

PRESS RELEASE
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**IMF COMPLETES THE FIFTH REVIEW UNDER THE POVERTY
REDUCTION AND GROWTH FACILITY (PRGF)**

An International Monetary Fund (IMF) mission led by Mr. Jan Mikkelsen visited the country from the 9th to 22nd September 2009 to conduct the fifth review under the Poverty Reduction and Growth Facility (PRGF) arrangement. The mission met with the Hon. Minister of Finance and Economic Development, Dr. Samura Kamara; the Governor of the Bank of Sierra Leone, Sheku Sambadeen Sesay; other senior government officials; representatives of the business community; civil society organizations; and development partners.

In his assessment of the economy of Sierra Leone at the end of their mission, Mr. Jan Mikkelsen said the global recession is adversely affecting Sierra Leone and that Economic growth was slowing down. He maintained that Foreign exchange inflows have declined considerably due to a decline in export proceeds and remittances from abroad. This shortage of foreign exchange, he said, has led to a marked depreciation of the Leone against the US dollar in 2009.

Despite the challenging economic environment, Mr. Jan Mikkelsen reported that the Authorities have pursued appropriate fiscal and monetary policies, and the Bank of Sierra Leone has aptly conducted limited interventions in the foreign exchange market to smoothen out short-term fluctuations. He gave the assurance that, with a strengthening of the external environment, including global demand for diamonds, the outlook for the Sierra Leonean economy is beginning to improve. A gradual recovery of mining exports and a better outlook for agricultural exports, along with the easing of the effects of the currency depreciation, are expected to strengthen the balance of payments in the remainder of 2009 and in 2010. Real GDP is projected to grow by 4 percent in 2009 and 4.7 percent in 2010. Inflation is projected to rise to 9 or 10 percent by the end of this year, mostly explained by the pass-through of the currency depreciation, and will gradually decline in 2010.

The mission held discussions on the IMF's recent allocation to Sierra Leone of Special Drawing Rights (SDR) in an amount equivalent to about US\$128 million, which, in the first instance, expands the country's international reserves and provides a stronger foundation to withstand possible future shocks to the balance of payments. The mission confirmed that all performance criteria were met for end-June 2009.

It is expected that the IMF's Executive Board will consider the fifth review of Sierra Leone's economic program under the PRGF arrangement in early December 2009.