

## 1. INTRODUCTION

1. The new Public Financial Management (PFM) Act 2016 was enacted by Parliament on the 31<sup>st</sup> of May 2016, replacing the Government Budgeting and Accountability Act (GBBA) 2005. The accompanying Public Financial Management Regulations were also enacted by Parliament in 2017. The PFM Act, 2016 requires a new Government to prepare a Fiscal Strategy Statement in which it should indicate its fiscal objectives for the next five years. In particular, section 21 (1) of the PFM Act, 2016 states that “***When an election to the Office of the President of the Republic of Sierra Leone has taken place, the new Cabinet shall, based on the principles of responsible financial management, specify in its first Fiscal Strategy Statement, the fiscal objectives to be applied in the next five years*** “. Hence, the preparation of the Fiscal Strategy Statement (FSS) for 2019 to 2023 is in compliance with Section 21(1) of the Public Financial Management (PFM Act), 2016. The FSS should be submitted to Cabinet for approval and subsequently laid in Parliament for information only.
2. Sections 22 (1, 2 and 3) describe the content of the Fiscal Strategy Statement, which should include Government’s fiscal objectives, macroeconomic and fiscal forecasts for the next five years as well as an assessment of the fiscal risks likely to be faced by Government during budget implementation in the next five years.
3. Section 23 (1) of the same Act also states that, the Minister of Finance should subsequently prepare Annual Fiscal Strategy statements for approval by Cabinet and for the information of Parliament. On the basis of this section, the former Ministry of Finance and Economic Development prepared Annual Fiscal Strategy Statements for the Financial Years 2017 and 2018 in order to develop the practice and guide the preparation of the FSS for a new Government.
4. Taking into consideration the provisions of sections 20, 21, 22 and 23 of the PFM Act 2016, the FSS is structured as follows. Following the introduction, Section 2 presents the Government’s fiscal objectives. Section 3 provides an overview of recent global and domestic macroeconomic developments as well as the medium-term macro-fiscal forecasts (2018-2023) and underlying assumptions. Section 4 reviews fiscal developments during 2016-2018 and sets out Government’s fiscal policy for the medium-term. This section also presents the medium-term fiscal forecasts (revenue and expenditure) and discusses the revenue enhancing and expenditure management measures for the medium-term. Section 5 presents the Medium-Term Expenditure Framework detailing expenditure ceilings for the key MDAs, both for recurrent and domestic capital for the medium-term. Finally, section 6 presents the fiscal risks statement, which describes the macroeconomic, fiscal and policy risks to the achievements of the fiscal objectives specified. The section also presents an analysis of these risks on budget implementation during the period. The section ends with a description of the proposed measures for mitigating the fiscal risks.