

SU/20/186

December 22, 2020

**The Acting Chair's Summing Up
Liberia—First and Second Reviews Under the Extended Credit Facility Arrangement,
Request for Waivers of Nonobservance of Performance Criteria, and Modification of
Performance Criteria
Executive Board Meeting 20/124
December 21, 2020**

Executive Directors noted that the COVID-19 pandemic continues to exert significant strain on Liberia's already fragile economy, increasing uncertainty and risks to the outlook and program implementation. They welcomed the authorities' actions to stabilize the economy amid multiple challenges, and their steadfast commitment to bring the program back on track. Directors underscored the importance of maintaining fiscal discipline, improving governance, and laying the foundation for sustainable and inclusive growth, supported by the Fund's technical assistance.

Directors supported a modest fiscal loosening to help meet humanitarian needs during the pandemic. They welcomed the progress on public financial management and civil service payroll reform. Directors called for further efforts to improve cash management, strengthen transparency and accountability in spending, and mobilize domestic revenue to finance the development agenda.

Directors considered the monetary policy stance appropriately aligned with the central bank's inflation objective. In the context of the gradual de-dollarization of fiscal spending, they recommended refining open market operations instruments and enhancing coordination with the government on liquidity management. Continued efforts are needed to rebuild reserves, contain the operational expenses of the central bank, and enhance its independence.

Directors emphasized the importance of rebuilding confidence in the financial sector to safeguard financial stability. Key priorities include addressing risks from weak financial institutions and ensuring the supply and the quality of Liberian dollar banknotes.

Directors highlighted that further improvements in governance are necessary to ensure efficient delivery of public services. They recommended clearing the fiscal audits backlog, further enhancing procurement transparency, and upgrading the anti-corruption framework.

Noting the need to create borrowing space in support of sustainable growth, Directors encouraged the authorities to continue working with donors and development partners to secure grants and concessional borrowing. They also called for careful use of public resources and efforts to refrain from using central bank financing.