

Liberia: Quantitative Benchmarks Under the Staff-Monitored Program 1/ 2/

(In millions of U.S. dollars)

	1999		2000 3/			
	Sep. Act.	Dec. Est.	Mar. Prog.	Jun.	Sep. Proj.	Dec.
Floor on government revenue	47.7	65.5	16.9	32.6	49.6	71.1
Ceiling on total expenditure 4/						
Cash basis	48.1	65.2	16.9	32.6	49.6	71.1
Commitment basis 5/	55.3	67.5	15.5	29.9	46.9	68.4
Changes in expenditure related arrears	7.2	2.3	-1.4	-2.7	-2.7	-2.7
New government domestic nonwage arrears	0.0	0.0	0.0	0.0	0.0	0.0
Government salary arrears	0.0	0.0	0.0	0.0	0.0	0.0
New credit from public enterprises	0.0	0.0	0.0	0.0	0.0	0.0
New net credit from the banking system 6/	0.0	0.0	0.0	0.0	0.0	0.0
New nonconcessional external borrowing 7/	0.0	0.0	0.0	0.0	0.0	0.0

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

1/ All data are cumulative data from the beginning of the year.

2/ Assumes program exchange rate of L\$40 per U.S. dollar.

3/ March 2000 and June 2000 program numbers refer to quantitative benchmarks under the SMP. September 2000 and December 2000 refer to indicative targets.

4/ Excluding foreign-financed outlays. These ceilings will be adjusted to the extent that actual revenue collections are higher than targeted in the program.

5/ Assumes repayment to West Oil and payment of expenditure-related arrears.

6/ Contracted or guaranteed by the central bank.

7/ Contracted or guaranteed by the public sector.

**Liberia: Structural Benchmarks Under the
Staff-Monitored Program, January - June 2000**

Issue	Measures	Test Date
Budget policy	Prepare and submit 2000/01 budget to legislature.	June 30, 2000
Domestic payments arrears	Complete verification of all unpaid 1998/99 voucher claims.	January 30, 2000
Liberalize rice imports	Establish monitoring system to provide market information to the public.	February 29, 2000
Capitalization of CBL	Fully liberalize rice imports, including elimination of minimum import requirements, quality requirements (except as related to health and safety concerns) and price controls. Complete capitalization of CBL as specified in the Central Bank Act.	June 30, 2000 March 31, 2000
Prudential regulations	Introduce prudential guidelines for commercial banks and adopt procedures for assessing banks' capital adequacy based on international best practices.	April 30, 2000

Liberia: Macroeconomic and Structural Policies under the Staff-Monitored Program

Issue	Strategies/ Measures	Timing
I. Macroeconomic policies		
Short-term policy objectives	Rebuild public confidence, foster macroeconomic stability, and consolidate progress in rebuilding the economy.	2000
Medium-term policy objectives	Expand economic recovery to all sectors, reduce poverty, maintain stable macroeconomic environment, and pursue sustainable external position.	2000-02
	Develop comprehensive economic reform and reconstruction strategy to achieve medium-term objectives, including structural reform agenda and financing requirements.	End-April 2000
Macroeconomic projections for 2000	Continue the strong recovery. Based on provisional national income accounts data, real GDP is expected to grow by some 20 percent.	
	Keep inflation to below 4 percent.	
	Maintain trade deficit in the range of US\$100 million, financed primarily by donors grants, foreign investment, and short-term trade finance.	
Exchange rate policy	Maintain market-determined floating exchange rate system and the U.S. dollar as legal tender in Liberia.	Ongoing
Policy coordination and monitoring	Establish interministerial coordination committee to monitor implementation and progress under the staff-monitored program.	January 2000
II. Fiscal sector		
Budget policy	Submit January-June 2000 supplementary budget to legislature.	End-December 1999
	Consistent with the 1977 Revenue and Finance Law, beginning July 1, 2000 revert to July-June fiscal year for the budget.	July 2000
	Prepare and submit 2000/01 budget to legislature.	End-June 2000
	Present comprehensive budget, reflecting all revenues and expenditures of the central government.	Ongoing
	Institute appropriate measures to ensure balanced budget on quarterly basis (both on a commitment and cash basis).	January-June 2000
	Prepare monthly cash-flow projections for January-June 2000.	January 15, 2000 (D)
	Establish budget analysis task force to review revenue and expenditure on biweekly basis and issue monthly budget execution report within 15 days of the end of each month.	Beginning January 2000 (Done)

Revenue policy	Submit new tax code, including on sales, income, and corporate taxes, to the legislature.	End-February 2000
	Promulgate new tax code regulations.	By end-April 2000
	Train tax administration staff.	March- May 2000
	Prepare publicity/education strategy for new tax code.	January 2000 (Done)
	Introduce new tax code.	July 1, 2000
	Undertake review of current customs duty and tax exemptions	April 2000
	Introduce measures to reduce level of exemptions substantially, based on best practices in the region.	End-July 2000
Expenditure policy	Ensure adequate funding for priority social sector and public service expenditures, including US\$6 million for social services and agriculture and US\$9 million for wages and salaries.	January-June 2000
	As part of budget submission to legislature, establish contingency reserve equivalent to 6 percent of quarterly revenue (US\$1 million) as a line item in budget.	End-December 1999
	Freeze all nonessential foreign travel.	End-December 1999
	Prepare payment schedule for repayment to West Oil and include in supplemental budget.	End-December 1999
	Limit expenditure to overall budget approved by legislature.	January-June 2000
	Introduce and operationalize cash management system, including monthly allotment process and sufficient funding for priority recurrent expenses.	January 2000 (Done)
	Domestic payments arrears	Complete verification of all unpaid 1998-99 voucher claims.
	Reverse unsubstantiated 1999 unpaid vouchers.	December 1999 (Do
	Include initial repayment plan for 1999 arrears in 2000 budget.	December 1999 (Do
	Implement development plan to address outstanding domestic payments arrears prior to 1998, related to transition (US\$110 million).	End-June 2000

III. Structural policies

Liberalization of rice imports	Request World Bank technical assistance to set up rice market monitoring system.	December 1999 (Do
	Establish monitoring system to provide information on stock level of rice of different importers, and price levels of rice import varieties in the domestic and international market.	February 2000
	Educate public with respect to the benefits of rice import liberalization.	February-June 2000

	Fully liberalize rice imports, including elimination of minimum import requirements, quality requirements (except as related to health and safety), and price controls.	End-June 2000
Liberalization of petroleum imports	Undertake study tour of successful programs to liberalize the importation of petroleum products in the region, with the assistance of the World Bank.	End-April 2000
	Prepare action plan to liberalize the import of petroleum products.	End-June 2000
	Prepare operational and financial accounts of petroleum parastatal (LPRC).	End-June 2000
	Conduct and publish financial audit of LPRC based on internationally accepted accounting standards.	End-December 2000
Civil service reform	Complete functional audit of civil service.	May 2000
	Issue identification cards to all civil servants.	September 2000
Forestry policy	Review existing forestry law and concession agreements and develop comprehensive and transparent forestry policy.	Ongoing
IV. Monetary/financial policies		
Currency reform	Complete action plan for currency reform.	January 2000 (Done)
	Undertake currency reform, including currency exchange, and limit issuance of new currency to exchange for existing currency.	February-March 2000
Monetary policy	Establish monetary policy framework based on inflation objective and reserve money operational targets.	April 2000
	During initial period after the introduction of the new currency, refrain from issuing additional currency through June 2000.	January-June 2000
Capitalization of Central Bank of Liberia (CBL)	Complete capitalization of CBL as specified in Central Bank Act.	March 2000
Government debt to banking system	In conjunction with CBL and Ministry of Finance, determine stock of domestic debt owed to the CBL and commercial banks.	End-March 2000
	Develop and implement plan to begin to service domestic debt.	July 1, 2000
Monetary statistics	Prepare consolidated balance sheets of the CBL and commercial banks within 30 days of the end of each month.	February 2000
Prudential regulations	Introduce prudential guidelines for commercial banks and adopt procedures for assessing banks' capital adequacy based on international best practices.	April 2000
Banking licenses	Reissue banking licenses for existing commercial banks that meet core capital requirements.	April 2000
	For those capital-deficient banks, agree on action plan to meet capital requirements before issuing provisional licenses.	April 2000

Payments system	Establish properly functioning payments system and reactivate clearing house at CBL.	June 2000
Failed banks	Develop comprehensive strategy for dealing with failed banks.	End-June 2000
V. External sector		
Compilation balance of payments statistics	Establish capacity in the CBL to compile balance of payments statistics and publish them for 1999, with technical assistance from the IMF.	By end-July 2000
	Improve accuracy and consistency of trade, services, and banking data from various sources (Ministry of Planning and Economic Affairs (MPEA), CBL, and Ministry of Commerce).	Ongoing
Strengthening of external debt management	Establish external debt management unit in Ministry of Finance and initiate loan-by-loan review of outstanding stock of external public sector debt.	Ongoing
VI. Statistics		
National income accounts	Reactivate compilation of national income accounts.	Ongoing

Liberia: Reporting Requirements¹

Weekly reporting

- Daily data for the posted buying and selling exchange rates (Liberian dollars per U.S. dollar) for bank and nonbank dealers.

Monthly reporting

- Consumer price index (May 1998=100) (four weeks).
- Actual outturn of central government revenue and expenditure by major category. Breakdown of expenditure by agency and object code, including a breakdown of GOL special commitments (two weeks).
- Monetary survey, balance sheet of the Central Bank of Liberia, and consolidated balance sheet of commercial banks beginning February 2000 (four weeks).
- External credits contracted by creditor, indicating loan terms (maturity, grace period, effective rate of charge, number of principal repayments) (four weeks).
- Exports, f.o.b., and imports, c.i.f., data by major commodity (value and volumes), including import data on rice and petroleum products (four weeks).

Quarterly reporting

- Balance of payments data by major category and direction of trade (three months).

Other reporting

- Monthly developments in the National Statistical Coordinating Committee (NSCC).
- Any significant changes in fiscal, monetary, and exchange rate policies, as well as structural policies.

¹ Figure in parentheses denotes maximum period for transmittal of information.