

WILL NRA MEET ITS 2023 DOMESTIC REVENUE TARGET?



AN ANALYSIS OF HIGH-LEVEL REVENUE AND EXPENDITURE
(JANUARY TO SEPTEMBER -2022 & 2023)



Table of **CONTENTS**

1.	INTRODUCTION.....	3
2.	REVENUE COLLECTION	5
	2.1. Month-by-Month Revenue Collection.....	6
	2.2. Revenue Collection by sources (January to September 2023)	8
	2.3. Daily Monthly Collection	9
	2.4. Revenue Collection as a Percentage of GDP	10
3.	GRANT	12
4.	EXPENDITURE -WHERE THE MONEY IS GOING?	15
	4.1. Government Operating Expenses	16
	4.2. Sector Expenditure	18
5.	REVENUE VERSUS EXPENDITURE	19
	5.1. Domestic Revenue Versus Operating Expenses	20
	5.2. Total Revenue (Domestic + Grant) Versus Operating Expenses	21
	5.3. Financing the Budget.....	22
6.	TRANSPARENCY AND TIMELY PUBLICATION OF MONTHLY REVENUE.....	23
7.	RECOMMENDATIONS AND CONCLUSION	25



INTRODUCTION

01



Transparency and accountability in the management of tax revenues and government expenditure are fundamental principles of good governance. They ensure that government actions are open to scrutiny and public officials are answerable for their fiscal policies and the manner in which public funds are used.

Revenue and expenditure analysis plays crucial role in promoting transparency and accountability as it provides citizen with basic information that will contribute in building trust between the government and its citizens. When people can see where their tax money are going, they are more likely to trust that their government is acting in their best interests. This trust is essential for maintaining social cohesion and the legitimacy of the government. A government that is seen as trustworthy is also more likely to be effective because its citizens are more willing to comply with laws and regulations, including those related to tax payments.

In the Medium Term Revenue Strategy, government stated that by 2027 its domestic revenue will reach 20% of GDP. This a very good ambition that requires constant follow up by stakeholders including CSOs. It is against this backdrop, Budget Advocacy Network in partnership with Christian Aid is tracking the monthly domestic revenue collection as well as high level expenditure to provide updates to the citizen on the effort government is making to generate revenue and where the money is going.

Sierra Leone's current domestic revenue is defined by shocks from the lingering COVID-19 pandemic and spillovers of the war in Ukraine. 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 during COVID-19, led Sierra Leone to a contraction of -2.2% in economic growth. The country's real gross domestic product (GDP) grew by 4% in 2021 following the lifting of major COVID-19 restrictions and the performance of all the revenue streams except the Road User Charges. The economy relapsed again to 13.0% of GDP in 2022, in the aftermath of the Ukraine-Russia war. Despite the unpredictability of the global economy, the government is still determined to improve domestic revenue generation in a renewed commitment to hit a 20% revenue to GDP by 2027.

This analysis looks at the entire 2022 Fiscal Year and the period covering January to September 2023. Data used in the analysis is extracted from the Monthly Fiscal Reports published on the Ministry of Finance's website¹. This work examines the various revenue streams' contributions to the domestic revenue and calculates the revenue in terms of its percentage to the national Gross Domestic Product (GDP). The analyses compare the domestic revenue performance of 2022 to the period covering January to September 2023 in terms of trends in monthly and daily revenue outputs and also in terms of tax contribution to the country's GDP. The report compares total government revenue as against total expenditure.

1 <https://mof.gov.sl/fiscal-publication/>



REVENUE COLLECTION

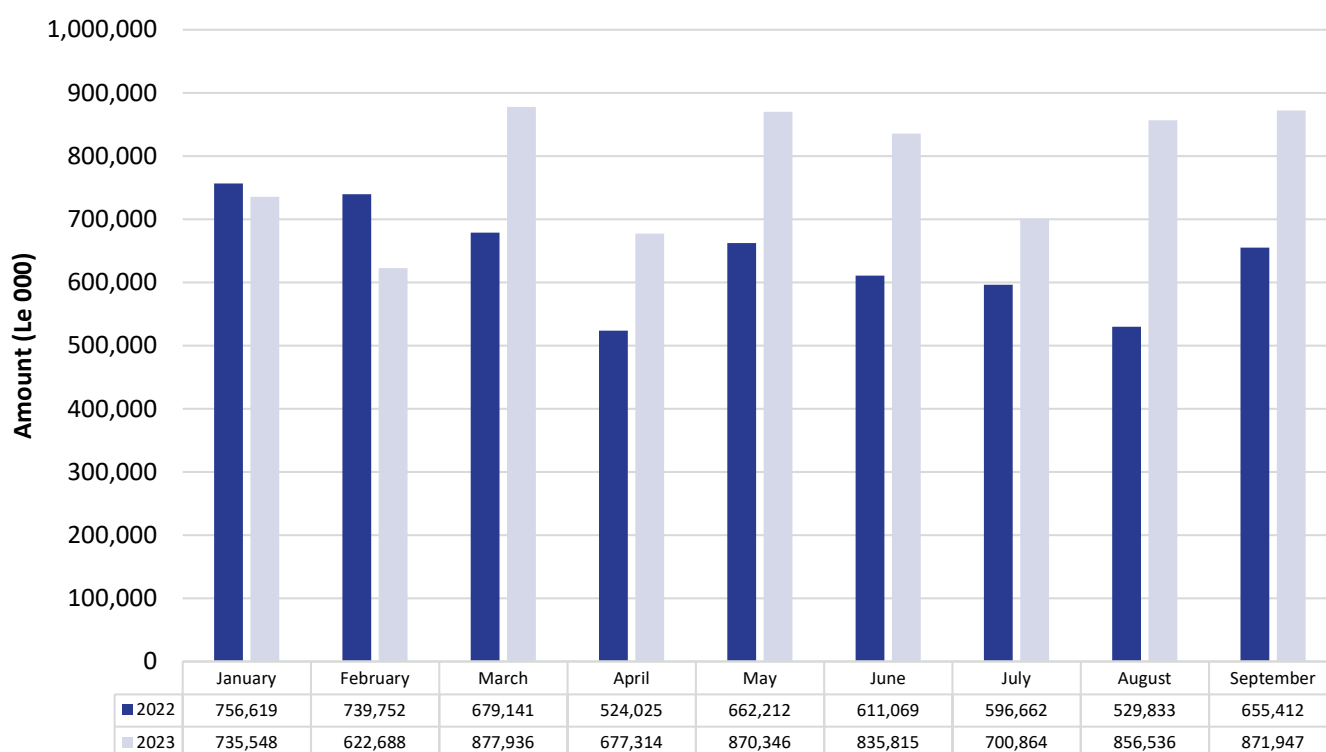
022



2.1. Month-by-Month Revenue Collection

The FY2023 domestic revenue, on a month-by-month basis, surpassed the FY2022 throughout from March to September except for the months of January and February in which revenues fell short of 2022 by NLe 21,071 and NLe117,065 respectively. The months of August, June and September, 2023 recorded the highest revenues over FY2022 by NLe326,703, NLe224,746 and NLe216,535 respectively. When the 9 months of revenue collection (January to September) are compared, FY 2023 revenues surpassed FY 2022 by NLe1.3 million (18%) as can be shown in table 1. January to September 2022 total revenue is NLe5,754,726 and January 2023 to September total revenue is NLe 7,048,994. Figure 1 below shows the details on a month-by-month basis.

Figure 1: Monthly Revenue Collection (January to September 2022 & 2023)



Source: Ministry of Finance – Accountant General’s Fiscal Report



Table 1: Comparing Monthly Revenue Collection (Jan- September 2022 &2023 -Le 000)

Monthly Revenue			
Months	2022 (NLe)	2023 (NLe)	Variance (NLe)
January	756,619	735,548	(21,071)
February	739,752	622,688	(117,065)
March	679,141	877,936	198,795
April	524,025	677,314	153,289
May	662,212	870,346	208,134
June	611,069	835,815	224,746
July	596,662	700,864	104,202
August	529,833	856,536	326,703
September	655,412	871,947	216,535
Total	5,754,726	7,048,994	1,294,268





2.2. Revenue Collection by sources (January to September 2023)

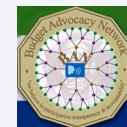
Table 2: Revenue Collection by Source (Jan- September 2023 -NLe 000)

Domestic Revenue Collection	Budget for the year (Jan 23 - Dec 23)	January	February	March	April	May	June	July	August	September	Total (Sept to Oct 2023)	% of revenue collection against the target
Taxes Income, Profits & Capital Gains	3,690,035	258,836	228,723	386,489	247,176	292,376	364,339	260,693	303,069	413,422	2,755,123	74.7%
Customs and Excise Income	470,112	8,896	17,415	14,370	26,482	14,650	11,292	24,886	22,961	10,734	151,686	32.3%
Goods and Services Tax	1,839,047	155,683	132,075	166,187	109,411	193,145	155,117	131,633	248,799	188,049	1,480,099	80.5%
Property Income	576,805	637	-	704	863	0	0	-	478	0	2,682	0.5%
Compulsory Licenses	197,753	2,645	845	2,058	438	353	438	222	2,925	4,496	14,420	7.3%
Tax Fees	105,109	5,720	4,148	5,288	41,552	4,915	3,113	4,259	9,855	7,160	86,010	81.8%
Taxes on International Trade & Transport.	1,092,238	101,848	75,362	93,725	89,483	134,025	112,492	113,434	103,283	122,536	946,188	86.6%
Admin. Fees & Charges, Incidental Sale	284,241	7,106	6,347	3,404	4,786	10,618	7,207	4,059	4,038	2,515	50,080	17.6%
Other Non-Tax Revenue	92,480	68,509	71,410	101,559	71,553	87,464	80,786	55,030	67,066	45,213	648,590	701.3%
TSA	997,547	125,668	86,363	104,152	85,570	132,800	101,031	106,648	94,062	77,822	914,116	91.6%
Total Domestic Revenue	9,345,367	735,549	622,688	877,936	677,315	870,345	835,816	700,864	856,536	871,947	7,048,994	75.4%

Source: Ministry of Finance – Accountant General's Department

Table 2 above indicates the performance of all the revenue streams in the fiscal year 2023 covering the period January to September. This period has so far recorded 75.4% of the domestic revenue collected from the initial target.

This shows that the NRA was on track to hit their 2023 initial target.



When compared with the revised target, as per the supplementary budget², which is **NLe10,561,559**, the NRA has collected **66.7%** from January to September 2023. With this, the NRA will need to collect on average, **NLe1,170,855** every month from October to December to be able to hit the revised target **without which the NRA may not hit their revised domestic revenue target for FY2023**. In terms of the revenue streams, the Non-Tax Revenue stream is leading with 701.3% of its initial target collected, the Treasury Single Account follows with 91.6% and Taxes on International Trade and Transport is contributing 86.6% in the pecking order. However, Property Income (0.5%) and Compulsory Licenses (7.3%) revenue streams so far have been the least-performing revenue streams for the period under review.

2.3. Daily Monthly Collection

Table 3: Average Daily Revenue Collection (NLe 000)

2022									
	January	February	March	April	May	June	July	August	September
Total Domestic Revenue	756,619	739,752	679,141	524,025	662,212	611,069	596,662	529,833	655,412
Number of working days	20	19	22	18	20	22	20	23	22
Average revenue per day	37,831	38,934	30,870	29,112	33,111	27,776	29,833	23,036	29,791
2023									
	January	February	March	April	May	June	July	August	September
Total Domestic Revenue	735,549	622,688	877,936	677,315	870,345	835,816	700,864	856,536	871,947
Number of working days	21	19	22	17	22	21	21	23	20
Average revenue per day	35,026	32,773	39,906	39,842	39,561	39,801	33,374	37,241	43,597

Source: Ministry of Finance – Accountant General’s Fiscal Report

On average, in 2022, February **recorded the highest daily revenue collection with NLe38,934**, with only 19 days of revenue collection; followed by May and March, with daily revenue collections of NLe 33,111 and

² <https://mof.gov.sl/documents/supplementary-budget-speech-july-2023/>



NLe30,870 and 20 and 18 days of daily revenue collections, respectively. Compared to 2023, **September recorded the highest daily revenue collection with NLe43,597**, for a total of 20 working days. This is followed by March, 22 working days; April, 17 working days; June, 21 working days; and May, 21 working days; with total daily revenues of NLe39,906, NLe39,842, NLe39,801, and NLe39,561 respectively.

2.4. Revenue Collection as a Percentage of GDP

Table 4: Revenue collection as a percentage of GDP

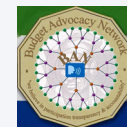
2022									
	January	February	March	April	May	June	July	August	September
Domestic revenue	756,619	739,752	679,141	524,025	662,212	611,069	596,662	529,833	655,412
GDP	50,662,000	50,662,000	50,662,000	50,662,000	50,662,000	50,662,000	50,662,000	50,662,000	50,662,000
% of GDP	1.49%	1.46%	1.34%	1.03%	1.31%	1.21%	1.18%	1.05%	1.29%
2023									
	January	February	March	April	May	June	July	August	September
Domestic revenue	735,549	622,688	877,936	677,315	870,345	835,816	700,864	856,536	871,947
GDP	74,733,300	74,733,300	74,733,300	74,733,300	74,733,300	74,733,300	74,733,300	74,733,300	74,733,300
% of GDP	1.00%	0.80%	1.20%	0.90%	1.20%	1.10%	0.90%	1.10%	1.20%

Source: Ministry of Finance – Accountant General’s Fiscal Report

The total revenue collected from January to September 2022 was 5,754,726 which represents 11.36% of GDP. For 2023, the revenue to GDP from January to September, using the initial target was 9.43%. Using the revised target (14.1% of GDP), NRA needs to collect 4.67% of GDP from October to December 2023.

If the same revenue collection trend continues, the NRA will hit the initial domestic revenue to GDP target (12.5%) but not the revised target stated in the supplementary budget for 2023.

Table 5 presents a progress status in the initial domestic revenue target. FY2023 initial revenue target was NLe9,345,367. So far, NLe 7,048,994 (75%) has been collected from January to September 2023.



For the National Revenue Authority (NRA) to hit the revised target in October-December 2023, they need to collect NLe2,296,373 (25%), which is very likely based on the trend.

See Table 3 below for details of the various revenue streams contributions to the domestic revenue in 2023.

Table 5: Initial Target vs Revenue Collected so far (NLe 000)

Revenue Source	2023 Target (Jan – Dec 2023)	2023 collection so far (Jan- Sept 2023)	Remaining revenue to be collected (Oct – Dec 2023)	% collection as against target
Taxes Income, Profits & Capital Gains	3,690,035	2,755,123	934,912	75%
Customs and Excise Income	470,112	151,686	318,426	32%
Goods and Services Tax	1,839,047	1,480,099	358,948	80%
Property Income	576,805	2,682	574,123	0%
Compulsory Licenses	197,753	14,420	183,333	7%
Tax Fees	105,109	86,010	19,099	82%
Taxes on International Trade & Transport.	1,092,238	946,188	146,050	87%
Admin. Fees & Charges, Incidental Sale	284,241	50,080	234,161	18%
Other Non-Tax Revenue	92,480	648,590	556,110	701%
TSA	997,547	914,116	83,431	92%
Total	9,345,367	7,048,994	2,296,373	75%

Source: Ministry of Finance – Accountant General’s Fiscal Report



GRANT

03

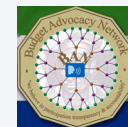


Table 6: Trend in Grant (Jan – Sept) – 2022 & 2023

Month	2022	2023
January	4,326	3,406
February	22	-
March	-	5,439
April	15	5,935
May	4,385	55
June	547,460	996
July	2,321	3,498
August	6	460,954
September	3,781	-
Total	562,316	480,283

Source: Ministry of Finance – Accountant General’s Fiscal Report

The grants initial target for the fiscal year 2023 is NL3,804,319.

However, only NLe 480,283 grants has been received from January to September 2023, which is 12.6% of the initial target as shown in table 6.

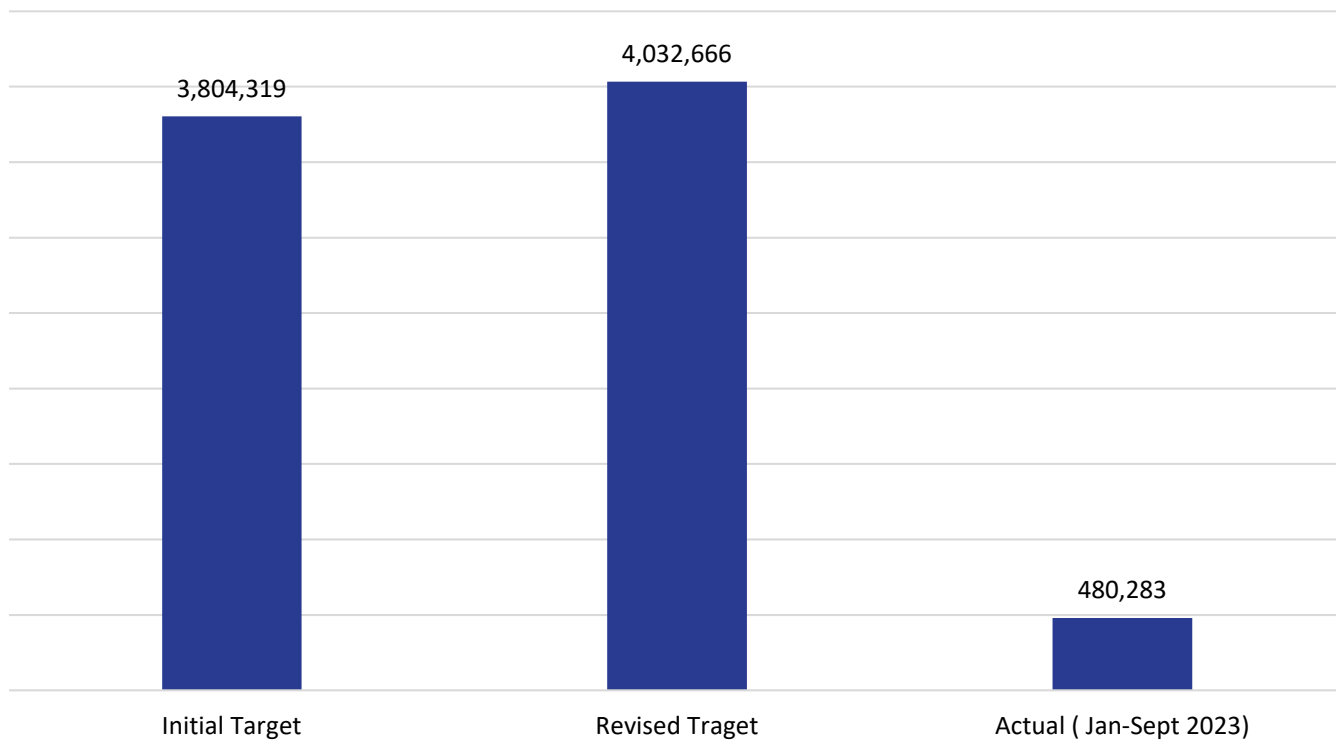
When compared with the revised target, the total grants received from January to September 2023 is 11.9%. The total grant receipt for FY2022 for the same period was **NLe 562,316**. This exceeds the total grants received in FY2023 by NLe82,033.30 (15%).

Moreover, the in-year grant receipt has been minimal as Sierra Leone needs 87.4% more grants to meet the yearly initial target but will need 88.1% to meet the revised target.

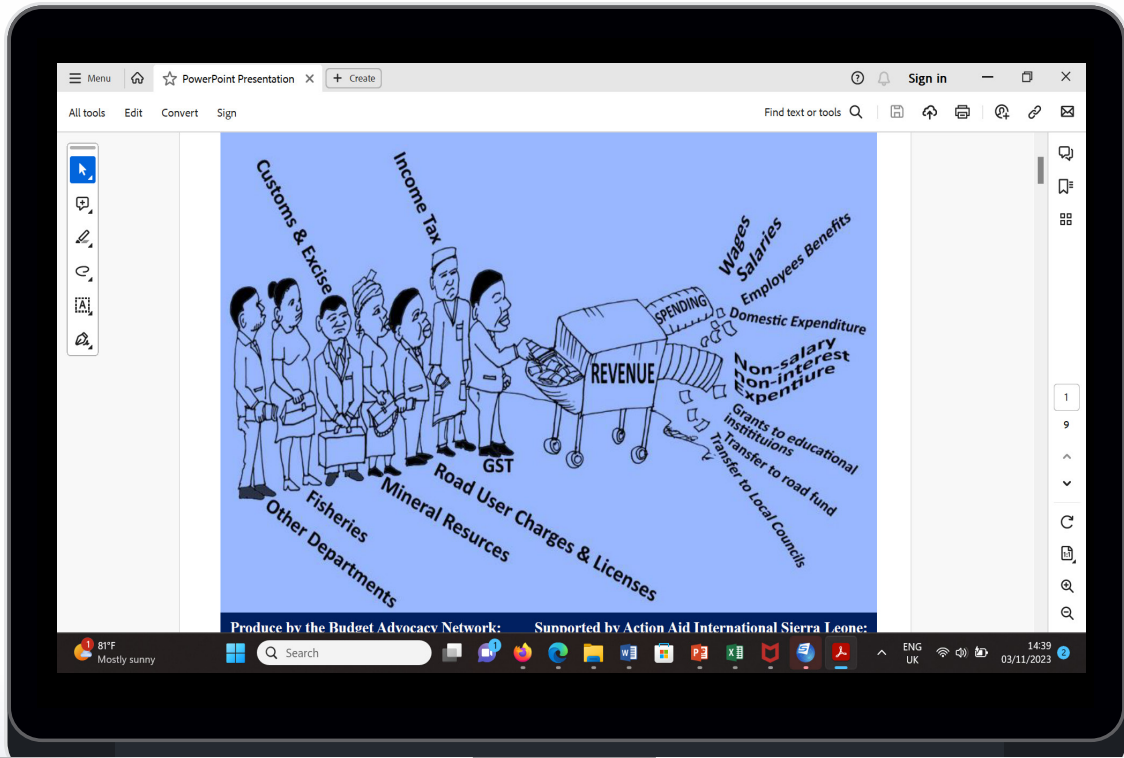


Figure 2 shows the initial, revised, and actual (January to September 2023).

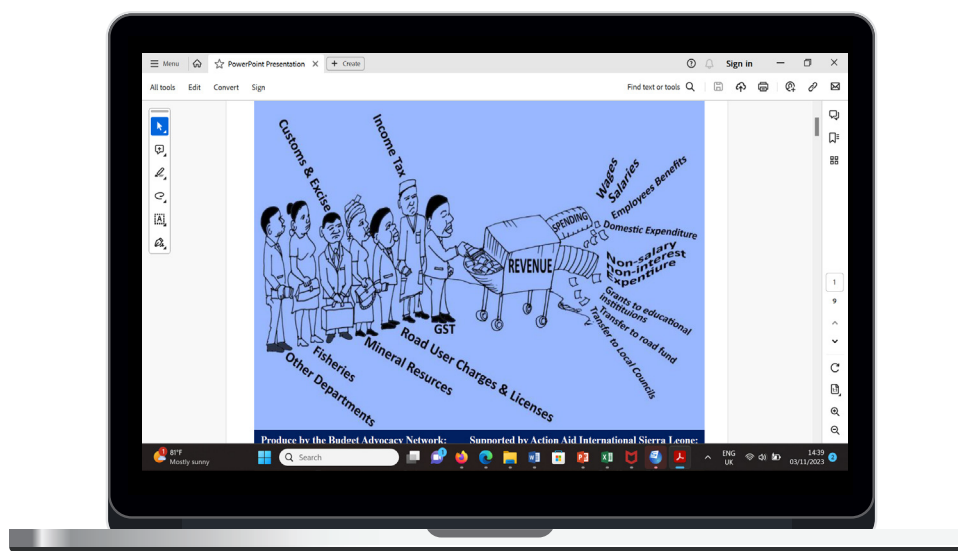
Figure 2: Initial, Revised and Actual Grant Received (Jan- Sept 2023)



Source: Ministry of Finance – Accountant General’s Fiscal Report 4.0



**EXPENDITURE – WHERE
THE MONEY IS GOING?**

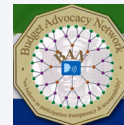


4.1. Government Operating Expenses

Table 7: Target vs Expenditure (Jan-Sept 2023 – NLe 000)

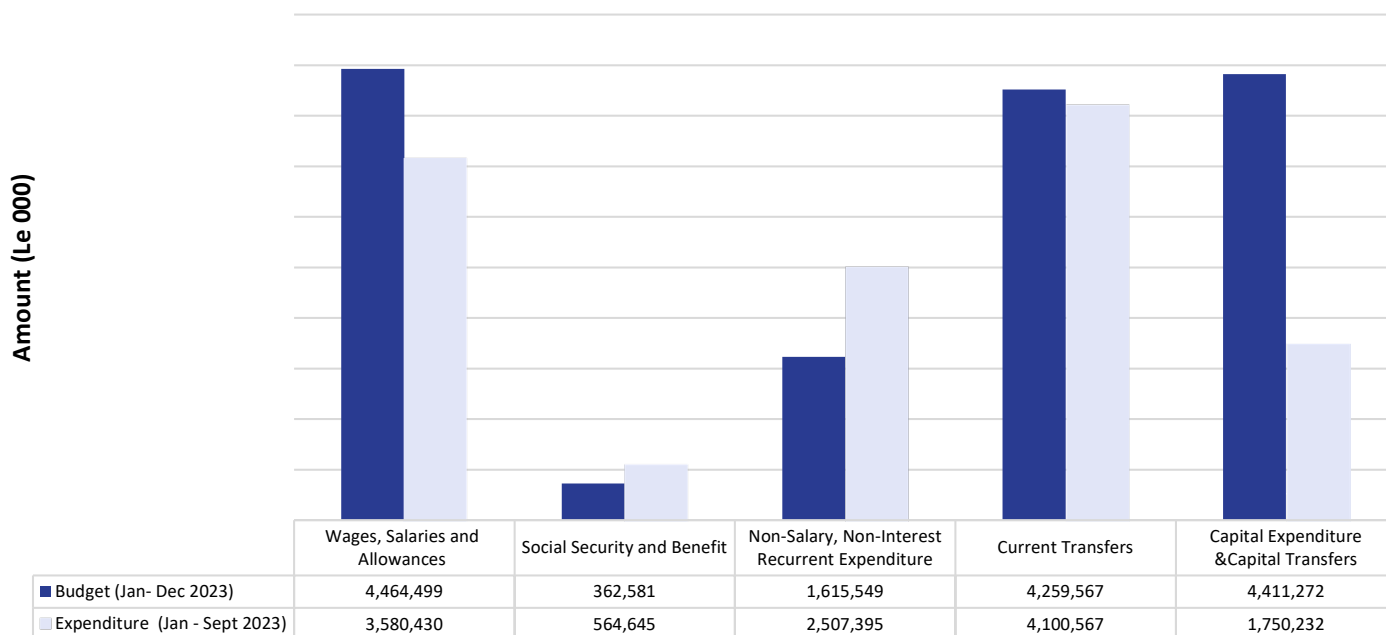
Details	Budget (Jan - Dec 2023)	Expenditure (Jan - Sept)
Wages, Salaries and Allowances	4,464,499	3,580,430
Social Security and Benefit	362,581	564,645
Non-Salary, Non-Interest Recurrent Expenditure	1,615,549	2,507,395
Current Transfers	4,259,567	4,100,567
of which: Transfers to Tertiary Educational Institutions	80,906	33,603
Transfer to Local Council	100,000	2,491
Transfer to Road Fund	197,938	163,845
TSA Expenditure	641,211	943,775
National Revenue Authority	246,166	163,030
Domestic Interest	2,228,000	1,891,176
Capital Expenditure & Capital Transfers	4,411,272	1,750,232
Of which: Foreign Interest	220,900	134,293
Total Operating Expenses	15,113,468	12,503,269

Source: Ministry of Finance – Accountant General’s Fiscal Report



The 2023 initial Appropriation Act approves the sum of NLe 15.1 billion for expenditure. As at September 2023, the government’s total operating expenses is NLe12.5 billion as shown in table 7, while the revised expenditure was NLe 18,556,470. If the government spends NLe 2,610,199 in the remaining period, (October-December) they will match the initial approved expenditure for FY2023 from the macro perspective. With the revised expenditure, the government would need to spend NLe6 billion from October to December. Meanwhile, the area in which the government spent more resources is in Current Transfers (NLe4,100,567). This expenditure line entails transfers to the Tertiary Educational Institutions; Local Councils; Road Fund; the Treasury Single Account Expenditure; the National Revenue Authority’s expenditure and Domestic Interest. Wages and Salaries (3,580,430) and Non-Salary Non-Interest Recurrent (NLe 2,507,395) were the second and third expenditure lines in the pecking order. Figure 4 below illustrates the budget and actual expenditure (January to September 2023)

Figure 3: Budgeted Operating Expenses Vs Expenditure so far (Jan – Sept 2023)



Source: Ministry of Finance – Accountant General’s Fiscal Report



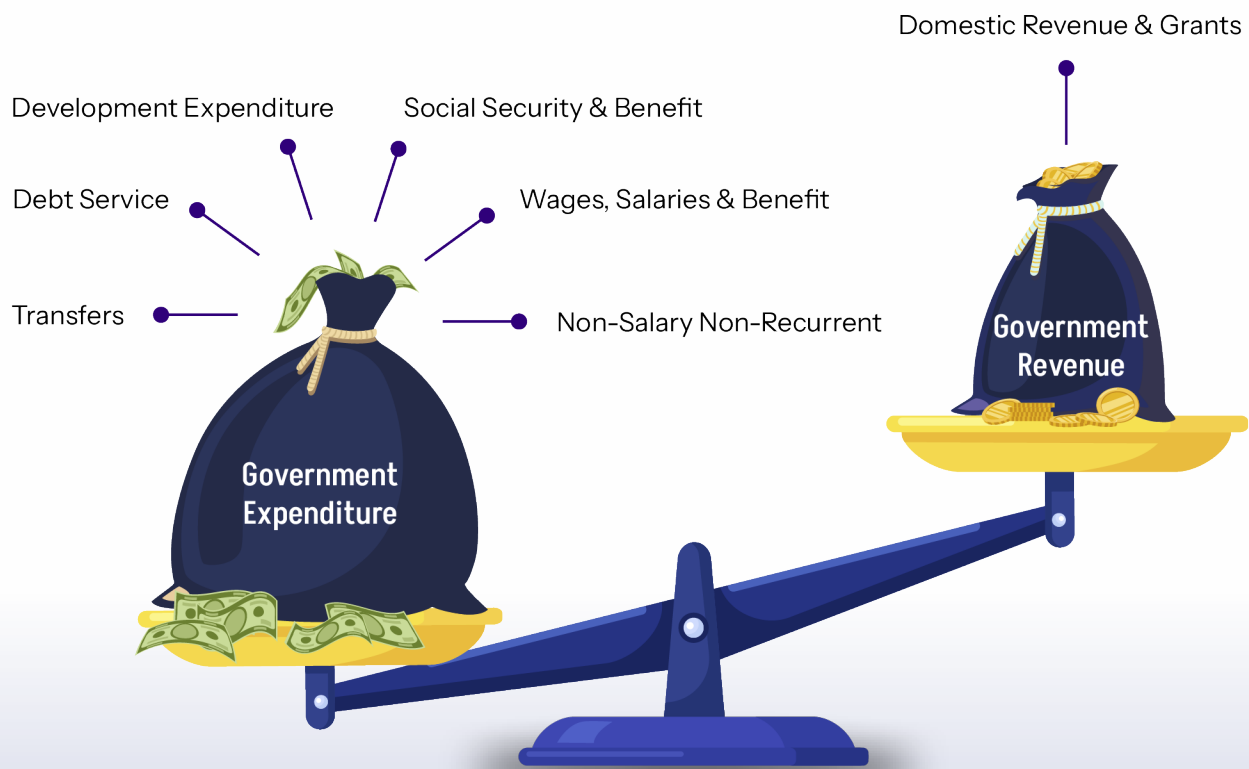
4.2. Sector Expenditure

Table 8: Expenditure by Sectors (January to September 2023)

Government Services	January	February	March	April	May	June	July	August	September	Total (Jan - Sept 2023)	% of the total
Education Services	98,057	171,649	170,873	176,797	178,428	99,619	143,551	199,131	319,868	1,557,973	14.3%
Health Services	52,269	66,795	68,989	74,066	74,587	64,616	81,825	80,732	80,365	644,244	5.9%
Social Security and Welfare	27,450	25,012	37,386	63,418	96,481	24,893	92,380	83,044	62,991	513,055	4.7%
Defense	25,369	46,130	45,275	32,586	151,553	29,677	61,253	14,136	93,189	499,168	4.6%
Public Order and Safety	53,338	89,936	97,801	89,622	222,622	76,339	84,675	136,462	226,025	1,076,820	9.9%
Recreation, Culture and Safety	1,416	2,230	2,219	3,121	5,202	2,292	3,331	1,556	3,611	24,978	0.2%
Housing Communities Amenities	560	545	541	594	569	1,001	1,164	1,444	682	7,100	0.1%
Environmental Protection	5,489	4,023	4,023	5,311	6,896	10,513	10,936	11,915	4,404	63,510	0.6%
Economic Affairs	88,504	310,943	439,945	111,605	479,771	300,346	514,091	188,555	327,899	2,761,660	25.4%
General Public Services	226,813	673,498	678,717	327,562	444,894	273,286	411,376	318,109	362,711	3,716,966	34.2%
Total Payments/ Expenditure	579,265	1,390,761	1,545,770	884,682	1,661,003	882,582	1,404,582	1,035,084	1,481,745	10,865,474	

Source: Ministry of Finance – Accountant General’s Fiscal Report

In terms of sector expenditure, General Public Services (34.2%), Economic Affairs (25.4%), and Education Services (14%), recorded higher expenditures relative to other lines of expenditure for the period January to September, 2023 as shown in table 8. Housing Communities Amenities, Recreation, Culture and Safety and Environmental Protection are the least expenditure areas with 0.1%, 0.2% and 0.6% respectively.

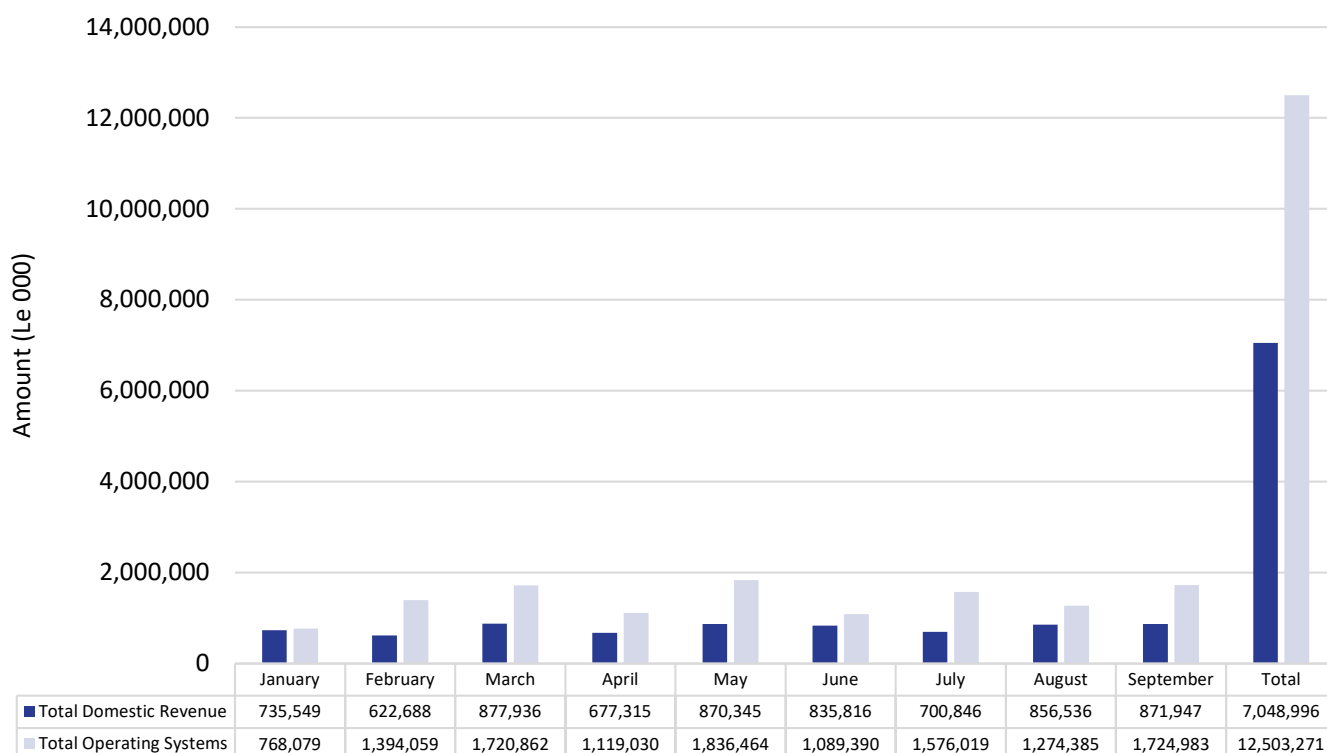


REVENUE VERSUS EXPENDITURE



5.1. Domestic Revenue Versus Operating Expenses

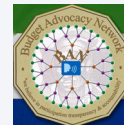
Figure 4: Total Domestic Revenue Vs Total Operating Expenses-(Jan- Sept 2022)



Source: Ministry of Finance – Accountant General’s Fiscal Report

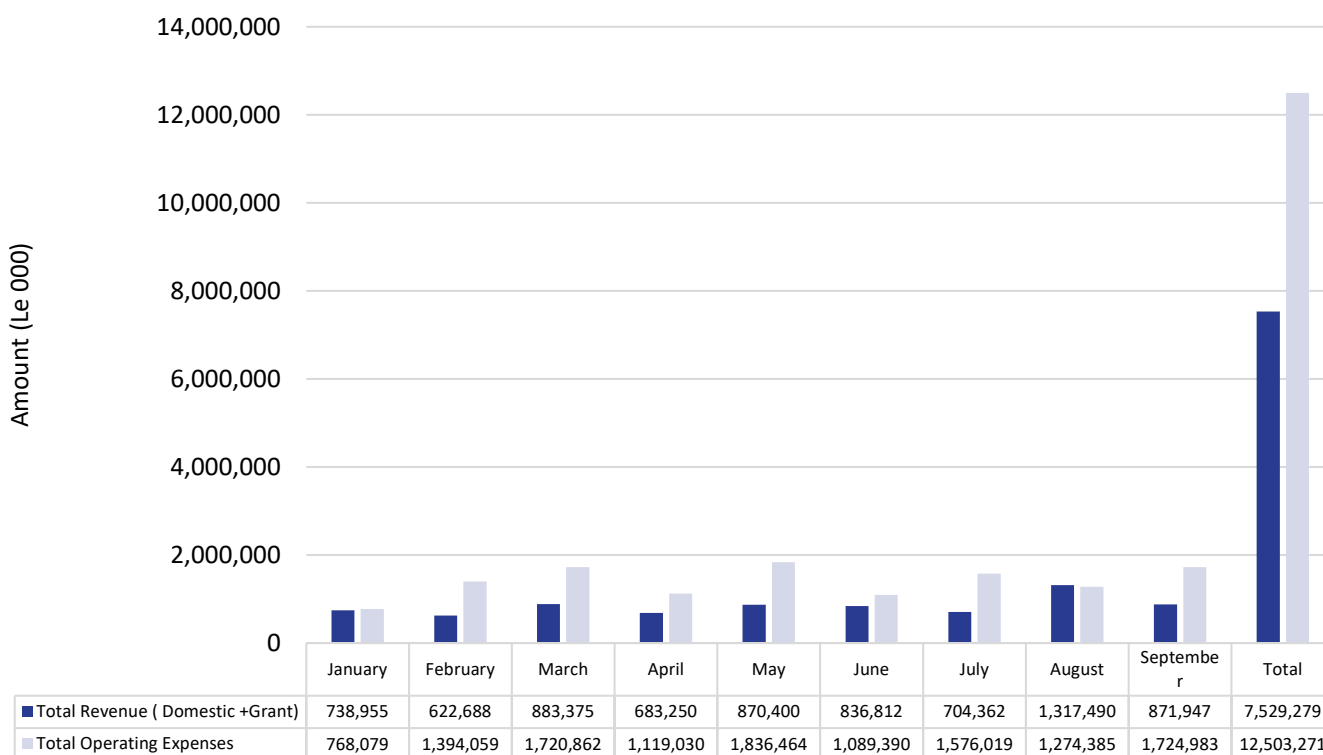
Throughout the months of January to September, the total operating expenses exceed the total revenue as shown in figure 4. The total operating expenses for the period January to December is NLe 12,503,271.

This is more than the total revenue generated for the same period by NLe 5,454,275. The gap between the domestic revenue collected and the total operating expenses is 77% of the total revenue collected from January to September 2023.



5.2. Total Revenue (Domestic + Grant) Versus Operating Expenses

Figure 5: Total Revenue (Domestic +Grant) Vs Total Operating Expenses – (Jan – Sept 2022- NLe 000)



Source: Ministry of Finance – Accountant General’s Fiscal Report

Even with grants, (though minimal) the total operating expenses is more than the total revenue by NLe4,973,992 as shown in figure 5.



5.3. Financing the Budget

In a bid to cover the excess expenditure above revenue, the government normally uses various financing methods, which are long, short-term domestic debt, and other financing mechanisms. The short term includes ways and means and treasury bills. Other financing mechanisms include loan amortization, cheque payable and others. From January to September 2023. Total financing by the Government of Sierra Leone is NLe 3,623,832. July and March 2023, were the highest in terms of financing as shown in Table 9.

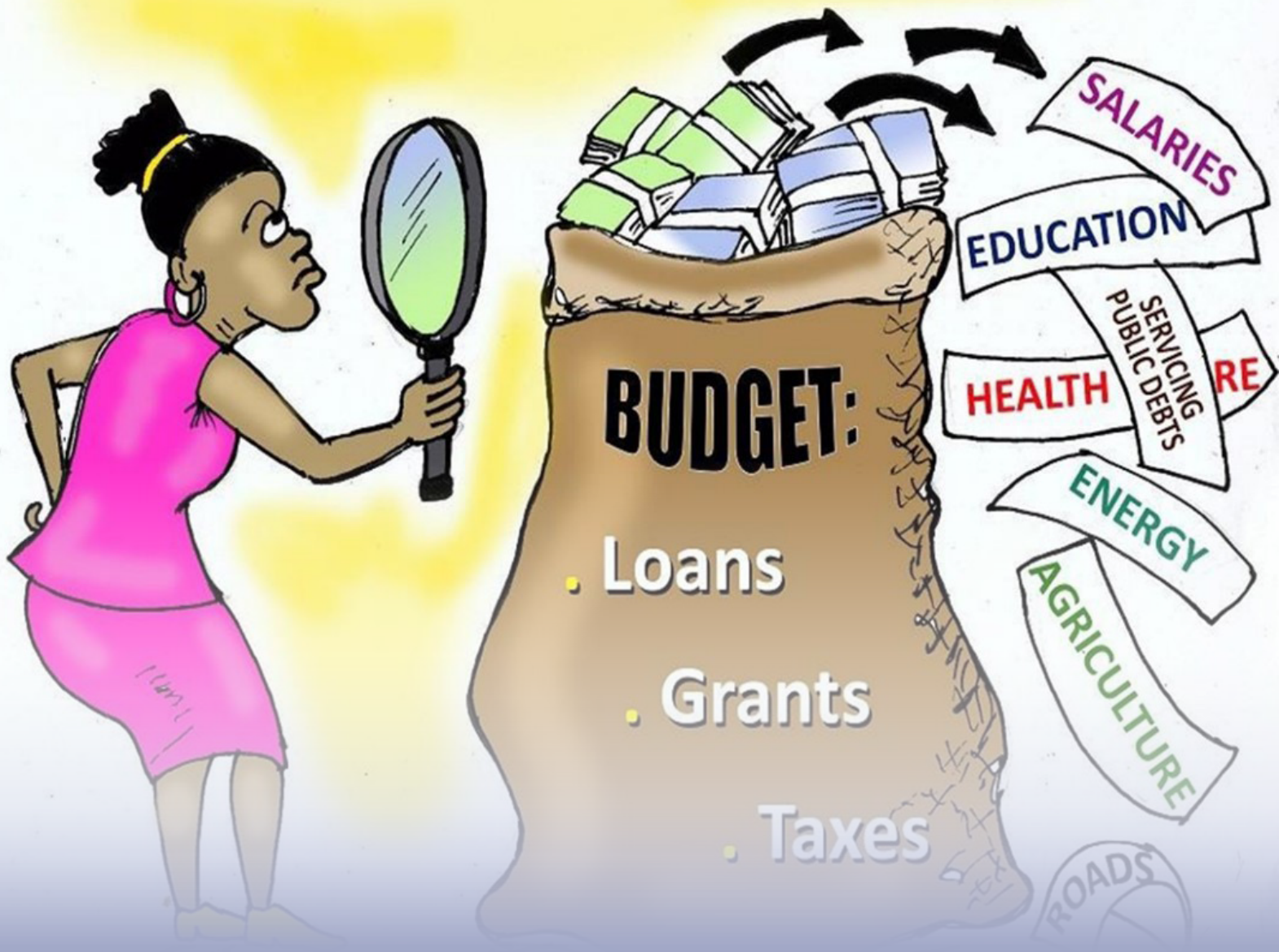
Table 9: Financing (Jan- Sept 2023- NLe 000)

Month	Amount
January	76,316
February	81,862
March	895,696
April	494,509
May	511,762
June	(57,336)
July	919,026
August	228,885
September	473,112
Total	3,623,832

Source: Ministry of Finance – Accountant General’s Fiscal Report

In conclusion, the sum total of the combination of domestic revenue, grants and the various financing mechanisms from January to September, is still not enough to cover the total operating system for the same period. For the period January to September, the total income (domestic revenue, grant, financing mechanism) is NLe11,153,111; while the total operating system is NLe 12,503, 271.

This means that the government’s balance from January to September was negative by NLe 1,350,160.



TRANSPARENCY AND TIMELY PUBLICATION OF MONTHLY REVENUE



Section 66(1) of the 2016 Public Financial Management Act state that...

Every month, the Accountant-General shall prepare and publish in the Gazette and the website of the Ministry a monthly statement of the Consolidated Fund which includes the actual revenues and expenditures of the Consolidated Fund and any other information as may be deemed appropriate by the Accountant-General

and the section 217 (2) of the regulations state when exactly it should be publish

A monthly statement of the Consolidated Fund shall be published in the Official Gazette and on the website of the Ministry within one month after the end of each month.

The table below shows how the Accountant General has adhered to these provisions.

Key for status

Produced and published on time	
Produced but published late	
Not produced	

Table 10: Status of publication of fiscal statements

Month (2023)	Date Published	Status	Website link
January 2023	28th February 2023		https://mof.gov.si/fiscal-publication/
February 2023	28th March 2023		
March 2023	26th April 2023		
April 2023	25th May 2023		
May 2023	25th June 2023		
June 2023	21st July 2023		
July 2023	25th August 2023		
August 2023	20th September 2023		
September 2023	27th October 2023		

The January to September 2023 fiscal reports has been produced and published on time by the Accountant General's Department as stated in the 2026 PFM Act and its 2018 Regulations.



RECOMMENDATIONS AND CONCLUSION



EXPENDITURE

Since government expenditure is more than the total revenue, there is a need to rationalize government expenses and implement measures that would reduce cost:

Expenditure Reviews: Conduct routine and comprehensive assessments of all government agencies and programmes to locate areas of inefficiency, duplication, and waste.

Implement E-Government -The digitization of governmental services may result in financial savings, the reduction of administrative burdens, and an increase in the effectiveness of service delivery.

Limit Recurrent Expenditure: This includes, salaries, allowances, and other running costs. While it's important to pay public servants fairly, governments need to ensure that the wage bill is sustainable.

REDUCE OVERSEAS TRAVELING BY:

Implementing Transparent Travel Policies: Governments should have clear and stringent policies on who gets to travel, for what purpose, and how often. This can curb unnecessary travel.

Cost-Benefit Analysis: Before approving any overseas travel, a comprehensive cost-benefit analysis should be conducted to ascertain if the benefits of the trip outweigh the costs. If they don't, alternatives should be considered.

Centralized Travel Management: Centralizing travel management can lead to better monitoring and control of overseas trips. A single entity responsible for all government-related travel can oversee the travel requests, ensuring they are necessary and within the budget.





REVENUE

Domestic revenue is the sustainable means of providing essential needs for citizens, which is why the government must broaden its tax base to harness its revenue potential in a transparent and accountable manner. The following are suggestions to increase domestic revenue

Improve property tax collection –by collaborating with other institutions like the Freetown City Council in the case of Freetown

Digital tax system –continue to invest in the modernization of tax administration systems, including digital platforms, to make tax payment easier and more transparent

Build Trust in Government: If citizens believe their tax money is used effectively and efficiently, they are more likely to pay taxes.

- Enhance public financial management.
- Engage in regular communication about how tax revenues are used.

The mobilization and effective use of domestic resources are central to the pursuit of the 16 sustainable development goals. Expenditure rationalization and a proper tax system are powerful tools that would help finance the government's development projects nationwide. Adequate domestic revenue and good fiscal policies can play pivotal roles in reducing inequalities to be able to promote positive and sustainable development strides for which tax revenues are vital to finance public service delivery.

Improving taxation requires the political will to adopt the right mix of policies, and to develop the administrative capacity to be able to implement them. The need for enhanced domestic actions to improve taxation has been well recognized for decades and received a significant boost from the adoption of the Addis Agenda of the SDGs.

Over and above, the government should try to decrease the big difference between operating expenses and domestic revenue. Much as they will do, this should, however, not affect the spending on social sectors as the citizens need these services now more than ever

