

# **WEST AFRICAN INSTITUTE FOR FINANCIAL AND ECONOMIC MANAGEMENT (WAIFEM)**



## **COMMUNIQUE ISSUED AT THE END OF THE SUB-REGIONAL SEMINAR ON FINANCIAL SECTOR REFORMS FOR A POST-CONFLICT ECONOMY FREETOWN, SIERRA LEONE, JUNE 2 – 6, 2008**

### **1.0 INTRODUCTION**

The West African Institute for Financial and Economic Management (WAIFEM) in collaboration with the African Capacity Building Foundation (ACBF) organized a one-week Sub-Regional Seminar on Financial Sector Reforms for a Post-Conflict Economy, in Freetown, Sierra Leone from June 2 – 6, 2008.

### **2.0 OBJECTIVES OF THE COURSE**

The aim of the seminar was to appraise the status of the financial sectors of the post-conflict countries of Liberia and Sierra Leone and develop action plans for financial sector development.

Specifically, the seminar was designed to:

- increase participants understanding of the status of the financial sectors of the post-conflict countries; and
- assist participants develop a plan of action for financial sector development;

### **3.0 OPENING**

The opening session of the seminar was chaired by Dr. Samura M.W. Kamara, Governor, Bank of Sierra Leone. In attendance were the Director General of WAIFEM, Dr. Osi C. Itsede, the Deputy Governor, Bank of Sierra Leone, Mr. M. Fofana and directors of the Bank of Sierra Leone.

The Director General of WAIFEM in his welcoming remarks noted that in addition to past country-specific training programmes and needs assessment missions to the two countries, this seminar is one of the Institute's special purpose vehicles designed to address the capacity challenges occasioned by the wars in post-conflict countries in the West African sub-region.

In his keynote address, the Chairman highlighted the importance of the financial sector in any economy. The Governor indicated that in a post-conflict economy, the deficiencies of the financial sector needed to be quickly addressed through appropriate reforms to support overall economic activities and growth.

Accordingly, Dr. Kamara recommended that the objectives of financial sector reforms should include: reduction in direct government intervention; strengthening the role of market forces in the allocation of financial resources; improving the capacity of financial institutions to mobilize domestic savings; enhancing competition among financial institutions; strengthening financial soundness of financial institutions; and strengthening the supply side of economies.

In designing financial sector reforms, the Chairman advised that the prevailing socio-politico-economic realities in each country should be taken into consideration so as to avoid the pitfalls associated with poor implementation.

#### **4.0 PARTICIPATION**

The seminar was attended by eighteen (18) officials made up of eight (8) from Liberia and ten (10) from Sierra Leone. Participants cut across institutions such as central banks, ministries of finance and economic planning/development and deposit money and development banks.

#### **5.0 MAIN THEMES AND DELIVERY METHODOLOGY**

The broad themes covered at the seminar included:

- State of the financial sectors of the post-conflict countries;
- Financial sector reforms in post-conflict countries;
- Issues and challenges for financial sector development;
- Corporate governance in the financial sector; and
- Plan of action for financial sector development

The seminar was delivered by a team of specialists and practitioners from the sub-region through plenary presentations, discussions and country-specific group assignment.

## **6.0 OBSERVATIONS**

We, the participants at the seminar after a careful analysis of the financial sectors in our two countries, make the following observations.

- (i) That the financial sectors are still very shallow in terms of products and innovations;
- (ii) That poor corporate governance prevalent in our financial institutions inhibits the development of the sector;
- (iii) That payments infrastructure in our financial systems are not robust enough to meet the challenges of the economies;
- (iv) That the current management, institutional and macroeconomic capacity for financial sector development is inadequate; and
- (v) That the legal framework for enforcing commercial contracts is weak, thereby undermining the banks' capacity to meaningfully play the intermediation role;

## **7.0 RECOMMENDATIONS**

In view of the above observations, we the participants at the seminar wish to make the following recommendations.

- (i) That there is the need to develop long-term financing options that would strengthen access to financial services;
- (ii) That there is need to create appropriate institutions that support financial reforms;

- (iii) That there is the need to strengthen corporate governance in our financial institutions;
- (iv) That there is a need for comprehensive programme of capacity building to improve institutional and macroeconomic management;
- (v) That there is a need for the establishment of special courts to speedily adjudicate cases emanating from commercial contracts

## **8.0 CONCLUSION**

We the participants at this seminar wish to convey our sincere gratitude to WAIFEM for organizing this seminar which has brought to the fore, current challenges confronting our financial sectors. We wish to also extend our immense appreciation to the African Capacity Building Foundation (ACBF) for the financial support towards our participation. Finally we owe a debt of gratitude to our employers for providing this wonderful opportunity to enhance our capacity.

***ISSUED in Freetown, Sierra Leone, this 6th Day of June, 2008***