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**IMF Executive Board Completes Third and Fourth Review of Sierra Leone's
Arrangement under the Extended Credit Facility, and Approves
US\$46.14 Million Disbursement**

The Executive Board of the International Monetary Fund (IMF) today completed the third and fourth reviews of Sierra Leone's performance under a three-year arrangement under the Extended Credit Facility (ECF) and approved an augmentation of access of 45 percent of quota, equivalent to SDR 46.665 million (about US\$64.59 million), to be distributed in three tranches. The completion of the third and fourth reviews enables the immediate disbursement of SDR 33.335 million (about US\$46.14 million). This amount includes the first tranche of the augmentation in an amount of SDR 15.555 million (about US\$21.53 million). The Executive Board also approved the authorities' request for rephasing of the fifth and sixth disbursements under the arrangement.

In completing the review, the Executive Board additionally approved the authorities' request for waivers of non-observance of the end-December 2014 performance criteria on the ceiling on Net Domestic Bank Credit to Government Ceiling, the ceiling on Net Domestic Assets of the Central Bank Ceiling, and the floor on Gross Foreign Exchange Reserves of the Central Bank on the basis of corrective action taken.

The ECF arrangement for SDR 62.22 million (about US\$95.9 million) was approved on October 21, 2013 ([see Press Release No. 13/410](#)) and was augmented twice ([see Press Release 15/86](#) and [Press Release 14/441](#)).

Following the Executive Board's discussion on Sierra Leone, Mr. Min Zhu, Deputy Managing Director and Acting Chair, made the following statement:

“With the World Health Organization declaring Sierra Leone Ebola free on November 7, the country now faces the difficult challenge of economic recovery. Complicating that task, the decline in iron ore prices has led to the shutdown of the main iron ore mines, with consequent sharp declines in GDP and exports, and reduced fiscal revenues.

“As a result, the fiscal challenges in 2016 will be substantial. It will be critical for the authorities to ensure sufficient revenues and financing to cover priority spending, especially for the post-Ebola Economic Recovery Strategy (ERS). This will require strong moves on tax policies and continued efforts on tax administration. Containing the wage bill will also be critical to increase the resources available for the ERS, which will be strengthened by enhancing the transparency and efficiency of expenditures.

“The Bank of Sierra Leone (BSL) should continue targeting price stability in support of economic recovery. With depreciation pressures stemming from the lost iron ore exports, the BSL should enhance monetary policy instruments and liquidity forecasting to increase its ability to respond to any second round inflationary pressures. BSL should also enhance supervision of the financial sector, and seek to understand and resolve any underlying stress through a timely diagnostic of key troubled banks.

“The updated debt sustainability analysis shows that, while Sierra Leone’s risk of debt distress is moderate, the economy is increasingly vulnerable to further shocks. Thus, borrowing policies should remain prudent in view of the narrow export base and fragile fiscal position. Financing needs, particularly for investment projects, should continue to be covered mostly with grants and concessional loans.”