

Bank of Sierra Leone

Governor's Office



P.O. Box 30
Siaka Stevens Street
Freetown, Sierra Leone
West Africa

MONETARY POLICY STATEMENT: RESPONSE TO THE ECONOMIC IMPACT OF COVID-19

The Bank of Sierra Leone (BSL) is a statutory corporation, whose sole shareholder is the Government of Sierra Leone. It derives its powers and responsibilities from the Bank of Sierra Leone Act, 2019. The promotion and maintenance of macroeconomic stability and supporting “the general economic policy of the Government [Section 5(1)(d)]” are its key mandates.

There is no gainsaying the fact that the Corona Virus Disease (COVID-19) pandemic portends a major global recession. Although one cannot quantify the size of the shock with any precision, it will most likely be very large. This is bound to have huge negative impacts on small open economies like Sierra Leone.

In view of the above, the leadership of the Bank has concluded that putting measures in place to maintain macroeconomic stability in the face of these expected challenges falls within its core mandate. Accordingly, under the chairmanship of the Governor, Professor Kelfala M. Kallon, the Monetary Policy Committee (MPC) of the Bank held an emergency meeting on 18th March 2020 to discuss and agree on policy measures that are necessary to soften the potentially adverse impact of the COVID-19 pandemic on the nation’s economy.

The MPC Decision

Against this background, the MPC unanimously agreed to implement the following measures in order to soften the potential impact of the COVID-19 pandemic on the nation’s economy:

- 1. Lower the Monetary Policy Rate by 150 basis points from 16.5 percent to 15 percent.**

Effective Thursday 19th March 2020, the following rates are published for the information of the public:

- Monetary Policy Rate is 15.0 percent
- Standing Deposits Facility Rate is 12.0 percent
- Standing Lending Facility is 19.0 percent

2. Create a Le500 Billion Special Credit Facility to Finance the Production, Procurement and Distribution of Essential Goods and Services.

The MPC agreed for the BSL to create a Special Credit Facility to the tune of Le500 billion to support the production, procurement and distribution of essential goods and services. This will be a concessionary interest-rate Facility that will be channeled through the commercial banks. The Management of the BSL will meet with the Sierra Leone Association of Commercial Bankers (SLACB) on Friday, 20th March 2020 to discuss modalities for accessing this Facility. The public will be informed thereafter.

3. Support to the Private Sector for the Importation of Essential Commodities.

The BSL will provide foreign exchange resources to ensure the importation of essential commodities. The list of commodities that qualify for this support will be published in due course.

4. Liquidity Support to the Banking Sector.

To ease any tightness in liquidity in the financial market, the MPC decided to extend the reserve requirement maintenance period for commercial banks from 14 days to 28 days. This will be complemented by an active participation in the secondary market by the BSL.

Finally, BSL will continue to closely monitor domestic and external developments and stand ready to take all necessary monetary policy measures to promote economic growth and maintain price and financial system stability.



Prof. Kelfala M. Kallon
Governor