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031700Z MAR  
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CONFIDENTIAL  
FM FCO  
TO PRIORITY FREETOWN  
TELNO 44  
OF 031700Z MARCH 86  
AND TO ROUTINE UKDEL IMF/BRD

PRESIDENT MOMOH'S VISIT TO THE UK

1. AT THE LUNCH HOSTED BY MRS CHALKER TODAY, PRESIDENT MOMOH ASSURED HER THAT WHEN HE RETURNED TO FREETOWN HE WOULD ANNOUNCE THAT SIERRA LEONE WAS ABOUT TO CONCLUDE AN AGREEMENT WITH THE IMF. HE THEN ANNOUNCED THIS DURING HIS SPEECH AT THE LUNCH.

2. DR SHAMSU MUSTAPHA (MINISTER OF STATE, FINANCE DEVELOPMENT AND ECONOMIC PLANNING) TOLD JOHNSON THAT THEY HAD ALSO SIGNIFIED ACCEPTANCE OF THREE POINTS WHEN THE IMF MISSION VISITED FREETOWN:

- (I) A PHASED DEVALUATION OF THE LEONE WHICH WOULD BE POLITICALLY MORE ACCEPTABLE THAN A SUDDEN ADJUSTMENT:
- (II) HIGHER PRODUCER PRICES WHICH COULD PROVIDE AN INCENTIVE FOR FARMERS
- (III) LIBERALISATION OF IMPORTS

DR MUSTAPHA HOPED THAT AGREEMENT WOULD BE REACHED WHEN THE MISSION RETURNED TO SIERRA LEONE IN THE NEAR FUTURE.

3. CLEARLY THE SIERRA LEONE GOVERNMENT HOPE FOR A STANDBY AGREEMENT WHICH WILL RESTORE THEIR CREDIBILITY WITH THE INTERNATIONAL FINANCIAL COMMUNITY AND OPEN THE DOOR TO A DONOR CONFERENCE AND DEBT RESCHEDULING. BUT JOHNSON HAD THE IMPRESSION THAT IT ALL LOOKED A LITTLE EASIER TO DR MUSTAPHA THAN IT WILL TURN OUT TO BE IN PRACTICAL TERMS.

HOWE

MONETARY  
WAS  
MR JOHNSON  
RE: MRS CHALKER

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