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THIRD REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND REQUEST FOR AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY—PRESS RELEASE; STAFF REPORT; STAFF SUPPLEMENT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR LIBERIA

In the context of the Third Review Under the Extended Credit Facility Arrangement and Request for an Arrangement Under the Resilience and Sustainability Facility, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on April 27, 2026, following discussions that ended on January 20, 2026, with the officials of the Liberia on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on April 7, 2026.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the World Bank.
- A **World Bank Assessment Letter** for the Resilience and Sustainability Facility.
- A **Staff Supplement** updating information on recent developments.
- A **Statement by the Executive Director** for Liberia.

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PRESS RELEASE

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IMF Executive Board Concludes the Third Review under the Extended Credit Facility, and Approves a SDR 193.8 million Resilience and Sustainability Facility Arrangement for Liberia

FOR IMMEDIATE RELEASE

- The IMF Executive Board approved a new 21-month arrangement under the Resilience and Sustainability Facility (RSF) for Liberia in the amount of SDR 193.8 million (about US$266 million, equivalent to 75 percent of quota), aimed at supporting the authorities' efforts to strengthen macroeconomic resilience by building buffers against climate shocks. The Board also completed the third review under the existing Extended Credit Facility (ECF) arrangement, enabling the immediate disbursement of SDR 19.30 million (about US$26.49 million).
- The Liberian economy has continued to perform strongly, with growth accelerating to 5.1 percent in 2025 and expected to remain at that level in 2026. Despite deteriorating global conditions and elevated uncertainty, the economic outlook remains favorable, with GDP growth expected to stabilize at 5.6 percent over the medium term, assuming full and timely implementation of the ambitious reform program underpinning both arrangements.
- Liberia has advanced its ambitious reform agenda and restored fiscal sustainability. Key priorities going forward include: (i) boosting domestic revenue mobilization, (ii) upgrading public infrastructures, including through climate-resilient investments, (iii) advancing the restructuring of weak banks and strengthening the financial regulatory framework, and (iv) addressing governance weaknesses.

Washington, DC – April 27, 2026: The Executive Board of the International Monetary Fund (IMF) today approved a 21-month arrangement under the Resilience and Sustainability Facility (RSF) for Liberia in the amount of SDR 193.8 million (about US$266 million, equivalent to 75 percent of quota). The Board also concluded the third review of the 40-month arrangement under Extended Credit Facility (ECF), allowing an immediate disbursement of SDR 19.3 million (about US$26.49 million). Total disbursement under the ECF arrangement have now reached SDR 77.2 million (about US$105.96 million).

Liberia's ECF arrangement, amounting to SDR 155 million (60 percent of quota), was approved by the IMF Executive Board on September 25, 2024, to support the authorities' program to restore macroeconomic stability, ensure debt sustainability, safeguard financial stability, and strengthen governance.

Economic growth accelerated in 2025 to 5.1 percent, largely driven by an expansion in mining production. The political environment has remained supportive of reforms under the government's national development plan—ARREST Agenda for Inclusive Development.

Following the Executive Board discussion, Mr. Bo Li, Acting Chair and Deputy Managing Director, made the following statement:

"The authorities have maintained sound macroeconomic policies and made some progress on structural reforms under the Extended Credit Facility (ECF) arrangement. Economic performance has been robust. At the same time, deteriorating global conditions have

increased downside risks, particularly due to elevated oil prices and a decline in bilateral assistance.

“Fiscal adjustment has helped reduce debt vulnerabilities. Expenditure rationalization has supported the reallocation of resources toward priority investment projects and critical social programs, but further progress is needed in this regard.

“To mitigate the impact of elevated oil prices, the authorities have introduced temporary and targeted subsidies to support public transportation. The recently adopted supplementary budget will allow for higher allocation to social spending while preserving fiscal discipline.

“The authorities remain committed to accelerating domestic revenue mobilization, including through: (i) the planned rollout of the VAT in 2027, (ii) mining taxation reform, and (iii) the rationalization of tax exemptions. These measures are essential to finance priority investments under the Agriculture, Roads, Rule of Law, Education, Sanitation & Tourism Agenda. In parallel, improvements in the selection, implementation, and monitoring of investment projects will be critical to enhancing public spending quality and raising growth potential.

“The Central Bank of Liberia is committed to remaining vigilant and maintaining a data-dependent monetary policy amid higher global oil prices. It will also continue to ensure a timely and effective implementation of the financial regulatory framework, including enforcement of banks’ restructuring plans. Continued efforts to reduce non-performing loans will further strengthen banks’ balance sheets and support the expansion of credit to the private sector.

“Strengthening the Liberia Anti-Corruption Commission will enhance transparency and accountability, including through ensuring the publication of public officials’ asset declarations. Steadfast implementation of the governance diagnostic recommendations will help address key institutional and cross-sectoral weaknesses.

“The Resilience and Sustainability Facility arrangement will support the implementation of the authorities’ climate adaptation efforts and enhance pandemic preparedness. It will leverage synergies with other development partners and help catalyze external financing. Together with the ECF reforms, it will enhance economic resilience and reduce balance-of-payment risks.”

Table 1. Liberia: Selected Economic Indicators, 2023–30

	2023	2024	2025		2026		2027	2028	2029	2030
	Est.	Est.	3rd Review	Est.	3rd Review	3rd Review	Proj.	Proj.	Proj.	Proj.
Real GDP	4.6	4.0	4.6	5.1	5.4	5.1	5.4	5.6	5.6	5.6
of which: Mining & panning	5.7	2.1	6.0	17.0	11.0	10.7	10.8	11.4	10.8	10.6
Nominal non-mining per capita GDP (U.S. dollars)	667	704	723	708	753	738	770	804	840	880
Nominal GDP (millions of U.S. dollars)	4,390	4,778	5,160	5,216	5,525	5,641	6,048	6,455	6,896	7,383
Consumer prices (end of period)	10.1	8.2	10.7	8.3	8.0	5.8	6.2	5.5	5.1	5.0
Population (millions)	4.9	5.1	5.2	5.2	5.3	5.4	5.4	5.6	5.7	5.8
Total revenue and grants	20.1	22.3	20.3	21.0	20.2	20.6	20.5	20.4	20.5	20.2
Total revenue	13.4	14.5	15.2	15.9	15.8	16.3	16.4	16.7	17.0	17.0
Grants[2]	6.7	7.8	5.1	5.1	4.5	4.3	4.1	3.8	3.6	3.2
Total expenditure[2]	28.6	24.1	22.1	22.0	22.7	22.3	21.6	22.0	22.9	21.3
Current expenditure[3]	20.9	16.1	16.4	16.7	16.8	16.6	16.0	16.2	16.3	15.2
Capital expenditure	7.7	8.1	5.7	5.4	5.9	5.7	5.6	5.9	6.5	6.1
Overall balance, including grants[2]	-8.5	-1.8	-1.8	-1.1	-2.5	-1.7	-1.1	-1.6	-2.3	-1.1
Overall balance, excluding grants[2]	-15.2	-9.6	-6.9	-6.2	-7.0	-6.0	-5.3	-5.3	-5.9	-4.3
Total public debt (nominal)	57.2	56.4	55.9	54.9	54.9	54.4	55.3	52.7	50.9	48.1
Public external debt[4]	35.4	35.9	37.2	35.8	37.7	36.8	39.7	39.0	39.5	38.8
Public domestic debt[5]	21.8	20.4	18.7	19.1	17.1	17.6	15.6	13.7	11.4	9.3
M2/GDP	26.8	28.0	28.2	31.0	28.3	31.2	31.7	31.7	31.7	31.9
Credit to private sector (percent of GDP)	17.9	17.8	17.9	17.1	18.2	17.3	17.8	18.5	19.4	20.5
Credit to private sector (annual percent change)	34.3	8.4	8.5	4.8	8.9	9.5	10.0	11.0	12.0	13.0
Current account balance, including grants	-20.1	-8.1	-14.2	-6.5	-13.4	-11.0	-11.3	-11.7	-12.2	-12.6
Current account balance, excluding grants	-23.4	-10.5	-16.5	-8.8	-15.4	-13.0	-13.1	-13.3	-13.8	-13.9
Trade balance	-18.4	-4.3	-5.4	-5.0	-4.2	-5.5	-5.5	-5.5	-5.2	-5.1
Exports	25.8	27.4	31.3	39.3	31.2	38.7	38.9	39.9	40.4	39.8
Imports	-43.7	-31.8	-36.6	-44.3	-35.4	-44.2	-44.4	-45.4	-45.6	-44.9
Grants (donor transfers, net)	3.3	2.4	2.3	2.3	2.0	1.9	1.8	1.6	1.5	1.4
Gross official reserves (millions of U.S. dollars)	487	475	595	572	679	744	1005	1062	1150	1221
In months of next year's imports	2.6	1.9	2.6	2.0	2.9	2.4	3.0	2.9	3.0	3.0
Net international reserves (millions of U.S. dollars)	221	234	280	283	345	324	369	458	578	681

Sources: Liberian authorities; and IMF staff estimates and projections.
1 Central government operation is based on a commitment basis and refers to the budgetary central government operations and off-budget projects.
2 The total amount of external project grants and loans, along with the associated spending, has been revised down from 2021 onwards to reflect the revised authorities' database prepared together with donors.
3 Ratios are calculated using external debt (in U.S. dollars) evaluated at the end of period exchange rate over GDP (in U.S. dollars) evaluated at the period average exchange rate.
4 Including central government debt owed to the Central Bank of Liberia.

INTERNATIONAL MONETARY FUND

LIBERIA

April 7, 2026

THIRD REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND REQUEST FOR AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY

EXECUTIVE SUMMARY

Context. The current 40-month program supported by the Extended Credit Facility is helping Liberia regain fiscal credibility, restore debt sustainability, and enhance financial sector stability. Targeted reforms are bolstering the authorities' efforts to mobilize additional domestic and external resources, which are essential for addressing the country's large infrastructure gap. Liberia remains one of the most vulnerable countries to climate-related and pandemic risks. In recent years, these climate-related shocks have led to significant loss of lives and property, people displacements, destruction of agriculture crops, and worsening food security. Liberia has also faced heightened vulnerabilities to pandemics, largely due to a fragile, underfunded health sector with limited coverage. These challenges, coupled with a decline in external donors' support, continue to constrain Liberia's development prospects.

Policy discussions. Program discussions focused on (i) implementing revenue mobilization measures, including the transition to the VAT adoption for the 2027 budget; (ii) accelerating public financial management reforms to improve transparency and accountability of the budget; (iii) strengthening financial stability by supporting the CBL efforts to implement restructuring measures for weak banks in a timely manner; (iv) addressing remaining governance gaps by ensuring integrity institutions are fully operational, and (v) preparing priority policy measures to implement the Governance Diagnostic (GD) recommendations; and (vi) formulating policy measures to advance reforms under the RSF arrangement.

Program performance. Program performance has remained broadly satisfactory. All quantitative performance criteria (PCs) for end-June 2025 were met. Three out of five indicative targets (IT) for the same period were met, while two ITs—the non-accumulation of new domestic debt arrears and the minimum share of public wage payment in Liberian dollars—were missed. Of the ten applicable structural benchmarks (SBs), two were met. Out of the unmet SBs, four SBs were implemented with delays, two SBs were established as prior actions and completed, while two proposed to be set as new SBs with test date of May 2026.

RSF arrangement request. The requested RSF arrangement (SDR 193.8 million, 75 percent quota) will support the authorities' strategy to integrate considerations on climate-related and pandemic risks into their economic and social policies. The strengthened policy framework will strengthen Liberia's balance of payment prospects through climate-resilient investments and policies and enhance pandemic preparedness by leveraging additional external financing and technical assistance. The authorities agreed on reform measures in the following three priority areas: (i) disaster risk management and pandemic preparedness; (ii) climate finance and governance; and (iii) water and food security.

Staff views. Staff support the completion of the third review under the ECF arrangement, which would result in a disbursement of SDR 19.3 million. Staff also support the authorities' request for a Resilience and Sustainability Facility (RSF) arrangement.

Approved By
Papa N'Diaye (AFR) and Pritha Mitra (SPR)

Discussions took place in Monrovia, Liberia, January 7 -20, 2026. The mission comprised Messrs. Daehaeng Kim (Head), Giuseppe Cipollone, Thabang Molise, Sotima Koussere, (all AFR), Joel Okwuokei (Res Rep), Alexander Deline (local economist), Ms. Fabia de Carvalho (SPR), and Mr. Daniel Bastidas (FAD). Ms. Vasilika Kota (MCM) supported the mission from Headquarters. Global Center for Adaptation (Mr. Joep Verhagen and Ms. Anne-Laure Solnon) also participated in the meetings with development partners and Liberian authorities to discuss RSF-related issues. Mr. Cham (Senior Advisor, OEDAW) participated in several meetings from the Headquarters. Ms. Nicole Fragano provided assistance in the preparation of this report.

CONTENTS

CONTEXT 5

RECENT DEVELOPMENTS 5

OUTLOOK AND RISKS 6

PROGRAM PERFORMANCE 7

POLICY DISCUSSIONS 8

A. Fiscal Policies 8

B. Monetary and Exchange Rate Policies 12

C. Financial Sector Policies 13

D. Governance 15

E. Reforms Supported under the Resilience and Sustainability Facility 17

F. Debt Sustainability and Financing Strategy 25

G. Program Modalities and Other Issues 26

STAFF APPRAISAL 28

BOX

1. Reform Measures (RMs) Under the RSF and Prospective BOP Enhancement 23

FIGURES

1. Recent Economic Developments 31
2. Monetary Developments 32
3. External Sector Developments 33

4. Fiscal Performance 34
5. Capacity to Repay Indicators Compared to UCT Arrangements for PRGT Countries 35

TABLES

1. Liberia: Tax Measures for the 2026 budget 10
2. Selected Economic and Financial Indicators, 2022–30 36
3. Balance of Payments, 2022–30 37
4a. Fiscal Operations of the Budgetary Central Government (Incl. Off-Budget Transactions) 38
4b. Fiscal Operations of the Budgetary Central Government (Percent of GDP) 39
4c. Fiscal Operations of the Budgetary Central Government, 2022–30 40
4d. Fiscal Operations of the Budgetary Central Government, 2022–30 (Percent of GDP) 41
5. Monetary Survey, 2022–30 42
6. Financial Soundness Indicators, 2022–25 43
7. External Financing Requirement and Source, 2022–30 44
8. Schedule of Disbursements under ECF Arrangement, 2024-27 45
9. Schedule of Disbursements under RSF Arrangement, 2026-27 46
10. Indicators of Capacity to Repay the IMF, 2025–45 47
11. Summary Table of Projected External Borrowing Program 48
Type of New External Debt (US Dollars, Sept. 2024-Nov. 2025) 48

ANNEXES

I. Risk Assessment Matrix, August 2025 49
II. External Sector Assessment 51
III. Climate Risk Profile in Liberia 56
IV. Strengthening Pandemic Preparedness in Liberia 76
V. Evaluating Progress Towards Reducing Long-Term BOP 80

APPENDIX

I. Letter of Intent 82
Attachment I. Memorandum of Economic and Financial Policies 91
Attachment II. Technical Memorandum of Understanding 115

CONTEXT

1. The political environment remains broadly stable. Since taking office, the government has pursued an ambitious reform agenda supported by the ECF arrangement. The reform program continues to enjoy broad support, even though some austerity and governance-related measures affect certain interest groups. In December 2025, the Legislature approved the 2026 budget, which is aligned with program targets.

2. The authorities requested IMF support under the Resilience and Sustainability Facility (RSF). Liberia is among the most vulnerable and least prepared countries to manage extreme climate events and pandemic outbreaks. Recent initiatives—including the National Adaptation Plan (NAP), Nationally Determined Contributions (NDCs), and National Disaster Risk Financing Strategy (NDRFS)—provide a solid policy foundation for advancing reforms that support stronger and more resilient economic growth. The RSF arrangement is designed to help the authorities implement a reform agenda in the following three pillars: (i) disaster risk management and pandemic preparedness; (ii) climate finance and governance; and (iii) water and food security. The RSF will also support the authorities' efforts in building buffers against long-term balance of payments vulnerabilities.

RECENT DEVELOPMENTS

3. Economic activity has remained robust. Real GDP growth is estimated to have accelerated to 5.1 percent in 2025, up from 4.0 percent in 2024. Preliminary data suggest that strong mining output, alongside moderate growth in agriculture and services, were the main drivers of expansion, while manufacturing activity is estimated to have contracted slightly. Following a sharp increase in mid-2025, inflation eased substantially in the second half of the year, stabilizing at 4.4 in the fourth quarter of 2025 compared to 12.5 percent in the first quarter. This rapid deceleration of inflation reflects broad-based declines in food and non-food prices, supported by a relatively strong Liberian dollar (LRD) and favorable global food prices. Inflation is expected to remain subdued throughout 2026. The LRD appreciated moderately—by 2.9 percent—in the fourth quarter of 2025, supported by higher exports, increased remittances, and prudent monetary policy.

4. The current account deficit[1] narrowed in 2025. While goods imports grew significantly (52.3 percent), goods exports increased even more (56.6 percent) driven by higher iron ore production and strong gold prices. Higher net remittances and lower services imports, reflecting

[1] BoP statistics for 2020–2025 were revised to incorporate improved data sources and updated classification and compilation practices, supported by IMF technical assistance. Given remaining data limitations, services imports and exports were partly based on staff estimates. Despite recent improvements, data gaps and compilation issues remain and continue to add uncertainty to the measurement of the current account balance. In particular, authorities' data for services trade do not reflect mapped flows of official current and capital transfers, while net remittances are unusually high compared to peer countries, suggesting significant underreporting of outflows.

reduced externally-funded project activity—including the withdrawal of USAID support, also supported the improvement, bringing the deficit down to 6.5 percent of GDP in 2025 from 8.1 percent in 2024. Financing flows remained stable, supported by foreign direct investments, largely inter-company loans, and concessional borrowing from international financial institutions (IFIs), including IDA disbursements. By end-2025, net international reserves (NIR) rose modestly to US$284 million from US$234 million at end-2024, while import coverage remained broadly unchanged at around 1.8 months.

5. The 2025 budget has been executed as planned. Following substantial fiscal consolidation in 2024 by about 5½ percent of GDP, the primary surplus is estimated to have further improved in 2025, reaching 1.4 percent of GDP. Preliminary data points to stronger-than-envisaged revenue mobilization, projected at 15.9 percent of GDP. Government-funded capital spending is projected at 1.4 percent of GDP in 2025, while priority social spending increased in line with the 2025 budget and program targets. Recurrent spending execution has remained broadly in line with the budgeted allocations, though spending on goods and services exceeded the budgeted amount.

6. The banking sector has strengthened, supported by important regulatory upgrades, although vulnerabilities persist. Aggregate capital and liquidity ratios remained above minimum regulatory requirements, albeit with heterogeneity across banks. While still elevated, the recent decline in non-performing loans (NPLs) has contributed to an improvement in asset quality and compliance with prudential regulations. Enforcement has also advanced, including reserve requirement compliance, with previously non-compliant banks now paying penalties. Supervision has intensified, and recapitalization of weak banks is advancing.

OUTLOOK AND RISKS

7. Economic activity is expected to strengthen over the medium term. Following a solid recovery in 2025—driven in part by large structural shifts, including faster than expected growth in the mining partly offset by a contraction in the manufacturing sector— growth is projected to remain robust in 2026 at 5.1 percent and to accelerate to 5.6 percent over the medium term. This outlook is driven by continued strong mining production, a recovery in manufacturing, and steady growth in agriculture and services. Inflation is expected to rise to 6.1 percent in 2026 before gradually declining towards the CBL's inflation objective of 5.0 percent by 2028, supported by subdued food and petroleum prices as well as prudent fiscal and monetary policies. The current account deficit is projected to widen in the short term, reflecting a normalization of remittance outflows and some deterioration in the terms of trade. Consistent with program's objectives, gross international reserves are projected to continue increasing to 3.0 months of imports by end-2027, at a lower level than aimed at the program approval, including due to significant upward revisions to imports (as well as exports).

8. The balance of risks to the outlook is tilted to the downside amid heightened global political and economic uncertainties. Weaker-than-expected global growth could dampen demand for Liberia's iron-ore exports, although strong gold prices may help support export earnings. Key external risks include commodity price volatility, declining international aid, and climate-related disasters. Domestically, delays in implementing key policy reforms could further exacerbate existing vulnerabilities. To mitigate these risks, the authorities should continue strengthening domestic revenue mobilization, supporting domestic production and export diversification, and establishing the institutional and legal foundations needed to facilitate climate-resilient investments. Accelerating governance reforms will also be essential to safeguarding macroeconomic stability and attracting donor-funded investments critical for infrastructure development.

9. The impact of the deterioration in global economic conditions—marked by higher oil and other commodity prices—is expected to be manageable. The current account balance is projected to weaken moderately in 2026 (by about 1 percent of GDP). Higher fuel import costs are expected to be broadly offset by stronger export prices for gold and iron ore, Liberia's main export commodities, as well as additional private capital inflows to meet higher fuel costs for large consumers, including mining companies. Risks of second-round inflationary effects remain limited, reflecting the low weight of fuel in the consumption basket and the expected full operation of hydropower generation during the upcoming rainy season, which should help contain electricity generation costs and price pressures. However, the war in the Middle East, if protracted, could lead to persistently higher energy prices and elevated global food prices—particularly through fertilizer shortages—posing downside risks to growth and increasing balance-of-payments need, which could be compounded by weaker gold prices. The materialization of these risks would have a disproportionate impact on vulnerable households, exacerbating poverty. In the context of declining external assistance, buffers to absorb prolonged shocks are limited, underscoring the need for more ambitious domestic revenue mobilization and safeguard social protection programs.

PROGRAM PERFORMANCE

10. Performance against quantitative program targets remained strong (MEFT Table 1). All performance criteria (PCs), including the continuous performance criterion on external arrears, for June 2025 were met comfortably. Three of the five end-June indicative targets (ITs) were met, while two were missed by a small margin: the continuous IT on the non-accumulation of new domestic debt arrears and the IT on the share of public wage bill paid in Liberian Dollars (LRD). These slippages reflected temporary challenges in debt and liquidity management. The domestic arrears were nonetheless cleared by end-December 2025. The authorities reiterated their commitment to effective liquidity management, timely debt servicing, and gradually increasing the LRD share of the wage bill—from the current 30 percent to 35 percent—compared with a historical level of around 20 percent before the program.

11. Implementation of structural reforms has been mixed (MEFP Table 2)**.** Of the ten applicable structural benchmarks (SBs), only two were met, and four were implemented with delays. Two of the four outstanding SBs—the provision of detailed borrowing terms for all external debt obligations and the enforcement of the NPL regulations—were established as prior actions and completed. The remaining two SBs—(i) a legal amendment to eliminate from the Code of Ethics the provision restricting publication of asset declarations to cases authorized by judicial order and (ii) the CBL adoption of regulations and operational guidelines on bank resolution—are proposed to be set as new SBs with test date of May 31, 2026 (as modified SBs). The delay in meeting the former reflects the need for additional coordination between the Liberia Anti-Corruption Commission (LACC), the implementing agency, and the Ombudsman's Office, which is responsible for legal amendments to the Code of Ethics. The delay in the latter reflects the time required to finalize and adopt regulations and operational guidelines that conform to acceptable standards.

POLICY DISCUSSIONS

Discussions focused on policy priorities needed to consolidate the progress achieved so far under the ECF arrangement and advance reforms envisaged under the RSF arrangement. On fiscal policy, the priority is to safeguard the hard-won gains in fiscal sustainability by ensuring that the 2026 budget is implemented in line with the program targets. In the financial sector, discussions centered on finalizing the initial recapitalization for weak banks, implementing the recently adopted restructuring plans, and advancing the NPL strategy, including full provisioning for impaired assets, the write-off of legacy NPLs from banks' balance sheets, and closely monitoring NPL development using the recently developed NPL database. On climate-related issues, discussions centered on critical institutional reforms to be supported by the RSF arrangement to address climate-related and pandemic risks.

A. Fiscal Policies

12. The 2025 budget, including the tax measures adopted during the year, was executed as planned. Preliminary data suggests that the end-December 2025 fiscal performance has remained in line with the program objectives. The primary balance (excluding grants), tax revenues, government-funded capital spending, and social expenditures are all estimated to have remained in line with the program objectives. Strong domestic revenue performance and successful domestic debt rollover, combined with the EU budget-support grant (US$25 million) disbursed on December 2025, provided adequate budget financing, despite delays in the planned World Bank (WB) budget-support disbursement (US$40 million), currently expected for the second quarter of 2026. The delays are due to a slower-than-expected legislative process to complete the required prior actions. The final fiscal data for 2025 will be available only after the 90-day reconciliation period (April 1, 2026).

13. Strong revenue performance underpinned the robust fiscal outturn for 2025. Preliminary data indicates that tax revenue reached 15.9 percent of GDP in 2025, up from 13.4 percent in 2023 and 14.5 percent in 2024. Direct taxes—personal income tax (PIT) and

corporate income tax (CIT)—and international taxes overperformed, supported by strong withholding taxes from SOEs and the introduction of new electronic clearance devices at the ports. However, property tax collection underperformed despite the President's enforcement directive, and the increase in goods and services tax (GST) fell below expectations following the rate hike from 10 to 12 percent. Royalties from commodity production performed above budget projections, reflecting higher-than-anticipated gold prices. While budget reconciliation process is still ongoing, additional revenue gains have been directed to unproductive spending, e.g., goods and services and grants. The approved 2026 budget has already substantially reduced such outlays (Table 3d), which is critical to maintain a prudent fiscal stance in line with program objectives.

14. A prudent fiscal stance is expected to continue in 2026. The budget envelope has reached a historically high level of US$1.25 billion, including contingent revenues totaling US$256 million (about 5 percent of GDP). The primary balance (excluding grants) is expected to stay at 1.4 percent of GDP. Contingent revenues are largely linked to the expected disbursement of a US$200 million concessional agreement bonus from Arcelor Mittal, Liberia's largest mining company. Contingent revenues also include US$28 million in bonuses from three agreements signed in 2025 and anticipated for 2026. Given uncertainty around the timing of these receipts, several contingent expenditures—primarily public investment projects—were introduced and will be executed only if the associated revenues materialize. This approach of identifying contingent revenue and expenditures, which worked well in the 2025 budget, helps to contain any risks of overspending. Moreover, monthly monitoring of revenue and expenditure will ensure immediate actions to preserve the primary balance program target. The 2026 budget will benefit from EU grants and concessional loans from African Development Bank (AfDB) and WB.

15. The gradual shift of spending from recurrent to capital expenditure is materializing at a slower pace than envisaged. Recurrent spending—wages, grants and subsidies—is expected to remain broadly constant in real terms. By contrast, spending on goods and services is expected to decline, while social spending is expected to increase substantially—by 50 percent relative to the 2025 outturn—to finance critical and targeted programs previously financed by the USAID, even though the authorities are facing challenges in scaling up social spending in health and education sectors. Government-funded capital expenditure will continue to rise, albeit at a slower pace than envisaged in the ARREST Agenda.

16. Small additional fiscal savings are needed to fully implement the 2026 budget and meet the fiscal targets. Based on the preliminary 2025 revenue and expenditure outturns, the authorities identified a potential fiscal gap of about US$10 million (0.2 percent of GDP), which will be closed through additional revenue measures. These measures are necessary to meet the primary surplus target of 1.4 percent of GDP while financing new priority social spending in the education and health sectors previously funded by USAID. To close the US$10 million gap (Text Table 1), the authorities implemented the following prior actions, (i) increasing the GST standard rate from 12 to 13 percent. and (ii) raising excise tariffs on selected imported goods, largely beverage and tobacco.

17. The authorities committed to introducing additional savings in goods and services to close the remaining fiscal gap. Initially, they had planned to increase the fuel excise by US$0.05 per liter as a prior action. This measure also aimed to narrow the price gap relative to the ECOWAS average and help curb fuel smuggling to neighboring countries. However, domestic fuel prices have already been fully adjusted in line with elevated global oil prices, resulting in significant increases in gasoline and diesel prices. Given the potentially substantial impact of further price increases on the cost of living and economic activity, the authorities therefore decided to defer the fuel excise increase until global conditions normalize. To address the remaining projected fiscal gap of US$3.1 million—stemming from the postponement of the fuel excise increase (US$2.5 million) and the delayed legislative approval of the GST rate increase (US$0.6 million)—the authorities instead decided to reduce the 2026 budget allocation for goods and services by an equivalent amount across a limited number of public administration institutions, without undermining other program objectives, notably by protecting productive spending and social spending.

Table 1. Liberia: Fiscal Savings Measures for the 2026 Budget

New Fiscal Measures	Yield (In US$ million)	Yield (Percent of 2026 GDP)
	2026	2026
Increasing GST rate from 12 to 13 percent universally. This would also faciliatate transition to a VAT.	5.4	0.10
Increased excise rate section 1108	1.5	0.03
Recurrent spending cuts from a few selected MACs	3.1	0.05
Total	10.0	0.18

Source: MFDP and IMF staff estimates.

16. The authorities' contingency plan continues to focus on expenditure prioritization. As in the recent past, they recognize the importance of closely monitoring cash management and using it to guide budget allotments, ensuring that total spending remains aligned with available resources, particularly domestic revenues. Should significant revenue shortalls arise, the authorities remain committed to further rationalizing recurrent spending and reprioritizing capital expenditures to safeguard program targets.

17. To support implementation of the ARREST Agenda, the authorities reiterated their commitment to further strengthening domestic revenue mobilization (DRM), which has become more critical in the context of declining donor support. Current efforts focus on:

(i) Advancing preparations for the VAT roll-out. Two tax experts, financed by the EU and ECOWAS, are supporting the Liberia Revenue Authority (LRA) in preparing for the VAT adoption. Key workstreams include: (i) upgrading tax administration IT infrastructure with support from the WB, (ii) establishing a VAT refund system, and (iii) amending secondary legislation to facilitate VAT implementation (SB for June 2026).

(ii) Reforming the fiscal regime for the mining sector. To address substantial tax exemptions, the government will submit to the Legislature amendments to transfer all fiscal provisions currently in the Minerals and Mining Law (MML) into the Revenue Code. Additional measures—developed in consultation with IMF staff and to be included in the amendments —are: (i) increasing mineral royalty rates by harmonizing rates for gold and iron ore, (ii) raising withholding tax rates on interest and dividend payments, and (iii) allowing tax credit under the minimum turnover-based CIT tax to be carried forward indefinitely, instead of the current 5-year limit (new proposed SB for December 31, 2026). These changes would not apply to existing mining concessions until the expiration of their stability clauses.

18. To ensure effective planning, execution, and monitoring of the budget, the authorities will continue advancing PFM reforms, focusing on the following areas:

(i) Enhancing national budget presentation. Starting with the 2027 budget, Liberia will align its budget presentation with international practices by clearly distinguishing domestic revenues from external grants and loans. Moving away from the current consolidated "envelope," the new format will present fiscal balances and financing items more transparently (new proposed SB). This will help both the Executive and the Legislative branches better assess sustainable financing options and the costs of debt financing. The 2027 budget will also classify PSIP project costs in line with the GFS 2014 (new proposed SB for October, 2026).

(ii) Strengthening public investment management (PIM). To support modernization and expansion of public infrastructures—including climate-resilient investments—the authorities will address key weaknesses highlighted in the recent C-PIMA assessment. These include shortcomings in project section, planning, and ex-post auditing. Reforms supported under the RSF arrangement will complement this reform (See ¶43).

(iii) Improving transparency in budget execution. Following the publication of the financial statements for FY2025 budget execution (due March 31, 2026), the General Auditing Commission (GAC) audit report will be published by September 2026 (new proposed SB). This year's GAC audit report will also include a reconciliation of total revenues recorded in the Tax Administrative System (TAS) and the actual amounts deposited into the government's consolidated revenue accounts at the CBL.

B. Monetary and Exchange Rate Policies

19. Monetary policy stance is broadly appropriate, with room for further easing if inflation continues to fall. Reflecting the sharp inflation decline—amid considerable appreciation of LRD—the Central Bank of Liberia (CBL), last October, lowered the policy rate by 100 basis points to 16.25 percent. Despite the rate cut, the real interest rate remained considerably high. Moreover, reserve requirements on LRD and USD deposits were maintained unchanged at 25 and 10 percent, respectively. The CBL also intensified liquidity management operations to contain the buildup of excess LRD liquidity in the banking system.[2] At the January 2026 meeting, the Monetary Policy Committee (MPC) reaffirmed that the current policy stance remains appropriate, given broadly stable macroeconomic conditions. However, looking ahead, the CBL should be ready to further reduce the policy rate, should the current low and stable inflation environment persist.

20. Enhancing monetary policy effectiveness remains critical for safeguarding price stability. High dollarization and underdeveloped financial markets continue to hinder monetary policy transmission, and the authorities are committed to strengthening this mechanism.[3] Key short- and medium-term priorities include: (i) gradually narrowing the interest rate corridor—from the current 10 to 5 percentage points by December 2026—to support the convergence of short-term interest rates towards the policy rate[4]; (ii) harmonizing reserve requirement ratios (RRRs) on LRD and USD deposits[5]; and (iii) reducing, by December 2027, the frequency of long-term monetary policy operations (the 1-month and 3-month CBL bills auctions) from weekly to monthly. Narrowing the gap between the current RRRs on LRD and USD deposits will be essential for supporting a market-driven de-dollarization of the economy.

21. The CBL is committed to developing a foreign exchange intervention (FXI) policy to better manage the risks of disorderly market conditions and excessive exchange rate volatility. The recent abrupt appreciation of the LRD—by about 10 percent in mid-September—while not disruptive, underscored the need for the CBL to remain prepared to address excessive volatility that could threaten financial and price stability. Against this background, staff emphasized the importance of developing a comprehensive FXI policy, with IMF technical assistance (TA), to strengthen the authorities' capacity to respond effectively to disorderly market conditions and

[2] The stock of outstanding CBL's bills increased from an average of LRD9 billion in last quarter of 2024 to about LRD10 billion in the fourth quarter of 2025.

[3] The transmission mechanism is gradually improving. Commercial banks are now differentiating interest rates between USD- and LRD-denominated assets—charging relatively higher rates on LRD credit—and have begun adjusting retail rates in line with the policy rate.

[4] The CBL maintains the width of the interest rate corridor at 10 percentage points, with the standing credit facility rate set 250 basis points above and the standing deposit facility rate at 750 basis points below the policy rate.

[5] The RRRs on LRD and USD deposits currently stand at 25 percent and 10 percent respectively. Over the medium to long term, the CBL should consider increasing RRRs on USD deposits beyond those on LRD deposits. This would promote financial intermediation in LRD and support financial de-dollarization. It will also strengthen the banking sector resilience against exchange rate, liquidity, and credit risks associated with financial intermediation in foreign currency.

excessive exchange rate fluctuations. The policy should clearly articulate the objectives, scope, and modalities of FXI—including the circumstances under which interventions may be undertaken, the instruments to be used, and the governance and decision-making framework—while remaining fully consistent with a flexible exchange rate regime and the country's reserves accumulation objectives. In this context, the CBL is appropriately strengthening FX market oversight by formalizing FX dealer operations. The authorities also reiterated their commitment to allowing the exchange rate to be market-determined, deploying FXIs only on an exceptional basis to prevent excessive and abrupt volatility and to address disorderly FX market conditions.

22. The CBL should continue pursuing a prudent reserve accumulation strategy. Given the high level of dollarization—with about 80 percent of banks' assets denominated in USD—and the limited scope for FX purchases in the market, the CBL has primarily relied on direct purchases from the GoL to build reserves. To support reserve accumulation targets, the authorities reaffirmed their commitment to further de-dollarizing government operations by increasing the LRD share of the public wage bill to 35 percent. The CBL is considering a gold purchase program to diversify its FX portfolio; however, staff clearly expressed our reservations, as it may entail gold-reserve valuation risks and broader governance vulnerabilities. The discussion will continue on the ways to improve reserve assets management, based on a comprehensive assessment of the associated legal, financial, and operational risks. Although the authorities have consistently met the NIR accumulation targets since the approval of the current ECF arrangement, the import coverage of GIR is projected to be lower at end-2027, due to significant adjustments to the import and export statistics and projections, as well as some valuation effects. The CBL should reassess the reserve accumulation strategy to ensure that the current targeted path remains adequate and to identify options to increase reserve accumulation further, if needed.

23. Securing an adequate supply of LRD banknotes remains essential for preserving financial stability and achieving reserve accumulation targets. Given the limited stock of LRD banknotes in the CBL's vaults, the CBL will expedite the procurement and delivery of new banknotes to prevent potential currency shortages, particularly during the holiday season later this year. The CBL Board has adopted a three-year currency printing plan for submission to the Legislature, with approval expected by end-May 2026. To ensure timely delivery, the CBL has placed an emergency order for the first batch of new banknotes, in line with its procurement policies. The remaining banknotes will be printed through a competitive procurement process.

C. Financial Sector Policies

24. Reforms under the ECF-supported program are strengthening the banking sector, although some challenges remain. Overall, banks continue to meet key regulatory minimum requirements for capitalization and liquidity, but a few weaker institutions still face difficulties. Going forward, priorities include completing their full recapitalization, addressing persistently high NPLs, and effectively implementing the additional restructuring measures approved by their Executive Boards.

25. Banks' recapitalization efforts are progressing, though more slowly than initially envisaged. In line with the restructuring plan adopted in September 2025, the MFDP injected US$20 million into Liberian Bank for Development and Investment (LBDI)—the only State-Owned Bank in Liberia—and has committed to additional capital injections of US$10 million each in 2026 and 2027. To support a sustainable restructuring, the authorities plan to strengthen LBDI's risk management and governance frameworks by: (i) amending the related-party transaction regulation to introduce stricter limits; (ii) completing an independent assessment of the bank's corporate and risk governance policies, procedures, and controls, in consultation with IMF staff and (iii) adopting a governance framework that curbs the MFDP's excessive influence on the Board (e.g., veto power). A small private bank has also been recapitalized by its existing shareholders, with a total of US$15 million as recommended in the recent Asset Quality Review (AQR), and it is progressing in developing alternative resolutions for its legacy NPLs, excluding those guaranteed by the CBL. However, the other weak bank failed to complete the capital injection scheduled for December 2025. The delayed capital injection highlights vulnerabilities in the weak bank that require timely attention. Authorities have increased supervision and are preparing corrective measures to support effective restructuring (see paragraph 26), while simultaneously working to contain fiscal costs and preserve financial stability within the relevant resolution plan (see ¶29).

26. To ensure consistent implementation of restructuring plans for the weak banks, the CBL will develop a dedicated monitoring framework. In line with the recently published Bank Financial Institutions Holding Act (BFIA, implemented as prior action), the CBL is preparing a framework to closely track progress on bank restructuring plans. This will include: (i) a monitoring dashboard assessing progress against predefined benchmarks, including but not limited to planned capital injections; and (ii) proportional remedial and corrective actions linked to each benchmark (new proposed SB for April 2026). The CBL will regularly review the framework to guide supervisory actions and policy decisions.

27. Addressing the elevated stock of NPLs remains critical to strengthening the banking sector and safeguarding financial stability. Following completion of a comprehensive assessment of the NPL stock—with support from Fund staff (LEG and MCM), the CBL has developed a bank-by-bank tailored NPL resolution strategies and is enforcing the related NPL regulation. The CBL has confirmed enforcement of existing prudential regulations, requiring full provisioning for NPLs older than one year and write-off for NPLs classified as "loss" for over two years (SB for end-October 2025, converted to PA). Proactive loan restructuring and stricter enforcement of the NPLs regulation has reduced the NPL ratio to 16.5 percent in September 2025, from 19.1 percent at end-2024. Since November 2025, the CBL has been monitoring NPL ratios and enforcing asset classification and provisioning requirements on a monthly basis (new proposed recurring SB).

28. The CBL is strengthening the enforcement of its regulatory framework. Significant progress has been made in applying banking regulations, including through close monitoring of reserve requirements and timely imposition of penalties on delinquent banks. The remaining regulatory forbearance granted to a small bank under restructuring will be removed, given the

bank's improved liquidity situation following recent capital injections and stronger deposit mobilization. Legacy uncollateralized loans previously extended to some banks have now been fully eliminated. In addition, the revised Emergency Liquidity Assistance (ELA) regulation—which defines the exceptional nature of ELA, its maximum duration, and specifies eligible collateral—is now fully operational.

29. Progress in establishing a bank resolution framework has been slower than expected. The CBL has set up a dedicated resolution unit with four staff members (SB for December 2025); however, drafting the necessary regulations and operational guidelines has been delayed. The CBL has prepared the Terms of Reference for the new resolution function and is currently developing a Resolution Manual to guide implementation of the resolution framework in accordance with the BFIA. Adoption of the outstanding regulations—an unimplemented part of the December SB—will be completed by May 2026 (SB for December 2025, proposed to be set as new SBs with the test date of May 31, 2026). In addition, the CBL has developed resolution plans for the two weak banks (SB for December 2025).

30. The CBL is taking steps to mitigate balance sheet risks. In the recent past, the CBL has provided guarantees to facilitate the selling of private bank and the MFDP's promissory notes held by the National Social Security and Welfare Corporation (NASSCORP). To assess and monitor balance sheet risks, the CBL will adopt the following measures: (i) compiling a complete inventory of all outstanding guarantees, including supporting documents, (ii) transparently disclosing these guarantee operations in its financial statements and monetary statistics, and (iii) working closely with the MFDP to prevent the materialization of these contingent liabilities. To discontinue the practice of issuing promissory notes to NASSCORP, the MFDP will begin paying, on a monthly basis, the GoL's share of pension and disability contribution to NASSCORP.

D. Governance

31. Enhancing the CBL's governance and internal control remains a key priority. While full implementation of the main recommendations from GAC's compliance audit and Kroll's forensic audit of the use of CBLs suspense accounts is taking longer than initially envisaged, the authorities have already addressed about half of the recommendations and remain committed to expediting the implementation of the remaining actions. In parallel, the CBL is making good progress in identifying areas of the CBL Act that may require amendment to further strengthen its integrity and autonomy, with the goal of submitting proposed amendments to the Legislature by September 2026

32. Reforms to fully operationalize the Liberia Anti-Corruption Commission (LACC) are advancing, albeit at a slower pace than anticipated. Working jointly with the Ombudsman Office and the Law Reform Commission, the LACC is consulting with stakeholders to prepare draft amendments to remove the restriction in the Code of Conduct (Section 10.3), which currently permits the publication of asset declarations only when authorized by court orders. Safeguarding LACC's institutional independence and effectiveness (including security of tenure of its

commissioners) is integral to a robust anti-corruption framework. The amendments are expected to be submitted to the Legislature by May 2026 (proposed to be set as a new SB for May 31, 2026, reset from December 31, 2025). The LACC has also made progress in digitalizing the asset declaration process to improve efficiency, transparency, and accessibility. Meanwhile, the enforcement of the current regime continues: as at end-December 2025, 92 percent of eligible public officials had submitted their asset declarations, up from about 89 percent at end-March 2025.

33. Implementation of the comprehensive workplan to ensure transparency in the beneficial ownership of legal entities is advancing. The workplan, adopted by the Cabinet last summer, provides the roadmap for establishing a fully functional beneficial-ownership framework. To accelerate progress, the authorities have requested IMF TA in this area. In the interim, the collection of beneficial ownership data during registration and license renewal continues, alongside efforts to fully operationalize the online Beneficial Ownership Registry by June 2026. The authorities also remain committed to adopting regulations governing international wire transfers in full compliance with related United Nations Security Council Resolutions in 2026 and strengthening the AML/CFT framework, including by regulating all designated non-financial businesses and professions (e.g., lawyers and trust and company service providers) and ensuring financial institutions are meeting their AML/CFT obligations.

34. The GAC's special audits of public institutions are ongoing.[6] The special audits of NASSCORP and the Liberian Electricity Company (LEC) have been completed, revealing multiple instances of non-compliance with laws and regulations, weak internal controls, poor financial reporting, limited transparency, and recurring financial irregularities. The GAC has also finalized an audit of all government domestic debt and claims covering 1980-2025, estimating total claims at about 1.5 percent of GDP. The audit report has been published, and the government is committed to addressing the identified weaknesses to improve financial reporting, accountability, and compliance with existing laws across public institutions involved on domestic debt operations. The GAC is finalizing other special audits, including the one on Tax Administrative System (TAS) and reconciliation with the consolidated revenue account held at the CBL.

35. The Governance Diagnostic (GD) is expected to be finalized in March 2026. The GD, recently shared with the authorities, confirms severe governance weaknesses that have hindered both economic growth and social development. The authorities will publish the GD report along with a detailed time-bound Action Plan to implement priority recommendations (new proposed SB for September 2026).

36. The rollout of the electronic public procurement system is underway. The Public Procurement and Concession Commission (PPCC) has confirmed that 94 percent of MACs submitted their annual procurement plans in 2025. However, use of the electronic procurement system remains

[6] The GAC special audits covered about 38 ministries, agencies, and commissions (MACs), 14 state-owned enterprises (SOEs)—including Liberia Maritime Authority and Liberia Electricity Company, 39 development partner-funded projects, and two IT-systems (IFMIS and NASSCORP's IT system).

limited to five major spending MACs and the PPCC. Competitive bidding accounts for less than half of awarded contracts. The authorities are currently expanding the electronic procurement system to 50 additional MACs, with the goal of full adoption of the system by all government entities by 2028.

37. The authorities are making good progress in addressing shortcomings in macroeconomic statistics, though further efforts are needed. The Liberia Institute of Statistics & Geo-Information Services (LISGIS) has completed the compilation of the 2010-24 GDP series, with IMF TA, and began regular publication in January 2026.[7] Efforts to expand the coverage of consumer price index beyond Monrovia and to strengthen the quality of external sector statistics are ongoing, with encouraging improvements already observed (DSA ¶51).

E. Reforms Supported under the Resilience and Sustainability Facility

The RSF arrangement will support the authorities' institutional reforms aimed at enhancing economic resilience and reducing long-term vulnerabilities to climate-related and pandemic risks focusing on three pillars: (i) disaster risk management and pandemic preparedness; (ii) climate financing and governance; and (iii) water and food security. It will also leverage synergies with other development partners and help catalyze additional financing from donors and private sector investors for climate adaptation investments.

38. Liberia is highly vulnerable to climate-related and pandemic shocks, posing significant risks to its medium- and long-term BoP stability and sustainability. The country ranks among the most vulnerable (30th among 187 countries) while also being one of the least prepared (166th among 192 countries)[8]. This heightened vulnerability is exacerbated by (i) weak infrastructures, (ii) persistently weak institutions and limited public services capacity, and (iii) inadequate adaptation policy measures to withstand shocks. Without decisive adaptation measures, climate- and health-induced shocks could threaten Liberia's recent macroeconomic stability, with potential GDP losses of up to 15 percent by 2050[9]. Agriculture, basic infrastructure, and public health services are particularly at risk, with adverse implications for social protection, food security, and thus government finances. In addition, NPLs are likely to increase due to the lack of climate-resilient infrastructure.

39. Climate-related shocks have already inflicted significant damage to Liberia's economy. Severe urban flooding, coastal erosion and increasing erratic rainfall patterns have reduced agricultural output, damaged critical infrastructure, and placed additional pressures on already-strained public services. The National Disaster Management Agency (NDMA) estimates that more than 800,000 Liberians face climate-related risk each year, with serious implications for shelter,

[7] These include quarterly and annual GDP series. The quarterly GDP series currently cover the period from 2016Q1 onward.

[8] Notre Dame Global Adaptation Initiative Index (Rankings // Notre Dame Global Adaptation Initiative // University of Notre Dame).

[9] World Bank, 2024 (CCDR)

health, water supply, and economic activity. Although less frequent, droughts have become more prolonged, particularly in the northern regions, leading to water scarcity, crop failures, and worsening food insecurity. Drought conditions have also disrupted hydropower generation—the country's primary source of electricity—further constraining economic activity and service delivery.

40. The agriculture sector—like in many countries in the region—is particularly vulnerable to climate-related risks. It employs around 41 percent of Liberia's population and accounts for about a third of GDP. Severe climate events, such as rising temperatures, heavy rainfall, and flooding, can significantly disrupt crop production and lead to substantial livestock losses. Given the population's heavy reliance on domestic agriculture for staple foods, these shocks heighten risks to food security and exacerbate poverty. In addition, rising sea temperatures and coastal erosion are harming marine ecosystems, reducing fish stocks and undermining productivity in the fishery sector.

41. Liberia is also vulnerable to pandemics. Past health crises, including the COVID-19 pandemic experience, revealed the country's acute susceptibility to infectious diseases, reflecting an inadequate health-care system and weak infection-control mechanisms. The COVID-19 pandemic led to a significant GDP contraction of about 3 percent in 2020, with an estimated income loss of roughly US$140 million. To mitigate the potential impact of future pandemics, Liberia needs a comprehensive multi-pronged strategy. Key priorities include securing sustainable financing for the health sector, increasing the number of trained health personnel, and expanding access to health services—particularly in remote and underserved areas. The current package of reforms would contribute to such efforts through institutional reforms aiming at modernizing and aligning the disaster risk management framework with international best practices; ensuring that resources can be allocated to disaster response in a timely manner; and reducing reliance on donor funding.

42. Addressing climate-related risks is a top priority for the authorities, but limited resources continue to hinder the implementation of key reform measures. In recent years, Liberia has made meaningful progress in incorporating climate commitments into national and sectoral strategies. The National Adaptation Plan for 2020-30 and the 2025-2029 ARREST Agenda set out strategies to tackle the countries' climate-related challenges. However, resource constraints—stemming from low domestic revenue and a shallow domestic financial market—limit the country's capacity to undertake ambitious adaptation measures and climate-resilient investments. As a result, Liberia must rely heavily on external financing to meet its climate objectives. According to the ARREST Agenda, the investment needs required to upgrade environmental policies and build climate resilience are estimated to amount to US$422 million—equivalent to about 8 percent of the 2025 GDP.

43. Limited progress has been made in integrating climate adaptation and pandemic preparedness measures into development and fiscal frameworks. The government has taken initial steps to establish an early warning system, invest in climate-resilient infrastructure, and strengthen public health surveillance. In addition, initiatives such as the Climate Mitigation and Adaptation Projects (CMAP) and health resilience program, supported by development partners, have helped advance diagnostic assessments and capacity building efforts. However, structural

constraints—including weak institutional capacity, uncertain political commitments, and limited financing—continue to hinder the effective implementation of these reforms and delay tangible progress.

44. The RSF arrangement for Liberia will help advance reforms aimed at addressing climate-related and pandemic risks, thereby contributing to strengthened long-term BoP stability. Given the potentially large economic, social and health consequences associated with these risks, the RSF-supported reforms will play a critical role in mitigating external vulnerabilities. Taken together, the RMs present a high-quality and well-sequenced package of reforms appropriate for Liberia's context. Liberia's limited institutional capacity underscores the need to establish basic building blocks before moving toward more ambitious reforms. Timely implementation of the RSF-supported Reform Measures (RMs) will also help catalyze additional donor financing for climate-resilient investments. Moreover, the RSF arrangement will complement the ongoing ECF-supported program by generating synergies, particularly in the fiscal and financial sectors, aligning structural reforms with climate-sustainability objectives, and enhancing institutional capacity.

45. The design of the reform measures has benefited from comprehensive diagnostic studies carried out by the Fund and development partners. The IMF Climate-Public Investment Management Assessment (C-PIMA) and Climate Policy Diagnostic (CPD) reports, together with the World Bank's 2024 Country Climate and Development Report (CCDR), underscored the need for a coordinated reform agenda to strengthen Liberia's resilience and sustainability in the face of climate-related shocks. Key priorities include: (i) integrating climate assessment into public investment planning and execution; (ii) strengthening the existing National Disaster Risk Financing strategy through more robust mechanisms for mobilizing domestic and external resources; and (iii) improving water and food security by enhancing the financial viability of responsible public companies (SOEs). Similarly, WHO's 2nd Joint External Evaluation of International Health Regulations highlights the need to improve multisectoral coordination, update national preparedness strategies, and establish a dedicated budget for emergency preparedness.

46. Based on these diagnostic studies and the authorities' reform agenda, eleven RMs have been identified, organized around three strategic pillars: (i) disaster risk management and pandemic preparedness, (ii) climate finance and governance, and (iii) water and food security—all critical for building a climate and pandemic-resilient economy. Given Liberia's negligible contribution to global greenhouse-gas emissions, the reform package appropriately emphasizes adaptation measures, which yield broad benefits for economic resilience, effective resource mobilization, efficient use of public resources, and sustainable social development.

Pillar I: Disaster Risk Management and Pandemic Preparedness

47. This pillar aims to strengthen risk management and pandemic resilience through improved budgetary planning, stronger institutional coordination, and sustainable emergency financing mechanisms.

- *Establishing a disaster-related cost database (RM1).* In coordination with the NDMA and other relevant agencies, the MFDP will establish a database—to be regularly updated, with data entry happening within six weeks after disbursement—to track fiscal costs of climate-related and natural disaster responses. An executive summary of the initial version of the database—covering at least two past disaster events—will be published on the MFDP website. This reform provides the essential baseline for integrating disaster-related fiscal risks into national budgeting and public investment planning. It also lays the groundwork for subsequent reforms by supplying the data needed for systematic risk assessment (RM2), informing the implementation of the Disaster Risk Financing Strategy (RM4), and strengthening transparency and accountability mechanisms that will be reinforced through RM9.

- *Adopting a climate risk assessment methodology (RM2)*. The MFDP will develop, adopt, and publish a national climate risk assessment methodology to better evaluate budgetary exposures and support climate risk-informed budgeting and investment planning. The results will be incorporated into the fiscal risk analysis starting from the draft 2027 budget to be submitted to the Legislature by October 31, 2026. Reframing climate vulnerabilities as budgetary—not merely contingency—risk will strengthen budget credibility and provide the analytical foundation for regularly updating of the National Disaster Risk Financing strategy for Liberia (first published in October 2025).

- *Implementing the Disaster Risk Financing strategy (RM4).* The MFDP, in coordination with the NDMA, will issue a ministerial order adopting and publishing an implementation plan for the Disaster Risk Financing strategy, consistent with IMF recommendations. The plan will include time-bound actions, clear institutional responsibilities, and annual public reporting requirements through the national budget. It will also mandate periodic reviews—at least every three years—to reflect evolving risks and lessons learned. This reform operationalizes risk assessment by linking diagnostics to financing mechanisms and strengthens fiscal resilience. The measure aims at strengthening the country's capacity to response to natural disasters and health emergencies, including pandemics. The reform will establish the mechanisms enabling the country to respond to disasters in a timely manner, and to properly channel domestic and foreign resources to provide relief in a coordinated way.

- *Regulation on Budgetary Mechanisms for Disaster Response (RM9*). The MFDP will adopt and publish a regulation defining clear guidelines for the use of budgetary mechanisms in response to disasters, including natural and public health emergencies. This regulation will specify triggering criteria for accessing budgetary allocation resources and contingency funding, in line with IMF's recommendations. The GAC will conduct special ex-post audits of the use of disaster-response funding. This reform provides the operational and governance framework that ensures

the financing arrangements under RM4 are credible, transparent, and accountable. Together with RM1 and RM2, it completes the sequence by ensuring that risk information, financing strategies, and budget execution rules are aligned and mutually reinforcing.

Pillar II: Strengthen Climate Finance and Governance

48. This pillar aims to strengthen climate governance framework, align public investment planning with national climate priorities, and attract additional financing:

- *Developing Sector Plans for Climate-Resilient Investment (RM3)*. To improve public investment planning and facilitate donor and private-sector engagement, MFDP through its Public Investment Unit (PIU) will transform the AAID Development Plan 2025-2029 into sector-specific plans covering road, energy, water, and sanitation for the same time horizon. These plans will identify priority investment projects that are aligned with Liberia's NDC and will be published annually on the Liberia Development Dashboard. This reform will ensure that public investment decisions are climate-aligned, strategically prioritized and transparent. By reducing inefficient spending and improving the credibility of national public investment planning, this measure will strengthen Liberia's ability to attract concessional climate finance and private investment. RM3 also provides the strategic foundation on which RMs 5, 6, and 10 build by ensuring that sector planning is coherent and climate-informed.

- *Enacting a comprehensive climate change law (RM5)*. The Government of Liberia will enact a comprehensive climate change law, incorporating key climate governance principles for adaptation and mitigation (e.g. planning, implementation, monitoring, climate finance, decentralization, roles and responsibilities of institutions). This reform will establish a coherent legal framework for climate related actions, reinforce accountability, and support project pipeline and dashboard reforms. RM5 strengthens and formalizes the institutional environment needed to implement RM3 and RM6 effectively, while providing a stable regulatory basis for mobilizing long-term climate finance.

- *Climate Integrated Project Tracking and Sector Planning (RM6)*. The MFDP (PIU) will:

  (i) establish and maintain a systemic internal procedure, to be regularly updated, to track approved government and donor-funded projects on the Liberia Development Dashboard, in line with IMF recommendations. This procedure will ensure that climate-relevant projects are clearly identified when submitted by the PIU, including its financing source information, and

  (ii) publish a sectoral ARREST Agenda development plan, organized by projects. The MFDP will transform and publish the AAID Development Plan 2025-2029 into sector-specific plans—with the same time horizon—and project lists for three additional key sectors identified by the government in line with the commitments set in RM3. Organizing the ARREST Agenda in this sectoral, project-based format will ensure that climate-risk assessment is integrated into project planning, strengthen transparency, and enhance coordination with development partners. By ensuring that capital projects are climate-aligned and strategically prioritized, it will bolster resilience and attract external concessional financing.

- *Climate-Responsive Project Appraisal (RM10)*. MFDP will (i) develop climate-related criteria for project appraisal in line with IMF recommendations and (ii) incorporate specific climate-related requirements into the public investment management manual for investment project appraisal. By integrating such climate-related criteria into the project appraisal process, this measure ensures that all projects listed on the Liberia Development Dashboard are rigorously assessed for climate resilience and prioritized accordingly. RM10 builds directly on the sector planning and project-tracking reforms under RM3 and RM6, and is supported by the legal framework established under RM5, completing the sequence from strategic planning to climate-responsive project appraisal.

Pillar III: Enhancing Water and Food Security

49. This pillar prioritizes governance and financial sustainability in the water sector.

- *Establishing a Water Management Council and drafting a Water Management Law (RM7).* The government will establish and operationalize a Water Management Council (WMC) tasked with drafting a comprehensive Water Management Law, aligned with international good practices. The WMC will submit the draft to the Legislature by end-June 2027. To ensure governance clarity during the transition period, the WMC will also sign a memorandum of understanding with all relevant stakeholders. This reform will help streamline mandates, reduce institutional overlaps, and create a coherent governance framework for climate-resilient water management and investment planning. It also provides the institutional foundation upon which subsequent regulatory and operational reforms (RMs 8 and 11) will build.

- *Developing a regulatory framework for groundwater and irrigation abstraction (RM8).* The government will introduce a regulatory framework governing groundwater and irrigation-water abstraction through a system of permits or licenses, including a legal basis for a tariff structure based on abstraction volumes, in line with IMF recommendations. This framework will target large commercial users including mining, rubber, and agribusiness operations, and will help promote sustainable water use, strengthen oversight, and generate predictable revenue streams. RM8 builds directly on the governance structure established under RM7 by translating the WMC's mandate into enforceable rules and economic incentives that support sustainable resource management.

- *LWSC Operational Efficiency and Financial Sustainability (RM11)*. In line with its Strategic Plan for 2025–2029 and to reduce reliance on government subsidies, LWSC will reduce its operating ratio, with the average ratio for the first three quarters of 2027 targeted at or below 1.25, compared to the current reference ratio of 1.57.[10] Should LWSC opt for tariff adjustments to achieve a cost-recovery threshold, a well-tailored social tariff will be needed to protect the vulnerable households. Improved operational efficiency and strengthened financial sustainability

[10] The operating ratio measures efficiency by dividing operating expenses (OPEX) over net sales. Hence, a lower ratio is preferred. The LWSC's strategic plan aims at reaching an operating ratio of 1 by 2029. LWSC computes and reports the ratio on a quarterly basis.

will enhance LWSC' credibility and capacity to attract domestic and external financing. Building on the governance and regulatory foundations established under RMs 7 and 8, this reform strengthens the operational and financial resilience of the water sector, ensuring that improved oversight and resource management translate into sustainable service delivery.

Box 1. Liberia: Reform Measures (RMs) Under the RSF and Prospective BOP Enhancement

	Reform Meausres	Diagnostic Reference	Target Date	Review Timeframe	TA Provider	Prospective BOP Risk reduction
Pillar I: Disaster Risk Mangement and Pandemic Preparedness						
RM1: Disaster Cost data base.	The MFDP, in coordination with the NDMA and other relevant agencies, will establish a database --to be regularly updated-- tracking the fiscal costs of climate-related and natural disasters response. A summary of the first version of the database will be published on the MFDP's website, including at least two past disaster events.	IMF CPD / CPIMA	June 1, 2026	RSF 1st review/ ECF 4th review	IMF	***Improved Fiscal and External sustainability***. Strengthening disaster-risk management will improve the country's preparedness to react to external shocks, reducing its exposure to the compounding effects of these, and safeguarding development gains. Improved managemend of disaster response will lead to a more efficient and coordinated movilization of resources, which would help reduce both fiscal and BOP pressures in the presence of natural disasters and health emergencies. The suggested reforms aim at strengthening fiscal resilience, improving transparency, reducing sudden foreign-exchange needs, and enhancing Liberia's ability to access concessional climate finance while lowering reliance on emergency external borrowing.
RM2: National climate risk assessment methodology.	The MFDP to adopt and publish a national climate risk assessment methodology to evaluate fiscal exposure and guide climate-informed budgeting and investment decisions. The outputs of this assessment will be incorporated into the fiscal risk analysis starting in the 2027 budget.	IMF CPD / C-PIMA	December 1, 2026	RSF 2nd review/ ECF 5th review	IMF	
RM4: National Disaster Risk Financing Strategy	The MFDP, in coordination with the NDMA, to issue a ministerial order adopting and publishing an implementation plan for the Disaster Risk Financing strategy, in line with IMF recommendations. The MFDP will be in charge of the plan implementation, and the order will include time-bound implementation actions with responsibilities for each action to strengthen fiscal resilience, require annual public reporting [in the budget] on progress and mandate periodic review and update of the plan at least every three years to reflect evolving risks and lessons learned.	IMF CPD / C-PIMA	June 1, 2027	RSF 3rd review/ ECF 6th review	IMF	
RM9: Regulation for the use of budgetary mechanisms	The MFDP will adopt and publish a regulation defining clear guidelines for the use of budgetary mechanisms in disaster response, including for natural disasters and public health emergencies, to ensure rapid mobilization of resources for both climate-related shocks and pandemic preparedness. This will include the determination of adequate budgetary allocation for disaster response and access to contingent funding in line with IMF's recommendations, as well as the requirement and triggering criteria for post-disaster audit by GAC on the use of contingency funds for disaster response.	IMF CPD / C-PIMA	November 26, 2027	RSF 4th review/ ECF 7th review	IMF	

Box 1. Liberia: Reform Measures (RMs) Under the RSF and Prospective BOP Enhancement (Continued)

	Reform Meausres	Diagnostic Reference	Target Date	Review Timeframe	TA Provider	Prospective BOP Risk reduction
Pillar II: Climate Finance and governance						
RM3: Sector plans for climate resilient investment	To facilitate public investment planning, and inform potential donors and private investors, MFDP (PIU) will transform the AAID Development plan into sector plans covering road, energy, water and sanitation to identify major investment projects that are also consistent with the country's NDC, and publish the sector plans and priority projects on the Liberia Development Dashboard.	IMF C-PIMA	December 1, 2026	RSF 2nd review/ ECF 5th review	IMF	***Improved Fiscal and External sustainability.*** Identifying sector needs, including key investment projects and climate-related criteria in their assessment, will ensure that public investment is better prioritized and climate-resilient. Tracking approved and funded projects can foster coordination between domestic and international partners, increase donor confidence, and keep project support on-budget. Improving the governance regarding climate change will institutionalize adaptation and mitigation planning, clarify institutional responsibilities, and enhance access to concessional climate finance, lowering fiscal pressures from climate shocks that often trigger emergency borrowing. Together, these measures help strengthen governance, improve investment efficiency, and expand access to concessional climate finance, reducing reliance on emergency borrowing and costly imports that increase external vulnerabilities.
RM5: Comprehensive Climate Change Law	Parliament to enact a comprehensive climate change law, incorporating key climate governance principles related to climate change adaptation and mitigation (planning, implementation, monitoring, climate finance, decentralization, roles and responsibilities of institutions)	IMF CPD	June 1, 2027	RSF 3rd review/ ECF 6th review	IMF/WB	
RM6: Climate-informed projects Dashboard Management and sector planning	MFDP (PIU) to (i) develop and adopt a procedure -- including a calendar for regular updates-- to ensure the timely tracking of proposed and approved government and donor funded projects within the Liberia Development Dashboard, incorporating climate-relevant projects that must be identified when submitted by the PIU, as well as relevant climate finance information in line with IMF recommendations, and (ii) transform and publish the AAID Development plan into sector plans and relevant projects for three additional key sectors identified by the government, in line with the guidelines detailed in RM3.	IMF CPD / C-PIMA	June 1, 2027	RSF 3rd review/ ECF 6th review	IMF	
RM10: Climate criteria in project appraisal	MFDP to (i) develop a set of climate criteria for project appraisal in line with IMF recommendations, and (ii) include climate change in the project appraisal requirements within the public investment management manual.	IMF C-PIMA	November 26, 2027	RSF 4th review/ ECF 7th review	IMF	

Box 1. Liberia: Reform Measures (RMs) Under the RSF and Prospective BOP Enhancement
(Concluded)

	Reform Meausres	Diagnostic Reference	Target Date	Review Timeframe	TA Provider	Prospective BOP Risk reduction
Pillar III: Water and food security						
RM7: Water management council and Water Resource Law	Government to establish and operationalize a Water Management Council (WMC) charged to draft a water management law. The WMC will submit the draft law to Parliament by end-June 2027. The WMC will also sign an MoU with all relevant stakeholders to provide governance clarity until the law is enacted.	IMF CPD	June 1, 2027	RSF 3rd review/ ECF 6th review	IMF/WHO	***Improved Fiscal and External sustainability***. Strengthening governance, improving resource management and ensuring reliable access to clean water will promote efficient resource use, ensuring priority uses are satisfied, and that water is managed in a sustainable way. Fostering regulations for groun-water abstraction will clarify the framework for irrigation networks to be developed. Higher water security for agriculture will reduce the exposure of exports and the need for food imports during dry spells. Improving the financial sustainability of the LWSC will reduce the fiscal support needed for the utility. These measures aim at foestering sustainable use of water resources, ensuring priority uses have access to it, while reducing the fiscal efforts to sustain service provision.
RM8: Framework for groundwater and irrigation water abstraction	Government to develop a regulatory framework for groundwater and irrigation water abstraction via raw water abstraction permits/licensing, and legal basis for a tariff structure based on abstraction volume, targeting large commercial users (e.g., mining, rubber, large agribusiness), in line with IMF recommendations.	IMF CPD	June 1, 2027	RSF 3rd review/ ECF 6th review	IMF/GCA	
RM11: Operational Efficiency and Social Tariff Safeguard	In line with its Strategic Plan for 2025–2029, and to reduce reliance on government subsidies, LWSC will reduce its operating ratio. The average of the operating ratio from the first three quarters of 2027 should be at or below 1.25 (compared to the current reference ratio of 1.57 identified in the Strategic Plan) as a sustained operational benchmark. If LWSC increases water tariffs towards cost-recovery levels as part of the measures to reduce its operating ratio, it should ensure the adoption of a social tariff to protect vulnerable consumers.	IMF CPD	November 26, 2027	RSF 4th review/ ECF 7th review	WB/GCA	

F. Debt Sustainability and Financing Strategy

50. Liberia's public debt remains sustainable. The risk of external debt distress continues to be assessed as moderate, while the risk rating for total public debt remains high, albeit on a declining path. All external debt indicators are projected to remain below applicable thresholds. The total external debt service-to-revenue ratio is projected to decline from 14.6 percent of GDP this year to 8.6 percent by 2036. Overall, debt indicators improve steadily over time. To consolidate the progress achieved to date and support the program objective of reducing public debt vulnerabilities, the authorities should: (i) adopt a strong medium-term fiscal framework, underpinned by enhanced revenue mobilization strategy and improved public spending efficiency, (ii) maintain a prudent borrowing strategy that prioritizes concessional borrowing, (iii) reinforce oversight of SOEs to mitigate fiscal risks and prevent the materialization of contingent liabilities, and (iv) implement climate-related reforms. Under the ECF arrangement, complying with the ceiling on the present value (PV) of new public and publicly guaranteed (PPG) external borrowing will also be essential to further mitigate debt vulnerabilities.

51. Building on the meaningful progress achieved to date, the authorities remain committed to further strengthening debt management capacity. Staff acknowledge the authorities' efforts to reform the MFDP debt management unit, including the re-organization of senior staff and positions. A comprehensive inventory of all government external and domestic debt, as well as contingent liabilities, has now been completed. Building on these achievements, the

authorities have committed to (i) regularly updating the comprehensive database of all public debt and contingent liabilities; and (ii) enhancing the assessment and monitoring of fiscal risks associated with contingent liabilities. Over the medium term, the authorities plan to (i) update the Medium-Term Debt Strategy (MTDS) annually; (ii) conduct market surveys on appetite for Treasury bonds and publish a quarterly calendar for meetings with banks; (iii) ensure that all debt securities are issued through auctions; and (iv) refrain from accepting T-bill or T-bond bids at rates inconsistent with maintaining a sustainable debt position. The overarching objective is to ensure timely repayments of debt while lengthening the average maturity of domestic debt. At end-December 2025, three external obligations were under dispute. In January 2026, the authorities confirmed their intention to resume servicing one of these obligations, which reinstates the original repayment schedule. Authorities have also initiated bilateral dialogues with the creditors on the two remaining disputed claims.[11]

G. Program Modalities and Other Issues

52. Financing assurances and burden sharing. The program remains fully financed for the next 12 months and the prospects for the remainder of the program remain strong. The EU disbursed US$25 million in December 2025, while the WB is now expected to disburse US$40 million as budget support—initially scheduled for December 2025—only in the second quarter of 2025, due to slow progress in meeting several prior actions. Both development partners are expected to continue providing budget support for 2026 at similar levels. Continued reserve accumulation to adequate levels could require higher post-program financing than currently projected (Table 6), but the currently projected reserve path is consistent with the program's sustainable debt path and the Fund is assured of the member's repayment capacity.

53. ECF-supported program monitoring. The ECF-supported program will continue to be monitored through semi-annual reviews, based on six quantitative PCs and five ITs (MEFP Table 1), which has been set for end-June and end-December 2026. Prior actions for this review and SBs through December 2026 are presented in MEFP Tables 3 and 4. New SBs are proposed for the fourth and the fifth review. PC on the change in CBL's net international reserves are proposed to be modified to reflect the expected disbursements under the RSF arrangement (Table 9). Memorandum of Understanding and Memorandum of Economic and Financial Policies are included as Appendix I.

54. RSF modalities. Liberia meets the RSF eligibility based on its per-capita income, placing it in Group A for the purpose of interest charges. Proposed access under the RSF arrangement amounts to SDR 193.8 million (75 percent of quota). This access level is justified by the overall quality of the reform package and Liberia's adequate capacity to repay the Fund. The duration of the RSF arrangement is aligned with the remaining period of the ECF arrangement, which expires in January 2028. Disbursements will follow the implementation timeline of RMs, with a planned schedule of

[11] As of December 2025, Liberia had disputed claims against two official creditors (the Netherlands and Israel) and one commercial creditor (Afreximbank) totaling about US$71.8 million, including US$14.4 million in arrears. In January 2026, authorities confirmed the intention to resume servicing the debt with Israel based on the original payment schedule, which led to a new emergency of arrears estimated at US$ 2.5 million.

6.82, 13.64, 34.09, and 20.45 percent of quota across the 4th-7th ECF-supported program reviews (Table 9). Part of RSF disbursements will be used for the GoL's debt management, replacing projected non-concessional financing up to US$20 million and US$30 million to the GoL in 2026 and 2027 respectively.

55. Capacity Development (CD) and collaboration with development partners. The IMF's CD strategy for Liberia will continue to focus on the key challenges identified by the ECF-supported program and surveillance, including revenue mobilization, public financial management, central bank operations, banking supervision and regulation, and macroeconomic statistics. Under the RSF arrangement, IMF TA will support the authorities in implementing reform measures under the first two RSF pillars—*disaster risk management* and *climate finance and governance*. In these areas, IMF TA will coordinate closely with the WB experts on several tasks, including the preparation of a comprehensive database—to be regularly updated—to track fiscal costs related to climate and natural disasters responses, as well as the development of a climate risk assessment methodology to evaluate fiscal exposures. Other CD providers, such as the World Health Organization (WHO) and Global Center on Adaptation (GCA) will support reform measures related to the food and water security pillar.

56. Safeguards assessment. The CBL Board is fully constituted, and Emergency Lending Assistance (ELA) framework has been strengthened with the support of the IMF TA. The CBL has made meaningful progress in implementing 2024 safeguards recommendations. However, the recent safeguards monitoring exercise identified remaining gaps in the CBL's internal control systems, as well as potential balance sheet risks from outstanding guarantees (see ¶30). The CBL has committed to accelerating the implementation of the outstanding safeguards recommendations, with priority actions to be completed over the first half of 2026.

57. Capacity to Repay. Liberia's capacity to repay the Fund remains adequate but is subject to significant risks due to the high level of Fund exposure (Table 10). The proposed RSF would double Liberia's total Fund Credit Outstanding (Figure 5), pushing total Fund exposure well above the top quartile of other past PRGT arrangements. Liberia's exposure to the Fund—and multilateral institutions more broadly—is already among the highest in the PRGT with multilateral creditors accounting for roughly half of all debt service in 2024 (DSA Text Table 3). In this context, the proposed RSF will significantly increase the already-high stock of senior debt. The stock of Fund credit to Liberia is projected to peak in 2027 at SDR 424.7 million—equivalent to 9.7 percent of GDP, 23.4 percent of exports of goods and services, or about 58.2 percent of gross international reserves—with the proposed RSF access. Given the RSF's 10.5-year grace period, Fund obligations remain manageable since RSF repayments begin only after repayment of the current ECF arrangement is complete. Most indicators of debt service to the Fund are projected to peak in 2025, while one indicator peaks in 2028, and gradually converge towards the PRGT median by end-2035. Both from a stock and flow perspective, the proposed RSF risks constraining scope for future UCT borrowing, if needed. However, these risks are mitigated by the authorities' commitment to structural reforms under the ECF arrangement and reform measures under the proposed RSF which will strengthen long-term sustainability as well as Liberia's strong track record of servicing Fund

obligations. Strong medium-term fiscal framework—largely supported by robust domestic revenue mobilization—will also help maintain Liberia's moderate risk rating for external debt, as assessed in the updated DSA, and improve the country's capacity to repay.

STAFF APPRAISAL

58. Implementation of the ECF-supported program remains broadly satisfactory. The authorities have demonstrated strong ownership and deserve credit for sustaining reform momentum amid persistent global challenges. All quantitative performance criteria and most indicative targets at end-June 2025 were met. Although progress on structural measures has been mixed, the authorities have ultimately implemented all applicable structural benchmarks except for two, which required additional time given the country's relatively limited implementation capacity and the ambitious scope of the reform agenda. Looking ahead to the 2026 priorities, staff encouraged the authorities to maintain steady progress on the structural reform agenda, including the RMs under the RSF arrangement.

59. Economic growth remains robust, and the outlook is favorable. Mining production has increased, supported by newly operational mines and elevated commodity prices—particularly gold. Continued expansion in agriculture and the implementation of investment projects will further support economic activity. Inflation has fallen significantly and is projected to remain close to the CBL's medium-term target. The current account balance is expected to continue improving, and prudent fiscal policy is projected to continue. However, the outlook remains subject to considerable downside risks, largely stemming from elevated global uncertainties. A significant slowdown in the global economy could adversely affect Liberia's commodity export sector, which remains the main engine of economic growth. While the impact of the war in the Middle East—marked by higher oil and other commodity prices—is expected to be manageable, the war, if protracted, could pose downside risks to growth and increasing balance-of-payments need, with a disproportionate impact on vulnerable households, exacerbating poverty. In the context of declining external assistance, buffers to absorb prolonged shocks are limited, underscoring the need for more ambitious domestic revenue mobilization and safeguard social protection programs.

60. The prudent fiscal policy stance has strengthened fiscal sustainability and helped rebuild external buffers. A significant reduction in recurrent spending, combined with a robust recovery in tax revenues, has contributed to a sharp decline in fiscal deficits while allowing for increased budget allocations to capital expenditure. This improved fiscal position has supported the gradual rebuilding of international reserves, which had been severely depleted in 2023. Maintaining the current fiscal policy stance—centered on enhanced revenue mobilization and continued restraint in recurrent spending—will create fiscal space needed to finance priority public investments without undermining debt sustainability. This approach will be essential for achieving a sustainable growth and meaningful poverty reduction while gradually lowering Liberia's reliance on external aid.

61. Strengthening fiscal structural reforms is essential to boost public investment and preserve macroeconomic stability. Enhancing revenue collection—through gradual increases in

the GST rate, successful VAT roll-out preparation, and reduced mining-sector tax exemptions—will help generate the resources needed to scale up public investment. Implementing C-PIMA recommendations will further improve public investment management and support the implementation of climate-resilient infrastructures. Continued progress on PFM reforms, including stronger expenditure controls, and transition to a coherent multi-year budget framework, will reinforce fiscal discipline and improve spending efficiency.

62. Liberia's debt vulnerabilities require prudent debt management and higher-quality debt data remain critical to prevent payment delays. Recent efforts to enhance capacity within the Debt Management Unit, along with active domestic debt reprofiling and maturity extensions, will help to mitigate rollover risks. Authorities must intensify their efforts to improve debt service data by clearly identifying SOE guarantees and non-guaranteed debts. On external borrowing, the authorities should continue prioritizing grants and highly concessional financing while refraining from borrowing at commercial terms.

63. Monetary policy stance could be eased further if the current low and stable inflation continues. Building on the recent notable decline in inflation, the CBL should remain vigilant and ready to take action to ensure inflation remains stable. Over the medium-term, the CBL's actions should ensure that inflation does not deviate substantially from the 5 percent target. Despite the sizable dollarization, the exchange rate should be allowed to fully reflect market forces, with CBL interventions strictly limited to smoothing volatility and supporting orderly market conditions. To facilitate a gradual and market-driven de-dollarization, the reserve requirement ratios and remuneration on both USD- and LRD-denominated deposits should be harmonized to encourage a greater use of Liberian dollars.

64. Financial-sector regulation and oversight should be strengthened. While the banking sector remains robust, implementing restructuring plans for weak banks remains essential to reduce both financial and fiscal risks. Continued modernization of the regulatory framework is also critical to preserve financial stability. Recent strict enforcement of the regulatory requirements, including those related to ELA, reserve requirements, and NPL regulations, will help enhance resilience across the banking system.

65. Advancing the governance reform agenda is essential. Recent progress in asset declaration and publication is welcome. Continued efforts to digitalize the procurement system will strengthen transparency and accountability in public spending. Addressing remaining governance and transparency gaps will require a fully operational LACC. Steadfast implementation of outstanding recommendations to enhance the CBL's governance and internal control, as well as the GSD recommendations, remains a key priority. A credible, time-bound action plan will help ensure timely implementation of these reforms.

66. Integrating climate resilience into Liberia's policy framework, supported by the RSF arrangement, is critical for mitigating macroeconomic and social risks. Climate-related shocks and pandemics pose significant threats to Liberia's macroeconomic stability, social development, and livelihoods, given its high vulnerability to natural disasters and their potential to weaken the

fiscal position, heighten debt vulnerabilities, and intensify BoP pressures. Mainstreaming climate considerations across policy reforms will require stronger coordination across government agencies and with development partners, as well as strengthened public investment management in line with C-PIMA recommendations. Mobilizing donor resources and private capital will also be essential to develop climate-resilient infrastructure. In this context, the RSF arrangement provides an effective platform to integrate climate priorities into the policy framework, and the authorities should leverage RSF-supported reforms to advance their adaptation agenda and catalyze additional financing for climate-resilient investments.

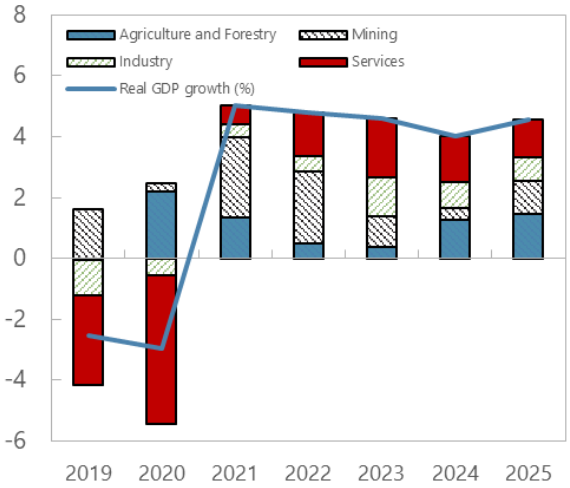
67. Improving the quality and availability of Liberia's economic statistics remains critical. While progress has been made in enhancing data quality with Fund's technical assistance, substantial improvements are needed in external sector statistics to better align identified external financing needs with financing sources. In particular, recorded services do not fully reflect service debits associated with activities financed through current and capital transfers, while net remittances are unusually high relative to peers, suggesting significant underreporting of outflows. Authorities should intensify their efforts to fully adopt IMF TA recommendations, including by improving cooperation between CBL and other data producing entities, such as the LRA, MME and MFDP, to increase data coverage.

68. Staff support the completion of the third review under the ECF arrangement and the authorities' request for an RSF arrangement. The ECF arrangement will continue to serve as an anchor for economic policies aimed at maintaining macroeconomic stability, strengthening resilience, mobilizing financing, and supporting higher and more inclusive growth. Staff also support the authorities' request for an RSF arrangement—to be implemented concurrently with the ECF arrangement—with an access level of 75 percent of Liberia's quota, justified by the strength of the authorities' reform measures, Liberia's strong track record of repayment to the IMF, and its projected adequate capacity to repay. Staff also support the PC on the change in the net international reserves, reflecting the expected disbursements under the RSF arrangement. Staff support the authorities' decision to temporarily postpone the fuel excise increase and to offset the projected revenue shortfall through a reduction in the 2026 budget allocation for goods and services to a limited number of public administration institutions.

Figure 1. Liberia: Recent Economic Developments

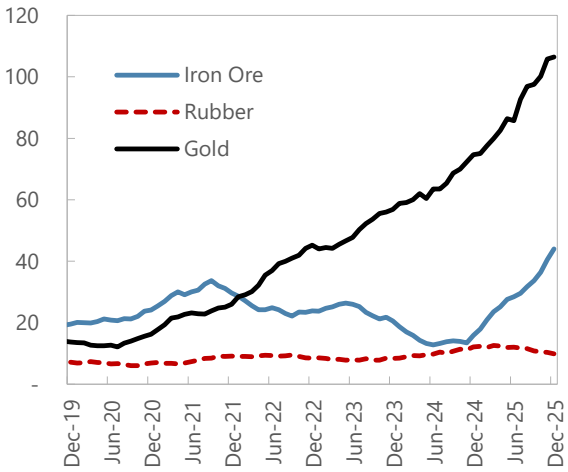
Growth picking up, largely supported by strong mining activities.

GDP Growth and Contributions by Sector, 2019-24[1]
(Percent)



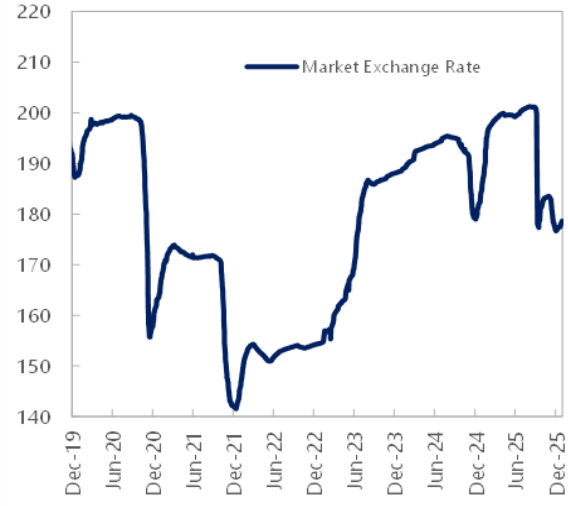
Gold exports growth remained strong, iron ore exports rebounded strongly, while rubber stayed subdued.

Nominal Exports, 2019-25
(In millions of US$, per months, 12-month m.a.)



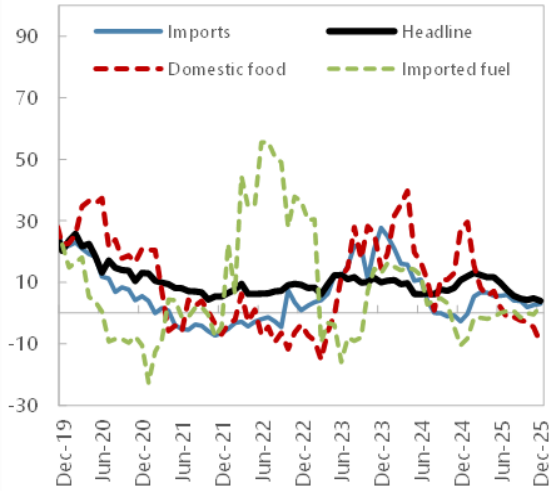
Exchange rate stabilizing somewhat, following a sharp appreciation in September 2025.

Daily Exchange Rates, 2021-25
(L$ per US$)



Headline inflation eased to single digits, with broad-based declines in food and non-food prices.

Price Developments, 2019-25[2]
(12-month percent change)



Sources: Central Bank of Liberia; and IMF staff calculations.

[1] 2024 figures are preliminary estimates.

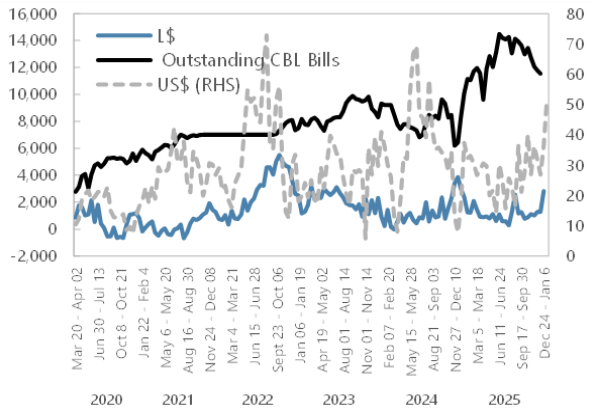
[2] Effective January 2019, Liberian authorities have rebased inflation using the 2016 Household Income and Expenditure Survey which calculates the 2004 base year using a regional average consumption basket.

Figure 2. Liberia: Monetary Developments

The CBL scaled up liquidity management operations to contain excess liquidity and LRD monetary aggregates growth.

Aggregate Excess Reserves and Outstanding CBL Bills, 2019-25

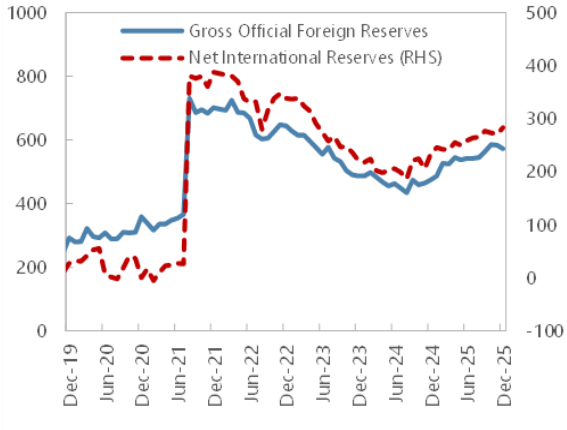
(In millions of US$ and L$, period average)



International reserves picked up following a period of sustain decline.

Gross and Net International Reserves, 2019-25

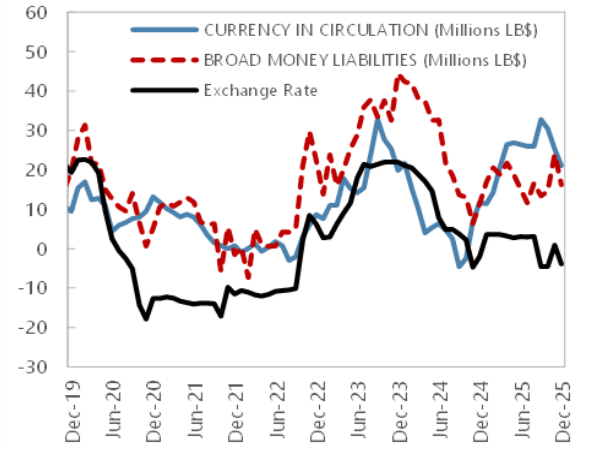
(US$ millions)



Broad LRD monetary aggregates eased somewhat, though currency in circulation remained strong.

Cash in Circulation Growth, 2019-25

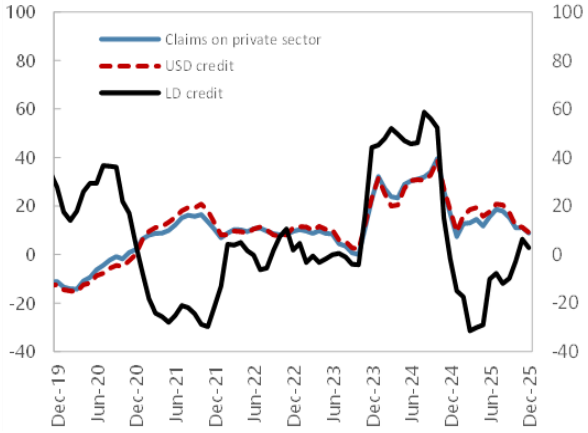
(12-month percent change)



Private sector credit remained subdued and largely denominated in US$[1].

Claims on Private Sector Growth, 2018-25[2]

(12-month percent change)



Sources: Central Bank of Liberia; and IMF staff calculations.

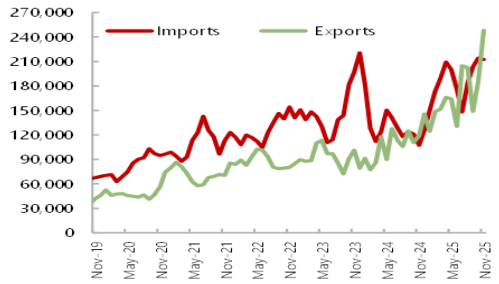
[1] High credit growth from Dec-2023 largely reflects a correction of the bank's assets classification from "other assets" to "credit to the private sector", which is only made from Dece-2023 with no historical correction.

[2] A significant portion of Liberian credit is expressed in US Dollars, as such, private sector credit growth has been plotted using U.S. dollar values.

Figure 3. Liberia: External Sector Developments

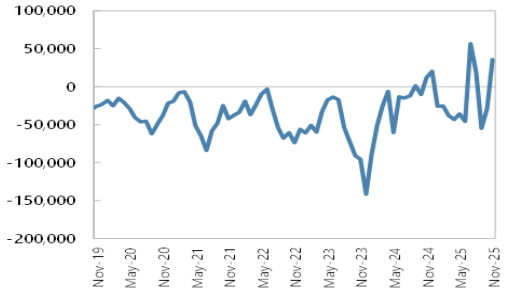
Goods exports surged in 2025 on higher gold prices and capacity gains, and although imports initially grew faster, exports caught up toward year-end.

Imports and Exports, 2019-25
(US$ 000s, 3-month m.a.)



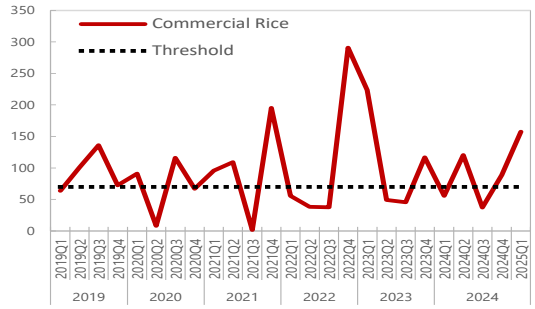
... leading to some widening of the trade balance.

Trade Balance, 2019-25
(US$ 000s, 3-month m.a.)



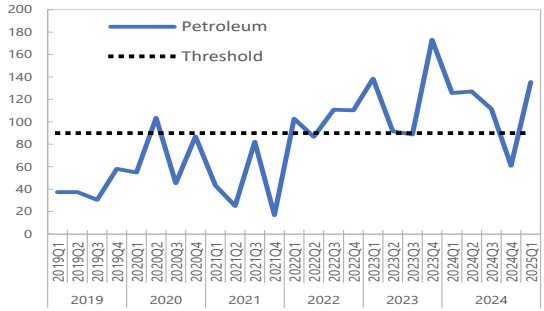
Rice imports picked up after two years hovering around the minimum threshold.

Quarterly Rice Imports, 2019-25[1]
(Volume, metric tons 000s)



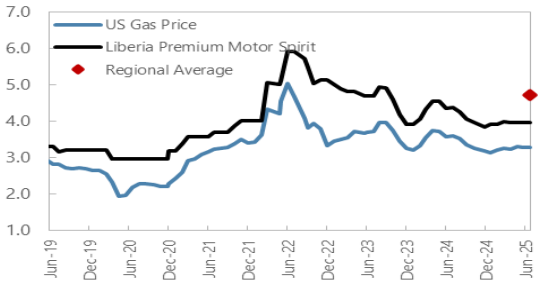
Meanwhile the volume of petroleum imports increased, benefiting from low international oil prices.

Quarterly Petroleum Imports, 2019-25[2]
(Volume, million liters)



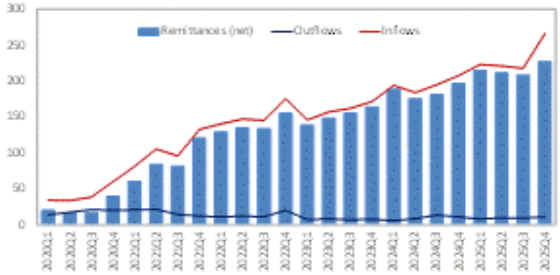
Fuel prices at the pump are following international trends and remain below the regional average.

Imported Fuel Price, 2019-25
(US$ per gallon)



Net remittances surged, contributing to narrowing the current account deficit

Quarterly Remittances, 2019-25
(US$ millions)

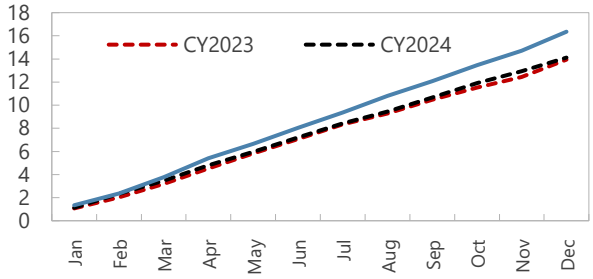


Sources: Central Bank of Liberia; and IMF staff calculations.
[1] Quarterly average rice imports needed to meet 400g rice per person per day criteria (World Food Program).
[2] Quarterly average fuel imports considered adequate by Liberia Peroleum Refining Company (LPRC).

Figure 4. Liberia: Fiscal Performance

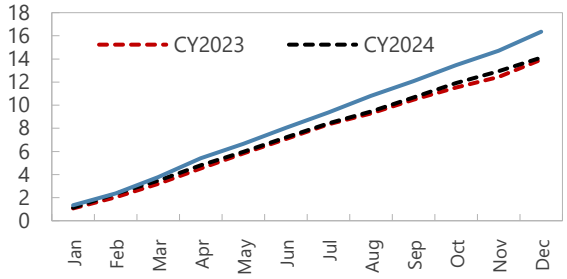
In 2024, total revenue increased compared to 2023.

Revenue Composition, 2021-25[1]
(Percent of GDP)



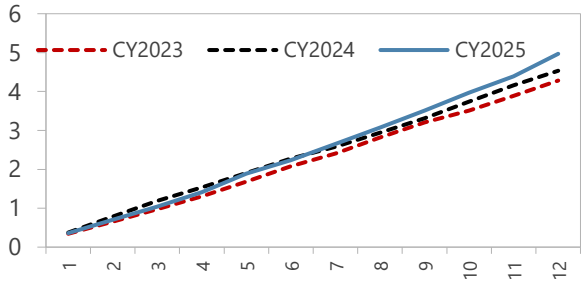
Revenue has clearly improved in 2025.

Domestic Revenue, 2023-25
(Cumulative, percent of GDP)



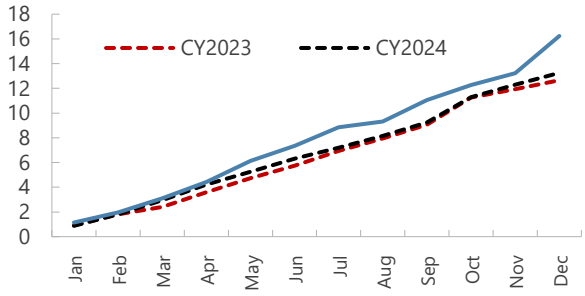
Trade taxes have improved over time.

Trade Taxes, 2023-25
(Cumulative, percent of GDP)



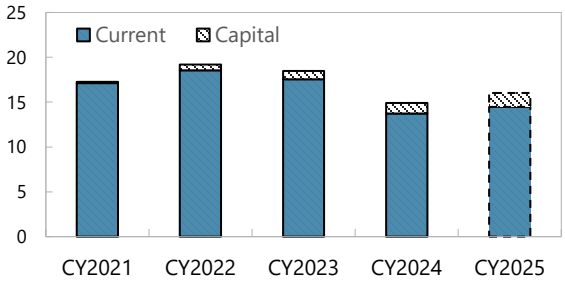
In 2024, total expenditures rationalization materialized, as expected.

Total Expenditure, 2023-25
(Cumulative, percent of GDP)



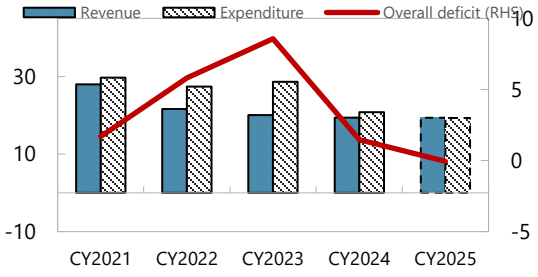
On-budget capital expenditure has continued to remain low, largely due to limited capacity…

On-Budget Expenditure Composition, 2021-25[1]
(Percent of GDP)



With substantial reduction in recurrent spending, the central government fiscal position has improved, which is expected to continue in 2025.

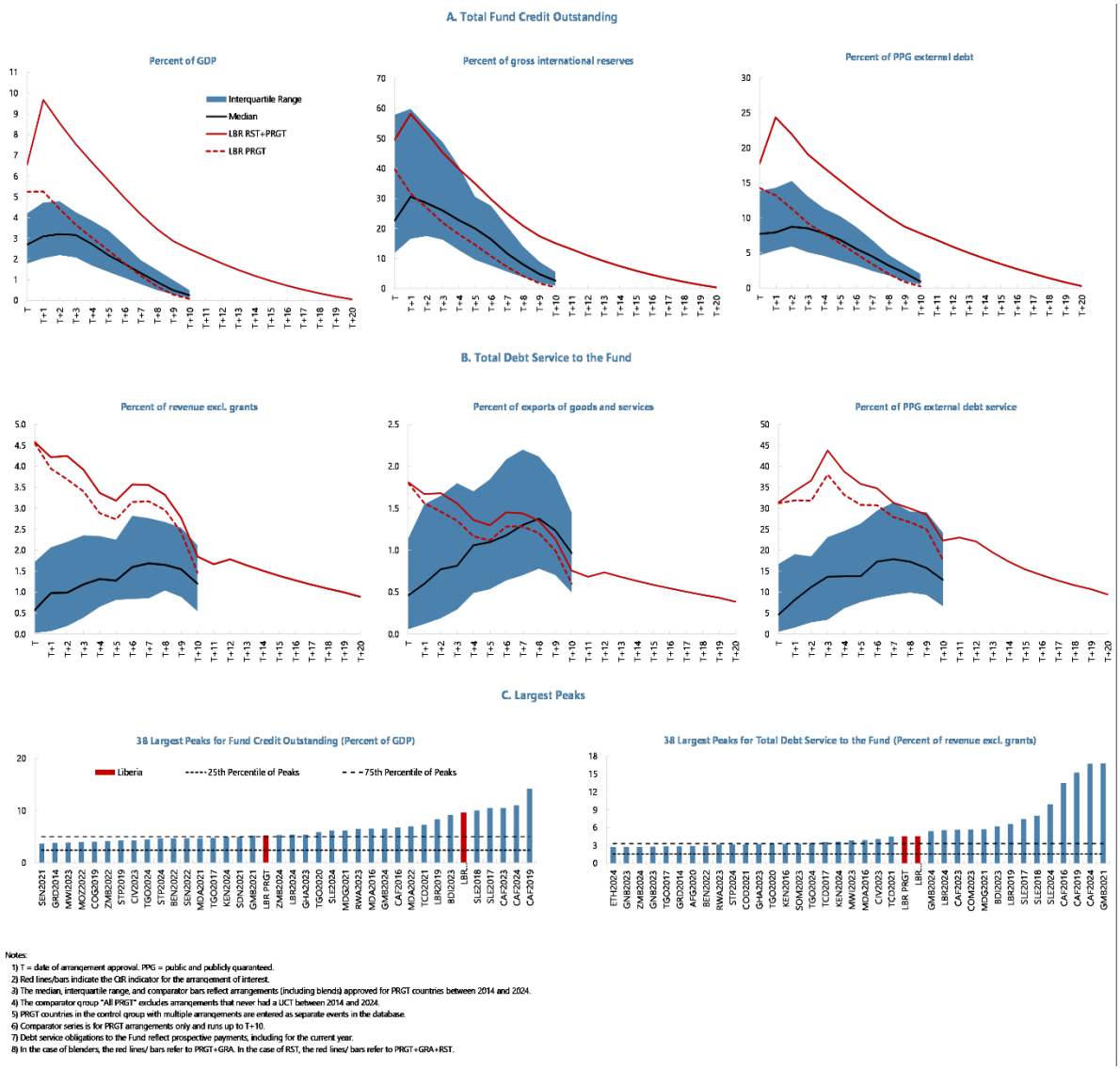
Revenue and Expenditure, 2021-25[1]
(Percent of GDP)



Sources: Central Bank of Liberia; and IMF staff calculations.
[1]2025 figures are projections.

Figure 5. Liberia: Capacity to Repay Indicators Compared to UCT Arrangements for PRGT Countries

(Percent of the indicated variable)



Notes:
1) T = date of arrangement approval. PPG = public and publicly guaranteed.
2) Red lines/bars indicate the CIR indicator for the arrangement of interest.
3) The median, interquartile range, and comparator bars reflect arrangements (including blends) approved for PRGT countries between 2014 and 2024.
4) The comparator group "All PRGT" excludes arrangements that never had a UCT between 2014 and 2024.
5) PRGT countries in the control group with multiple arrangements are entered as separate events in the database.
6) Comparator series is for PRGT arrangements only and runs up to T+10.
7) Debt service obligations to the Fund reflect prospective payments, including for the current year.
8) In the case of blenders, the red lines/ bars refer to PRGT+GRA. In the case of RST, the red lines/ bars refer to PRGT+GRA+RST.

Table 2. Liberia: Selected Economic and Financial Indicators, 2022–2030

	2022	2023	2024	2025		2026		2027	2028	2029	2030
	Act.	Act.	Act.	Second Review	Est.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.
	(Annual percentage change, unless otherwise indicated)										
Real sector											
Real GDP	4.8	4.6	4.0	4.6	5.1	5.4	5.1	5.4	5.6	5.6	5.6
of which: Mining & panning	14.0	5.7	2.1	6.0	17.0	11.0	10.7	10.8	11.4	10.8	10.6
of which: Agriculture&Forestry	1.3	0.9	3.4	3.9	2.6	3.9	3.5	3.4	3.4	3.4	3.4
of which: Manufacturing	2.2	8.9	7.1	5.9	-2.8	5.9	4.9	5.9	5.9	5.9	5.8
of which: Services	4.8	7.1	5.0	4.3	3.3	4.2	3.7	4.1	4.2	4.2	4.2
Nominal non-mining per capita GDP (U.S. dollars)	618	667	704	723	708	753	738	770	804	840	880
Nominal GDP (millions of U.S. dollars)	3,974	4,390	4,778	5,160	5,216	5,525	5,641	6,048	6,455	6,896	7,383
Inflation											
Consumer prices (annual average)	7.6	10.1	8.2	10.7	8.3	8.0	5.8	6.2	5.5	5.1	4.9
Consumer prices (end of period)	9.2	10.0	10.7	9.0	4.0	7.4	6.7	5.8	5.1	5.0	4.9
Population (millions)	5.4	5.5	5.6	5.7	5.7	5.9	5.9	6.0	6.1	6.2	6.4
	(Percent of GDP)										
Central government operations[1]											
Total revenue and grants	21.6	20.1	22.3	20.3	21.0	20.2	20.6	20.5	20.4	20.5	20.2
Total revenue	15.2	13.4	14.5	15.2	15.9	15.8	16.3	16.4	16.7	17.0	17.0
Grants[2]	6.4	6.7	7.8	5.1	5.1	4.5	4.3	4.1	3.8	3.6	3.2
Total expenditure[2]	27.4	28.6	24.1	22.1	22.0	22.7	22.3	21.6	22.0	22.9	21.3
Current expenditure	21.0	20.9	16.1	16.4	16.7	16.8	16.6	16.0	16.2	16.3	15.2
Capital expenditure	6.4	7.7	8.1	5.7	5.4	5.9	5.7	5.6	5.9	6.5	6.1
Overall balance, including grants[2]	-5.8	-8.5	-1.8	-1.8	-1.1	-2.5	-1.7	-1.1	-1.6	-2.3	-1.1
of which : Budgetary central government	-3.7	-5.0	0.3	0.3	0.6	0.5	0.5	0.5	1.0	1.1	1.2
Overall balance, excluding grants[2]	-12.2	-15.2	-9.6	-6.9	-6.2	-7.0	-6.0	-5.3	-5.3	-5.9	-4.3
of which : Budgetary central government	-3.9	-5.0	0.3	-0.1	0.1	0.1	0.1	0.1	0.9	1.0	1.1
Total public debt (nominal)	54.4	57.2	56.4	55.9	54.9	54.9	54.4	55.3	52.7	50.9	48.1
Public external debt[3]	35.5	35.4	35.9	37.2	35.8	37.7	36.8	39.7	39.0	39.5	38.8
Public domestic debt[4]	18.9	21.8	20.4	18.7	19.1	17.1	17.6	15.6	13.7	11.4	9.3
Total public debt (present value)	39.2	39.2	39.2	44.1	45.7	41.9	44.2	43.5	40.6	38.7	36.3
	(Percent, unless otherwise indicated)										
Monetary sector											
M2/GDP	25.0	26.8	28.0	28.2	31.0	28.3	31.2	31.7	31.7	31.7	31.9
Credit to private sector (percent of GDP)	14.7	17.9	17.8	17.9	17.1	18.2	17.3	17.8	18.5	19.4	20.5
Credit to private sector (annual percent change)	12.8	34.3	8.4	8.5	4.8	8.9	9.5	10.0	11.0	12.0	13.0
	(Percent of GDP, unless otherwise indicated)										
External sector											
Current account balance, incl. official current transfers	-15.9	-20.1	-8.1	-14.2	-6.5	-13.4	-11.0	-11.3	-11.7	-12.2	-12.6
Current account balance, excl. official current transfers	-18.7	-23.4	-10.5	-16.5	-8.8	-15.4	-13.0	-13.1	-13.3	-13.8	-13.9
Trade balance	-12.7	-18.4	-4.3	-5.4	-5.0	-4.2	-5.5	-5.5	-5.5	-5.2	-5.1
Exports	25.8	25.3	27.4	31.3	39.3	31.2	38.7	38.9	39.9	40.4	39.8
Imports	-38.5	-43.7	-31.8	-36.6	-44.3	-35.4	-44.2	-44.4	-45.4	-45.6	-44.9
Grants (official current transfers, net)	2.8	3.3	2.4	2.3	2.3	2.0	1.9	1.8	1.6	1.5	1.4
Gross official reserves (millions of U.S. dollars)	644	487	475	595	572	679	744	1005	1062	1150	1221
In months of next year's imports	3.0	2.6	1.9	2.6	2.0	2.9	2.4	3.0	2.9	3.0	3.0
Net international reserves (millions of U.S. dollars)	338	221	234	280	283	345	324	369	458	578	681

Sources: Liberian authorities; and IMF staff estimates and projections.

[1] Central government operation is based on a commitment basis and refers to the budgetary central government operations and off-budget projects.

[2] The total amount of external project grants and loans, along with the associated spending, has been revised down from 2021 onwards to reflect the revised authorities' database prepared together with

[3] Ratios are calculated using external debt (in U.S. dollars) evaluated at the end of period exchange rate over GDP (in U.S. dollars) evaluated at the period average exchange rate.

[4] Including central government debt owed to the Central Bank of Liberia.

Table 3. Liberia: Balance of Payments, 2022–30

(Millions of U.S. dollars, unless otherwise indicated)

	2022	2023	2024	2025		2026		2027	2028	2029	2030
	Act.	Act.	Act.	Second Review	Est.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.
Trade balance	-504	-807	-207	-276	-258	-231	-309	-336	-356	-361	-375
Exports, f.o.b.	1,027	1,112	1,310	1,613	2,052	1,724	2,182	2,352	2,574	2,784	2,937
of which: rubber	101	105	146	147	128	155	136	145	163	175	180
of which : Iron ore	286	243	191	212	500	244	600	687	777	917	1,072
of which : Gold	543	681	896	1,170	1,297	1,239	1,318	1,390	1,502	1,555	1,546
Imports, f.o.b.	-1,531	-1,919	-1,517	-1,889	-2,310	-1,954	-2,491	-2,688	-2,930	-3,144	-3,312
Services (net)	-567	-582	-712	-527	-697	-540	-834	-902	-968	-1,036	-1,098
Primary income (net)	-329	-333	-353	-362	-364	-396	-444	-479	-533	-596	-637
of which : Investment income (net)	-368	-403	-396	-321	-399	-352	-472	-505	-556	-608	-647
Secondary income	769	840	885	433	979	426	964	1,033	1,100	1,148	1,183
of which : Remittances (net)	705	741	823	293	889	290	813	879	952	998	1,034
Current account balance, incl. official current transfers	-632	-882	-387	-732	-341	-741	-623	-683	-758	-844	-927
Current account balance, excl. official current transfers	-744	-1,027	-501	-851	-459	-854	-733	-794	-860	-948	-1,028
Capital and financial account (net)	560	707	1,151	783	933	807	679	728	848	965	1,028
Capital account	356	356	444	144	238	135	222	206	210	214	206
Financial account	204	351	708	638	695	672	457	522	638	751	821
Foreign direct investment (net)	30	224	397	473	445	459	339	392	421	451	483
Portfolio investment (net)	-1	0	0	0	0	0	0	0	0	0	0
Other investment (net)	175	128	311	165	250	214	118	130	217	300	339
Official financing: medium and long term (net)	93	171	181	94	98	149	91	112	148	240	169
Private financing (net)	82	-43	130	71	152	65	27	18	69	60	170
Overall balance[1]	-59	-130	8	51	42	66	56	46	90	121	101
Financing	59	130	-8	-51	-42	-66	-56	-46	-90	-121	-101
Change in gross official reserves (increase -)[2]	54	157	11	-121	-95	-83	-173	-261	-57	-88	-71
Net use of IMF credit and loans	4	-27	-19	70	53	17	117	215	-33	-34	-30
Exceptional financing (CCRT)	0	0	0	0	0	0	0	0	0	0	0
Memorandum items:											
Current account balance (percent of GDP)											
Including official current transfers	-15.9	-20.1	-8.1	-14.2	-6.5	-13.4	-11.0	-11.3	-11.7	-12.2	-12.6
Excluding official current transfers	-18.7	-23.4	-10.5	-16.5	-8.8	-15.4	-13.0	-13.1	-13.3	-13.8	-13.9
Trade balance (percent of GDP)	-12.7	-18.4	-4.3	-5.4	-5.0	-4.2	-5.5	-5.5	-5.5	-5.2	-5.1
Official current transfers (net, percent of GDP)	2.8	3.3	2.4	2.3	2.3	2.0	1.9	1.8	1.6	1.5	1.4
Foreign direct investment (net, percent of GDP)	0.7	5.1	8.3	9.2	8.5	8.3	6.0	6.5	6.5	6.5	6.5
Public sector external debt (MT and LT percent of GDP)	35.5	35.4	35.9	37.2	35.8	0.0	36.8	39.7	39.0	39.5	38.8
Gross official reserves	644	487	475	595	572	679	744	1,005	1,062	1,150	1,221
of which : Undrawn SDR allocation of August 2021	249	211	205	197	201	198	183	154	154	154	155
Gross official reserves (months of next year's imports)	3.0	2.6	1.9	2.6	2.0	2.9	2.4	3.0	2.9	3.0	3.0
Gross official reserves excl. RSF	644	487	475	595	572	679	672	739	795	883	954
Gross official reserves excl. RSF (months of next year's imports)	3.0	2.6	1.9	2.6	2.0	2.9	2.2	2.2	2.2	2.3	2.3

Sources: Liberian authorities; and IMF staff estimates and projections.

[1] BoP data for 2024 and 2025 are still preliminary. Official external sector statistics for 2020-2024 were significantly revised following extensive IMF TA. Upward revisions were most significat on the current account balance, mainly from higher net remittances, and on net private financing. Downard revisions were mostly on the capital account and FDI.

[2] Includes SDR holdings.

Table 4a. Liberia: Fiscal Operations of the Budgetary Central Government (Including Off-Budget Transactions), 2023–31[1]

(Millions of U.S. dollars)

	2023	2024	2025		2026		2027	2028	2029	2030	2031
	Act.	Act.	Second Review	Est.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Revenue	882	1,067	1,046	1,096	1,118	1,167	1,243	1,325	1,423	1,500	1,596
of which: Revenue, excl. grants	590	694	783	830	871	922	994	1,083	1,176	1,262	1,362
Taxes	505	558	639	687	671	710	759	807	871	941	1,014
Income, profits, and capital gains taxes	224	261	320	352	331	366	393	414	442	474	510
Goods and services tax	66	69	83	74	89	84	91	97	104	111	119
International trade tax	188	219	227	253	242	248	263	282	304	328	356
Other taxes[2]	27	10	9	7	10	11	12	14	21	27	29
Other revenue	85	135	144	143	157	213	215	230	244	260	277
Unidentified revenue measures	0	0	0	0	43	0	20	46	62	61	71
Grants[3]	293	373	263	266	247	245	249	243	247	238	234
Expense	918	768	845	891	931	939	966	1,036	1,124	1,124	1,202
Compensation of employees	311	299	317	312	339	343	368	393	421	451	485
Use of goods and services	457	287	309	320	337	318	340	366	409	362	384
Interest	39	49	65	87	71	70	65	62	58	58	56
Subsidies and grants[4]	93	114	120	150	126	174	156	167	179	191	206
Social benefits	18	19	34	21	56	35	36	49	57	61	71
Net operating balance	-35	299	201	206	187	228	277	289	299	376	394
Gross investment in nonfinancial assets	340	385	294	279	326	320	341	378	450	449	470
Overall balance = Net lending/borrowing	-375	-86	-93	-74	-139	-92	-65	-89	-151	-72	-76
excl. grants	-668	-459	-356	-340	-386	-337	-314	-332	-398	-311	-310
Primary balance	-336	-37	-28	13	-67	-22	1	-28	-93	-14	-19
excl. grants	-629	-410	-291	-252	-315	-267	-249	-270	-340	-252	-253
Financing	-378	-86	-93	-74	-139	-92	-65	-89	-151	-72	-75
Transactions in financial assets	-40	0	0	0	0	0	0	0	0	0	0
Deposits	-40	0	0	0	0	0	0	0	0	0	0
Asset Acquisition	0	0	0	0	0	0	0	0	0	0	0
Transaction in liabilities	338	86	93	74	139	92	65	89	151	72	75
Loans	321	77	62	41	105	85	108	103	167	115	120
External (net)	198	95	71	31	139	103	112	137	229	158	153
Disbursements[3]	222	138	148	87	206	173	180	206	278	210	218
Amortization (-)	-24	-43	-77	-56	-67	-70	-68	-69	-49	-53	-65
Domestic (net)	123	-18	-9	10	-33	-19	-4	-34	-61	-42	-33
of which: CBL	123	-18	-9	10	-33	-19	-4	-34	-61	-42	-33
Disbursements	123	-18	13	19	0	20	30	0	0	0	0
Of which: RSF on-lending	0	0	0	0	0	20	30	0	0	0	1
Amortization (-)	0	0	-21	-9	-33	-39	-34	-34	-61	-42	-33
Debt securities	17	9	31	33	34	7	-44	-14	-16	-43	-45
Bank	8	7	20	35	25	-17	-44	-15	-18	-44	-47
Nonbank	9	3	12	-2	9	24	1	1	2	1	3
Accounts payable	0	0	0	0	0	0	0	0	0	0	0
Adjustments and discrepancies	3	0	0	0	0	0	0	0	0	0	0
Memorandum items:											
Total public debt	2,510	2,693	2,883	2,863	3,032	3,035	3,223	3,266	3,371	3,401	3,438
External	1,555	1,717	1,919	1,867	2,085	2,075	2,403	2,518	2,724	2,863	3,003
Domestic[4]	955	976	964	996	947	960	820	749	647	537	435
Nominal GDP	4,390	4,778	5,160	5,216	5,525	5,642	6,053	6,469	6,919	7,416	7,976

Sources: Liberian authorities; and IMF staff estimates and projections.

[1] Table is shown on a commitment basis and refers to the budgetary central government operations and off-budget projects. Prior to CY 2022, the figures are average of two fiscal year which used to run from July 1 to June 30.

[2] Including property tax and social contribution by foreign concessions.

[3] The total amount of external project grants and loans has been revised down from 2021 onwards to reflect the revised authorities' database prepared together with

[4] Including central government debt owed to the Central Bank of Liberia.

Table 4b. Liberia: Fiscal Operations of the Budgetary Central Government (Including Off-Budget Transactions), 2023–31[1]

(Percent of GDP, unless otherwise indicated)

	2023	2024	2025		2026		2027	2028	2029	2030	2031
	Act.	Act.	Second Review	Est.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Revenue	20.1	22.3	20.3	21.0	20.2	20.7	20.5	20.5	20.6	20.2	20.0
of which : Revenue, excl. grants	13.4	14.5	15.2	15.9	15.8	16.3	16.4	16.7	17.0	17.0	17.1
Taxes	11.5	11.7	12.4	13.2	12.2	12.6	12.5	12.5	12.6	12.7	12.7
Income, profits, and capital gains taxes	5.1	5.5	6.2	6.8	6.0	6.5	6.5	6.4	6.4	6.4	6.4
Goods and services tax	1.5	1.4	1.6	1.4	1.6	1.5	1.5	1.5	1.5	1.5	1.5
International trade tax	4.3	4.6	4.4	4.9	4.4	4.4	4.4	4.4	4.4	4.4	4.5
Other taxes[2]	0.6	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.3	0.4	0.4
Other revenue	1.9	2.8	2.8	2.7	2.8	3.8	3.5	3.5	3.5	3.5	3.5
Unidentified revenue measures	0.0	0.0	0.0	0.0	0.8	0.0	0.3	0.7	0.9	0.8	0.9
Grants[3]	6.7	7.8	5.1	5.1	4.5	4.3	4.1	3.7	3.6	3.2	2.9
Expense	20.9	16.1	16.4	17.1	16.8	16.7	16.0	16.0	16.2	15.2	15.1
Compensation of employees	7.1	6.3	6.1	6.0	6.1	6.1	6.1	6.1	6.1	6.1	6.1
Use of goods and services	10.4	6.0	6.0	6.1	6.1	5.6	5.6	5.7	5.9	4.9	4.8
Interest	0.9	1.0	1.3	1.7	1.3	1.2	1.1	1.0	0.8	0.8	0.7
Subsidies and grants[4]	2.1	2.4	2.3	2.9	2.3	3.1	2.6	2.6	2.6	2.6	2.6
Social benefits	0.4	0.4	0.7	0.4	1.0	0.6	0.6	0.8	0.8	0.8	0.9
Net operating balance	-0.8	6.3	3.9	3.9	3.4	4.0	4.6	4.5	4.3	5.1	4.9
Gross investment in nonfinancial assets	7.7	8.1	5.7	5.4	5.9	5.7	5.6	5.8	6.5	6.0	5.9
Overall balance = Net lending/borrowing	-8.5	-1.8	-1.8	-1.4	-2.5	-1.6	-1.1	-1.4	-2.2	-1.0	-0.9
excl. grants	-15.2	-9.6	-6.9	-6.5	-7.0	-6.0	-5.2	-5.1	-5.8	-4.2	-3.9
Primary balance	-7.7	-0.8	-0.5	0.3	-1.2	-0.4	0.0	-0.4	-1.3	-0.2	-0.2
excl. grants	-14.3	-8.6	-5.6	-4.8	-5.7	-4.7	-4.1	-4.2	-4.9	-3.4	-3.2
Financing	-8.6	-1.8	-1.8	-1.4	-2.5	-1.6	-1.1	-1.4	-2.2	-1.0	-0.9
Transactions in financial assets	-0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits	-0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Asset Acquisition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transaction in liabilities	7.7	1.8	1.8	1.4	2.5	1.6	1.1	1.4	2.2	1.0	0.9
Loans	7.3	1.6	1.2	0.8	1.9	1.5	1.8	1.6	2.4	1.6	1.5
External (net)	4.5	2.0	1.4	0.6	2.5	1.8	1.9	2.1	3.3	2.1	1.9
Disbursements[3]	5.1	2.9	2.9	1.7	3.7	3.1	3.0	3.2	4.0	2.8	2.7
Amortization (-)	-0.5	-0.9	-1.5	-1.1	-1.2	-1.2	-1.1	-1.1	-0.7	-0.7	-0.8
Domestic (net)	2.8	-0.4	-0.2	0.2	-0.6	-0.3	-0.1	-0.5	-0.9	-0.6	-0.4
of which: CBL	2.8	-0.4	-0.2	0.2	-0.6	-0.3	-0.1	-0.5	-0.9	-0.6	-0.4
Disbursements	2.8	-0.4	0.2	0.4	0.0	0.4	0.5	0.0	0.0	0.0	0.0
Of which: RSF on-lending	0.0	0.0	0.0	0.0	0.0	0.4	0.5	0.0	0.0	0.0	0.0
Amortization (-)	0.0	0.0	-0.4	-0.2	-0.6	-0.7	-0.6	-0.5	-0.9	-0.6	-0.4
Debt securities	0.4	0.2	0.6	0.6	0.6	0.1	-0.7	-0.2	-0.2	-0.6	-0.6
Bank	0.2	0.1	0.4	0.7	0.5	-0.3	-0.7	-0.2	-0.3	-0.6	-0.6
Nonbank	0.2	0.1	0.2	0.0	0.2	0.4	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustments and discrepancies	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items :											
Total public debt	57.2	56.4	55.9	54.9	54.9	53.8	53.3	50.5	48.7	45.9	43.1
External	35.4	35.9	37.2	35.8	37.7	36.8	39.7	38.9	39.4	38.6	37.6
Domestic[4]	21.8	20.4	18.7	19.1	17.1	17.0	13.6	11.6	9.3	7.2	5.5
Nominal GDP	4,390	4,778	5,160	5,216	5,525	5,642	6,053	6,469	6,919	7,416	7,976

Sources: Liberian authorities; and IMF staff estimates and projections.

[1] Table is shown on a commitment basis and refers to the budgetary central government operations and off-budget projects. Prior to CY 2022, the figures are average of two fiscal year which used to run from July 1 to June 30.

[2] Including property tax and social contribution by foreign concessions.

[3] The total amount of external project grants and loans has been revised down from 2021 onwards to reflect the revised authorities' database prepared together with donors.

[4] Including central government debt owed to the Central Bank of Liberia.

Table 4c. Liberia: Fiscal Operations of the Budgetary Central Government, 2023–31[1]

(Millions of U.S. dollars)

	2023	2024	2025		2026		2027	2028	2029	2030	2031
	Act.	Act.	Second Review	Est.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Revenue	590	694	805	855	893	942	1,014	1,092	1,185	1,271	1,362
of which : Revenue, excl. grants	590	694	783	830	871	922	994	1,083	1,176	1,262	1,362
Taxes	505	558	639	687	671	710	759	807	871	941	1,014
Income, profits, and capital gains taxes	224	261	320	352	331	366	393	414	442	474	510
Goods and services tax	66	69	83	74	89	84	91	97	104	111	119
International trade tax	188	219	227	253	242	248	263	282	304	328	356
Other taxes[2]	27	10	9	7	10	11	12	14	21	27	29
Other revenue	85	135	144	143	157	213	215	230	244	260	277
Unidentified revenue measures	0	0	0	0	43	0	20	46	62	61	71
Grants	0	0	22	25	22	20	20	9	9	9	0
Expense	770	613	716	769	786	811	830	889	948	1,012	1,087
Compensation of employees	311	299	317	312	339	343	368	393	421	451	485
Use of goods and services	310	132	180	199	193	190	204	218	233	250	269
Interest	39	49	65	87	71	70	65	62	58	58	56
Subsidies and grants	93	114	120	150	126	174	156	167	179	191	206
Social benefits	18	19	34	21	56	35	36	49	57	61	71
Net operating balance	-181	81	89	86	107	131	184	203	237	259	275
Gross investment in nonfinancial assets	40	69	75	73	80	102	109	126	150	161	173
Overall balance = Net lending/borrowing	-221	12	14	13	27	29	75	77	87	98	102
excl. grants	-221	12	-8	-12	5	9	55	68	78	89	102
Primary balance	-182	61	80	100	99	99	141	138	146	156	159
excl. grants	-182	61	58	75	76	79	121	129	137	147	159
Financing	-224	12	14	13	27	29	75	77	87	98	102
Transactions in financial assets	-40	0	0	0	0	0	0	0	0	0	0
Deposits	-40	0	0	0	0	0	0	0	0	0	0
Asset Acquisiton	0	0	0	0	0	0	0	0	0	0	0
Transaction in liabilities	184	-12	-14	-13	-27	-29	-75	-77	-87	-98	-102
Loans	167	-21	-46	-46	-61	-37	-32	-63	-71	-55	-57
External (net)	44	-3	-37	-56	-27	-18	-28	-29	-9	-13	-25
Disbursements	68	40	40	0	40	52	40	40	40	40	40
Amortization (-)	-24	-43	-77	-56	-67	-70	-68	-69	-49	-53	-65
Domestic (net)	123	-18	-9	10	-33	-19	-4	-34	-61	-42	-33
of which: CBL	123	-18	-9	10	-33	-19	-4	-34	-61	-42	-33
Disbursements	123	-18	13	19	0	20	30	0	0	0	0
Of which: RSF on-lending	0	0	0	0	0	20	30	0	0	0	1
Amortization (-)	0	0	-21	-9	-33	-39	-34	-34	-61	-42	-33
Debt securities	17	9	31	33	34	7	-44	-14	-16	-43	-45
Bank	8	7	20	35	25	-17	-44	-15	-18	-44	-47
Nonbank	9	3	12	-2	9	24	1	1	2	1	3
Accounts payable	0	0	0	0	0	0	0	0	0	0	0
Adjustments and discrepancies	3	0	0	0	0	0	0	0	0	0	0
Memorandum items :											
Total public debt	2,510	2,693	2,883	2,863	3,032	3,035	3,223	3,266	3,371	3,401	3,438
External	1,555	1,717	1,919	1,867	2,085	2,075	2,403	2,518	2,724	2,863	3,003
Domestic[3]	955	976	964	996	947	960	820	749	647	537	435
Nominal GDP	4,390	4,778	5,160	5,216	5,525	5,642	6,053	6,469	6,919	7,416	7,976

Sources: Liberian authorities; and IMF staff estimates and projections.

[1] Table is shown on a commitment basis and refers to the budgetary central government operations. It does not include projects financed by development partners. Prior to CY 2022, the figures are average of two fiscal year which used to run from July 1 to June 30.

[2] Including property tax and social contribution by foreign concessions.

[3] Including central government debt owed to the Central Bank of Liberia.

Table 4d. Liberia: Fiscal Operations of the Budgetary Central Government, 2023–31[1]

(Percent of GDP, unless otherwise indicated)

	2023	2024	2025		2026		2027	2028	2029	2030	2031
	Act.	Act.	Second Review	Est.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Revenue	13.4	14.5	15.6	16.4	16.2	16.7	16.8	16.9	17.1	17.1	17.1
of which : Revenue, excl. grants	13.4	14.5	15.2	15.9	15.8	16.3	16.4	16.7	17.0	17.0	17.1
Taxes	11.5	11.7	12.4	13.2	12.2	12.6	12.5	12.5	12.6	12.7	12.7
Income, profits, and capital gains taxes	5.1	5.5	6.2	6.8	6.0	6.5	6.5	6.4	6.4	6.4	6.4
Goods and services tax	1.5	1.4	1.6	1.4	1.6	1.5	1.5	1.5	1.5	1.5	1.5
International trade tax	4.3	4.6	4.4	4.9	4.4	4.4	4.4	4.4	4.4	4.4	4.5
Other taxes[2]	0.6	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.3	0.4	0.4
Other revenue	1.9	2.8	2.8	2.7	2.8	3.8	3.5	3.5	3.5	3.5	3.5
Unidentified revenue measures	0.0	0.0	0.0	0.0	0.8	0.0	0.3	0.7	0.9	0.8	0.9
Grants	0.0	0.0	0.4	0.5	0.4	0.4	0.3	0.1	0.1	0.1	0.0
Expense	17.5	12.8	13.9	14.8	14.2	14.4	13.7	13.7	13.7	13.6	13.6
Compensation of employees	7.1	6.3	6.1	6.0	6.1	6.1	6.1	6.1	6.1	6.1	6.1
Use of goods and services	7.1	2.8	3.5	3.8	3.5	3.4	3.4	3.4	3.4	3.4	3.4
Interest	0.9	1.0	1.3	1.7	1.3	1.2	1.1	1.0	0.8	0.8	0.7
Subsidies and grants	2.1	2.4	2.3	2.9	2.3	3.1	2.6	2.6	2.6	2.6	2.6
Social benefits	0.4	0.4	0.7	0.4	1.0	0.6	0.6	0.8	0.8	0.8	0.9
Net operating balance	-4.1	1.7	1.7	1.6	1.9	2.3	3.0	3.1	3.4	3.5	3.5
Gross investment in nonfinancial assets	0.9	1.4	1.4	1.4	1.4	1.8	1.8	2.0	2.2	2.2	2.2
Overall balance = Net lending/borrowing	-5.0	0.3	0.3	0.2	0.5	0.5	1.2	1.2	1.3	1.3	1.3
excl. grants	-5.0	0.3	-0.1	-0.2	0.1	0.2	0.9	1.0	1.1	1.2	1.3
Primary balance	-4.1	1.3	1.5	1.9	1.8	1.8	2.3	2.1	2.1	2.1	2.0
excl. grants	-4.1	1.3	1.1	1.4	1.4	1.4	2.0	2.0	2.0	2.0	2.0
Financing	-5.1	0.3	0.3	0.2	0.5	0.5	1.2	1.2	1.3	1.3	1.3
Transactions in financial assets	-0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits	-0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Asset Acquisition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transaction in liabilities	4.2	-0.3	-0.3	-0.2	-0.5	-0.5	-1.2	-1.2	-1.3	-1.3	-1.3
Loans	3.8	-0.4	-0.9	-0.9	-1.1	-0.7	-0.5	-1.0	-1.0	-0.7	-0.7
External (net)	1.0	-0.1	-0.7	-1.1	-0.5	-0.3	-0.5	-0.4	-0.1	-0.2	-0.3
Disbursements	1.5	0.8	0.8	0.0	0.7	0.9	0.7	0.6	0.6	0.5	0.5
Amortization (-)	-0.5	-0.9	-1.5	-1.1	-1.2	-1.2	-1.1	-1.1	-0.7	-0.7	-0.8
Domestic (net)	2.8	-0.4	-0.2	0.2	-0.6	-0.3	-0.1	-0.5	-0.9	-0.6	-0.4
of which: CBL	2.8	-0.4	-0.2	0.2	-0.6	-0.3	-0.1	-0.5	-0.9	-0.6	-0.4
Disbursements	2.8	-0.4	0.2	0.4	0.0	0.4	0.5	0.0	0.0	0.0	0.0
Of which: RSF on-lending	0.0	0.0	0.0	0.0	0.0	0.4	0.5	0.0	0.0	0.0	0.0
Amortization (-)	0.0	0.0	-0.4	-0.2	-0.6	-0.7	-0.6	-0.5	-0.9	-0.6	-0.4
Debt securities	0.4	0.2	0.6	0.6	0.6	0.1	-0.7	-0.2	-0.2	-0.6	-0.6
Bank	0.2	0.1	0.4	0.7	0.5	-0.3	-0.7	-0.2	-0.3	-0.6	-0.6
Nonbank	0.2	0.1	0.2	0.0	0.2	0.4	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustments and discrepancies	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items :											
Total public debt	57.2	56.4	55.9	54.9	54.9	53.8	53.3	50.5	48.7	45.9	43.1
External	35.4	35.9	37.2	35.8	37.7	36.8	39.7	38.9	39.4	38.6	37.6
Domestic[3]	21.8	20.4	18.7	19.1	17.1	17.0	13.6	11.6	9.3	7.2	5.5
Nominal GDP	4,390	4,778	5,160	5,216	5,525	5,642	6,053	6,469	6,919	7,416	7,976

Sources: Liberian authorities; and IMF staff estimates and projections.

[1] Table is shown on a commitment basis and refers to the budgetary central government operations. It does not include projects financed by development partners. Prior to CY 2022, the figures are average of two fiscal year which used to run from July 1 to June 30.

[2] Including property tax and social contribution by foreign concessions.

[3] Including central government debt owed to the Central Bank of Liberia.

Table 5. Liberia: Monetary Survey, 2022–30

(Millions of U.S. dollars; unless otherwise indicated)

	2022	2023	2024	2025		2026		2027	2028	2029	2030
	Act.	Act.	Act.	Second Review	Est.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.
(Central Bank Survey)											
Net foreign assets	-19	-103	-65	-26	-33	53	36	103	205	339	460
Foreign assets	749	634	629	751	736	849	939	1,224	1,294	1,397	1,487
of which: Gross reserves	730	627	611	745	726	842	930	1,214	1,285	1,387	1,477
Foreign liabilities	768	737	694	777	769	795	903	1,121	1,089	1,058	1,027
of which: Short-term foreign liabilities	263	228	197	271	251	288	382	598	566	533	502
Net domestic assets	339	461	445	422	506	369	473	447	383	289	216
Net domestic credit	565	692	666	654	693	619	685	678	640	575	532
Net claims on government	565	689	662	653	683	620	665	661	627	565	523
Claims on private sector	9	7	13	12	12	11	11	10	9	8	7
Claims on commercial banks (net)	-9	-4	-9	-10	-3	-11	10	8	5	2	0
Capital account	-156	-165	-156	-156	-89	-156	-90	-90	-90	-90	-92
Other items (net)	-70	-65	-64	-76	-97	-94	-123	-141	-168	-197	-224
Monetary base (M0)	320	358	380	396	473	422	508	551	588	628	676
Monetary base (LD component, billions of LD)	36	41	45	51	57	57	64	72	79	88	97
(Depository Corporation Survey)											
Net foreign assets	107	79	168	214	308	299	387	467	574	714	843
Net domestic assets	888	1,099	1,171	1,240	1,311	1,264	1,370	1,449	1,472	1,473	1,510
Net claims on government	667	808	784	795	906	787	886	876	853	793	737
Claims on private sector	586	786	852	925	894	1,007	978	1,076	1,195	1,338	1,512
Claims on nonbank financial institutions	11	14	17	17	32	18	33	35	37	39	41
Capital account	-359	-371	-401	-401	-358	-401	-358	-358	-358	-358	-358
Other items (Net)	-16	-139	-82	-97	-163	-147	-170	-181	-254	-339	-421
Broad money (M2)	995	1,178	1,339	1,454	1,619	1,563	1,757	1,917	2,046	2,187	2,353
LD component	309	290	340	383	410	427	462	525	572	627	691
LD currency in circulation	153	156	177	178	228	188	234	251	271	291	314
LD denominated deposits	157	134	163	205	182	239	228	274	302	335	377
U.S. dollar component (deposits only)	685	888	999	1,071	1,208	1,136	1,295	1,392	1,474	1,560	1,662
Memorandum items :											
Gross official reserves	644	487	475	595	572	679	744	1,005	1,062	1,150	1,221
Net international reserves	338	221	234	280	283	345	324	369	458	578	681
Broad money (annual change) in U.S. dollars	15.3	18.4	13.7	8.6	20.9	7.5	8.6	9.1	6.8	6.9	7.6
Broad money (annual change) in LD	22.6	44.4	11.4	22.5	17.0	15.6	21.4	14.7	10.6	10.3	10.9
LD contribution to broad money growth (in LD)	6.3	4.5	3.6	6.9	4.2	5.2	6.6	5.1	3.6	3.7	3.9
U.S. dollar contribution to broad money growth (in LD)	16.3	39.9	7.7	15.6	12.7	10.4	14.8	9.6	7.0	6.7	7.0
Monetary base (LD component, annual change)	16.4	14.8	10.3	13.5	27.2	12.5	12.6	11.2	10.7	10.5	10.5
Net credit to government (annual change)	18.6	21.2	-2.9	1.4	15.5	-1.0	-2.1	-1.1	-2.7	-7.0	-7.1
Credit to private sector (annual change)[1]	12.8	34.3	8.4	8.5	4.8	8.9	9.5	10.0	11.0	12.0	13.0
Velocity (GDP-to-M2)	4.0	3.7	3.6	3.5	3.2	3.5	3.2	3.2	3.2	3.2	3.1
Money multiplier (M2/M0)	3.1	3.3	3.5	3.7	3.4	3.7	3.5	3.5	3.5	3.5	3.5

Sources: Liberian authorities; and IMF staff estimates and projections.

[1] High credit growth in 2023 is due to correction of the bank's assets classification from "other assets" to "credit to the private sector", which is only made for 2023 with no historical correction.

Table 6. Liberia: Financial Soundness Indicators, 2022–25

(Percent)

	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Core FSIs for Deposit Takers													
Regulatory Capital to Risk-Weighted Assets[1]	24.7	28.5	27.0	27.7	21.9	23.9	26.7	35.8	33.9	40.3	34.3	29.0	38.6
Regulatory Tier 1 Capital to Risk-Weighted Assets[1]	24.8	28.6	27.1	27.8	22.0	24.0	26.8	36.0	34.1	40.5	34.4	29.1	38.8
Tier 1 capital to assets	12.8	13.6	13.9	13.8	12.4	12.5	12.6	13.4	12.8	14.0	12.0	9.1	12.2
Non-performing Loans Net of Provisions to Capital	18.1	19.5	7.8	7.0	5.5	6.6	10.3	7.4	7.8	13.9	28.5	5.1	4.6
Non-performing Loans to Total Gross Loans	22.6	23.3	17.7	16.2	16.2	16.0	17.9	18.7	17.7	21.4	26.9	16.0	15.2
Provisions to nonperforming loans	73.6	70.5	83.5	82.5	87.7	85.1	77.2	83.3	82.2	73.4	61.5	90.7	88.4
Sectoral Distribution of Loans to Total Loans													
Residents	99.9	100.0	100.0	99.9	100.0	100.0	100.0	100.0	99.8	100.0	100.0	100.0	99.9
Deposit-takers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial corporations	1.1	1.2	1.2	1.3	1.3	1.3	1.2	1.4	1.3	1.2	0.2	2.7	0.2
General government	4.1	3.6	2.7	2.8	2.9	2.7	2.7	12.3	3.3	4.0	2.1	4.9	1.7
Nonfinancial corporations	70.3	70.1	73.3	70.7	71.2	72.8	74.8	65.1	72.5	71.8	76.3	70.9	79.2
Other domestic sectors	24.4	25.1	22.8	25.0	24.5	23.1	21.3	21.2	22.7	22.9	21.3	21.4	18.8
Nonresidents	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.1
Return on Assets	2.9	2.5	2.1	2.0	2.3	2.7	2.7	3.5	3.5	3.5	3.5	4.4	4.7
Return on Equity	17.5	15.2	12.9	14.1	16.7	19.5	19.4	26.0	25.1	25.3	24.9	30.8	33.0
Interest Margin to Gross Income	47.3	48.8	47.5	48.6	48.8	49.7	52.0	53.1	53.7	55.5	56.7	57.1	52.2
Non-interest Expenses to Gross Income	61.2	64.8	61.5	66.5	63.6	60.6	59.7	55.2	55.6	55.2	57.4	50.3	53.2
Liquid Assets to Total Assets (Liquid Asset Ratio)	35.9	37.9	36.0	37.9	33.4	38.1	30.8	41.2	39.7	39.4	39.0	43.7	38.3
Liquid Assets to Short Term Liabilities	47.7	50.6	48.7	52.3	46.2	50.8	53.8	53.4	49.7	49.3	50.5	54.2	47.0
Net Open Position in Foreign Exchange to Capital	49.2	47.5	45.8	43.4	51.0	50.1	51.5	50.0	53.5	52.4	62.6	90.4	65.8

Sources: Liberian authorities; and IMF staff estimates.

[1]The reported Financial Soundness Indicators have been validated by IMF staff using source data from the CBL as given. Staff notes that CBL should revise its risk-weights and risk-weighted asset calculation to reflect the credit risk of the underlying instruments appropriately. There may also be inaccuracies in data reporting. Additionally, discrepancies in measuring revaluation of paid-in capital may lead to inaccurate measures of banks' capital positions.

Table 7. Liberia: External Financing Requirement and Source, 2022–30

(Millions of U.S. dollars)

	Actuals		Projections						
	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Financing Requirement	**-748**	**-925**	**-558**	**-637**	**-938**	**-962**	**-1,019**	**-1,119**	**-1,181**
Current account (excluding official current transfers)	-744	-1,027	-501	-459	-733	-794	-860	-948	-1,028
Public debt amotization	-39	-28	-44	-63	-70	-68	-69	-49	-53
Repayments to the IMF	-18	-27	-24	-20	-36	-33	-33	-34	-30
Changes in official reserves (excl. RSF)	54	157	11	-95	-100	-67	-57	-88	-71
Total Financing Sources	**667**	**857**	**512**	**539**	**786**	**848**	**970**	**1,070**	**1,132**
Capital account balance	356	356	444	238	222	206	210	214	206
Foreign direct investment (net)	30	224	397	445	339	392	421	451	483
Portfolio investment (net)	-1	0	0	0	0	0	0	0	0
Official current transfers	102	145	114	93	90	92	93	95	92
Public sector debt financing	85	131	185	161	109	140	177	249	181
Private financing (net)	82	-43	130	152	27	18	69	60	170
Exceptional financing (CCRT debt relief)	0	0	0	0	0	0	0	0	0
Errors and omissions	14	44	-757	-550	0	0	0	0	0
Total Financing Needs	**-81**	**-68**	**-46**	**-98**	**-152**	**-114**	**-49**	**-49**	**-49**
Total Prospective Financing	**81**	**68**	**46**	**98**	**152**	**114**	**49**	**49**	**49**
Budget support	58	68	40	25	72	60	49	49	49
o/w WB	55	65	40	0	40	40	40	40	40
o/w WB budget support loans	48	65	40	0	40	40	40	40	40
o/w WB budget support grants	8	0	0	0	0	0	0	0	0
o/w Other development partners[1]	3	3	0	25	32	20	9	9	9
IMF Disbursements (excl. RSF)	23	0	6	73	80	54	0	0	0
Residual Financing Gap	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Memorandum items:									
Gross official reserves	644	487	475	572	744	1,005	1,062	1,150	1,221
Months of imports	3.0	2.6	1.9	2.0	2.4	3.0	2.9	3.0	3.0
Gross official reserves excl. RSF	644	487	475	572	672	739	795	883	954
RSF Disbursement	0	0	0	0	73	194	0	0	0
Changes in official reserves (with RSF)	54	157	11	-95	-173	-261	-57	-88	-71
Burden sharing in percent (*IMF Share*)	27.9	0.0	12.4	74.6	52.5	47.4	0.0	0.0	0.0

Sources: Liberian authorities; and IMF staff estimates and projections.

[1] Mainly EU budget support

Table 8. Liberia: Schedule of Disbursements under ECF Arrangement, 2024-27

(Millions of SDR)

Availability Date [1]	Amount	% of Quota	Conditions Necessary for Disbursement [2]
September 25, 2024	4.30	1.66	Executive Board Approval of forty-month ECF arrangement.
February 5, 2025	34.30	13.27	Observance of performance criteria for September 30, 2024, and completion of first review.
June 1, 2025	19.30	7.47	Observance of performance criteria for December 31, 2024, and completion of second review.
December 1, 2025	19.30	7.47	Observance of performance criteria for June 30, 2025, and completion of third review.
June 1, 2026	19.30	7.47	Observance of performance criteria for December 31, 2025, and completion of fourth review.
December 1, 2026	19.30	7.47	Observance of performance criteria for June 30, 2026, and completion of fifth review.
June 1, 2027	19.60	7.59	Observance of performance criteria for December 31, 2026, and completion of sixth review.
November 26, 2027	19.60	7.59	Observance of performance criteria for June 30, 2027, and completion of seventh review.
Total for the ECF arrangement	**155.0**	**60.0**	

Source: IMF staff.

[1] Refers to Executive Board approval dates for completed reviews.

[2] Disbursements are also subject to compliance with continuous performance criteria.

Table 9. Liberia: Proposed Schedule of Disbursements under RSF Arrangement, 2026-27

(Millions of SDR)

Availability Date	Disbursement		Conditions for Disbursement
	In million (SDR)	Percent of quota	
April, 2026	0	0	Board Approval of the RSF
June 1, 2026	17.62	6.82	Completion of ECF 4th Review and RM1 completed
December 1, 2026	17.62	6.82	Completion of ECF 5th Review and RM2 Completed
December 1, 2026	17.62	6.82	Completion of ECF 5th Review and RM3 Completed
June 1, 2027	17.62	6.82	Completion of ECF 6th Review and RM4 completed
June 1, 2027	17.62	6.82	Completion of ECF 5th Review and RM5 Completed
June 1, 2027	17.62	6.82	Completion of ECF 6th Review and RM6 completed
June 1, 2027	17.62	6.82	Completion of ECF 6th Review and RM7 completed
June 1, 2027	17.62	6.82	Completion of ECF 6th Review and RM8 completed
November 26, 2027	17.62	6.82	Completion of ECF 7th Review and RM9 completed
November 26, 2027	17.62	6.82	Completion of ECF 7th Review and RM10 completed
November 26, 2027	17.60	6.82	Completion of ECF 7th Review and RM11 completed
Total for the RSF Arrangement	**193.8**	**75**	

Table 10. Liberia: Indicators of Capacity to Repay the IMF, 2025–45

(As of February 2026; SDR millions, unless otherwise indicated)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Fund obligations based on existing credit																					
(in millions of SDRs)																					
Repayment of principal	20.2	25.9	23.8	24.2	24.2	21.5	18.4	15.0	11.6	11.6	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Charges and interest	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Fund obligations based on existing and prospective credit																					
(in millions of SDRs)																					
Repayment of principal	20.2	25.9	23.8	24.2	24.2	21.5	22.2	26.6	31.0	31.0	26.7	16.8	17.5	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4
Of which : ECF/RCF	20.2	25.9	23.8	24.2	24.2	21.5	22.2	26.6	31.0	31.0	26.7	15.6	7.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which : RSF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	9.7	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4
Charges and interest	4.6	4.8	6.6	8.8	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.6	8.2	7.8	7.3	6.9	6.4	6.0	5.6
Total obligations based on existing and prospective credit																					
In millions of SDRs	24.9	30.7	30.4	33.1	33.2	30.5	31.2	35.5	39.9	39.9	35.7	25.7	26.4	28.0	27.6	27.1	26.7	26.3	25.8	25.4	24.9
In millions of US$	34.1	42.2	41.8	45.6	45.9	42.2	43.2	49.2	55.3	55.3	49.4	35.6	36.6	38.8	38.2	37.6	37.0	36.4	35.8	35.2	34.6
In percent of exports of goods and services	1.6	1.8	1.7	1.7	1.6	1.4	1.3	1.4	1.4	1.4	1.1	0.8	0.7	0.7	0.7	0.6	0.6	0.5	0.5	0.5	0.4
In percent of debt service 1/	27.5	31.4	33.7	34.8	41.4	36.8	34.1	31.7	30.3	29.0	27.6	21.8	23.9	21.4	19.0	16.9	15.2	13.9	12.6	11.6	10.6
In percent of GDP	0.7	0.7	0.7	0.7	0.7	0.6	0.5	0.6	0.6	0.6	0.5	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
In percent of Gross International Reserves	6.0	5.7	4.2	4.3	4.0	3.4	3.3	3.5	3.7	3.4	2.9	2.0	1.9	1.9	1.7	1.6	1.5	1.4	1.3	1.2	1.1
In percent of quota	9.6	11.9	11.8	12.8	12.8	11.8	12.1	13.7	15.5	15.5	13.8	10.0	10.2	10.8	10.7	10.5	10.3	10.2	10.0	9.8	9.7
Outstanding Fund credit																					
In millions of SDRs	183.5	268.3	424.7	400.4	376.2	354.7	332.5	305.9	274.9	243.9	217.2	200.4	182.9	163.5	144.1	124.7	105.4	86.0	66.6	47.2	27.8
Of which : ECF/RCF	183.5	215.5	230.9	206.7	182.4	160.9	138.7	112.1	81.1	50.1	23.4	7.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which : RSF	0.0	52.9	193.8	193.8	193.8	193.8	193.8	193.8	193.8	193.8	193.8	192.6	182.9	163.5	144.1	124.7	105.4	86.0	66.6	47.2	27.8
In millions of US$	251.4	368.9	584.9	552.7	520.0	491.4	460.6	423.8	380.8	337.9	300.9	277.6	253.4	226.5	199.7	172.8	146.0	119.1	92.3	65.4	38.6
Of which : ECF/RCF	251.4	296.2	318.0	285.2	252.2	222.9	192.1	155.3	112.4	69.4	32.4	10.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which : RSF	0.0	72.7	266.9	267.5	267.9	268.5	268.5	268.5	268.5	268.5	268.5	266.8	253.4	226.5	199.7	172.8	146.0	119.1	92.3	65.4	38.6
In percent of exports of goods and services	11.9	15.9	23.4	20.3	17.7	15.9	13.8	11.9	9.9	8.2	6.9	6.0	5.1	4.3	3.6	2.9	2.3	1.8	1.3	0.9	0.5
In percent of external public debt service 1/	203.0	274.7	471.2	421.9	470.1	428.1	364.0	272.9	208.4	177.3	167.9	169.8	165.3	124.9	99.4	77.8	59.9	45.4	32.6	21.5	11.9
In percent of GDP	4.8	6.5	9.7	8.6	7.5	6.7	5.8	5.0	4.2	3.5	2.9	2.5	2.1	1.8	1.5	1.2	0.9	0.7	0.5	0.3	0.2
In percent of Gross International Reserves	44.0	49.6	58.2	52.0	45.2	39.9	35.0	30.0	25.2	21.0	17.6	15.2	13.1	11.0	9.1	7.5	5.9	4.6	3.3	2.2	1.2
In percent of quota	71.0	103.8	164.3	155.0	145.6	137.3	128.7	118.4	106.4	94.4	84.1	77.6	70.8	63.3	55.8	48.3	40.8	33.3	25.8	18.3	10.8
Net use of Fund credit (in millions of SDRs)	33.4	84.8	156.3	-24.2	-24.2	-21.5	-22.2	-26.6	-31.0	-31.0	-26.7	-16.8	-17.5	-19.4	-19.4	-19.4	-19.4	-19.4	-19.4	-19.4	-19.4
Disbursements	53.6	110.8	180.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which : ECF/RCF	53.6	57.9	39.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which : RSF	0.0	52.9	140.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments	20.2	25.9	23.8	24.2	24.2	21.5	22.2	26.6	31.0	31.0	26.7	16.8	17.5	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4
Of which : ECF/RCF	20.2	25.9	23.8	24.2	24.2	21.5	22.2	26.6	31.0	31.0	26.7	15.6	7.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which : RSF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	9.7	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4
Memorandum items:																					
Exports of goods and services (in millions of US$)	2,109	2,324	2,501	2,725	2,940	3,100	3,327	3,575	3,841	4,096	4,354	4,650	4,962	5,268	5,594	5,942	6,299	6,678	7,085	7,518	7,983
Debt service (in millions of US$)	123.8	134.3	124.1	131.0	110.6	114.8	126.5	155.3	182.7	190.6	179.2	163.5	153.3	181.3	200.9	222.2	243.7	262.3	283.2	304.4	324.7
Nominal GDP (in millions of US$)	5,216	5,641	6,048	6,455	6,896	7,383	7,932	8,495	9,086	9,719	10,398	11,102	11,864	12,671	13,536	14,463	15,456	16,520	17,661	18,884	20,196
Gross International Reserves (in millions of US$)	572	744	1,005	1,062	1,150	1,233	1,316	1,415	1,513	1,605	1,706	1,824	1,937	2,057	2,184	2,319	2,459	2,607	2,769	2,939	3,124
Quota (millions of SDRs)	258.4	258.4	258.4	258.4	258.4	258.4	258.4	258.4	258.4	258.4	258.4	258.4	258.4	258.4	258.4	258.4	258.4	258.4	258.4	258.4	258.4

Sources: Liberian authorities; and IMF staff estimates and projections.

1/ Total debt external public debt service includes IMF repayments.

Table 11. Liberia: Summary Table of Projected External Borrowing Program, 2024

PPG external debt	Volume of new debt in 2024		PV of new debt in 2024 (program purposes)		PV of new debt in 2024 (including negative GEs)	
	USD million	Percent	USD million	Percent	USD million	Percent
Sources of debt financing	**363.9**	**100**	**180.4**	**100**	**187.1**	**100**
Concessional debt, of which	**287.9**	**79**	**104.4**	**58**	**104.4**	**56**
Multilateral debt	287.9	79	104.4	58	104.4	56
Bilateral debt	0.0	0	0.0	0	0.0	0
Other	0.0	0	0.0	0	0.0	0
Non-concessional debt, of which	**76.0**	**21**	**76.0**	**42**	**82.7**	**44**
Semi-concessional	0.0	0	0.0	0	0.0	0
Commercial terms	76.0	21	76.0	42	82.7	44
By Creditor Type	**363.9**	**100**	**180.4**	**100**	**187.1**	**100**
Multilateral	363.9	100	180.4	100	187.1	100
Bilateral - Paris Club	0.0	0	0.0	0	0.0	0
Bilateral - Non-Paris Club	0.0	0	0.0	0	0.0	0
Other	0.0	0	0.0	0	0.0	0
Uses of debt financing	**363.9**	**100**	**180.4**	**100**	**187.1**	**100**
Infrastructure	187.3	51	118.8	66	125.5	67
Social Spending	98.0	27	35.0	19	35.0	19
Budget Financing	39.9	11	10.6	6	10.6	6
Other	38.7	10.6	16.0	8.9	16.0	8.6
Memo items						
Indicative projections						
Year 2	**183.4**		**88.6**		**88.6**	
Year 3	**0.0**		**0.0**		**0.0**	

Source: Authorities' data; IMF staff calculations

Table 12. Liberia: Type of New External Debt (US Dollars, Sept. 2024-Nov. 2025)

By the type of interest rate	
Fixed Interest Rate	287.9
Variable Interest Rate	76.0
Unconventional Loans	0.0
By currency	
USD denominated loans	313.3
Loans denominated in other currency	50.5

Source: Authorities' data; IMF staff calculations

Annex I. Risk Assessment Matrix, August 2025[1]

Sources	Likelihood	Potential Impact	Policies to Minimize Impact
External			
Commodity price volatility	**High**	**High**. Liberia's exports revenues might be affected by commodity price volatility, posing more challenges to economic stability, and to the government budget already constrained by the effect of the US aid termination. Also, rising petroleum prices negatively impact Liberia's import bill	Prioritize domestic revenue mobilization, exports diversification, and adoption of export price smoothing mechanisms to mitigate the economy against the effect of price volatility. Maintain adequate international reserve cover
Escalating Trade Measures and Prolonged Uncertainty	**High**	**Low**. Liberia's integration into international supply chains is minimal, but inflationary pressures disruption could push up inflation and exacerbate social hardship.	Maintain adequate international reserve buffers. Make room for social support by reprioritizing expenditure, mobilizing domestic revenues, and seeking additional donor funding.
Natural disasters related to climate-induced shocks.	**Medium**	**High**. Heavy rainfall and floods can erode and inundate agricultural land surfaces as well as coastal zones. It can also spread vector-borne disease.	Invest in climate adaptation, including resilient sanitation systems, protection of coastal zones, and extension services.
Fiscal Vulnerabilities and Higher Long-Term Interest Rates	**High**	**High.** Higher global long-term interest rates would not affect Liberia directly, given its limited access to international markets. However, they would raise U.S.-dollar borrowing costs, tighten financing in a highly dollarized economy, and heighten macro-financial risks for a country with very limited buffers	Mobilize more domestic revenues, prioritize concessional financing, strengthen bank supervision given the highly dollarized system, and build foreign exchange reserves.
Decline in International Aid	**High**	**High.** A further sharp reduction in international financial assistance, including development aid and humanitarian support, could severely affect low-income and fragile countries like Liberia.	Accelerate tax and PFM reforms to increase DRM, donor diversification and strategic partnerships, strengthen anti-corruption policies and budget planning and realignment.

[1]The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline. Likelihood reflects staff's subjective assessment: "low" (below 10 percent), "medium" (10-30 percent), and "high" (30-50 percent). The RAM captures staff views on the source of risks and overall concern as of the time of discussions with the authorities. Risks may interact and materialize jointly. The conjunctural shocks reflect shorter-term risks (12-18 months) while structural risks are more persistent.

Liberia Specific			
Sources	**Likelihood**	**Potential Impact**	**Policies to Minimize Impact**
Rising Political tensions	**Low**	**High**. Political tensions in Liberia could erode investor confidence, disrupt fiscal planning, and slow economic growth. This uncertainty may deter aid and investment, strain public finances and hinder job creation and service delivery.	Accelerate governance and institutional reforms and prioritize politically less sensitive fiscal reforms to minimize impacts, focusing on stability, transparency, and inclusive growth.
Rising inflationary pressures	**Low**	**High**. Deterioration of already low consumers' purchasing power, risks for the most vulnerable segments of the population especially for access to food items.	The CBL needs to stand ready to tighten its monetary policy, and the GoL may implement sector-specific measures if pressures stem from supply shocks.
Delays in putting all banks on a sound economic footing.	**Medium**	**Medium**. Financial sector instability, reduce availability of credit, and slowdown in economic activity.	Strengthening credit administration and underwriting standards, strict implementation of restructuring and NPL recovery plans, and enforcement of reserve requirements.
Delays in implementing new tax measures	**Medium**	**Medium**. Delays in domestic revenue mobilization might pose challenges in budget execution, especially on social expenditure given the current juncture where foreign aid is decreasing.	The government needs to stay on track regarding all planned tax reforms, including the GST increase, mining sector minimum tax and VAT implementation.

Annex II. External Sector Assessment

Overall Assessment[1/]: *Liberia's external position in 2025 is assessed as weaker than the level implied by fundamentals and desirable policies, although stronger than its historical trend. The current account deficit in 2025 is estimated at 6.5 percent of GDP, narrowing from 8.1 percent of GDP in 2024. The improvement reflects a combination of stronger fiscal consolidation relative to other countries, the expansion of iron-ore production capacity, elevated remittance inflows, and favorable terms of trade—particularly higher gold prices and lower rice prices. Reserves are assessed to be below adequate levels. The large negative net international investment position (NIIP) reflects the private sector's reliance on intercompany borrowing from foreign affiliates and the public sector's predominantly external debt-based financing. Consistent with REER-based models, REER gaps remain substantial, although staff assesses that the exchange rate adjustment alone would have limited short-term impact on improving the BoP due to Liberia's dual currency system, high dollarization, and narrow, commodity-oriented, export base. Data gaps and BoP compilation issues add uncertainty to the estimated current account gap and the overall External Sector Assessment (ESA).*

Potential Policy Responses: *Remaining on the path of fiscal consolidation is crucial for sustaining the recent improvements in the current account and supporting external sector sustainability. Addressing Liberia's longer-term external imbalances will require the development of a competitive and diversified export sector, reduce reliance on imports, and better position the economy for a potential decline in concessional financing and foreign direct investment over the medium term. To enhance external sustainability, it is critical to gradually move toward de-dollarization, as previously recommended, alongside continued efforts to improve the business environment, governance, and infrastructure—particularly roads and electricity. Further improvements in BoP statistics would materially strengthen the ESA by reducing uncertainty around the estimated current account gap and the overall assessment of Liberia's external position.*

1/ BoP data for 2024 and 2025 are still preliminary. Official external sector statistics for the period 2020-2024 were revised following extensive IMF technical assistance (TA). Despite these improvements, staff use estimates for the services trade balance because substantial data gaps and compilation issues persist in official BoP statistics. Most noticeably, services trade does not reflect mapped flows of official current and capital transfers, while net remittances are unusually high compared to peer countries, suggesting significant underreporting of outflows. Previous ESAs, produced before the recent data revision, also used staff's estimates for income, capital, and financial accounts due to major deficiencies in official statistics.

Foreign Assets and Liabilities: Position and Trajectory

Background: The net international investment position (NIIP) at end-2024 is estimated at around -50.2 percent of GDP, reflecting Liberia's reliance on foreign direct investment (FDI) to finance capital-intensive activities, particularly in the extractive sector. Gross external liabilities amounted to 83.8 percent of GDP, mainly reflecting direct investment through intercompany loans (53.8 percent of GDP) and other debt liabilities. The negative equity position in direct investment reflects accumulated losses and valuation effects in foreign-owned resident enterprises. Gross foreign assets amounted to around 33.6 percent of GDP, with CBL gross reserves accounting for nearly one third. The remainder consists largely of currency and deposits held by non-official sectors. Debt claims on affiliated enterprises abroad reflect intra-group financial positions and do not constitute liquid external buffers. Overall, Liberia's NIIP structure underscores the predominance of FDI-related positions.

Assessment: The latest available NIIP statistics refer to 2024. While the composition of Liberia's external liabilities—dominated by FDI-related positions—helps absorb shocks relative to debt-based financing, the large negative NIIP highlights the importance of sustained current account adjustment and structural reforms to strengthen external sustainability over the medium term.

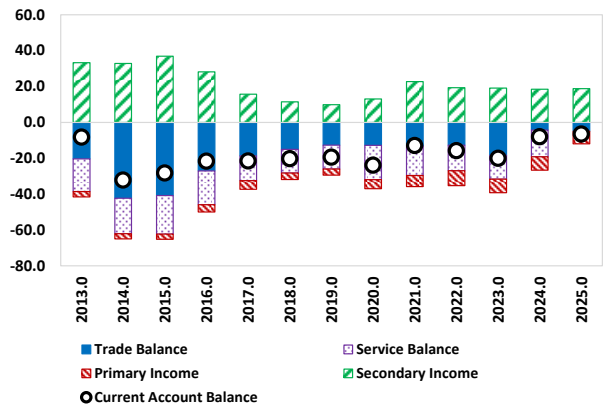
2024 (percent GDP)	NIIP: -50.2	Gross Asset: 33.6	Debt Assets: 12.6	Gross Liab: 83.8	Debt Liab: 93

Current Account[2/]

Background. Liberia's current account deficit in 2025 is estimated to have narrowed further to 6.5 percent of GDP. However, the goods trade deficit widened to 5 percent of GDP, driven by higher imports of machinery and transport equipment, despite improved terms of trade and expanded iron-ore capacity. Liberia's trade balance remains highly susceptible to global commodity price fluctuations. Over the past five years, food, petroleum, and mineral fuel and lubricants have accounted for roughly half of total imports of goods, while iron ore, gold, and rubber comprised more than 90 percent of total exports of goods. Notably, Liberia's reliance on gold exports has increased sharply, rising from an average of about 20 percent of total goods exports over 2010-20 to an estimated 64 percent in 2025, supported by higher production and prices. Net remittances have continued to be a major contributor to the current account balance, while development partner grant transfers have remained on a declining trend over the past decade, except for a temporary increase during the Covid-19 pandemic.

Figure 1. Current Account, 2013-25

(Percent of GPD)



Assessment. The EBA-Lite CA model suggests that Liberia's external sector position remains weaker than the level consistent with medium-term fundamentals and desirable policies. In 2025, the cyclically adjusted CA balance is estimated at -6.9 percent of GDP, compared to the CA norm of -1.8 percent of GDP, implying a CA gap of 5.1 percent of GDP. This gap persists despite strong fiscal consolidation relative to the rest of the world. The sizeable negative residual—unexplained by gaps in fundamentals or desirable policies captured by the model—points to deep-rooted structural constraints and other country-specific factors that limit sustained external adjustment. Despite some improvement relative to its long-term trend, the CA deficit is expected to remain sizable over the medium term, reflecting high import demand associated with large-scale mining investment and the import-intensive nature of development partner-financed projects.

2/ Despite substantial improvement in the BoP statistics for 2020-24—which benefited from extensive IMF technical TA on external sector statistics—staff continues to use estimates for the sub-accounts "government services" and "other business services" of the services trade account of the BoP. Authorities should address data gaps by improving cooperation between the CBL and other government agencies, such as the LRA, MME and MFDP, among other actions recommended by the Fund's TA on external sector statistics. The assessments presented in this ESA are based on the best information currently available.

Liberia: EBA-lite Model Results, 2025

	CA model 1/	REER model 1/
	(in percent of GDP)	
CA-Actual	**-6.5**	
Cyclical contributions (from model) (-)	0.7	
Additional temporary/statistical factors (-) 2/	-	
Natural disasters and conflicts (-)	-0.3	
Adjusted CA	**-6.9**	
CA Norm (from model) 3/	**-1.8**	
Adjustments to the norm (+)	0.0	
Adjusted CA Norm	**-1.8**	
CA Gap	**-5.1**	**-12.6**
o/w Relative policy gap	0.6	
Elasticity	-0.3	
REER Gap (in percent)	**18.9**	**46.3**

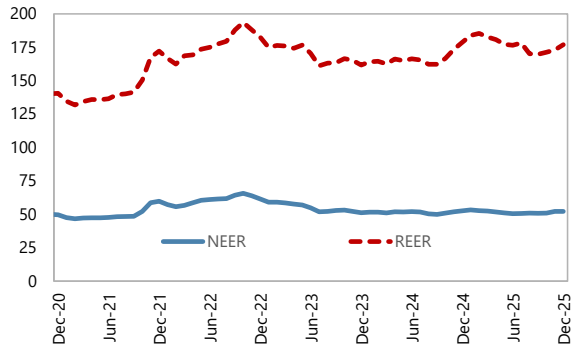
1/ Based on the EBA-lite 3.0 methodology
2/ Additional adjustment to account for the temporary impact of shocks on CA.
3/ Cyclically adjusted, including multilateral consistency adjustments.

Real Exchange Rate

Background. The average nominal effective exchange rate (NEER) depreciated by 0.8 percent in 2025. However, given the inflation differential, the average real effective exchange rate (REER) in 2025 appreciated by 6.4 percent. Compared to its past five-year average, the REER is higher by about 14 percent.

Figure 2. Nominal and Real Effective Exchange Rate, 2020-25

(Percent of GPD)



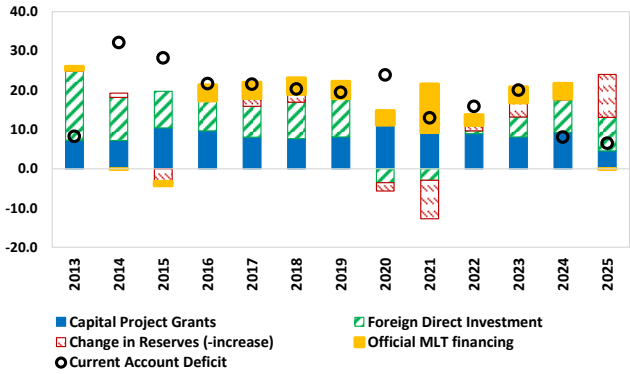
Assessment. The EBA-Lite CA model indicates that Liberia's REER remains substantially overvalued relative to the level implied by fundamentals and desirable policy settings. According to the model, closing the CA gap would require a REER depreciation of about 18.9 percent. Given Liberia's dual currency system and high degree of dollarization—along with its narrow export base, heavy import dependency, and widespread indexation to the US dollar (including of domestic wages)—the CA's responsiveness to exchange rate movements is low. Given this constraint, a more effective and realistic approach to reducing the CA deficit would be through structural reforms, infrastructure investment, and improvements in the overall business environment aiming at increasing the competitiveness and diversification of the export sector and reducing the country's reliance on imports of goods and services.

Capital and Financial Accounts: Flows and Policy Measures

Background. Liberia's capital account—primarily composed of development partner-project grants—remains a key non-debt-creating source of financing. In 2025, the capital account financed nearly 70 percent of the CA deficit. However, as the economy develops, project grants are expected to decline further, a trend likely to be accelerated by the scaling down of foreign aid from major development partners.

Figure 3. Main Financing Components of the Current Account Deficit, 2013-25

(Percent of GPD)



The financial account continued to benefit from significant net FDI inflows—amounting to 8.5 percent of GDP in 2025, and slightly higher than the 8.3 percent of GDP in 2024. On the other hand, medium and long-term official loan disbursements dropped to 3.1 percent of GDP, compared to 4.7 percent of GDP in 2024.

Assessment. Liberia has so far relied on substantial FDI and development partner support to finance its CA deficit without drawing down reserves or adding significantly to external debt. However, inflows from grants and concessional loans are uncertain and cannot be relied upon indefinitely. Strengthening Liberia's external position will require the development of a competitive and diversified export sector. Achieving sustainable, private sector-led growth will depend on advancing structural reforms, scaling up investment in infrastructure, strengthening human capital development, and improving governance and anti-corruption efforts. Efforts to reduce dollarization should continue, as de-dollarization will allow the exchange rate to function more effectively as a shock absorber.

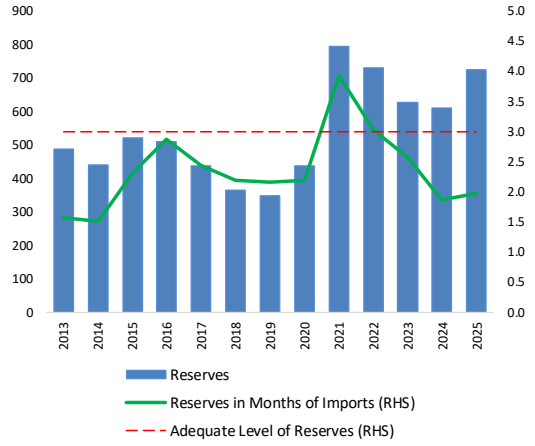
FX Intervention and Reserves Level

Background. Liberia's foreign exchange reserves increased in 2025 to US$ 572 million, equivalent to 11.1 percent of GDP. Despite the upward revision in the projected path of imports, reflecting both an unanticipated increase in imports of goods in the final months of 2025 and the revision of BoP statistics, import coverage remained broadly stable at 2 months of goods and services imports (Figure 4). The authorities did not intervene in the FX market in 2025.

Assessment. At end-2025, reserves-import coverage (2 months) remained below the adequate level estimated under the IMF's reserve adequacy framework for credit-constrained economies (3.2 months of imports) and the reserve target recommended by staff (3.1 months of imports). Over the medium term, reserves are projected to gradually converge to around 3 months of imports. FX intervention should remain limited to addressing excess volatility arising from temporary shocks, while the authorities aim to rebuild reserve buffers.

Figure 4. International Reserve Position

(US$ millions)



Annex III. Climate Risk Profile in Liberia

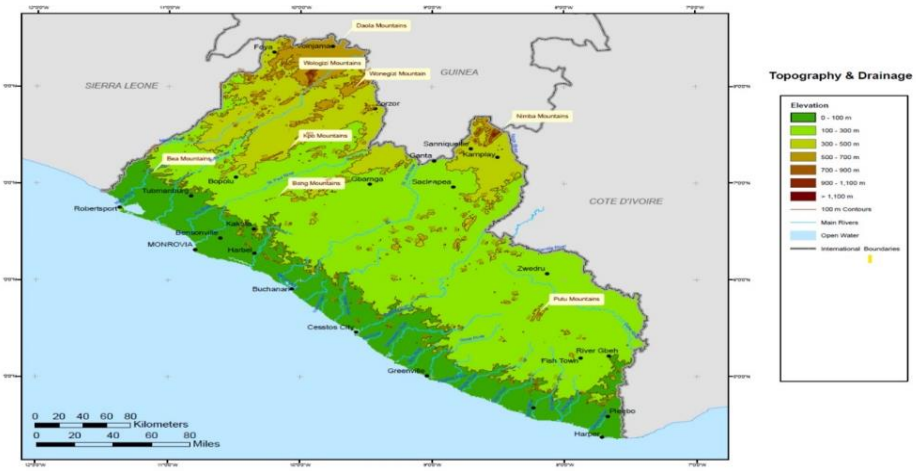
1. Despite its low contribution to global climate change, Liberia is highly vulnerable to its effects, which amplifies the development challenges the country faces. Liberia contributes to less than 0.01 percent of global emissions, yet it is not immune to the effects of climate change. Temperature increase, higher frequency of extreme weather events and changing precipitation patterns could affect the country through losses in output and productivity, reducing potential growth. Losses in the agricultural sector would raise food insecurity and increase dependence on imports, adding pressure on the balance of payments. Increased coastal erosion would further damage public infrastructure and contribute to internal migration. In addition, Liberia's high vulnerability to climate change is at odds with its limited institutional and financial capacity to react to disasters, which amplifies the persistence of the effects from external shocks. (IMF, 2025b)

A. Overview of Vulnerabilities

2. Liberia's topography, combined with its tropical climate, makes the country highly vulnerable to climate hazards such as flooding, sea-level rise, and drought. Situated on the West African coast along the Atlantic Ocean, Liberia features a predominantly low landscape with 560 km of coastline (Figure 1.a). The country's tropical climate, combined with its extensive network of rivers and dense rainforests, creates a unique environment that is particularly susceptible to climate hazards. The coastal areas face increased risks from sea-level rise, while inland regions experience variable rainfall patterns. Regarding the former, and according to the World Bank (2004), the coastline on areas like New Kru Town has been eroding by 2–3 meters annually over the past 30 years, leading to a 50- to 100-meter retreat over the same period. Inland, the rainy season leads to high risk of riverine floods for most of the national territory (Figure 1.c). The dry season, in contrast, brings moderate drought risks across the country, but can still create localized disruptions around the Mount Coffee Dam –the main hydropower plant of the country—further opposing competing water resource claims for key social and economic activities (Figure 1.b).

Figure 1. Liberian Topology, Drought and Riverine Flood Risks

Figure 1.a Liberian Topography



Source: Liberia Climate Change Assessment. (USAID, 2013)

Figure 1.b Drought Risks

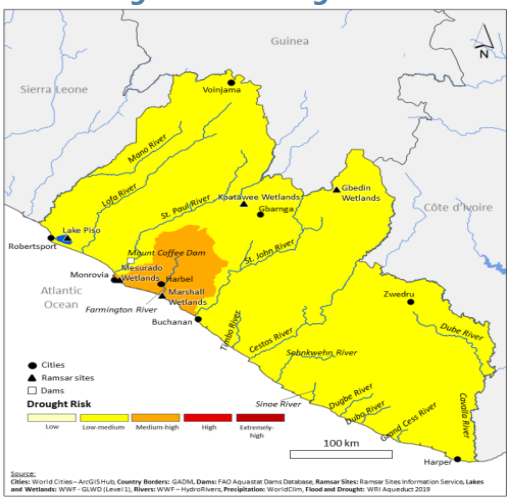
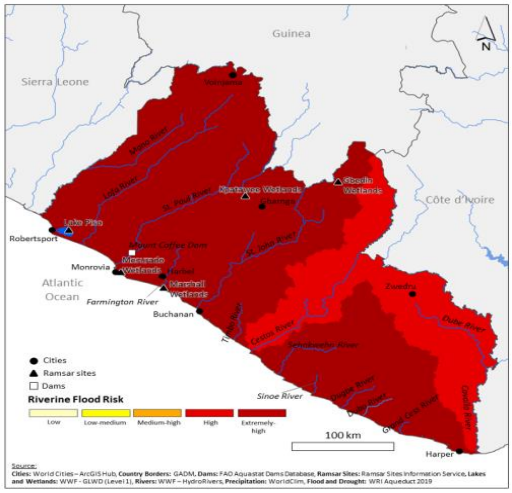


Figure 1.c Riverine Flood Risks

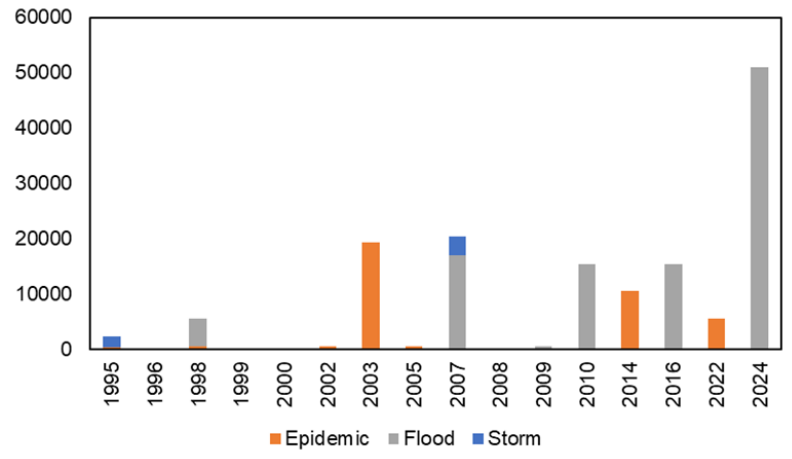


Source: Liberia Water Resources Profile. (USAID, 2021)

3. Since 1995, Liberia has experienced 21 climate-related disasters. According to IMF estimations based on EM-DAT (2005), since 1995 over 148,000 people have been affected, injured, or made homeless, and over 5,000 lives have been lost due to climate-related disasters, particularly floods, epidemics and storms (Figure 2). The low elevation of the country –most areas are below 300 meters above sea level—amplifies flood risks even under moderate rainfall, and contributes to the widespread risk of riverine floods, the frequency and intensity of which have increased in the last 20 years –the floods observed in 2024 alone affected around 50,000 people. Furthermore, recurring

floods impose economic and welfare losses, and amplify the risk and persistence of other shocks, like the Ebola epidemic and other vector-borne diseases. The compounding effect of such shocks can have severe social and economic consequences. (IMF, 2025b)

Annex III. Figure 2. Types of Disasters and Number of Affected People in Liberia (Count)

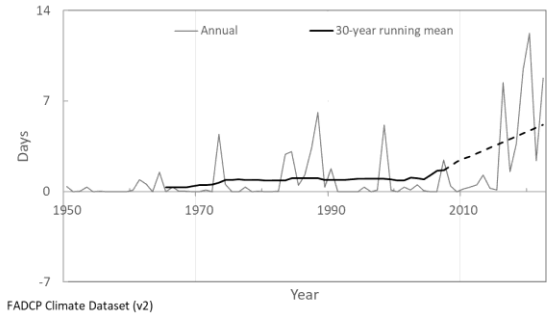


Notes: Total affected includes people injured, affected, or made homeless.
Source: IMF Staff calculations based on EM-DAT (2025).

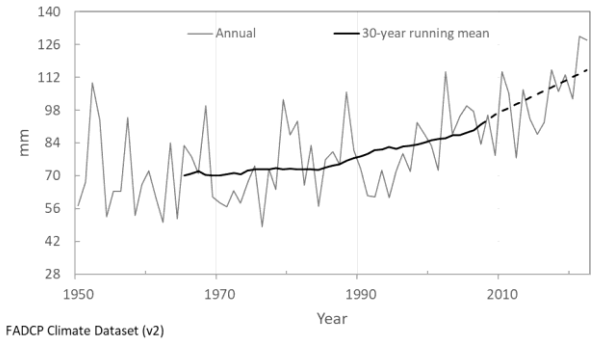
4. Extreme heat and extreme daily rainfall events are becoming more intense in Liberia. In terms of extreme weather events and natural disasters associated with climate change, the number of hot days (with maximum temperature above 35°C) has risen over the last two decades (Figure 3A). In addition, since the mid-eighties the intensity of maximum daily precipitation events has also increased (Figure 3B, 3C). Intense precipitation events—measured by annual maximum rainfall over one or five days—have increased. The incidence of droughts, characterized by the maximum number of consecutive dry days, appears to have experienced little changes (Figure 3D).

Annex III. Figure 3. Extreme Climate Indices: Average Conditions and Recent Changes

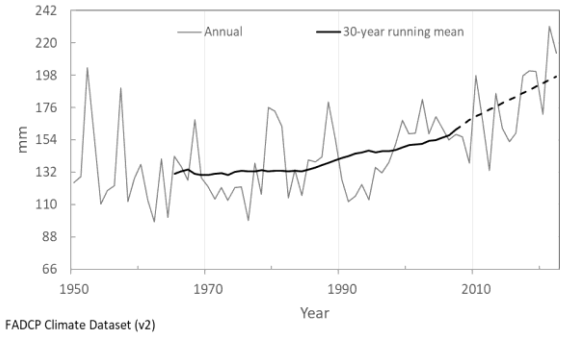
3A. Annual Number of Days with Tmax Above 35°C



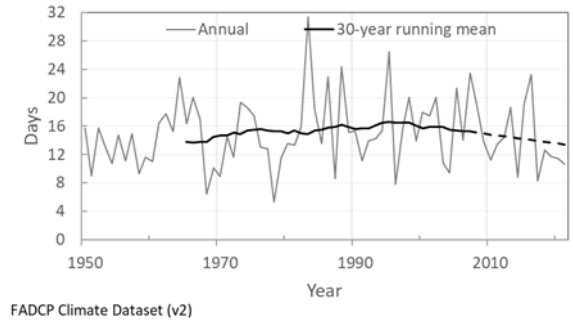
3B. Annual Max 1-Day Precipitation (mm)



3C. Annual Max 5-Day Precipitation (mm)



3D. Maximum Number of Consecutive Dry Days (< 1mm of precipitations) in a Year (CDD)



Notes: The solid line displays the 30-year average centered around each 30-year period. Edge effects near the beginning and end of the time series may affect the accuracy of the mean in those regions (dashed).

3C: Maximum number of consecutive dry days (< 1 mm of precipitations) in a year (CDD). The solid black line displays the 30-year moving average. The first 15 years of the moving average are not shown because incomplete. The last 14 year show a linear trend estimated using the last 30 years of annual data (dashed).

References:

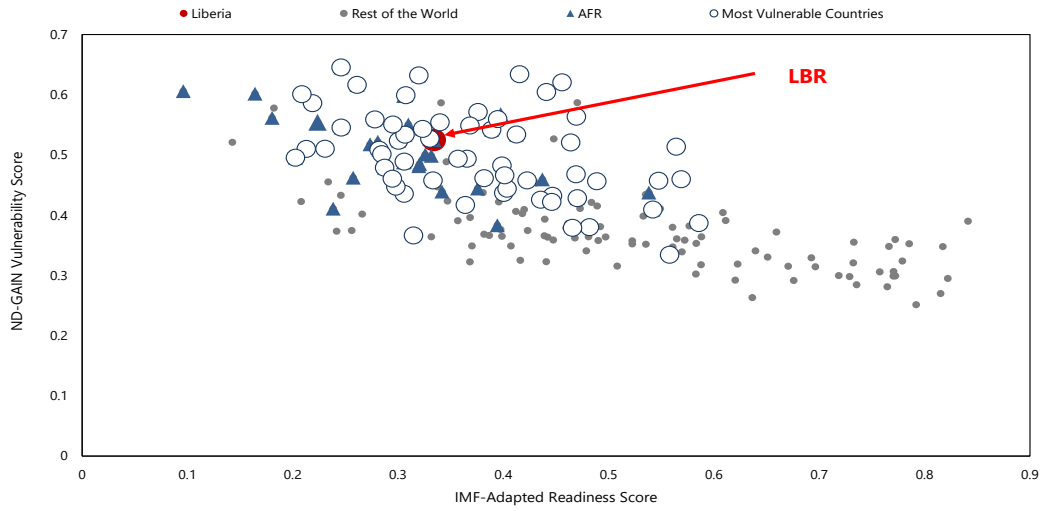
Massetti, E. and F. Tagklis (2024). FADCP Climate Dataset: Temperature and Precipitation. Reference Guide, Fiscal Affairs Department, International Monetary Fund, Washington DC

5. Frequency and intensity of flood risks are projected to rise under climate change scenarios. Coastal flooding poses the greatest long-term threat, as nearly 60 percent of the population lives in vulnerable coastal zones, including informal settlements like West Point in Monrovia (World Bank, 2024a). Estimations suggest that by 2050 coastal flood could lead to an incremental loss of 0.75 percent of capital versus baseline projections, undermining the country's

long term potential GDP (World Bank, 2024b). On the other hand, the greatest short-term risks are posed by seasonal droughts and inland floods, which disrupt farming cycles, worsen water and electricity shortages, and damage critical infrastructure[1]—further constraining economic growth and deepening poverty.

6. Liberia's socio-economic and environmental conditions make it highly vulnerable to climate-related shocks, threatening its development prospects and resilience. According to the IMF-Adapted Notre Dame GAIN Index for 2022, Liberia ranked 30th most vulnerable among 187 countries and 147th in readiness out of 192 countries (Figure 4). These vulnerabilities are compounded by the country's heavy reliance on climate-sensitive sectors—agriculture accounts for about 61 percent of GDP and employs 75 percent of the population—and widespread poverty, with nearly half of its citizens living below the national poverty line (World Bank, 2024b). Rapid population growth (around 3 percent annually) and a predominantly youthful demographic increase pressure on natural resources, as well as risks of food insecurity and health shocks. (World Bank, 2024b). Fragile infrastructure, weak institutions, and limited public services further exacerbate exposure to climate impacts. This combination of high vulnerability and low preparedness summarizes the challenges the country faces to absorb and adapt to climate stresses.

Annex III. Figure 4. Vulnerability and Readiness Scores



Notes: Liberia's vulnerability to climate is near the global median, but its readiness to address these risks is significantly lacking. The Vulnerability Score assesses a country's current vulnerability to climate reflecting exposure, sensitivity, and adaptive capacity. The Readiness Score assesses a country's readiness to leverage public and private sector investment for adaptative actions.
Source: IMF Climate Change Indicators Dashboard (2022).

7. Climate change is worsening Liberia's health challenges, increasing risks of disease, malnutrition, and infrastructure damage. The 2014 Ebola pandemic exposed the weak early warning, prevention, and response systems (World Bank, 2024b). Limited meteorological and hydrological data hampers disaster risk planning, while climate-sensitive diseases are expected to

[1] In the Greater Monrovia area, available reports on specific events suggest average annual direct capital losses of about US$20 million as a result of flooding. (World Bank, 2024a)

rise with warming and shifting rainfall.[2] Chronic malnutrition, affecting approximately 30 percent of children under five, is aggravated by climate-driven crop losses (World Bank, 2024b). Floods and storms further damage health infrastructure and transportation networks, restricting access to care in remote areas. These factors highlight the urgent need for integrated health-climate adaptation strategies to reduce vulnerability and protect lives.

8. Climate change will affect economic performance in Liberia through multiple channels. Among others, climate change would affect human and physical capital, with additional impacts on some key economic activities:

- Estimations suggest that heat stress effects on labor due to projected increased temperatures could reduce labor productivity and workers health, leading to economic losses of up to 7.5 percent of GDP by 2050. This results, among others, from the large concentration of the labor force in the agricultural and service sectors, highly exposed to climate change. Moreover, negative health effects could be amplified if increased risks from vector-borne diseases materialize as a result from increased floods, further overwhelming the weak sanitation systems. (World Bank, 2024a)

- Increased flooding and coastal erosion would damage installed productive capacity, with larger effects in agricultural land and transport infrastructure, adding fiscal pressures due to maintenance needs, and causing passenger delays, while further reducing connectivity between communities. Estimates suggest that weather-related delays could reach up to 12.5 million hours by 2050. (World Bank, 2024b)

- The country's reliance on rain-fed agriculture and inadequate water infrastructure exacerbates the impact of more frequent and intense flooding, which damages crops and affects infrastructures. Impacts can be reflected both in reduced exports of agricultural products, like coffee, cassava and rubber, and increased need for imports of cereals to compensate for domestic damaged crops.[3] This exacerbates food insecurity and adds negative pressures on the current account of the balance of payments. Moreover, reparation investments require additional fiscal efforts, while reduced activity from affected sectors also diminishes potential fiscal revenues (World Bank, 2024b).

- Electricity generation could be further impacted by changing drought and rainfall patterns, increasing the reliance on electricity from neighboring countries, or the imports of heavy fuel oil for thermoelectric generation. These would contribute to the negative pressures on the trade

[2] Malaria, diarrheal diseases, and neonatal disorders account for 15.4, 7.9, and 7.7 percent of deaths in 2019, respectively.

[3] Climate change is expected to exacerbate productivity losses through more intense floods and higher temperatures. World Bank estimations suggest potential crop revenue losses in a range of 6 to 22 percent by 2050. (World Bank, 2024b)

balance and limit the country's capacity to achieve its development objectives regarding increased reliability and electricity access. (IMF, 2025b)

B. Current Policies and Gaps

9. Disaster risk management is largely reactive, with few financial tools for proactive risk retention or transfer. The National Disaster Risk Reduction Strategy shows the authorities interest in establishing a framework to provide guidance for disaster response. However, its implementation has been limited due to capacity and funding constraints of relevant agencies, including the National Disaster Management Agency (NDMA) (IMF, 2025b). Moreover, the strategy also lacks mechanisms for ex-ante financial planning. Instruments such as parametric insurance or regional risk pools remain untapped yet could provide rapid liquidity after disaster. Similarly, microinsurance for vulnerable households and farmers could lower individual exposure and expedite recovery. Institutionalizing these tools would help balance risk retention (through reserves and contingency funds) with risk transfer, reducing costly ad hoc post-disaster spending and fiscal volatility. Developing a comprehensive financial risk management toolbox will require policy support, capacity building, and integration into national budgets (IMF, 2025b).

10. Key health sector frameworks and procedures, including for pandemic response, have been developed, but structural challenges remain. With the support of the World Health Organization (WHO), the country has been able to develop and disseminate multiple key documents, including the National Health Policy and the Health Financing Strategy. Despite the progress, several challenges for health response and pandemic preparedness remain and have been made more evident in the presence of past epidemics and recent disease outbreaks. Among others, the financial sustainability of the sector and the need for clear mechanism to ensure a timely disbursement of resources to cope with emergencies remain to be addressed. Other challenges include shortages in essential medical supplies; supply chain and logistics problems; limited trained personnel and high reliance on volunteer work; and data management issues preventing timely program planning. (WHO, 2024)

11. The country has taken important steps to establish a foundational legal and policy framework to address climate change, but additional efforts are needed for their implementation. Liberia has signed global climate accords, like the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement, and adopted national instruments like the National Adaptation Plan (NAP) and the National Policy and Response Strategy on Climate Change (2018). The Environmental Protection and Management Law (EPML) in 2002 and the Climate Change Act provide statutory backing for climate action coordination. However, implementation remains weak due to incomplete integration across sectors, unclear institutional roles, overlapping mandates, and limited enforcement capacity (IMF, 2025b). Strengthening policy coherence and clarifying responsibilities are critical to enhancing climate governance.

12. The country has updated its climate commitments, yet sectoral responsibilities are not clearly defined. In 2019, total emissions were approximately 16 million tons of CO2 equivalent, less

than 0.1 percent of global emissions. Reflecting this, Liberia's Nationally Determined Contributions (NDC 3.0) submitted in September 2025 prioritized adaptation actions, and still included mitigation measures such as vehicle regulation, energy sector decarbonization, climate-smart agriculture, and improved water management are also included as part of the country's potential actions. These planned efforts aim at enhancing resilience and delivering co-benefits like better air quality, improved health outcome, water and food security and expanded energy access. However, achieving such goals depends on overcoming financing and capacity constraints, making climate resilience a central priority for Liberia's development strategy, enacting a legal framework that clarifies mandates, roles and responsibilities of key institutions in what refers to climate change adaptation and mitigation.

13. The AAID development agenda and the updated NDC provide guidance on climate related actions, but sectoral agendas and estimation of investment needs are still lacking. The AAID development plan and the country's NDC establish a high-level list of priorities and suggested actions. However, investment needs are not always detailed nor costed—in part, due to the lack of centralized guidance on the matter (IMF, 2025a). Furthermore, in order to integrate mitigation and adaptation objectives within public investment decisions, aligning national and sectoral plans is key. Addressing this and providing centralized guidance on how to assess investment projects, including for mitigation and adaptation objectives, would improve visibility on priorities and financing needs, and enhance clarity for donors and international development partners interested in investing in the country.

14. Lack of fiscal space delays key investments and increases donor dependency. Liberia's public debt-to-GDP stands above 50 percent, which limits available fiscal space for adaptation and mitigation investments (IMF, 2025a). In addition, the country faces multiple challenges including limited or inadequate technical expertise, monitoring and reporting systems, as well as reduced interagency coordination (IMF, 2025b). Furthermore, investment in key sectors—e.g. energy, agriculture, water and health—have significantly relied on the support of international partners and foreign aid.

15. Water resource monitoring exists, yet systems are largely inactive. Hydrological monitoring systems and water quality laboratories are largely degraded or inactive, and data platforms lack integration and interoperability, limiting effective management and early warning capabilities. Furthermore, climate data and risk projections remain insufficiently incorporated into water resource planning and investment decisions, leaving infrastructure and service delivery ill-prepared to respond to seasonal and flash flood events. (IMF, 2025b)

16. Institutional fragmentation and unclear mandates further undermine Liberia's water management. Despite the 2007 National Integrated Water Resources Management (IWRM) Policy, limited capacity and the absence of a dedicated water law have stalled progress. Responsibilities are scattered across multiple agencies with overlapping roles, weak coordination, and low data system interoperability. This fragmentation reduces transparency, weakens enforcement, and impacts the integration of hydrological data into climate adaptation frameworks. Addressing these governance

gaps through legal reforms, clarified mandates, and strengthened institutional coordination is crucial to improving water security, equitable service delivery, and overall resilience. (IMF, 2025b)

17. The Liberia Water and Sewer Corporation (LWSC) has expanded access to services, but additional measures towards cost-recovery could be implemented. The LWSC provided information on achievements regarding the construction of a new pipeline, additional sewer connections and the reduction of non-revenue water, among others. While actions go in line with their Strategy Plan 2025-2029, additional efforts would be needed to reach financial sustainability, as it still relies on subsidies from the government to cover gaps created by commercial and technical losses (IMF, 2025b). Improving financial sustainability of the utility would reduce its dependency on fiscal support and create room for investment towards increasing service coverage and quality. In the medium term, investments would also need to consider additional sewer pipelines to replace those built along the coast that have already been destroyed by erosion due to sea level rise.

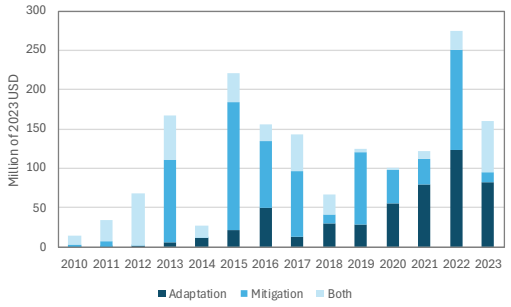
C. Climate Finance

18. Liberia has significant climate financing needs, and a high dependence on donor support. An estimation of the financing needs to achieve outstanding commitments from their previous version of the NDC (2.0) by 2025 suggested the country would require approximately US$491 million (World Bank, 2024a).[4] Historically, the support the country received was mainly targeting mitigation actions, with an increasing focus on adaptation taking place from 2020 (Figure 5.A). Except for 2022, the development finance received by the country took mainly the form of grants (Figure 5.B)—representing 76 percent of the total funds received over the 2010-2023 period. During that same period, most of the flows were directed to the energy (41 percent); agriculture, forestry and fishing sectors (20 percent); and to general environmental protection (12 percent) (Figure 5.C).

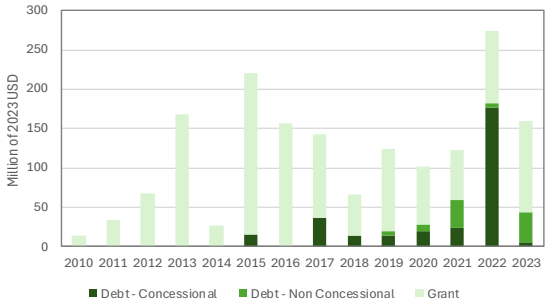
[4] The World Bank estimations suggested US$ 401 million needed to finance mitigation actions, and US$ 90 million for adaptation actions within their NDC 2.0. The financing needs for the latest update of their NDC (3.0) released in September 2025 have not yet been estimated.

Annex III. Figure 5. Climate Finance

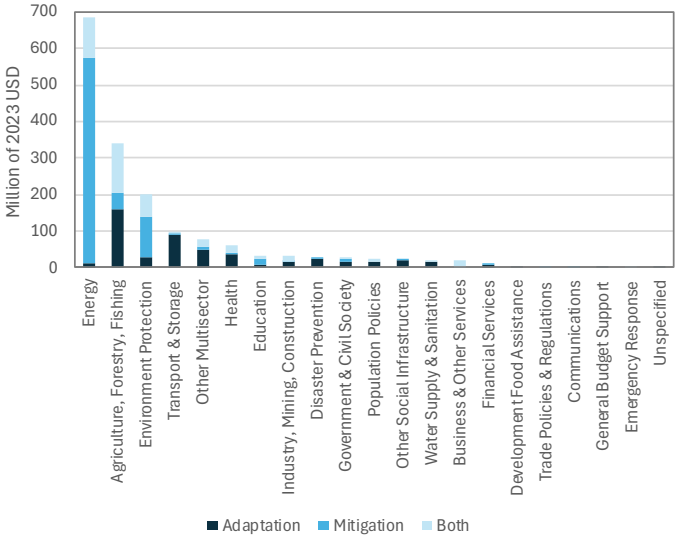
5A. Adaptation / Mitigation Focus of Climate-Related Development Finance (Million of 2023 USD)



5B. Development Finance by instrument type (Million of 2023 USD)



5C. Development Finance Received by Sector (Aggregate: 2010-2023, Million of 2023 USD)



Source: Climate-Related Development Finance Dataset, OECD

19. To improve access to climate finance, the government created the Carbon Market Authority in November 2025. Established by Executive Order 155, the Authority has been tasked with leading all activities related to climate finance and carbon market developments. Among others, it is also mandated to ensure compliance of the country with all international mitigation commitments. This occurs in a context in which the local institutional and legal framework for climate governance is scattered across multiple agencies and legal bodies (IMF, 2025b). However, to avoid duplication of efforts and ensure clarity in climate governance, the country should define institutional roles and responsibilities for all relevant actors through a comprehensive climate change legal reform.

D. Building Resilience Against Climate Change

20. Liberia faces multiple, interconnected challenges that limit its ability to reduce climate vulnerability. Financial constraints undermine service delivery in agriculture, health, and infrastructure, while social protection programs remain too small to shield vulnerable populations from climate shocks (World Bank, 2024b). Institutional fragmentation and weak coordination across key sectors lead to duplication and inefficiencies (IMF, 2025b). Significant progress can be achieved by implementing institutional reforms aiming at providing improved governance; collecting, updating and sharing key information; and fostering inter-agency coordination, which would establish the road for other long-term sector-specific changes.

21. Implementing comprehensive reforms focused on climate data management, hazard mapping, disaster risk management (DRM), can improve transparency and efficiency of fiscal actions. Strengthening climate data systems and integrating real-time hazard mapping into decision-making will enhance the government's ability to anticipate and respond to climate-related shocks, such as floods and droughts, that threaten economic stability. Developing a robust DRM framework will provide guidance on resources management to mitigate the economic impacts of disasters, reducing fiscal volatility and safeguarding public investments. These reforms are critical for strengthening Liberia's capacity to manage climate risks and health emergencies—including pandemics—within its fiscal policy framework and for sustaining development gains under increasing climate uncertainty. (IMF, 2025b)

22. Integrating environmental considerations into budgeting, planning and expenditure can help the country pursue its sustainable development objectives, and attract investment and donor support. The financing gap for the implementation of Liberia's NDC represents a significant barrier to resilient adaptations and mitigation actions. Bridging this gap demands innovative financing strategies that combine public resources, international climate finance, and private sector investment through blended structures. Strengthening (green) PFM—especially budgeting, monitoring, and reporting of climate expenditures—will improve efficiency in resource allocation, increase transparency and accountability, attract climate finance and support strategic planning. Furthermore, tax and subsidy reforms, particularly related to fossil fuels, could follow to create fiscal space for environmental investments and incentive sustainable practices.

23. Robust climate governance could help mainstream climate action and optimize resource use. Liberia has legal foundations for environmental management, including the Environmental Protection Agency Act (EPA Act 2002) and the Environment Protection and Management Law (EPML 2002), but lacks a dedicated climate change framework law to clearly mandate climate action, including planning, coordination, monitoring, reporting, and public involvement. Existing frameworks cover energy, water and sanitation, forestry, and agriculture, and the Local Governments Act (2018) decentralizes some responsibilities, though local capacity remains weak. The National Climate Change Steering Committee guides climate policy but lacks legal authority, creating overlaps and unclear mandates (IMF, 2025b). Liberia's 2025 NDC update missed an opportunity to define institutional responsibilities. Furthermore, the creation of a Carbon Market

Authority in November 2025 further complicated the institutional landscape in the sector. Improving climate governance in the country could clarify mandates and add transparency to external agents, which could help unlock the inflow of additional climate finance.

24. Improved water resource management can reduce the negative effects from shifting patterns in rain and dry spells. Adequate water resource management reduces the adverse effects of changing rainfall patterns through coordinated development, sustainable utilization, and equitable distribution of water resources. Liberia's IWRM policy (2007) emphasizes building resilience through efficient water allocation, stakeholder participation, and protecting water sources, ensuring that communities can adapt to climate variability while supporting economic activities and environmental protection. Unfortunately, the lack of a coordinating institutional body and a comprehensive water law have left the resource management open to competing needs from key activities, and the population vulnerable to changes in water availability. (IMF, 2025b)

25. Agriculture is Liberia's largest and most climate-sensitive sector, heavily reliant on rainfall and subsistence farming techniques. Liberia's NDC 3.0 prioritizes scaling up climate-smart agriculture (CSA) to boost resilience, productivity, and food security. Key interventions include drought-resistant crops, improved water management (small-scale irrigation and water harvesting), and conservation agriculture to protect soil health. Expanding extension and advisory services and access to credit and inputs for smallholders is critical. CSA can also generate mitigation co-benefits by reducing emissions and increasing carbon sequestration in soils and biomass. However, scaling these practices will require significant investments in rural infrastructure, capacity building, and integrated policy support to address systemic constraints such as land tenure insecurity and market access. Implementing the actions included in the latest NDC submission by the country could improve resilience in all sectors, including agriculture. Clarified governance of climate change matters can unlock such implementation and facilitate preemptive and reparation actions.

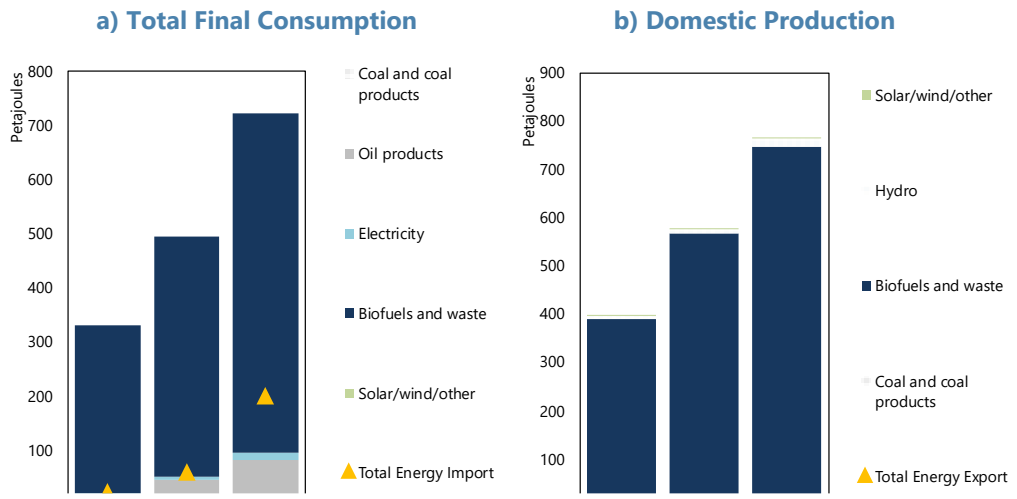
26. Social protection programs must be strengthened to cushion vulnerable populations from climate shocks. Current programs are limited in coverage and resilience orientation. The Ministry of Gender, Children and Social Protection is developing a 2030 strategy to make safety nets more shock-responsive and expand the social registry, especially in underserved urban areas. Existing programs rely heavily on donor funding, such as the recently ended Social Safety Nets Project, which supported over 100,000 people. New initiatives like the REALISE project focus on jobs and income support, while school feeding programs face funding cuts. The social registry currently covers about 20 percent of the population, mainly in rural areas, and is expanding with partner support to improve targeting despite funding challenges and gaps in urban coverage.

E. Energy Transition Opportunities

27. Liberia's power generation relies heavily on hydropower and imported fossil fuels, with limited access nationwide. Total electricity generation capacity is about 126 megawatts, with roughly two-thirds (88 MW) from the Mount Coffee hydropower plant, and the rest from imported heavy fuel oil and diesel-based units. Despite gradual improvements, electricity access remains very

low at around 33 percent nationwide and under 10 percent in rural areas. Moreover, the country depends on imported fuels[5] and electricity,[6] with biomass and hydro being the only two energy products supplied from domestic origin (Figure 6). In its NDC 3.0 (2025), Liberia commits to expanding renewable energy, reducing fossil fuel dependence, improving energy efficiency, and increasing clean energy's share in the mix, aligning energy growth with climate goals.

Annex III. Figure 6. Liberian Energy Demand and Supply



Source: IEA World Energy Balances.

28. High commercial and technical losses and weak management at the Liberia Electricity Corporation (LEC) undermine service reliability and financial sustainability. Poor transmission and distribution network, combined with scattered low-income populations, make grid expansion costly, highlighting the need for both grid and off-grid solutions.[7] LEC faces financial strain from inefficiencies, low tariffs, and unpaid bills—including public institutions (IMF, 2025b). A recent audit revealed serious governance issues, including tax non-compliance, contract irregularities, and poor documentation, resulting in an adverse audit opinion and signaling urgent reform needs.

29. Excise taxes on fossil fuels are not linked to carbon content, offering no incentive to shift toward cleaner energy. Reforming these taxes, while protecting vulnerable groups—adjusting exemptions and aligning tax policy with climate objectives—would reduce fossil fuel use in

[5] For 2023 imports of heavy fuel oil (Trade HS code 271019), mainly used for power generation, reached USD 351 million, while imports of lighter fuels, like gasoline and diesel (trade HS code 271012) were of USD 317 million. Both more-than-doubled the imported values observed in 2020, namely USD 158 million and USD 147 million, respectively. (www.trademap.org, based on data reported by the Ministry of Commerce and Industry, consulted on December 8, 2025).

[6] At an average price of 0.15 US$/kWh, the cost of imported electricity between the average variable cost of local generation through hydropower (0.06 US$/kWh) and heavy fuel oil (0.28 US$/kWh), yet it is constrained by neighboring countries' generation capacity, affecting the Liberian energy security. (IMF, 2025b)

[7] As part of the second phase from the World Bank's Liberia Electricity Sector Strengthening and Access Project (LESSAP) Phase 2, in November 2025 the Rural and Renewable Energy Agency of Liberia (RREA) launched the first tenders to launch and install solar power plants in rural areas for health and education facilities.

favor of renewable energy, curb import dependency, and potentially raise revenues without harming the poor (IMF, 2025b). Importantly, the underlying ECF-supported program is tackling excise reforms. Ideally, effective fuel tax rates should converge towards regional averages –which would help avoid cross-border smuggling. This would require, among others, reforms to the tax base—mainly through reevaluating the impact of exemptions—and tax rates.

30. Given its relevance, the Liberian energy sector is already the focus of multiple projects from other development partners, and the results from such engagements could inform the need for further actions. In particular through its LESSAP project,[8] the World Bank is supporting the country to expand electricity access, and to enhance performance of the utility, LEC. This is aligned with the recommendations identified in the IMF CPD for the country, and newly suggested reforms on these grounds may lead to overlapping efforts or overwhelm the implementation capacity from local authorities. As a result, reforms in the energy sector are suggested to be left outside of the scope of the current RSF.

F. Public Infrastructure Scaling-Up: Challenges and Opportunities

31. Liberia's infrastructure remains a major growth constraint. Many basic services like electricity, clean water, roads, and internet access are limited, which slows down business growth and affects daily life. Public investment is low and heavily donor-dependent, while weak project selection and fragmented budgeting lead to delays and inefficiencies (IMF, 2025a). Poor access to basic services from the WASH sector also heightens vulnerability to climate-related health risks.

32. Investing in climate-resilient infrastructure can reduce losses from disasters. Combining disaster-proof infrastructure with better fiscal management helps reduce losses when natural disasters strike (IMF, 2025a). This approach not only protects physical assets but also helps keep government debt under control by lowering post-disaster recovery costs. Complementary measures—such as stronger early warning systems, climate-smart farming, and social safety nets—will further reduce the social and economic impact of climate shocks. Mobilizing international support and innovative funding is key to filling financing gaps and accelerating adaptation.

33. Mobilizing climate finance requires a strategic approach that includes private sector participation. Liberia's climate finance system is still evolving, with heavy reliance on donor funding, limited capacity, and weak integration of climate goals into fiscal and investment planning. Recent assessments highlight gaps in readiness to mobilize climate funds, underscoring the need to align policies with commitments under the Paris Agreement. The creation of a Climate Change Integration and Finance Office within the MFDP is a positive step toward mainstreaming climate action and improving coordination. Liberia must strengthen project pipelines, tag climate projects in planning tools, actively manage donor relationships, and map financing opportunities to optimize access to concessional and blended finance.

[8] See LESSAP home link.

34. Climate considerations are still to be included in project appraisal and budgeting procedures. According to the IMF Climate Public Investment Management Assessment (2025), better consideration of climate change and risk management in investment planning occurs where donors provide technical assistance and financing. In all other cases, institutional capacity is weak (Table 1), while centralized guidance on urban planning from a climate perspective is in a nascent stage. Weaknesses in appraisal and selection of projects is not exclusive to climate-relevant ones. This underscores the need to improve both green and general PFM practices.

Annex III. Table 1. Liberia: C-PIMA Summary Assessment for Liberia

Phase/Institution			Institutional Strength
PIMA Climate Change	C1	Climate-aware planning	**LOW.** The NDP aligns with national climate objectives in some sectors, but lack of centralized guidance and gaps in spatial and urban planning hinder climate risk integration in national planning.
	C2	Coordination between entities	**LOW.** There is weak coordination across the public sector, and the SOE oversight framework does not align with national climate objectives.
	C3	Project appraisal and selection	**LOW.** Project appraisal processes do not incorporate standard methodologies for climate-related analysis, and project selection criteria do not explicitly direct budget funding towards climate-sensitive projects. Frameworks governing PPP risk sharing do not address climate risks.
	C4	Budgeting and portfolio management	**LOW.** There is no systematic approach to identifying climate-related investments in the budget, and there are no audits of climate outcomes. Maintenance and asset management policies overlook climate change.
	C5	Risk management	**MEDIUM.** There is a comprehensive risk management policy covering infrastructure, and ex-ante instruments to meet some of the costs (contingency reserves and contingent credit). Nascent fiscal risk analysis does not adequately address climate.

Source: Climate PIMA, IMF, 2025

G. Engagement with Development Partners

35. The Liberian government actively collaborates with several key development partners to advance water security, public health, and climate resilience.

- **World Bank:** Supporting the country in the implementation of flagship initiatives such as the Liberia Urban Resilience Project (LURP) and the Liberia Urban Water Supply Project (LUWSP), which aim to improve flood resilience, upgrade urban drainage systems, and expand access to potable water for thousands of households in Greater Monrovia and secondary cities. In cooperation with the African Development Bank, the World Bank has also engaged with Liberia through Project 300, aiming at increasing access to electricity in urban and rural areas.[9] Moreover, through the Liberia Electricity Sector Strengthening and Access Project (LESSAP), currently in its Phase 2, the World Bank is supporting the country to expand electricity access

[9] For additional details, see the press releases from the World Bank for LURP, and for LUWSP, as well as AFDB Fact sheet on Liberia.

and has already launched tenders for solar plants to be developed in rural areas, serving health and education facilities.

- **The World Health Organization (WHO):** Engaged with the country to work on infection prevention and control. WHO has partnered with Liberia through programs like the WASH in Healthcare Facilities Roadmap (2024–2028), developed with the National Public Health Institute of Liberia and the Ministry of Health. This roadmap prioritizes infection prevention and control by ensuring safe water supply, gender-sensitive sanitation facilities, and hand hygiene stations in hospitals and clinics nationwide. WHO also supports water quality surveillance and emergency preparedness to curb waterborne diseases and strengthen Liberia's health system resilience (WHO, UNICEF, 2024). Furthermore, the WHO has shown particular interest and support in the recommendations discussed regarding water resource management, highlighting their relevance across sectors. Moreover, the WHO expressed their willingness to cooperate with technical assistance needed for the relevant reform measures.

- **United Nations (UN) and the Global Center on Adaptation (GCA):** The UN Development Program has engaged with the country to, among others, enhance the resilience of vulnerable coastal communities, including the capital, Monrovia. It has also provided support on forest conservation and management through the LEH GO Project and the Community Based Forest Management (CBFM) initiative. GCA, on its side, collaborates with Liberia under the Africa Adaptation Acceleration Program (AAAP) to integrate climate adaptation strategies into national planning. Through its technical assistance to LURP, GCA has institutionalized community engagement, conducted climate risk profiling and promoted nature-based solutions to mitigate flooding risks in Greater Monrovia.[10] These efforts complement Liberia's commitments under its National Adaptation Plan (NAP) and Nationally Determined Contributions (NDCs), reinforcing institutional capacity for climate risk management and embedding adaptation measures in infrastructure investments. Finally, the RSF mission counted with the support of GCA experts in territory. Their expertise, specially in the water sector, being a key factor to properly identify potential challenges to the suggested measures and to tailor high-ambition reforms to the capacity of the country.

36. Development partners have been actively engaged to inform the Reform Matrix design for Liberia's RSF. Considering their country experience and ongoing projects, the World Bank, the World Health Organization, the World Food Program and GCA, among others, have been engaged throughout the process and their inputs have informed the design of the RSF reform matrix. Moreover, their expertise in topics related to water, energy access, climate finance, and pandemic preparedness greatly supports the pillars considered in the RSF package. Additional engagement from partners are detailed in Table 2.

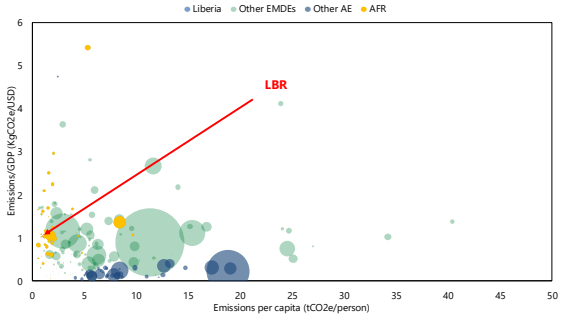
[10] See here for more details GCA engagement with Liberia regarding LURP.

Annex III. Table 2. Liberia: Climate-related Priorities Supported by Development Partners		
Key Country Challenge	**Reform Measure (Not included in the RSF conditionality)**	**Development Partner Involvement**
Disaster risk management	Development of early warning systems, community preparedness training	UNDP, World Bank
Access to electricity	Expanding rural electrification, supporting renewable energy solutions	World Bank, AfDB
Access to WASH services	Improving water supply and sanitation infrastructure, promoting hygiene awareness	World Bank, UNICEF, WHO
Distribution of food and medicine in rural areas	Providing logistical support for food delivery, nutrition education, and emergency food assistance	WFP
Pandemic preparedness	Enhancing disease surveillance, improving outbreak response capacity, training health workers	WHO

Annex III. Figure 7. Main Climate Data in Liberia

M1. GHG Emissions Intensity Vs. Total Emissions (2023)

Despite accounting for only 0.01 percent of global GHG emissions, Liberia's emissions intensity (Emissions/GDP) is high globally, within its region and compared to EMDEs.

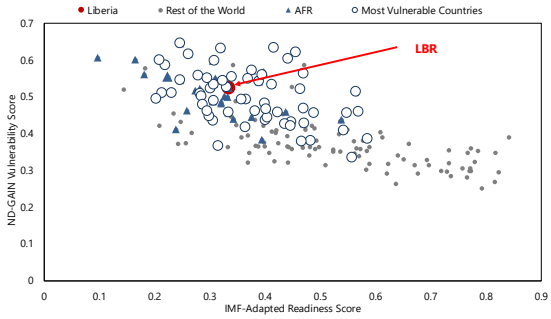


Sources: IMF Climate Change Indicators Dashboard (2023) and World Economic Outlook (2023).

Note: Bubble size indicates total GHG emissions excluding land-use and land-use change and forestry. Outlier Palau is excluded.

A1. Climate Risks and Readiness (ND-GAIN, 2022)

Liberia is the 30th most vulnerable country according to the IMF-Adapted ND-GAIN Index. Liberia's vulnerability to climate is near the global median, but its readiness to address these risks is significantly lacking.

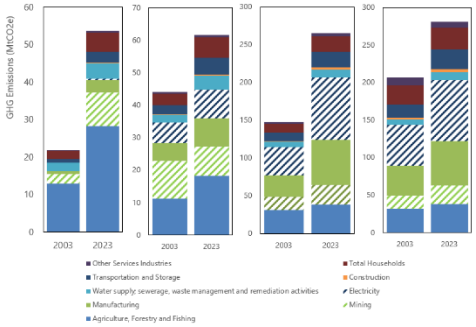


Sources: IMF Climate Change Indicators Dashboard (2022).

Note: The Vulnerability Score assesses a country's current vulnerability to climate reflecting exposure, sensitivity, and adaptive capacity. The Readiness Score assesses a country's readiness to leverage public and private sector investment for adaptative actions.

M2. Emissions by Sector

Liberia's emissions have almost doubled in the last 20 years, with the main sources being related to land use, and land use change (Agriculture and forestry)

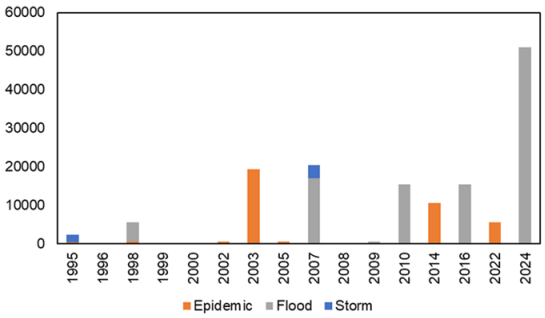


Sources: OECD Air Emission Accounts; UNFCCC; EDGAR; IMF staff calculations.

Note: GHG emissions excluding land-use and land-use change and forestry are shown. Rather than presenting the air emission by UNFCCC sector, the chart above classifies emissions by economic activity.

A2. Key Natural Hazards

Liberia is mainly vulnerable to floods and epidemics, with the former having increased in frequency in recent years.



Sources: EMDAT and Staff calculations.

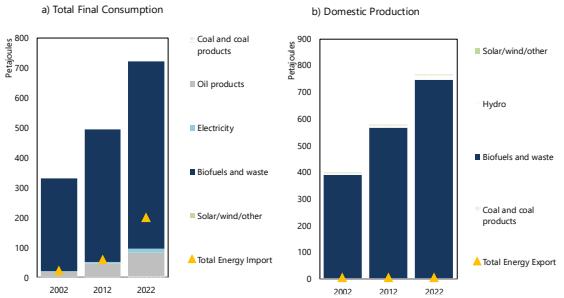
Note: Intensity is defined as (Total death+30% Total Affected)/Total population.

Plot codes and numbering: M = Mitigation, A = Adaptation.

Annex III. Figure 7. Main Climate Data in Liberia (Continued)

M3. Energy Mix

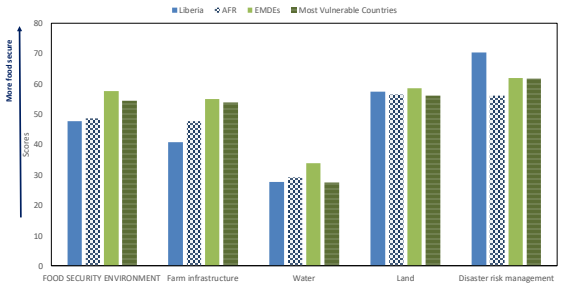
Liberia imports all its fossil fuels and part of its electricity. Renewable energies make up for most of the share in the domestic energy mix, yet it being mainly from biofuels and waste. Energy consumption has more than doubled in the last twenty years, with energy production increasing but at a slower pace.



Source: IEA World Energy Balances.

A3. Food Security and Adaptation

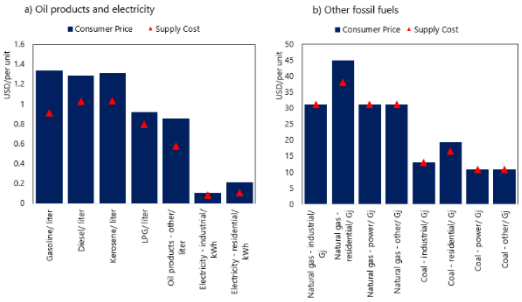
Liberia holds similar scores as the most vulnerable countries in terms of food security. Most notably, water access resources are among lowest scored criteria in terms of contributors to food security.



Source: Global Food Security Index 2022 from the Economist Impact and Corteva.

M4. Explicit Consumer Fuel Subsidies

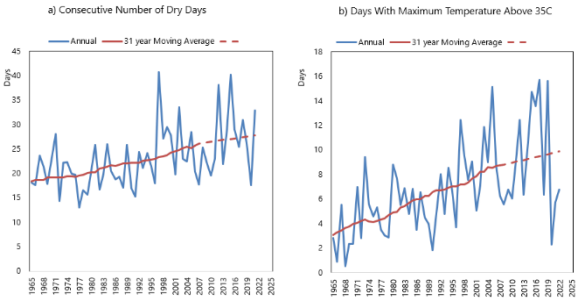
Liberia's fuel prices are all above the supply cost, reflecting no explicit subsidy for consumers.



Sources: IMF Climate Change Dashboard (2021) and IMF Fossil Fuel Subsidies database.

A4. Historical and Simulated Number of Hot Days

Over the past 20 years, the average number of heat days per year has shown a significant upward trend.



Sources: FADCP Climate Dataset (Massetti and Tagklis, 2024), using CMIP6 data (Copernicus Climate Change Service, Climate Data Store, 2021).

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Annex IV. Strengthening Pandemic Preparedness in Liberia

Liberia's vulnerability to infectious disease outbreaks underscores the urgent need to strengthen pandemic preparedness. The 2014–2016 Ebola outbreak and the COVID-19 pandemic revealed major gaps in health system capacity, surveillance, and emergency response coordination, while also demonstrating the profound socioeconomic and macroeconomic impacts of public health emergencies. As global health threats grow more frequent and complex, Liberia must prioritize building a resilient health system capable of detecting, responding to, and mitigating future pandemics. Enhancing preparedness is not only a public health imperative but also essential for safeguarding economic stability, protecting livelihoods, and advancing sustainable development.

1. **The Ebola and COVID-19 crises exposed serious weaknesses in Liberia's health care system and health crisis preparedness.** During the Ebola crisis, limited surveillance, poor infection control, and weak health governance led to delayed responses and widespread transmission. Although reforms have been initiated, persistent gaps—particularly in data systems, medical logistics, and workforce resilience1—highlight the need for a more integrated and proactive approach to health emergencies. These experiences also show the importance of sustained investment in public health infrastructure, strong coordination across sectors, and active community engagement to ensure timely and effective responses. Strengthening preparedness requires clear emergency protocols, predictable financing mechanisms, and robust institutional frameworks established before crises occur. A strong primary healthcare system remains the first line of defense, enabling early detection, rapid response, and continuity of essential services during shocks.

2. **Liberia has made important progress in building the institutional framework for pandemic preparedness.** The Ministry of Health, along with key agencies such as the National Public Health Institute of Liberia (NPHIL) and the Public Health Emergency Operations Center (PHEOC), has started to play a central role in coordinating health emergency responses. This effort is supported by legal and strategic frameworks, including the National Action Plan for Health Security (NAPHS), which aligns with international standards like the WHO's International Health Regulations (IHR). While this achievement is significant, more work is needed to finalize and implement the revised public health law, strengthen inter-agency coordination, and build operational capacity at national and subnational levels. Clear policies and guidelines are essential to ensure these systems function effectively during future health crises.

3. **Liberian authorities remain committed to addressing gaps revealed during the recent health crises.** Key priorities include expanding disease surveillance networks, strengthening the health workforce capacity through targeted training and deployment, and ensuring reliable access to essential medical supplies and infrastructure. Despite initial efforts, pandemic preparedness still relies heavily on external financing (WB, 2021) and domestic health spending remains insufficient to

[1] WHO. Liberia-COVID-19-Case-Study-Final-(002).pdf.

sustain preparedness systems. Development partners including the World Bank, WHO, and the USAID have been critical in supporting surveillance, vaccination, and emergency response activities. A critical gap is the absence of a **dedicated and rules-based contingency financing mechanism** to enable rapid and flexible resource mobilization during health emergencies. Strengthening public financial management and adopting clear budgetary rules will be essential to building a more self-reliant preparedness framework.

4. Addressing outstanding significant gaps in the health system requires a comprehensive, integrated approach anchored in strong institutions and sustained investment. Key priorities for action include:

- *Legal and Policy Frameworks:* Finalize and operationalize the revised Public Health Law to replace outdated provisions and align with international standards such as the WHO's International Health Regulations (IHR). (Joint External Evaluation (JEE)) Develop clear policies, guidelines, and enforcement mechanisms to ensure effective implementation at all levels.

- *Surveillance and Data Systems***:** Expand and strengthen the Integrated Disease Surveillance and Response (IDSR) platform to improve real-time data collection, interoperability, and coverage in hard-to-reach areas. Robust early warning systems are essential for timely detection and response. (National Technical guidelines for IDSR).

- ***Health Workforce Development***: Scale up training programs, improve retention strategies, and ensure equitable distribution of skilled health personnel, particularly in underserved regions. Building workforce resilience is critical for maintaining essential services during crises. (WHO, 2023).

- ***Supply Chain and Infrastructure***: Invest in laboratories, cold chain systems, and medical logistics to ensure rapid response capability (MoH, 2023). Address gaps in equipment availability and maintenance to sustain operational readiness.

- ***Emergency Coordination and Financing****:* Strengthen the Public Health Emergency Operations Center (PHEOC) through simulation exercises, contingency planning, and multi-sectoral coordination. Establish dedicated contingency financing and integrate preparedness into national budgets, complemented by innovative financing models such as pooled donor funds and public-private partnerships.

- ***Community Engagement and Risk Communication***: Institutionalize community-based approaches to health promotion, combat misinformation, and ensure timely dissemination of accurate information. Community trust and participation are vital for effective outbreak response (WHO, 2023).

5. Integrating Pandemic Preparedness into Fiscal Frameworks (RM9). To ensure rapid and predictable financing during health emergencies, the MFDP will adopt and publish a regulation defining clear guidelines for the use of budgetary mechanisms in disaster response, including public health emergencies. This regulation will:

- Establish rules for adequate budgetary allocations for disaster and pandemic response.
- Define access to contingent funding in line with IMF recommendations.
- Ensure rapid mobilization of resources for both climate-related shocks and pandemics.
- Require post-disaster audits by the GAC, with clear triggering criteria, to strengthen transparency and accountability.

Integrating these mechanisms into the national budget framework will enhance Liberia's ability to respond swiftly to future outbreaks while protecting fiscal sustainability.

6. An RSF-supported program will help advance this agenda by working with other development partners to provide targeted financing and TA to address critical gaps in the health system. This support will enable the government to implement priority reforms outlined in the NAPHS, including updating and codifying the 1976 public health law to address current health challenges. The RSF arrangement will also help develop regulatory guidelines and institutional frameworks to effectively operationalize these reforms, while aligning Liberia's public health system with international standards, including the WHO's International Health Regulations (IHR).

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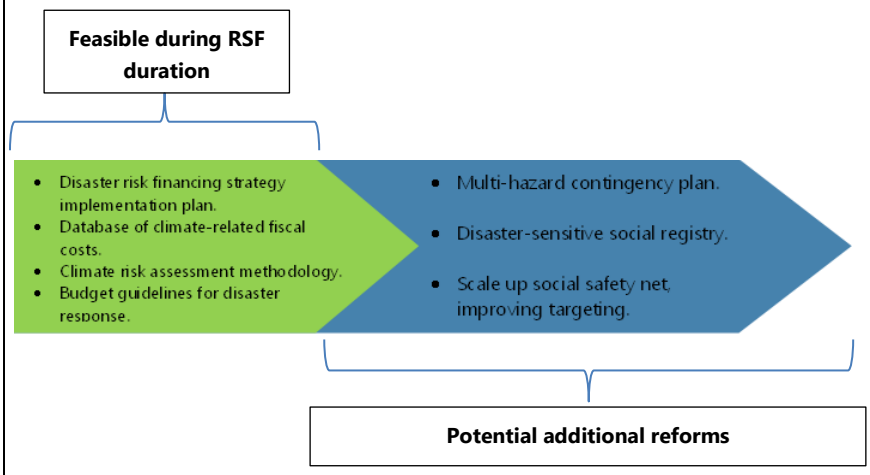
Annex V. Evaluating Progress Towards Reducing Long-Term BOP Risks Through the RSF

Table A: Liberia: Illustration of the RSF RM Ambition Summary Table

Staff assesses that strengthening the Liberia's prospective balance of payments stability requires fiscal, financial, and structural policies – including macro-structural reforms in selected specific economic sectors. Reform areas covered by the RSF include: (i) disaster risk management and pandemic preparedness; (ii) climate finance and governance; and (iii) water and food security. All proposed reforms are key to managing the risks of climate change on longer-term balance of payments stability.

For each of these reform areas, the table below shows an assessment of the current status—including policies or institutional frameworks (left column) and the desired long-term policy outcome (third column). RSF-supported reform areas (both RMs and commitments in the MEFP), represented by the green arrow (second column) are targeted at helping the country achieve these outcomes. To fully achieve the policy outcomes, additional reforms will be necessary. Some of the possible additional reforms, drawn from available diagnostics, are reported in the blue arrow. These are reforms that may be supported by the concurrent UCT facility, development partners, or carried forward independently by the authorities—in synergy with and building off the momentum of the RSF; however, they do not necessarily represent authorities' commitments. Some of these additional reforms may be already underway, highlighting the complementarity of the RSF with efforts from country authorities and other development partners.

The relative length of the green arrow compared to the "full set" of reforms provides a proxy of the progress expected to be possible directly through RSF-supported reforms. This reflects the authorities' ambition (cognizant of their capacity) under the RSF arrangement as well as limits to the Fund's expertise in certain areas. For example, the Fund's expertise in areas such as agriculture or other sectoral policies is limited and development partners are better placed to provide this support.

Current Status	Main reforms: RSF-supported (green) and beyond RSF horizon or supported by other partners (blue)	Desired LT Policy Outcome	Prospective BoP Risk Reduction
Fiscal and external vulnerability to natural disasters, including floods, and pandemics.	**Disaster Risk Management and Pandemic Preparedness**  	Strengthened disaster risk management and response capacity.	*Fiscal and external sustainability* Reduce fiscal burden of disaster events, ensure more efficient use of domestic resources, and lessen reliance on emergency external borrowing due to disaster shocks.

Institutional fragmentation and lack of clarity on roles & responsibilities for building climate resilience. Limited absorption capacity for climate finance.	**Climate Finance and Governance** **Feasible during RSF duration** • Climate change law. • NDC-informed sector plans. • Tracking climate-relevant projects. • Climate finance strategy • Align national and sectoral legislation with climate change law. • Clarify government roles & responsibilities. • Regulatory framework for green investments. **Potential additional reforms**	Strengthened governance and improved capacity to implement climate-resilient projects.	*Fiscal and external sustainability* Strengthened institutional planning and coordination will help reduce fiscal pressures from climate shocks and recourse to emergency external borrowing. Climate-resilient public investment will reduce need for imports for repair & maintenance over the long run. Project tracking will help attract concessional financing.
Vulnerable water sector due to underdeveloped infrastructure and financial sustainability issues.	**Water and food security** **Feasible during RSF duration** • Water management law • Regulatory framework for groundwater abstraction and irrigation • Improve LWSC fiscal performance • Regulatory framework for private sector participation in WASH. • Corst-recovery mechanisms in water& & irrigation. • Incentives for climate smart agriculture. **Potential additional reforms**	Improved physical and fiscal resilience of water and agricultural sectors.	*Fiscal and external sustainability* Strengthen governance and fiscal sustainability of water resource management to ease BoP pressures, attract concessional financing, and support fiscal stability.

Sources: IMF Climate Policy Diagnostic (2025); IMF Public Investment Management Assessment (PIMA) Update and Climate PIMA (2025); Country Climate and Development Report (World Bank, 2024); and staff assessment.

Appendix I. Letter of Intent

Monrovia, April 7, 2026

Madam Kristalina Georgieva
Managing Director
International Monetary Fund.
Washington, D.C., USA

Dear Madam Managing Director:

We would like to express our appreciation to the IMF for its ongoing support for Liberia's economic reforms under the Extended Credit Facility (ECF) arrangement. Economic activity remains resilient; fiscal credibility is being restored; inflation has fallen sharply, and international reserves have strengthened. We reaffirm our strong commitment to advancing reforms that safeguard macroeconomic stability and promote more resilient and inclusive growth. The attached Memorandum of Economic and Financial Policies (MEFP) outlines progress since the second review completed on October 1, 2025, and describes our forward-looking policies.

Program implementation remains firmly on track. All six performance criteria (PCs), including the continuous PC on non-accumulation of new external arrears, and three of five indicative targets (ITs) for end-June 2025 were met. Two ITs were missed by small margins: the continuous IT on the non-accumulation of new domestic debt arrears and the IT on the share of the public wage bill paid in Liberia dollars. To demonstrate our commitment to honoring debt obligations, we cleared all domestic arears—including those accumulated in the second half of 2025 due to delays in completing domestic debt reprofiling and rollover negotiations with local banks—by end-December 2025. We remain committed to further strengthening debt and liquidity management capacities to prevent the re-emergence of arrears.

Structural reform implementation experienced some delays, in part due to institutional constraints. Of the ten applicable structural benchmarks (SBs), two were implemented on time, five were completed with delays, and three were not implemented. Two of the three unimplemented SBs—compilation of borrowing terms of outstanding external debt obligations and report on the enforcement of the NPL regulations—were established as Prior Actions (PAs) and completed; new measures for the outstanding SBs are proposed for end-May 2026.

We will continue to strengthen public finances. For the second consecutive year, we exceeded our fiscal targets, despite significant reductions in development assistance. The primary fiscal surplus (excluding grant) is estimated at about 1.4 percent GDP in 2025, above the program target of 1.1 percent of GDP. Revenue collection improved—supported by buoyant income and trade taxes as

well as strong mining royalties. Expenditure remained well-contained with continued prioritization of social and capital spending.

To advance our development agenda, Parliament approved in December 2025 a record high national budget of US$1.2 billion, supported by strong domestic revenue mobilization and three new concessional agreements for rail access and oil blocks. An amendment of the Mineral Development Agreement with a major mining company is expected in the first quarter of 2026.

To support domestic revenue mobilization, we have increased the GST standard rate from 12 to 13 percent, and adjusted excise tariff schedule for specific goods. We had also intended to increase the fuel excise by 5 cents per liter. However, in light of the heightened global uncertainty and elevated oil prices amid the war in the Middle East, we decided to temporarily postpone this increase until geopolitical tensions ease. To offset the resulting fiscal shortfall from the postponed fuel excise increase (US$2.5 million) and the delayed legislative approval of the GST rate increase to 13 percent (US$0.6 million), we decided to further reduce the 2026 budget allocation for goods and services by a total of US$3.1 million across a limited number of public administration institutions, protecting productive spending and social spending. Going forward, we remain committed to increasing the fuel excise once global conditions normalize.

We continue preparations for the transition to a fully VAT system in 2027. We will also intensify efforts to rationalize tax exemptions, modernize the fiscal regime, and accelerate fiscal structural reforms to strengthen fiscal and economic governance. Budget support from development partners—including EU grants and concessional loans from AfDB and World Bank—remains essential. Additionally, support from the U.S. under the second Millenium Challenged Corporation (MCC) compact will help advance priority investments in energy and infrastructure.

We reaffirm our commitment to addressing macro-critical governance, financial sector, and structural vulnerabilities. We will maintain a sufficiently tight monetary policy stance to preserve price stability, continue prudent reserve accumulation, and enforce banking sector regulations. We will pursue further measures to reduce high non-performing loans and ensure implementation of bank-specific restructuring plans. With IMF support, we will intensify governance reforms at the Central Bank of Liberia and strengthen the capacity of integrity institutions to uphold the rule of law and ensure transparency and accountability. We remain committed to publishing the Governance Diagnostic Report and implementing priority recommendations. We will also continue addressing weaknesses in macroeconomic statistics.

Liberia remains highly vulnerable to long-standing climate and pandemic-related shocks, which threaten lives, livelihood, and macroeconomic stability. Rising temperatures, coastal erosion and sea-level rise, more frequent extreme weather events, and future pandemic risks pose significant threat to the balance of payments and long-term development. Yet, Liberia is among the least prepared countries to confront these challenges. With support from development partners, we have

begun strengthening early warning systems, conducting health diagnostic studies, investing in climate-resilient infrastructure, and improving public health surveillance. Nonetheless, substantial capacity and resource gaps remain.

Against this backdrop, we request access under the Resilience and Sustainability Facility (RSF) in the amount of SDR 193.8 million (75 percent of quota) to help implement targeted reforms aimed at reducing climate and pandemic vulnerabilities. The RSF-supported reform agenda prioritizes (i) disaster risk management and pandemic preparedness, (ii) climate finance and governance, and (iii) water and food security. We are committed to implementing high quality, macro-critical reforms proposed under the RSF arrangement.

In view of our strong program performance and unwavering commitment to reform, we request completion of the third review under the ECF arrangement and the related disbursement of SDR 19.30 million (about US$26.4 million). We consider the policies outlined in the MEFP adequate to achieve the program's objectives. We remain committed to providing the Fund with all necessary information on schedule to support the ECF and RSF reviews, in accordance with the attached Technical Memorandum of Understanding (TMU). Program monitoring will continue on a semi-annual basis. We stand ready to adopt additional measures, as needed, to achieve our program goals and will consult with the Fund in advance regarding any major policy changes.

Consistent with our long-standing commitment to transparency and accountability, we consent to the publication of this letter, the attached MEFP and TMU, and the associated staff report, to inform the domestic and international stakeholders of our progress and policy intentions.

Sincerely yours,

_____ /s _____
Hon. Augustine K. Ngafuan
Minister
Ministry of Finance and Development Planning

_____/s_____
Hon. Henry F. Saamoi/s
Executive Governor
Central Bank of Liberia

Attachments:

- Memorandum of Economic and Financial Policies
- Technical Memorandum of Understanding

Attachment I. Memorandum of Economic and Financial Policies

A. Introduction

1. The 40-month Extended Credit Facility (ECF) Arrangement approved by the IMF Executive Board on September 25, 2024, continues to support our economic reform agenda. We remain firmly committed to implementing reforms supported by the program, which aim at: (i) creating fiscal space for essential public investments while enhancing fiscal and debt sustainability; (ii) safeguarding macro-financial stability through stronger financial supervision and enforcement of regulations; and (iii) advancing macro-critical structural reforms, including improved governance. This memorandum details the progress made since the second ECF review approved on October 1, 2025, and outlines our policy plans going forward.

2. We are requesting a Resilience and Sustainability Facility (RSF) arrangement to back our ongoing efforts to address climate- and pandemic-related vulnerabilities and improve long-term Balance of Payments (BoP) stability. Specifically, the arrangement will (i) advance policy reforms to tackle macro-critical risks linked to structural challenges, and (ii) expand long-term policy space and financial buffers to mitigate these vulnerabilities. The RSF will complement the ongoing ECF-supported program, creating synergies, particularly in the fiscal and financial sector reforms, Additionally, the arrangement will help catalyze concessional financing, enhance institutional capacity, and build resilience against external shocks.

B. Recent Economic Developments and Program Performance

3. Growth remains resilient. Real GDP growth is estimated to have accelerated to 5.1 percent in 2025 up from 4.0 percent in 2024, driven mainly by strong expansion in mining activities, alongside moderate growth in the agriculture and services sectors. Inflation declined sharply over the year, falling to an average of 4.4 percent in the fourth quarter of 2025 from 12.5 percent in the first quarter, reflecting a broad-based moderation in both food and nonfood price increases. The Liberian dollar (LRD) appreciated moderately by an average of 2.9 percent year-on-year in the fourth quarter of 2025, supported by higher export earnings, increased remittance inflows, and prudent monetary policy. In light of the steady decline in inflation and favorable exchange rate environment, the Central Bank of Liberia (CBL) lowered the policy rate by 100 basis points to 16.25 percent in October. Inflation is now projected to reach an average of 6.3 percent in 2026 before gradually declining to 5.0 percent by 2029.

4. Public finances remain on track by exceeding program targets. Fiscal performance continues to strengthen, supported by robust revenue collection, particularly from income taxes. Preliminary data for 2025 indicate overspending of recurrent spending (e.g. goods and services), partially offset by under-execution of the capital budget. The final data will be available by end-March 2026, following the submission of the financial accounts to the General Accounting

Commission (GAC). Meanwhile, the reprofiling of domestic debt to local banks has lowered the debt service burden. Based on preliminary data, the primary surplus (excluding grants) is estimated at 1.4 percent of GDP, exceeding the target of 1.1 percent of GDP in 2025.

5. The banking sector is broadly stable though pockets of vulnerabilities remain. Non-performing loan (NPL) ratio of the banking sector declined to 16.5[1] percent at end-September 2025 but remains above the regulatory threshold of 10 percent. The system-wide liquidity and capital adequacy ratios are above the regulatory minimum, although those for the three weak banks remain below the minimum regulatory thresholds. Private sector credit growth picked up in the first three quarters of 2025.

6. The current account deficit is estimated to have narrowed in 2025 despite a deterioration in the trade deficit. Goods exports surged by 57 percent, driven by higher gold prices and strong expansion in iron ore production. However, robust construction activity and increased rice imports contributed to a widening of the trade deficit to 5 percent of GDP. The current account deficit is estimated at 6.5 percent of GDP in 2025, supported by strong remittances and a narrowing of the services deficit, reflecting reduced donor-financed projects. Net international reserves rose to US$286.6 million at end-December 2025, from US$234 million at end-December 2024. Gross international reserves at end-2027 are expected to cover 3 months of imports, supported by RSF disbursements. Excluding the RSF, reserves would stabilize at 2.4 months of imports by end-2030.

7. We have re-engaged with the U.S. government to seek support under the second Millenium Challenged Corporation (MCC). Based on the agreement reached in December 2025, the MCC could provide grants of up to US$500 million over the next five years (2026-30), helping to mitigate the impact of the withdrawal of USAID support. Liberia scored favorably in 12 out of 22 criteria required to access the grant. The Swedish government—one of our largest bilateral donors—has informed us that the Swedish International Development Agency (SIDA) will discontinue its operation in Liberia by August 2026, and we are assessing the impact of this unexpected exit.

8. Program performance against quantitative targets since the second review has been strong. All performance criteria (PCs) for end-June 2025, including the continuous PC on new external arrears, were met. These covers the primary fiscal balance, the present value of new public external debt, and government borrowing from the CBL on the fiscal side, as well as CBL's operational and capital expenditures, NIR accumulation, and non-accumulation of new external arrears on the monetary and external sides. Additionally, three of five indicative targets (ITs) were met—floors on revenue, capital spending, and social and other priority spending. The continuous IT on the non-accumulation of new domestic debt arrears and the IT on the share of the public wage

[1] The NPL ratio reported is based on the monthly asset classification requirement, and does not include bullets loans.

bill paid in LRD were missed by a small margin, reflecting some challenges in debt and liquidity management. We cleared all these arears—including those that were accumulated in the second half of 2025 due to delays in finalizing domestic debt reprofiling and rollover negotiations with local banks—by end-December 2025. We remain committed to further strengthening debt and liquidity management capacities to address these challenges and will endeavor to increase the share of the public wage bill paid in LRD from the current 30 percent to 35 percent in the medium term.

9. The implementation of structural reforms has experienced some delays. Only two of ten applicable structural benchmarks (SBs) were met, and four were implemented with delay with four not implemented. Two of the four unimplemented SBs—compilation of borrowing terms of outstanding external debt obligations, including detailed repayment schedules and copies of the original contracts, and report on the enforcement of the NPL regulations—were established as Prior Actions (PAs) and completed. The remaining two SBs—(i) a legal amendment to eliminate from the Code of Conduct the provision restricting publication of asset declarations to cases authorized by judicial order and (ii) the CBL adoption of regulations and operational guidelines on bank resolution—will be completed by end-May, 2026 (as modified Structural Benchmarks). This delay reflects the need for additional time for collaboration between the LACC (implementing body) and the Ombudsman's Office (the lead agency for legal amendments to the Code of Ethics) and the time required to finalize and adopt regulations and operational guidelines that conform to acceptable standards.

C. Economic and Financial Policies for the Program Period

10. The outcome of first-year evaluation of the implementation of the National Development Plan (2025-2029) will inform next steps. The NDP, which prioritizes Agriculture, Roads, Rule of Law, Education, Sanitation & Tourism (ARREST), is Liberia's economic blueprint to promote sustainable socio-economic growth and reduce poverty in the post-conflict era. We are currently evaluating the progress and implementation challenges for the first year, which will help guide efforts going forward. Securing alternative financing sources remain crucial to ensure the successful implementation of the NDP and to meet development targets.

D. Fiscal Policy

11. We continued to enhance fiscal sustainability. Following the fiscal consolidation achieved in 2024, we have further improved our fiscal position in 2025, on account of higher revenues. Based on the preliminary data for 2025 revenue collection and budget execution, the primary surplus is estimated to have exceeded the program target of 1.1 percent of GDP by 0.3 percent of GDP. Both recurrent and capital spending have increased from the 2024 levels in line with the budget. The recurrent spending increase largely reflects the higher-than-budged goods and services, while compensation and grants outturn were slightly below the approved budget. We will provide clear explanation on the deviations of fiscal outturn from the budget through the upcoming financial

statements, which will be issued in April 2026. The steady increase in capital spending represents an important step forward to address the severe infrastructure gaps in Liberia. The revenue overperformance reflects higher-than-budgeted income taxes, strong international trade taxes, and mining royalties. However, the GST and property tax collection underperformed the targets, despite continued efforts to improve GST collection and the Presidential decree, issued over the summer, to enforce tax property compliance for public officials. We are committed to investigating the possible causes of the underperformance and taking further corrective actions, as needed. The three new concession agreements signed in 2025 with foreign investors have been adopted by the Legislature, and the related fees and payments to the government are expected to take place in 2026. To support the state-owned bank (SOB) efforts to strengthen its financial position, the MFDP injected new capital of US$20 million in 2025. Additional capital of US$10 million will be injected in 2026 and 2027 each.

12. For 2026, the Legislature approved a historically high budget envelope of about US$1.25 billion. The overall objective is to continue to improve the quality of our budget by gradually shifting resources from recurrent to productive spending while ensuring timely service of government's financial obligations. Therefore, the capital budget will continue to grow, in line with the commitments under the ARREST Agenda for Inclusive Development (AAID), while keeping, by and large, the recurrent expenditures constant in nominal terms. As in the 2025 budget, the 2026 budget includes contingent revenues and expenditures of about US$228 million. Contingent revenues are largely based on the projected disbursement of concession bonuses; and contingent expenditure will be executed only if and when contingent revenues materialize. The AfDB, EU, and WB will continue to support our budget with grants (EU) and concessional loans (AfDB and WB). To strengthen domestic revenue mobilization, we have also increased the GST standard rate from 12 to 13 percent and revised upward excise tariff for several goods, largely beverage and tobacco (Prior Action).

13. In light of elevated global oil prices, we have temporarily postponed the agreed increase in the fuel excise by 5 cents per liter (Prior Action). Recent sharp increases in international oil prices have already been fully passed through to domestic retail prices. Given the potentially significant impact on the cost of living and economic activity, we therefore decided to defer the excise increase until global conditions normalize. Once conditions improve, we will resume fuel excise increases with the objective of narrowing the gap relative to the ECOWAS fuel price average, which will also help address widespread fuel smuggling. To offset the estimated fiscal shortfall of US$3.1 million arising from the postponement of the fuel excise increase (US$2.5 million) and the delayed legislative approval of the GST rate increase (US$0.6 million), we have decided to reduce the 2026 budget allocation to goods and services by the same amount (US3.1 million) to a limited number of public administration institutions without undermining other program objectives, notably by protecting productive spending and social spending. These measures will ensure continued improvements in the primary balance in 2026 (1.4 percent of GDP). The GST rate increase will facilitate the transition to the VAT regime, which will be implemented in 2027 with a standard

rate of 15 percent. Raising fuel excise would narrow the gap relative to the ECOWAS average, which will help partly tackle the large smuggling activity.

14. Going forward, domestic revenue mobilization will be facilitated by VAT implementation and other structural reforms With the EU and World Bank support, the preparation for the VAT implementation is advancing, facilitating by the technical support provided by a former USAID tax expert, currently financed by the EU, focusing on providing targeted training to LRA staff and business operators. We are making substantial progress in (i) upgrading tax administration IT infrastructure, (ii) establishing a VAT refund system, and (iii) making remaining legal amendments by June 2026 (*Structural Benchmark)* to all secondary legislation to facilitate VAT implementation. A comprehensive VAT awareness campaign will be launched in the coming months; and the 2027 budget will ensure adequate budget allocation for VAT refunds.

15. Addressing large tax exemptions is a priority. Regarding tax exemptions, we recently adopted a new subchapter to the revenue code to clearly define: (i) potential beneficiaries, (ii) control mechanisms, and (iii) mandatory fiscal assessment for granting tax exemptions. The objective is to: (i) anchor tax exemptions to its potential economic impact and (ii) strengthen their management by the MFDP and LRA by maintaining an up-to-date inventory and publishing annually comprehensive tax expenditure report (*recurrent SB*), in line with the 2025 report published last September. Reducing tax exemptions is expected to generate significant revenues, which is essential to finance key AAID infrastructure projects, particularly in the current environment of declining external financial support.

16. We are committed to revamping our fiscal regime for the mining sector. The current framework for concession agreements is affected by *ad-hoc* revisions of legal conditions and fiscal terms, including reduced CIT rates, relief from indirect taxation, and exemptions from the Surtax (a rental tax). To ensure a fair sharing of mineral resource revenues and related risks between investors and the government, we plan to amend the Minerals and Mining Law (MML), including to remove all fiscal provisions in MML and replace them with references to the Liberia Revenue Code (LRC). We will also amend the LRC to (i) increase mineral royalty rates, especially for gold and iron ore; (ii) increase withholding tax rates for interest and dividend payments, and (iv) allow indefinite carryforward of tax credits under the minimum tax, instead of the current 5-year limit, in consultation with the Fund (*new proposed SB for December 2026)***.** Going forward, we will publish a policy paper and other legal documents, which will provide clear guidelines to help the government in negotiating new mining concession by June 2027.

17. We are pressing ahead with fiscal structural reforms to strengthen fiscal governance and economic management. These reforms include:

- Strengthening fiscal reporting, transparency, and accountability in the use of public resources. To this end, we will (*i*) publish a comprehensive supplementary budget documents (*recurrent*

SB), (*ii*) enhance annual financial statements by April 2026 (*Structural Benchmark*), by discussing any deviation of outturn from budgeted amount for key spending categories (e.g., compensation, goods and services, grants), and (*iii*) include in the national budget book fiscal tables with Public Sector Investment Project (PSIP) costs, classified according to the GFS 2014 economic classification with the support of IMF expert (*new proposed recurrent SB*).

- Enhancing liquidity and cash management. Key priorities include (i) improving cash planning, and (ii) accelerating the implementation of Treasury Single Account (TSA) in line with the 2021 concept note. We are committed to holding the joint CBL/MFDP/LRA liquidity working group (LWG) meetings at least once a month and share information consistently.

- Improving budget execution and transparency by ensuring all GoL financial transactions are captured, by extending the Integrated Financial Management Information System (IFMIS), by granting access to remaining MACs, as well as the Debt Management Unit.

- Strengthening public investment management by a swift implementation of the key recommendations from the C-PIMA.

18. We remain committed to further improving debt management. Despite some delay, we were able to finalize a comprehensive inventory of all government external debt and contingent liabilities (Prior Action). Going forward, we will update the domestic debt inventory including domestic contingency liabilities and address key findings of the recent GAC special assessment covering 1980-2024. We will continue to foster coordination among debt management stakeholders, while strengthening institutional frameworks and enhancing fiscal risk monitoring and management related to contingent liabilities. In relation to disputed external debt, we are actively engaging with relevant creditors to resolve this issue swiftly.

E. Monetary, Foreign Exchange and Financial Sector Policies

19. We remain committed to maintaining monetary policy stance sufficiently tight to preserve price stability. In October 2025, the CBL Monetary Policy Committee (MPC) lowered the policy rate by 100 basis points to 16.25 percent as inflation receded. We kept reserve requirements ratios (RRR) on LRD and USD deposits (liabilities) at 25 percent and 10 percent, respectively, and intensified our liquidity management operations to absorb excess LRD liquidity in the banking system. Going forward, we will continue to closely monitor economic developments and stand ready to reduce the policy rate further if single-digit inflation and a relatively stable exchange rate environment are sustained. At the same time, we will continue maintaining the real policy rate in positive territory and sufficiently high to keep inflation on a declining path towards our medium-term inflation objective of 5 percent. We will continue to deploy the CBL Bills as our main policy tool and complement this, as required, by adjustments to the RRR, particularly on LRD deposits, to

achieve price stability. Our recently established interest rate corridor system will help improve the effectiveness of our monetary policy.

20. We continue strengthening our monetary policy operational framework to enhance policy effectiveness. We have been conducting short-term monetary policy operations—2-week CBL bills auctions—on a fixed-rate full-allotment basis and 1-month and 3-month CBL bills auctions using flexible rate fixed quantity auctions. We are considering further enhancing monetary policy operations, including by (i) gradually narrowing the width of the interest rate corridor, from the current 10 percentage points to 5 percentage points, by December 2026, to better anchor the short-term interest rates around the policy rate, (ii) harmonizing reserve requirements on LRD and USD deposits by gradually reducing RRR on LRD and increasing it on USD by end-2027, and (iii) gradually reducing the frequency of long-term operations—1-month and 3-month CBL bills auctions— from weekly to monthly auctions by December 2027. In the medium to long term, we will consider introducing differential reserve requirement regime, with higher reserve requirement ratio on USD deposits than on LRD counterparts to promote financial intermediation and deepening in LRD and strengthen financial stability by enhancing the resilience of the banking system against liquidity and credit risks associated with financial dollarization. This will also help facilitate de-dollarization. We will continue to strengthen our capacity to effectively formulate and implement monetary policy. This is critical in our endeavor to modernize our monetary policy framework by adopting an inflation-targeting framework in the medium to long term.

21. We are committed to developing and implementing a foreign exchange intervention (FXI) policy to strengthen our ability to address disorderly market conditions and excessive exchange rate volatility. The policy will clarify the objectives, scope, and modalities of FXI, including the circumstances under which FXIs may be undertaken, the instruments to be used, and the governance and decision-making framework, among others. It will ensure that FXIs are conducted in a manner consistent with monetary policy objectives, reserve accumulation objectives, and financial stability considerations. The FX auction guidelines will be enhanced to achieve timely and efficient FXIs. In this regard, we will seek IMF TA to support the development of our FXI policy. We are also strengthening FX market oversight by requiring all FX dealers to be licensed or by formalizing FX dealers. We remain committed to preserving a flexible exchange rate regime and maintaining an exchange rate system free of restrictions and multiple currency practices. We will continue to limit our FX interventions to address disorderly market conditions, including excessive exchange rate volatility, to safeguard financial stability.

22. We are committed to securing a steady supply of domestic banknotes to meet growing demand for currency in circulation and replacement needs for unfit banknotes. Following the successful completion of the 2021-24 currency changeover in 2025, the remaining stock of banknotes in the CBL's vaults as at end-December 2025 is deemed insufficient to meet the growing demand for currency during the peak season (fourth quarter) this year and over the medium term. To address this issue, the CBL Board has adopted a three-year currency printing plan

for the submission to the National Legislature and approval by end-May 2026, in accordance with the CBL Act. In case the legislative process is delayed, we will explore other options to secure sufficient banknotes in a timely manner, including Presidential Executive Order. Considering the remaining stock of domestic banknotes in the CBL's vaults as at end-2025 (LRD5.1 billion, about 11 percent of currency in circulation), we plan to expediate the procurement and delivery of the new banknotes, including through an emergency procurement especially for the first batch by November 2026 ahead of the peak season. In the meantime, the CBL will closely monitor demand for currency in circulation. In parallel, the MFDP remains committed to ensuring that MACs keep cash withdrawal at the CBL to a minimum in accordance with the PFM legislation and the CBL policy on over-the-counter encashment of GoL checks.

23. We are committed to ensuring that the Liquidity Working Group (LWG) remains fully operational and effective. To this end, we will continue to convene our meetings at least once a month to strengthen coordination and information sharing among the CBL, LRA, and MFDP. The LWG—comprising technical staff of the CBL, LRA and MFDP—will remain instrumental in supporting, among others, (i) CBL's liquidity management operations and (ii) GoL's effective liquidity and cashflow management. The latter remains crucial in ensuring timely GoL debt service and the alignment of budget execution with available resources. Additionally, these will ensure that the currency composition of government spending is closely aligned with that of its revenues, thereby mitigating the risk of currency mismatches between the GoL's revenues and spending in Liberia's dual currency system. The Treasury Management Committee (TMC)—comprising mainly of Deputy Minister for Economic Management at the MFDP, CBL Deputy Governor for Economic Policy, and Commissioner General of LRA—will meet, at least once a quarter, to support prudent government cash planning.

24. We are taking measures to mitigate financial risks to the CBL's balance sheet arising from its guarantees to a financial institution and non-bank financial institutions—including NASSCORP—related to GoL obligations. The CBL has compiled an inventory of all outstanding financial guarantees, together with supporting documents. Going forward, we will ensure that these are properly recorded and disclosed in our financial statements and monetary statistics. The CBL is committed to working closely with the MFDP to monitor the performance of the underlying GoL financial obligations—GoL Promissory Notes—guaranteed by the CBL. At the same time, the MFDP is committed to continuing timely servicing of the Promissory Notes to prevent the materialization of these contingent liabilities and to mitigate financial risks to the CBL balance sheet. To avoid this in the future, we will start to pay, on a monthly basis, the GoL's share of pension and disability contribution, amounting to 6 percent of the employee's wage, in addition to their share of 4 percent of the wage, which has been paid on a regular and timely fashion.

25. We are advancing reforms to further improve the operational efficiency of the CBL. We are committed to containing operational expenditures and executing capital spending

prudently. To this end, we are strengthening procurement processes and streamlining selected functions to reduce costs. At the same time, we are enhancing capacity in key policy departments to ensure an adequate skills base to deliver on our mandate. Alongside cost reductions, we are also pursuing initiatives to improve revenue generation. These include exploring prudent active management of our foreign reserves portfolio to generate higher returns and potentially increasing the fee structure for services provided to financial institutions and the government.

26. We will continue to pursue prudent strategies to accumulate international reserves. The CBL will continue to gradually and cautiously purchase surplus FX from the government, given the limited opportunities in the market. In this context, we continue to stress our key commitment to progressively de-dollarizing government operations by continuing the steady increase in the LRD share of the government wage bill from 30 to 35 percent by end-June 2026 (Indicative Target)—provided this does not cause significant market disruptions. To facilitate this, we are strengthening the coordination among CBL, LRA, and the MFDP through the monthly LWG meetings. To diversify our FX portfolio, we are considering a gold purchase program. A national delegation, comprising key government institutions and members of the legislature and led by the CBL conducted a study tour of Ghana's Gold Purchase Program. Our efforts to diversify the reserves portfolio through a gold purchase program would be balanced against potential implications for the CBL's mandate. We will adopt a phased approach underpinned by a comprehensive assessment of legal, financial, and operational risks, to guide the appropriate design of our gold purchase program. We have also sought the IMF TA on this initiative. To further support reserves accumulation and promote de-dollarization in the medium term, we are considering developing a formal and detailed de-dollarization plan, which would include regulatory and administrative measures to further promote the use of LRD.

27. We remain committed to firmly enforcing banking sector regulations and further enhancing the regulatory framework. The CBL will continue to rigorously enforce reserve requirement regulations and share with the IMF staff a monthly compliance report detailing regulatory actions and penalties imposed on non-compliant banks (recurrent Structural Benchmark). We will phase out the remaining dispensation provided to a non-compliant bank regarding CRR compliance, following liquidity improvement due to capital injection and deposit mobilization. We will enforce the guidelines concerning the management of foreign exchange risk exposure and placements abroad by commercial banks and we will tighten by end-March 2026 the cap on the ratio of aggregate liquid assets placed abroad to foreign currency deposits to discourage excessive foreign placements by banks. In parallel, we will also prioritize enhancing risk-based supervision, introducing a bank resolution framework, and establishing a deposit insurance scheme following the finalization of bank restructuring, and in keeping with the BFIA. We have created a specialized bank resolution unit (Financial Stability Unit) with 4 staff assigned (SB for December 2025) with separate reporting lines to CBL management. In parallel, we have drafted resolution plans for the two small banks (SB for December 2025). We are preparing regulations and operational guidelines on bank resolution. We have prepared the Terms of Reference for the new resolution function, and

we are developing the Resolution Manual, which will guide the operationalization of the resolution framework in accordance with the BFIA. The adoption of the regulations will be finalized by May 2026 (**SB for December 2025, proposed as a new SB for May 2026**) .

28. The CBL is pressing ahead with the resolution of the banking system's high NPL stock to unlock private sector credit and preserve financial stability. We have assessed the obstacles to effective NPL resolution in Liberia, using the newly developed NPL database. We are strictly enforcing the compliance with the existing provisioning framework requiring full provisioning of NPLs after one year and the write-off of NPLs classified as "loss" for more than two years (October 2025 SB and Prior Action). Accordingly, we identified the NPLs that should be written off in six out of the nine banks that amount to US$42.3 million, of which US$39.7 million has been written off and the remaining amount of US$2.65 million has been restructured, and NPLs in the loss category have been provisioned. For those banks that do not comply with the regulations on loan portfolio classification, provision for and write-off of NPLs, the CBL takes one or more of the following enforcement measures: (i) non-approval of the audited financial statement; (ii) monetary penalties if banks do not comply with the regulations after the non-approval of the statement; (iii) suspension of dividend payments; and (iv) restriction of certain activities, including granting new loans, product approval, and branch expansion. We have issued directives to the banks that set the minimum NPL ratio to 10 percent of total loans. The CBL will rigorously enforce the maximum NPL ratio of 10 percent of total loans and will not approve any request for audited financial statement or dividend or bonus payment for any bank with NPL ratio above the threshold by end-December 2026.

29. We will continue improving NPL data quality by strengthening data validation processes. This will ensure that restructured loans are not subject to premature reclassification and enhance reporting consistency across banks. We remain committed to full compliance with asset classification regulation and will monitor NPL ratios, asset classification, and provisioning monthly (recurring SB starting from November 2025). We will also expedite the preparation of a targeted NPL resolution strategy focusing on identification, management, monitoring, and mitigation of NPLs to facilitate banks in reducing their NPL stock. Work is progressing towards a fully operational collateral registry system—covering both movable and immovable assets—by end-April 2026, in line with the World Bank-supported LIFT project. The Government's efforts to roll out the National Biometric Identification Registration System by June 2026 will help address the challenges of properly identifying borrowers and improving banking services delivery.

30. We are enforcing the implementation of the restructuring plans recently adopted by a few banks. We are advancing efforts to restore their financial soundness. To ensure consistent implementation of restructuring plans, the CBL Board will adopt a formal framework aligned with the BFIA for remedial and corrective actions (new SB for April 2026). This framework will include (i) a monitoring dashboard assessing progress against predefined benchmarks, including planned capital injections, and (ii) proportional remedial and corrective actions linked to each benchmark. If any bank falls short on a threshold or milestone, the dashboard will trigger alerts to initiate intensified

corrective measures. The dashboard will incorporate milestones covering operational efficiency, governance reforms, and regulatory compliance to ensure comprehensive oversight. The CBL will regularly review the framework to guide supervisory actions and policy decisions.

31. The state-owned bank (SOB) has made significant concrete progress in recovering NPLs. It has written off 64 percent of its NPLs—loans classified in the loss category for over 2 years, as required by the current CBL provisioning framework (SB for October 2025). In line with the adopted restructuring plan, the MFDP has injected US$20 million into the SOB and committed to additional capital injection of US$10 million each in 2026 and 2027. This will ensure the bank achieves a non-negative equity position by end-2026. Progress is also being made in resolving government-related asset impairments to the SOB, totaling US$5.6 million, which will further strengthen the bank's solvency. Going forward, the CBL and the MFDP will review and enhance the risk management and governance of the SOB to strengthen bank restructuring with a view toward ensuring its performance, and we commit to:

- Initiate (by March 2026) an independent assessment of the corporate and risk governance policies, procedures, and controls of the SOB in consultation with IMF staff. This includes (i) preparing a term of reference (TOR); (ii) developing a shortlist of internationally recognized firms that fit the criteria stated in the TOR; (iii) completing the tendering process; (iv) and starting the assessment with a view to completing it by May 2026. Following completion of this review, any issues found will be addressed by reforming, restructuring, and strengthening the SOB's governance, risk management, and operational infrastructure and resources.

- Amend (by June 2026) the regulation on related party transactions to include: (i) identification of ultimate beneficiary owner; (ii) mandatory independent review and documentation of arm's length terms; (iii) remove exemptions for service-based loans and loans to public sector corporations; (iv) establish an independent board sub-committee to oversee related party transactions; (v) reduce the aggregate lending cap to directors; (vi) establish procedures for investigation, burden of proof, and appeals in cases of non-compliance; and (vii) improve disclosures in the bank's annual report. Until these amendments take effect, starting January 2026 and continuing until the restructuring of the weak banks is finalized, stricter caps on related-party lending will be applied. The cap will include exposures to individuals connected to the bank within the past three years, as well as accounts receivable.

- Adopt (by September 2026) a governance framework for the SOB, informed by the independent assessment and in consultation with the IMF staff, to be signed by the CBL and MFDP to include: (i) roles and responsibilities for the management board, supervisory board, and government as shareholder; (ii) principles to guide fit and proper tests of board members and senior management; (iii) requirements for robust internal audit, internal control and risk management systems; and (iv) establish clear mandates and strategic visions, with a focus on commercial activities. Following the adoption of the governance framework, MFDP will nominate a non-executive Board member with no veto rights by October 2026.

32. The restructuring plan adopted for two small banks will be implemented. In line with the adopted restructuring plan, one bank has been recapitalized by existing shareholders with a total of US$15 million during 2025 and is making significant progress in developing alternative resolutions for legacy NPLs outside of the CBL guarantee. Going forward, we will also ensure that the CBL is fully protected from any direct financial obligations arising from guarantees related to one commercial bank's legacy NPL resolution. The CBL is actively engaged with another small bank to ensure the full completion of capital injections essential for the bank's viability, supported by proportional remedial measures to boost timely restructuring.

33. We remain committed to maintaining the highest standards of audit quality in the banking sector. The CBL is currently assessing the quality of audit processes performed by external auditors, and based on findings, we will propose as needed amendments to domestic regulations specifying conditions under which the appointment of external auditors may be terminated. By March 2026, the CBL will ensure that external auditors found to have breached their duties in relation to audit quality for weak banks will be prohibited from providing audit services within the banking sector.

F. Debt Sustainability

34. We remain committed to fiscal prudence and will continue to prioritize debt sustainability while supporting critical growth enhancing investments. The updated DSA assesses Liberia's risk of debt distress as moderate for external debt and high for total public debt. To mitigate debt vulnerabilities further, we will adopt a strong medium-term fiscal framework, underpinned by enhanced domestic revenue mobilization and improved public spending efficiency. Additionally, we will pursue a prudent borrowing strategy that prioritizes concessional borrowing while actively advancing the development of the domestic debt market. We are also committed to using the fiscal policy space created under the RSF to address climate- and pandemic-related vulnerabilities that threaten Liberia's long-term BoP stability and debt sustainability. We will adopt a disciplined approach in selecting externally funded projects, including private public partnerships (PPPs), ensuring they deliver maximum economic returns, while strictly adhering to the program ceilings on the PV of new PPG external borrowing (see Table 1, QPC). Strengthening oversight of SOEs to mitigate fiscal risks and prevent the materialization of contingent liabilities is essential.

35. Further improvement in debt management remains critical. We have allocated adequate resources in the FY2026 budget to meet all debt-servicing obligations. To ensure timely settlement of GoL external debt obligations, we have also operationalized the MFDP and CBL Memorandum of Understanding (MOU) executed in September 2025, which authorizes the CBL to automatically service debt obligations as they fall due. The MFDP (DMU) is committed to providing detailed monthly projected external debt service schedule for the entire year, at the beginning of the fiscal year, consistent with the terms and profile in the existing inventory of GoL debt stock and the approved budget. In addition, the MFDP will provide the CBL with an updated schedule for

upcoming external debt payments a month in advance. Additionally, the CAG will ensure that sufficient funds are maintained in the GoL debt account at the CBL to cover all debt payments due each month and to provide the necessary documentation for the CBL to execute the payments to avoid arrears. The CBL, in turn, has committed to facilitating timely payments of GoL external debt obligations and promptly alerting the MFDP if account balances are insufficient.

36. We reiterate our commitment to implementing the recommendations of the IMF CD mission on debt management:

- Strengthen the capacity to produce debt sustainability analysis annually, reflecting latest macro projections. In this regard, we have requested a DSA training exercise from the IMF/WB in October 2025. In addition, the MFDP will prepare a medium-term debt strategy to guide the debt financing limits during the budget preparation and improve the quality of the DSA.

- Conduct impact analyses of all planned project loans and GoL guarantees to assess their implications for debt sustainability and compliance with the debt limit policy under the ECF arrangement, before submitting proposals to the Presidential Office for approval and subsequent ratification by the Legislature. We will also review existing legislation and regulations to clarify the DMU's mandate, particularly its role in decision-making on new borrowing and ratification processes.

- Ensure the Debt Management Committee (DMC) meets regularly to deliberate on potential borrowing proposals. The DMU should review and approve all GoL borrowing or guarantees and, as the DMC secretariat, actively participate in DMC meetings.

- Engage proactively with the Legislature early in the budget process to explain debt service projections, in order to avoid reductions in budget allocations for debt service that could lead to arrears or default.

- Develop and adhere strictly to the Debt Management Policy Manual, ensuring proper documentation and effective information flow between all relevant departments and agencies.

- Consider additional staffing and/or training to improve the effectiveness of the DMU.

G. Governance and Other Structural Reforms

37. We will accelerate the reforms to further bolster CBL independence, governance, and internal controls. On governance, we have implemented the majority of the recommendations from the GAC compliance audit and from the Kroll forensic audit. The implementation of outstanding recommendations, especially those related to the upgrade of the CBL core banking application, is currently underway and will be completed by June 2026. The CBL is also engaging with the GAC to resolve misunderstandings between the two institutions regarding the

implementation of certain corrective actions that the GAC recommended but the CBL considers impossible to implement, particularly those related to accountability and the justification of issues that occurred between 2018 and 2022. The CBL will continue to provide quarterly updates to our Board on the implementation status of these recommendations. Looking ahead, we are committed to expediting the completion of all outstanding recommendations and to submitting quarterly progress reports to the Fund, including updates on those from the IMF safeguards assessment.

38. The CBL remains committed to strengthening its internal control systems to mitigate financial and operational risks. These include (i) restricting the clearing of government checks to a maximum of US$500,000 during system glitches; (ii) rejecting any GoL-issued checks or GoL payment instructions drawn against underfunded GoL accounts with a penalty; and (iii) enforcing over-the-counter cash withdrawals capped at US$25,000, except for national security agencies, in accordance with applicable regulations or policies. The CBL core banking application (T24) will be fully operational at the CBL and integrated with the LRA revenue collection systems by June 2026. To ensure timely transfers of revenue collections to government revenue account (consolidated account) at the CBL, the CBL had deployed its T24 at two high-volume collection centers—the National Port Authority (NPA) and MFDP. Going forward, we will deploy the T24 at the remaining three major revenue collection centers—namely, LRA headquarters, the Temple of Justice (TOJ), and the Liberia Business Registry (LBR). These measures will eliminate delays in posting revenue collections, ensure real-time visibility of revenues across all collection centers, and enhance the accuracy and timeliness of revenue reporting. We have prohibited commercial banks from providing immediate value for GoL-issued checks before presenting them to the CBL for clearing.

39. Going forward, we will undertake a comprehensive amendment of the CBL Act, in consultation with the Fund staff. We have made good progress in identifying some sections for potential amendments, with the objective of strengthening CBL's integrity and autonomy, and we plan to submit the proposed amendments to the Legislature by September 2026. We are committed to ensuring that the proposed enhancements preserve the integrity of the current CBL Act and safeguard the progress achieved since the enactment of the new CBL Act. These amendments will ensure that the CBL will operate under a robust legal framework, in line with best practices.

40. We remain committed to strengthening the capacity of the integrity institutions by increasing their budget allocations. Reflecting our commitment to strengthen transparency, accountability and governance, we have increased allocations to integrity institutions (GAC, LACC, PPCC, and FIA) by 41 percent to US$17.6 million in the FY2026 budget to enable them to effectively discharge their core functions**.** Specifically, allocations to the LACC and the FIA increased to US$4.4 million and US$4.7 million, from US$3.1 million, and US$1.9 million in 2025, respectively. While we were not able to fully comply with the domestic law requiring advance quarterly budget disbursements to the LACC and GAC in 2025, we will endeavor to provide these allocations in advance in 2026 to these institutions to ensure their operational continuity. Over time, we will strive to increase the budgetary share of integrity institutions in the budget expenditure. To further

safeguard LACC's financial independence, we will consider potential legislative amendments during 2026, which help stabilize its annual budget allocations.

41. The enforcement of the asset declaration regime continues. Since the Presidential Order in February 2025, compliance has strengthened further, supported by LACC's intensified outreach. As of end-December 2025, 92 percent of 3,280 eligible public officials across the three branches of government had submitted their asset declarations, up from about 89 percent at end-March 2025. The LACC continues its targeted engagement with non-compliant officials through reminders, radio talk shows, and follow-up calls, thereby ensuring sustained reinforcement of their statutory obligation. With the ongoing World Bank funded GREAT Project, we aim to digitize the asset declaration process by 2027 to further strengthen transparency and accountability. Upon completion, the system will facilitate seamless access to the asset declaration online platform. The LACC has initiated the digitization of the asset declaration process and is in the process of hiring a qualified firm to develop the electronic declaration system.

42. The LACC will expedite efforts toward enacting implementing regulations of the LACC Act of 2022. The LACC will enact the necessary implementing regulations to fully comply with its mandates under the LACC Act. We are advancing implementing regulations, which would (i) specify instances, pursuant to section 5.2.o.iii of the LACC Act, where the public disclosure of a person's asset declaration is in the interest of the general public; and (ii) establish, pursuant to section 5.2.o.ii and v of the LACC Act, a risk-based verification process focusing on officials at higher risks of corruption from those listed under Regulation 5/2024 by June 2026 in line with international best practices, including the G20 high-level principles on asset disclosure by public officials and the WB/UNODC StAR Initiative's recommendations on asset declarations. The LACC will collaborate with the Office of the Ombudsman and the Law Reform Commission to submit the draft amendment to the Legislature to eliminate the provision in the Code of Conduct regulation of December 2022 (Section 10.2) by May 2026 (proposed new Structural Benchmark), which limits asset declaration publications to instances authorized by court order. In parallel, the LACC has modified the asset declaration form, explicitly asking declarants whether they want to publish their asset declaration. Regarding risk-based verification of high risks public officials, the LACC is currently consulting with relevant stakeholders to assess the risks and vulnerabilities associated with public disclosure for these categories of officials. The objective is to ensure that any disclosure measures are not counterproductive and do not undermine the intent and provisions of the LACC Act. We have requested IMF technical assistance to align our asset declaration verification procedures with best practices.

43. We will prepare a time bound action plan to implement priority recommendations of the Governance Diagnostic (GD). Strengthening governance and ensuring accountability remain top priorities. The GD identified systemic corruption weakness, which continues to undermine our fiscal capacity, investment climate and potential to improve living standards. The GoL is committed

to publishing the GD report and preparing and adopting a detailed time-bound action plan to implement priority GD recommendations by September 2026 (Structural Benchmark).

44. The General Auditing Commission (GAC) is continuing special audits in addition to its regular audits. These audit reports cover public institutions, SOEs, donor-funded, and IT systems. As end-December 2025, the GAC conducted 33 audits of SOEs, including Liberia Electricity Corporation, NASSCORP, Liberia Sewer and Water Corporation, and audit of legislative branches, as well as that of GOL domestic debt and arrears for 1980-2025. Findings include non-compliance with domestic laws, weak internal control, inconsistent financial reporting, among other issues. We acknowledge that the implementation of past audit recommendations has been unsatisfactory, and we are determined to address this challenge vigorously to improve financial reporting, accountability, and compliance with existing laws across public institutions.

45. The PPCC is steadily strengthening public procurement and enhancing contract transparency. The e-procurement system has transformed public procurement since the launch in February 2025. Five major spending entities (Finance, Health, Education, Public Works, the Revenue Authority) and the PPCC have adhered to the e-procurement system, enabling national open bidding awards to increase to 46% of total procurement by those entities in 2025. In parallel, we have registered about 600 vendors and improved verification of suppliers through the integration of NASSCORP and LRA databases. We are currently rolling out the electronic system to 50 more MACs, aiming to achieve full adoption by all government entities by 2028. Hands-on training for procurement officers, IT personnel, and vendors is progressing. On procurement plans, we recorded about 94 percent submission rate for 2025. We are taking steps to enforce timely submission and award publication more effectively. To address gaps in compliance monitoring, we will ensure that the necessary resources are in place to achieve meaningful progress. The revised PPCC legislation was passed by the legislature in December 2025 and published on January 12, 2026, following the President's approval

46. Enhancing the transparency of beneficial ownership (BO) of legal persons remains critical. A comprehensive workplan and timeline, outlining Liberia's multipronged approach to BO transparency, was developed in March 2025 (Structural Benchmark) and endorsed by the Cabinet in July, 2025. We have requested IMF TA to advance the implementation of the workplan, which covers reforms across the domestic corporate sector, the extractive industry, financial institutions, and Designated Non-Financial Businesses and Professions (DNFBPs). BO data collection from licensees through the Liberian Business Registry continues. We aim to fully operationalize the online Beneficial Ownership Registry by June 2026. The CBL will continue supervising licensees and assessing their policies and procedures for identifying the ultimate beneficial owners of corporate customers. To address capacity gaps in the banking sector—particularly among institutions that are not part of international financial groups—the CBL plans to conduct targeted training. We will also conduct outreach before developing a regime for collecting BO information for Liberian International Business Companies and the Liberian Shipping Registry, and we will

work to fully bring DNFBPs under the BO framework. To combat the risks of illicit financial flows, we intend to issue regulations in 2026 governing wire transfers, ensuring compliance with relevant United Nations Security Council Resolutions.

47. To further enhance governance, we are committed to the roll out of the National Biometric Identification Registration during 2026. In April 2025, President Boakai issued an Executive Order mandating the implementation of the National Biometric Identification System (NBIS) to help authenticate, verify and confirm the identity of Liberians and foreign permanent residents in Liberia. The national biometric identification system is expected to improve the provision of essential services and strengthen governance. The roll-out was suspended in June 2025 due to concerns regarding limited infrastructure and long queues at the enrollment centres. As of last year, about 14 percent of the population had registered. We intend to start enrollment in the first quarter of this year following system's upgrade. Due to budget constraints, our target is to enroll 90 percent of the population by 2029.

48. We will continue to advance structural reforms to promote growth and support long-term sustainable development, in line with our national development plan—the ARREST Agenda for Inclusive Development (AAID). We are progressively upgrading our infrastructure—including road and port facilities—to facilitate trade and stimulate private sector development. We are streamlining the processing and issuance of import and export permits, as well as customs clearance, to reduce transaction times and improve trading outcomes. We will continue to improve our business environment and expand access to finance by (i) enhancing our judicial system and insolvency and resolution frameworks, including contract enforcement; (ii) further developing our credit reference bureau and establishing a modern credit registry; (iii) modernizing the land *cadastre*; (iv) and operationalizing the national switch, which will interface with the Instant Inclusive Payment System (IIPS) in building a national payments ecosystem. The IIPS, which was launched in December 2025, is facilitating interoperability among the two leading mobile money operators (MMOs), financial service providers, and other financial institutions.

H. Statistics

49. We are making good progress in improving the quality of our statistics, with IMF capacity development support. Liberia Institute of Statistics & Geo-Information Services (LISGIS) has completed the compilation of the 2010-24 annual GDP estimates (at current and constant prices) and published these data in January 2026. We have also started compiling quarterly GDP estimates. We published a provisional set of quarterly GDP estimates for the period 2016Q1-2025Q2 in the second half of 2026 and the revised estimates which also cover 2025Q3 in January 2026. We will continue to enhance the quality and expand the coverage of our price statistics, especially producer price index (PPI) and consumer price index (CPI). Specifically, preparatory activities are underway to expand the CPI coverage to include all counties in Liberia. We plan to finalize the compilation of regional and national CPI in July 2026 and publish preliminary national

CPI in the second of 2026, after completing the ongoing household income and expenditure survey (HIES). We re-affirmed our commitment to the timely and regular publication of our price and national accounts statistics.

50. We have increased the budgetary resources of LISGIS to enhance its operational effectiveness. In the FY2026 budget, we allocated US$2.6 million to LISGIS, up from US$1.8 million in FY2025. We are committed to ensuring sustainable funding to support its core statistical functions, including regular data collection.

51. We will continue to address macroeconomic statistics shortcomings. Drawing on recent IMF CD assistance, we will enhance the quality and availability of statistics. Efforts will cover the scope, classifications, and coverage of fiscal and debt statistics. With respect to debt statistics, we will enhance the reports produced by Debt Management Unit (DMU) by implementing by: (i) maintaining an updated registry with contracts and sovereign guarantees underlying conforming and disputed public and publicly guaranteed external debt; (ii) conducting debt reconciliation on semi-annual basis by communicating with external debt creditors on debt stock and debt service repayment schedule and cross-checking with existing data in the debt inventory; and (iii) ensure DMU's inclusion in all debt related discussions, processes and decisions; (iv) strengthening the institutional setup and debt management frameworks. The recommendations of IMF CD assistance on monetary statistics and financial soundness indicators regarding the quality and timeliness of this data remain relevant.

52. We will continue to strengthen external sector statistics. We have improved coverage and accuracy of the BoP statistics by implementing recommendations provided by IMF CD assistance. We recognize that further improvement is needed. In the months ahead, we aim to: (i) further increase coverage, compliance, and accuracy of the quarterly international investment survey, (ii) resume hotel survey, (iii) increase banks' compliance with reporting to the International Transactions Reporting System (ITRS), and (iv) improve the CBL framework for classification of external sector transactions. We will also improve data collection procedures, including data validation and follow-up actions with banks and enterprises reporting to the CBL. The CBL will improve coordination with other government institutions, including the LRA, MFDP, and Ministry of Mines and Energy, to obtain relevant inputs for BoP compilation in a timely manner, including financial statements of the largest non-financial corporates (NFCs). In addition, we will consider amending the CBL act to clarify the reporting obligations of the NFCs to the CBL. Accordingly, we are also working on a regulation to require the repatriation of exports proceeds. The CBL will also take necessary steps to implement the Python programs developed by IMF TA to improve the processing and compilation of BoP data

I. Climate-Related Risks and Pandemic Preparedness

53. Our country is exposed to repeated climate and pandemic shocks that undermine long-term stability of the balance of payments. Liberians face climate-related risk each year, with profound impact on shelter, health, water supply, food and economic activity. Agricultural output, infrastructure, and public services have been affected by prolonged dry spells, severe urban flooding, and coastal erosion. The 2014-2016 Ebola epidemic and more recently the COVID-19 pandemic exposed health system's weaknesses and caused economic losses. Rising temperatures, sea-level rise, more frequent extreme weather events, and potential pandemics pose risks particularly to agriculture and public health, with potential to increase import needs and reduce export capacity.

54. Pandemics preparedness gaps remain significant despite recent initiatives. Globally, our contribution to climate change is negligible, but greenhouse gas emissions are rising reflecting population growth and deforestation. We are among the least prepared to tackle climate change and health crises. Recent efforts focused on embedding climate considerations into economic policy decision and national development agenda. The government has taken steps to establish early warning systems, invest in climate-resilient infrastructure, and improve public health surveillance. With support from development partners, we are conducting diagnostic assessments and strengthening capacity. Nonetheless, institutional capacity and resource gaps continue to hold back progress. We need sustained investment and strong policy commitment, particularly in climate data systems, disaster risk management, energy transition, and social protection.

55. Long-lasting actions are required to tackle climate and health-related risks in our country. To mitigate climate-related vulnerabilities, we need accelerated implementation of targeted reforms and a coordinated, risk-informed approach. This includes strengthening institutional capacity, improving climate data systems, and integrating climate risk into national development and fiscal planning. Key priorities are establishing a robust legal framework for climate risk management, embedding risk considerations in public investment decisions, and reinforcing social protection for vulnerable populations. Investments in climate-resilient infrastructure, natural resource management, and energy transition will be critical to safeguard. Strengthening health system resilience requires stronger health institutions, improved domestic and foreign resource mobilization, and better cross-sectoral coordination. Priorities include expanding public health infrastructure, enhancing surveillance and early warning systems, and ensuring adequate emergency response capacity to reduce the economic and social impact of future epidemics.

56. We will take advantage of recent climate and health studies by the IMF, World Bank, and World Health Organization (WHO). The set of recommendations from the IMF's 2025 C-PIMA and Climate Policy Diagnostic assessments, as well as the World Bank's 2024 Country Climate and Development Report (CCDR) will be helpful in strengthening our efforts. They identified the following priorities (i) integrating climate considerations into public investment planning and

execution; (ii) developing a National Disaster Risk Financing strategy, supported by robust frameworks for mobilizing domestic and external resources; and (iii) improving water and food security while ensuring the financial viability of the water and energy sectors. In a similar manner, The World Health Organizations (WHO) in its 2nd Joint External Evaluation reported the need to improve coordination, update national strategies, and establish a dedicated emergency preparedness budget line.

57. We are committed to implementing high quality, macro-critical reforms proposed under the RSF arrangement. The RSF arrangement will complement the ongoing ECF-supported program, creating synergies, particularly in the fiscal and financial sectors. It prioritizes (i) disaster risk management and pandemic preparedness, (ii) climate finance and governance, and (iii) water and food security.

Pillar I: Disaster Risk Management and Pandemic Preparedness

58. To strengthen fiscal risk management and transparency, we will create and maintain a public database to track the fiscal costs of disaster responses. The disaster-related expenditures should be recorded following international methodologies and definitions, and record, for each disaster, detailed information including category, intensity and scale of the disaster event, date and location; direct public spending and budget reallocations for response and recovery; sources of financing (national, external, insurance); expenditures broken down by ministry, program and economic classification; contingent liabilities and the impact on revenue; and periodic updates on audit methodology and references. As a first step, the database will include this information for at least two past disasters. The Minister of Finance and Development Planning (MFDP) will be responsible for the management of the database, while the National Disaster Management Agency (NDMA) will provide data on disasters and the ministries that have undertaken expenditures will collect and share relevant data with MFDP and NDMA. We commit to regularly updating this database with data entries happening within six weeks after disbursement, maintaining retrospective series, publishing it on the MFDP website, and requiring the inclusion of summary tables as part of the fiscal risk statements in upcoming years. IMF technical assistance will provide support for database design, reporting templates, and integration into fiscal risk analysis. **(Reform measure 1, for June 1, 2026)**.

59. Similarly, to evaluate fiscal exposure and guide climate-informed budgeting and investment decisions, we will develop, adopt and publish a national climate risk assessment methodology and carry out a national climate risk assessment. The MFDP will develop this methodology, which will aim at identifying key disaster risks and climate stresses as well as their potential fiscal costs and impacts on GDP growth. It should build upon historical data and stress test scenarios, relying on information like the one included in the database created in RM1, as well as other credible data sources. The climate risk assessment methodology will assess climate hazards, and subsequently, exposure, vulnerabilities, and risks for at least two climate scenarios, and two-

time horizons with an agreed granularity. A summary of the outputs of the resulting assessment will be integrated into the fiscal risk analysis framework and reflected starting with the preparation of the 2027 budget. We commit to regularly updating this assessment and to using it to enhance resilience in public financial management. **(Reform measure 2, for December 1, 2026)**.

60. To enhance Liberia's fiscal resilience against natural disasters and health emergencies, we will adopt an implementation plan for the Disaster Risk Financing Strategy. The MFDP, in coordination with the NDMA, will issue a ministerial order adopting and publishing an implementation plan for the Disaster Risk Financing strategy, in line with IMF recommendations. The MFDP will be in charge of the coordination of the development and implementation of the plan. As such, we commit to issuing a ministerial order that includes time-bound implementation of actions with responsibilities for each action to strengthen fiscal resilience. We furthermore commit to leading all actions required to strengthen fiscal resilience to shocks; to improve efficiency of budget expenditures; and to support mobilization of donor funds. The ministerial order will also require annual public reporting in the budget on progress, and mandate periodic review and update of the plan at least every three years to reflect evolving risks and lessons learned. Finally, we will work in coordination with the Ministry of Health (MOH) to ensure the timely domestication of the latest update of the International Health Regulations (IHR), in order to enhance the country's capacity to prevent, detect and respond to health threats including pandemics. **(Reform measure 4, for June 1, 2027)**.

61. In order to enable rapid mobilization of resources for natural disaster response, we will clarify procedures to access contingency funding and ensure adequate budgetary allocations are in place. The MFDP will adopt and publish a regulation defining clear guidelines for the use of budgetary mechanisms for disaster response, including for natural disasters and public health emergencies. It will define triggering mechanisms, ensuring the criteria to allow access to contingency funding are clearly identified. Moreover, the regulation will include the determination of adequate budgetary allocation for disaster response and access to contingent funding in line with IMF's recommendations. It will also require post disaster audits by the General Auditing Commission (GAC) to guarantee accountability in the use of contingency funds, which should ensure prompt and systematic mobilization of resources. Along with the Disaster Risk Financing Implementation Plan, this regulation provides the operational framework that enhances Liberia's disaster financing system's effectiveness, credibility, and resilience. **(Reform measure 9, for November 27, 2027)**.

Pillar II: Climate Finance and Governance

62. To facilitate public investment planning and inform potential donors and private investors, the MFDP (PIU) will transform the ARREST National Development Plan (AAID) 2025-2029 into sector plans. In the first stage, this exercise will be conducted to create sectoral plans for the same time horizon covering road, energy, water resources, drinking water, and

sanitation. The MFDP will lead and coordinate efforts with the relevant stakeholders. Each sectoral plan should be informed by an assessment of climate risks with sector-specific risk profiles and identify climate-hotspots and proposals for major resilient investment costed and prioritized projects that are consistent with the country's NDC. We furthermore commit to publishing the sector plans and identified priority projects on the Liberia Development Dashboard by early December 2026. **(Reform measure 3, for December 1, 2026)**.

63. To clarify governance in relation to climate change adaptation and mitigation, the Government of Liberia will enact a comprehensive climate change law. To facilitate the transition to a climate resilient economy, we recognize the need for a comprehensive climate change law that sets clear greenhouse gas emission reduction targets aligned with international commitments, establishes the institutional framework with designated authorities to oversee implementation, and promotes effective mitigation strategies across key sectors. The law should also integrate adaptive measures to build resilience, incorporate sustainable financial mechanisms, and ensure transparent monitoring, reporting, and verification systems to track progress. Moreover, it should foster inclusive public participation and stakeholder engagement, provide strong legal provisions with enforcement and accountability mechanisms, support education and awareness initiatives, and include a process for regular review and revision to adapt its effectiveness. As part of the institutional framework, the climate law, to be prepared in consultation with the IMF, will establish a high-level central mechanism that will coordinate between government agencies. **(Reform measure 5, for June 1, 2027)**.

64. To enhance transparency, accountability, and effective coordination in managing public and donor-funded projects, we will track and publish key projects in the Liberian Development Dashboard. The MFDP's Project Implementation Unit (PIU) will develop and adopt a procedure—including a calendar for regular updates—to ensure the timely tracking of proposed and approved government and donor funded projects within the Liberia Development Dashboard. It will include climate-relevant projects that must be identified when submitted by the PIU, as well as other relevant information on climate risks, in line with IMF recommendations. We furthermore commit to updating the published projects in the Liberia Development Dashboard with the frequency established in the requested calendar, with the first publication done by early June 2027. Furthermore, following the same commitments discussed in ¶61 (RM3), we will transform the AAID National Plan 2025-2029 into sectorial plans—with the same time horizon—covering a second set of three key additional sectors, to be identified by the government. **(Reform measure 6, June 1, 2027)**.

65. To strengthen the resilience of key public assets to disasters, we will incorporate climate criteria into major public infrastructure project appraisals. The MFDP, in close coordination with the Ministry of Public Works (MPW) and other relevant stakeholders, will develop a set of climate criteria for project appraisal considering i) for adaptation projects, the explicit or implicit objective of reducing vulnerability, the project's coherence with national adaptation

priorities, the project's climate risk exposures and management, the inclusion of climate-resilient plans and ii) for mitigation, the issues surrounding emission reduction, the targets in our NDC, alignment with sectoral policies, and a carbon footprint assessment. The MFDP will furthermore include climate change in the project appraisal requirements within the public investment management manual, including the need for all investments to identify climate risks and identify and design appropriate adaptation and resilience measures. **(Reform measure 10, for November 27, 2027).**

Pillar III: Water and Food Security.

66. We commit to clarifying governance in relation to water resource management. We recognize the need to evolve towards a comprehensive water resource management law, including the clarification and enforcement of institutional arrangements for its proper implementation. Through an executive order, we will establish and operationalize a Water Management Council (WMC) charged to draft a water management law and to submit it to Parliament the Legislature by end-June 2027. This executive order will identify key governmental members—including the Ministry of Mines and Energy (MME), the Ministry of Agriculture (MOA), the Ministry of Health (MOH), the Liberia Water and Sewer Corporation (LWSC), the Liberia Electricity Corporation (LEC), the Rural and Renewable Energy Agency (RREA), the Liberia National Water, Sanitation and Hygiene Commission (NWASHC) —as well as other relevant MACs, along with non-governmental, and development partner members to form the WMC, and will appoint a Presidential delegate to chair it. The WMC will meet on a monthly basis, and will work on preparing the draft water resource management law. The draft law will define the institutional framework governing water resource management across sectors and uses in line with our Integrated Water Resource Management (IWRM) Policy. It should also establish how water is quantified and allocated among users and define clear water rights and permit systems. It must regulate groundwater separately from surface water, set water quality standards for different water bodies, and control water infrastructure including dams and irrigation systems. It should also require flood and drought management, enforce water use efficiency, and mandate consistent monitoring of water quantity and quality. The WMC will issue a MOU between all relevant partners to operationalize the agreed clarified mandates as a temporary measure to improve climate governance, and the WMC members will provide a public statement to commit to its enforcement until a comprehensive water resource management law is enacted. **(Reform measure 7, for June 1, 2027)**.

67. We recognize the need to control groundwater abstraction to promote an efficient use of our water resources, prevent over-abstraction, and to reduce the impact of water scarcity during dry seasons. We will develop a regulatory framework for groundwater and irrigation water abstraction via raw water abstraction permits/licensing, and legal basis for a tariff structure based on abstraction volume, targeting large commercial users (e.g., mining, rubber, large agribusiness), in line with IMF recommendations. The drafting of these regulations will result from a coordinated process between the Environmental Protection Agency (EPA), the Ministry of Public

Works (MPW), the Ministry of Mines and Energy, the Ministry of Agriculture, and the National Water, Sanitation and Hygiene Commission, as well as all relevant MACs the government will determine. **(Reform measure 8, for June 1, 2027)**.

68. In line with its Strategic Plan for 2025–2029, and to reduce reliance on government subsidies, LWSC will reduce its operating ratio.[2] We will implement continuous actions to improve LWSC's billing accuracy and reduce its technical and commercial losses. This should be reflected in a reduction in our operating ratio, using the same methodology and definitions that resulted in a ratio of 1.57, as reported in our Strategic Plan and considered here as a benchmark. The evaluation of this reform will consider the operating ratios reported within the first three quarters of 2027, the average of which should be at or below 1.25. If water tariffs were considered needed as part of the actions, we will ensure the adoption of a social tariff to protect vulnerable consumers. We will furthermore sustain efforts to improve our operating ratio and reduce the need for fiscal support in the medium-term beyond the commitments to be evaluated as part of this reform measure. **(Reform measure 11, for November 27, 2027)**.

J. Program Issues and Monitoring

69. The ECF and RSF programs will be monitored in a concurrent semi-annual manner, based on quantitative performance criteria, structural benchmarks, indicative targets, and reform measures. (Tables 1, 2, 3, and 4) The technical memorandum of understanding defines the performance criteria, indicative targets, and structural benchmarks as well as the scope and frequency of data to be reported for program monitoring purposes. The ECF fourth review is expected to be completed on or after June 1, 2026, based on the end-December 2025 targets and relevant performance criteria, and the fifth review be completed on or after December 1, 2026, based on the end-June 2025 targets and relevant performance criteria. Consequently, the first, second, and third reviews under the RSF arrangement will be conducted at the time of the fourth fifth and sixth reviews under the ECF arrangement, respectively.

[2] The operating ratio measures efficiency by dividing operating expenses (OPEX) over net sales. Hence, a lower ratio is preferred. The LWSC's strategic plan aims at reaching an operating ratio of 1 by 2029. LWSC computes and reports the ratio on a quarterly basis.

Table 1. Liberia: Quantitative Performance Criteria and Indicative Targets, December 2024 – December 2026

(Millions of U.S. dollars, unless otherwise indicated)

	Dec. 2024				Jun. 2025				Dec. 2025	Jun. 2026	Dec. 2026
	PC	Adjusted PC	Actual	Status	PC	Adjusted PC	Prel.	Status	PC	Proposed PC	Proposed IT
Performance Criteria[1]											
Floor on primary fiscal balance, excluding grants [2, 3]	24.0	24.0	61.0	Met	31.0	31.0	68.0	Met	50.0	44.0	72.0
Ceiling on present value of new public and publicly guaranteed external debt contracted [4]	102.0	102.0	69.4	Met	226.0	226.0	172.8	Met	226.0	276.0	276.0
Ceiling on new external arrears of the central government (continuous)	0.0	0.0	7.7	Not met	0.0	0.0	0.0	Met	0.0	0.0	0.0
Ceiling on the CBL's operational and capital expenses [5, 6]	36.7	36.7	36.0	Met	17.5	17.5	10.2	Met	32.5	16.0	33.0
Floor on the change in the CBL's net international reserves [5, 7]	6.0	5.6	16.1	Met	15.0	6.3	18.1	Met	32.0	14.0	50.0
Ceiling on CBL's gross direct credit to central government	740.1	740.1	740.1	Met	731.8	731.8	731.8	Met	731.2	714.6	718.0
Indicative Targets											
Floor on total revenue collection of the central government [2]	671.0	671.0	696.0	Met	380.0	380.0	395.0	Met	767.0	457.0	908.0
Ceiling on new domestic arrears related to GOL security repayments to banks (continuous)	0.0	0.0	9.5	Not met	0.0	0.0	7.8	Not Met	0.0	0.0	0.0
Floor on social and other priority spending [2]	76.0	76.0	78.8	Met	39.4	39.4	42.5	Met	83.2	46.5	90.3
Floor on on-budget capital spending [2]	53.0	53.0	69.0	Met	29.0	29.0	32.0	Met	67.0	49.0	107.0
Floor on the share of public wage bill paid in Liberian Dollars (percent of total public wage bill)[8]	0.30	0.30	0.20	Not Met	0.35	0.35	0.31	Not Met	0.35	0.35	0.35
Memorandum Items											
Floor on wage bill of school teacher and non-teacher staff [2]	33.0	33.0	37.2	Met	17.3	17.3	19.9	Met	38.3	21.4	40.2
Floor on wage bill of core and non-core clinical health workers [2]	43.0	43.0	41.6	Not Met	22.1	22.1	22.6	Met	44.9	25.1	50.1

Sources: Liberian authorities, and IMF staff estimates and projections.

[1] The Standard Continuous Performance Criteria will also apply: (i) not to impose new or intensify existing restrictions on the making of payments and transfers for current international transactions; (ii) not to introduce new or intensify existing multiple currency practices; (iii) not to conclude bilateral payments agreement that are inconsistent with the IMF's Articles of Agreement (Article VIII); and (iv) not to impose new or intensify existing import restrictions for balance of payments reasons.

[2] 2024, 2025 and 2026 criteria and targets are cumulative from the beginning of the calendar year.

[3] 2024, 2025 and 2026 floors shall be adjusted for deviations of investment spending, and budget support loans from the baseline (see TMU, ¶11).

[4] Excludes IMF loans. 2024 targets are cumulative from the beginning of the calendar year. Starting with the Jun 2025 test date, the targets are shown as cumulative from the date of ECF program approval.

[5] These numbers are cumulative from the beginning of the calendar year.

[6] These numbers exclude monetary policy costs.

[7] 2024, 2025 and 2026 floors shall be adjusted for (i) deviations of banks' deposits of unfit US$ banknotes at the CBL from the baseline, and (ii) deviations of the value of unfit US$ banknotes shipped to the Federal Reserve from the value credited to the CBL's account (see TMU, ¶20).

[8] This will be monitored on a cash basis only.

Table 2. Liberia: RM Matrix

	June 1, 2026	December 1, 2026	June 1, 2027	November 26, 2027
	4th ECF Review/ 1st RSF Review	5th ECF Review/ 2nd RSF Review	6th ECF Review/ 3rd RSF Review	7th ECF Review/ 4th RSF Review
Disaster Risk Management and Pandemic Preparedness	**RM1:** The MFDP, in coordination with the NDMA and other relevant agencies, will establish a database --to be regularly updated-- tracking the fiscal costs of climate-related and natural disasters response. A summary of the first version of the database will be published on the MFDP's website, including at least two past disaster events.	**RM2:** The MFDP to adopt and publish a national climate risk assessment methodology to evaluate fiscal exposure and guide climate-informed budgeting and investment decisions. The outputs of this assessment will be incorporated into the fiscal risk analysis starting in the 2027 budget.	**RM4:** The MFDP, in coordination with the NDMA, to issue a ministerial order adopting and publishing an implementation plan for the Disaster Risk Financing strategy, in line with IMF recommendations. The MFDP will be in charge of the plan implementation, and the order will include time-bound implementation actions with responsibilities for each action to strengthen fiscal resilience, require annual public reporting [in the budget] on progress and mandate periodic review and update of the plan at least every three years to reflect evolving risks and lessons learned.	**RM9:** The MFDP will adopt and publish a regulation defining clear guidelines for the use of budgetary mechanisms in disaster response, including for natural disasters and public health emergencies, to ensure rapid mobilization of resources for both climate-related shocks and pandemic preparedness. This will include the determination of adequate budgetary allocation for disaster response and access to contingent funding in line with IMF's recommendations, as well as the requirement and triggering criteria for post-disaster audit by GAC on the use of contingency funds for disaster response.
Climate Finance and Governance		**RM3:** To facilitate public investment planning, and inform potential donors and private investors, MFDP (PIU) will transform the AAID Development plan into sector plans covering road, energy, water and sanitation to identify major investment projects that are also consistent with the country's NDC, and publish the sector plans and priority projects on the Liberia Development Dashboard.	**RM5:** Parliament to enact a comprehensive climate change law, incorporating key climate governance principles related to climate change adaptation and mitigation (planning, implementation, monitoring, climate finance, decentralization, roles and responsibilities of institutions). **RM6:** MFDP (PIU) to (i) develop and adopt a procedure -- including a calendar for regular updates-- to ensure the timely tracking of proposed and approved government and donor funded projects within the Liberia Development Dashboard, incorporating climate-relevant projects that must be identified when submitted by the PIU, as well as relevant climate finance information in line with IMF recommendations, and (ii) transform and publish the AAID Development plan into sector plans and relevant projects for three additional key sectors identified by the government, in line with the guidelines detailed in RM3.	**RM10:** MFDP to (i) develop a set of climate criteria for project appraisal in line with IMF recommendations, and (ii) include climate change in the project appraisal requirements within the public investment management manual.
Water and food security			**RM7:** Government to establish and operationalize a Water Management Council (WMC) charged to draft a water management law, in line with good international practices, to be submitted to Parliament by end June 2027. The WMC will also sign an MoU with all relevant stakeholders to provide governance clarity until the law is enacted. **RM8:** Government to develop a regulatory framework for groundwater and irrigation water abstraction via raw water abstraction permits/licensing, and legal basis for a tariff structure based on abstraction volume, targeting large commercial users (e.g., mining, rubber, large agribusiness), in line with IMF recommendations.	**RM11:** In line with its Strategic Plan for 2025–2029, and to reduce reliance on government subsidies, LWSC will reduce its operating ratio. The average of the operating ratio from the first three quarters of 2027 should be at or below 1.25 (compared to the current reference ratio of 1.57 identified in the Strategic Plan) as a sustained operational benchmark. If LWSC increases water tariffs towards cost-recovery levels as part of the measures to reduce its operating ratio, it should ensure the adoption of a social tariff to protect vulnerable consumers.

Table 3. Liberia: Prior Actions and Structural Benchmarks for 2025-27

Definition	Status/Comment
Adopt and start implementing new revenue measures to generate at least US$10 million in 2026.	**Not met, fuel excise increase replaced by expenditure cuts**
Publish the Bank Financial Institutions Holding Act.	**Met**
Structural Benchmarks to be implemented as Prior Action	
MFDP to provide the complete borrowing terms, including detailed repayment schedules, and copies of the original contracts of all GoL external debt obligations.	**Met**
CBL to report to the Fund on the enforcement of the NPL regulations requiring all banks to have full provisioning for NPLs older than one year and writing off NPLs older than three years.	**Met**

Structural Benchmarks			
Definition	**Target Date**	**Rationale**	**Status/Comment**
Enhancing Domestic Revenue Mobilization			
Enact/adopt necessary amendments to other parts of the Revenue Code and other legislation as needed (e.g., PFM law) required for the implementation of VAT, in consultation with the Fund (specific areas for amendment will be specified with FAD's support).	Jun. 30, 2026	Support VAT implementation	**In progress**
Submit to the Legislature legal amendments to (a) the Minerals and Mining Law (MML) to (i) remove all fiscal provisions in the MML and (ii) replace them with references to the Liberia Revenue Code (LRC) and to (b) the LRC to (i) increase mineral royalty rates, especially for gold and iron ore, (ii) increase withholding tax rates for interest and dividend payments specific to mining sector, and (iii) allow indefinite carryforward of any excess tax credit under the minimum tax.	Oct. 31, 2026	Strengthen Mining Fiscal Regime	**New proposed**
Strengthening Public Financial and Investment Management			
MFDP to enhance annual financial statements to include detailed explanation of deviations in spending and revenues compared to the approved budget or supplementary budget.	April. 30, 2026	Enhance fiscal transparency and accountability	**In progress**

Table 3. Liberia: Prior Actions and Structural Benchmarks for 2025-27 (concluded)

Definition	Target Date	Rationale	Status/Comment
Strengthening Monetary Policy Operational Framework and Financial Sector Oversight			
CBL to report to the Fund on the enforcement of the NPL regulations requiring all banks to have full provisioning for NPLs older than one year and writing off NPLs older than three years.	Oct. 31, 2025	Enhance financial stability	**Not Met, to be implemented as PA.**
CBL should prepare resolution plans for SIB and Bloom Bank in consultation with Fund staff.	Dec. 31, 2025	Enhance financial stability	**Not Met, implemented with a delay**
CBL to assign specialized staff to a dedicated bank resolution unit and adopt regulations and operational guidelines on bank resolution.	Dec. 31, 2025	Enhance financial stability	**Not Met, staff assignment implemented, and regulations and guidelines proposed as a new SB for May 31, 2026**
CBL to adopt regulations and operational guidelines on bank resolution.	May 31, 2026	Enhanced financial stability	**End-December SB on bank resolution unit and guidelines, not met and proposed as a new SB for May 31, 2026**
The CBL Board adopts a formal framework, aligned with the BFIA, for remedial and corrective actions to enforce bank restructuring in line with the adopted plans to include: (i) a monitoring dashboard to assess progress against predefined benchmarks, including but not limited to planned capital injections and (ii) proportional remedial and corrective actions associated with each benchmark.	April 30, 2026	Enhance financial stability	**New proposed**
Enhancing Governance			
LACC submits the legal amendment to eliminate the provision in the Code of Conduct that limits the publication of asset declarations to instances authorized by judicial order.	Dec. 31, 2025	Enhance governance and transparency	**Not Met, proposed as a new SB, for May 31, 2026**
The Ombudsman Office submits the legal amendment, prepared by LACC, to eliminate the provision in the Code of Conduct that limits the publication of asset declarations to instances authorities by judicial order.	May 31, 2026	Enhance governance and transparency	**End-December SB on Legal amendment** not met and a new measure proposed for May 31, 2026
The GoL to (i) publish Governance Diagnostic (GD) report, and (ii) develop and adopt a detailed time-bound action plan for the implementation of the key recommendations from the GD report.	Sept. 30, 2026	Enhance governance and transparency	**New Proposed**

Table 4. Liberia: Recurrent Structural Benchmarks			
Definition	**Target Date**	**Rationale**	**Status/Comment**
Enhance reporting practices on foreign exchange withdrawals through compilation of reports on foreign exchange withdrawals from CBL and timely submission of these reports to the CBL Board of Governors (BoG) monthly.	Monthly (Within six weeks after the end of month.)	Enhance internal controls.	**Met**
Enhance reporting practices on foreign exchange withdrawals through semi-annual external audits on the foreign exchange reserves of CBL.	Semiannually (within eight weeks after the end of each half of the year)	Ensure transparency	**Not Met, implemented with a delay.**
In line with the Enterprise Risk Management Policy, submit quarterly compliance reports to the CBL BoG with details of deviations from CBL's policies and procedures, as well as stated regulatory requirements.	Quarterly (from 2024Q1; Within 30 days after the end of quarter.)	Improve compliance with policies and regulations	**Not Met, implemented with a delay.**
The MFDP to prepare monthly fiscal reports and cash plans on a rolling basis. The cash plans will set allotments and commitment ceilings for spending agencies, based on revenue collections. These reports will be shared with IMF staff.	Monthly related to the preceding month (from June 2024). Fiscal report by the 15th and the cash plan by the 30th or the last day of the month.	Strengthen budget execution.	**Not Met,** (*Fiscal report met, but Cash plans not*).
Expand and update, at least annually, the existing domestic tax and customs duties exemptions database. A comprehensive report should be included in the government budget document as an annex.	Annually	Enhance tax exemption management	**The next tax expenditure report, based on 2025 data, will be completed by September 2026.**
The CBL to submit a monthly report for enforcement of reserve requirements and regulatory actions and penalties imposed for delinquent banks.	Monthly related to the preceding month (from February 2025).	Improve compliance with policies and regulations	**Met**
The CBL to submit a monthly report for enforcement of NPL regulation requiring all banks to have full provisioning for NPLs older than one year and writing off NPLs older than three years.	Monthly related to the preceding month (from November 2025)	Improve compliance with policies and regulations	**New proposed**

Table 4. Liberia: Recurrent Structural Benchmarks (concluded)

Definition	Target Date	Rationale	Status/Comments
MFDP to publish supplementary budget 30 days following the Legislature's approval, with all necessary tables, showing any change, compared to the approved budget, to all MACs budget allocation.	Starting October 30, 2025, within 30 days following the approval of supplementary budget	Enhance fiscal transparency and accountability.	**No supplementary budget in 2025.**
MFDP to (i) develop and publish a fiscal table in the National Budget that presents interest expenditure (expenditure, above the line) separately from debt amortization (financing, below the line), distinguishes external grants (revenue above the line) from loans (financing, below the line), and presents domestic and external borrowing and amortization separately as financing items; and (ii) with the Ministry of Public Works input, prepare the 2027 National Budget for the Ministry, as a pilot, in line with GFS 2014 economic classifications, which will require the correct budgeting and recording of PSIP expenditures according to their economic nature.	Starting from October 31, 2026, with the FY2027 National Budget	Enhance fiscal transparency	**New proposed**

Attachment II. Technical Memorandum of Understanding

A. Introduction

1. This memorandum sets out the understandings between the Liberian authorities and the International Monetary Fund (IMF) regarding the definitions of the quantitative performance criteria (QPCs) and indicative targets (ITs) for the program supported by the Extended Credit Facility (ECF) arrangement, as well as the related reporting requirements. It also describes the methods to be used to assess the program performance and the information requirements to ensure adequate monitoring of the targets. The authorities will consult with the Fund before modifying measures contained in this letter, or adopting new measures (including amendments to the legislation and/or regulatory framework) that would deviate from the goals of the program, and provide the Fund with the necessary information for program monitoring. Unless otherwise specified, all QPCs and ITs will be evaluated in terms of cumulative flows from the beginning of the period. This TMU also covers some elements of monitoring of the Fund-supported program under the Resilience and Sustainability Facility (RSF)

B. Program Exchange Rates

2. For the purpose of the program, foreign currency denominated values will be converted into Liberian currency (Liberian Dollar) using a program exchange rate of LRD 1.33/US$ and cross rates as reported in the IMF's International Financial Statistics as of July 31, 2024 (except for XUA which comes from published exchange rates on the African Development Fund website) and reproduced below in Text Table 1.

Text Table 1. Liberia: Program Exchange Rates
(As of July 31, 2024)

Currency	Currency Units Per SDR	Liberian Dollars Per Currency Unit	US Dollars Per Currency Unit
US dollars	1.33	195.37	1.00
British Pound Sterling	1.03	250.89	1.28
Japanese Yen	202.45	1.28	0.01
Euro	1.23	211.55	1.08
SDR	1.00	259.54	1.33
XUA	1.00	259.80	1.33
RMB	9.59	27.06	0.14

C. Definitions

Quantitative Performance Criteria (QPC)

3. For the purpose of the program, the *Government* is defined as the budgetary central government of Liberia (GoL). It excludes extrabudgetary units of the central government, public nonfinancial corporations, public financial corporations, social security funds, and local government. The operations of the budgetary central government will be presented in U.S. dollars with all revenues and expenditures that are denominated in Liberian dollars converted at the period average exchange rate.

4. The *budgetary central government* is defined as central government entities with budgets covered by the main budget controlled by the Ministry of Finance and Development Planning (MFDP). The coverage includes on-budget operations and off-budget transactions managed by these entities.

5. The revenue collection of the budgetary central government includes all tax and non-tax receipts transferred into the GOL revenue accounts at the CBL for the relevant fiscal year, including income and transfers from state-owned enterprises and public institutions, as well as budget support loans and grants. Tax revenue includes taxes on income, profits, capital gains, goods and services, international trade, and other taxes (including property tax and social contribution by foreign concessions). Non-tax revenue includes property income (dividends and interest income, royalty and rent), administrative fees, fines, penalties and forfeits, as well as other non-tax revenue (voluntary transfers and other grants, sales of other goods and services, withholding on other payments by government (non-resident), and taxes on financial and capital transactions. External loans and grants for off-budget projects managed by the budgetary central government are excluded unless otherwise stated. Revenues retained by government agencies to fund their operations and not appropriated in the budget shall not be considered revenue for program purposes. For the purposes of the program, revenue is measured in U.S. dollars, with GOL revenue account receipts in Liberian dollars converted to U.S. dollars using the period average exchange rate.

6. The public sector is defined as the general government (which includes the central government, local government and social security funds), public nonfinancial corporations and public financial corporations. Public corporations are defined as resident institutional units controlled by government or another public corporation, which are principally engaged in the production of market goods or services. Control of a corporation is defined as the ability to determine general corporate policy of a corporation. General corporate policy is understood in a broad sense to mean the key financial and operating policies relating to the corporation's strategic objectives as a market producer. A market producer is an institutional unit that provides all or most of its output to others at prices that are economically significant.

7. The definition of *public external debt* (both concessional and non-concessional), for the purposes of the program, refers to the debt of the central government (as defined in paragraph 3) owed to non-residents, and it applies not only to the meaning set forth in paragraph 8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to Executive Board Decision No. 16919-(20/103), adopted October 28, 2020, but also to commitments contracted or guaranteed for which value has not been received. For program monitoring purposes, external debt is considered to be contracted or guaranteed once all conditions for its entrance into effect have been met, including ratification by the legislature and the legal opinion from the Ministry of Justice and any other relevant authorities, if required. **For program purposes, a debt is concessional if it includes a grant element of at least 35 percent**, calculated as follows: the grant element of a debt is the difference between the net present value (NPV) of debt and its nominal value, expressed as a percentage of the nominal value of the debt. The NPV of debt at the time of its contracting is calculated by discounting the future stream of payments of debt service due on this debt. The discount rate used for this purpose is 5 percent. Loans provided by a private entity will not be considered concessional unless accompanied by a grant or grant element provided by a foreign official entity, such as both components constitute an integrated financing package with a combined grant element equal to at least 35 percent.

8. Non-concessional public external debt is external debt (as defined in paragraph 7) that does not meet the definition of concessionality defined in paragraph 8. External debt and its concessionality will be reported by the Debt Management Unit of the Ministry of Finance and Development Planning and will be measured in U.S. dollars at current exchange rates.

9. Program performance will be assessed against the quantitative performance criteria on:

- Primary fiscal balance excluding grants (floor),
- New arrears on public external debt (ceiling),
- Present value of new public and publicly guaranteed external debt contracted (ceiling),
- CBL's operational and capital expenditure (ceiling),
- CBL's net international reserves (floor), and
- CBL's gross direct credit to government (ceiling).

Primary Fiscal Balance Excluding Grants

10. A floor applies to the cumulative flow of the primary fiscal balance excluding grants since the beginning of the fiscal year, which runs from January to December. The primary fiscal balance relates to revenue and expenditure of the budgetary central government (as defined in

paragraph 4). For the purpose of monitoring the program and QPCs, the focus is on on-budget operations only, and the primary balance used is defined as being equal to the difference between revenue, excluding budget-support grants and loans, and expenditure net of interest payments (including on-budget gross investment in nonfinancial assets). Revenue is defined as all revenue collected by the LRA. Expenditure is measured on a commitment basis. For non-payroll expenditures, commitment happens when a purchase order (voucher) is issued. A future obligation to pay is subject to fulfillment of a contract or service delivery and thus is distinguished from commitment. For payroll expenditure, commitment is when the payment is approved. The primary fiscal balance used for the debt sustainability analysis is calculated using revenue and expenditure of the budgetary central government including budget support grants and off-budget transactions (loans) provided by multilateral and bilateral development partners.

11. Adjustor: If the sum of cumulative budget support grants and concessional budget support loans received up to the relevant quarter in the fiscal year exceeds the amounts stated in Text Table 2 below, the floor for the primary fiscal balance excluding grants in that quarter will be adjusted downward by the amount of the excess. If part of expenditure were for capital injection that are consistent with the financial sector reform plan adopted by the CBL Board in consultation with Fund staff, the floor for the primary fiscal balance excluding grants in that quarter will be adjusted downward by that amount. The 2024 and 2025 floors shall be adjusted up by the sum of shortfalls in on-budget capital spending (as defined in paragraph 27). This adjustor shall not be negative and be capped at US$60 million for 2025. Shortfalls are relative to reference values shown in Text Table 2.

Text Table 2. Liberia: Adjustor to the Primary Balance Excluding Grants, 2025Q2-2026Q4
(Millions of U.S. dollars, Cumulative)

	2025Q2	2025Q4	2026Q2	2026Q4
Budget support loans	0.0	60	0.0	52.5
On-budget Capital Spending	29.0	67	34	87

New Arrears on Public External Debt

12. A zero ceiling applies on payment arrears on public external debt. Public external debt is defined in paragraph 7. For the purpose of the ceiling on the accumulation of external payment arrears, external payment arrears will accrue when undisputed payments such as interest or amortization on debts of the Government (as defined in paragraph 3) to non-residents are not made within 30 days of the contractual due date or within the contractual grace periods, whichever is later or, in the case of sovereign guarantees, when payments due by the Government are not executed within the terms established in the sovereign guarantee. This criterion excludes arrears arising from external payments obligations being renegotiated with creditors and arrears on debts

in dispute on the due date of payment. The source of the data is primarily the Debt Management Unit of the Ministry of Finance and Development Planning, but where information gaps arise, other fiscal and monetary sources will be used to reconcile the data. This performance criterion will be monitored on a continuous basis.

Present Value of New Public and Publicly Guaranteed External Debt Contracted

13. A ceiling applies to the cumulative present value (PV) of all new external debt contracted or guaranteed by the public sector, including commitments contracted or guaranteed for which no value has been received. Public external debt is defined in paragraph 7. The PV of new external debt is calculated using the IMF "PV Tool" based on the amount of the loan, projected disbursements, the maturity, grace period, payment schedule, and fees. For debts with a grant element equal to or below zero, the PV will be set equal to the nominal value of the debt. The discount rate used for this purpose is the unified discount rate of 5 percent set forth in Executive Board Decision No. 15248- (13/97). The PV of external debts in currencies other than the U.S. dollar will be calculated in U.S. dollar terms at program exchange rates as specified in TMU Text Table 1. For the purpose of this performance criterion, the ceiling on the cumulative PV of new contracted or guaranteed external debt excludes debt contracted from the IMF. The MFDP must immediately report to the IMF staff upon signing any new contracts for external loans or guarantees, informing the terms, conditions and assurances underlying those obligations. The MFDP must also immediately report to the IMF staff when those contracts become effective by means of ratification and when disbursements are received.

14. Adjustor to the debt ceiling when the deviation is due to change in financing terms. The PV of debt ceiling, referred to in paragraph 14, will be adjusted upwards by up to 5 percent, in case deviations from the performance criterion on the PV of new external debt are prompted by a change in the financing terms (interest, maturity, grace period, payment schedule, upfront commissions, management fees) of a debt or debts.

CBL's Operational and Capital Expenditure

15. A ceiling applies on the operational and capital expenditure of the CBL. For the purposes of the program, the CBL's operational and capital expenditure budget is defined as the sum of total accrual based operating expenses and cash-based capital expenditure excluding the interest paid on CBL instruments and facilities. The budget is measured in U.S. dollars, with all Liberian dollar expenditure converted at the monthly period-average exchange rate.

CBL's Net International Reserves

16. *Net international reserves* of the CBL are defined as the difference between gross official reserve assets and gross reserve liabilities. The net foreign exchange position of the CBL is presented in U.S. dollars. Assets and liabilities denominated in SDRs are valued at a fixed rate of

the U.S. dollar against SDR at the program exchange rate (Text Table 1). Other currencies are valued at cross rates against the U.S. dollar using the program exchange rates (Text Table 1).

17. ***Gross official reserve assets* of the CBL include the following**: (i) monetary gold holdings; (ii) holdings of SDRs in the IMF SDR Department; (iii) the reserve position in the IMF; (iv) foreign convertible currency holdings; (v) foreign currency denominated deposits held in central banks and other investment-grade banks and institutions abroad; (vi) loans to foreign banks of investment-grade redeemable upon demand; (vii) investment-grade foreign securities; and (viii) other unpledged convertible liquid claims on non-residents. It excludes the following: (i) any foreign currency claims on residents; (ii) resident banks' foreign currency assets held at the CBL; (iii) capital subscriptions in international institutions; (iv) foreign assets in nonconvertible currencies; (v) unfit foreign currency banknotes in vault and in transit; and (vi) gross reserves that are in any way encumbered or pledged, including, but not limited to (a) assets blocked when used as collateral for third-party loans and third party payments or pledged to investors as a condition for investing in domestic securities; (b) assets lent by CBL to third parties that are not available before maturity and are not marketable; (c) assets blocked for letters of credit; and (d) assets ring-fenced in accordance with guarantees. For the purpose of the program and in the context of Liberia's dual currency system, foreign currency includes US dollars.

18. ***Gross reserve liabilities* of the CBL are defined as sum of the following** (i) outstanding liabilities of the CBL to the IMF; (ii) all short-term foreign currency liabilities of the CBL to non-residents with an original maturity of up to, and including, one year, and (iii) all foreign currency deposits of the Government with the CBL. SDR allocations are excluded from gross reserve liabilities of the CBL.

19. For the purpose of calculating the QPC on NIR, end-of-the-month foreign exchange numbers audited by the Internal Audit Department of the CBL will be used, except for IMF accounts numbers, (i.e., Reserve tranche position, SDR holdings, and Use of Fund resources will be taken from IMF records).

20. Adjustor to the QPC on the floor on the change in NIR. The QPC floor on the change in NIR shall be adjusted down by the difference between the value of unfit U.S. dollar banknotes shipped to the Federal Reserve and the value credited to the CBL's account. The QPC floor on the change in NIR shall be adjusted up (down) if banks' actual deposits of unfit U.S. dollar banknotes at the CBL are less (greater) than the baseline projections in Text Table 3.

Text Table 3. Liberia: Adjustor to the Floor on NIR, December 2024 – June 2026 (Millions of U.S. dollars)			
	2025Q2	**2025Q4**	**2026Q2**
Deposits of unfit US$ banknotes by banks*	3.0	10	5
*Cumulative from beginning of year.			

21. Recognition of GOL deposits on test dates. GOL deposits credited to the CBL's accounts before or on the test date but whose liability is recognized by the CBL after the test date shall, for program purposes, be recognized as GOL deposit occurring on the test date.

CBL's Gross Direct Credit to Government

22. A ceiling applies on the CBL's gross direct credit to the Central Government (as defined in paragraph 3). The CBL's gross direct credit to the Government is the sum of all claims on the government in local and foreign currency. It includes loans to the Government in local currency including all suspense accounts, loans to the Government in foreign currency including all suspense accounts, securities in local currency (other than shares), securities in foreign currency (other than shares), negative balances (overdrafts) on deposits of the central government in local currency including "other deposits", negative balances (overdrafts) on deposits of the central government in foreign currency including "other deposits", and all other claims on the government in local currency.

Indicative Targets

23. The program sets indicative targets with respect to the following:

- Total revenue collection of the budgetary central government (floor),
- New domestic arrears related to the GOL security repayments to banks (ceiling),
- Social and other priority spending (floor),
- Share of central government wage bill paid in LRD (LRD share in GoL compensation payments) (floor), and
- On-budget investment spending (floor).

Total Revenue Collection of the Budgetary Central Government

24. For the purpose of the indicative target on revenue collection, total revenue is the revenue collection of the budgetary central government (as defined in paragraph 5) excluding budget support loans and grants.

New Domestic Arrears Related to the GOL Security Repayments to Banks

25. A ceiling applies on new domestic arrears of one type of government expenditure. The precise point at which a government liability falls into arrears typically varies according to the type of expenditure. For the purposes of this indicative target, the following type of government expenditure will be considered to be in arrears under the circumstances set forth below:

- *Payment of interest and/or principal on government debt to banks*: expenditure falls into arrears as soon as the scheduled date for payment has passed (subject to any applicable grace period).

Social and Other Priority Spending

26. Social spending is defined as education and health. Education and health spending consist of the cumulative payments up to the relevant quarter and/or semiannually in the fiscal year of the units listed in Text Table 4 (payment vouchers approved by the Ministry of Finance and Development Planning).

Text Table 4. Liberia: Social and Other Priority Spending

Sector	Payment voucher items
Education	Total wage bill and workforce of teacher and non-teacher staff.
Health	Total wage bill and workforce of core clinical health workers (physician, physician assistant, midwife, registered nurses) and noncore clinical health workers (clinical support, EHT, dentist, lab technician and pharmacist).

On-Budget Investment Spending

27. On-budget investment spending is defined as gross investment in nonfinancial assets as stated in the budgetary central government statement of operations table. Investment spending is defined as set out in the Government Finance Statistics Manual 2014 under transactions in nonfinancial assets which is broadly in line with what the GOL includes in its public sector investment program excluding 60 percent of the transfers to the Road Fund[1]. It also excludes off-budget projects related to donor projects. The indicative target is based on the annual gross investment. The target shall be assessed using cumulative spending up to the relevant quarter in the fiscal year.

Share of Central Government Wage Bill Paid in LRD (LRD Share in GoL Compensation Payments)

[1] See An Act To Establish A National Road Fund For Road Maintenance in The Republic of Liberia (2016), paragraph 6.1 (d).

28. A floor applies to the share of central government wage bill (as a percent of total central government wage bill) paid in Liberian dollars to support the authorities' effort to de-dollarize the economy. For the program purpose, this indicative target is based on the quarterly central government gross wage spending (compensation of employees) on cash basis. The central government gross wage bill is measured in U.S. dollars, with all Liberian dollar wage bill converted at the monthly period-average exchange rate. This share is provided by the authorities through the monthly fiscal monitor report.

D. Data Reporting

29. To allow monitoring of developments under the program, the Ministry of Finance and Development Planning and the CBL will coordinate and regularly report the information requested in Tables 1-3, below, to the staff of the IMF.

30. The above data and reports will be provided electronically to the IMF Resident Representative to Liberia, with copies to the local IMF economist, Mr. Deline (adeline@imf.org) for further transfer to the African Department of the IMF in Washington, D.C.

31. Moreover, we will provide the Fund with such information as the Fund requests in connection with the progress in implementing the policies and reaching the objectives of the program.

32. In addition to this summarized table, the CBL will also provide detailed balance sheet data to IMF staff when requested.

E. RSF Reform Measures

33. For all reform measures (RMs), the authorities will share relevant materials with the IMF at least 2 months before program reviews to allow for timely feedback on progress. The design and implementation of measures underpinning the agreed RMs will align with IMF staff technical recommendations and, where applicable, guidance from development partners such as the World Bank, the WHO, and the GCA.

Table 1. Liberia: Data Reporting Requirements for Program Monitoring			
Reporting Agency	**Table/Report**	**Frequency**	**Timing**
MFDP	The report on the status of implementation of the performance criteria, prior actions, and structural benchmarks specified in Tables 1-3 of the MEFP.	Monthly	Within three weeks after the end of the month
Fiscal			
MFDP	Monthly fiscal reconciliation reports, where cash revenue and expenditure with spending commitments are reconciled.	Monthly	Within three weeks after the end of the month
LRA	Daily LRA unreconciled revenue performance report.	Daily	Within three days
MFDP	Detailed reports on monthly revenue and expenditure on both a cash and a commitment basis by budget line and a completed summary table on central government operations.	Monthly	Within three weeks after the end of the month
MFDP	A detailed report on disbursements of budget support, grants and budgeted and off-budget loans, by donor and by project.	Monthly	Within three weeks after the end of the month
MFDP	A detailed report on monthly social spending lines monitored for the program purpose on commitment and cash basis.	Monthly	Within three weeks after the end of the month
MFDP	The amount of new domestic debt contracted or guaranteed by the Government, classified by creditor, instrument type, currency, as well as the corresponding terms (e.g., maturity profile and interest rate).	Monthly	Within three weeks after the end of the month
MFDP	A detailed report on monthly payments on domestic debt classified by creditor, instrument type, and currency.	Monthly	Within three weeks after the end of the month
MFDP	A table providing the end-of-period stock of domestic debt arrears accumulated and payments made on arrears during the program period.	Monthly	Within three weeks after the end of the month
MFDP	Outstanding appropriations, allotments and commitments, and disbursements for line ministries and agencies.	Monthly	Within three weeks after the end of the month
MFDP	Weekly cash plan report detailing: i) weekly revenue and expenditure cash flows, including opening balance of revenue account, cash inflows, cash outflows, sources of financing, surplus/deficit, outstanding checks, and net of closing bank balance and outstanding checks; ii) monthly cash plan for the remaining of the fiscal year.	Monthly	Within twenty-one days after the end of the week

Table 1. Liberia: Data Reporting Requirements for Program Monitoring (continued)			
Reporting Agency	**Table/Report**	**Frequency**	**Timing**
MFDP	Weekly fiscal report detailing: i) summary of budget expenditure on allotment, commitment, cash basis, and liabilities by economic code; ii) detailed budget execution; iii) cumulative revenue and expenditure by currency; iv) expenditure by Ministries and Agencies.	Monthly	Within fourteen days after the end of the month.
CBL	Monthly sweeping reports showing the end of the month balances of the GoL accounts at the CBL and of all operations and other accounts at the CBL of the M&As.	Monthly	Within three weeks after the end of the month
CBL	The CBL's claims on and liabilities to Central Government by account: i.e., end-of-month balances of all operating and other accounts at the CBL of the line ministries and agencies receiving budgetary appropriations.	Monthly	Within three weeks after the end of the month
CBL	The CBL's claims on and liabilities to Public Nonfinancial Corporations by account: i.e., end-of-month balances of all operating and other accounts at the CBL of all public nonfinancial corporations.	Monthly	Within three weeks after the end of the month
MFDP	Quarterly reports of state-owned enterprise financial operations submitted to the Ministry of Finance and Development Planning.	Quarterly	Within 45 days after the end of the quarter
Balance of Payments and Public External Debt			
CBL	Export volumes and values by major commodity, import values by standard international trade classification (SITC), import volumes of rice (by commercial and noncommercial use) and petroleum products.	Monthly	Within three weeks after the end of the month
CBL	Remittance flows for money transfer operators (MTOs) and commercial bank wire. Data to be reported as gross inflows and gross outflows for each component.	Monthly	Within three weeks after the end of the month
CBL	Detailed report on the Balance of Payments	Quarterly	Within 45 days after the end of the quarter
CBL	Detailed report on International Investment Position	Semi-annually	Within 45 days after the end of the semester
CBL	Report on the progress of improving the classification framework of surveys and ITRS for the compilation of Balance of Payments Statistics	Monthly	Within three weeks after the end of the month

Table 1. Liberia: Data Reporting Requirements for Program Monitoring (continued)			
Reporting Agency	**Table/Report**	**Frequency**	**Timing**
MFDP	Detailed report on loans and sovereign guarantees in the pipeline, including details on the terms, conditions and assurances.	Monthly	Within three weeks after the end of the month
MFDP	A detailed report on monthly disbursements of external debt by loan, category, creditor, and project; distinguishing between loan and grant components in cases of projects with mixed funding modalities.	Monthly	Within three weeks after the end of the month
MFDP	A detailed report on monthly payments of interest and principal on external debt by loan instrument, category, creditor, and project, including the due date, grace period, and confirmation number of payment informed by CBL. The report will also inform the outstanding stock of external debt per loan instrument.	Monthly	Within three weeks after the end of the month
MFDP	Detailed report with projections for conforming and disputed external debt service payments over the next five years, including the current year, with a monthly frequency, and over the next 40 years, including the current year, with an annual frequency.	Monthly	Within three weeks after the end of the month
MFDP	Detailed report on the external debt inventory, accompanied by relevant facts from the reconciliation process. Relevant facts include, but are not restricted to, identified discrepancies between pre-existing and newly obtained information.	Quarterly	Within 45 days after the end of the quarter
CBL	Detailed report on external debt service payments, including Swift transaction confirmation number	Monthly	Within three weeks after the end of the month
CBL	Detailed report on received external debt disbursements, including Swift transaction confirmation number	Monthly	Within three weeks after the end of the month
Monetary and Exchange Rate			
CBL	The end-of-month balance sheet of the CBL (1SR) and the Central Bank Survey (1SG).	Monthly	Within three weeks after the end of the month
CBL	The end-of-month balance sheet of the other depository corporations (ODCs) (2SR) and the Other Depository Corporations Survey (2SG).	Monthly	Within three weeks after the end of the month
CBL	The Depository Corporations Survey (3SG).	Monthly	Within three weeks after the end of the month

Table 1. Liberia: Data Reporting Requirements for Program Monitoring (continued)			
Reporting Agency	**Table/Report**	**Frequency**	**Timing**
CBL	CBL cash and budget weekly outturn relative to forecast following the template provided below (Table 2).	Weekly (preliminary data) and Monthly (reconciled data)	Within five days after the end of the week (preliminary data) and within three weeks after the end of the month (monthly reconciled data)
CBL	CBL commitment-based budget monthly outturn relative to forecast following the template provided below (Table 3).	Monthly	Within three weeks after the end of the month
CBL	A full set of monthly Financial Soundness Indicators (FSIs) regularly calculated by the CBL, including capital adequacy, profitability and liquidity ratio.	Monthly	Within three weeks after the end of the month
CBL	Loan classification (current, OLEM, substandard, doubtful, loss) and provisioning for each class, including bullet loans	Monthly	Within three weeks after the end of the month
CBL	Loan classification (outstanding, new loans, loan repayment, written off loans)	Monthly	Within three weeks after the end of the month
CBL	The income statements of ODCs as reported to the CBL.	Monthly	Within three weeks after the end of the month
CBL	The detailed table of commercial banks' loans and advances by sector.	Monthly	Within three weeks after the end of the month
Foreign Exchange and Reserve Assets			
CBL	Daily reporting of net international reserves and components: gross foreign assets (vault cash, balances with overseas correspondent banks), ODCs' current account in foreign currency, the Government's FX deposits, mutes in vault and transit, operational tellers accounts, ODCs' overdraft position at the CBL in foreign currency and overdrawn amounts in Government FX accounts at the CBL.	Weekly (preliminary data) and Monthly (reconciled data)	Within five days after the end of the week (preliminary data) and within three weeks after the end of the month (monthly reconciled data)

Table 1. Liberia: Data Reporting Requirements for Program Monitoring (continued)			
Reporting Agency	**Table/Report**	**Frequency**	**Timing**
CBL	Daily reporting of gross foreign exchange inflows and outflows and their components: inflows to GOL accounts (revenue accounts, off-budget revenue accounts, clearing accounts); inflows to ODC accounts by types of transactions (final, interbank, clearing / settlement and others); inflows to CBL accounts (interest income, surrender purchases, FX interventions, other inflows); outflows from GOL accounts (on-budget expenditure, off-budget expenditure, clearing accounts); outflows from ODC accounts (withdrawals, clearing, and others); and outflows from CBL accounts (recurrent payments, other payments, FX interventions). Daily reporting of other memo items: total inbound remittances through MTOs, the exchange rate for surrender purchases, published indicative buying and selling rates.	Weekly (preliminary data) and Monthly (reconciled data)	Within five days after the end of the week (preliminary data) and within three weeks after the end of the month (monthly reconciled data)
CBL	Daily foreign exchange transactional level data.	Weekly	Within five days after the end of the week
CBL	Internal Audit Department (IAD)'s verification report on foreign exchange (random check on the accuracy of the daily data at least five times a month, plus on the last day of each month).	Monthly	Within five days after the end of the month
CBL	Daily reporting for monetary operations and accounts of the ODCs at the CBL: Standing Deposit Facility (SDF) (outstanding, requested, recalls, SDF interest rate); Standing Credit Facility (SCF) (outstanding, SCF interest rate); CBL bills (outstanding, maturing, and the amount, tenor and average interest rate of new CBL bill issuances); ODC accounts at the CBL (the average reserve maintenance period (RMP), reserve requirement for RMP, and excess reserves in foreign currency and those in local currency); and currency in circulation (CIC) (currency issuance, currency redemption, USD withdrawal, USD deposit).	Weekly	Within five days after the end of the week
CBL	CBL FX auctions summary of bids and bidders, including data on: number of participants (commercial banks and clients); maximum bid rate and volume; minimum bid rate and volume; average bid rate; largest transaction size (client and commercial bank); smallest transaction size (client and commercial bank).	Weekly	Within five days after the end of the week

Table 1. Liberia: Data Reporting Requirements for Program Monitoring (concluded)			
Reporting Agency	**Table/Report**	**Frequency**	**Timing**
CBL	Amounts offered, demanded and placed in Government of Liberia Treasury bill/ Treasury bond auctions; including minimum bid rate and amount, maximum bid rate and amount, and weighted average bid rates.	Monthly	Within one week after the end of month
CBL	Interest rates: average monthly interest rates on loans and deposits.	Monthly	Within three weeks after the end of month
CBL	A detailed report on liquidity forecasting up to 6 months ahead, including: (i) projected government's cash flows (revenue, expenditure, repayments and disbursements of loans including T-bills) by currency; (ii) projected flows to the CBL's net exchange position, including but not limited to planned U.S. dollar sales in the foreign exchange auction, and planned foreign exchange transactions with the Government; and (iii) projected flows of Liberian dollar liquidity, including but not limited to planned CBL Notes issuance.	Monthly	Within three weeks after the end of month
Real			
CBL	Production data in value and volume.	Quarterly	Within six weeks after the end of the quarter

Table 2. Liberia: Reporting Requirements for the CBL's Cash Budget (Template)					
	Week 1		**Week 2**		**…**
	Budget	**Actual**	**Budget**	**Actual**	**…**
Income					
Interest income					
o/w from GOL					
Other income					
Expenditure					
Current expenditure					
Personnel costs					
o/w in Liberian dollar					
Other expenses					
o/w in Liberian dollar					
Interest payments					
Capital expenditure					
o/w currency printing					
In Liberian dollar					

Table 3. Liberia: Reporting Requirements for the CBL's Cash Budget (Template)							
	Month 1			**Month 2**			**…**
	Budget	**Committed**	**Actual**	**Budget**	**Committed**	**Actual**	**…**
Income							
Interest income							
o/w from GOL							
Other income							
Expenditure							
Current expenditure							
Personnel costs							
o/w in Liberian dollar							
Other expenses							
o/w in Liberian dollar							
Interest payments							
Capital expenditure							
o/w currency printing							
In Liberian dollar							

INTERNATIONAL MONETARY FUND

LIBERIA

April 7, 2026

THIRD REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, AND REQUEST FOR AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY—DEBT SUSTAINABILITY ANALYSIS

Approved By
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Prepared by the International Monetary Fund and the International Development Association.[1]

Liberia: Joint Bank-Fund Debt Sustainability Analysis[2]	
Risk of external debt distress	*Moderate*
Overall risk of debt distress	*High*
Granularity in the risk rating	*Limited space to absorb shocks*
Application of judgment	*No*

The Debt Sustainability Analysis (DSA) assesses Liberia at moderate risk of external debt distress and at high risk of total public debt distress, with limited space to absorb shocks. Staff consider public debt to be sustainable. The PV of external debt remains below the threshold over the entire projection period. More than 90 percent of Liberia's external debt is on highly concessional terms and held by multilateral lenders. Domestic debt is mostly denominated in U.S. dollars but most of it is owed to the Central Bank of Liberia (CBL) at favorable terms. Debt projections are predicated on continued prudent fiscal policy that maintains the primary fiscal deficit below 1 percent of GDP over the projection horizon while avoiding non-concessional external borrowing in the nearer term. Key downside risks include negative shocks to growth and terms of trade, declining international aid and foreign direct investment, and a potential reversal of prudent fiscal policy. Liberia is highly vulnerable to climate and epidemic shocks, which could increase import needs, reduce export capacity, and worsen economic resilience and social stability. The RSF financing improves the balance of risks by helping Liberia address climate-related and pandemic vulnerabilities and build resilience. This DSA is being conducted in the context of the third review under the ECF-supported program approved in September 2024 and the request for financial support under an RSF.

[1] Debt coverage has remained the same as in the previous DSA.

[2] Liberia's debt-carrying capacity as determined by the Composite Indicator (CI) is assessed as weak. At 2.59 the CI score based on the October 2025 WEO data and the 2024 Country Policy and Institutional Assessment (CPIA) points to weak ranking. To change the debt carrying capacity to medium, two consecutive signals are needed.

PUBLIC DEBT COVERAGE

1. The DSA includes central government debt, central government guaranteed debt, and central bank debt contracted on behalf of the government (Text Table 1).[3]

- The external and the domestic debt of the central government is fully covered in the DSA. The external debt reached US$1,868 million in 2025, of which US$1,691 million are due to multilateral lenders, US$104.5 million to official bilateral lenders, and US$71.8 million to commercial lenders. The domestic debt reached US$995.8 million in 2025, consisting mostly of US$633 million in government borrowing from the CBL and US$249 million in sovereign bonds held by commercial banks. The debt from the CBL largely reflects legacy debt that was restructured, securitized, and fully recognized in 2019. Of the debt owed to domestic banks, local currency debt accounts for about one-seventh.

- The State-Owned Enterprise (SOE) debt is generally guaranteed by the government or reflects funds borrowed externally by the government and on-lent to SOEs and as such is captured by the DSA. Liberian SOEs are unable to secure external funding without government guarantees given the lack of market access. However, there could be SOE debt owed to domestic banks that is not covered in the DSA. The government is making efforts to improve the transparency of SOE debt and the quality of government domestic debt and contingent liabilities data. These include the ongoing General Auditing Commission (GAC) audit of the government domestic debt and arrears, together with the financial audits of SOEs. Together, they constitute a critical step toward developing a credible and comprehensive database of public debt and contingent liabilities. The authorities' efforts to strengthen debt management and enhance debt transparency are further supported by the World Bank's Sustainable Development Finance Policy (SDFP). Additionally, under the current ECF program, the Ministry of Finance and Development Planning (MFDP) has committed to developing a comprehensive inventory of government domestic debt and contingent liabilities by June 2026. While data reliability remains a concern, the MFDP in its publication of annual and quarterly Debt Management Reports included some information on SOE debt, covering guaranteed and non-guaranteed, as well as direct and on-lent liabilities.[4] The President is also initiating reforms of the Bureau of State Enterprises (BSE), which will also help improve the financial reporting of SOEs.

- The CBL debt is all external and is included in the DSA. The IMF credit to the CBL is recorded as external debt and reached US$251.4 million at end-2025, increasing from US$197.0 million as of end-2024 largely due to new disbursements under the current ECF-supported program.

[3] The definition of external and domestic debt uses a residency criterion.

[4] This data is excluded from the domestic debt stock due to data-quality concerns identified by the June 2025 IMF mission and which have not yet been addressed. The mission determined, based on discussions with several SOEs (e.g., LEC), that the information on SOE-guaranteed debt owed to domestic creditors—as reported in the annual and quarterly Debt Management Reports—is unreliable.

On-lent funds that are repaid by the CBL but not yet reimbursed by the government are recorded as domestic debt.

- Local governments have no access to external financing. Hence, it is only domestic borrowing by SOEs and local governments, as well as private sector external borrowing that escape the DSA. The amounts involved are deemed to be small.

- The DSA includes a contingent liability stress test, consistent with the Guidance Note on the Bank-Fund LIC DSF. Due to concerns about the reliability and comprehensiveness of Liberia's debt statistics—including those related to Public-Private Partnerships (PPP)—the stress test applies default shock values. The sectoral shocks are modeled as one-off increases in the debt-to-GDP ratio totaling 19.7 percent of GDP to reflect potential liabilities arising from financial market disruptions, SOE guaranteed or non-guaranteed debt recognition, and PPP distress or cancellations. These shocks amount to 5 percent, 2 percent, and 12.7 percent of GDP, respectively.

Text Table 1. Coverage of Public Sector Debt

	Subsectors of the public sector	Sub-sectors covered
1	Central government	X
2	State and local government	
3	Other elements in the general government	
4	o/w: Social security fund	
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	

1	The country's coverage of public debt	The central government, central bank, government-guaranteed debt			
		Default		Used for the analysis	Reasons for deviations from
2	Other elements of the general government not captured in 1.	0	percent of GDP	0.0	
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2	percent of GDP	2.0	
4	PPP	35	percent of PPP stock	12.7	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5	percent of GDP	5.0	
	Total (2+3+4+5) (in percent of GDP)			19.7	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

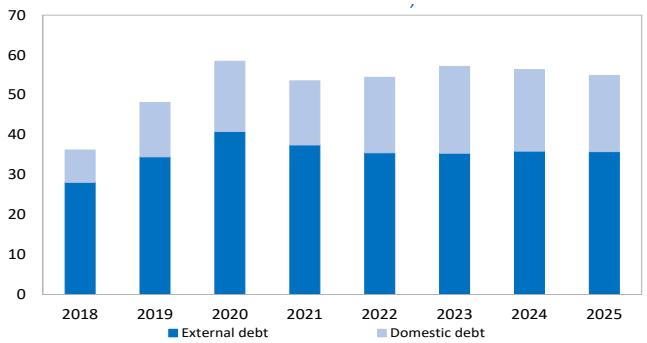
BACKGROUND

2. This DSA is being conducted in the context of the third review under the ECF-supported program approved in September 2024 and the request for an arrangement under the Resilience and Sustainability Facility (RSF). The last Low-Income Country DSA (LIC-DSF) was considered by the Executive Board on October 1, 2025 under the second review of the ECF arrangement and the 2025 Article IV Consultation, and published November 7,

2025.[5] Liberia continues to be subject to the IDA Sustainable Development Finance Policy (SDFP).

3. In 2025, total public debt reached US$2,863 million (54.9 percent of GDP), increasing from US$2,693 (56.4 percent of GDP) in 2024. In present value terms, the public debt-to-GDP ratio rises by 1.6 percent of GDP to 45.7 percent in 2025 mainly due to higher financing needs.

Text Figure 1. Stock of Public Debt, 2018-25[1/]
(Percent of GDP)



Sources: Liberian authorities and IMF staff calculations.
1/ 2025 values are projections.

4. External debt at end-2025 reached 26.6 percent of GDP in present value terms, up from 26.1 in the previous DSA projections. Text Table 2 compares the external debt stock in the DSA with World Bank's Debt Reporting System (DRS) data. The main source of difference between the two datasets is the treatment of debt to the IMF, as the DRS includes SDR allocations as external debt, while the DSA does not.

Text Table 2. Comparison of the External Debt in DSA and DRS
(Millions USD)

	DRS Data[1,2]	DSA Data	Difference[3]
	2024	2024	
External Debt	2,089	1,717	-372
Bilateral	112	111	-1
o/w: China	50	46	-4
o/w: Kuwait	21	19	-2
o/w: Saudi Arabia	40	40	0
Multilateral	1,949	1,520	-429
o/w: African Dev. Fund	213	263	50
o/w: IDA	828	929	101
o/w: IMF	727	197	-530
o/w: Intl Fund Arg (IFAD)	39	37	-2
o/w: OPEC Fund for Intl Development	19	12	-7
o/w: European Invest Bank	38	36	-2
o/w: BADEA / ABEDA	31	32	0
o/w: ECOWAS / CEDEAO	2	15	13

[1] 2024 is the last year for which DRS data is available.

[2] DRS only includes external debt data.

[3] The main difference is because the DRS dataset includes the SDR allocations as debt to IMF.

5. The stock of domestic debt fell 1.3 percent of GDP in 2025, with some improvements in government finances and stronger GDP growth. In nominal terms, domestic debt increased by 2 percent, largely due to additional borrowing from domestic banks—including for capital injection to the State-Owned Bank—as well as some increase in CBL's claims on government arising from its repayment of previous IMF budget support on behalf of the government.[6] However, this increase was

[5] This DSA is prepared jointly by the staff of the IMF and the World Bank, in collaboration with the authorities of Liberia. The current DSA follows the revised Debt Sustainability Framework (DSF) for LICs and Guidance Note (2017) in effect as of July 1, 2018. The last joint DSA can be found in IMF Country Report No. 25/290, November 2025

[6] This is in line with the 2019 restructured and consolidated loan agreement between the government and CBL. The agreement includes a provision allowing the CBL to repay the IMF budget support obligations on behalf of the government as they fall due. These repayments are then recorded by the CBL as direct claims on the government,

(continued)

partially offset by the GoL's repayments of non-bank financial obligations—especially those owed to NASSCORP—and a reduction in the CBL's direct claims on government.

6. At end-2025, 59.1 percent of Liberia's public debt was held by multilateral lenders (Text Table 3). The World Bank and the IMF are among the largest external creditors, with outstanding debt stock of 35.4 and 8.8 percent of Liberia's total public debt, respectively. Liberia's domestic debt is entirely held by residents with the CBL being the largest among them, holding 22.1 percent of the total public debt. At the same time most of the domestic debt is denominated in U.S. dollars, reflecting Liberia's high degree of dollarization and pointing towards higher vulnerabilities due to foreign exchange exposures. Total debt service in 2025 reached US$196.1 million (3.8 percent of GDP), up by 18.7 percent in nominal terms (0.3 percent of GDP) from 2024. External debt service accounts for 63.1 percent of total debt service.

Text Table 3. Decomposition of Public Debt and Debt Service by Creditor, 2024-25[1]

	Debt Stock (end of period)						Debt Service			
	2024			2025			2024	2025	2024	2025
	US$ Million	Percent of total debt	Percent GDP	US$ Million	Percent of total debt	Percent GDP	US$ Million		Percent of total GDP	
Total	2,693	100.0	56.4	2,863	100.0	54.9	165	196	3.5	3.8
External	1,717	63.7	35.9	1,868	65.2	35.8	113	124	2.4	2.4
Multilateral creditors[2]	1,520	56.4	31.8	1,691	59.1	32.4	76	73	1.6	1.4
IMF	197	7.3	4.1	251	8.8	4.8	32	28	0.7	0.5
World Bank	929	34.5	19.4	1,015	35.4	19.5	24	27	0.5	0.5
ADB/AfDB/IADB	263	9.8	5.5	275	9.6	5.3	4	5	0.1	0.1
Others	131	4.9	2.7	150	5.2	2.9	16	13	0.3	0.3
o/w: European Investment Bank	36	1.3	0.7	32	1.1	0.6	4	4	0.1	0.1
o/w: BADEA	32	1.2	0.7	32	1.1	0.6	1	1	0.0	0.0
Bilateral Creditors	111	4.1	2.3	105	3.7	2.0	8	8	0.2	0.1
Paris Club	0	0.0	0.0	0	0.0	0.0	0	0	0.0	0.0
Non-Paris Club	111	4.1	2.3	105	3.7	2.0	13	12	0.3	0.2
o/w: Saudia Arabia	40	1.5	0.8	40	1.4	0.8	1	1	0.0	0.0
o/w: Kuwait	19	0.7	0.4	19	0.6	0.4	2	0	0.0	0.0
o/w: China[3/]	46	1.7	1.0	42	1.5	0.8	5	5	0.1	0.1
Bonds	0	0.0	0.0	0	0.0	0.0	N.A.	N.A.	N.A.	N.A.
Commercial creditors	86	3.2	1.8	72	2.5	1.4	27	36	0.6	0.7
o/w: African Export Import Bank	58	2.2	1.2	44	1.5	0.8	10	16	0.2	0.3
Domestic	976	36.3	20.4	996	34.8	19.1	52	72	1.1	1.4
Held by residents, total	976	36.3	20.4	996	34.8	19.1	52	80	1.1	1.5
Held by non-residents, total	0	0.0	0.0	0	0.0	0.0	0	0	0.0	0.0
T-Bills	135	5.0	2.8	135	4.7	2.6	10	16	0.2	0.3
Bonds	39	1.5	0.8	39	1.4	0.8	4	5	0.1	0.1
Loans	802	29.8	16.8	800	27.9	15.3	38	59	0.8	1.1
Memo items:										
Nominal GDP	4,778			5,216						

Sources: Liberian authorities and IMF staff estimates and projections.
1/ Creditor classification as reported by Country authorities, except for the classification of African Export Import Bank, which the DSA classifies as a commercial creditor. Debt coverage is the same as the DSA.
2/ "Multilateral creditors" are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending into Arrears). 3/ Includes China Exim.

increasing domestic debt. Under the terms of the agreement, the government is scheduled to begin repaying the CBL starting in 2029.

MACROECONOMIC ASSUMPTIONS

7. Macroeconomic assumptions underlying the DSA projections are consistent with the third ECF review and RSF request baseline, with some updates to the previous DSA assumptions (October 2025). The baseline scenario assumes the implementation of sound macroeconomic policies and structural reforms, including climate change adaptation measures supported by the RSF arrangement. The key macroeconomic assumptions are as follows (Text Table 4):

Text Table 4. Underlying DSA Assumptions
(Percent and percent of GDP)

`	2024	2025	2026	2027	2028	2029-45 Average
Real GDP Growth Rate						
October 2025 DSA	4.0	4.6	5.4	5.6	5.9	4.7
Current	4.0	5.1	5.1	5.4	5.6	4.7
Real GDP Growth Rate per Capita						
October 2025 DSA	1.8	2.4	3.2	3.3	3.6	2.8
Current	1.8	3.0	2.9	3.0	3.3	2.8
Current Account Balance						
October 2025 DSA	-11.2	-14.2	-13.4	-13.3	-13.7	-15.8
Current	-8.1	-6.5	-11.0	-11.3	-11.7	-11.7
Growth Rate of Exports of Goods and Services						
October 2025 DSA	15.7	16.5	6.3	4.6	7.0	5.1
Current	17.2	54.2	10.2	7.6	8.9	6.7
Inflation (e.o.p.)						
October 2025 DSA	10.7	9.0	7.4	6.1	5.3	4.8
Current	10.7	4.0	6.7	5.8	5.1	4.7
Primary Fiscal Defcit						
October 2025 DSA	-1.0	-0.5	-1.2	-0.9	-1.5	-1.5
Current	-0.8	0.2	-0.4	0.0	-0.4	-1.3

Sources: Liberian authorities; and IMF staff projections.

Sources: Liberian authorities; and IMF staff estimates and projections.

- **Recent and medium-term real GDP growth** remains positive. Real GDP growth is estimated to have picked up to 5.1 percent in 2025, up from 4.0 percent in 2024. The growth pick-up largely reflects robust mining production activities and moderate growth in agriculture and services sectors. The medium-term growth projections remain broadly in line with the last DSA. Real GDP growth is projected to average around 5.6 percent over the medium term, supported by (i) a ramp-up in iron ore mining investment and production, with one mining company investing equivalent of over a quarter of GDP over the period 2023-25, with the aim of increasing production by more than five-fold in the medium to long term, and turning its mine into one of the largest in Sub-Saharan Africa;[7] (ii) sustained growth in the gold sector; (iii) a continued recovery in agriculture;

[7] The large-scale iron ore mining investment project—which encompasses construction of a high-grade iron ore processing plant (concentrator) and significant infrastructure development including road construction, expansion of the existing railway and port infrastructure—is scheduled to take place over the period 2023 through the first half of 2026. Production under the expansion phase began in the second half of 2025. Although the concentrator plant became operational and exports began in the second half of 2025, the baseline assumes a gradual ramp-up

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(iv) infrastructure investment via development partners, including a sizeable investment in electricity generation (e.g., construction of a 20 MW solar plant by 2025 and the planned expansion of the Mount Coffee hydropower facility from 88 MW to about 130 MW by 2028); (v) faster reform of the state electricity company to support domestic production;[8] and various reforms supported by the ongoing WB DPOs and IMF programs, including those supported under the envisaged RSF-supported program.[9] To account for potential delays in the implementation of reforms, the projections take a conservative approach in factoring these developments into the growth outlook, as well as prospects for exports and fiscal revenues.

- ***Long-term real GDP growth*** (2029-45) is projected at 4.7 percent. Growth will be driven by rapid expansion in the labor force, continued accumulation of physical capital, and productivity gains—priorities at the center of the government's National Development Plan (2025-29), with support from the IMF and the World Bank. The stock of capital is growing from a low base so that investment will bring high productivity gains, including in transport, energy, and telecommunication. The new government structural reform agenda and improved macroeconomic management should foster private sector development and further support productivity growth. The large-scale mining and infrastructure projects will support growth well beyond the medium term, especially by catalyzing private sector development. Failure to raise recently low productivity growth back to the post-civil-war average is the main risk to the growth outlook. This could happen if reforms to raise education levels and hence the quality of the country's labor force, improve the efficiency of public investment, and strengthen the business environment faltered. Climate-related setbacks pose an additional downside risk.

- The ***current account (CA) deficit[10], including grants***, declined further in 2025 to 6.5 percent of GDP mainly due to continued progress in fiscal consolidation, sustained gains in the terms-of-trade, especially from gold prices, expanded iron-ore production capacity, and large net remittance flows. In addition, the drop in donor grants reduced demand for services imports,

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to full capacity. This conservative approach reflects operational and commodity price uncertainties and incorporates related growth, export, and revenue gains progressively. Downside risks, including slower production increases or weaker prices, are captured in the stress tests, which show that adverse growth and export shocks would weaken debt dynamics.

[8] A substantial share of the envisaged investments in the energy (electricity) sector is funded by the World Bank under various projects, including the Liberia Renewable Energy Solar Power Intervention Project (RESPITE) to build a 20 MW solar plant and expand the Mount Coffee hydropower facility, and the Liberia Electricity Sector Strengthening and Access Project (LESSAP) to increase electricity access and the operational efficiency of the Liberia Electricity Corporation (LEC). The financing of these projects is secured and incorporated in the external financing assumptions.

[9] The Liberian authorities have requested RSF support to build the country's resilience to climate change risks, including natural disasters, and to bolster pandemic preparedness. Through RSF engagement, the government aims to reinforce institutional frameworks and financing mechanisms to advance reforms under four strategic pillars: (i) disaster risk management and pandemic preparedness; (ii) energy access and low-carbon transition; (iii) climate finance infrastructure; and (iv) water and food security.

[10] Data for 2024 and 2025 are still preliminary. Although official BoP statistics for the period 2020-2024 were revised following extensive IMF technical assistance (TA), country-team staff use estimates for the services trade balance because substantial data gaps and compilation issues persist in official statistics.

contributing to a narrower current account deficit. Going forward, although production and export capacity is expected to expand further as investments in the iron-ore sector come to fruition, the current account deficit is projected to widen due to a deterioration in the terms of trade projected under the baseline for the nearer term and the assumption that outflows of remittances and services will follow historical patterns. While stronger import-intensive mining investments will remain headwinds in the near term, greater economic diversification in the long term is expected to support a more stable current account balance. The external sector assessment finds that Liberia's external position is weaker than the level implied by fundamentals and desirable policies. While the CA deficit is expected to remain financed by foreign direct investment (FDI) flows, project grants, and concessional loans provided by IFIs and bilateral donors, increased global policy uncertainty, tighter global financial conditions, shifts in donor priorities, and increased competition for concessional resources could challenge the availability of external financing.

- ***Exports of goods and services*** in 2025 increased by 54.2 percent in nominal terms, reaching 40.4 percent of GDP and higher than projected in the last DSA mostly because of more favorable terms of trade and expanded production capacity in the iron ore sector coming online. **Imports of goods and services** increased by 34.1 percent in nominal terms, reaching 58.8 percent of GDP, also higher than projected in the last DSA due to higher imports of rice as well as machinery and transport equipment. Under the baseline scenario, the growth rate in exports and imports is projected to moderate, with the balance of goods and services trade stabilizing at around 20 percent of GDP in the near term and gradually narrowing to around 18 percent by 2045.

- ***Inflation*** fell sharply from 10.7 percent in end-2024 to 4.0 percent in end-2025, reflecting a broad-based decline in both food and non-food prices and a relatively strong Liberian dollar (LRD). Average inflation reached 8.3 percent in 2025 and is projected to gradually decelerate to around 5.0 percent in 2029-30. The anticipated easing of inflation is underpinned by the envisaged prudent monetary and fiscal policies, especially the ongoing fiscal consolidation. Additionally, a projected slowdown in imported food and crude oil prices is expected to further support the gradual deceleration of inflation over the medium term.

- The ***fiscal balance*** of the government, including off-budget operations (external aid), improved substantially in 2024 from a deficit of 7.0 percent in 2023 to 2.0 percent of GDP in 2024, due to improved revenue collection (by 1.2 percentage points of GDP) and spending rationalization, in particular for unproductive spending. In line with the ECF-supported program the authorities managed to reduce spending on goods and services by more than 3.8 percentage points of GDP. The lower-than-projected actual IDA disbursements in 2024, due to a postponement of two projects, contributed to better fiscal outcomes in 2024. Based on preliminary data, in 2025 the deficit was lower than projected (1.1 percent of GDP), largely due to a strong revenue collection and postponed disbursement of the planned WB budget support. Going forward, the projected medium-term fiscal path has not changed substantially, reflecting the continued commitments under the ECF and projected external grants and loan

disbursements. Against this background, following the sharp improvement in 2024, the primary deficit is expected to remain below 1.0 percent of GDP over the entire projection horizon to support public debt ratios stabilization at prudent levels.[11] This projected path also includes additional public expenditures to take over several essential social programs previously financed through grants from the USAID.[12]

- ***Gross official reserves*** increased from US$475 million (1.9 months of imports) at end-2024 to US$572 million (2 months of imports) at end-2025, largely due to the ECF disbursements and the CBL's foreign exchange (FX) gains from its operations, including the GoL's repayment of FX-denominated debt to the CBL. The authorities are committed to gradually building reserves to around 3 months of imports in the medium term to withstand external shocks and build external buffers for long-term balance of payments needs.

8. The assumptions for the financing mix and borrowing terms are as follows:

- ***External borrowing***. With an underdeveloped domestic financial market, Liberia relies mostly on external borrowing to meet its medium-term public gross financing needs. External financing will continue to come mostly from multilateral and official bilateral lenders (Text Table 5). External financing is expected to remain predominantly concessional over the medium term, reflecting continued access to multilateral and bilateral partner support. The high grant element will help contain debt service and support favorable debt dynamics.[13] This includes IMF's new disbursements under the ECF and the RSF arrangements in 2026 and 2027 (US$152.3 million and US$248.1 million,

Text Table 5. External Borrowing Assumptions
(Millions of USD)

	2026	2027	2028
Total	**314**	**428**	**217**
Multilateral	313.6	428.1	206.0
IMF	152.3	248.1	0.0
IDA	141.3	159.9	176.9
AfDB	0.0	0.0	0.0
Other multilaterals	20.0	20.0	29.1
Bilateral	0.0	0.0	11.0
of which: Paris Club	0.0	0.0	0.0
Commercial	0.0	0.0	0.0

Sources: Liberian authorities; World Bank; and IMF staff estimates and projections.

[11] Maintaining a primary deficit below 1 percent of GDP over the long term is supported by continued domestic revenue mobilization, expenditure discipline, and growth-related revenue gains. Revenue performance is expected to benefit from ongoing tax policy and administration reforms, expansion of the tax base, and improved compliance. At the same time, expenditure is projected to remain contained through prudent fiscal management and efforts to improve spending efficiency. Stronger economic growth is also expected to support revenue collection, helping offset spending pressures and maintain a sustainable fiscal position consistent with debt stabilization.

[12] This additional spending will be financed through new sources of revenues, including strict enforcement of real estate tax collections—particularly from government-appointed officials; upfront payments from new concession agreements; and offsetting savings from targeted cuts in recurrent spending.

[13] Over the longer term, concessional financing is projected to decline gradually, with some increase in less concessional borrowing to meet development needs. This shift poses risks if financing terms worsen or non-

(continued)

respectively)[14]. New external borrowing in 2026-28 is projected at US$959 million, corresponding to around 74.2 percent of total new borrowing in the period (Text Table 6). Over the medium and long term, concessional financing is expected to decline, as grant-equivalent external borrowing falls from 62.1 percent in 2026 to around 54 percent in 2045. This will require external financing with non-concessional terms to maintain investment and support growth.

- ***Domestic borrowing***. During 2026-28, new domestic borrowing is projected around US$333 million, accounting for 25.8 percent of total borrowing needs. Domestic borrowing is projected in the form of short-, medium-, and long-term foreign currency denominated treasury bills and bonds. This assumes no central bank financing, in line with the amended and restated CBL Act of 2020, which prohibits central bank lending to the government except for limited amount under exceptional circumstances (e.g., natural disaster, war, or famine). Due to the shorter maturity profile of domestic instruments, limited investor participation, and weak auction credibility following repeated arrears, the government faces significant constraints in rolling over maturing obligations on market terms. As a result, additional external borrowing may be required to mitigate refinancing pressures. These vulnerabilities underscore the importance of strengthening domestic debt management and restoring market confidence to support more reliable domestic refinancing over time.

Text Table 6. Summary of Public Borrowing Plan
(Millions USD)

	2026	2027	2028
Gross financing needs[1]	414	521	356
Financing sources	414	521	356
External[2]	314	428	217
Concessional	173	180	206
Budget financing	52	40	40
Project financing	121	140	166
Non-concessional	140	248	11
Domestic	100	93	139
Other sources	0	0	0

[1]Gross financing needs presented in this table are consistent with the DSA and macro framework for the third review of the current ECF arrangement.

[2]All external borrowings are long-term.

Sources: Liberian authorities; World Bank; and IMF staff projections.

9. This DSA is further grounded in zero outstanding overdue debt payment obligations. As of end-December 2025, the GoL had cleared all outstanding, undisputed, external arrears. In January 2026, authorities recognized one of the three remaining disputed obligations, which

concessional borrowing rises faster than assumed, underscoring the importance of prudent borrowing and continued prioritization of concessional resources.

[14] The RSF arrangement significantly increases external financing in the medium term. However, its highly concessional terms limit debt service pressures and help preserve debt sustainability, despite raising debt stock in the near term. At the same time, the scale of RSF financing reduces remaining borrowing space and underscores the need for prudent borrowing and continued prioritization of concessional resources. The baseline assumes RSF financing complements other concessional flows while supporting resilience and strengthening debt sustainability over time.

reinstated the original repayment schedule, resulting in new emergence of arrears estimated at US$ 2.5 million. The authorities have also initiated bilateral dialogues with the creditors holding the other two disputed claims. However, the GoL accumulated about US$4.9 million in domestic debt arrears, largely due to administrative coordination issues between the CBL and MFDP with respect to the timing of debt settlement processing.[15] These domestic debt arrears were subsequently cleared in January 2026. Going forward, the authorities are committed to ensuring timely debt settlement. The ongoing efforts to strengthen debt management capacity at the MFDP, together with the recently signed MoU between the CBL and MFDP that authorizes the CBL to execute debt service payments on their due dates, will significantly reduce the risk of future recurrence of debt arrears.

REALISM OF THE BASELINE ASSUMPTIONS

10. To support Liberia's growth performance, the current DSA is crucially predicated on safeguarding public capital spending, with the new RSF arrangement supporting further climate-resilient and sustainable investments. In the long term, Liberia will face a marked decline in concessional financing with grant-equivalent elements. Everything else equal, this would imply large declines in public investment and hence economic growth and development. To avoid this outcome, the current DSA keeps public investment about 6.0 percent of GDP, on average, throughout the projection period, while containing recurrent spending. Consistent with the ongoing fiscal consolidation that started in 2024 and the reiterated authorities' commitments to the 2024 ECF-supported program, the overall fiscal balance is projected to remain by and large close to the previous DSA projections (see Text Figure 2). The gaps left by the decline in concessional financing are assumed to be filled partly by external commercial financing, which a developing Liberia should gain access to in the longer run[16]. The resulting rising share of non-concessional financing will narrow the margin of economic growth over interest rates on Liberia's debt, but it will remain decisively positive, exerting a downward trend on debt ratios.

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[15] As of December 2025, Liberia had disputed claims with two official creditors and one commercial creditor totaling about US$71.8 million, including US$14.4 million in arrears. The authorities were disputing these obligations on the grounds that: (i) the loan contracting process did not comply with domestic legal procedures; (ii) the loan disbursements were not made in accordance with the loan agreement; and (iii) the involvement of third parties in certain contracts was unjustified as services were not delivered and no tangible outcomes achieved.

All but one of these three claims are incorporated in the stock of debt of this DSA, totaling US$70.2 million. Baseline projections also include repayments of those debt services. The size of the shock considered for the contingent liabilities test is significantly higher than the disputed debt not included in the stock of debt.

The US$4.9 million domestic debt arrears were due to the CBL in December 2025 and were soon cleared in January 2026. In the third quarter of 2025, the MFDP successfully reprofiled domestic debt with local commercial banks. This entails reducing interest rates on USD-denominated debt to 8 percent (from an average of 11 percent), extending corresponding maturities to three years, and rolling over all other domestic debt due this year.

[16] Beyond the medium term, the baseline assumes that declining concessional financing is gradually replaced by less concessional borrowing to meet financing needs. These stylized assumptions do not reflect specific borrowing plans but ensure internal consistency of the projections. This creates risks if financing terms are less favorable than assumed. Sensitivity analysis shows that higher borrowing costs or reduced concessionally would weaken debt dynamics, underscore the importance of prudent borrowing and prioritize concessional financing.

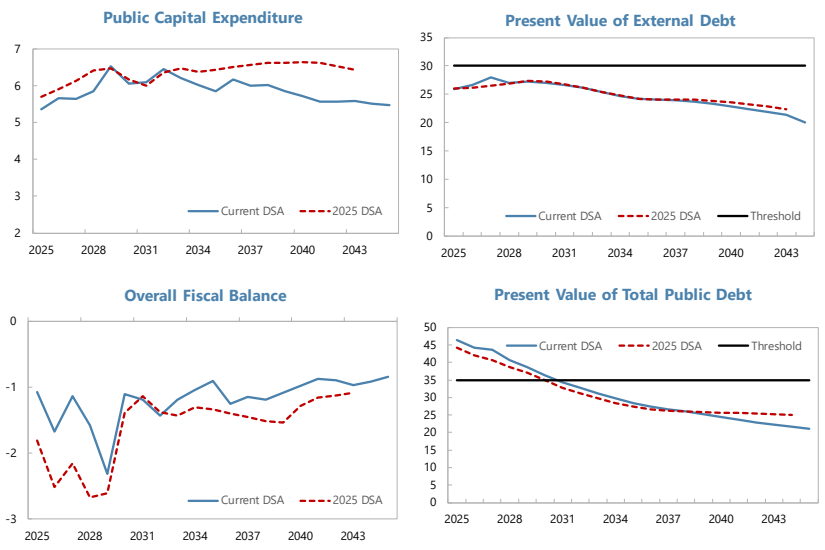
11. A shift away from concessional toward commercial external financing safeguards investment but prudent fiscal policies are necessary to improve the debt trajectory in PV terms (see Text Figure 2).

- In the current DSA, external debt relative to GDP rises from its end-2025 level of 35.8 percent (26.6 in PV terms) to around 38.8 percent (27 in PV terms) in 2030, before gradually declining to 21.1 percent (18.2 percent in PV terms) by 2046. The DSA assumes that disputed debt will be cleared in the near term, which changes the initial part of the debt trajectory compared to the previous DSA.

- Like in the previous DSA, the fiscal adjustment path has been calibrated to achieve a gradual declining trajectory for the total public debt-to-GDP ratio in PV terms. Total public debt starts at 54.9 percent of GDP in 2025 in the current DSA (57.2 previously), with a PV value similar to the previous DSA (45.7 percent of GDP). While public debt is projected to decline gradually to 23.7 percent of GDP in 2046, in PV terms the decline is less pronounced, crossing down the 35-percent-of-GDP threshold for moderate debt distress risk only in 2031 and stabilizing in the long-run around 21 percent of GDP.[17] Achieving this debt path requires fiscal consolidation that brings primary deficit ratio within a decade from 6.1 percent of GDP in 2023 (inclusive of off-budget operations) to much lower primary deficits in the near term while remaining below 1 percent of GDP throughout the projection period. The gradual shift in the medium to long term from grants and concessional to

Text Figure 2. Overall Fiscal Deficit, Capital Expenditure, and Debt 2025-43

(Percent of GDP)



Sources: Authorities' data; and IMF staff calculations.

(*) PV stands for present value.

[17] The debt outlook is premised on somewhat strong growth outlook, driven primarily by robust mining growth, and a downward revision in external disbursements.

commercial external and domestic debt requires maintaining the primary balance at or below 1 percent of GDP to stabilize and then reduce the debt burden in terms of GDP.

12. The realism tools suggest that the baseline scenario is credible compared to Liberia's historical and cross-country experiences (Figure 3).

- The CA deficit has been and will remain the main contributor to external debt accumulation while inflation and real GDP growth will play important mitigating roles (Figure 3). The residual[18], which has played a mitigating factor in the previous years, includes project grants (recorded in the capital account) and current transfers (remittances) that are not captured by the official statistics. In addition, existing data gaps and compilation issues in official BoP statistics add uncertainty to the contribution of the current account gap to external debt accumulation.[19]

- External and public debt growth in the past five years was, respectively, 14.3 and 8.0 percent of GDP less than what could be explained by the usual macroeconomic debt-creating forces. This contrasts with the average for LICs, where external and public debt growth was, respectively, 5.2 and 3.3 percent of GDP higher under the same measure. The main factors underlying unexpected changes in Liberia's external debt-to-GDP were the lower current account deficits and higher inflation compared to their projected paths.

13. Improvement in the primary balance over the next three years is in line with historical data on LIC adjustment programs (Figure 5). The second DSF realism tool assesses the realism of the fiscal projection. Figure 5a highlights that the anticipated adjustment in the primary balance of about 0.5 percentage point of GDP is near the center of the distribution. The growth outlook for 2026–27 shows a mixed alignment with the paths suggested by the fiscal multiplier realism tool**.** For 2026, projected growth remains below the implied range across all plausible multiplier assumptions, reflecting generally lower fiscal multiplier given Liberia's small domestic production base. In contrast, the 2027 growth projection exceeds the trajectory suggested by the realism tool under all multiplier assumptions, as the effects of ongoing reforms and sectoral developments including the mining and manufacturing sectors are expected to strengthen activity more than the tool would predict. For the long term (2030-45), the primary

[18] The projected widening of the unexplained external residual reflects statistical and measurement limitations rather than unidentified external borrowing. In particular, gaps in the coverage and timing of external sector statistics—including foreign direct investment, project-related inflows, grants, and remittances—create discrepancies between the recorded current account balance and observed financing flows. These discrepancies are reflected as residuals in the debt dynamics framework.

[19] Comprehensive private investment data are not available due to longstanding statistical capacity constraints in national accounts and balance of payments compilation. As a result, private investment is captured indirectly through its impact on exports, growth, and FDI inflows. The authorities, with IMF and development partner support, are working to strengthen statistical systems and improve investment data availability. Ongoing efforts by the authorities, supported by IMF technical assistance, are aimed at strengthening external sector statistics and improving the coverage, consistency, and reliability of external financing data over time.

deficit is projected to remain below 1 percent of GDP, which is enough to first stabilize and then allow a gradual decline of the PV of public debt-to-GDP ratio.

COUNTRY CLASSIFICATION AND DETERMINATION OF SCENARIO STRESS TESTS

14. Liberia's debt-carrying capacity based on the Composite Indicator (CI) is assessed as weak (Text Tables 7 and 8). The CI captures the impact of different factors through a weighted average over 2018-2027 of the World Bank's CPIA score, the country's real GDP growth, remittances, international reserves, and world growth. Liberia's debt-carrying capacity based on the CI, which is based on the October 2025 WEO and the average CPIA, is assessed as weak. The CI score is 2.59, lower than in the previous DSA. In addition, Liberia remains assessed as "weak quality of debt monitoring" given the country's debt-recording capacity. However, Liberia is improving debt transparency in accordance with ECF program Structural Benchmarks and Policy Commitments and reporting as per the World Bank's debt transparency heatmap.

15. Standard scenarios stress tests and contingent liability tests are conducted and discussed below. Both tests apply the default settings.

Text Table 7. Composite Index

Country	Liberia
Country Code	**668**
Debt Carrying Capacity	**Weak**

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintage
Weak	Medium	Weak	Weak
	2.78	2.62	2.59

Calculation of the CI Index

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.4	3.0	1.2	42%
Real growth rate (in percent)	2.7	4.2	0.1	4%
Import coverage of reserves (in percent)	4.1	25.8	1.0	38%
Import coverage of reserves^2 (in percent)	-4.0	6.7	-0.3	-10%
Remittances (in percent)	2.0	15.3	0.3	11%
World economic growth (in percent)	13.5	3.0	0.4	15%
CI Score			2.78	100%
CI rating			Medium	

Text Table 8. Debt Carrying Capacity and Thresholds

APPLICABLE	
EXTERNAL debt burden thresholds	
PV of debt in % of	
Exports	140
GDP	30
Debt service in % of	
Exports	10
Revenue	14

APPLICABLE	
TOTAL public debt benchmark	
PV of total public debt in percent of GDP	35

New framework	Cut-off values		
Weak	CI <	2.69	
Medium	2.69	≤ CI ≤	3.05
Strong	CI >	3.05	

EXTERNAL debt burden thresholds	Weak	Medium	Strong
PV of debt in % of			
Exports	140	180	240
GDP	30	40	55
Debt service in % of			
Exports	10	15	21
Revenue	14	18	23

TOTAL public debt benchmark	Weak	Medium	Strong
PV of total public debt in percent of GDP	35	55	70

EXTERNAL DSA

16. Liberia's risk of debt distress remains moderate in the baseline scenario (Figure 1). The PV of the external debt-to-GDP stays below the threshold over the entire projection period. On the other hand, the debt-service-to-revenue ratio starts slightly above the threshold in the first year of the projection but gradually improves thereafter. The PVs of external debt-to exports and external debt service-to-exports remain well below their thresholds and in the region of substantial space for accommodation of shocks over the projection horizon. Table 1 indicates that the external debt-to-GDP in 2025 fell by less than what would be expected from standard debt-creating flows. The unexplained residual may be due to discrepancies in official statistics. On the other hand, the external debt-to-GDP ratio in 2026 is projected to increase by less than implied by traditional debt-creating flows. The unexplained residual largely reflects statistical discrepancies arising from incomplete capture of private sector external investment, particularly in the mining sector, as well as grants and remittances not fully recorded in balance of payments statistics, rather than unidentified debt-creating flows.

17. Standard stress tests show that a deterioration of the macroeconomic outlook might push some external debt risk indicators above their thresholds (Table 3). The alternative scenario with key variables at their historical averages highlights the risks from a trend of weak external sector positions and high fiscal deficits. In that scenario, the PV of external debt-to-GDP and the debt-service-to-GDP ratio remain above the threshold through most of the projection horizon, while the PV of debt-to-exports ratio and the debt-service-to-exports ratio approach the threshold in the longer-term horizon.

18. The granularity assessment further suggests that Liberia has limited space to absorb shocks (Figure 4). Over the projected period, the PV of the debt-to-exports and debt service-to-export ratios remain within the range indicating substantial space to accommodate adverse shocks, owing to the projection of sustained exports growth. Meanwhile, although the debt service-to-revenue breaches the threshold in the first year of the projection period, it remains over most of the projection period in the region that indicates some space to absorb shocks. On the other hand, the PV of debt-to-GDP stays in the range that indicates limited space to absorb shocks. Overall, this suggests that Liberia has limited space to absorb shocks. The outcome of the granularity assessment remains qualitatively unchanged from the last DSA.

19. There are important risks beyond those captured in the standard stress tests. Liberia is highly vulnerable to climate and epidemic events that represent substantial challenges to economic growth, sustainability of the balance of payments, and social stability. Remaining in the region of moderate risk of external debt distress requires continued fiscal prudence and careful prioritization of debt-financed projects. Authorities should also improve their debt carrying capacity—an upgrade to a "medium" classification would loosen thresholds against which indicators are assessed for DSA risk rating purposes.

PUBLIC DSA

20. Under the baseline, the expected fiscal consolidation assumptions bring down the PV of the public debt to GDP ratio from 45.7 percent in 2025 to below the high debt distress threshold in 2031, where it remains for the rest of the projection period (Table 2)[20]. Automatic debt dynamics remain favorable throughout the forecasting horizon due to largely concessional debt terms, although counterbalanced by Liberia's high development needs. On balance, the PV of public debt-to-GDP ratio is projected to decline steadily, reaching 21 percent of GDP in 2046 (Table 2 and Figure 2). The debt-service-to-revenue and grants ratio is expected to increase in the short term from 17.9 percent in 2025 to 28.3 percent in 2028, due to the shortened GoL repayment profile of the US$83 million of CBL budgetary financing in 2023. From 2029 onwards, this ratio will gradually decline and reach 9.9 percent by the end of the projection period. Although no explicit threshold exists for the PV of debt-to-revenue and debt service-to-revenue ratios, further efforts in revenue mobilization and PFM reforms are necessary to alleviate borrowing needs and reduce debt service pressure.

21. The risks associated with domestic debt dynamics are assessed to be contained. However, this is contingent upon the continued implementation of prudent fiscal policies and sustained access to external financing, which is subject to uncertain global financial conditions. Although the domestic public debt-to-GDP ratio temporarily exceeds the peer's median for a brief period, it is projected to decline gradually over time. The projected reduction in domestic debt primarily reflects the government's settlement of legacy obligations with the CBL. Both solvency and liquidity indicators are

[20] Residuals could reflect differences between effective interest rates and exchange rates on individual debt instruments and the average rates used in the mechanical computation of automatic debt dynamics. Past residuals may also reflect recognition of contingent liabilities.

expected to remain well below their historical averages and the corresponding medians for peer countries (Figure 6).

22. Under standard sensitivity analysis scenarios, Liberia would be rated at a high risk of public debt distress throughout the next decade. Among the bound tests, shocks to real GDP growth would generate the largest breaches of the benchmark on the PV of debt-to-GDP ratio, which would remain well above the related benchmark. Shocks to commodity prices would also lead to breaches of the threshold over the entire projection period. Liberia's high dependency on exports, FDI and concessional lending also reflects on the vulnerability of the debt trajectory to shocks in those sectors, breaching the threshold throughout a large part of the projection horizon (Table 4). Additionally, the contingent liability stress test, which captures the combined shock of SOE's external debt default, PPPs' distress, and financial market vulnerabilities that are not included in the covered data, would also lead to a prolonged breach in the related threshold. These sensitivity tests also illustrate Liberia's vulnerability to less favorable financing conditions, including higher borrowing costs and reduced concessionally, which could significantly worsen debt dynamics relative to the baseline.

23. There are important risks outside this standard sensitivity analysis. In addition to the risks on external debt contracting discussed above, the medium-term growth projections very much depend on a few large mining projects and the modernization of the economy by implementing the ARREST Agenda for Inclusive Development (AAID). Moreover, Liberia's debt service will remain large for this decade. The government could again incur payment arrears when financing gets tight and violate public financial management (PFM) regulations, which require strict prioritization of debt service payments. The government should strengthen its PFM including cash planning, to avoid getting cornered by financing difficulties.

CLIMATE-RELATED RISKS

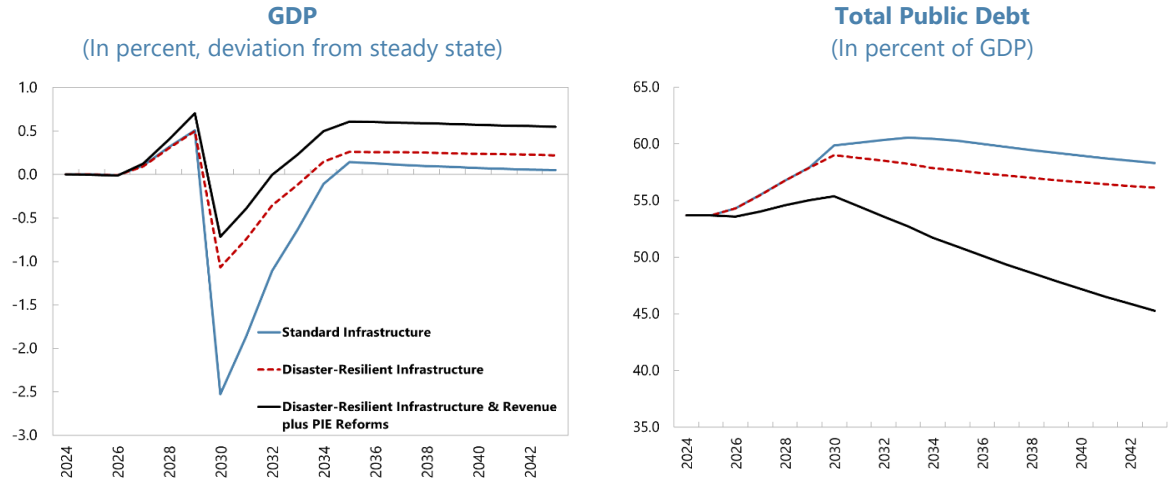
24. Liberia is highly vulnerable to climate change and climate-related natural disasters, which pose significant risks to growth and debt sustainability. Natural disasters and changing climate patterns disrupt domestic productivity, potentially increasing food insecurity and poverty while also adding pressure on balance of payment needs. Heavy rainfall, flooding, rising sea levels, and coastal erosion cause economic losses by damaging infrastructure and disrupting activity in key sectors such as agriculture, tourism, transport, and public works—critical drivers of economic development. These climate-related disruptions may undermine economic growth and increase public spending on post-disaster recovery and assistance to affected populations, thereby straining public finances and heightening external and debt sustainability risks.

25. The DSA baseline scenario implicitly assumes the implementation of climate reforms supported by the proposed RSF arrangement. Accordingly, it assumes that growth in key sectors—such as agriculture, forestry, tourism, transport, energy and public works (infrastructure)—remains relatively resilient to climate-related risks over the forecast horizon and that the long-term growth potential of 4.5 percent is maintained. Under this baseline scenario with the RSF-enabled climate change adaptation and mitigation measures, public debt is expected to remain sustainable

in the long term. However, the outlook remains vulnerable to extreme weather events as illustrated by the tailored natural disaster event scenario below.

26. Complementary staff analysis using the IMF's Debt Investment Growth Natural Disasters (DIGNAD) model indicates a one-off natural disaster shock can significantly weaken growth and jeopardize debt sustainability.[21] The analysis highlights the critical role of climate adaptation measures in strengthening economic resilience and safeguarding debt sustainability. Specifically, it shows that ex-ante public investment in disaster-resilient infrastructure can mitigate the macroeconomic costs of a natural disaster and reduce debt stress arising from post-disaster reconstruction needs. In addition, fiscal reforms to enhance domestic revenue mobilization and improve public investment efficiency reinforce these benefits and improve long-term debt sustainability (Text Figure 9).

Text Figure 9. DIGNAD Simulation Results



Sources: Staff calculations.
For more details on DIGNAD model simulations, see International Monetary Fund (IMF), 2025, "Liberia – Selected Issues", IMF Country Report No. 2025/291, International Monetary Fund, Washington, D.C.

27. A customized DSA stress test is conducted to assess the impact of a similar natural disaster on public debt sustainability. The stress test is calibrated in line with the DIGNAD model simulations, assuming an extreme weather event that causes a 2.5 percent decline in real GDP. This scenario also incorporates additional public spending for post-disaster reconstruction and humanitarian assistance, alongside a 3.5 percent decline in export growth. These spending needs

[21] See International Monetary Fund (IMF), 2025, "Liberia – Selected Issues", IMF Country Report No. 2025/291, International Monetary Fund, Washington, D.C. The analysis considers three scenarios to simulate the impact of a one-off natural disaster shock (calibrated to cause a cumulative GDP loss of about 4 percent relative to the baseline in three years). The first scenario assumes public investment scale up in standard infrastructure which is not resilient to natural disasters. The second scenario assumes the same amount of public investment scale up, but in climate-resilient infrastructure. The third scenario assumes the same ex-ante public investment in disaster-resilient infrastructure as outlined in scenario 2 plus fiscal reforms (enhanced domestic revenue mobilization and improvement in public investment efficiency (PIE)).

are assumed to be financed by a one-off increase in public debt equivalent to 6 percent of GDP. The results indicate that several sustainability thresholds would be breached under this disaster scenario. In particular, the PV of public debt-to-GDP would remain above the high-risk threshold for an extended period (Figure 2).

28. The external debt-distress indicators improve under more ambitious investment to support climate adaptation policies. An additional scenario was calibrated to assess the long-term impacts on debt sustainability of a similar natural disaster when the response includes implementing a more ambitious set of policies to address climate-related and pandemic vulnerabilities. Under this scenario, public investment efficiency would rise and the GDP losses under less ambitious adaptation policies would be avoided. The scenario assumes that about 80 percent of the additional financing needs would be covered with medium- and long-term external borrowing, with the remaining part being covered by domestic debt. The debt-distress indicators would improve, especially in the long-term, compared to the natural disaster scenario without adaptation (Figure 2).

RISK RATING AND VULNERABILITIES

29. Liberia is assessed to be at moderate risk of external debt and high risk of overall debt distress. All external debt sustainability indicators remain below their indicative high-risk threshold regions in the baseline scenario, except for the minor breach in debt-service-to-revenue in the first year of the projection period. In addition, the PV of debt-to-exports and the debt-service-to-exports ratio remain in the region of substantial space to accommodate shocks over most of the projection horizon. The PV of public debt-to-GDP ratio exceeds the 35-percent threshold until 2030, which entails an assessment of high risk of public debt distress. In 2031, this ratio is projected to cross down its indicative threshold, reinsuring that public debt is sustainable under prudent fiscal policy implementation. Liberia is expected to continue benefiting from predominantly concessional external financing over the medium term, which will help contain debt service obligations and support favorable debt dynamics. However, risks remain that concessional financing could decline more rapidly than assumed, requiring greater reliance on less favorable borrowing terms and increasing debt vulnerabilities.

30. Role of RSF in debt sustainability. RSF financing supports resilience and macroeconomic stability, contributing positively to debt sustainability over the medium to long term. However, its size increases debt stock and reduces borrowing space, underscoring the importance of prudent borrowing and continued reliance on concessional financing.

31. Despite the high risk of overall debt distress, public debt is assessed as sustainable. Currently more than 90 percent of external debt is on highly concessional terms and held by multilateral lenders, whereas the bulk of domestic debt is owed to the CBL on favorable terms. Although the share of non-concessional debt is set to edge up, limiting room for maneuver, and the interest rate-to-growth differential to narrow in the longer run, the differential will remain negative, thereby exerting strong downward pressure on debt ratios throughout the forecasting horizon. Together with a continued fiscal rationalization which will keep the primary deficit below

1 percent of GPD throughout most of the projection period, the automatic debt dynamics will ensure a gradual and steady decline in the ratio of the PV of public debt-to-GDP into moderate risk rating territory starting from 2031. Beyond that, public debt projections are predicated on continued gradual fiscal adjustment path that protects public investment while keeping debt in check in the face of rising debt service costs. In the long run, once the financing mix settles, these factors will also stabilize the ratio of public debt service to fiscal revenues.

32. The DSA underscores that maintaining a prudent fiscal policy and prioritizing borrowing at concessional terms or even better grants are crucial for safeguarding debt sustainability and bringing public debt to moderate debt distress risk. To maintain external debt at moderate risk of debt distress and to bring the public debt to below the threshold related to moderate risk of debt distress by 2031 (e.g. PV of public debt to GDP ratio below the 35 percent threshold), it is essential to ensure a prudent and conservative approach in contracting both new domestic (commercial bank financing) and external debt. Ensuring transparency and timely disclosure of new debt contracts is essential in monitoring debt developments. Therefore, debt management capacity should be enhanced without any further delays, by also developing and implementing a credible and coherent medium-term debt strategy. The annual debt strategy should include a detailed borrowing plan that can reduce the risks associated with timely debt service and overall debt sustainability.

33. The balance of risks to the outlook is tilted to the downside. A sizable drop in nominal GDP (either due to a sharp depreciation of Liberian dollar (LRD) or a weaker than anticipated real GDP growth rate) is a significant risk to external borrowing space and the risk rating of external debt. A larger-than-projected global economic slowdown, caused by lower external demand amid increased global uncertainties and rising trade protectionism, could have adverse impacts on the Liberian economy, primarily through exports, FDI and international donors' support channels. Liberia's high dependence on commodity exports and food imports also leave it exposed to global shocks. Natural disaster events and pandemics could severely strain Liberia's fiscal positions, following the collapse of economic activity, disruptions in exports and increased reliance on imports of essential goods. Further deterioration in payment culture, e.g. accumulating new domestic and external arrears or constantly missing payment deadlines, can lead to loss of confidence and tighter financing constraints. To this end, the DSA envisages a sustainable and durable fiscal position, aimed at reversing the large fiscal expansion in previous years. Tax mobilization is urgently needed to create the necessary fiscal space to implement the AAID, as well as to put Liberia in a better position to mitigate future adverse shocks, even of a mild nature. Of course, any fiscal slippages in the future could substantially reduce Liberia's borrowing space. Finally, if major climate risks materialize before adaptation measures are in place, economic activity could faulter.

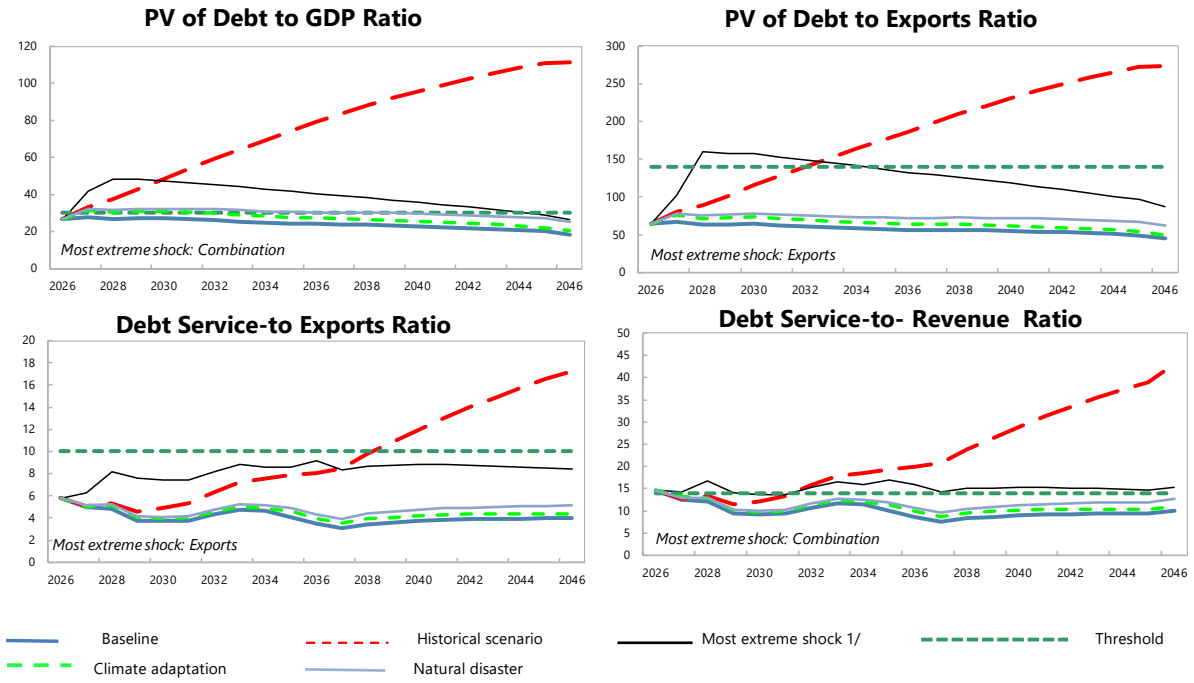
AUTHORITIES' VIEWS

34. The authorities broadly agreed with this DSA and the ratings for debt distress risks. It reflects the level of Liberia's current indebtedness and likely developments going forward. To mitigate debt vulnerabilities further, authorities are committed to adopting a strong medium-term fiscal framework, underpinned by enhanced domestic revenue mobilization and improved public spending efficiency. In addition, authorities will continue to foster coordination among debt management stakeholders, while strengthening institutional frameworks and enhancing fiscal risk monitoring and management related to contingent liabilities. Authorities also acknowledge that strengthening oversight of SOEs to mitigate fiscal risks and prevent the materialization of contingent liabilities is essential.

35. The authorities will continue to prioritize debt sustainability while supporting critical growth enhancing investments. Mostly because of the destructions during the long civil wars, Liberia faces large infrastructure gaps that it needs to narrow to achieve its development objectives. Liberia also remains highly vulnerable to long-standing climate and pandemic-related shocks, which threaten lives, livelihood, and macroeconomic stability. To address these challenges while preserving debt sustainability, the authorities intend to strictly prioritize concessional borrowing and grants and apply strict discipline in selecting externally funded projects, including private public partnerships (PPPs), ensuring they deliver maximum economic returns, while strictly complying with program targets. Authorities are also committed to using the fiscal policy space created under the RSF to address climate- and pandemic-related vulnerabilities that threaten Liberia's long-term BoP stability and debt sustainability.

36. The authorities were hopeful that donor support would drop off less than projected in this DSA in the long run. In the long run, Liberia should have easier access to both external financing at non-concessional terms and domestic financing as capital markets are developing. The government would have to tap into them to maintain reasonable levels of public investment. However, were development partners able to maintain concessional financing at higher-than-projected levels for longer, recourse to non-concessional and commercial borrowing could be much lower than currently projected, opening up valuable fiscal space.

Figure 1. Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2026–46



Customization of Default Settings

Tailored Stress	Size	Interactions
Combined CL	No	
Natural disaster	Yes	Yes
Commodity price	No	No
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing Assumptions on Additional Financing Needs Resulting from the Stress Test

	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	2.0%	2.0%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	27	27
Avg. grace period	7	7

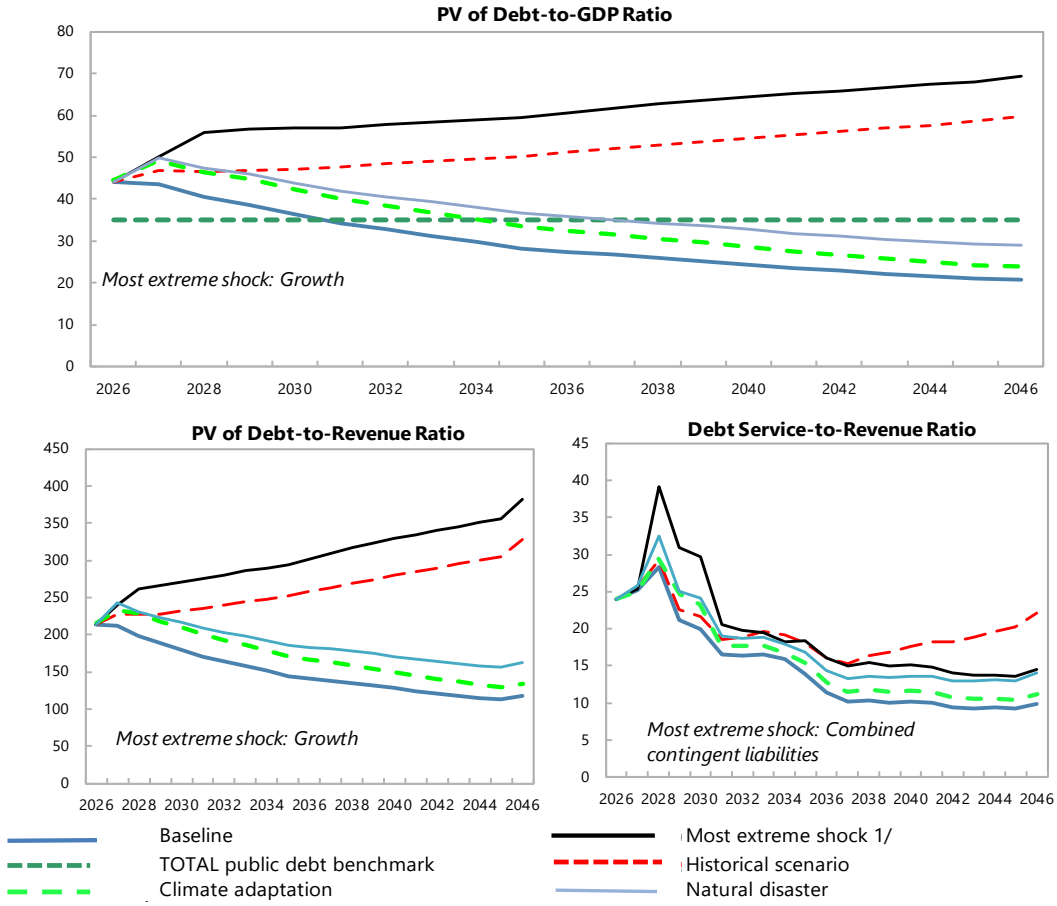
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2036. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Indicators of Public Debt Under Alternative Scenarios, 2026–46



Borrowing Assumptions on Additional Financing Needs Resulting from the Stress Tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	82%	76%
Domestic medium and long-term	12%	15%
Domestic short-term	6%	9%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	2.0%	2.0%
Avg. maturity (incl. grace period)	27	27
Avg. grace period	7	7
Domestic MLT debt		
Avg. real interest rate on new borrowing	4.7%	4.7%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	1	1
Domestic short-term debt		
Avg. real interest rate	4.7%	4.7%

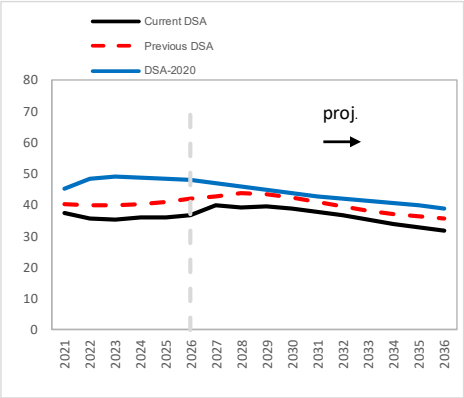
* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

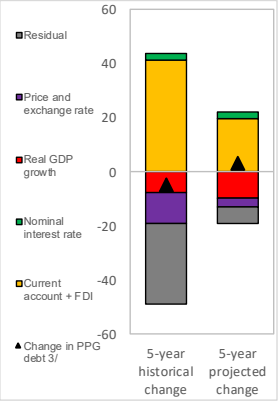
1/ The most extreme stress test is the test that yields the highest ratio in or before 2036. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 3. Drivers of Debt Dynamics – Baseline Scenario

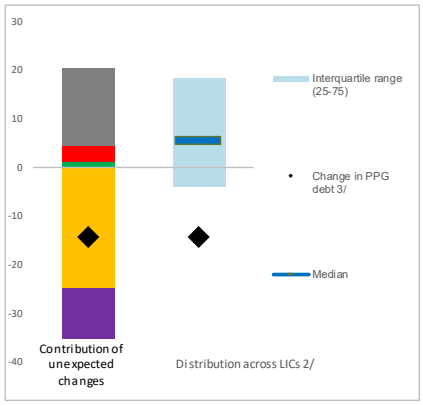
Gross Nominal PPG External Debt (in percent of GDP; DSA vintages)



Debt-Creating Flows (percent of GDP)

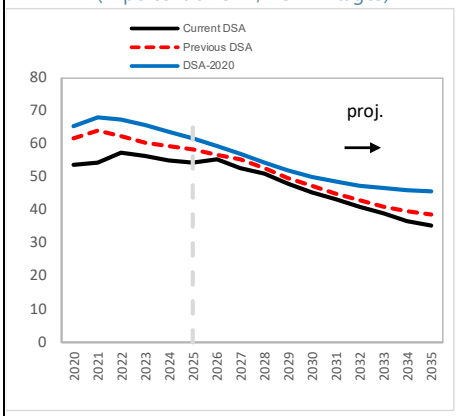


Unexpected Changes in Debt 1/ (past 5 years, percent of GDP)

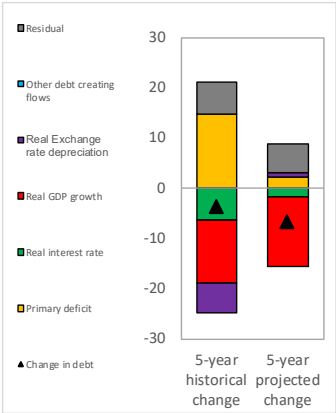


Public debt

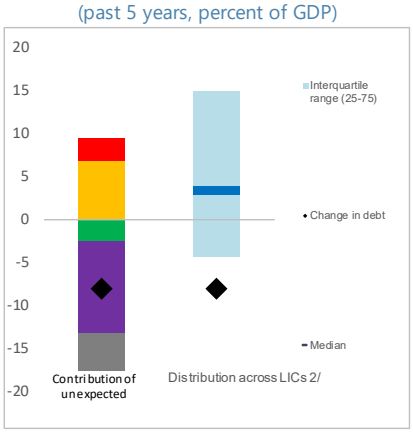
Gross Nominal Public Debt (in percent of GDP; DSA vintages)



Debt-creating flows (percent of GDP)



Unexpected Changes in Debt 1/ (past 5 years, percent of GDP)

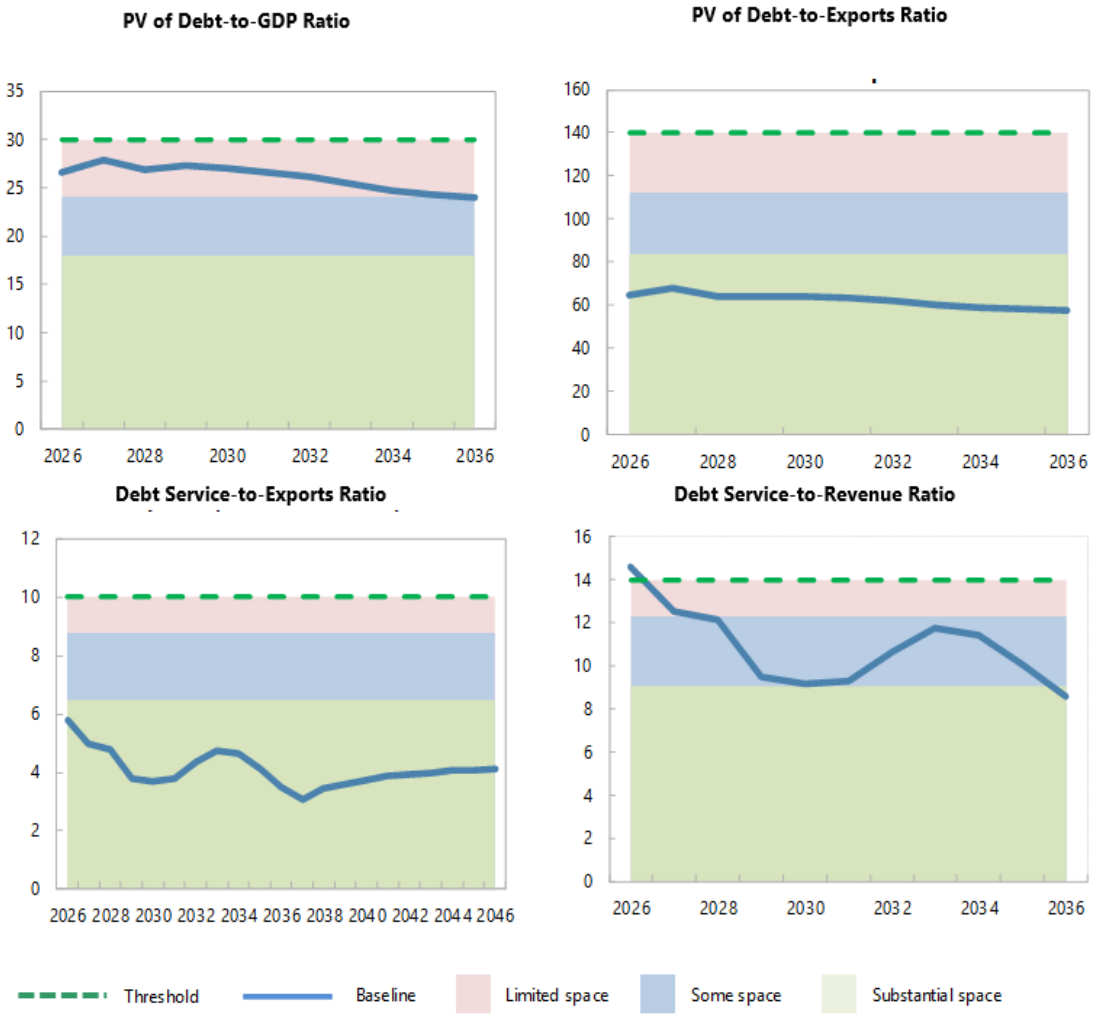


1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

Figure 4. Qualification of the Moderate Category, 2026–36[1/]

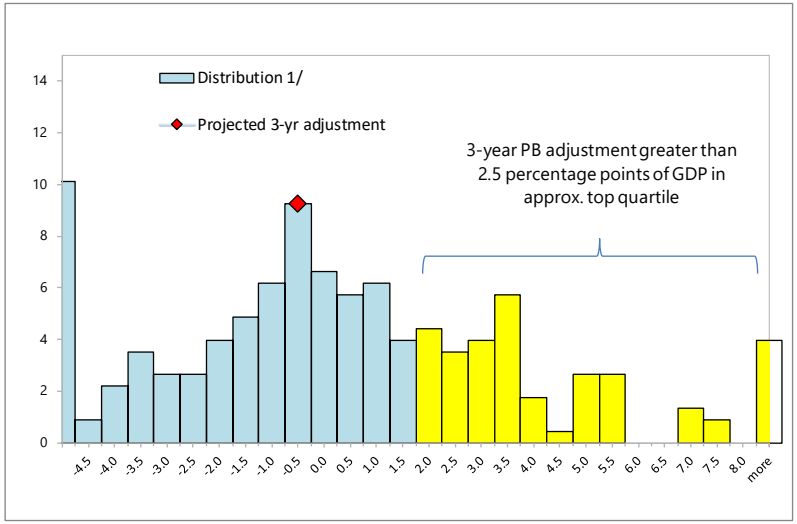


Sources: Country authorities; and staff estimates and projections.

1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

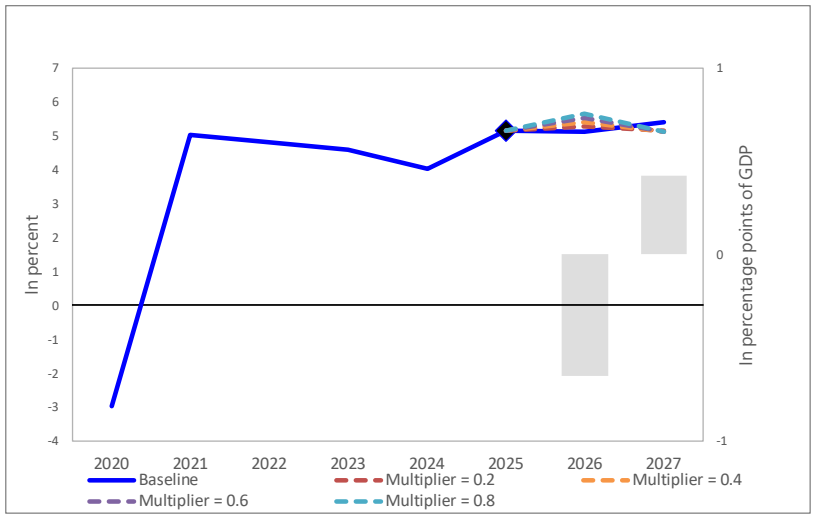
Figure 5. Realism Tools

3-Year Adjustment in Primary Balance (Percentage points of GDP)



1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

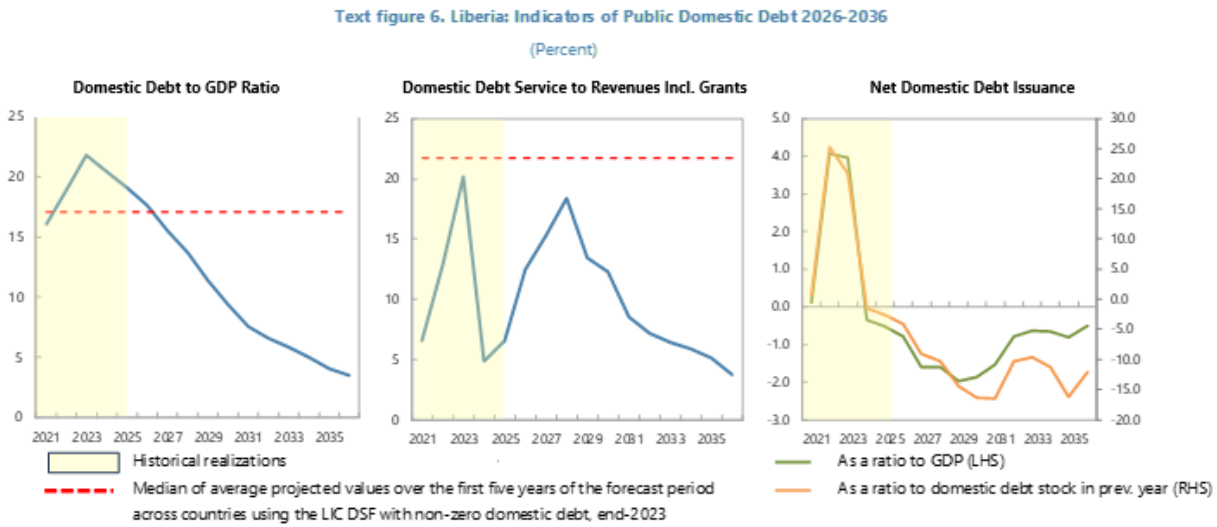
Fiscal Adjustment and Possible Growth Paths 1/



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Figure 6. Indicators of Domestic Public Debt, 2021-36

(Percent)



Borrowing Assumptions (average over 10-year projection)	Value
Shares in new domestic debt issuance	
Medium and long-term	65%
Short-term	35%
Borrowing terms	
Domestic MLT debt	
Avg. real interest rate on new borrowing	4.7%
Avg. maturity (incl. grace period)	3
Avg. grace period	1
Domestic short-term debt	
Avg. real interest rate	4.7%

Sources: Country authorities; and staff estimates and projections.

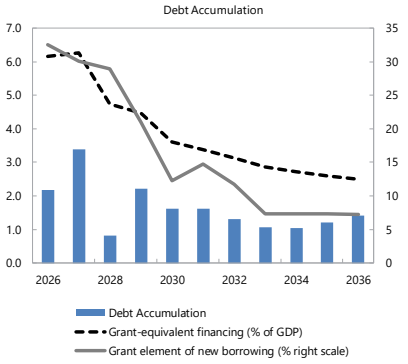
1/ Net domestic debt issuance is an estimate based on the calculated public gross financing need net of gross external financing, drawdown of assets, other adjustments and domestic debt amortization. It excludes short-term debt that was issued and matured within the calendar year.

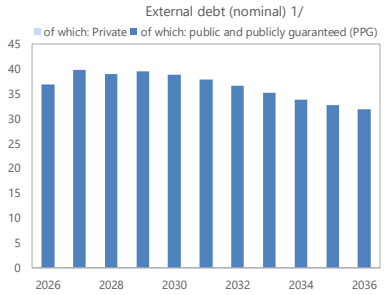
Table 1. External Debt Sustainability Framework, Baseline Scenario, 2023–46

(Percent of GDP, unless otherwise indicated)

	Actual	Projections								Average 8/	
	2025	2026	2027	2028	2029	2030	2031	2036	2046	Historical	Projections
External debt (nominal) 1/	**35.8**	**36.8**	**39.7**	**39.0**	**39.5**	**38.8**	**37.8**	**31.8**	**21.1**	**32.7**	**36.5**
of which: public and publicly guaranteed (PPG)	**35.8**	**36.8**	**39.7**	**39.0**	**39.5**	**38.8**	**37.8**	**31.8**	**21.1**	**32.7**	**36.5**
Change in external debt	-0.1	1.0	2.9	-0.7	0.5	-0.7	-0.9	-0.8	-2.4		
Identified net debt-creating flows	**-5.0**	**2.9**	**2.7**	**2.2**	**2.8**	**1.7**	**1.4**	**2.0**	**1.4**	**10.2**	**2.0**
Non-interest current account deficit	**5.8**	**10.5**	**10.9**	**11.3**	**11.8**	**12.2**	**11.5**	**11.4**	**10.5**	**16.7**	**11.4**
Deficit in balance of goods and services	18.3	20.3	20.5	20.5	20.3	20.0	18.5	18.7	18.5	**29.0**	**19.4**
Exports	40.4	41.2	41.4	42.2	42.6	42.0	42.4	42.5	40.7		
Imports	58.8	61.4	61.8	62.7	62.9	62.0	60.9	61.3	59.2		
Net current transfers (negative = inflow)	-18.8	-17.1	-17.1	-17.0	-16.7	-16.0	-15.3	-15.6	-15.6	**-17.7**	**-16.1**
of which: official	-2.3	-1.9	-1.8	-1.6	-1.5	-1.4	-1.2	-0.9	-0.6		
Other current account flows (negative = net inflow)	6.2	7.4	7.5	7.8	8.2	8.2	8.3	8.2	7.6	**5.4**	**8.1**
Net FDI (negative = inflow)	**-8.5**	**-6.5**	**-6.8**	**-7.4**	**-7.4**	**-8.8**	**-8.6**	**-8.6**	**-8.6**	**-5.1**	**-8.0**
Endogenous debt dynamics 2/	**-2.3**	**-1.2**	**-1.5**	**-1.6**	**-1.6**	**-1.6**	**-1.5**	**-0.9**	**-0.4**		
Contribution from nominal interest rate	0.8	0.5	0.4	0.4	0.4	0.4	0.5	0.5	0.6		
Contribution from real GDP growth	-1.7	-1.7	-1.8	-2.1	-2.0	-2.1	-2.0	-1.4	-1.0		
Contribution from price and exchange rate changes	-1.3	...	...	...	...	...	...	...	...		
Residual 3/	**4.9**	**-1.9**	**0.3**	**-2.9**	**-2.3**	**-2.4**	**-2.4**	**-2.8**	**-3.8**	**-8.2**	**-2.4**
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators											
PV of PPG external debt-to-GDP ratio	**26.6**	**26.6**	**27.9**	**26.95**	**27.3**	**27.0**	**26.6**	**24.0**	**18.2**		
PV of PPG external debt-to-exports ratio	**65.7**	**64.5**	**67.6**	**63.8**	**64.0**	**64.3**	**62.8**	**56.5**	**44.8**		
PPG debt service-to-exports ratio	**5.9**	**5.8**	**5.0**	**4.8**	**3.8**	**3.7**	**3.8**	**3.5**	**4.0**		
PPG debt service-to-revenue ratio	**14.9**	**14.6**	**12.5**	**12.2**	**9.5**	**9.2**	**9.3**	**8.6**	**10.0**		
Gross external financing need (Million of U.S. dollars)	-20.6	363.4	374.3	378.8	417.2	361.4	360.0	476.2	743.4		
Key macroeconomic assumptions											
Real GDP growth (in percent)	5.1	5.1	5.4	5.6	5.6	5.6	5.5	4.5	4.5	**2.0**	**5.1**
GDP deflator in US dollar terms (change in percent)	3.8	2.9	1.7	1.1	1.2	1.4	1.8	2.1	1.5	**3.4**	**1.9**
Effective interest rate (percent) 4/	2.3	1.5	1.1	1.2	1.1	1.2	1.3	1.7	2.5	**1.2**	**1.4**
Growth of exports of G&S (US dollar terms, in percent)	54.2	10.2	7.6	8.9	7.9	5.4	8.5	7.3	6.3	**13.4**	**7.6**
Growth of imports of G&S (US dollar terms, in percent)	34.1	13.1	7.8	8.3	7.2	5.5	5.5	7.2	6.4	**2.8**	**7.5**
Grant element of new public sector borrowing (in percent)	...	32.5	30.1	28.9	21.0	12.2	14.7	7.2	N.A.	**...**	**16.4**
Government revenues (excluding grants, in percent of GDP)	15.9	16.3	16.4	16.7	17.0	17.0	17.1	17.1	16.3	**14.7**	**16.9**
Aid flows (in Million of US dollars) 5/	352.5	313.0	317.2	321.5	322.7	266.4	271.2	271.2	317.9		
Grant-equivalent financing (in percent of GDP) 6/	...	6.1	6.3	4.7	4.5	3.6	3.4	2.5	...	**...**	**3.9**
Grant-equivalent financing (in percent of external financing) 6/	...	62.1	55.8	66.4	57.4	57.8	57.8	55.0	...	**...**	**57.8**
Nominal GDP (Million of US dollars)	5,216	...	...	...	...	...	...	... ...	...		
Nominal dollar GDP growth	9.2	8.1	7.2	6.7	6.8	7.1	7.4	6.8	6.0	**5.6**	**7.1**
Memorandum items:											
PV of external debt 7/	26.6	26.6	27.9	27.0	27.3	27.0	26.6	24.0	18.2		
In percent of exports	65.7	64.5	67.6	63.8	64.0	64.3	62.8	56.5	44.8		
Total external debt service-to-exports ratio	5.9	5.8	5.0	4.8	3.8	3.7	3.8	3.5	4.0		
PV of PPG external debt (in Million of US dollars)	1386.3	1499.2	1690.2	1739.6	1881.9	1993.5	2113.4	2665.9	3905.7		
(PVt-PVt-1)/GDPt-1 (in percent)		2.2	3.4	0.8	2.2	1.6	1.6	1.4	-0.7		
Non-interest current account deficit that stabilizes debt ratio	5.9	9.5	8.0	12.0	11.3	12.9	12.5	12.3	12.9		

Definition of external/domestic debt	Residency-based
Is there a material difference between the two criteria?	Yes





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g) + εα (1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, ε=nominal appreciation of the local currency, and α= share of local currency-denominated external debt in total external debt.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

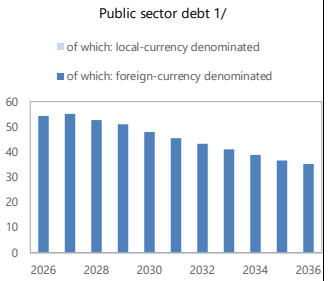
8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

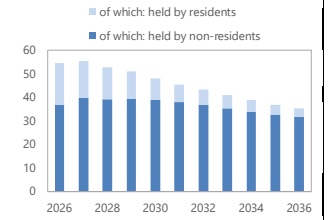
Table 2. Public Sector Debt Sustainability Framework, Baseline Scenario, 2023–46

(Percent of GDP, unless otherwise indicated)

	Actual	Projections								Average 6/	
	2025	2026	2027	2028	2029	2030	2031	2036	2046	Historical	Projections
Public sector debt 1/	**54.9**	**54.4**	**55.3**	**52.7**	**50.9**	**48.1**	**45.4**	**35.3**	**23.7**	**47.9**	**45.6**
of which: external debt	**35.8**	**36.8**	**39.7**	**39.0**	**39.5**	**38.8**	**37.8**	**31.8**	**21.1**	**32.7**	**36.5**
Change in public sector debt	-1.5	-0.5	0.9	-2.6	-1.7	-2.8	-2.7	-1.4	-0.8		
Identified debt-creating flows	**-3.7**	**-2.5**	**-3.1**	**-2.9**	**-1.9**	**-2.9**	**-2.6**	**-1.1**	**-0.8**	**1.1**	**-2.2**
Primary deficit	**-0.2**	**0.4**	**0.0**	**0.4**	**1.3**	**0.1**	**0.2**	**0.6**	**0.2**	**3.2**	**0.4**
Revenue and grants	21.0	20.6	20.5	20.4	20.5	20.2	20.1	19.5	17.8	**25.9**	**20.1**
of which: grants	5.1	4.3	4.1	3.8	3.6	3.2	3.0	2.3	1.5		
Primary (noninterest) expenditure	20.8	21.1	20.5	20.9	21.8	20.3	20.3	20.1	17.9	**29.1**	**20.5**
Automatic debt dynamics	**-3.5**	**-3.0**	**-3.1**	**-3.3**	**-3.2**	**-3.1**	**-2.8**	**-1.7**	**-0.9**		
Contribution from interest rate/growth differential	-2.9	-3.0	-3.1	-3.3	-3.2	-3.1	-2.8	-1.7	-0.9		
of which: contribution from average real interest rate	-0.2	-0.3	-0.4	-0.4	-0.4	-0.4	-0.3	-0.1	0.1		
of which: contribution from real GDP growth	-2.8	-2.7	-2.8	-2.9	-2.8	-2.7	-2.5	-1.6	-1.1		
Contribution from real exchange rate depreciation	-0.6	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	**2.3**	**2.0**	**4.0**	**0.2**	**0.2**	**0.1**	**-0.1**	**-0.3**	**0.0**	**2.0**	**0.4**
Sustainability indicators											
PV of public debt-to-GDP ratio 2/	**45.7**	**44.2**	**43.5**	**40.6**	**38.7**	**36.3**	**34.2**	**27.5**	**20.8**		
PV of public debt-to-revenue and grants ratio	**217.7**	**214.2**	**212.4**	**198.6**	**188.6**	**179.8**	**170.6**	**141.1**	**117.3**		
Debt service-to-revenue and grants ratio 3/	**17.9**	**24.0**	**25.3**	**28.3**	**21.2**	**20.0**	**16.5**	**11.4**	**9.9**		
Gross financing need 4/	3.5	5.3	5.1	6.1	5.6	4.1	3.5	2.7	1.9		
Key macroeconomic and fiscal assumptions											
Real GDP growth (in percent)	5.1	5.1	5.4	5.6	5.6	5.6	5.5	4.5	4.5	**2.0**	**5.1**
Average nominal interest rate on external debt (in percent)	2.3	1.5	1.1	1.2	1.1	1.2	1.3	1.7	2.5	**1.2**	**1.4**
Average real interest rate on domestic debt (in percent)	0.9	1.2	2.7	3.6	3.6	3.5	3.0	2.0	3.5	**0.0**	**2.5**
Real exchange rate depreciation (in percent, + indicates depreciation)	-1.1	...	...	...	...	...	...	...	...	**-0.4**	**...**
Inflation rate (GDP deflator, in percent)	3.8	2.9	1.7	1.1	1.2	1.4	1.8	2.1	1.5	**3.4**	**1.9**
Growth of real primary spending (deflated by GDP deflator, in percent)	-5.5	6.6	2.6	7.7	10.3	-1.6	5.3	6.0	-1.3	**-3.5**	**4.8**
Primary deficit that stabilizes the debt-to-GDP ratio 5/	1.3	0.9	-0.9	3.1	3.0	3.0	2.9	2.0	1.0	**2.6**	**2.2**
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Residency-base**
Is there a material difference between the two criteria?	**Yes**





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government, central bank, government-guaranteed debt . Definition of external debt is Residency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 3. Sensitivity Analysis for Key Indicators of External Debt, 2026–36

(Percent)

	Projections 1/										
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
PV of debt-to GDP ratio											
Baseline	27	28	27	27	27	27	26	25	25	24	24
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	27	**33**	**38**	**43**	**48**	**54**	**59**	**64**	**69**	**74**	**79**
A2. Alternative Scenario: Climate Adaptation and Reforms	27	**31**	**30**	**31**	**31**	**30**	30	29	28	28	27
B. Bound Tests											
B1. Real GDP growth	27	**31**	**33**	**34**	**33**	**33**	**32**	**31**	**31**	**30**	30
B2. Primary balance	27	**31**	**33**	**33**	**33**	**33**	**33**	**32**	**31**	**30**	30
B3. Exports	27	**35**	**46**	**46**	**45**	**45**	**44**	**42**	**41**	**40**	**39**
B4. Other flows 3/	27	**36**	**44**	**43**	**43**	**42**	**41**	**40**	**39**	**37**	**36**
B5. Depreciation	27	**35**	28	29	29	29	28	27	27	26	26
B6. Combination of B1-B5	27	**42**	**48**	**48**	**47**	**46**	**45**	**44**	**43**	**42**	**40**
C. Tailored Tests											
C1. Combined contingent liabilities	27	**38**	**38**	**39**	**39**	**38**	**38**	**37**	**36**	**35**	**34**
C2. Natural disaster	27	**32**	**31**	**32**	**32**	**32**	**32**	**31**	**31**	**31**	**30**
C3. Commodity price	27	28	27	27	27	27	26	25	25	24	24
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	30	30	30	30	30	30	30	30	30	30	30
PV of debt-to-exports ratio											
Baseline	65	68	64	64	64	63	61	60	58	57	56
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	65	81	89	101	115	127	140	**152**	**164**	**176**	**186**
A2. Alternative Scenario: Climate Adaptation and Reforms	65	76	72	73	73	72	70	68	67	65	64
B. Bound Tests											
B1. Real GDP growth	65	68	64	64	64	63	61	60	58	57	56
B2. Primary balance	65	75	77	78	79	78	77	75	73	72	70
B3. Exports	65	102	**160**	**158**	**157**	**153**	**149**	**145**	**141**	138	132
B4. Other flows 3/	65	87	103	102	102	99	96	94	91	89	85
B5. Depreciation	65	68	53	54	54	53	52	51	50	49	49
B6. Combination of B1-B5	65	99	93	114	114	110	107	105	102	99	96
C. Tailored Tests											
C1. Combined contingent liabilities	65	92	89	91	93	91	89	87	85	83	81
C2. Natural disaster	65	78	75	76	78	77	76	75	74	73	72
C3. Commodity price	65	68	64	64	64	63	61	60	58	57	56
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	140	140	140	140	140	140	140	140	140	140	140
Debt service-to-exports ratio											
Baseline	6	5	5	4	4	4	4	5	5	4	3
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	6	5	5	5	5	5	6	7	8	8	8
A2. Alternative Scenario: Climate Adaptation and Reforms	6	5	5	4	4	4	5	5	5	5	4
B. Bound Tests											
B1. Real GDP growth	5.8	5.0	4.8	3.8	3.7	3.8	4.3	4.7	4.6	4.1	3.5
B2. Primary balance	5.8	5.0	5.0	4.1	4.1	4.2	4.7	5.1	5.0	4.7	4.4
B3. Exports	5.8	6.2	8.2	7.6	7.4	7.4	8.2	8.8	8.6	8.6	9.1
B4. Other flows 3/	5.8	5.0	5.4	4.8	4.8	4.7	5.2	5.6	5.5	5.7	5.9
B5. Depreciation	5.8	5.0	4.8	3.5	3.4	3.5	4.0	4.5	4.4	3.9	2.8
B6. Combination of B1-B5	5.8	5.5	6.7	5.6	5.5	5.6	6.2	6.7	6.5	6.9	6.5
C. Tailored Tests											
C1. Combined contingent liabilities	6	5	5	4	4	5	5	5	5	6	5
C2. Natural disaster	6	5	5	4	4	4	5	5	5	5	4
C3. Commodity price	6	5	5	4	4	4	4	5	5	4	3
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	10	10	10	10	10	10	10	10	10	10	10
Debt service-to-revenue ratio											
Baseline	**15**	12.5	12.2	9.5	9.2	9.3	10.7	11.7	11.4	10.1	8.6
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	**15**	13	13	12	12	13	**16**	**18**	**19**	**19**	**20**
A2. Alternative Scenario: Climate Adaptation and Reforms	**15**	13	13	10	10	10	11	12	12	11	10
B. Bound Tests											
B1. Real GDP growth	**15**	14	**15**	12	11	12	13	**15**	**14**	12	11
B2. Primary balance	**15**	13	13	10	10	10	12	13	12	12	11
B3. Exports	**15**	13	**14**	13	13	13	14	**15**	**15**	**15**	**16**
B4. Other flows 3/	**15**	13	14	12	12	12	13	14	14	**14**	**15**
B5. Depreciation	**15**	**16**	**15**	11	11	11	13	**14**	14	12	9
B6. Combination of B1-B5	**15**	**14**	**17**	**14**	14	14	**15**	**16**	**16**	**17**	**16**
C. Tailored Tests											
C1. Combined contingent liabilities	**15**	13	14	11	11	11	12	13	13	**14**	13
C2. Natural disaster	**15**	13	13	10	10	10	12	13	13	12	11
C3. Commodity price	**15**	13	12	9	9	9	11	12	11	10	9
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	14	14	14	14	14	14	14	14	14	14	14

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 4. Sensitivity Analysis for Key Indicators of Public Debt, 2026–36

(Percent)

	Projections 1/										
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
PV of Debt-to-GDP Ratio											
Baseline	**44**	**44**	**41**	**39**	**36**	34	33	31	30	28	27
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	**44**	**47**	**47**	**47**	**47**	**48**	**48**	**49**	**50**	**50**	**51**
A2. Alternative Scenario: Climate Adaptation and Reforms	**45**	**49**	**47**	**45**	**42**	**40**	**38**	**37**	**35**	34	33
B. Bound Tests											
B1. Real GDP growth	**44**	**50**	**56**	**57**	**57**	**57**	**58**	**58**	**59**	**59**	**61**
B2. Primary balance	**44**	**48**	**49**	**47**	**45**	**43**	**41**	**39**	**38**	**36**	35
B3. Exports	**44**	**49**	**56**	**54**	**51**	**49**	**47**	**45**	**43**	**41**	**39**
B4. Other flows 3/	**44**	**52**	**57**	**55**	**52**	**49**	**47**	**46**	**44**	**42**	**40**
B5. Depreciation	**44**	**49**	**44**	**41**	**38**	**35**	33	30	28	26	24
B6. Combination of B1-B5	**44**	**49**	**48**	**43**	**41**	**39**	**38**	**36**	35	33	32
C. Tailored Tests											
C1. Combined contingent liabilities	**44**	**59**	**56**	**53**	**50**	**48**	**46**	**45**	**43**	**41**	**40**
C2. Natural disaster	**44**	**50**	**47**	**46**	**44**	**42**	**41**	**39**	**38**	**37**	**36**
C3. Commodity price	**44**	**46**	**47**	**49**	**50**	**51**	**52**	**54**	**55**	**56**	**58**
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	35	35	35	35	35	35	35	35	35	35	35
PV of Debt-to-Revenue Ratio											
Baseline	214	212	199	189	180	171	164	158	151	145	141
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	214	228	227	227	232	236	240	244	248	252	258
A2. Alternative Scenario: Climate Adaptation and Reforms	216	233	228	218	209	200	193	186	179	171	167
B. Bound Tests											
B1. Real GDP growth	214	240	262	266	271	275	280	285	290	294	302
B2. Primary balance	214	235	241	230	222	212	206	199	191	184	180
B3. Exports	214	240	276	263	254	243	235	227	219	209	201
B4. Other flows 3/	214	252	280	267	257	246	238	230	222	212	204
B5. Depreciation	214	241	221	205	191	177	166	154	143	132	125
B6. Combination of B1-B5	214	237	231	208	202	194	188	182	175	168	164
C. Tailored Tests											
C1. Combined contingent liabilities	214	287	272	260	250	240	232	225	217	209	203
C2. Natural disaster	214	242	231	223	216	208	203	198	192	186	183
C3. Commodity price	214	223	229	237	246	253	262	271	279	287	298
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Service-to-Revenue Ratio											
Baseline	24	25	28	21	20	16	16	17	16	14	11
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	24	26	29	23	22	19	19	20	19	18	16
A2. Alternative Scenario: Climate Adaptation and Reforms	24	25	30	25	23	18	18	18	17	15	13
B. Bound Tests											
B1. Real GDP growth	24	27	35	28	29	26	27	28	28	26	24
B2. Primary balance	24	25	31	27	25	20	18	18	17	16	14
B3. Exports	24	25	29	23	22	18	18	18	18	17	16
B4. Other flows 3/	24	25	29	23	22	19	18	19	18	18	17
B5. Depreciation	24	26	30	23	21	18	18	19	18	16	13
B6. Combination of B1-B5	24	25	30	22	21	18	19	19	18	16	14
C. Tailored Tests											
C1. Combined contingent liabilities	24	25	39	31	30	21	20	20	18	18	16
C2. Natural disaster	24	26	32	25	24	19	19	19	18	17	14
C3. Commodity price	24	25	30	25	26	25	26	27	26	25	24
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

INTERNATIONAL MONETARY FUND

LIBERIA

April 10, 2026

THIRD REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, AND REQUEST FOR AN ARRANGEMENT UNDER THE RESILIENCE—WORLD BANK ASSESSMENT LETTER FOR RESILIENCE AND SUSTAINABILITY FACILITY

A. Liberia's Vulnerability to Climate Change[1] and Pandemics

1. Acting as a threat multiplier, global climate change has potential to significantly impact Liberia's environment, perpetuate poverty, and undercut long-term growth. Climate change is expected to bring hotter temperatures, more heat extremes, changes in precipitation patterns, rising sea levels and coastal erosion, and more frequent natural disasters such as severe flooding and drought. Hotter seasons will likely begin earlier and finish later, impacting people, ecosystems, and economic activities. Areas in the north and west are expected to see the greatest precipitation increases, while areas in the south may see declines in rainfall. Longer dry periods are expected, but drought risk remains low. Without action, climate change could shrink Liberia's economy by 15 percent and push 1.3 million people into poverty by 2050 (World Bank 2023a).

2. The impacts of climate change on labor productivity, crop yields, and infrastructure pose intense challenges for the agriculture sector, which contributes approximately 40 percent of Liberia's GDP. Agricultural labor productivity is likely to be reduced, as heat limits the number of hours people can work without risking heat-related illnesses. The yields of key crops, including rice, cassava, maize, cocoa, groundnuts, bananas, and plantains—are projected to decline under a dry/hot scenario, threatening rural incomes and food security. Fisheries, crucial for protein, are endangered by mangrove loss and sea level rise.

[1] World Bank Group (2024) Liberia Country Climate Development Report (2024) https://documents1.worldbank.org/curated/en/099032024143525952/pdf/P1798481a4fb560431a86a1bb83f1117b00.pdf

3. Liberia's infrastructure and coastline are increasingly vulnerable to climate change. The extensive coastline of 580 km (where nearly 60 percent of the population lives) faces significant climate change risks from flooding, erosion, and sea level rise. A one-meter sea level rise could submerge about 95 km^2 of Liberia's coastal zone by the end of the century, and this could affect sheltered coasts and retreating shorelines. Less than half of the primary (feeder) roads in Liberia are in good condition, with many in flood-prone areas facing disruptions that reduce access to markets and health facilities.

4. Climate change could worsen Liberia's already burdened health system. Liberia is already facing one of the highest maternal mortality ratios in the world (742 per 100,000 live births). Many top causes of death—malaria (15.4 percent), diarrheal diseases (7.9 percent), neonatal disorders (7.5 percent), and lower respiratory infections (6.5 percent)—are climate sensitive and may become more prevalent with increased climate variability. Chronic undernutrition affects 30 percent of children under five, a situation likely to worsen as climate change threatens food security.

5. Liberia has faced numerous public health threats and pandemics in the past two decades, including Ebola, COVID-19, Mpox, Typhoid, and Lassa Fever. For example, the 2014–2016 Ebola outbreak with 10,678 infections and 4,810 deaths in Liberia, led to GDP losses of US$240 million in 2015, with widespread consequences on jobs and incomes. The 2020-2022 COVID-19 outbreak had wide-ranging impacts, highlighting Liberia's fragility to infectious disease outbreaks, and the urgency for pandemic preparedness for response. Liberia's tropical climate, location near zoonotic reservoirs, and extensive coastline contribute to the risk of infectious disease outbreaks and cross-border transmission. Additionally, socioeconomic challenges such as poverty, urban overcrowding, inadequate transportation infrastructure, and limited public health capacity—exacerbated by years of civil conflict and weakened health systems—impede timely detection and effective response to epidemics.

6. Liberia's low baseline of development leaves it highly vulnerable to the impacts of climate change and pandemics. The country's high exposure and limited capacity to adapt to the negative effects of climate change warrant intensified action. Liberia's Vulnerability Index (which considers vulnerabilities arising from deficiencies in food, water, health, ecosystem services, human habitat, and infrastructure) is estimated at 0.61, placing it 173 out of 188 countries. Its Adaptation Readiness Index (which considers economic, governance, and social readiness to leverage investments and convert them to adaptation actions) is estimated at 0.28, placing it at 163 out of 197 countries. Liberia's Global Health Security Index was 35.7/100 (94th globally) in 2021, with lowest scores in prevention (7.6), detection (24.6), and response (32.6).

B. Government of Liberia's Commitments on Climate Adaptation and Pandemic Preparedness

7. Liberia's third Nationally Determined Contribution (NDC 3.0)[2], submitted in September 2025, presents a bold and inclusive climate action roadmap. The NDC 3.0 is aligned with Liberia's national development strategy, the ARREST Agenda for Inclusive Development (AAID, 2025-2029), the Paris Agreement, and the Sendai Framework for Disaster Risk Reduction. It seeks to contribute to the attainment of several Sustainable Development Goals (SDGs), particularly those related to poverty, hunger, gender equality, clean energy, and climate action.

8. Liberia's climate commitments are anchored in national policies and legal frameworks that establish environmental sustainability as a core pillar of national development. This includes the Environment Protection and Management Law (EPML), which empowers the EPA to regulate GHG emissions; the National Adaptation Plan (NAP), which guides resilience efforts across all sectors; the overarching Liberia Rising Vision 2030 and the AAID, which has a new and stand-alone pillar on "environmental sustainability."

9. NDC 3.0 expands the county's ambition for climate action by embedding climate resilience across several sectors and thematic areas including energy, agriculture, forestry, transport, waste management, and health. It strengthens adaptation programs to protect the population from floods, coastal erosion, and extreme weather events. Liberia's forests, which constitute nearly half of the nation's land area, serve as a globally significant carbon sink. Their preservation should be achieved through responsible practices, targeted opportunities, and strategic investments in renewable energy.

10. Liberia's NDC prioritizes adaptation and sets sector targets and actions to boost resilience—including climate-resilient agriculture and infrastructure, early warning systems, coastal protection, and water, sanitation, and health (WASH) services. All measures are to be grounded in equity and climate justice principles, ensuring gender-responsive and socially inclusive actions that empower vulnerable groups such as women, children, youth, and people with disabilities.

11. On mitigation, Liberia reaffirms its commitment to reduce economy-wide greenhouse gas emissions by 64 percent by 2035 representing a threefold increase in reduction of GHG emissions from NDC 2.0. This is due in part to the change in the base year from 2015 to 2022—where emissions increased from 5,695 $GgCO_2e$ to 12,471 $GgCO_2e$—and improved data and methodologies. The revised 2035 targets call for an unconditional reduction of 5,551 $GgCO_2e$ (10 percent) and a conditional reduction of 29,974 $GgCO_2e$ (54 percent), contingent on international support. Between 2021 and 2024, Liberia already achieved a reduction of 2,545 $GgCO_2e$.

[2] https://www.undp.org/liberia/publications/liberias-2035-nationally-determined-contribution-ndc-30

12. Liberia's mitigation ambition expands to new areas of focus, including transport and waste and setting a conditional long-term goal of achieving net zero emissions by 2050. The full realization of this ambition is highly conditional upon receiving adequate international support in the form of finance, technology transfer, and capacity building. This underscores the critical need for global partnerships to bridge the gap between the country's goals and their implementation.

13. The 2025 Liberia Crisis Preparedness Gap Analysis[3] notes that the country faces major challenges across different sectors in boosting crisis preparedness, mainly due to limited resources, inadequate infrastructure, and fragmented institutions[4]. Strengthening crisis preparedness requires tackling these complex, multi-sectoral issues through coordinated efforts among stakeholders. Although there is some level of cooperation between government agencies, development partners, and NGOs, there is need for more and accelerated efforts.

14. Investing in pandemic preparedness supports Liberia's economic and health objectives as outlined in the AAID. After the Ebola crisis, Liberia launched a Resilient Health System Investment Plan (2015–2021) to rebuild trust, expand healthcare access, and strengthen outbreak readiness. Key results include establishing the National Public Health Institute, enhancing disease surveillance, expanding laboratory infrastructure, training over 14,000 healthcare workers in infection control, setting up national and county Emergency Operations Centers, and adopting the One Health Approach. These investments helped Liberia better manage the COVID-19 pandemic.

15. The country's first National Action Plan for Health Security (2018–2022) sought to improve public health capacities. A 2023 Joint External Evaluation (JEE) found progress but noted ongoing challenges: insufficient financing, legal framework misalignment with International Health Regulations, critical shortages of One Health staff, and laboratory and surveillance system weaknesses. Liberia is developing a new NAPHS to address these issues.

C. Financing Challenges

16. Access to finance is a key barrier to meeting Liberia's climate and development goals. While concessional finance will be essential, deepening the domestic capital market offers opportunities to diversify financing mechanisms and attract foreign investments. Annual climate finance flows in Liberia averaged just US$ 112 million in 2019/20, most of it in the form of grants and low-cost project debt. The main sources are multilateral development institutions, closely followed by the government and some multilateral climate funds.

17. While the NDC 3.0 has not yet been costed, projections in NDC 2.0 show that full implementation of proposed actions up to 2025 would require US$ 491 million. This figure is

[3] https://documents1.worldbank.org/curated/en/099091425011035963/pdf/P507338-bc6edd99-200e-43be-8de2-5c19287dce6e.pdf

[4] World Bank, GFDRR, CGPA)2025) Liberia Crisis Preparedness Gap Analysis, Technical Annex (2025): https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099091425011035963

likely an underestimation, as most of the costs (82 percent) were for mitigation measures. For instance, interventions on adaptation in the CCDR were estimated to cost 2–3 percent of Liberia's GDP annually till 2050 while the benefits (equivalent to 3.7 percent of GDP a year) exceed the costs. The NDC 3.0 anticipates the need to mobilize funds through grants, concessional loans, carbon markets under Article 6, and public-private partnerships.

18. The 2023 Joint External Evaluation[5] found that limited financing is a significant obstacle for Liberia's health security system. The government relies heavily on external funding for key International Health Regulations (IHR) interventions and lacks mechanisms to quickly redistribute funds in emergencies. This dependence is unsustainable, as international support has been declining over time. The Global Preparedness Monitoring Board notes that funding typically spikes during crises but drops afterward, which is happening in Liberia. Continued domestic investment is crucial for future resilience. The JEE recommends establishing a national budget line for routine IHR implementation and emergency response across all levels.

D. WBG Engagement on Climate Risk Management and Pandemic Preparedness

19. The World Bank Group has strong engagement with Liberia to support delivery of the AAID, embedding resilience across all aspects of WBG partnership. The WBG Liberia Country Partnership Framework for 2025–2030 is anchored in an integrated approach to the jobs challenge, with focus on building foundations for more and better jobs. Emphasizing joint effort across the World Bank, the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), the CPF also integrates partnerships with multilateral and bilateral development financiers and the private sector to maximize development impact. The CPF focuses on four inter-related and mutually reinforcing outcomes, namely:

- Outcome 1: Reduced learning poverty, to address factors undermining human capital development in Liberia.
- Outcome 2: Expanded access to energy, a key enabler of all aspects of Liberia's development.
- Outcome 3: Strengthening of accountable and effective governance, essential for unlocking barriers to service delivery and inclusive growth.
- Outcome 4: Increased private investment, with special emphasis on Liberia's comparative advantage in agro-processing and forestry.

20. The CPF's focus on social, environmental, and fiscal resilience is essential for addressing climate change risks and supporting the job agenda. *Social resilience* will support

[5] https://www.afro.who.int/sites/default/files/2024-05/Liberia%202023%20JEE%20Report.pdf?utm_source=chatgpt.com

inclusive service delivery for underserved communities, for women's empowerment, youth inclusion, Gender Based Violence (GBV) prevention and response, and citizen engagement. *Environmental resilience* will support a focus on renewable energy under Outcome 2; strengthened sustainable water and land management and disaster risk management (DRM) under Outcome 3; and climate-smart agriculture and sustainable forestry and climate finance under Outcome 4. For *fiscal resilience*, the CPF will support domestic revenue mobilization and public financial management; transparent, efficient public procurement; and cash management under Outcome 3, while promoting the affordability of service delivery under Outcomes 1 and 2.

21. The CPF will support institutional and policy reforms needed to advance modernization of the public sector and enhance the environment for job creation through portfolio-wide efforts anchored in the Liberia Resilient and Inclusive Growth Development Policy Financing (DPF) three-part series. The DPF aims to bolster inclusive growth and resilience through three pillars: (i) strengthening fiscal resilience, (ii) enabling foundations for private sector development, and (iii) supporting social, disaster, and climate resilience. Pillar 3 emphasizes supporting social, disaster, and climate resilience by advancing gender equity, improving climate resilience and disaster risk management, and implementing effective land use policies. This together with sectoral investments and analytics will support implementation of the AAID and Liberia's NDC priorities to boost resilience and adaptation.

Selected WB-Financed Activities

22. Liberia First Resilient and Inclusive Growth DPF (P502565: 2025) valued at US$ 60 million. This DPF supports reforms to enhance domestic revenue mobilization and improve transparency in public procurement; promotes financial inclusion, laying the foundations of the digital economy and supporting Liberia's energy sector to achieve financial viability and bring in the private sector. The DPF also supports efforts to enhance women's access to justice and build social, disaster, and climate resilience. Two prior actions focus on climate and disaster resilience, namely (i) establishment of a centralized framework for Disaster Risk Management for better coordination between government, non-government organizations, and international partners; and (ii) introduction of the National Zoning Bill, which includes a framework for spatial planning that integrates climate resilience into all aspects of land use and development to tackle unplanned, rapid urbanization. Importantly, the operation also includes a $20 million Catastrophe Deferred Drawdown Option (CAT-DDO) – the first of its kind for the World Bank's partnership with Liberia. The CAT-DDO can provide immediate liquidity in the event of a declared natural disaster or health emergency and will also strengthen Liberia's ongoing risk reduction efforts. Liberia has also established the Rapid Response Option (RRO), which allows for quickly repurposing and using up to 10 percent of the country's undisbursed Bank financing across the portfolio of investment lending to address emergency needs during a crisis.

23. Liberia Second Resilient and Inclusive Growth DPF (P508962: under preparation) valued at US $40 million. This DPF will focus on broadening the tax base and enhancing transparency in public spending; advancing private sector development through reforms in financial

inclusion, digital transformation, and the energy sector; and promoting social inclusion, disaster preparedness, and climate resilience. The approved National Disaster Management Agency and Disaster Risk Financing Strategy, and National Zoning Law and regulations will safeguard wetlands, promote climate-resilient urban development, and improve disaster readiness and financing, while fostering more sustainable growth.

24. The WBG will help lay the foundation for improving energy security, as a part of the Mission 300 (M300) Initiative in Liberia through well-targeted investments – including sustainable, climate-friendly, renewable energy generation projects. Liberia's National Energy Compact, launched in 2025, outlines an investment requirement of US$ 1.5 billion to achieve the country's ambitious energy access target, calling for both public and private sector participation. While public investments are focused on expanding and strengthening the electricity grid, Compact also emphasizes mobilizing private capital, particularly for renewable energy and mini-grid solutions. Ongoing and planned WB engagement will provide access to 1.25 million people through the Liberia Energy Sector Strengthening and Access project (LESSAP). A similar scale of impact is expected under the Regional Program for Distributed Access through Renewable Energy Scaleup (DARES).

25. Health Security Program in Western and Central Africa (HeSP: P179078). The project seeks to increase regional collaboration and health system capacities to prevent, detect and respond to health emergencies and improving pandemic preparedness in Liberia.

26. Rural Economic Transformation Project (RETRAP, P175263). Launched in 2021, RETRAP aims to improve productivity and market access for smallholder farmers and agri-enterprises for selected value chains in participating counties. The project received additional financing of US$30 million from the IDA Crisis Response Window - Early Response Financing in 2022 in response to worsening food insecurity; the additional financing extended the project's reach by 36,000 new households.

Selected Advisory Work and Analytics

27. The **Liberia Country Climate Development Report** (2024) outlines four climate action themes and emphasizes adaptation through infrastructure upgrades, health system preparedness, climate-smart agriculture, forestry community support, land use planning, and disaster response. Key actions will also aid mitigation, including energy sector decarbonization and carbon market development. Addressing climate risks requires integrated policies focused on climate finance, readiness, and coordination.

28. Liberia Crises Preparedness Gap Analysis, Technical Annex (2025). Liberia struggles with crisis preparedness due to limited resources, infrastructure constraints, and institutional fragmentation. Key sectors such as health and disaster management lack adequate funding and staff, reducing the capacity to respond to the country's vulnerability to floods and disease outbreaks.

Addressing these challenges requires coordinated efforts among stakeholders, with current cooperation largely reliant on international support.

29. Unlocking Results-based Climate Finance for Upper Guinean Forests (P501060). The inaugural set of Forest Ecosystem Accounts delivers essential insights into spatial variations and trends in ecosystem service provision, to support policy development and land use planning. A complementary SCALE grant has been supporting the development of a concept note and registration documentation for a national ART-TREES jurisdictional program, and a roadmap to advance overall readiness for carbon markets.

30. Liberia Climate and Health Vulnerability Assessment (CHVA) (ongoing). This ongoing analytics focuses on: (1) health financing; (2) service delivery; and (3) resilient health systems— to understand how climate change is amplifying health risks and straining Liberia's health system, the economic cost of climate-health damages, and developing recommendations for adaptation and resilience-building

INTERNATIONAL MONETARY FUND

LIBERIA

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THIRD REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND REQUEST FOR AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY—SUPPLEMENTARY INFORMATION

Prepared By African Department

This staff supplement reports on information that became available after the issuance of the Staff Report to the Executive Board on April 10, 2026. It updates staff's assessment of the potential impact of the WEO adverse scenario, the authorities' preparedness to address this impact, the recently submitted supplementary budget, and the implications of the large one-off revenue received in March 2026. Staff's recommendations and the overall thrust of the staff appraisal remain unchanged.

1. **As discussed in the Staff Report, the deterioration in global economic conditions—particularly higher oil and other commodity prices—is expected to have a manageable impact on Liberia.** Although fuel import prices have risen much more sharply than benchmark oil prices, with costs per metric ton nearly tripling between early January and April, no fuel shortages are anticipated in the near term. This reflects the availability of a three-month fuel import reserve and shipments currently in transit. The authorities have fully passed through international price increases to pump prices. While inflation is projected to remain within the target range at around 5 percent, given the relatively low weight of fuel in the consumption basket, the fuel price hike—together with a potential increase in rice prices—is expected to disproportionately affect low-income households. In this context, the authorities allocated additional resources to social spending in the recently submitted supplementary budget (see below), including targeted support measures such as subsidies to public transport companies, to help mitigate the impact on vulnerable households.

2. The materialization of the April WEO adverse scenario[1] would widen the current account deficit by about 2.6 percent of GDP in 2026 relative to the Staff Report baseline projections, with marginal positive impact in 2027 due to higher gold prices. While this scenario would pose a significant challenge to the

3. Liberian economy, the authorities have built adequate policy buffers to address rising balance-of-payments needs. These include strong revenue performance, including a large mining concession payment received in March (3.8 percent of GDP) and an additional World Bank budget support disbursement (0.8 percent of GDP).[2] The planned RSF disbursements would continue to support the authorities' efforts to build buffers against long-term balance-of-payments vulnerabilities.

4. The supplementary budget was submitted on April 13. Relative to the original budget, it increases expenditures by US$45 million, financed by additional World Bank budget support in 2026 (US$40 million) and higher domestic revenue (US$5 million). About two thirds of the additional spending is allocated to measures to mitigate the impact of higher oil prices and potential increases in rice prices, with the remainder supporting higher public investment Despite these additional expenditures, the primary balance would remain within the program target.

5. In March 2026, one of Liberia's largest iron ore companies made a one-off concession payment of US$200 million, the largest component of the US$256 million in contingent revenue envisaged in the 2026 budget. This payment will trigger the activation of contingent expenditures of an equivalent amount, primarily for infrastructure and facilities-related public investment, as approved in the original budget. However, procedural requirements for accountability, combined with implementation constraints—including the rainy season—are likely to result in this spending being spread over two or more years. As such, prioritizing the quality of spending will take precedence over full execution within the year. The revenue windfall will therefore provide an important fiscal and external buffer in the face of a large external shock.

[1] Oil prices are assumed to be 80 percent and 20 percent higher in 2026Q2-Q4 and 2027, respectively, and food prices 2.5 percent higher in 2026 relative to the January WEO baseline

[2] As the disbursement originally planned for 2025 has been delayed to May 2026, the authorities could receive two disbursements in 2026, provided conditions are met.

Statement by Mr. Ouattara Wautabouna, Executive Director for Liberia and Mr. Tamsir Cham, Senior Advisor to the Executive Director
April 27, 2026

Introduction

1. Our Liberian authorities value IMF staff's candid engagement and broadly agree with their assessment and policy priorities.

2. Despite multiple shocks, including the funding freeze, climate-related risks, and spillovers from global and regional conflicts, the Liberian's economy is experiencing a resilient, though moderate, recovery. The authorities remain committed to the program and have kept the ECF arrangement broadly on track through sustained reform implementation aimed at restoring macroeconomic stability and supporting inclusive growth. Policy priorities remain focused on strengthening fiscal buffers to support public investments, improving monetary policy framework, tackling banking sector challenges and implementing structural reforms. The authorities view Fund support under the ECF arrangement as instrumental in advancing reforms to boost growth and foster long-term sustainable development aligned with the national development plan, which prioritizes Agriculture, Roads, Rule of Law, Education, Sanitation and Tourism (ARREST).

Program Performance

3. Program performance remains broadly satisfactory and all six performance criteria (PCs) for end-June 2025 were met. Similarly, three out of the five indicative targets (ITs) were met. However, the IT on ceiling on new domestic arrears related to Government of Liberia (GOL), security repayment to banks and floor on the share of public wage bill paid in Liberian Dollars were missed by small margins. The authorities have taken corrective measures and have cleared all these arrears including those that were accumulated in the second half of 2025 due to delays in finalizing domestic debt reprofiling and rollover negotiations with local banks. They are strengthening debt and liquidity management and are working towards increasing the share of the public wage bill paid in the Liberian dollar (LRD) from the current 30 percent to 35 percent in the medium term.

4. Two of the ten Structural Benchmarks (SBs) were met, four were implemented with delays, and four were not implemented. While two of the unimplemented measures, namely compilation of borrowing terms of outstanding external debt obligations and report of the enforcement of the NPL regulations, were completed as a prior action (PA), the remaining two SBs were postponed to end-May 2026. Given the satisfactory program performance and strong commitment to reforms, couple with balance of payment needs due to climate related risks, **the authorities seek Executive Directors' support in completing the third review under the ECF arrangement and Request for Resilience and Sustainability Facility Arrangement.**

Recent Economic Developments and Outlook

5. Economic activity has remained resilient. Real GDP growth is estimated to have accelerated to 5.1 percent in 2025 from 4.0 percent in 2024, driven by strong mining sector performance, coupled with continued expansion in agriculture and services. Inflation declined significantly to about 4.4 percent in the fourth quarter of 2025 from 12.5 percent in the first quarter of 2025, driven by moderation in food and nonfood prices. The decline is supported by prudent monetary policy and moderate appreciation of LRD. Inflation is projected to average of 6.3 percent in 2026 and gradually converge toward the Central Bank of

Liberia's (CBL) medium-term objective of 5.0 percent by 2029.

6. The current account deficit is estimated to narrow in 2025 despite a widening of the trade deficit. While goods exports surged, driven by higher gold prices and strong expansion in iron ore production, robust construction activity and increased rice imports contributed to the increasing trade deficit. This notwithstanding, the current account deficit is estimated at 6.5 percent of GDP in 2025, supported by strong remittances inflows and a narrowing services deficit. Gross international reserves are projected to rise to about 3 months of imports cover by end-2027, supported in part by prospective RSF disbursements.

Fiscal Policy and Debt Sustainability

7. The authorities remain committed to strengthening public finances to ensure fiscal and debt sustainability. The primary fiscal surplus is estimated at 1.4 percent of GDP in 2025, exceeding the program target, reflecting fiscal consolidation efforts and high revenue outturn. Although the Legislature approved a historically large budget envelop for 2026, the authorities are prioritizing reallocation towards more productive capital spending in line with the ARREST Agenda for Inclusive Development (AAID). While strong revenue performance reflects higher-than-budgeted income taxes, strong international trade taxes, and mining royalties, goods and services tax (GST) and property tax underperformed, the authorities are taking corrective action to address these shortfalls.

8. Domestic revenue mobilization remains a central reform priority for the authorities. In this regard, they have increased the GST standard rate, and the fuel excises while working with the relevant department partners to launch the Value Added Tax (VAT). Key measures in this direction include upgrading the tax administration IT infrastructure, establishing a VAT refund system, completing legal amendments by June 2026, and launching a nationwide VAT awareness campaign. In addition, three new concessional agreements with foreign investors adopted by the Legislature are expected to generate additional non-tax revenues in 2026. Efforts to rationalize tax exemptions have been reinforced through amendments to the revenue code to clearly define potential beneficiaries, strengthen control mechanisms, and introduce mandatory fiscal assessment for granting tax exemptions.

9. Reforms to the mining fiscal regime are advancing. The authorities plan to amend the Minerals and Mining Law (MML) to remove all fiscal provisions in MML and anchor taxation firmly within the Liberia Revenue Code (LRC). Proposed reforms, developed in consultation with Fund staff, include higher mineral royalty rates, particularly for gold and iron ore; increased withholding tax rates on interest and dividend, and indefinite carryforward of minimum tax credits, instead of the current 5-year limit. All these are targeted towards improving revenue buoyancy and preserving investment incentives.

10. The authorities remain committed to ensuring debt sustainability. They aim to adopt a strong medium-term fiscal framework, improve domestic debt recording and monitoring, including contingency liabilities, and enhance coordination among debt management stakeholders. In addition, they will adopt a selective approach for externally funded projects including public private partnership (PPP) to ensure they deliver maximum economic returns. External borrowing will remain prudent and anchored in concessional financing while accelerating domestic debt market development. The authorities are also actively engaging with relevant creditors to resolve disputed external debt claims.

Monetary, Exchange Rate, and Financial Sector Policies

11. The CBL remains committed to preserving price stability. While inflation has declined, the authorities are closely monitoring economic developments and will reduce the policy rate if single-digit inflation and a relatively stable exchange rate environment are sustained. The CBL will maintain a sufficiently positive real policy rate, relying on CBL bills and reserve requirement adjustments as its primary operational tools to achieve price stability.

12. The CBL continues to strengthen monetary policy operational framework to improve policy effectiveness. Planned measures include narrowing the interest rate corridor, from the current 10 percentage points to 5 percentage points; harmonizing reserve requirements on LRD and USD deposits; and gradually reducing the frequency of long-term operations of CBL bills auctions and introducing differential reserve requirements to support de-dollarization and financial intermediation. Meanwhile, CBL will continue with their plans toward a modernized monetary policy framework over the medium-term.

13. The authorities are also committed to enforcing banking sector regulations and enhancing the regulatory framework to bolster financial stability. They will enforce reserve requirement regulations and report detailing regulatory actions and penalties imposed on non-compliant banks. They will phase out the remaining dispensation provided to a non-compliant bank regarding CRR compliance, following liquidity improvement due to capital injection and deposit mobilization. In addition, they will enforce the guidelines on foreign exchange risk exposure and placements abroad by commercial banks and tighten the cap on the ratio of aggregate liquid assets placed abroad to foreign currency deposits. They will enhance risk-based supervision, introduce a bank resolution framework, and establish a deposit insurance scheme after the finalization of bank restructuring while keeping with the Financial Institutions and Financial Holding Company Act (BFIA). Furthermore, they will prepare regulations and operational guidelines on bank resolution and develop the Resolution Manual to guide the operationalization of the resolution framework in accordance with the BFIA. They also plan to issue regulations governing wire transfers, ensuring compliance with relevant United Nations Security Council Resolutions.

14. The authorities are advancing the resolution of the banking system's high NPL stock to improve private sector credit while preserving financial stability. They are improving NPL data quality through strengthening data validation processes. They are strictly enforcing the compliance with the existing framework requiring full provisioning of NPLs after one year and the write-off of NPLs classified as "loss" for more than two years. They will take actions on non-compliant banks on regulations on loan portfolio classification including monetary penalties, suspension of dividend payments, restriction of certain activities such as granting new loans, product approval, and branch expansion. They will enforce the maximum NPL ratio of 10 percent of total loans and expedite the preparation of a targeted NPL resolution strategy mainly on identification, management, monitoring, and mitigation of NPLs to facilitate banks in reducing their NPL stock. They are progressing on the operationalization of the collateral registry system covering movable and immovable assets.

15. The CBL is enforcing the implementation of the restructuring plans adopted by a few banks to restore financial soundness. In this regard, while one bank has been recapitalized by existing shareholders and is making progress in developing alterative resolutions for legacy NPLs outside of the CBL, the authorities are actively consulting with another small bank to ensure the full completion of capital injections essential for the bank's viability. The authorities will adopt a formal framework associated with the BFIA for remedial and corrective actions to safeguard the implementation of restructuring plans. At the same time,

they will review and improve the risk management and governance framework of the state-owned bank (SOB) to strengthen bank restructuring.

16. The authorities are committed to strengthening CBL independence, governance, and internal controls. They will undertake a comprehensive amendment of the CBL Act, implement the remaining recommendations that relate to upgrading the CBL core banking application, and resolve certain corrective actions recommended by the General Auditing Commission (GAC). They are also improving internal control systems to mitigate financial and operational risks including restricting the clearing of government checks to a maximum of US$500,000 during system glitches, reject any GoL issued checks or GoL payment instructions drawn against underfunded GoL accounts with a penalty, and enforce over-the-counter cash withdrawals capped at US$25,000, except for national security agencies.

Structural Reforms

17. The authorities are enhancing the business environment and expanding access to finance by strengthening the judicial system and insolvency and resolution frameworks to boost growth. They are upgrading the infrastructure, including roads and port facilities to ease trade and accelerate private sector development. They are also streamlining the processing and issuance of import and export permits, and customs clearance, to reduce transaction times while improving trading outcomes. They are developing credit reference bureau, establishing a modern credit registry, modernizing the land *cadastre*, and operationalizing the national switch.

18. The authorities are committed to strengthening transparency, accountability and governance. They have increased budgetary allocation to integrity institutions including GAC, LACC, and PPCC and FIA to enable them effectively execute their duties. Further, they are intensifying enforcement of asset declaration following the President Order. They plan to digitalize the process with support from the World Bank GREAT project to further increase the declaration rate. They are also enhancing governance and plan to roll out the National Biometric Registration following the President Executive Order mandating the implementation of the National Biometric Identification System (NBIS). They will also prepare an action plan to implement the recommendations of the Governance Diagnostic Study (GDS) and will publish the GDS report along with Action Plan.

19. The authorities are strengthening public procurement and contract transparency and enhancing transparency of beneficial ownership (BO) of legal persons. They are offering hands-on-training to procurement officers, IT personnel, and vendors while improving on timely submission and award publication more effectively. They are enhancing the transparency of beneficial ownership (BO) of legal persons and have developed a comprehensive workplan and timeline, detailing Liberia's multipronged approach to BO transparency. Further, they have requested technical assistance from the Fund to advance the implementation of the workplan including the domestic corporate sector, the extractive industry, financial institutions, and Designated Non-Financial Businesses and Professions (DNFBPs). They plan to operationalize the online Beneficial Ownership Registry by June 2026 and will conduct an outreach towards developing a regime for collecting BO information for Liberian International Business Companies and the Liberian Shipping Registry and include DNFBPs under the BO framework.

20. Liberia remains highly vulnerable to climate related shocks, which weigh on fiscal stability, growth prospects, and external sustainability. Recurrent dry spells, flooding, and coastal erosion, and health risks underscore the urgency of resilience-building measures. The authorities, therefore, are taking necessary steps to establish early warning systems, invest in climate-resilient infrastructure, and improve public

health surveillance. Meanwhile, they are conducting diagnostic assessments and strengthening capacity with support from development partners.

21. The authorities remain fully committed to implementing RSF-supported reforms to mitigate climate-related vulnerabilities. They will strengthen institutional capacity, improve climate data systems, and integrate climate risk into national development and fiscal planning. In this context, key priorities include disaster risk management, embedding risk considerations in public investment decisions, and reinforcing social protection for vulnerable populations. Furthermore, the authorities remain committed to implementing macro-critical reforms including disaster risk management and preparedness, climate finance and governance, and water and food security, and enhanced integration of climate risk into national development and macroeconomic and fiscal frameworks.

Conclusion

22. The Liberian authorities reaffirm their strong commitment to the ECF and RSF reform agenda. They view continued Fund's support as critical to anchoring macroeconomic stability, strengthening resilience, and catalyzing additional development partners' support. Accordingly, the authorities request Executive Directors' support in concluding the third ECF review and RSF arrangement and associated requests to support Liberia's continued reform efforts and development goals.