

SU/20/115

June 3, 2020

The Acting Chair's Summing Up
Sierra Leone—Request for Disbursement Under the Rapid Credit Facility
Executive Board Meeting EBM/20/66
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Executive Directors noted that the COVID-19 pandemic threatens the health of Sierra Leone's population and constitutes a substantial shock for an economy recovering from the Ebola crisis. The escalation in COVID-19 cases is putting pressure on the fragile health system. The drop in external demand and restrictions to contain the spread of the virus are sharply curtailing economic activity.

Directors commended the decisive actions taken by the authorities to mitigate the health and socio-economic damage of the pandemic. They supported the wider deficit in 2020 to allow for scaling up urgent health spending and implementing measures to mitigate the economic impact, including boosting social safety nets targeted to the most vulnerable and ensuring access to credit for affected businesses. They welcomed the authorities' commitment to safeguarding macroeconomic stability, guided by the ECF-supported program and their *National Development Plan*. Once the crisis abates, resuming fiscal consolidation by enhancing revenue, rationalizing expenditure, and pursuing PFM reforms will be important. Accelerating structural reform to improve governance and the business environment will also be critical.

Directors welcomed the central bank's liquidity and credit support measures. They called on the authorities to ensure effective implementation and supervision of the special credit facility. They also urged close monitoring of financial sector risks and continuing efforts to deepen the financial sector.

Directors emphasized the importance of ensuring the effective use of public funds through transparency and strong governance. They were encouraged by the authorities' actions to establish institutional structures to manage pandemic-related measures, including a COVID-19 fund, supported by Fund technical assistance. They also welcomed the plans to publish procurement information and conduct ex-post audits of emergency spending, and urged continued implementation of the recommendations of the safeguards assessment.

Directors noted that RCF financing, together with debt service relief under the CCRT and DSSI, will help address Sierra Leone's large financing needs and create room for pandemic-related spending. They called on the international community to provide additional grant support. Given the significant risks and uncertainties, they recommended having

a contingency plan in case of funding shortfall. Additional Fund emergency financing may prove necessary should significant downside risks materialize or if additional development partner support is not forthcoming.