

***Freetown, Sierra Leone, April 4 (Infosplusgabon) – The International Monetary Fund (IMF) has approved disbursement of US \$21.13 million to Sierra Leone, affirming its commitment to working closely with the Government to help address the priority health and economic needs to combat the fallout of the COVID-19 pandemic.***

In a statement it issued on Saturday, the IMF said that its Executive Board confirmed the disbursement on completion of the second review of Sierra Leone’s performance under the programme supported by an Extended Credit Facility (ECF).

“Completion of this review enables the IMF to immediately disburse US\$21.13 million, bringing total disbursements under the arrangement US\$63.39 million,” said the statement.

“In the critical and uncertain period ahead, the Fund is committed to working closely with the Government to help address the priority health and economic needs to combat the fallout of the COVID-19 pandemic.”

Following the Executive Board discussion, IMF First Deputy Managing Director Geoffrey Okamoto remarked that Sierra Leone continued to make good progress under the Fund-supported programme and the authorities have demonstrated firm commitment to their reform agenda.

“While the programme’s medium-term goals remain appropriate to enable future growth and development, the dramatic onset of the global COVID-19 pandemic poses significant near-term risks. Combating the economic fallout of the crisis and protecting the health of Sierra Leoneans should be the immediate priority,” Mr. Okamoto emphasized.

He said the authorities’ cautious fiscal policy has been important. They have made commendable progress in mobilizing domestic revenue and prudent execution of budgeted expenditures, which stabilized domestic borrowing needs and allowed inflation pressures to ease.

“The 2020 budget appropriately balances the tight fiscal position and meeting development needs. In line with the Government National Development Plan, the budget prioritizes investing in education and provisions for repaying legacy arrears as part of a broader arrears clearance strategy,” he noted, suggesting that the authorities will need to prioritize additional spending to help cushion the impact of COVID-19.

Managing fiscal risks and securing debt sustainability remain the medium-term priority of the Sierra Leone government. Continued revenue mobilization will require both tax administration and policy reforms.

According to Mr. Okamoto, deeper public financial management reforms will further improve budget planning and execution, including preventing new arrears. Also, a strategic plan for the two state-owned banks will be instrumental in addressing underlying fiscal risks.

“Monetary policy remains appropriately focused on reducing inflation to single digits over the medium term. Redoubling efforts to implement the new central bank law and the forensic audit action plan will be critical to strengthening operational effectiveness. Continued actions to reduce strains on the foreign exchange market and preserve exchange rate flexibility are also critical to boost resilience.

“The inadvertent omission of securities issued to the nonbank sector gave rise to a breach of the performance criterion on net credit to the government. The authorities took the necessary corrective actions and measures to avoid re-occurrence of misreporting,” the IMF official added.”

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