



COVID 19 SUPPORTING MEASURES FOR BANKS, CONSUMERS AND BUSINESSES ANNOUNCED BY THE BANK OF SIERRA LEONE

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1. Introduction

Since the announcement by the Government of Sierra Leone on 31st March 2020 of the advent of the COVID 19 virus in Sierra Leone, a number of actions have been taken by the Government to what is effect

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wage war on the disease. A state of public health emergency pursuant to section (29)(1) of the Constitution of Sierra Leone Act No. 6 of 1991 (as amended) was declared by H.E. The President on 24th March 2020, international travel in and out of Sierra Leone banned, religious and or congregational gatherings banned, curfew imposed, restrictions on inter district movements and this covers goods and persons just to name a few. In addition, some businesses have taken the decision to either fold up shop, suspend operations in the meanwhile or operate on a very limited basis. Others, irrespective of what regulations have been imposed by the Government to combat the scourge, would rather face the wrath of violating the emergency measures announced by the Government rather than allow their businesses to go under. Commerce and industry have been severely affected and the costs of doing business in the midst of the ravaging pandemic continue to reverberate to the very core of all. Third world economies such as Sierra Leone will no doubt feel the pinch more than others. The Monetary Policy Committee (MPC) of the Bank of Sierra Leone met in late March 2020 to discuss and put forward ideas and measures in a bid to cushion the economic effects of the pandemic on businesses in Sierra Leone. In a statement issued by the MPC of the Bank of Sierra Leone, the general public was informed that the leadership of the Bank of Sierra Leone has concluded that putting measures in place to maintain macroeconomic stability in the face of the expected challenges of COVID 19 falls within its mandate. Further, that the MPC under the chairmanship of the Governor of the Bank of Sierra Leone has held an emergency meeting to discuss and agree on policy measures that are in its opinion necessary to soften the adverse impact of the COVID 19 pandemic on the economy of Sierra Leone. In the premises and against this background, the MPC has unanimously agreed to implement a number of measures.

2. The Decision of the MPC

The details

1. Lowering of the Monetary Policy Rate by 150 basis point from 16.5 percent to 15 percent.

Effective Thursday 19th March 2020

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

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2. Creation of a Le500,000,000,000 (Five Hundred Billion Leones) Special Credit Facility to Finance the Production, Procurement and Distribution of Essential Goods and Services.

The Bank of Sierra Leone has created a Special Credit Facility to the tune of Le500,000,000,000 (Five Hundred Billion Leones) to support the production, procurement and distribution of essential goods and services during the pandemic. This will be a concessionary interest-rate facility that will be channeled through the commercial banks. To this end, the management of BSL has met with the Sierra Leone Association of Commercial Bankers (SLACB) to discuss modalities for accessing this facility. The Bank of Sierra Leone has in consequence issued rules for the administering of this special credit facility.

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

The Bank of Sierra Leone will provide foreign exchange resource to ensure the Importation of essential commodities. The list of commodities that qualify for this support have been issued subsequently by the Bank of Sierra Leone and this fall under three broad categories viz; (a) food and beverage, (b) petroleum products and lubricants and (c) pharmaceutical and medical supplies.

4. Liquidity Support to the Banking Sector.

In order to ease any tightness in liquidity in the financial market, the MPC has 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 Bank of Sierra Leone. In addition, the Bank of Sierra Leone will continue to closely monitor domestic and external developments and stand ready to take further necessary monetary policy measures to promote economic growth and maintain price and financial system stability.

3. Conclusion

Whether or not the measures announced by the Bank of Sierra Leone including the issue of the Rules by the said bank for the administering of the bank's special credit facility so as to cushion and or negative the economic effect of the COVID 19 virus on businesses and enterprises meets the mark or does the trick; the jury is still out. The proof in the pudding is always in the eating and only time will tell. One thing that is certain is that measures put in place must address the nuts and bolts of the issues at hand, otherwise it will remain a beautiful policy confined within the walls of the boardroom in which it was

discussed and or the paper on which it was reduced into writing. Commercial banks must take a much more robust approach working with the Bank of Sierra Leone in ameliorating what is no doubt difficult times. With the clamor now in certain quarters for the economy to be restarted and the country reopened, this may no doubt be the first in a number of interventions by the Bank of Sierra Leone.

This article sets out some basic information on stimulus and other support measures that have been announced by the Bank of Sierra Leone to support business in commerce during the COVID 19 pandemic. Although the contents of the publication are correct, well researched and to the best of our knowledge, information and belief at the time of press true, readers are encouraged to seek further specific and or professional advice from the Firm before taking action on the basis of the opinions or facts expressed herein. We cannot accept any responsibility for any facts or errors that this article may contain whether negligent or otherwise or take responsibility for any loss or damage suffered by any person or business interest that relies on this publication. The Firm has and continues to provide advice to clients both within and out of Sierra Leone on the issues addressed in this article. Macauley, Bangura & Co. has represented a number of commercial banks, companies and other business houses in Sierra Leone and is currently providing legal, legal advisory, business, tax and other related advice to a plethora of clients both within and out of the jurisdiction grappling with the challenges of COVID -19 in Sierra Leone.

Contact details for further information

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