

Statement by the IMF Staff Mission to the Republic of Sierra Leone



April, 2009 - An International Monetary Fund (IMF) mission visited the Republic of Sierra Leone during March 24–April 7, 2009 to conduct discussions for the fourth review under the Poverty Reduction and Growth Facility (PRGF) arrangement, and assess the impact of the global recession on the economy of Sierra Leone. The mission met with the Acting Speaker of Parliament, Honorable Victor Johnson, Minister of Finance and Economic Development, Dr. Samura Kamara,

Deputy Governor of the Bank of Sierra Leone, Ms. Andrina Coker, other senior officials of the government and the central bank, representatives of the business community, civil society organizations, and development partners.

The following statement was issued in Freetown by Norbert Toé, IMF Mission Chief for the Republic of Sierra Leone:

"Sierra Leone continues to grapple with the deteriorating global economic environment that has adversely affected growth and the external sector, but the authorities stayed the course with economic and structural reforms that sustained macroeconomic stability, while taking measures to alleviate the impact of the food and fuel crisis in 2008.

"Real GDP grew by 5.5 percent in 2008, largely driven by increased agricultural production and a buoyant services sector. Inflation remained in the double digits in 2008, fueled initially by high international food and fuel prices, but reverted to single digits in February 2009 in line with declines in international commodity prices. International reserves declined slightly, but still represented over four months of import coverage at end-December 2008.

"The main challenge facing the authorities continue to be the creation of fiscal space to finance the government's development and poverty-reducing programs. To this end, the authorities are committed to stepping up efforts to modernize the National Revenue Authority and broaden the tax base through enforcement of the existing tax legislation and the introduction of the Goods and Services Tax (GST). The mission welcomed the commitment by the government to ensure that all off-budget revenues are transferred to the Consolidated Revenue Fund (CRF). It also welcomed the ongoing work with key budget support donors to improve Public Financial Management with a view to ensuring greater transparency, accountability and efficiency in the use of public resources.

"The mission concurred with the Bank of Sierra Leone (BSL) on the need to enhance the effectiveness of monetary policy and to mitigate the possible negative effects of the global financial crisis on the domestic financial sector. The mission welcomed the BSL's efforts to promote interbank activity and ongoing progress in implementing the financial sector development plan.

"With regard to the PRGF-supported program, all performance indicators were met at end-December 2008, except the government domestic revenue target. While the global downturn negatively affected customs and mining revenues, difficulties in implementing two key revenue measures related to the transfer of all off-budget revenues to the CRF and the reinstatement of the vehicle license fee largely contributed to the shortfalls in domestic revenue. Although progress has been made in pursuing the structural reform agenda, the adoption of an implementation decree for the GST was delayed pending passage of the related legislation by Parliament.

"Discussions will continue with the authorities in the coming weeks to allow the IMF Executive Board's consideration of the staff report for the fourth review before end-June 2009.

"The mission would like to thank the authorities for their continued excellent cooperation."

Source: IMF EXTERNAL RELATIONS DEPARTMENT