

SU/20/116

June 5, 2020

**The Acting Chair's Summing Up  
Liberia—Request for Disbursement Under the Rapid Credit Facility  
Executive Board Meeting 20/67  
June 5, 2020**

Executive Directors recognized that the COVID-19 pandemic will likely inflict a heavy economic toll on Liberia at a time when the economy was poised for recovery. They welcomed the authorities' efforts to fight the pandemic and protect the most vulnerable amidst significant revenue shortfalls. However, more remains to be done, including passage of the FY2021 budget with high-quality revenue measures and the finalization of the comprehensive off-budget COVID-19 response plan together with its financing arrangements. Support under the Rapid Credit Facility, and the additional financing it would catalyze, will help address Liberia's urgent external and fiscal financing needs. Directors welcomed the authorities' intention to seek debt relief under the Debt Service Suspension Initiative.

Directors noted the significant fiscal measures undertaken by the authorities to raise domestic revenue and rationalize expenditure to provide fiscal space for the pandemic response. They welcomed approval of the fuel excise tax, and the approval in principle of a resolution to channel all revenue acquired by two large state-owned entities directly to the government's consolidated account. Directors also commended the authorities for ensuring that all spending will be made through the government's centralized financial management system and for steps they have taken to improve the monitoring and reporting of fiscal spending to enhance transparency and accountability. They stressed the importance of conducting and publishing a post-crisis audit of crisis spending in a timely manner.

Directors underscored the need to safeguard financial stability. They encouraged the authorities to reinstitute appropriate prudential standards for loan classification and provisioning, and closely monitor nonperforming loans. Addressing the shortage of Liberian dollar banknotes and the U.S. dollar liquidity needs would help stem further reserve losses and preserve foreign-currency resources for priority purposes.

Directors welcomed the authorities' commitment to reforms under the ECF arrangement to stabilize macroeconomic conditions and lay the foundation for inclusive and durable growth once the crisis subsides. They supported the focus on the resumption of fiscal consolidation to ensure debt sustainability, and on addressing weaknesses in governance.