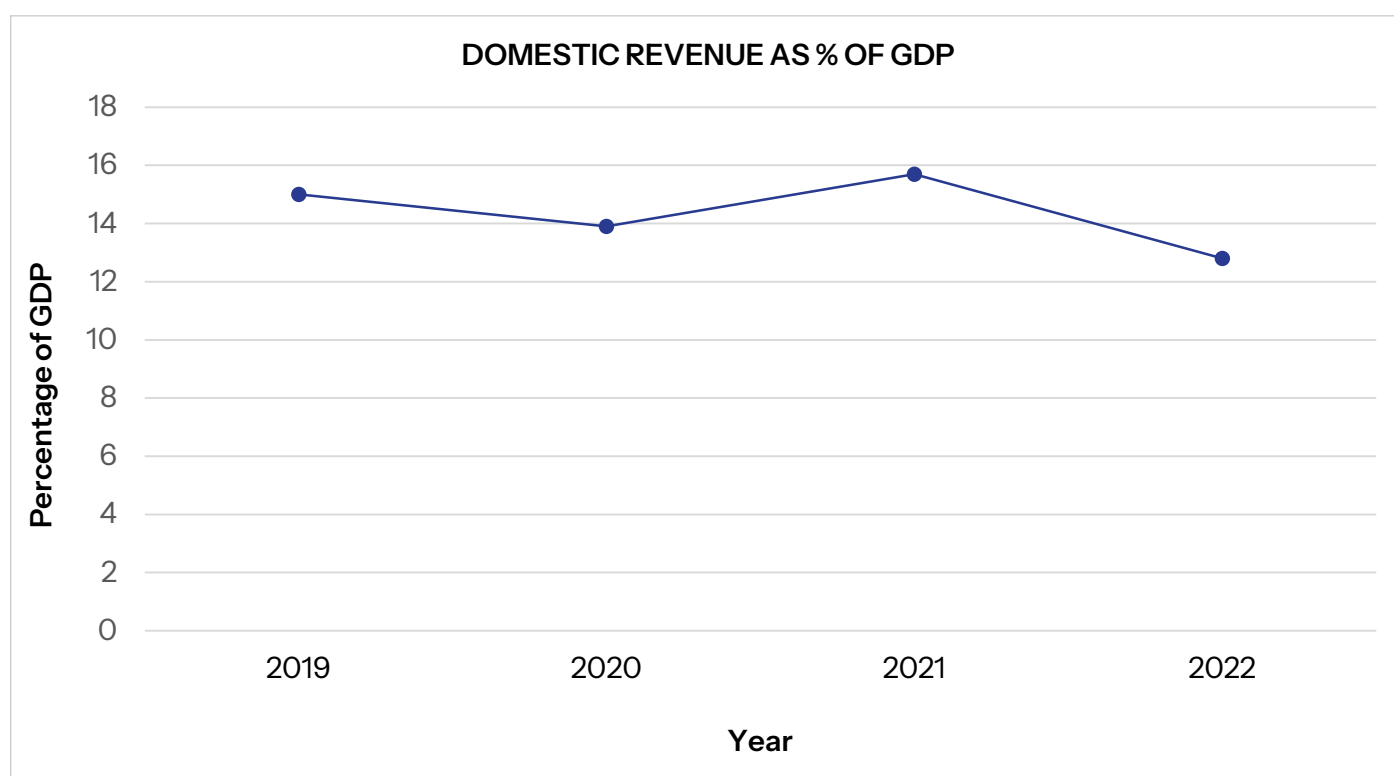
The fiscal deficit including grants was 3.1% of GDP in 2019. However, with the COVID-19 pandemic, the fiscal deficit increased to 5.6% in 2020 as a result of low revenue collection due to disruptions in economic activities and the increase in government expenditure on the COVID-19 response. The fiscal deficits continued to widen in 2021 and 2022 with 6.7% of GDP and 9.6% of GDP respectively. (Budget Speeches of 2019-2022).



DOMESTIC REVENUE MOBILISATION

Domestic revenue as a percentage of GDP was 13.8 percent in 2020, 15.7 percent in 2021, and 13.0 percent in 2022, as indicated in Figure 2 below. Following a strong trend in 2018 and 2019, which saw domestic revenue reach 14.8% in 2019, there was confidence that the government's aim of 20% of GDP by 2023 would be met. However, the breakout of the COVID-19 pandemic in 2020 stymied the global economy and, as a result, the domestic economy. Revenue was severely hit, with the revenue/GDP ratio falling to 13.8% in 2020. In 2021, there was a significant improvement, but these advances were rapidly reversed the following year as a result of the Ukraine war, which damaged the domestic economy and, as a result, revenue collection. In effect, the probability of attaining the 20% revenue/GDP target established by the Medium-Term National Development Plan by 2023 was no longer apparent.

Figure 2: Domestic Revenue as a percentage of GDP



Source: National Revenue Authority

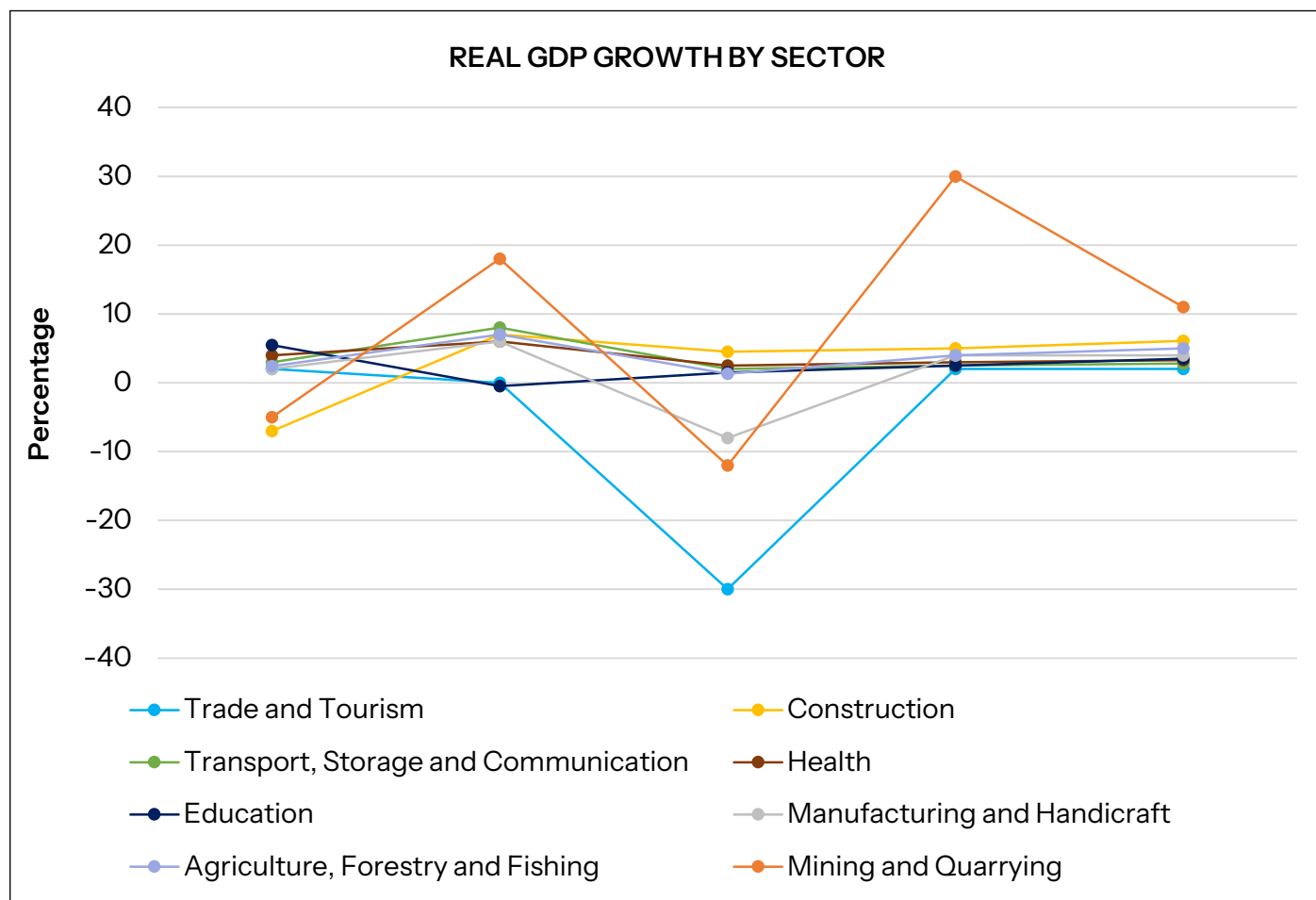
Sierra Leone's domestic revenue increased marginally by 4.3 percent to Le 5,654 billion in 2020 from Le 5,417 billion in 2019. Domestic revenue increased by 22 percent to Le 6,917 billion in 2021 from Le 5,654 billion in 2020. This increase was a result of improved performance on all the revenue streams except road user charges. Domestic revenue increased to Le 8,088 billion in 2022, from Le 6,917 billion in 2021, an increase of 16.9 percent. The increase in revenue was mainly due to the performance of income tax and other departments. Revenue from income tax increased by 24.4 percent from Le 2,435 billion in 2021 to Le 3,028 billion in 2022, while revenue from other departments increased by 73.6 percent from Le 1,200 billion in 2021 to Le 2,085 billion in 2022. Despite this increase in the domestic revenue collection, it was not enough to cover the COVID-19 expenditure, hence the reason for the high budget deficit during and post-COVID-19.



IMPACT ON SELECTED SECTORS

The COVID-19 pandemic affected almost every sector. However, the sectors mostly affected, according to Statistics Sierra Leone, were Agriculture, Forestry and Fisheries, Mining and Quarry, Manufacturing and Handicrafts, Trade and Tourism, and Education. For Agriculture, Forestry, and Fisheries, the real GDP growth declined from 5.4% in 2019 to 1.6% in 2020. However, in 2021 and 2022, there was a steady increase to 2.5% and 2.9% respectively. Mining and Quarry saw a decline of 30.4% from 2019 to 2022 (From 17.1% in 2021 to -12.7% in 2022). However, the mining and quarry recovered greatly in 2021 with a real GDP growth of 30.5%. Other sectors that were affected by COVID-19 were Trade and Tourism. These sectors contracted by 29.6% in 2020 from 0.1% in 2019. In 2021 and 2022, real growth increased by 2.4% and 3.8% respectively.

Figure 3: Real GDP Growth by Sector



Source: Statistics Sierra Leone National Account, 2023.

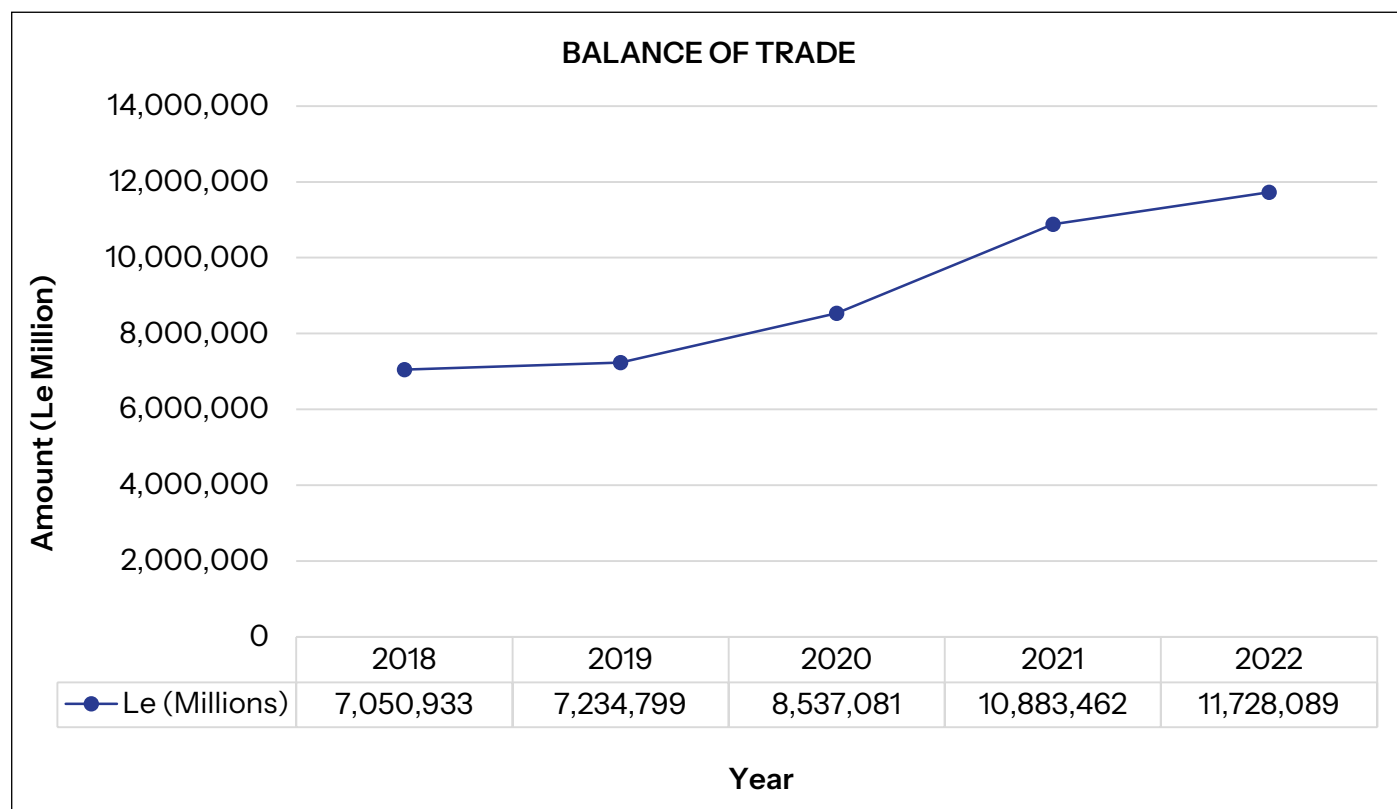
BALANCE OF TRADE

The balance of trade/trade deficit increased during and after COVID-19 due to a slump in the domestic economy and the aftermath of the protracted Ukraine/Russia war leading to a declining revenue /GDP ratio. The trade deficit in 2019 was NLe 7.2 billion. During COVID-19 it widened to NLe 8.5 billion in 2020, which continues to



increase to NLe10.9 billion in 2021 due to the impact of COVID-19 as shown in Figure 4 below. It continues to increase to NLe11.7 billion in 2022. The decline is impacted by the decrease in external demand for major exports, particularly diamonds, and a decline in outputs in the mining, transport, trade, and tourism sectors.

Figure 4: Balance of Trade



Source: Statistics Sierra Leone National Account Section

2.1. Gendered Impacts of the COVID-19 Pandemic Sierra Leone

Sierra Leone is a unique case study for assessing the gendered effects of COVID-19. Around one-third of homes are led by women¹ – these are families where the male household head is absent owing to divorce, death, or long-distance migration, for example. It has a very low gender inequality index (indicating high levels of inequality) and high rates of maternal mortality and violence against women. During the Ebola crisis, an overburdened healthcare system had a severe impact on pregnant women, resulting in numerous maternal deaths. According to data from a large sample of representative Sierra Leonean homes,

¹ [Covids-impact-on-gender.pdf \(yale.edu\)](https://yale.edu/covid-impacts-on-gender)



households led by women were more vulnerable than their male-headed counterparts even before the COVID-19 crisis hit². First, because they had access to distinct sources of information and were involved in different social networks, women-headed families were less well-informed about the disease early in the epidemic. They are less 'likely' aware of the common Covid-19 symptoms such as coughing, fever, difficulty breathing, and loss of smell. They are also less able to adhere to public health guidelines, such as mask-wearing, because they are less likely to own a mask, and are less likely to keep social distance.

LOSS OF LIVELIHOOD

The majority of Sierra Leonean women work in the informal sector. According to the World Bank, the informal sector accounts for a substantial part of employment in Sub-Saharan Africa. While exact numbers related to COVID-19 disruptions are lacking, it is reasonable to assume that a significant portion of these women experienced reduced income or job loss due to pandemic restrictions.

Agriculture employs about 60% of Sierra Leone's population. Disruptions here during COVID-19 affect women heavily, especially considering they make up a considerable proportion of the workforce, particularly in subsistence farming. For example, movement restrictions and lockdown measures imposed to contain the spread of COVID-19 hampered the ability of women farmers to sell their produce in the local markets. This led to reduced income and in some cases, post-harvest losses due to perishability. Another example is the disruption in transport and trade impact on the availability of agricultural inputs, like seeds, fertilisers, and pesticides. Furthermore, women typically bear a disproportionate share of household responsibilities. With school closures and health concerns related to the pandemic, the domestic responsibility of women farmers increased, reducing the time and energy they would dedicate to farming.

While there is no specific data on job losses in the service sector due to COVID-19, it is known that women dominate certain service sectors. With the restrictions during the pandemic, many businesses suffered or shut down, impacting women's incomes.

Access to sexual and reproductive health and menstrual hygiene services: The COVID-19 pandemic has impacted global health systems and has had multifaceted effects on access to sexual and reproductive health (SRH) and menstrual hygiene services, especially in low- and middle-income countries like Sierra Leone. Many health facilities diverted resources to respond to the pandemic, leading to reduced services related to SRH. Health workers, fearing infection, may have been reluctant to provide routine SRH services. The United Nations Population Fund (UNFPA) reported disruptions in SRH services in many countries during the pandemic, with Sierra Leone being no exception. Lockdowns and restrictions limited women's ability to access SRH services or purchase menstrual hygiene products. Fear of contracting COVID-19 deterred some from seeking essential SRH services. The economic downturn affected the ability of many families to purchase menstrual hygiene products, leading to potential unhygienic practices. Furthermore, Economic strain may have forced women into situations where they faced a heightened risk of sexual exploitation, further exacerbating SRH concerns. There were reports of disruptions in the supply chain of contraceptives and menstrual hygiene products globally, potentially affecting availability in Sierra Leone. With schools closed, girls who depended on school-based programs for menstrual products may have faced increased challenges.

2 [Covids-impact-on-gender.pdf \(yale.edu\)](#)



INCIDENCE OF GENDER-BASED VIOLENCE

The containment measures implemented for COVID-19 including social distancing were meant to reduce physical contact during this period, however, based on the Rainbo Centre Initiative³ data, a total of 3,548 incidences of Gender-Based Violence were recorded during the COVID-19 pandemic in 5 centres, which include: Freetown, Bo, Kenema, Kono, and Makeni. Sexual assault cases amounting to 3,339 were the highest. Although this category saw a drop of 362 cases when compared to 2019, however, it surpasses the 2021 registered cases by 373. The capital Freetown (Western Area) recorded the highest number of sexual assault cases with 1,409 (42%), Kenema -Eastern Region (21%), Bo (15%), and Kono -Eastern Region (13%) with Makeni -Northern Region (9%) recording the least in this category. Physical assault was the second-highest case recorded with 209. Makeni -Northern Region recorded the highest (57%) followed by Kono (34%) and Kenema (9%).

EDUCATION

Sierra Leone experienced an increase in teenage pregnancies, leading to more girls dropping out of school during the Ebola epidemic (2014-2016). Some of the factors responsible for teenage pregnancies in a lockdown situation include the closure of schools, traditional roles and limited resources, and the economic downturn which made young girls more vulnerable to sexual exploitation and early pregnancies. This hindered their return to school post-pandemic. (Bandiera, O., Buehren, N., Burgess, R., Goldstein, M., Gulesci, S., Rasul, I., & Sulaiman, M. (2020). Women's empowerment in action: Evidence from a randomized control trial in Africa. *American Economic Journal: Applied Economics*, 12(1), 210-59.)

During COVID-19 a similar situation happened wherein 141 school girls got pregnant as reported by the 2020 Annual School Census Report. The operationalization of the radical inclusion policy meant that a total of 950 visibly pregnant girls were able to attend schools in 2021⁴. Overall, COVID-19 affected 2.6 million school pupils in Sierra Leone in 2020 of which 50.6% were girls and 49.4% were boys due to disruption of the school learning process.

The Ministry of Basic and Senior Secondary Education in Sierra Leone, with support from Education Development partners, used radio as a fulcrum for learning during the COVID-19 pandemic⁵. The Sierra Leone Ministry of Basic and Senior Secondary Education (MBSSE) and its Teaching Service Commission (TSC) convened an Education Emergency Task Force to revive the country's education radio program for remote learning⁶. This measure benefited more boys than girls due to the traditional roles of girls in carrying out house chores.

3 Rainbo Initiative is a national NGO that is passionate about ending Sexual Gender-Based Violence in Sierra Leone. **RI provides free medical treatment, psychosocial services and age appropriate treatments for survivors of Sexual Gender Based-Violence (SGBV) in Sierra Leone.**

4 [MBSSE_ASC2021_V3_Web-Version.pdf](#)

5 [Covid-19 in Sierra Leone: Bridging the learning gap through radio | UNICEF West and Central Africa](#)

6 [School Hits the Airwaves: Sierra Leone Turns to Education Radio as a Response to COVID-19 \(worldbank.org\)](#)



2.2. Impact of COVID-19 on MSMEs

The Medium, Small, and Micro Enterprises (MSMEs) normally fall under the wholesale and retail subsector of the service. Their growth rate in 2019 was 0.0%. Moreover, the pandemic exacerbated a contraction of 29.7% of the sector's GDP growth. According to data from a survey the Ministry of Finance's Research and Delivery Division⁷ conducted to scale the impact it reveals as follows:

In mid-May 2020, 68% of business owners reported that their weekly income was lower than in a typical week in March of the same year. This survey further states that the average weekly profits for businesses dropped by 60% in May compared to March from (500,000 to 200,000 SLL) and have since remained flat. At the end of April 2020, only about 50% of businesses surveyed were open. By the end of May 2020, this had increased significantly, and around 90% of businesses reported that they were open for service. Throughout May, around 80% of business owners reported difficulties accessing customers, likely due to the initial three days of lockdowns, the curfew, and restrictions on inter-district travel for businesses and citizens.

HOTEL AND RESTAURANTS

The Hotel and restaurants experienced a decline in GDP growth from 2.6% in 2019 to -27.1% in 2020 according to the Statistic Sierra Leone National Account report. A survey by the Research and Delivery team of the Ministry of Finance indicates that 72 percent of businesses, during this period, were partially operational; 15 percent were fully operational, while 13 percent were temporarily closed. 97% of businesses in the tourism sector, the report states, have been greatly impacted, and nearly all expect their revenue to fall by over 50% in 2020. 29% have closed temporarily or permanently, 29% are operating on a reduced scale, and a further third are operating with reduced staff. 49% of businesses have had to change the way they operate in response to the crisis. All of those businesses with outstanding loans either have already or predict they will miss a payment in the next three months. Similarly, 52% of businesses are behind or are likely to fall behind on rent payments. 29% of businesses also say their energy tariff is the biggest burden they faced during COVID-19⁸. The majority of businesses reported they were severely affected by reduced consumer demand, travel restrictions, precautionary behaviour from customers, the suspension of flights, and a reduction in the number of visitors. Eight out of every ten (82 percent) businesses revealed that they were already running a loss compared to the period before COVID-19, while 72 percent reported that their enterprises were profitable.

ACCESS TO CREDIT

According to the 2019 Economic Bulletin of the Ministry of Finance, only 8 percent of the respondents, during this period, revealed that they had a loan at the time of the survey, and half of this category disclosed that they had a loan from a commercial bank. The remaining 4 percent cited that they had accessed credit through community banks, micro-credit institutions, family, and friends. Nearly all the

⁷ <https://mof.gov.sl/wp-content/uploads/2020/10/Impact-of-COVID-19-on-businesses-in-Sierra-Leone.pdf>

⁸ Economic Bulletin 2019 (mof.gov.sl)



8 percent of respondents who disclosed having a loan admitted that their ability to repay these liabilities has been affected unfavourably. The majority of the businesses reported that employee wages, payment of utility bills, and different taxes paid had a severe challenge on their operations. Slightly more than half (56 percent) of all businesses surveyed mentioned that meeting tax obligations has been a 'severe burden' during the COVID-19 pandemic. Compared to micro and small businesses, a higher percentage of medium and large businesses reported that paying taxes during the pandemic has been a 'severe burden'.

THE AGRICULTURE SECTOR

The Ministry of Finance Economic Bulletin indicated the agriculture sector projection to grow by 4.3 percent in 2020; however, due to the impact of the pandemic, projections have been revised down to 3.8 percent. The outbreak of COVID-19 and corresponding restrictions resulted in a reduction or even cessation of private sector investment in agriculture (agriculture and fisheries), as well as ripple effects throughout the agribusiness supply chain. This is affecting all players in agribusiness and more than 70% of the population who are formally or informally connected to the agribusiness industry⁹. However, due to the seasonality of agriculture in the country, the impact is most strongly felt in 2021.

TRANSPORTATION

This sector was impacted as it experienced negative growth of -0.4% of GDP in 2020, compared to 6.6% of GDP in 2019, According to Statistics Sierra Leone National Account. However, moderate growth (2.1% of GDP) was experienced in 2021. The aviation sub-sector has been badly hit as several airlines were forced to make significant alterations in their operations. Maritime transport was affected, reporting major delays and disruptions at ports of origin¹⁰. According to a small survey of land transportation companies¹¹, done by the Ministry of Finance's Research and Delivery Division, 86% reported that Covid-19 has forced them to scale down operations, resulting in 40% laying off workers and 60% reducing wages¹². However, about half of the laid-off workers were given some form of financial compensation. Another survey¹³ reaching a wider sample of commercial transportation providers revealed that for bus operations, the daily average of round trips dropped from 10 to 7 per day. Revenue targets were reduced to 70% and driver's daily earnings from fares fell by 46% even though passenger fares remained unchanged, the report stated. Most operators attributed this to the social distancing restrictions limiting the number of passengers allowed per trip and compliance with the curfew.

9 Data from this section adapted from GoSL's Quick Action Economic Response Programme document (March 2020)

10 Data from this section adapted from GoSL's Quick Action Economic Response Programme document (March 2020)

11 The majority (57-64%) of wage workers surveyed are employed by the government and 14-17% in construction

12 Source: Invest Salone Rapid Surveys for Transportation Sector (June 2020). Sample size is 8; additional investigation is necessary to better gauge the impact across all subsectors.

13 Source: Innovations for Poverty Action Sierra Leone, Operation of and Demand for Public Transport during COVID-19: Descriptive Evidence from Sierra Leone



BUSINESS ADJUSTMENTS

88% of the MSMEs, according to the Ministry of Finance's Research and Delivery Division's report, were rethinking their business models. 47% of all businesses, the report stated, were considering new business opportunities due to changes and/or challenges associated with COVID-19, and 48% of businesses reported creating new products/services during this period. A quarter of businesses are reducing production to cut costs, and 24% of businesses are offering price cuts or promotions. The report further stated that businesses offering products or services that are essential or aligned with COVID-19 measures have, in some cases, increased their production to meet market demands. 74% of businesses, according to the survey, reported that they have resorted to technology in their business (including digital marketing, brand promotion, delivery, and payment systems). 53% of businesses have contingency arrangements to mitigate the risks of staff illness due to COVID-19.





FISCAL AND POLICY MEASURES DURING AND POST-COVID-19 PANDEMIC



To stop the virus from spreading further, authorities in Sierra Leone took several preventative steps, including imposing travel restrictions. However, economic activity has been slowing down as a result of the knock-on effects of global developments as well as other causes including the instability of financial markets, interruptions in supply chains, demand-side inefficiencies, and a general sense of unease.

Box 1: Fiscal and Monetary Policy Response Measures to COVID-19

1. Tax Measures during COVID-19

- The turnover tax rate was reduced from 3% to 1% for all Micro, Small, and Medium Enterprises (MSMEs)
- Section 51 of the 2021 Finance Act made provision for all establishments registered with the National Tourist Board for income tax relief for the period of 1st January 2021 to 31 December 2023.
- Turnover tax rate lowered from 3% to 1%.
- Taxes on some essential food imports were either waived or reduced. E.g. rice, wheat, baby foods. A supplementary budget was read (to cater for added expenditures and reduced revenues during COVID) and finance Acts were enacted by Parliament (2021 Finance Act) to augment the effect of COVID.

2. Monetary policy measures by the Central Bank of Sierra Leone

- De-risk lending through guarantees to Small and Medium-Scale Enterprises (SMEs)
- Provide special loan facilities (local and foreign currency) to businesses at concessional interest rates
- Reduction of the Central Bank Rate from 8.25% to 7.0% and lowering of the Cash Reserve Ratio requirement from 5.25% to 4.25%
- Central Bank rate was cut by 150 basis points from 16.5% to 15%
- The reserve requirement maintenance period for Commercial Banks was extended from 14 days to 2028 days.
- Negotiate with Commercial Banks to suspend interest to SMEs in the tourism sectors

Financial and Policy Measures to Mitigate COVID-19 Pandemic Effects

1. The National Revenue Authority (NRA) deferred taxes due to the importation of essential commodities, especially rice, fuel, and other basic foodstuffs. As at the end of August 2020, an amount of Le86.9 billion has been deferred. The NRA also deferred taxes for businesses in the hospitality, aviation, transportation, education, security, and health sectors.
2. Government launched through the Bank of Sierra Leone a Le500 billion Special Credit Facility to support the production, importation, and distribution of essential commodities. This intervention aimed to cushion the effect of exchange rate depreciation to allow businesses to access foreign currencies for import while the government through the Central Bank increases interest rates to discourage the consumption of foreign goods that may lead to exchange rate depreciation.

Source: Finance Act, Budget Speeches, and information from NRA and Ministry of Finance



3.1. Measures to the Private Sector and Informal Sector

Section 51 of the 2021 Finance Act provides for all establishments registered with the National Tourist Board for income tax relief for the period of 1st January 2021 to 31 December 2023. As a result of this provision, the government foregoes Le 6.114 billion old Leones from tax holidays on income tax from the hospitality and aviation sectors. The government also forgo corporate income tax for the hospitality sector and new businesses registered during this period.

The government revised the turnover tax rate from 3% to 1% for all Micro, Small and Medium Enterprises (MSMEs). The government provided safety net support to 2,368 workers in the tourism and hospitality industry, where each worker received Le1,800,000. The aim was to cushion the impact of COVID-19 on tourism sector workers.

The National Revenue Authority deferred payment of import duties and taxes on the import of essential commodities at the point of ex-warehousing rather than at the point of import – to ensure stock availability of essential commodities in the market. This was intended as a tax break for the tourism and hotel industry to cushion the economic loss in the sector as a result of the loss of customers during this period.

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Provide special loan facilities (local and foreign currency) to businesses at concessional interest rates. This intervention was to boost economic growth by channeling more loans to the private sector to inspire more investment and employment.

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Taxes on some essential food imports were either waived or reduced. E.g. rice, wheat, baby foods. A supplementary budget was read (to cater for added expenditures and reduced revenues during COVID) and Finance Acts were enacted by Parliament (2021 Finance Act) to augment the effect of COVID-19.



3.2. Measures for Social Protection

The government of Sierra Leone through the National Commission for Social Action, (NaCSA) provided cash transfers to 11,000 persons with disabilities across all sixteen districts, and 29,000 informal sector workers in Freetown, Bo, Port Loko, Kenema, and Makeni. Payments to 35,000 extremely poor households commenced by the end of November 2020. The government also enrolled an additional 35,000 households for payments in early 2021.

NaCSA also implemented the 'Ep Fet Po' Social Safety Net project¹⁴ in which a total of direct pocket disbursements were made to citizens from poor and marginalised homes. 39 Thousand beneficiaries were targeted, enrolled, and paid with an individual benefit size of Two Million, Six Hundred and Seventy Thousand Leones (2,617,000) for households without PWDs and Three Million and Fifty-Three Thousand Leones (3,053,000) for Households with PWDs. There are Twelve Thousand, Seven Hundred Thirty-Three (12,733) households with heads or other members having a disability which accounts for 35.63%. and Twenty-Two Thousand, Nine Hundred and Ninety-Nine (22,999) Households with no registered disability which account for 64.37%. This intervention provides income support to extremely poor households and vulnerable people including Persons with Disabilities (PWDs) thereby ensuring family purchasing power to buy food, health care, education, and the general well-being of the family.

NaCSA provided contingency funding targeting an approximate total of Sixty-Nine thousand (69,000) direct beneficiaries who were enrolled and paid through a transparent and inclusive process. Under the Emergency Cash Transfer (ECT) project, NaCSA provided financial support to vulnerable households to cope with the immediate negative impact of COVID-19 on their well-being, smoothing consumption and supplementing lost or reduced income. Through a targeting mechanism that gives extra weight to households with young children, an estimated 190,094 children were reached in 2021 with cash transfers provided to their households through the existing social safety net programme or the COVID-19 Emergency Cash Transfer programme in Sierra Leone to mitigate the effects of vulnerabilities.

In 2020, UNICEF supported the Government's socioeconomic response to COVID-19 under the Quick Action Economic Recovery Programme (QAERP), providing 29,000 households with cash transfers to mitigate the impact of COVID-19 on families and their livelihoods. Strong systems were put in place for managing cash transfers under the National Commission for Social Action with involvement from the Anti-Corruption Commission (ACC) for transparency and accountability, with the World Bank and UNICEF's support¹⁵.

SUPPORT TO REDUCE CHILD MARRIAGE

In the fight to end child marriage, UNICEF's support for adolescent empowerment, community engagement, social norms, and referrals to health services complemented UNFPA's provision of quality health services and comprehensive sex education and translated to progressive achievements in the protection of women and girls in Sierra Leone in 2020. Similarly, the UK FCDO funded Saving Lives in

¹⁴ [As Payment of Beneficiaries of the Covid-19 Ep Fet Po/SSN Commences, NaCSA Injects 189 billion...](#)

¹⁵ [RAM3 End-Year Summary Narrative \(unicef.org\)](#)



Sierra Leone Programme extended the UNICEF-UNFPA-WHO partnership platform to jointly add value to the Government's capacity to provide maternal, child, and infant health and nutrition and reproductive health and to procure essential commodities to sustain the health system – and COVID-19 emergency response in Sierra Leone¹⁶.

As a part of the UNFPA-UNICEF Global Programme to End Child Marriage, UNICEF supported 12,000 adolescent girls in life skills training and empowerment activities which aimed to strengthen their agency to make healthy life choices, including delaying early marriage¹⁷.

SUPPORT TO ADDRESS DOMESTIC VIOLENCE

Within the framework of the national social protection sector and response to COVID-19, UNICEF supported the National Social Safety Net Grievance Redress Mechanism coordinated by the ACC, with 750 community monitors all over the country. UNICEF provided financial contributions for monitoring, training, and capacity building of community monitors on recording grievances, psychosocial first aid, and reporting on GBV using training modules developed under the PSS pillar.

Under the protection of children against violence, abuse, and exploitation UNICEF conducted an ethnographic study on Female Genital Mutilation and also formative research on child marriage. The studies provide an understanding of the social and behavioural drivers of widescale harmful practices across the country. In addition, it informs the dialogue and engagement needed to promote social norms change in 2021.

3.3. Resource Mobilisation measures

In the face of the COVID-19 pandemic, Sierra Leone, along with a large number of other nations, adopted a variety of steps to both gather resources and mount an effective response. These actions are meant to address the effects of the crisis on both the health of the population and the economy. Several international and bilateral lenders, including the International Monetary Fund, the World Bank, and the European Union, amongst others, provided financial aid to the government for development. The monetary assistance that was obtained came in the form of grants, loans with extremely favourable terms, vaccines, testing equipment, and various other auxiliary medical devices, as well as personal protective equipment (PPEs). During the pandemic, the government took several steps to mobilize both internal and external resources.

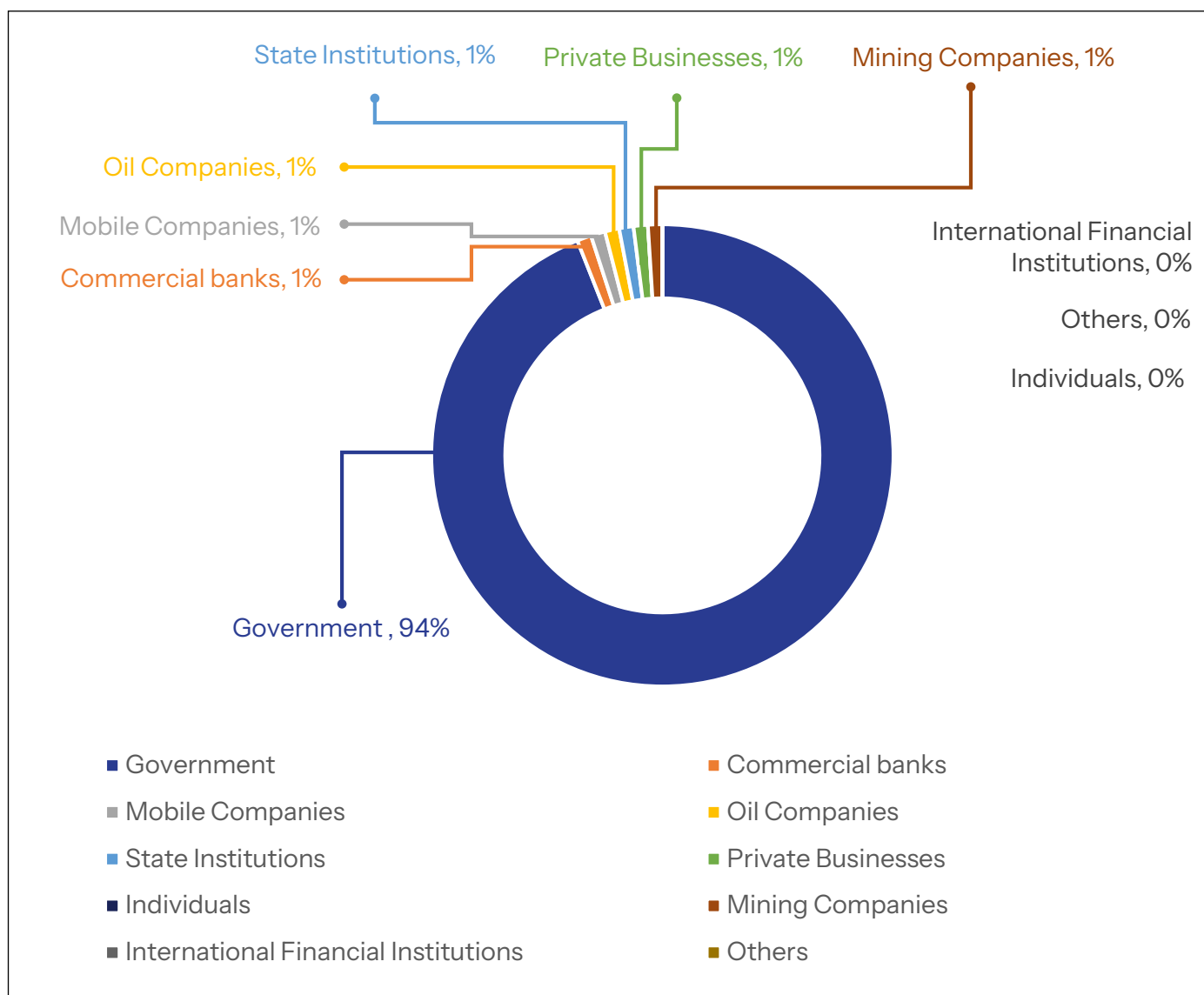
¹⁶ <https://www.unicef.org/media/102536/file/Sierra-Leone-2020-COAR.pdf>

¹⁷ *RAM3 End-Year Summary Narrative (unicef.org)



DOMESTIC RESOURCE MOBILISATION MEASURES AND ALLOCATIONS

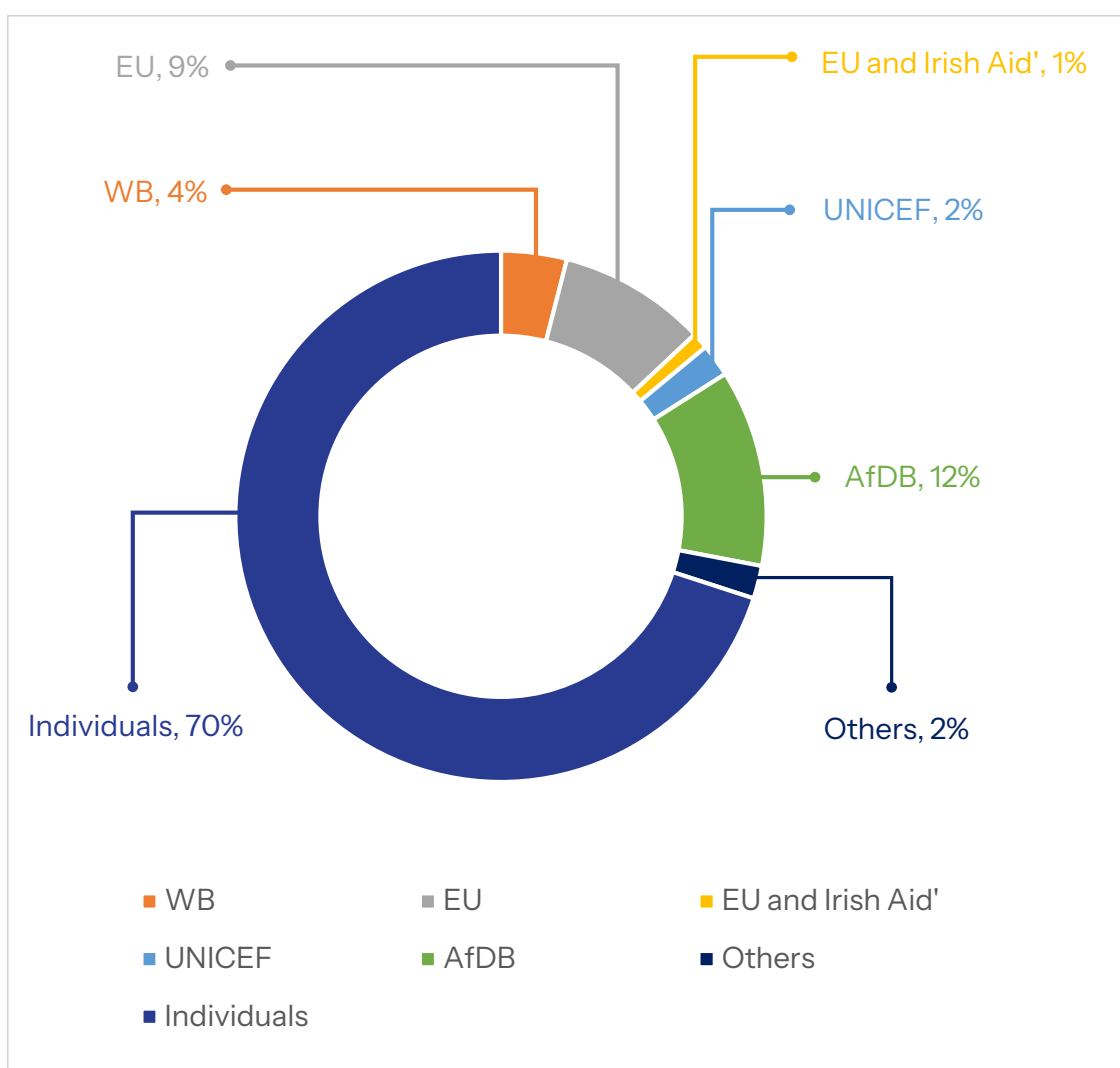
The Sierra Leonean government set up a National COVID-19 Emergency Response Center (NaCOVERC) to coordinate the national response, including resource mobilization. With the support of its international partners, the government made budgetary reallocations and secured financial assistance. Funds were redirected from less pressing needs to the most urgent areas of the COVID-19 response, including healthcare infrastructure, procurement of medical supplies, and public health campaigns. In Sierra Leone, the government was the biggest contributor financially to fight COVID-19. In 2020, Le 325,456,503 was mobilised and disbursed to NaCOVERC. This amount was increased in 2021 to the sum of Le 469,878,385. In 2022, it was Le 200,594,145. Apart from resources from the consolidated fund, resources were also generated through fines and laboratory testing. During the initial phase of the response, various national institutions also donated cash and in-kind to support the government in fighting the virus. These include mobile companies, commercial banks, oil companies, and even individuals. The chart below shows the initial resources generated as of 19th, August 2020.





EXTERNAL RESOURCE MOBILISATION MEASURES:

Sierra Leone received more than 200 million dollars from different international partners to fight COVID. Some of these resources came in kind and some as cash. The chart below provides a parentage breakdown for each of the financial institutions.



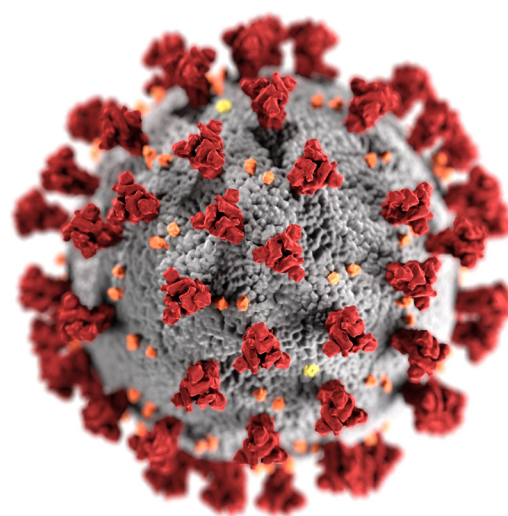
OTHER INTERNATIONAL MEASURES

During the COVID, Sierra Leone received other forms of support from almost all international partners. They include the following:

- Signed a debt service suspension initiative with the Saudi Fund for Development. This was to mitigate the impact of COVID-19 as Sierra Leone just like other low-income countries is at a high risk of debt distress and applied for debt service suspension with their donor partners.



- The country also secured a debt service suspension from the World Bank¹⁸ to the amount of US\$16.8 million and further differed a debt of US\$4.1 million to allow Sierra Leone the fiscal space to mitigate the impact of COVID-19.
- Sierra Leone, like other countries, also received its quota of the Special Drawing Right (SDR) of US\$283 million, as part of the International Monetary Fund contribution to cushion the effect of COVID-19 with the primary focus of strengthening reserves and support recovery from the pandemic.
- Sierra Leone also received debt service suspension from seven bilateral creditors under the G-20 Debt Service Suspension Initiative (DSSI) by rescheduling principal and interest payments that fell due from May 2020 to December 2021.
- In 2020, a total of US\$9.73 million was rescheduled under the DSSI initiative of which Kuwait Fund (US\$2.93 million), Exim Bank of India (US\$2.31 million), Exim Bank of China (US\$ 1.80 million), Government of the People's Republic of China (US\$1.21 million), Abu Dhabi (US\$0.80 million), Saudi Fund (US\$0.70 million) and Exim Bank of Korea (US\$0.04 million) from May to December 2020.
Source:(<https://mof.gov.sl/wp-content/uploads/2022/12/Public-Debt-Management-Bulletin-2021-PDF.pdf>).
- In 2021, a total of US\$17.28 million was rescheduled under the DSSI initiative of which Kuwait Fund accounted for the largest suspension of US\$5.72 million (33.12 percent) of total debt service suspension followed by EXIM Bank of China and India which amounted to US\$3.67 million (21.24 percent) and US\$3.56 million (20.60 percent) respectively. The government of the People's Republic of China, Saudi Fund, and Abu Dhabi suspended US\$1.80 million (10.43 percent), US\$1.37 million (7.95 percent), and US\$1.15 million (6.64 percent) respectively. Exim Bank of Korea suspended the least amount of US\$4,500 (0.03 percent). The table shows the details of the Debt Service Suspension Initiative from bilateral creditors from May 2020 to December 2021.
Source:(<https://mof.gov.sl/wp-content/uploads/2022/12/Public-Debt-Management-Bulletin-2021-PDF.pdf>).



¹⁸ <https://www.worldbank.org/en/topic/debt/brief/covid-19-debt-service-suspension-initiative>



LESSONS LEARNT

04



Sierra Leone, like many other countries throughout the world, was forced to make significant financial sacrifices to combat the pandemic caused by the COVID-19 virus. Given Sierra Leone's pre-pandemic economic precariousness and the country's history of dealing with the Ebola outbreak, the country's response to COVID-19 can teach us several important lessons about managing finances:

- Having fiscal buffers in place, such as foreign exchange reserves and contingency funds, can be vital for resolving unforeseen emergencies and is a critical component of having strong fiscal resilience.
- Reallocation of Budgetary Resources in times of emergency is crucial to prioritise and reallocate budgetary resources to essential sectors, especially health while deferring less urgent expenditures. This will help reduce the fiscal deficit.
- The importance of social safety nets lies in the fact that direct cash transfers and other types of social protection programmes can assist in mitigating the adverse effects of economic stress on groups that are particularly susceptible. When a disaster strikes, having these processes already in place can make the provision of aid much quicker.
- Emerging economies, such as Sierra Leone's, frequently have substantial debt burdens that need to be managed. The epidemic brought to light the necessity of international debt relief programmes as well as the significance of responsible and sustainable debt management.
- Utilising International Aid and Grants, in a transparent and accountable manner, to establish collaborative relationships with international financial institutions and donors can provide vital financial help.
- Excessive reliance on particular industries (like mining in the case of Sierra Leone) can worsen a country's budgetary vulnerability during times of global crisis. Increased resilience can be achieved through diversification.
- During lockdowns and other social distancing measures, digital platforms can enable the continuation of fiscal activities and the collection of income. During the pandemic, there was a noticeable rise in the use of mobile money in Sierra Leone. This needs to be deepened alongside other digital transactions.
- It is especially important to have open and honest financial reporting and accountability processes when dealing with international aid or reallocating resources. This will help to preserve the trust of domestic and international stakeholders.
- Targeted fiscal policies, such as tax reliefs and subsidies, can aid firms and industries that have been severely impacted by the pandemic, which in turn can stimulate economic recovery.
- Emergencies highlight the significance of incorporating long-term fiscal sustainability into a national strategy to strike a balance between immediate relief efforts and long-term financial well-being.
- Having a law that caters to both normal times and an emergency will help greatly in ensuring value for money as well as fast-tracking the procurement of essential goods.



CONCLUSION

05



After recovery from the fall in iron ore prices and the Ebola in 2014, Sierra Leone also was faced with the serious negative impact of COVID-19 which the country is still scrambling with and the Ukraine war has further exacerbated it. COVID-19 affected the economy as well as livelihood activities. The economy contracted to -2% in 2020 which is a result of the disruption of economic activities. Revenue was severely affected and expenditure increased which also increased the fiscal deficit from 3.6% of GDP in 2019 to 5.6% of GDP in 2020 and the effect also continued in 2021 and 2022. The ability of the government to service its debt became very expensive and hence led the country to high debt distress among other factors.

COVID-19 in Sierra Leone affected several sectors which led to the loss of livelihoods of ordinary Sierra Leoneans. In the agriculture sector, real GDP growth declined by 5.4% in 2019 to 1.6% in 2020 for which women were mostly affected. The tourism sector was one of the most affected sectors as its real GDP growth contracted by 29.6% in 2020 from 0.1% in 2019, which led to the reduction of staff and in the same case termination. For this reason, the government provided a social safety net to 2,368 workers in the hospitality sector. Similar interventions were done for vulnerable groups across the country.

As a way of addressing the effect of COVID-19 in Sierra Leone, the government developed the Quick Action Economic Response Programme which contains both fiscal and monetary measures. Tax deferment, income tax relief, and forgone income tax for the hospitality sector were provided. Furthermore, a credit facility with a single-digit interest rate was provided to the private sector. In a bid to keep the prices of essential goods stable, import taxes were waived on all essential goods.

Through NaCSA, social protection was provided to poor Sierra Leoneans including vulnerable groups and the aged. 11,000 persons with disabilities were provided with assistance across the 16 districts and 29,000 informal sector workers also received support to cushion the effect of COVID-19 in addition to 70,000 poor households that receive payment to help them cope with the effect of COVID-19.

