

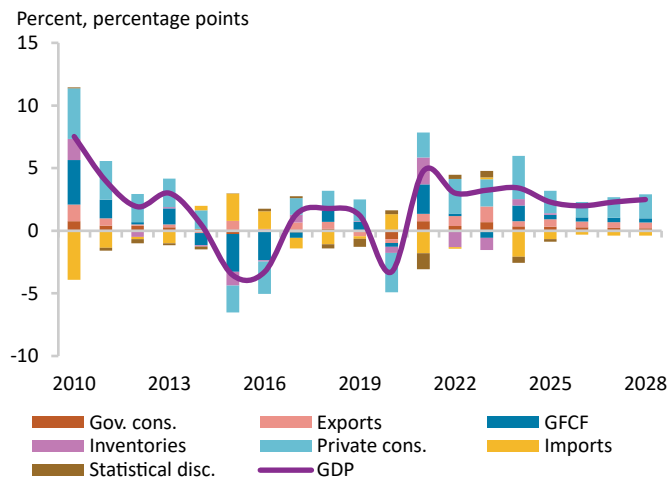
SIERRA LEONE

Sierra Leone's economy expanded modestly in 2025, underpinned by tighter monetary and fiscal policies. Sustained progress will depend on continued fiscal consolidation, prudent debt management, and institutional reforms to strengthen public financial management, governance and improve the investment climate. While extreme poverty remains widespread, it is expected to decrease as inflation eases, reducing cost-of-living pressures on households.

Key conditions and challenges

Sierra Leone's economy is gradually stabilizing, supported by a mix of tighter fiscal and monetary policies. The currency has been broadly stable, inflation has eased to single digits, contributing to reductions in food insecurity and extreme poverty. However, significant vulnerabilities remain—high debt-service pressures, a narrow revenue base, critically low foreign reserves, and a pronounced sovereign-bank nexus that crowds out private credit and jobs. Growth remains volatile and concentrated in mining and agriculture, leaving the economy exposed to shocks. Despite declining in 2025, poverty remains widespread, mainly due to limited jobs, weak social protection and low human capital. Continued stabilization and the rebuilding of policy buffers, together with a focus on addressing governance challenges (weak institutions, oversight and accountability), raising agricultural and overall productivity, strengthening human capital, and improving the business environment are vital for sustained growth, poverty reduction, diversification, and better jobs.

FIGURE 1 / Real GDP growth and contributions to real GDP growth



Sources: Statistics Sierra Leone and World Bank.

Population ¹ million	Poverty ² millions living on less than \$3.00/day
8.8	3.1
Life expectancy at birth ³ years	School enrollment ⁴ primary (% gross)
61.8	162.1
GDP ⁵ current US\$, billion	GDP per capita ⁶ current US\$
7.2	814.6

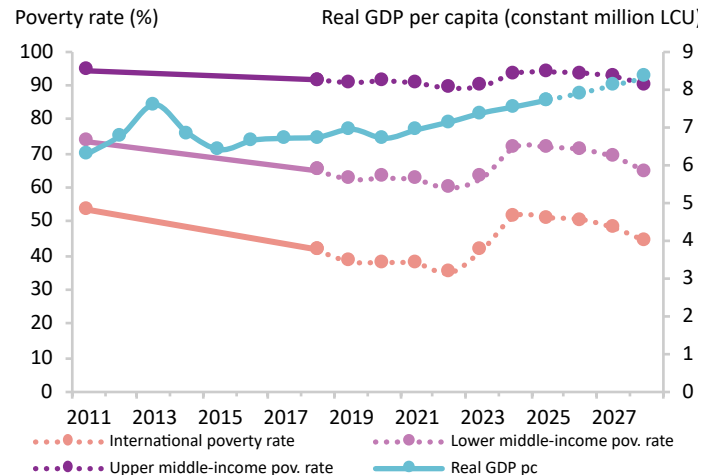
Sources: WDI, MFM, and official data. 1/ 2025. 2/ 2018 (2021 PPPs). 3/ 2023. 4/ 2024. 5/ 2025. 6/ 2025.

Recent developments

Sierra Leone's economy grew modestly in 2025, with real GDP up by an estimated 4.5 percent year-on-year, slightly higher than 4.4 percent in 2024. Growth was supported by robust agriculture—underpinned by the Feed Salone program—and a pickup in services growth, particularly retail and wholesale trade, which more than offset weaker industry, notably mining. While bauxite and iron ore output remained resilient despite lower global prices, overall mining activity softened due to reduced gold, rutile, and diamond production, compounded by the closure of the Koidu Holdings diamond mine in May 2025. On the demand side, private investment drove growth, and household consumption strengthened with lower inflation, partially offsetting reduced government consumption amid fiscal consolidation.

As inflation fell to single digits—reaching a multi-decade low of 4.3 percent in December 2025—supported by a stable currency, moderating reserve money growth, stronger domestic food production, and lower international food and energy prices, the monetary policy rate was consequently reduced by a cumulative 8 percentage points over the year to 16.8 percent. However, inflation rose to 8.1

FIGURE 2 / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: See footnotes in table on the next page.

in February 2026, reflecting earlier impact of pump price increase in January. Extreme poverty declined modestly, from 51.4 percent in 2024 to 50.9 percent in 2025, reflecting the sharp reduction in inflation, improved agricultural productivity, and services sector expansion. Soaring prices may intensify food insecurity, particularly among the poor and vulnerable households as poverty is projected to rise to 51.2 percent by 2026.

The fiscal deficit narrowed to 4.3 percent of GDP in 2025, down from 5.1 percent in 2024 while a primary surplus of 0.5 percent of GDP was achieved, versus a primary deficit of 2.1 percent in 2024. Revenues increased to 13.2 percent of GDP (including grants), supported by stronger compliance, while spending was restrained, particularly on domestic capital, subsidies and transfers. However, these improvements were accompanied by the accumulation of arrears to domestic suppliers and Independent Power Producers (IPPs). The public energy utility's arrears to IPPs rose from US\$98 million to US\$132 million in 2025. Debt-service costs exceeded 100 percent of revenue, reflecting elevated interest payments and tight liquidity conditions. Domestic borrowing costs declined sharply—from 41 percent in 2024 to about 15–17 percent in 2025, amid the fall in inflation and reduced borrowing appetite. Credit to the private sector expanded by 49 percent (y/y) in 2025.

The current account deficit (CAD) narrowed significantly to an estimated 7.7 percent of GDP in 2025, reflecting slower import growth and fiscal consolidation. Exports were supported by cocoa and iron ore. Gross international reserves increased from US\$345 million in 2024 to US\$412 million in 2025, buoyed by International Monetary Fund disbursements and US\$85 million

in foreign exchange-bond purchases; however, import cover remains critically low at 1.7 months.

Outlook

Growth in 2026 is projected to slow to 4.0 percent due to higher energy and fertilizer costs amid ongoing conflict in the Middle East, but is projected to rebound to 4.7 percent in 2027, driven by industry, higher agricultural productivity, and resilient services. A temporary softening in growth is expected in 2028 amidst election-related uncertainties. Inflation is projected to pick up to an average 10.4 percent in 2026 as the conflict in the Middle East drives up freight costs, fertilizer and oil prices—the oil price surge has led to an increase in domestic pump prices by over 23 percent by April 2026, in addition to the 14 percent increase in January. Higher fuel costs may increase inflationary expectations and amplify cost-of-living pressures on households in the near term. However, poverty is projected to decline to 44.8 percent by 2028, as ongoing efforts to boost agricultural productivity, human capital, and targeted social protection continue. The current account deficit is expected to widen in 2026 and 2027 with rising import bills, in part due to the conflict in the Middle East. The outlook is predicated on a sustained fiscal consolidation which requires strengthening of tax policy and administration—alongside stronger public financial management, energy, and procurement reforms. Public debt-to-GDP is projected to decline due to faster nominal GDP growth and measures to contain borrowing costs, reduce arrears, extend maturities, and prioritize grants and concessional financing.

Recent history and projections

	2023	2024	2025e	2026f	2027f	2028f
Real GDP growth, at constant market prices	5.7	4.4	4.5	4.0	4.7	4.6
Private consumption	2.2	-13.8	4.0	3.2	3.9	4.1
Government consumption	0.5	6.8	3.2	2.5	2.8	3.2
Gross fixed capital investment	12.8	18.7	19.7	18.8	17.7	13.6
Exports, goods and services	7.0	124.4	8.3	9.5	13.1	13.0
Imports, goods and services	9.3	30.7	11.7	16.2	18.5	16.4
Real GDP growth, at constant factor prices	5.7	4.5	4.5	4.0	4.7	4.6
Agriculture	2.4	3.6	3.6	3.0	3.7	3.4
Industry	14.4	3.5	2.6	2.2	3.7	4.2
Services	4.7	5.7	6.0	5.5	5.9	5.6
Inflation (consumer price index)	47.7	28.4	7.6	10.4	10.2	9.5
Current account balance (% of GDP)	-7.9	-14.1	-7.7	-8.2	-9.2	-8.2
Net foreign direct investment inflow (% of GDP)	3.8	3.3	3.4	3.9	3.8	3.3
Fiscal balance (% of GDP)	-4.8	-5.1	-4.3	-3.3	-3.5	-2.9
Revenues (% of GDP)	10.4	12.4	13.2	13.8	14.4	14.5
Debt (% of GDP)	46.0	44.4	43.4	42.2	40.1	36.0
Primary balance (% of GDP)	-2.5	-2.1	0.5	0.7	0.5	0.7
International poverty rate (\$3.00 in 2021 PPP)^{1,2}	41.7	51.4	50.9	51.2	48.8	44.8
Lower middle-income poverty rate (\$4.20 in 2021 PPP)^{1,2}	63.0	72.0	71.9	72.1	69.5	65.5
Upper middle-income poverty rate (\$8.30 in 2021 PPP)^{1,2}	89.7	93.3	93.7	93.5	92.7	90.3
GHG emissions growth (mtCO₂e)	-0.5	0.5	0.9	0.9	1.1	1.3

Source: World Bank, Fiscal Policy & Growth Department. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast. Data in annual percent change unless indicated otherwise.

1/ Calculations based on 2018-SLIHS. Actual data: 2018. Nowcast: 2019-2025. Forecasts are from 2026 to 2028.

2/ Projections using microsimulation methodology.