

EBS/83/149

CONFIDENTIAL

July 20, 1983

To: Members of the Executive Board
From: The Acting Secretary
Subject: Sierra Leone - Exchange Arrangements

Attached for the information of the Executive Directors is a paper on a change in the exchange arrangements of Sierra Leone.

Att: (1)

INTERNATIONAL MONETARY FUND

Sierra Leone--Exchange Arrangements

Prepared by the African Department and the Exchange
and Trade Relations Department

(In consultation with the Legal Department)

Approved by J.B. Zulu and S. Kanesa-Thanan

July 19, 1983

In the attached communication dated July 15, 1983, the Bank of Sierra Leone informs the Fund of the unification of the official and commercial rates of exchange for the leone with effect from July 1 at the rate of leone 2.50 = US\$1. ^{1/} This rate implies a devaluation of 49.7 percent (100 percent in local currency terms) of the official rate of exchange which was on June 30 equivalent to leone 1.257 = US\$1. At the same time Sierra Leone has formally abandoned the leone/SDR peg; the leone has been pegged to the U.S. dollar until further notice.

A staff mission visited Sierra Leone in June 1983 for Article IV consultation discussions. A report on the discussion will be issued shortly and will provide further information on recent developments in exchange rate policy.

Attachment

^{1/} Sierra Leone's adoption of the dual exchange rate system was described in EBS/82/240 (12/28/82).

INTERFUND
WASHINGTON, DC

WE HAVE THE HONOUR TO INFORM YOU THAT THE GOVERNMENT OF SIERRA LEONE UNIFIED THE OFFICIAL AND COMMERCIAL RATES OF EXCHANGE WITH EFFECT FROM JULY 1, 1983. IN ADDITION THE LEONE/SDR PEG HAS BEEN ABANDONED. THE LEONE WILL, UNTIL FURTHER NOTICE, BE PEGGED TO THE UNITED STATES DOLLAR AT THE RATE OF LEONE 2.50 EQUALS ONE UNITED STATES DOLLAR.

GRATEFUL IF YOU WILL COMMUNICATE THIS DECISION TO APPROPRIATE AUTHORITIES AND CONFIRM WHETHER ANY OTHER FORMALITIES REQUIRED TO SATISFY STATUTORY OBLIGATIONS IN THE CONTEXT OF INTERFUND POLICY ON CHANGE OF PARITY.

REGARDS.

GOVERNOR
BANK OF SIERRA LEONE

Received in Cable Room: July 15, 1983